

Villas at Prospect Point Association
Budget Ratification Meeting
January 9, 2023

I. Call to Order/ Roll Call

The meeting was called to order at 4:00 pm as noticed in the Budget Ratification meeting notice sent to Owners.

Board members present included:

-Brenda Lloyd 1519-102
-Kristy McClain 1511-206

Owners present included:

-Marcia and Gary Valbert 1503-102
-Joe Coughlin 1519-207
-Terri and Tom Lash 1501-201
-Kathy Krul 1515-204
-Scott McLean 1517-204
-Jeff Jackson 1515-203
-Otis Halverson 1519-201
-Jason Angiulo 1515-102
-Jeff Scheffler 1509-103
-Carole and Less Clarke 1519-103
-Carolyn Hewett 1509-206
-Rob Bullard 1505-104
-Danny Austin 1521-201

Representing Summit Resort Group was Kevin Lovett. It was noted that a quorum is not necessary for the Budget Ratification Meeting.

II. 2023 Budget Discussion, Insurance and Grill Prohibition

The 2023 Budget was presented and discussed. This included review of the HOA Insurance provider change (which has resulted in the need for the budget revision and dues increase) and also included discussion of the American Family required grill prohibition and HOA House Rule revision.

Farmers Insurance (the Villas at Prospect Point, "VPP") has carried the VPP HOA insurance for many years. Recently, Farmers Insurance sent notice of non-renewal to VPP based on new Farmers policy stating that Farmers will no longer insure HOA's with value of \$25 million or more. The insurance market has been shopped with the assistance of our current insurance agent, Kinser Insurance. Upon review of proposals received, Kinser recommended moving the policy to American Family Insurance. This carrier change to American Family has been completed effective January 1, 2023.

All VPP Owners are recommended to have their individual insurance agents review the new American Family Policy and make any necessary revisions to individual Unit Owner insurance policies to ensure there are no gaps in coverage.

A list of coverage items to discuss with agents was reviewed to include:

- Contents coverage; this will cover all of your personal items (furniture, appliances, clothes, etc...) as the HOA insurance does not cover your personal items.

- Deductible assessment coverage; amount, \$10,000 (same as HOA deductible). This would come into play in the event that there is a failure of an item within your unit and the HOA insurance policy is deemed “primary” the HOA insurance policy covers the claim. An example was given as follows: let’s say your refrigerator water supply line leaks and causes \$20,000 worth of damage. Quite likely the HOA insurance will kick in as “primary coverage” and pay on the claim, subject to the \$10,000 deductible. While it is nice the HOA insurance policy will cover the damages, the HOA does not want to come out of pocket the \$10,000 for an item that the HOA does not maintain, so, the HOA will send you a bill for \$10,000. You will give this to your agent, and they should reimburse you the \$10,000 minus your smaller deductible.

- Liability; It is recommended to have liability coverage in the instance there is an accident “within” your unit (for example, a guest is visiting and trips over coffee table and breaks arm...).

- Loss of use; In the event something happens (flood/ fire) and you are unable to occupy your home, loss of use coverage can cover your mortgage payment as you pay rent for another place to stay.

- Building coverage; While the HOA policy insures as “originally conveyed” (typically this means original quality) and will cover repair to the structure, floors, cabinets, drywall, etc., back to “original condition”, it is recommended to add some building coverage to your individual policy if you have completed any upgrades in your unit (example, kitchen cabinets or really nice flooring). This will ensure there are no gaps in coverage.

- Special assessment coverage; An additional coverage to investigate with your agent is “special assessment coverage”. This is particularly important now with the American Family Wind / Hail separate deductible.

Following is an example in which special assessment coverage may be beneficial. Let’s say we have big loss and for some reason HOA insurance does not cover all of the repairs and the HOA must special assess owners... With special assessment coverage, your individual insurance company would pay the special assessment for you... Typically, this coverage only comes into play if there is “an insurable event”. Typically,

this coverage does not apply to special assessments for planned or maintenance items such as siding replacement or roof replacement...

The above is a list of coverages recommended to discuss with your agent. The above is not intended to be a complete list of coverages recommended. Please review and discuss with your agent.

The updated VPP House Rules to include the new “grill prohibition” was discussed. It was noted that American Family Insurance does not allow grills of any type on site at VPP.

Continued productive discussion of the future of insurance at VPP took place. An Owner recommended investigation and consideration of alternative approaches to insurance to include “bare walls” coverage. An Owner recommended investigating a Ryder be placed on the new American Family Insurance policy that would allow grills but would not offer any insurance coverage in the instance of a fire caused by a grill. Additionally, Owners requested that American Family be asked again if a common grilling area would be permissible.

It was noted that the Insurance policy will continue to be shopped and a carrier change can occur once a preferred policy is found.

The 2022- 2023 Updated Budget includes a 16% increase to dues to cover the increased cost of the HOA insurance policy. Upon further discussion, it was noted that there was no objection to the updated 2022-23 Budget as drafted and the updated 2022-23 Budget was ratified.

III. Adjournment

At 5:10 PM, Carol Hewett moved to adjourn. Brenda Lloyd seconds and the motion passed.