



Landlord News

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THE TYPE OF RENTERS INSURANCE YOUR RESIDENTS OBTAIN IS IMPORTANT

A majority of communities require residents to obtain renters insurance. However, it is not enough to require renters insurance. You should also be familiar



with renters insurance in general, and specifically with the types of policies available to your residents. When you know about renters insurance,

you can decide the type of policy your residents need to meet your goals and purposes. If you haven't evaluated why you require residents to obtain insurance and what type of coverage is necessary to meet those purposes, you may find that the renters insurance being obtained by your residents doesn't serve your purposes.

What is the purpose of renters insurance? The industry is moving toward a mandatory renters insurance model for many reasons. One purpose is to avoid resident conflict or hassles. Every lease states that the landlord or owner is not liable for damage to the resident or their property. Regardless, when disaster strikes, uninsured residents always look to you. Theoretically, requiring residents to maintain insurance should eliminate demands to pay for property, or to be put up in a hotel if the unit is uninhabitable.

In theory, renters insurance avoids or decreases lawsuits. Something bad happens to the resident and the resident wants compensation. Without insurance, the resident will look to you. When you refuse to

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HTS SETS 2010 EVENTS SCHEDULE

The Firm schedule of events for 2010 is now available. Client luncheons in the metro area and Colorado Springs are posted on our calendar of events at www.htspc.com. Check them out and make sure you mark them on your calendar so you won't miss any of the client luncheons in the coming year.

Workshops dates are posted on our web calendar and also published here. All Basic Fair Housing and Advanced Fair Housing classes are taught by Mark Tschetter and Wes Wollenweber. Our Basic and Non-Monetary Eviction classes are taught by Vic Sulzer. Unless otherwise noted, all HTS classes are held in the conference center on the lower level of our office building at 3600 S. Yosemite Street, Denver, Colorado 80237.



Even though our new classroom facility will permit us to comfortably enroll a larger number of attendees, we still find that the classes fill up

quickly and inevitably we have to wait-list people. We know that better educated clients are less likely to get into legal trouble and it is our intent to offer as many of our FREE workshops as possible and to accommodate all of our clients who want and/or need to attend the classes. Because the classes fill up quickly, we encourage clients to review the schedule and register to attend as early as possible in order to assure a place in the class.

If you have any questions about our workshops please contact Michael Gardner – mike@htspc.com or 303-699-3484.

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compensate the resident, the resident may get a lawyer involved, or sue. However, if the resident is insured, the resident should be compensated by his renters insurance for the loss. In theory, this also keeps your insurance premiums from increasing as well. Because residents are insured, you make fewer claims on your insurance which keeps premiums low.

Whatever your purposes for requiring insurance, you will only know if those purposes are being met if you are familiar with both types of renters insurance available, and the policies your residents are obtaining. Additionally, you have to be familiar with renters insurance coverage to make an informed decision regarding the type of coverage you want your residents to maintain.

Generally, residents may obtain two types of insurance coverage. "Named perils" coverage only covers items that are specifically set forth in the policy. Examples of typical "perils" covered are fire, lightning, smoke, vandalism, theft, and accidental discharge of water. The perils covered can vary widely from policy to policy. Because water leakage and theft are common at communities, named peril coverage that doesn't cover these perils doesn't serve your purposes.

"All risk" is the other type of coverage available to residents. All risk coverage is usually better than named peril coverage because it is more comprehensive. All risk is more expensive. All risk coverage means everything is covered unless it is specifically excluded. Typical exclusions include damages from floods and earthquakes. All risk policies that exclude common casualty events such as sewer backups are of little use.

Both named peril and all risk policies are likely to contain other exclusions. Almost every renters insurance policy has the "use of or connected to the premises" exclusion. If the damage event has nothing to do with the resident's unit, the damage is not going to be covered. For example, if resident's guest slips and falls on the pathway leading from the parking lot to the resident's unit, the event is not connected to the resident's unit and is not going to be covered. Almost all policies also exclude coverage for environmental hazards such as lead paint. Policies

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2010 WORKSHOP DATES

MONTH	DATE	CLASS
JANUARY	20TH	BASIC FAIR HOUSING
FEBRUARY	10TH	BASIC EVICTIONS
MARCH	10TH	ADVANCED FAIR HOUSING
APRIL	14TH	NON-MONETARY EVICTIONS
MAY	12TH	BASIC FAIR HOUSING
JUNE	9TH	BASIC EVICTIONS
JULY	14TH	ADVANCED FAIR HOUSING
AUGUST	11TH	NON-MONETARY EVICTIONS
SEPTEMBER	15TH	BASIC FAIR HOUSING
OCTOBER	13TH	BASIC EVICTIONS
NOVEMBER	10TH	ADVANCED FAIR HOUSING

