

Condo & Townhome Owners Need to Consider Their Collective Liabilities

In a recent article about hail deductibles, I mentioned how the deductible for Belmar Commons in Lakewood was so high that each of the 45 owners in that townhome community received a \$5,600 special "loss assessment" to cover the quarter-million-dollar deductible for roof replacement.

There are other perils besides a bad hail storm that could subject condo and townhome owners to a loss assessment. Considering the increase in real estate values, your HOA — like any homeowner — needs to make sure their covered real estate is not underinsured. In addition to checking your HOA's master policy for its coverage limitations, this would be a good time to discuss additional *personal* policy coverages with your insurance agent, not only to cover high-deductible assessments like the one discussed above, but for those imposed to cover losses exceeding the coverage limits of your HOA's master insurance policy.

Here are a couple scenarios that could result in losses that exceed your master policy coverage limits:

Scenario One:

A child riding a bicycle takes a shortcut through your community's HOA-maintained street, hits a large pot-hole and crashes, sustaining injuries that are permanently disabling. The family sues the HOA, prevails and is awarded a settlement that far exceeds the liability limits maintained by the community. You are notified of a special assessment for your portion of the amount not covered. Divide just \$1 million — and such awards can be much bigger — by the number of unit owners, and you're talking about a huge special assessment.

Scenario Two:

The owner of the unit just below your own causes a kitchen fire that destroys the entire condo building. Luckily, no one was injured. It never occurred to your HOA board that the surge in property values required a re-evaluation of your master policy's coverages. Failure to update that coverage could potentially result in a huge assessment should the community experience a major loss event.

These are just a couple examples of occurrences that could affect your financial position as a condo or townhome owner and subject you (and your fellow owners) to a huge loss assessment.

For this article, my associate, Andrew Lesko, surveyed 85 individual condo and townhouse HOA declarations (covenants). Over 35% of these declarations made no mention of limiting the deductible in the community's master insurance policy. As the owner of valuable (and appreciating) real estate assets, it would be unwise of you to assume that you are protected. It is best to know for sure, so ask your HOA board to check and confirm the community's coverage limits and deductibles.

Board officers are responsible for addressing current valuations of the buildings, structures and amenities that make up the community. Of course, reducing the deductible will raise the premium for the master policy, but consider the alternative. Your HOA board should make it their practice to regularly update your community's insurance coverage.

Are *you* adequately covered personally? Here is a good place to start.

- 1) Review your HOA Declaration documents. List any

- 2) Verify the current master policy deductible.
- 3) Estimate the replacement cost of the items that are your responsibility. Total the values, including labor.
- 4) Change your coverage from "Named Perils" to "All Risks, unless excluded."
- 5) On your individual unit HO-6 policy, raise your loss assessment coverage limits as advised by your insurance agent based on increased asset valuations and current replacement cost estimates. (Most if not all of the Belmar Commons owners had this coverage.)
- 6) Buy adequate liability coverage. Discuss various possible claim scenarios with your insurance provider. Consider purchasing an "umbrella" policy.

Hopefully, the above scenarios have inspired you to evaluate your coverage position should there be an unfortunate occurrence within your condominium or townhome community.

Andrew Lesko, a broker associate at Golden Real Estate, assisted me with this article. You can reach Andrew at Andrew@GoldenRealEstate.com or at 720-550-2064. He is our condo and townhome specialist. Check out his website detailing 30+ Golden area communities at www.GoldenLifestyleProperties.com

REAL ESTATE TODAY



By **JIM SMITH**, Realtor®

How to Check Out Any Denver Real Estate Agent

Nowadays, you can learn a lot about an individual real estate professional simply by Googling his or her name, but one thing you may not know how to do is to check out their level of success. How many active listings do they have, and how many homes have they sold as either listing or buyer's agent?

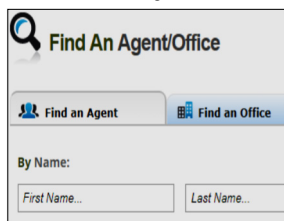
Well, I have made it a little easier for you by creating a shortcut to that information on Denver's MLS, www.REcolorado.com.

