



Motus Opt-in Earthquake Insurance Program Summary
Sunrise Villas Condominium Owners' Association

TERM: 04/01/2026 - 12/01/2026

By enrolling in the Motus Opt-In Earthquake Insurance Program, you have taken a very prudent and critical step toward protecting your Association and all Members.

Summary Program Statistics:

Number of Members Participating (take-up rate)	17 (7%)
Total Coverage Purchased	\$5,835,000

This compares to the California average condo owner take-up rate of 5% for earthquake insurance

If 5% of association members purchased CEA's maximum coverage level of \$100,000, the total coverage in place would be approximately **\$1,200,000** – a fraction of the coverage purchased through the Motus Program

ATTACHMENTS

Attached you will find the following documents for your records:

1. "Next Steps": Now that the association has enrolled in the Motus Program, we recommend assembling the materials required to complete an SBA Disaster Loan
2. SBA Emergency Loan Fact Sheet

NOTE: The Annual Disclosure for the Motus Program will be sent as a separate standalone document.



NEXT STEP: Completing your Earthquake Recovery Preparation with an SBA Application Loan Package

As a board, you have taken a very prudent step towards protecting your association (and all owners – not just those who have signed up) by enrolling in the Motus Opt-In Earthquake Insurance Program.

As your earthquake insurance broker, we recommend taking the following final steps for completion of your preparations for a potential earthquake. Specifically: preemptively preparing your application for an emergency SBA loan (current version enclosed).

Importance of preparing your SBA loan package in advance of a catastrophe:

- An emergency loan from the SBA is the most readily available form of near-term financial relief available to homeowners associations after an earthquake
- Once a Federal Emergency is declared, an aggregate cap for federal emergency loans will be set – **these funds are available on a first-come, first-served basis**
- The application package includes several documents, and having it prepared in advance of a catastrophe will ensure your association maximizes its chances of obtaining funds under the program

After a major earthquake, consult the SBA website for next steps:

<https://www.sba.gov/funding-programs/disaster-assistance>

The elements of the application package, which can be prepared in advance, include the following:

- The Association's IRS Form 8821 (Tax Authorization Form)
- A copy of all Association governing documents, including articles of incorporation and CC&Rs
- A complete list of all owners and directors including their mailing addresses and the addresses of their disaster damaged property, if different
- Documentation of insurance coverage (e.g., the Association's Motus Program policy documentation) and a description of any litigation initiated due to the disaster

More information is available from the SBA. The loan application itself will not be available until after a catastrophe but the HOA can take the able preparatory measures in advance.



SBA Emergency Loan Fact Sheet (1/2)

(See <https://www.sba.gov/funding-programs/disaster-assistance> for the most recent version)

DISASTER ASSISTANCE

Federal Disaster Loans for Homeowners, Renters and Businesses of All Sizes

SBA DISASTER LOANS FOR HOMEOWNER ASSOCIATIONS (HOA) PLANNED UNIT DEVELOPMENTS (PUD), CONDOMINIUM AND OTHER COMMON INTEREST DEVELOPMENTS

ASSOCIATION FACT SHEET

LOANS TO QUALIFIED APPLICANTS

SBA disaster business loans of up to \$1.5 million are available to homeowner associations, PUDs, Co-ops, Condominium and other common interest developments (Associations) to repair or replace disaster damaged common elements not fully covered by insurance or other disaster recoveries.

LOANS ARE FOR DISASTER REPAIRS ONLY

SBA disaster loans must be used to pay for disaster related repairs. They cannot be used to pay for deferred maintenance items or any upgrades to the property, unless such upgrades are code required.

COLLATERAL

All disaster loans over \$10,000 require collateral, generally real estate, if it is available. SBA also requires the Association to levy a monthly assessment against each unit owner. SBA will take an assignment of this assessment as collateral.

WHAT WE NEED TO PROCESS THE APPLICATION

1. A completed Disaster Business Loan Application (SBA Form 5).
2. A completed Tax Information Authorization (IRS Form 8821), and the latest nonprofit tax returns filed with the IRS, if available. If not available, copies of the latest operating budgets are required.
3. A copy of all articles of incorporation, by-laws, and any other governing documents of the Association, including conditions, covenants, and restrictions (CC&Rs).
4. A complete list of all owners and directors including their mailing address and the address of their disaster damaged property, if different.
5. Documentation of insurance coverage and a description of any litigation initiated due to the disaster.

NOTE: If the Association owns the common areas, we may need a deed to those areas at a later date. Even if the Association to apply for a loan, SBA will chooses not items need still 5 to process 3 through applications for assistance from individual unit owners.



SBA Emergency Loan Fact Sheet (2/2)

(See <https://www.sba.gov/funding-programs/disaster-assistance> for the most recent version)

FUNDING THE REPAIRS

If the Association's damage to the common area exceeds SBA's lending limit of \$1.5 million, the association may pass a onetime assessment against the unit owners to cover the remaining costs in excess of the Association's SBA loan. The Association may also pass a onetime assessment to the unit owners to cover all the damages in lieu of applying to SBA for a loan.

The Association may borrow funds from SBA to cover insurance deductibles or shortages in an existing maintenance fund.

The total loan amount to the Association for common area repairs, including any assessment amounts to the unit owners that have been paid through an SBA disaster loan, cannot exceed SBA's \$1.5 million loan limit.

MITIGATION

SBA disaster loans can be increased by up to 20% of the loan amount to pay for elective

upgrades to prevent future disaster damage from a similar disaster, provided the total does not exceed \$1.5 million.

SPECIAL REQUIREMENTS

Before SBA will disburse any loan funds, we must have confirmation that all the money necessary to complete the repairs is available. Therefore, we must have documentation supporting the total project cost of the repairs and the amount of anticipated insurance recoveries. The damages to the common areas must be clearly separated from the damage to the individual units to establish eligibility.

IF THE DEVELOPMENT WILL NOT BE REPAIRED OR REBUILT

If the development will not be repaired or rebuilt, the Association is not eligible for any SBA disaster assistance. However, unit owners may still apply to SBA for assistance.

For further information on obtaining disaster assistance, please call SBA at (800) 659-2955.