



October 5th, 2023

Re: Neighborhood Update re. Insurance and Budget Planning for 2024

Dear Legends Crossing Townhome Owners of Legends Crossing,

Your Townhome Association Board just received some insurance information that we would like to share with you and get your opinions/thoughts about how to proceed. We had a call with the insurance broker's recently, and we wanted to embrace the idea of receiving opinions from the homeowners about it.

Next Friday afternoon, October 13th at 2:00PM, we will be hosting a virtual Townhall Meeting for the Townhome Association to ask the insurance broker any questions that they may have. Attendance is always encouraged, but is not mandatory.

Current Property Insurance Market in TX

As you are aware, the property insurance for the townhomes is carried by the Townhome Association. This cost in 2023 was budgeted at roughly \$84K, with the total cost being \$88K - which includes general liability – but let's stick with property insurance. Here are some important notes:

- The deductible for property insurance is \$10K for “Other Events” and Wind/Hail is at 2% of Total Asset Value (TAV).
- The TAV set by the carriers and updated annually, and it represents the calculated rebuild cost.
- Legends Crossing Townhome Association is comprised of 15 buildings and 86 individual townhomes.
- Each building has a value established and the total value is \$19,616,645. If we have a wind/hail event that damages all 15 units, our out- of-pocket deductible would be \$392,329.00 (2% of TAV).
- Divid out amongst 86 townhomes, that is roughly \$4,562 per townhome before insurance would cover the remainder.

There is an option called a “wind/hail buy-down” where our deductible would be capped at \$50,000 in the event that damage is caused to the townhomes by wind and/or hail. However, it does cost approximately \$30K more per year.

We would need to budget this increase annually and it will likely involve a special insurance assessment, and/or a general assessment increase. The amount needed is not 100% certain yet as the 2024 budget is being worked on over the next thirty days, but we would like to hear from the Townhome community!



Your Input is Critical

We would like to hear from you!

1. What is your opinion and/or what direction would you prefer the Board of Directors go with this decision? Are you willing to increase the annual dues in order to get a lower deductible in the event of a wind/hail loss? Please let us know.

We apologize for the unexpected news, but we wanted to share it with you as soon as we were made aware. Your opinion matters, and we encourage as many opinions as possible. Please email Caspar Sullivan, Community Association Manager, at caspar@essexhoa.com with your thoughts by 5:00PM on Friday, October 13th.

Respectfully,

Essex Association Management, L.P.,

On Behalf of the Legends Crossing Townhome Owner's Association, Inc., Board of Directors