

Board,

I need a vote CONSENT to obtain a legal opinion regarding the matter of unit 1046 insurance claim. We need to make the owner responsible for paying the \$5,000 deductible. Please see the message below. I need a reply – **approved** - from each board member to move forward with a legal opinion.

Thank you,

Joanna Homer

Community Manager

AAM, LLC

(602) 906-4902 (direct line)

(602) 957-9191 (main line)

(602) 647-3034 (after hours emergency)

(623) 742-6170 (fax line)

jhomer@AssociatedAsset.com

AssociatedAsset.com

From: CRAIG, ASHLEY <ACRAIG@HANOVER.COM>

Sent: Wednesday, December 30, 2020 12:00 PM

To: Joanna Homer <Jhomer@AssociatedAsset.com>

Cc: Kim Sims <ksims@AssociatedAsset.com>; FLEMING, MARK

<MAFLEMING@HANOVER.COM>

Subject: RE: Hanover claim # [19-00779128](#) The Village at Rio Paseo

Good Morning Joanna,

Thank you for your patience while I completed a full investigation of the Declaration of Covenants, Conditions and Restrictions and The Village at Rio Paseo Citizens of America Policy.

My investigation of the Declaration of Covenants, Conditions and Restrictions indicated, in part, the following:

10.5 Insurance

10.5.2 Commencing not later than the time of the first conveyance of a Unit to a person other than the Declarant, the Association shall maintain, to the extent reasonably available, both:

(a) Property insurance on the Common Elements insuring against all risks of direct physical loss commonly insured against or, as determined by the Board against fire and extended coverage perils.

10.5.3 To the extent available, the insurance maintained under Paragraph 10.5.2 (a), if determined by the Board, includes the Units or any portion of those Units but need not include improvements and betterments

installed by Unit Owners or the personal property of Unit Owners.

10.5.5 Insurance policies carried by the Association shall provide the following:

(d) If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same property covered by the policy, the Association policy provides primary insurance.

As you can see by the sections provided above the Association is responsible for carrying Insurance that will cover any damage to the Unit caused by a covered cause of loss, as long as the damage does not include property the Unit owner has upgraded or changed. If any of the damaged property has been upgraded or changed, that property would fall under the Unit owner's personal condominium policy.

Next, I reviewed our Business Policy. I have determined that the proximate cause of loss, a kitchen drain back up is a covered cause of loss. The limit of insurance is \$100,000 for damages resulting from the loss. The policy deductible applies to this loss of \$5,000.

Therefore, your policy would have coverage for the property damaged in Unit 1046, again as long as this property is original and not an upgrade or change made by the Unit owner. The damages claimed include lower kitchen cabinets, kitchen island, flooring (including tile and carpet) in the kitchen and living room as well as dry wall.

The Policy does not provide coverage for the mold found during the water mitigation process. Mold is covered when resulting from "specified causes of loss" and this is limited to fire, lightning, explosion, windstorm or hail, smoke, aircraft or vehicles, riot or civil commotion, vandalism, leakage from fire-extinguishing equipment, sinkhole collapse, volcanic action, falling objects, weight of snow, ice or sleet, water damage. Water damage is defined in the policy as accidental discharge or leakage of water or steam as the direct result of the braking apart or cracking of a water or sewer pipe that is located on the premises. As the loss is due to a pipe backup, this would not be considered a specified cause of loss for mold.

My investigation is complete and I am writing to inform you that per the above mentioned documents, the Policy would extend coverage for the damaged property in Unit 1046 due to kitchen drain back up. However this coverage does not extend to any unit owner personal property or betterments and improvements or mold remediation.

I have received a water mitigation and rebuild estimate from Travelers, which I will review this week to validate. The initial breakdown, per Travelers Insurance is as follows:

Water Mitigation ACV: \$9197.32

Rebuild ACV: \$20189.30

I will review for the replacement costs value when I complete the estimate validation and provide you with an update on the costs associated with this loss.

If it is possible, I am hoping to obtain information from The Village at Rio Paseo to verify if the damaged property is original to the building. Joanna, you had mentioned that the appliances appeared to be updated, however it does not appear at this time there were any damages to the appliances.

I hope that this email explains in full the coverage investigation and determination. However, if

you have any questions or concerns, please let me know.

