

# Insurance Update for Creekside and Forest Greens Homeowners

## Letter #3

Placed on the RECOA Website on 1/24/23

This letter provides you with the most current information the Board has on the property and liability insurance situation in Creekside and Forest Greens communities, as of 1/24/23.

**It is critical for all Creekside and Forest Greens homeowners to read this document.**

For questions and/or concerns, please contact Director Janet Skaggs at [skaggsRECOA@gmail.com](mailto:skaggsRECOA@gmail.com).

For homeowners who are experiencing problems in finding coverage, contact Director Skaggs. A few insurance agents provided their contact information to the Board, and she can give you their names. **Please note that neither the BOD nor ECM recommend or endorse the agents who provided their names.**

Although this is a lengthy update, many homeowners have indicated they want information about all on-going activities of this project. In the future, Directors will err on the side of more information than less. Please accept our apologies for any perception that the Board has provided inadequate or incomplete communications on this situation. It was not intentional. Going forward, we will strive to do a better job in communicating these efforts. In this letter there are five sections relating to the five major endeavors that are in-work.

**Section A** provides the latest information the Board has regarding RECOA's request to have homeowners transition their insurance coverage from "internal townhouse coverage only" to "internal and external townhouse coverage."

**Please Note!** There are additional requirements that we have become aware of in the last two weeks. The details of Section A (the following page) will indicate the **ADDITIONAL** components that your insurance policy must have.

**Section B** gives you more detail about a critical upcoming vote that is needed before revisions to Creekside and Forest Greens regulatory documents can be put in place. The revisions are required to comply with planned community insurance coverage statutes.

**Section C** covers current information on financial impacts to you, both as regards revisions to the amount of your HOA Dues in 2023 and future credit for your 2023 overpayments.

**Section D** asks you to send proof of coverage to ECM so that RECOA can begin tracking compliance. This is needed so that all homeowners know that every unit in these neighborhoods is covered adequately.

**Section E** describes the RECOA attorney activities in-work. The attorney is drafting revised texts of several regulatory documents for these neighborhoods. We are aware that at least 13 documents are being revised and will be at-the-ready to implement if this transition is approved by 75% of homeowners (see Section B for details).

**Below are details of each endeavor that is in-work:**

**SECTION A - REQUEST TO HOMEOWNERS TO INSURE THEIR TOWNHOUSE FOR EXTERIOR AND INTERIOR COVERAGE**

As requested by the Board in December 2022, many Creekside and Forest Greens homeowners are revising their townhouse insurance policy to include coverage for the structural components of their townhouse. You have been asked to transition to an HO5 (this is a type of homeowner's policy) which covers not only the inside components of your townhouse but also the external structure.

However, our previous communications included only the requirements for a new policy that your RECOA volunteers were aware of at that time. Since then, we've received additional input and we now more fully understand what adequate coverage entails.

Therefore, we ask that you look at your new insurance policy to determine that you have met the following requirements:

1. Your policy should cover your townhouse "replacement value". Our current structural estimate for replacement is approximately \$350,000-\$425,000/townhouse in either neighborhood. The value of your internal property is unique to you. Remember to include the value of added features to your unit like a hot tub.
2. Your policy should include personal liability coverage of \$1 million or more. A higher value is optional and your choice. This is coverage so that if your negligence causes damage to another unit or an entire building, you are covered for the first \$1 million (or more, if you choose a higher value) of those expenses. An entire building in either neighborhood is estimated by multiplying either 3 or 4 units by \$350,000/unit.
3. Your policy deductible is a matter of choice between you and your agent. It will affect the premium (the cost) of your policy, as your agent will explain.
4. **ADDITIONAL POLICY COMPONENT (REQUIRED):** your new policy must list RECOA as an "Interested Party" (also known as "Certificate Holder" or "Additional Insured").
  - a. The Ridge at Eagle Crest Owners Association (RECOA), P.O. Box 1215, Redmond, Oregon 97756 must be listed in your insurance policy as either

a “Certificate Holder”, “Additional Insured”, or “Interested Party” (*but not a “Named Insured”*).

b. Doing this puts your insurance company on notice that RECOA is to be notified of any changes (coverage limits, renewal, cancellation, etc.) to your policy. By the way, a Certificate Holder is not entitled to receive the proceeds from any future claims – unlike a mortgage company which is usually listed as a “Named Insured”.

5. **ADDITIONAL POLICY COMPONENT (OPTIONAL):** we suggest you consider adding water backup coverage for drain and septic backup. Discuss this coverage with your insurance agent for more details.

The Board is hearing from homeowners that this transition is well underway.

