



Froman Insurance Agency
PO Box 3000 #518
Edwards, CO 81632
(970) 845-8910

10/15/2024

Dear Trail Ridge Townhouse Association Owner,

Thank you very much for trusting Farmers Insurance and the Froman Insurance Agency with your valuable Homeowner's Association master insurance coverage. It has been a pleasure working with Thurston Property Management on your behalf and we sincerely appreciate your business.

The purpose of this letter is to provide you some guidance on how to properly protect you and your investment when an insurance loss occurs. The Association's Master Insurance Policy with Farmers Insurance has been written to comply with the insurance requirements outlined in the Association's governing documents.

The Association is to insure the following:

- Property coverage for the building, including all the property considered to be general common elements as defined by your governing documents. This includes building, structures and common areas and Limited Common Elements (outdoor decks, patios, walkways, garden areas, etc.)
- General Liability for bodily injury or property damage occurring upon or in the general common elements as defined by your governing documents.
- From your HOA Declarations: "Property insurance on the Units, including all fixtures and other property conveyed by the original Declarant and any improvements by the Association made thereafter but not including any improvements made by the Owners or any personal property of the Owners."

Unit Owners are to insure the following:

- Personal Property; appliances, furniture, clothing, electronics, wall décor, window treatments, linens, kitchenware, sporting goods, outdoor gear and all your personal belongings against loss or damage.
- Improvements made to the attached finishes and fixtures. This can be confusing for current and past owners that have made upgrades or performed interior remodel work to your unit. The finishes covered by the HOA master policy can be categorized as "off the shelf Home Depot" finishes. If you have custom finishes, you will want your personal HO6 policy to cover the differences in those costs (Home Depot vs Custom).
- Personal Liability coverage for injury, death or damage occurring inside your unit.
- Loss of Rents or Use should the property not be habitable from an insurance loss.

Suggestions & Explanations:

- An HO6 policy, issued by all major insurance carriers including Farmers Insurance, will provide a unit owner with coverage for loss or damage to personal property and interior finishes / fixtures.
- An HO6 policy will also provide personal liability protection for the policy's named insured.
- The Trail Ridge Townhouse Association master policy carries a \$5,000 deductible for most losses and a 1% deductible for losses associated with wind & hail. It is recommended that your HO6 policy provide Loss Assessment coverage in the event the HOA must assess a unit owner for damages to the property and/or the HOA deductible. We suggest carrying a coverage limit of at least \$10,000.

Your actual coverage needs may vary. Please review your HO6 policy with your current carrier on an annual basis to be sure you are properly covered and, if you have questions, we will be more than happy to help.

Thank you,

A handwritten signature in black ink that reads "Lee Froman".

Lee Froman
lfroman@farmersagent.com



HOA Residential Unit Owners Insurance Fact Sheet and FAQs

Topics of conversations to have with your insurance agent as it relates to an "HO6" policy that you will need to purchase.

Interior Building Coverage:

- This can be called Building Property, Dwelling or another term by your insurance carrier.
- The unit owners policy (often called an HO6 policy) can cover the interior finishes and fixtures for which the owner of the unit is responsible to insure. This is typically defined in the governing documents of the association and the master policy of the HOA should conform within its building coverage.
- Questions to ask your insurance agent:
 - Do I have adequate coverage or limits to protect my interior finishes, fixtures and surfaces? This includes, but not limited to drywall, texture, paint, trim, flooring, cabinets, counters, tile, interior doors, fireplace, stonework, etc.
 - Be sure to have discussions of upgrades and remodels.

Personal Property Coverage:

- The HOA master policy does not cover your personal items or appliances.
- Your HO6 policy will provide coverage for your personal belongings at the location of the unit and potentially provide off premises / worldwide coverage.
- Questions to ask your insurance agent:
 - Does this coverage provide insurance for my belongings while off the residential premises?
 - Will the personal property coverage insure my belongings that are in an offsite storage facility?
 - Do I have "Replacement Cost" coverage or "Actual Cash Value?"

Loss of Use or Rental Income:

- In the event of an insurance loss, and your unit is not habitable, the insurance policy will provide coverage for additional living expenses or loss of rental income. This coverage will pay for those expenses for the duration of the repairs.
- Question to ask your insurance agent:
 - What is my limit and is the limit adequate to cover the time to rebuild in the case of a total loss?

Loss Assessment Coverage:

- This coverage will pay for a loss that is charged against owners of the Association because of an insurance loss to the property owned by the HOA. This can involve loss to physical property or a liability claim against the Association. The Association may assess you the deductible of the master HOA insurance policy or a portion of a loss.
- Question to ask your insurance agent:
 - What limits are available and is your limit equal to, and/or higher than the HOA policy deductible(s)?

Personal Liability Coverage:

- Provides personal liability protection to the named insureds of the HO6 policy.
- Questions to ask your insurance agent:
 - Will this policy protect me in a liability incident off premises? Such as my dog biting someone or a person-to-person collision at a ski resort?
 - Will this extend to my personal umbrella policy?
 - Does my policy have any rental restrictions? Such as long term or short-term rentals?