2010 LUNCHEON DATES

MONTH	DATE	LOCATION
JANUARY	14TH	COLORADO SPRINGS Ritz Grill
JANUARY	15TH	NORTH Dave and Buster's - Westminster
FEBRUARY	19TH	SOUTH Dave and Buster's - Denver
MARCH	18TH	COLORADO SPRINGS Ritz Grill
MARCH	19TH	NORTH Dave and Buster's - Westminster
APRIL	16TH	SOUTH Dave and Buster's - Denver
MAY	21ST	NORTH Dave and Buster's - Westminster
JUNE	17TH	COLORADO SPRINGS Ritz Grill
JUNE	18TH	SOUTH Dave and Buster's - Denver
JULY	16TH	NORTH Dave and Buster's - Westminster
AUGUST	20TH	SOUTH Dave and Buster's - Denver
SEPTEMBER	17TH	NORTH Dave and Buster's - Westminster
OCTOBER	21TH	COLORADO SPRINGS Ritz Grill
OCTOBER	22ND	SOUTH Dave and Buster's - Denver

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may also exclude coverage, especially liability coverage, for damage caused by joint residents or roommates. Thus, if one roommate damages another roommates property, it probably won't be covered.

If a resident's unit is either destroyed or uninhabitable, the resident needs alternative living accommodations. Not all policies cover additional living expenses. If you want your resident's additional living expenses covered when the community is damaged, the resident's policy must contain additional living expense coverage. Additional living expenses include hotel, meal, laundry, and other costs until the residents' unit can be repaired or it is determined that the resident has to permanently relocate.

Do your residents have liability coverage as well as property coverage? Property coverage covers damage to a resident's property. Liability coverage protects other persons, and perhaps the community, against damage caused by residents. Without liability coverage, many problems at your community will not be covered. As noted, water leaks are common. For example, Resident A is filling the tub but gets distracted. The water runs over, and eventually floods both Resident A's unit, and Resident B's unit. If Resident A has no liability coverage, the damage to Resident B's unit is not covered.

Even if a resident has liability coverage, it is important to remember that renters insurance does not



always cover intentional acts. This means that in our water leak example above, Resident A's insurance carrier may not pay for the damage to Resident A's unit because Resident A intentionally caused the damage. This makes sense. Otherwise, anyone could obtain insurance,

intentionally damage the insured property, and then file an insurance claim to get it repaired or replaced.

Does the policy reimburse your resident for damage to their property based on cash value (fair market value) or replacement cost? Actual cash value policies pay the resident what the item was actually worth at the time it was destroyed or stolen. Replacement cost policies pay the resident the current cost to replace the damaged or stolen item. You're more likely to experience problems if residents maintain actual cash value policies. If the resident is not completely satisfied with the insurance check, the resident is likely to look to the community to make up

the difference, whether the resident has a valid legal basis or not.

Obviously, the community needs to consider price in setting insurance requirements. What good is it to require gold plated coverage if no residents can or will pay for it? In striking a balance between solid coverage to avoid headaches and lawsuits, and price, you should evaluate the key factors that affect price. These factors are deductible, coverage, and coverage limits.

You should also evaluate subrogation issues. Subrogation means the right to step into someone else's shoes. Not literally, but in a legal sense. For example, if somebody hits your car at a red light causing damage, your insurance company will pay you for the damage. The other person who hit you is also liable for these damages. Since your insurance company paid you, your insurance company now has the right to sue the other driver for the damages.



Generally, it is advantageous for renters insurance policies to waive subrogation rights. When a resident suffers a loss, the resident's insurance pays them. Because the resident gets paid, you don't experience any headaches or lawsuits, right? Maybe. Unless the resident's policy waives subrogation rights, undesirable things can still happen. Resident suffers loss and resident's insurance pays. Resident's insurance company steps into resident's shoes. Resident's insurance company sues you because it alleges you were at fault. To guarantee that resident's insurance company won't sue you or the community's insurance company, the renters insurance policy must waive resident's rights of subrogation.

While it is advantageous to you to have the resident's insurance policy waive subrogation rights, it is also advantageous to make sure that you haven't waived your subrogation rights against the resident's insurance carrier. Insurance companies are notorious for not paying, even when there is coverage. If a resident causes damages and the resident's insurance company won't pay, unless you have waived your subrogation rights, you have the right to sue the resident's insurance carrier to force them to pay the claim. Similarly, if you sue a resident for damages based on a covered casualty event and obtain a judgment, you might be able to collect those damages from the resident's insurance carrier.

