

Cardiff Glen II
1512 Grand Ave., Suite 109
Glenwood Springs, CO 81601
(970) 945-7266

April 23, 2012

RE: Cardiff Glen II Townhomes Insurance

Dear Townhome Owner:

As you know, the Homeowners' Association (HOA) carries the Master Policy for the townhomes insuring the structures against loss from risks such as fire, wind and water damage. In addition, each townhome owner is required to carry insurance as well, per Section 6.8. The HOA insurance currently has a deductible of \$2500. Each owner's policy will also have a deductible.

Recently, a water heater leaked in one of the townhomes resulting in a claim on the HOA policy. Fortunately, the insurance covered the almost \$6500 in damage but subject to the deductible.

Section 6.4 of the covenants provides that the Board of Directors may adopt policies relating to responsibility for the deductible under the HOA policy.

On April 11, 2012, the Board of Directors, at its regular meeting, decided to adopt a policy holding the townhome owner responsible for payment of the HOA's deductible in the event of any loss. If the amount of loss is equal to or less than the HOA's deductible, the claim may not be submitted and the townhome owner will be responsible for the loss. If the amount of the loss exceeds the deductible, the townhome owner will be responsible for the deductible, this is currently \$2500. The Association will collect the amounts from the Owner(s) in the same manner as any assessment.

It is our understanding that a homeowner's policy may cover some or all of the HOA deductible under the "Loss Assessment" coverage, subject to the deductible under the homeowner's policy. You should discuss this situation with your insurance agent to determine whether coverage is adequate. You should be sure to understand the amount of your deductible, for which you will be responsible, and, further, whether your insurance will cover the entire amount of the HOA deductible.

For example, if your deductible is \$500, will your policy cover \$2000 of the HOA's \$2500 deductible or does it have a lower limit, like only \$1000? If the HOA's deductible increases, will your policy cover the increased amount?

The Board adopted this policy in order to keep costs reasonable for all of us. If you have any questions or would like to discuss this further, please contact Paula at Crystal Property and arrange to come to the next meeting of the Board.

Sincerely,

Cardiff Glen II Board of Directors