

**INSURANCE GUIDELINES
FOR
SADDLEBROOKE AT ROCK CREEK HOMEOWNERS ASSOCIATION, INC.**

Adopted January 29, 2013

WHEREAS, the Board of Directors ("Board") of Saddlebrooke at Rock Creek Homeowners Association, Inc. ("Association") recognizes the Association's obligation to establish and maintain insurance policies in conformance with the requirements contained in the Amended and Restated Declaration of Condominium for Saddlebrooke at Rock Creek, recorded on October 5, 2007, at Reception No. 2887900 ("Declaration"), in the real property records of Boulder County, Colorado.

WHEREAS, Section 10.2 of the Declaration sets forth the general obligations of individual Owners to obtain insurance;

WHEREAS, Section 8.16 of the Association's Declaration grants the Association the authority to adopt rules and regulations governing the use of the Units and of the Common Elements, which includes the power to adopt these Insurance Guidelines related to insurance coverage maintained by the Association and Owners, insurance claims adjustment and the payment of deductibles; and

WHEREAS, the Board seeks to clarify individual Owners' responsibilities for providing insurance coverage and paying deductibles and to establish a procedure by which Owners must submit potential insurance claims to the Association.

NOW THEREFORE, the Association, acting through its Board of Directors, hereby adopts the following Insurance Guidelines concerning insurance coverage, payment of insurance deductibles, and the submission of claims to the Association:

I. Insurance Coverage

- A. The Association shall keep in full force and effect all insurance policies required of it by the Declaration. As provided in Section 10.1 of the Declaration, the Association's insurance will exclude improvements and betterments made by the Unit Owners and the finished surfaces of perimeter and partition walls, floors, and ceilings within the Units (i.e., paint, wallpaper, paneling, other wall covering, tile, carpet and any floor covering).
- B. The Association does not insure against lost rent for uninhabitable units; the Association and its insurance policies will not honor any claims for loss of rents.
- C. Owners shall obtain their own insurance coverage for personal liability, public liability, casualty, and any other property damage and losses in their Condominium Units, commonly called a Homeowners 6 policy form for Owner-occupied homes or a Homeowners 8 form for rental units, and coverage for Association insurance deductibles, loss assessments, and loss of rents. Owners are responsible for determining the appropriate coverage to obtain, the level of deductible they are comfortable with in light of the risk they are willing to take, and for coordinating their individual homeowner insurance coverage with the Association's insurance coverage. Owners are responsible for the following insurance coverage pertaining to their Condominium Units:

Casualty to Property. Owners bear the responsibility for obtaining proper insurance coverage on all portions of the Unit not insured by the Association, including improvements and betterments made by the Unit Owners, which shall include any previous Owner of a Unit, and the finished surfaces of perimeter and partition walls, floors, and ceilings within the Units (i.e., paint, wallpaper, paneling, other wall covering, tile, carpet and any floor covering), and all personal property located within their Condominium Units.

Public Liability. Owners must carry their own liability insurance for occurrences in the Condominium Units, including any occurrences related to Limited Common Elements and water damages that originate within a Unit due to toilet overflow or otherwise.

Association Deductibles. Owners bear the responsibility for payment of the Association's insurance deductible under those circumstances described Section 10.1(f) of the Declaration and in these Guidelines. Owners should consult with their individual insurance agents to determine any additional coverage necessary to account for the Association's deductible.

Loss Assessment. In the event the Association's insurance coverage does not suffice to cover an insured event, Owners will bear the responsibility for paying all or any portion of assessments levied by the Association to cover the difference between the total loss and the amount paid by the Association's insurance carrier. Owners should consult with their individual insurance agents to procure "loss assessment" coverage in appropriate amounts for this type of risk.