At some point, you should decide whether you require residents to name the owner and management company as an additional insured. If you are named as an additional insured, you should be notified if the policy is cancelled. However, requiring you to be named as an additional insured is not without problems. Some large

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program vendors that provide renters insurance have informed some of our clients that this is illegal. While this is false, some insurance companies do take the position that naming you as an additional insured creates potential conflicts of interest, and thus won't issue a policy if you are required to be named as an additional insured.



While you will get notified if the policy is cancelled, our experience is that being named as an additional insured doesn't give you a significant advantage in the claims process or litigation, and may even

be disadvantageous on some levels. Some clients require the resident's policy to name them as an additional insured. However, the majority of clients do not impose this requirement.

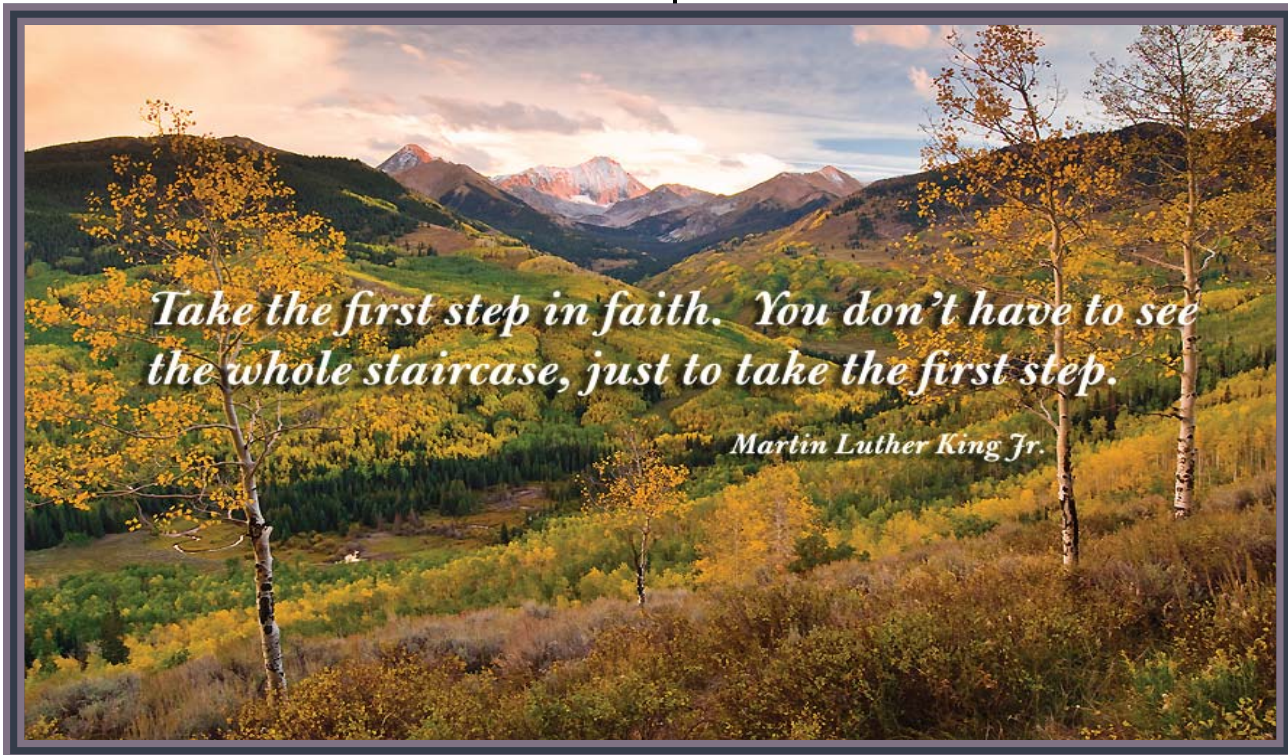
An accident occurs on your property. No worries. Your community makes renters insurance mandatory. What! The resident never got the insurance, or the resident got the insurance but let the policy lapse, or the policy doesn't cover this situation even though such coverage is mandatory. Even if you require renters insurance and you spell out required coverages, this is of little value if you have no ability to monitor, verify, and enforce required coverages. Thus, your lease has to have appro-

appropriate language. For example, upon demand, "Resident shall provide proof of complying renters insurance to landlord. If Resident fails to obtain and maintain a complying renter's insurance policy, Resident's failure shall constitute a material breach of this Lease. To avoid such a breach, Resident agrees that Landlord may, but is not required to, purchase, at Resident's expense, a complying policy." Similarly, lease provisions can be drafted to spell out coverage requirements. For example, an all risk policy with \$50,000 of property and \$50,000 of liability coverage.

