

## DRAFT

# Proposal on HOA insurance disclosure to home buyers and current home owners and HOA insurance responsibilities Developed by the coloradohoaforum.com

1. Expand the HOA insurance disclosure requirements on the Contract to Buy and Sell Real Estate used during the home closing process by: 1) DORA to develop a form ([suggested form at end of this document](#)) for use in completing insurance disclosure during home closing that indicates the required information to be provided to the home buyer. The same form to be used by HOAs in a yearly disclosure to homeowners as described below. The form will be signed by both the home buyer and Realtor or other agent representing the buyer confirming all insurance disclosure requirements were met and that the home buyer understands insurance needs and mandates.
2. The insurance disclosure form to include the following requirements: the types of insurance carried by the HOA, the amount of property insurance coverage in the HOA policy and the deductible amount for the HOA, the last time the replacement value of HOA insured assets was completed and amount, whether the HOA maintains an insurance contingency fund and if so the current balance; a statement on the form indicating any mandatory insurance requirements for the home owner and the suggested types and levels of insurance the homeowner should carry including any loss mitigation insurance to mitigate financial obligations in a special assessment issued to pay for an HOA deductible on an insurance claim; exclusions under the Master Association Policy; information on insurance coverage under the HOA Master Association policy related to landslides, forest fires, flooding and mold; a statement on the form indicating that special assessments related to insurance are allowable and if not paid can lead to lien and/or foreclosure.
3. The HOA registration process to be expanded to include a confirmation by the HOA that they conducted a yearly presentation to homeowners to disclose insurance issues (we or DORA develop a curriculum) and that all documentation listed on the insurance form in item 2 are available to all homeowners upon request at no cost. A copy of the home closing disclosure form with HOA answers to be posted on the HOA website and emailed to homeowners once a year.
4. HOA's will conduct a yearly community insurance presentation to apprise homeowners of insurance coverage under the HOA's community insurance policy (Master Association Policy) and provide recommendations to homeowners on insurance coverage, adequacy, types and options and their financial obligations in the event of a major claim in which the HOA deductible must be funded by homeowners. Homeowners should be made aware of any loss mitigation insurance that can lessen their financial obligation in paying an HOA deductible and any mandatory insurance obligations on the part of the homeowners. A curriculum of mandatory insurance issues to be presented will be developed for HOA use in such presentations. The HOA will also post their answers to curriculum issues on their website. The presentation will include a discussion on exclusions in the Master Association policy that are the responsibility of the home owner including but not limited to mold, flood, water damage, fire and landslides.
5. HOAs required to conduct a yearly replacement cost study of community assets for use in determining insurance needs and post the results on the community website.
6. Yearly and upon any changes in the HOA Master Insurance Policy the HOA will apprise homeowners by way of email and posting on their website all insurance coverage changes.

7. Yearly the HOA will email a reminder to all homeowners to work with their insurance agent to update their coverages.
8. HOAs will not be required to fund an Insurance Contingency Account to pay for future insurance deductibles or claims. If this fund has not been created it can be implemented at any time by a majority vote of the HOA Board. The same process can be used to inactivate such an account with any balance of funds transferred to operational accounts. Confirmation of the existence or not of this fund is confirmed with the annual HOA registration and during the home closing process.
9. HOAs not complying and confirming their obligations within this Bill through their actions during home closing and in the HOA registration process will be subject to punitive damages as determined by the State HOA Office but such penalties will not include monetary damages: inability to impose liens or pursue foreclosures, inability to issue covenant violation notices and fines.
10. The HOA Office will post the home closing disclosure form on their web site and include it in any public presentations on the topic of insurance.

**Supplement to the Contract to Buy and Sell Real Estate  
Insurance Disclosure and Requirements Form  
Developed by the ColoradoHOAForum.com**

This form is used to confirm Receipt by the HOA Home Buyer of HOA Insurance Documentation and Disclosure Required by the Division of Real Estate (DORA) To be completed and signed prior to home closing by the seller and seller's Realtor, seller's buying agent or the HOA. HOA insurance needs and issues are different from communities without an HOA. To ensure the HOA home buyer understands insurance needs and issues prior to home purchase the homebuyer and their buying agent are required to confirm they received and understand the below insurance documentation and disclosure.

**Home Buyer**

Name \_\_\_\_\_  
 Current Address: State \_\_\_\_\_ City \_\_\_\_\_ Address \_\_\_\_\_ Zip \_\_\_\_\_  
 Contact: Cell \_\_\_\_\_ Home Phone \_\_\_\_\_ Email \_\_\_\_\_

**Home Seller**

Name \_\_\_\_\_  
 Current Address: State \_\_\_\_\_ City \_\_\_\_\_ Address \_\_\_\_\_ Zip \_\_\_\_\_  
 Contact: Cell \_\_\_\_\_ Home Phone \_\_\_\_\_ Email \_\_\_\_\_

**Home Seller's Realtor or Agent**

Name \_\_\_\_\_  
 Current Address: State \_\_\_\_\_ City \_\_\_\_\_ Address \_\_\_\_\_ Zip \_\_\_\_\_  
 Contact: Cell \_\_\_\_\_ Home Phone \_\_\_\_\_ Email \_\_\_\_\_

**Address of Home Purchased**

City \_\_\_\_\_ Home Address \_\_\_\_\_ Zip \_\_\_\_\_

## Required Disclosure and Documentation to be Provided by the Home Seller to the Home Buyer

### Home Buyer to Initial each below item to Confirm Receipt and Understanding

HOA Master Policy Provided to Seller \_\_\_\_\_

HOA Deductible on Master Policy \_\_\_\_\_

HOA Master Policy: amount of property insurance \_\_\_\_\_

Last HOA Asset Assessment Review Date \_\_\_\_\_ Amount of HOA Assets \_\_\_\_\_

Note: homeowner's can be assessed to pay the HOAs deductible, in part or full, if they didn't create an Insurance Deductible Fund and/or if the HOA can't pay the deductible with current cash accounts

Does the home buyer require wildfire insurance YES NO OPTIONAL

Does the home buyer require flood insurance YES NO OPTIONAL

Title insurance company provided with requested documentation YES NO

Title insurance company identified issues have been provided the home buyer YES

NO

Homebuyer apprised of loss mitigation, risk insurance or other product to YES

NO

lessen their financial obligation in the event of an HOA claim in which the homeowner is levied a special assessment

Homebuyer apprised of any mandatory insurance that must be purchased YES

NO

Homebuyer has been apprised of what the HOA Master Policy Covers or Doesn't YES

NO

Does the HOA have a funded Reserve for Insurance Contingency to pay deductibles YES

NO

that can help pay for insurance deductibles and avoid making special assessment to homeowners.

What other insurance besides liability does the HOA have:

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Contact your insurance agent to determine your insurance needs and present them with a copy of this completed form.

\*\*\* HOA Insurance disclosure and documentation to be provided to the home seller or other authorized person/entity at no cost other than mailing, copying, and delivery. Special services requested and authorized by the home seller will be paid for by the home seller.

Home Seller and Date

Home Seller's

Buying Agent and Date

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