- D. All Owners must provide the insurance coverage required by the Declaration and by these Insurance Guidelines. Owners who do not reside in their Condominium Units must provide the same insurance coverage as Owners who live in their Condominium Units.
- E. As a part of any lease agreement, whether verbal or written, entered into by an Owner and tenant, the Owner shall require the tenant to obtain renter's insurance, commonly called a Homeowners 4 policy form. The tenant's fulfillment of this obligation does not relieve the Owner from the obligation of maintaining the insurance required under Paragraph I(C) of these Insurance Guidelines.
- F. Owners and tenants assume any liability arising from lack of insurance coverage or policy coverage limits.
- G. The Association may, but shall not be obligated to, obtain proof of Owner/tenant insurance or investigate Owner/tenant insurance coverage. If the Association elects, through the Board, to require Owners to submit proof of insurance under circumstances other than those described in Section 10(b)(ii) of the Declaration, Owners shall submit such proof to the Association within ten (10) days of the date that the Association provides notice of this requirement to the Owners. Thereafter, Owners shall submit proof of insurance to the Association within ten (10) days of the date they take ownership of property within the Association and annually on January 1 of each year. The same deadlines for compliance shall apply to the submission of proof of renter's insurance by any Owner who does not reside in his or her Condominium Unit.
- H. If an Owner fails to submit proof of insurance to the Association on or before the deadlines stated in these Insurance Guidelines, as applicable, the Association may obtain insurance on behalf of the Owner and charge the insurance policy premiums to the Owner as an assessment after notice and an opportunity for hearing.

- I. Any applicable deadlines for providing proof of insurance to the Association do not establish the periods for which Owners/tenants must provide insurance coverage.
- J. Owners/tenants shall notify the Association at least ten (10) days before the cancellation or non-renewal of any insurance required under these Guidelines.

II. **Payment of Insurance Deductibles**

- A. For any insurance claim on an Association insurance policy that results in insurance proceeds that benefit an Owner, the Owner shall pay the insurance deductible amount. If more than one Owner benefits from the insurance proceeds, all Owners receiving a portion of the proceeds shall pay an equal amount of the insurance deductible, calculated by dividing the total deductible amount by the number of Owners receiving insurance proceeds. An Owner benefits from insurance proceeds if the proceeds result from damage, injury, or loss to the Owner, the Owner's family, guest, or invitee, the Owner's Condominium Unit, or other property or improvements belonging to the Owner individually or for which the Owner bears maintenance responsibility under the Declaration. In the event of a conflict between these Guidelines and Section 10.1(f) of the Declaration, the terms of the Declaration shall control.
- B. The Association reserves the right, at the sole discretion of the Board, to allocate the payment for repairs or expenses that fall within the insurance deductible amount among Owners.
- C. The Association may pay a prorata share of the repairs or expenses that fall within the deductible amount, as a Common Expense of all Owners, if part of the insurance proceeds benefit property or improvements for which the Association bears responsibility under the Declaration.
- D. At the Board's discretion, the Association may, but shall not be required to, pay for repairs or expenses that fall within the Association's deductible amount on behalf of an Owner or group of Owners and then charge the amount, or portion thereof, to the individual Owner(s).
- E. The Association shall provide an invoice that states the amount due and payable to any Owner responsible for amounts that fall within the Association's insurance policy deductible amount. The Owner responsible for amounts within the deductible shall reimburse the Association within thirty (30) days from the date of the invoice provided by the Association.
- F. If an Owner fails to pay all or any portion of a previously invoiced amount that falls within the Association's insurance deductible, the Association may assess the amount to the Owner's account as an assessment, after providing notice and an opportunity for a hearing to the Owner.

III. **Claims Processing**

- A. The Association will not submit a loss in an amount less than the insurance deductible and otherwise covered by an Association insurance policy to its insurance provider.
- B. The Association shall serve as the claims adjuster for all claims or occurrences that may fall within the scope of the Association's insurance policies. As claims administrator, the Association, through its Board or managing agent, will serve as the contact person with the Association's insurance provider and will assist with investigating, reporting, supervising, and following up on

payment of claims submitted to the insurance provider. An Owner may not submit a claim on any Association insurance policy without first complying with the procedures for reporting a loss to the Association, allowing the Association to inspect the loss, and providing at least fifteen (15) days for the Association to respond in writing. Any claim filed on an Association insurance policy must fall within the Association's insurance obligations.

