

Sand Creek Villas Community Association, Inc.

April 1, 2022

2022-2023 HOA Insurance Letter

The HOA knows that your time is unbelievably valuable; however, it is important that you make sure your townhome is properly insured. Please take a moment to read this information about the HOA's insurance coverage and what you as a homeowner need for your personal insurance. The HOA does not want anyone to be caught short with insurance when the insurance is needed.

Sand Creek Villa's insurance policy no longer offers all-inclusive insurance coverage, meaning each homeowner is now responsible for insuring the entire interior of their home, including drywall and all original builder specification, along with betterments and improvements made therein. Please consult with your personal insurance agent to ensure proper replacement cost valuation.

Important other insurance coverages or endorsements to consider:

1. **Loss Assessment** - based on CoreLogic 's determination of the value of your home, USI (HOA's insurance broker) is recommending a minimum of \$50,000 of loss assessment insurance

Loss assessment is a type of insurance coverage that protects townhome owners in the event of damages to common exteriors of the property, i.e. roofs, gutters, siding, etc.. The homeowners association (HOA) will pass on part of the bill to unit owners. If you have loss assessment coverage, it can help defray that cost. Ordinarily, the Association's master policy provides coverage for damage that occurs in these shared areas; however, certain areas are covered by a wind and hail deductible that is included in the master policy's limits, the residents of the townhomes may end up having to contribute financially (whether their townhomes were damaged or not). By adding loss assessment coverage to your townhome insurance policy, you may be able to avoid paying out of pocket a large amount for these types of expenses.

2. -All Other Perils Deductible (other than Wind/Hail) is often overlooked. The HOA's deductible is \$10,000; however, pursuant to Article VI, Section 3 of the Declaration, the owner may be responsible for this deductible if the damage is to property for which the owner is normally responsible to repair. For example - if you would have a hot water heater break your personal insurance company would pay the first \$10,000 of the damage (subject to your own deductible) and the HOA's insurance would cover any additional damage.

3. **Dwelling Coverage on your HO-6 policy**- This is used to cover all expenses to rebuild at current rebuilding costs and would help pay overages if rebuilding costs end up being above the established Association insurance blanket limit. Every homeowner needs to work with their personal insurance agent or carrier to ensure they are fully covered.

Please also take the time to read the 2022 Unit Owner packet that USI puts together and is attached.

Sincerely,

The Sand Creek Board of Directors

Managed by Balanced Bookkeeping & Community Association Management
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