

**INSURANCE GUIDELINES
FOR
KEN-CARYL RANCH TOWNHOUSE ASSOCIATION
"SUNSET RIDGE"**

September, 1995

I. INTRODUCTION

Pursuant to the powers set forth in the First Amendment to Supplemental Declaration of Covenants and Restrictions (Ken-Caryl Ranch Townhomes) (hereinafter "First Amendment"), the Board of Directors of the Association (hereinafter the "Board") have established these Insurance Guidelines governing the Project. These Guidelines have been adopted and implemented to protect the Owners' investment and assist in the timely management of claims.

II. GENERAL SPECIFICATIONS/REQUIREMENTS

A. Association's Duty to Insure

The Association has the duty to maintain, at all times, insurance policies which satisfy the requirements set forth in Article II of the First Amendment. The Association has no obligation to carry insurance in excess of the requirements set forth in said Article.

1. The Board shall initially set, annually review and periodically modify these guidelines.
2. The insured property shall include exterior and interior structure and finish of each building and dwelling unit, all built-in kitchen and bathroom cabinets, and all such other built-ins customarily supplied by builders of comparable dwellings. It shall also include built-in appliances such as range and oven, dishwasher, garbage disposal, etc. It shall include wall and floor covering but not draperies, blinds and other window treatment. Finished basements, if any, shall be part of the insured property. Coverage for appliances, floor covering, built-ins, etc., shall be full replacement with like materials, equipment, etc. In the case of total loss where value may not be readily determined, homeowners may need to prove the value of the destroyed components.
3. The deductible amount per claim shall be reviewed and set by the Board every two years. For 1995 - 1996 the deductible amount shall be \$250.00..

B. Owner's Duty to Insure

Each Owner has a duty to maintain, at all times, contents insurance coverage which satisfies the requirements set forth in Article II Subsection A(4) of the First Amendment, entitled, "Other Insurance to be Maintained by Owners," providing complete comprehensive contents and liability coverage to the Owner. Each Owner shall be required to name the Association as an additional insured in his/her policy and provide the Association with a 30-day Notice of Cancellation. A certificate of such coverage shall be filed

with the Association. An Owner's agreement or statement to self-insure shall not satisfy the requirement.

1. Owner shall insure all personal property and may carry an excess coverage rider.
2. Owner may carry an "assessment rider" to cover cost of claim deductible amounts.

III. CLAIMS PROCEDURE

A. Claims on behalf of Association

In the event an occurrence is made known to the Association which results in damages or injury to the Association, the Common Properties or the dwelling unit, which may come within the Association's coverage as required in the First Amendment to the Declaration, the following procedures should be followed by the Board or its designee..

1. The Board, or its designee, shall determine the approximate extent of loss; and
2. The Board, or its designee, shall determine whether the Association should act to submit a claim under its policies by balancing the benefits conferred to the Association under the policy with the costs associated with the claim to the Association; and
3. In the event that the Board determines that it is in the best interests of the Association to submit a claim under its insurance policy, the Board shall follow the procedures set out in the policy describing the insured's duties in the event of an occurrence, claim, or suit.

If the claim is for damage to the Common Properties, the Association shall be responsible for the deductible portion of the claim. If the claim is for damage to a single dwelling unit, the Owner shall be responsible for the deductible amount. If the claim is for damage to multiple dwelling units, the Association shall prorate the deductible portion to all dwelling unit Owners sustaining the damage in the same proportion as the individual loss is to the total claim paid by the insurance carrier.

It shall be at the sole discretion of the Board to disburse payment either to the Owner or directly to the contractor performing repairs.

B. Claims on Behalf of Owners

In the event an occurrence is made known to an Owner which results in damages or injury to an Owner which may come within the Association's coverage as required in the First Amendment to the Declaration, the following procedures should be followed by the Owner:

1. The Owner shall promptly notify Owner's carrier of the damage and follow the procedures set out in the Owner's policy describing the insured's duties in the event of an occurrence, claim, or suit.
2. In the event that the damage or loss the Owner has sustained may come within the coverage required of the Association, under the First Amendment to the

Declaration, the Owner shall promptly notify the Association of the damage by providing written notice to the Board, or its designee, setting forth the following:

- a) Owner's home address and phone number; and
- b) The time, place and circumstances of the loss or event; and
- c) The names and addresses of the injured and of available witnesses.

3. The Board, or its designee, shall then make a determination as to whether the occurrence or claim consists of damages for which the Owner is responsible for insuring under the First Amendment to the Declaration. In such event, the Association shall notify the Owner.

4. In the event that the Board determines that the occurrence or claim consists of damages for which the Owner is not responsible for insuring under the First Amendment to the Declaration, the Board shall determine whether the occurrence or claim consists of damages for which the Association is responsible for insuring under the First Amendment to the Declaration. In such case, the Board shall follow the procedures set out in the policy insuring against such occurrence.

If the claim is for damage to a single dwelling unit, the Owner shall be responsible for the deductible amount. If the claim is for damage to multiple dwelling units, the Association shall prorate the deductible portion to all dwelling unit Owners sustaining the damage in the same proportion as the individual loss is to the total claim paid by the insurance carrier.

It shall be at the sole discretion of the Board to disburse payment either to the Owner or directly to the contractor performing repairs.