- C. Following the occurrence of a loss, the Owner must report the damage to the Association, or its managing agent, within forty-eight (48) hours of the time that the Owner or the Owner's tenant is made aware of the loss. Failure to report a claim promptly may result in the insurance provider's denial of the claim. The Owner should notify his or her individual insurance provider at the same time he or she reports the loss to the Association. The Owner's report to the Association must include incident-specific information, including the name of the Unit Owner submitting the report, the Owner's contact information, date, time and place of the occurrence, type of damage or injury sustained, and the Owner's statement of what caused the damage or injury.
- D. The Association, or its managing agent, will notify the Association's insurance agent of the loss following receipt of a report from an Owner or actual notice by the Association. An Association representative will inspect the damage to assess the approximate cost to repair and/or replace the improvements. The Association, or its managing agent, will secure approval from the insurance agent for any repairs necessary to ensure the safety of Association members, their families, guests, or invitees.
- E. The Association will seek contractor bids for any damages that exceed an applicable insurance deductible amount on an Association insurance policy. Any Owner who incurred damage or loss must work with the Association, or its managing agent, during the bid and damage assessment process, which shall include making the Condominium Unit available for inspection, assisting in securing bids, and promptly responding to any requests made by the insurance adjuster, managing agent, or Association Board members.
- F. In the event of a dispute, the Association, through the Board, will handle all negotiations with the insurance provider, and the Owner must abide by the final settlement. The Board and/or the managing agent will communicate with the Owner to allow Owner input in the process.
- G. Upon completion of the bid and damage assessment process, the Association or its managing agent will send the Owner a claim estimate and release form. The Association may require the signed release from the Owner prior to commencing repair work.

IV. Association's Right to Assess Owners

The Association desires to establish a policy of insurance adjustment which defines Owners' liability for insured and uninsured losses, deductibles, and increased premiums. Accordingly, the Association has adopted the following adjustment policies and procedures:

- A. Negligent or Willful Acts or Omissions of Owners. In the event any insured or uninsured loss is suffered by the Association, or any amount falling within an insurance deductible is paid by the Association, which arises from the negligent or willful act or omission of an Owner or an Owner's family member, guest, invitee, renter, or other occupant, then the Owner shall be personally obligated to pay the deductible, expenses, costs and fees incurred by the Association. The Association may determine that an Owner's failure to report a loss within the time period

stated in Paragraph III(C) constitutes negligence by that Owner. The Association may assess the Owner for such amounts after notice and an opportunity for a hearing.

- B. Right to Collect from Owner upon Default. The Association may pursue collection of all amounts due from an Owner in accordance with Article 5 of the Declaration and the Association's collection policy.
- C. Disputes. The Association's policy concerning dispute resolution shall apply to any disputes resulting from claims adjustment or the administration of these Guidelines.

V. **Maintenance Obligations Distinct from Insurance Coverage**

The Association's governing documents establish insurance obligations separate and distinct from maintenance, repair and replacement responsibilities. These Insurance Guidelines are not intended to define Owner and Association maintenance, repair and replacement responsibilities for every component comprising individual Units. Owners may hold the responsibility to maintain, repair and replace components that the Association insures. For example, Owners must maintain, repair and replace certain originally installed fixtures serving their Units but Association insurance may apply to these components under some circumstances. The Association's governing documents, including rules and regulations adopted by the Board of Directors, may further define and clarify the maintenance, repair and replacement obligations of the Association and Owners.

VI. **General Provisions**

- A. All capitalized terms used in these Insurance Guidelines shall have the same meaning as those terms used in the Association's Declaration.
- B. To the extent that a court of law invalidates or voids any part of these Insurance Guidelines, those provisions of the Insurance Guidelines not invalidated or voided shall remain valid, effective and enforceable.

Saddlebrooke at Rock Creek Homeowners Association, Inc.

By: Whitney E Tedesco
Vice President Title

These Insurance Guidelines were adopted by the Board of Directors on the 29 day of January, 2013, effective the 29 day of January, 2013, and is attested to by the Secretary of Saddlebrooke at Rock Creek Homeowners Association, Inc.

Joseph C. Gorman
Secretary President,
Saddlebrooke at Rock
Creek HOA, Inc.