Thank you and I hope you have a wonderful New Year,

Ashley Craig

CL Inside Property Adjuster
The Hanover Insurance Group
4600 S Ulster St. Ste 630
Denver, CO 80237
Direct Number: 720-440-8431
Email: acraig@hanover.com



From: CRAIG, ASHLEY
Sent: Tuesday, December 29, 2020 5:01 PM
To: Joanna Homer <Jhomer@AssociatedAsset.com>
Cc: Kim Sims <ksims@AssociatedAsset.com>; FLEMING, MARK <MAFLEMING@HANOVER.COM>
Subject: RE: Hanover claim # [19-00779128](#) The Village at Rio Paseo

Hi Joanna,

I apologize if there has been any inconsistency. I have reviewed the claim file and based on the documentation, the information Mark was provided was that the damages to the unit did not include any association property.

Mr. Kallweit provided additional information yesterday indicating that the association may have a responsibility in the property that was damaged (which I am trying to confirm with my previous email) and as a result I am actively reviewing the CC&R and the policy for coverage and will have the determination completed by the end of day tomorrow.

In the meantime if you have any questions or concerns, please let me know.

Thank you,

Ashley Craig

CL Inside Property Adjuster
The Hanover Insurance Group
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From: Joanna Homer <Jhomer@AssociatedAsset.com>
Sent: Tuesday, December 29, 2020 4:03 PM
To: CRAIG, ASHLEY <ACRAIG@HANOVER.COM>
Cc: Kim Sims <ksims@AssociatedAsset.com>; FLEMING, MARK <MAFLEMING@HANOVER.COM>
Subject: RE: Hanover claim # [19-00779128](#) The Village at Rio Paseo

Ashley,

I am looping in my Area Manager, Kim Sims, she managed the community several years ago and is familiar with this issue. However, we would never know what the interior contents are, the association is not required to be noticed. We do not require that documentation nor have it on hand. I can tell by a quick Google search of Bernie's address on realtor.com that his appliances have been updated in a listing. He was not the original owner either.

I am very concerned that I was given differing opinions on this case from Mark Fleming (in writing) and now I have to represent to the board that there is potentially a different response from Hanover several weeks later.

Before anything is confirmed with Bernie I need to let the Board of Directors know of this inconsistency we've experienced Hanover.

Thank you,

Joanna Homer

Community Manager

AAM, LLC

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From: CRAIG, ASHLEY [<mailto:ACRAIG@HANOVER.COM>]
Sent: Tuesday, December 29, 2020 3:51 PM
To: Joanna Homer <Jhomer@AssociatedAsset.com>
Subject: RE: Hanover claim # [19-00779128](#) The Village at Rio Paseo

Hi Joanna,

Is there a way we can confirm this information? IE. Are the unit owners required to obtain approval from the association before adding any improvements? Does the association maintain the original records for the build, for example, listing the type of cabinets or flooring utilized in the units.

The reason I ask, based on my initial review, the CC&R states that the association is to maintain coverage for common elements outside of the unit owners personal property and betterments and improvements. The unit owner states he did not make any additions or changes (which would be betterments and improvements) since living there for the last 11-16 years. Since he only lives there part of the year, that seems reasonable, however I am hoping to get confirmation from the association.

Thank you,

Ashley Craig

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From: Joanna Homer <Jhomer@AssociatedAsset.com>
Sent: Tuesday, December 29, 2020 3:43 PM
To: CRAIG, ASHLEY <ACRAIG@HANOVER.COM>
Subject: RE: Hanover claim # [19-00779128](#) The Village at Rio Paseo

Hi Ashley,

I cannot confirm or deny if that statement is true. I was not a part of the community build out in any way.

Thank you,

Joanna Homer

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From: CRAIG, ASHLEY [<mailto:ACRAIG@HANOVER.COM>]
Sent: Tuesday, December 29, 2020 3:27 PM
To: Joanna Homer <Jhomer@AssociatedAsset.com>
Subject: Hanover claim # [19-00779128](#) The Village at Rio Paseo

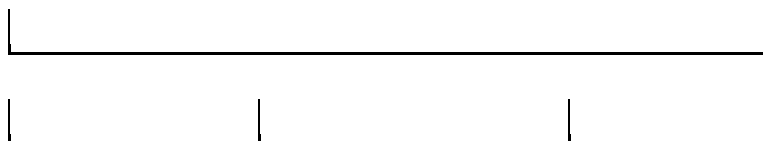
Hi Joanna,

I am still working on coverage for the Unit Damage belonging to Bernie Kallweit. I will have a determination for you by the end of day tomorrow.

In the meantime, I was hoping to confirm some information with you. Mr. Kallweit stated that he has not made any additional or improvements to the unit, specifically regarding the kitchen counters, cabinets, island and flooring in the kitchen and living room. I have pictures of the unit at the time of the loss and have attached them for reference. Can you confirm that this is all original and put in by the association?

Thank you,

Ashley Craig
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