

**RESOLUTION
OF THE
SIERRA POINTE HOMEOWNERS ASSOCIATION, INC.**

Subject: Policy and procedure on insurance claims and deductibles.

Purpose: To provide notice of the Association's adoption of an amended Policy concerning insurance claims and deductibles.

Authority: Amended and Restated Condominium Declaration for Sierra Pointe Condominiums ("Declaration"), Bylaws, and Colorado law.

Properties Affected: All real property subject to the Declaration in El Paso County, Colorado.

Effective Date: November 24, 2014.

Resolution: The Association has adopted the attached amended Policy on insurance claims and deductibles pursuant to the Declaration, Bylaws, and Colorado law.

Secretary's Certification: The undersigned, being the President and Secretary of the Sierra Pointe Homeowners Association, Inc. ("Association") certify that the foregoing Resolution was approved and adopted by the Board of Directors of the Association at a duly called and held meeting of the Board of Directors of the Association on November 24, 2014 and in witness thereof, the undersigned have subscribed their name.

Sierra Pointe Homeowners Association, Inc.,
a Colorado nonprofit corporation

By: Laura Nelson

Print Name: Laura Nelson
President

Sierra Pointe Homeowners Association, Inc.,
a Colorado nonprofit corporation

By: Kristina Burns

Print Name: Kristina Burns
Secretary

SIERRA POINTE HOMEOWNERS ASSOCIATION, INC.

POLICY NO. I

INSURANCE CLAIMS AND DEDUCTIBLES POLICY AND PROCEDURES

The Board of Directors wishes to establish a uniform and systematic policy and procedure for submitting claims to the Association's insurance carriers and for allocating deductibles.

This policy replaces the previous Policy No. I, Insurance Claim Policy/Rule and any other policy or rule addressing this issue.

The Association hereby adopts the following policy and procedures with respect to insurance claims and deductibles:

1. ASSOCIATION INSURANCE. The Association shall maintain property insurance and liability insurance for the common elements and the units that satisfies the requirements set forth in Article 8 of the Declaration. In performing its duty, the Board has obtained policies that provide the following coverage:

- A. Property insurance to replace a unit to its condition as originally constructed. This insurance insures paint, partitions, cabinets, plumbing, fixtures, and flooring to the quality originally provided by the original developer. This type of policy is called "single entity" or "original construction."
- B. Commercial general public liability and property damage insurance against claims for bodily injury or death or property damage occurring upon or in the common elements.

NOTES:

- A. The Association's property coverage does not cover owners' personal property (including, but not limited to furniture, clothing and any other personal property).
- B. The Association's liability coverage does not cover claims within the boundaries of the units.

2. OWNER'S INSURANCE. Each owner is responsible for obtaining property insurance for:

- A. Any portion of a unit not covered by the Association's policy (i.e. any owner installed upgrades or improvements, etc.).
- B. Furnishings, contents, and personal property in the unit.
- C. Liability insurance for incidents occurring within the owner's unit or through the owner's personal actions. Owners are also encouraged to obtain personal insurance coverage

which may pay the owner's portion of the Association's deductible amount in the event of a claim (i.e. loss assessment coverage).

If the owner lives in the unit, the owner should obtain an HO-6 policy. The Board of Directors has been advised that HO-6 policies generally include the following five basic coverages: dwelling coverage, personal property coverage, liability coverage, loss assessment, and loss of use.

1. Dwelling coverage should include an amount sufficient to cover any improvements/upgrades made and all other items specified in the Declaration as the owner's responsibility.
2. Personal property coverage should include all furnishings and clothing.
3. Liability coverage includes anything that happens within the unit.
4. Loss assessment coverage is recommended to cover the difference between the owner's personal deductible and the Association's deductible allocated to the owner. Loss assessment coverage may also pay for any special assessments levied by the Association to pay for deductibles allocated to the Association.

