

Sand Creek Villas Community Association, Inc.

April 7, 2023

2023-2024 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 is bare walls coverage. Each homeowner should insure the entire interior of the home. Please carry full replacement for the interior improvements within your homes. Please see the Insurance Claims and Deductibles Resolution (attached).

Important 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 damage to common elements 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. Loss assessment coverage is an optional add-on to your townhome insurance policy that can help in the event of a claim in a shared area of the townhome property, such as roofs, gutters, downspouts, stucco and more. Ordinarily, the homeowners master policy provides coverage for incidents that occur 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 they were involved 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. **The HOA's deductible is \$10,000** - each homeowner's insurance is responsible for the first \$10,000 of any other claim. The policy is the one that is often overlooked, is the deductible named *All Other Perils*. For example - if you would have a hot water heater break your personal insurance company would pay the first \$10,000 of the damage and the HOA's insurance would cover any additional damage.

3. **Dwelling Coverage** - Dwelling Coverage is to cover all expenses to rebuild at current rebuilding costs. Every homeowner needs to work with their personal insurance agent or carrier to insure all interior finished surfaces to a 100% replacement cost value.

Supplementary coverage is additional coverage that a policyholder can purchase in addition to a primary insurance plan. It covers other expenses, such as additional building cost due to high material cost.

Please also take the time to read the 2023 Unit Owner packet that USI puts together. Sand Creek will mail out the Unit Owner Packet as soon as it becomes available.

Sincerely,

The Sand Creek Board of Directors

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