Although most homeowners have told us they will experience a net savings in this transition, this is just a welcome side benefit. The Board is NOT initiating this transition for anyone’s personal financial benefit; rather, it is a necessity that units in these two neighborhoods be covered by structural insurance and RECOA is not able to provide the structural insurance at a reasonable cost as we have in past years. Please see Section C for more details about the financial effects of this transition.

## **SECTION B - THE CRITICAL UPCOMING VOTE TO REVISE YOUR NEIGHBORHOOD REGULATORY DOCUMENTS**

An announcement was sent to homeowners of Creekside and Forest Greens on Monday, 1/16/23. It was sent via email to homeowners with email addresses and via certified “snail mail” to homeowners who do not have email addresses.

That announcement was to comply with state and RECOA regulations that require Oregon Homeowner Associations to provide homeowners with a 10-day advance notice of a vote to revise regulatory documents. To remind you, changes to those documents are required so that homeowners can provide structural insurance for their townhouse in lieu of the Association providing structural coverage.

We anticipate sending voting ballots to affected homeowners near the end of January. Those ballots will be specific to the homeowners’ neighborhood. The ballots are being drafted by an attorney with whom RECOA has a long relationship.

The BOD will indicate on the ballot that Directors strongly recommend a “YES” vote (that is, an approval to revise documents).

Of note, document revisions can only occur if 75% of neighborhood homeowners vote to approve. In Creekside, that means we must have at least 162 votes to approve the

changes; for Forest Greens we must have 81 votes to approve the changes. That is a tall order, given the number of homeowners that don't live here full-time and don't always participate in voting exercises.

Therefore, it is critical that you respond to the ballot, and the Directors thank you in advance for your participation. We also appreciate any efforts you make to urge your neighbors and friends in these neighborhoods to vote. Again, we ask for your approval of the changes.

The Board has just begun to work with **Simply Voting** to administer the voting exercise. **Simply Voting** is the vendor we have used for the election of Board Directors the last two years.

As voting details are firmed up, you will receive additional communication regarding the voting process.

### **SECTION C - FUTURE HOA DUES and HANDLING OF CURRENT OVERPAYMENTS**

The 2023 budgets for Creekside and Forest Greens include a line item for association-borne structural insurance cost. That cost is the amount which was estimated that the Association would pay to purchase structural coverage for the buildings in these neighborhoods. Since the HOA dues you pay include that cost and now the Association cannot find coverage at a reasonable cost, your dues will be decreased by the commensurate amount. For the homeowners in both communities, \$77.16/month will be subtracted from your 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> Quarter dues amounts.

Since 1<sup>st</sup> Quarter HOA statements were sent to homeowners in December, you've probably paid at least January dues. If so, you've overpaid that month by \$77.16. Those who have paid the full 1<sup>st</sup> Quarter dues have overpaid by three months, or \$231.48.

The Accounting Department has been tasked to do two things:

- (a) Amend your dues amount, beginning with the 2<sup>nd</sup> Quarter HOA statements and going forward in 2023.
- (b) Post a credit to your account based on the number of months that you have overpaid during the 1st Quarter.

### **SECTION D - HOW RECOA INTENDS TO TRACK HOMEOWNER INSURANCE COVERAGE**

Our management company, Eagle Crest Management, is collecting "proof of insurance" from homeowners who have revised their policy. If you haven't yet done so, please send the Declaration page(s) of your new policy to ECM as:

- a. a hard copy to the ECM Office in person \*
- b. or a hard copy mailed to ECM, PO Box 1215, Redmond OR 97756
- c. or scanned and sent via email to [mike.ditullio@eagle-crest.com](mailto:mike.ditullio@eagle-crest.com) or [ownerservices@eagle-crest.com](mailto:ownerservices@eagle-crest.com)

This will allow RECOA to track insurance coverage in both communities, so that you and your neighbors can rest assured that all units have coverage that is current and meets the minimum requirements we feel are necessary.

**IMPORTANT NOTE:** Your insurance policy's Declaration Page(s) may not list all of components that are listed in SECTION A. Therefore, it may be necessary for you to request a separate letter or other documentation from your insurance agent that shows full compliance before submitting the "proof of insurance" to Eagle Crest Management.

#### **SECTION E - TEXT REVISIONS TO NEIGHBORHOOD REGULATORY DOCUMENTS ARE BEING DRAFTED**

Our attorney, who previously revised Forest Ridge regulatory documents when that community chose to take this journey in 2020, is currently drafting revisions to Creekside and Forest Greens regulatory documents that reference insurance.

If a 75% approval (see Section B) is achieved in the upcoming vote, the BOD will quickly resolve to go forward to adopt the revised documents.

\* ECM Open Lobby hours are Tuesday and Friday, 8 am – noon. Or by appointment - call 541-548-9300 (option 4) to request an appointment outside ECM's Open Lobby hours.