You require residents to get insurance to avoid headaches and lawsuits. If the policies your residents are obtaining don't cover common damage issues, you're not going to avoid the headaches and lawsuits you expect to avoid. If a vendor is providing an insurance program for your residents, make sure that you are getting the maximum benefit of that relationship by ensuring the policies they provide to your residents cover the losses you expect. Having a single vendor provide insurance can have significant advantages. You only have to review a single policy, and you will know what is covered. Further, you may have some leverage in getting desired coverages because if the provider won't make desired coverages available at reasonable rates, you can explore using another vendor. However, if you haven't reviewed the policies a single vendor is issuing, this may be a significant disadvantage. If the policies the single vendor is issuing don't cover common and desirable issues, now every single resident at your community has an insurance policy that doesn't cover what you need or expect.

Take the first step in faith. You don't have to see the whole staircase, just to take the first step.

Martin Luther King Jr.



Some Thoughts For Stressful Times

When things go wrong as they sometimes will;
When the road you're trudging seems all uphill;

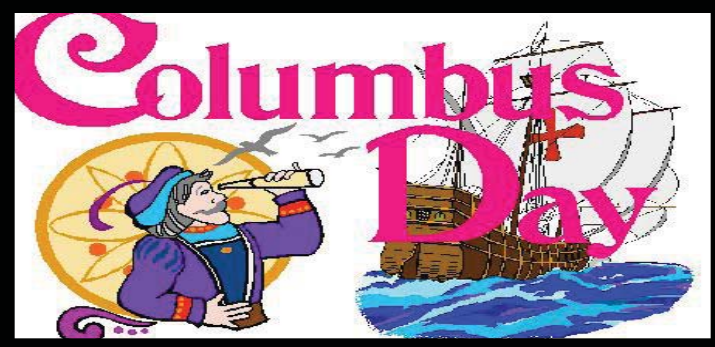


When the funds are low, and the debts are high
And you want to smile, but have to sigh;
When care is pressing you down a bit-
Rest if you must, but do not quit.

Success is failure turned inside out;
The silver tint of the clouds of doubt;

And you can never tell how close you are
It may be near when it seems so far;
So stick to the fight when you're hardest hit-
It's when things go wrong that you must not quit.

IMPORTANT HTS OCTOBER DATES			
October	12th	-	All Courts Closed EXCEPT DENVER Columbus Day Holiday
October	14th	-	Basic Evictions 8:30 a.m. - Noon HTS Lower Level Conference Center
October	16th	-	South Client Luncheon Dave & Busters South Colorado Blvd 11:30 a.m. - 1:00 p.m.
October	23rd	-	Denver Courts Closed Furlough Day
October	24th	-	AAMD Chili Cook-Off Noon til 4:30 p.m.



SPECIAL ATTENTION PLEASE



Since Our Recent Move A Large Majority of HTS Mail Continues To Be Sent To Our Old Address Delaying Delivery For 3-4 Weeks or Even Having Mail Returned To Sender

Please Notify Your Main Office and/or Your Bookkeeping Department To Change Your Records

**Our New Address Is:
3600 South Yosemite Street
Suite 828
Denver, Colorado 80237**

RANDOM THOUGHTS

The nicest thing about the future is that it always starts tomorrow.

If you don't have a sense of humor, you probably don't have any sense at all.

Seat belts are not as confining as wheel-chairs.

A good time to keep your mouth shut is when you're in deep water.

How come it takes so little time for a child who is afraid of the dark to become a teenager who wants to stay out all night?

No one has more driving ambition than the boy who wants to buy a car.

Think about this..., No one ever says "It's only a game" when his team is winning.

I've reached the age where the happy hour is a nap.

Be careful reading the fine print. There's no way you're going to like it.

The trouble with bucket seats is that not everybody has the same size bucket.

Do you realize that in about 40 years, we'll have thousands of old ladies running around with tattoos?

Money can't buy happiness -- but somehow it's more comfortable to cry in a Corvette than in a Yugo.

After a certain age, if you don't wake up aching in every joint, you are probably dead.

Money will buy a fine dog, but only kindness will make him wag his tail.

COME VISIT THE
HTS CHILI BOOTH
AT THE AAMD
CHILI COOKOFF



SATURDAY OCT
24TH
NOON TIL 4:30

HAPPY HALLOWEEN