Go to www.FindDenverRealtors.com, where you can enter the agent's first and last name. Remember, the first name may be a nickname. For instance, I'm "Jim" on the MLS, but "James" on my license. You only need to enter their name, then "Enter." The search defaults to agents who are Realtors, but you can change it to

search for "All Agents." Once you find your agent, you can click on "View My Listings." If that doesn't appear, then the agent has no listings, either active or sold. It defaults to active and under contract listings, but you can click on "Properties I've Sold" which is a great way of seeing how experienced that agent is. Then click on "Map View" so see the geographic distribution of that agent's transactions. Have they sold any in your area? Each sale displays the listing brokerage, so if it's not the same brokerage, you know that agent was representing the buyer.

Be sure to click on "View My Profile," too. You may learn a lot about the agent and their background. If there is no profile, that tells you something, too — that he/she isn't good at managing their online presence.

View My Listings
Properties I'm Selling (7)
Properties I've Sold (125)
Map view
View My Profile



Last Call: Order Your Rotary Peaches Today!

Every year the Rotary Club of Golden sells peaches from Nolan's Orchard in Palisade CO to fund such charitable activities as the Golden Backpack program. Each 20-lb. box is \$37 and contains 38-40 peaches. Pickup at the Jeffco Fairgrounds is on Aug. 19th. Order at www.GoldenRotaryPeaches.org.



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Listen to the Golden Real Estate show on AM 630 KHOW Saturdays at 3 p.m.

What's a 'Material Fact' That Must Be Disclosed by Seller and Listing Agent?

At last week's meeting of the Colorado Real Estate Commission (CREC), there was lengthy discussion about what constitutes a "material fact" that should be disclosed by the seller and his broker. State law requires the disclosure of material facts, but does not adequately define what's "material."

Would you, as a buyer, consider it a material fact that the next door neighbor is a registered sex offender? Or that the house was a meth lab but was mitigated to state standards? Surely many people would, but state law exempts sellers and their brokers from disclosing both of *those* facts.

Other facts that you might consider material, however, are neither specifically stated nor exempted from disclosure under state law or CREC rule.

No action was taken by the Commission, but the topic will be on the October agenda.

Is it "material" that the neighbor has a rock band that practices regularly?

Is it "material" that the seller suffered from an undiagnosed allergy living in their house, suggesting an indoor air quality problem?

For that matter, why, you might ask, is the seller selling? When I'm representing a buyer, I like to ask the listing broker why the seller is selling. The broker isn't required to answer, and that question isn't asked on any disclosure form, but wouldn't that be useful information, if only to put to rest any fears about a "bad" reason for selling?

Golden Real Estate Receives National Recognition

San Juan Capistrano – America's Top 35 real estate firms based on service excellence are being honored for exceptional customer service satisfaction with an industry first, a **QE Award** (pronounced "Quie") "that measures and independently verifies excellence in the delivery of the highest levels of customer satisfaction and service quality in real estate in North America," according to Quality Service Certification, Inc. (QSC), creators of the award.

The **2017 QE Award** recognizes the Top 5 Large Companies, the Top 10 Midsize Companies and the Top 20 Small Companies, spanning 22 states, from Florida to California and Minnesota to Texas, and includes some of the most respected independent and well-known national and regional brand names.

The 2017 QE Award is based upon the results of an independent survey limited solely to buyers and sellers who were in a real estate transaction that

actually closed with participating real estate companies from January through December 2016. Quality Service Certification, Inc. and Leading Research Corporation administer the survey process to ensure that every past customer is surveyed, preventing agents or the company from interference or influence in any way.

Golden Real Estate, Inc. was named one of the top 20 small companies — one of only four in the state of Colorado.

"At a time when consumers seek transparency, greater accountability, and trusted information to help them make better, more informed decisions and choices, tens of thousands of service professionals are electing to participate in service assessment and feedback following every transaction, which is setting a better standard for excellence," said Kevin C. Romito, President, Quality Service Certification, Inc.



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