The Board of Directors has been advised that dwelling coverage may also cover property losses below the Association's deductible that may be above the owner's personal deductible.

If the owner leases the unit, the unit should be covered by a rental policy (landlord's policy). This policy should offer dwelling coverage, personal property coverage, liability coverage and loss of rents if the property must be vacated while being repaired/rebuilt. Many landlords' policies also include loss assessment coverage.

The Board of Directors highly recommends that each owner consult with the owner's insurance representative to ensure that the owner has adequate insurance coverage to address his/her needs and ensure that gaps between the Association's policies and the owner's policies are minimized.

The Association, acting through its Board of Directors, shall have the right, but not the obligation, to review on an annual basis all owner obtained insurance policies in order to verify acceptable coverage levels.

3. CLAIMS PROCEDURE. The Board adopts the following procedures to control claims on the Association's policies and limit the adverse affect of excessive claims on the ability of the Association to obtain insurance at reasonable rates and limit the need to raise assessments to cover increased insurance premiums.

A. Claims on Behalf of the Association.

- (i) When the Board of Directors becomes aware of a potential claim, it shall determine whether to submit a claim by balancing the benefits conferred to the

Association under the policy with the costs to the Association associated with the claim.

(ii) If the Board determines that it is in the best interests of the Association to submit a claim under the Association's policies, the Board shall file the claim in accordance with the policies' procedures.

(iii) If the Board determines that it is not in the Association's best interest to submit a claim under the Association's policies and if the claim would be covered under the Association's policies, the Association shall still be obligated to complete the repair of the damages as if a claim had been made. The owner will remain responsible for the amount of the deductible as provided below, even if the Association performs the repair of the damages without submitting a claim.

B. Claims on Behalf of Owners.

(i) If an owner has a claim of damage to their unit or personal injury on the common elements and the owner believes that the claim may be covered by the Association's insurance, the owner shall report the potential claim to the Association, which report should include the following:

- (a) The owner's home address and phone number;
- (b) The time, place and circumstances of the event;
- (c) Identification of damaged property; and
- (d) In the event of a liability claim, the names and addresses of the injured and of available witnesses.

The Board will then evaluate the claim as provided in Paragraph 3.A above and notify the owner of its action.

(ii) Pursuant to Colorado law, an owner may only file a claim against the policy of the Association if the following conditions are met:

- (a) The owner has contacted the Board of Directors or the Association's managing agent in writing setting forth the subject matter of the claim in accordance with the procedures set forth in Paragraph 3(b)(i) above;
- (b) The owner has given the Association at least 15 days to respond in writing, and, if so requested, has given the Association's agent a reasonable opportunity to inspect the damage; and
- (c) The subject matter of the claim falls within the Association's insurance responsibilities.

4. DEDUCTIBLES. Whether a claim is submitted or not, the payment of the deductible for claims covered under the Association's insurance policies shall be as follows:

A. Limit on Deductible. No deductible on an Association insurance policy shall be higher than \$10,000.00 or 1% of the face amount of the Association's insurance policy, whichever is greater.

B. Common Elements. The Association shall pay or absorb the deductible for any work, repairs or reconstruction for damage to common elements or for damages to units that would be the maintenance responsibility of the Association in the absence of insurance, unless said damage is caused by the negligent or willful act or omission of an owner, his family, guests, or invitees, in which case the Association may seek reimbursement of the deductible amount from such owner as an assessment.

C. Units. The unit owner shall pay the deductible for any work, repairs or reconstruction for damage to their unit or for damage to another unit that results from an owner's act or neglect. The Association shall pay or absorb the deductible for any work, repairs or reconstruction for damage to a unit that results from the Association's act or neglect.

D. Assessment. If a negligent owner fails to pay the deductible for damage to another unit that the owner is obligated to pay, the Association may, but shall not be obligated to, seek the deductible on behalf of the owner suffering the loss as an assessment to be collected as provided for in the Declaration.