



IMPORTANT Insurance Information for Park East Square Homeowners

September 2021

Approximately six months ago, the Board of Directors initiated a review of our Declaration specifically in regards to our property casualty insurance. This effort included a review of our insurance provisions by our insurance agent and our attorneys, and culminated with the Board passing a Resolution, including Exhibit A: Maintenance and Insurance Chart (“Chart”), effective August 10, 2021. A copy of the Resolution and Chart is attached. Those areas marked “A” on the Chart should be insured or maintained by the Association, and those areas marked “O” on the Chart should be insured or maintained by the Owner.

In addition to clarifying maintenance obligations, this Resolution clarifies certain ambiguous provisions in our Declaration as to what the HOA is required to insure, and what individual owners should insure. Our large community size, and high percentage of rentals, on top of industry-wide developments have made obtaining property casualty insurance a challenge in the last several years, and as you know, our premiums have been rising steadily. It is hoped that this clarification of our insurance needs will make obtaining property insurance easier and help control those costs.

What’s different? The Resolution and Chart clarify that the HOA’s insurance obligation over the townhome is now limited to the “shell” of the townhome (aka “bare walls” or “studs out”) policy. This means the HOA no longer covers certain interior elements of what the Park East Square Builder originally installed in the townhomes – e.g., flooring, cabinetry, drywall, HVAC equipment and ductwork, window coverings, lights and/or plumbing fixtures, appliances, etc.

What’s the same? The industry standard for wind and hail damage coverage in Colorado remains at a 5% deductible. (If we were to have a situation similar to what we had in 2015 when we had to replace **all** the roofs, each townhome owner’s share of the deductible could amount to over \$7,000!)

What do YOU need to do? It is important that you read the Resolution, and especially the Chart, and examine your individual Homeowner (typically an HO-6) policy regarding the change in coverage. We suggest you provide a copy of the Chart to your HO-6 insurance carrier, so they can see which components are marked “O” and make changes as necessary to ensure you are adequately covered.

In addition, regarding **loss assessment coverage**, here are questions to ask your agent.

- Do I have Loss Assessment Coverage? (Our insurance agent recommends at least covering the HOA’s deductible, currently \$10,000.)

- Does my policy cover Special Assessments resulting from my HOA's wind or hail deductible?
- Is there a maximum amount my Loss Assessment Endorsement will cover for claims involving wind or hail?

Why should owners buy their own homeowner's insurance? While the HOA is responsible for insuring common areas, such as the building exterior, it is not responsible for much of the interior of your townhome. You, the owner, are responsible for such items as flooring, cabinetry, windows, window coverings, lights and/or plumbing fixtures, built-in appliances. An HO-6 policy will cover your personal property (contents) for a wide range of losses, such as: theft, vandalism, fire, water damage from many causes (frozen pipes, roof leaks, accidental overflow from plumbing, rupture of hot water tank or broken washing machine hose), smoke damage, power surges to appliances and other damage built into the policy on a "replacement cost" basis. Replacement cost coverage pays the cost to restore or replace damaged or destroyed property without deducting depreciation due to age.

Other benefits to an HO-6 Policy. Few people could survive a major liability claim without facing bankruptcy. An HO-6 should provide liability coverage for negligent acts by you, a resident family member, or a pet which makes you liable to another for bodily injury or property damage. For example: you cause a fire that spreads to another townhome, a visitor trips over the kid's toys and sustains a back injury, or your dog bites someone. Coverage also extends to many activities even when away from home, such as if you injure someone else in a skiing accident. And, most HO-6 policies cover living expenses if you have to move out temporarily.

For further information, please contact our agent:

- Our agent represents almost 35 other companies
- Our agent specializes in HOA insurance
- Our agent also offers HO-6 and other types of policies

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