



Unit Owner Packet
for
Policy Term
09/18/2019 to 09/18/2020

Dear The Village at Monument Homeowners Association Unit Owner:

CB Insurance has the privilege of providing your Association's master insurance policy. Part of the service we provide is sharing the master policy information with owners so you may coordinate your own personal insurance with the Association's coverage. This Unit Owner Packet is designed to assist you and your insurance agent to accomplish this, as well as provide instruction on how to order a Mortgagee Certificate of Insurance. **It is very important for you to properly coordinate your own Homeowners insurance policy with the Association's master policy to avoid gaps in coverage.**

Your Association's master policy is effective 09/18/2019 through 09/18/2020 and includes the following deductibles:

- **\$5,000** per loss deductible for losses other than wind and hail
- **5%** of the replacement cost of each damaged building for losses due to wind or hail (Estimated maximum deductible if all buildings are damaged in one wind or hail occurrence: \$18,954 per unit - Note: This amount may vary if the Association's assessments are paid by square footage of each unit and not divided evenly by total number of units)
- **\$5,000** per unit deductible for losses due to ice damming (Damaged units only.)

As a unit owner, you may be responsible for the deductible when a loss occurs. Please be sure to share this Unit Owner Packet with your insurance agent who handles your Homeowner's policy. This will ensure that your agent understands the Association's master policy when determining building and loss assessment coverage for your individual policy. If your insurance agent has any questions, they are welcome to contact one of our HOA team members.

We very much appreciate the opportunity to serve you and your Association.

FREQUENTLY ASKED QUESTIONS

1. What part of the building does the Association cover?

The Association's master policy insures the buildings for full replacement cost. The master policy only covers the interior building items of your unit as required by the Association's governing documents (declarations and covenants). For example, you may be responsible for building items like cabinets, countertops, flooring, paint, etc. It is imperative for you to review the Association's governing documents to determine what building items you must cover in your own policy. The master policy **does not** cover your personal property, loss of use or personal liability. For your convenience, we've attached the insurance section of the governing documents we have on file.

2. What kinds of losses are covered?

Your unit is covered by the Special Causes of Loss form. This form covers the same types of losses to your unit as a standard Homeowners policy. Some examples are losses caused by fire, lightning, wind or tornado, hail, water damage from sudden rupture of a pipe inside the building, and vandalism. Types of losses that are not covered include, but are not limited to, earth movement, earthquake, flood or subsurface water, mold, wear and tear, and defective construction.

3. What kind of insurance do I need to carry?

You are responsible for securing insurance for your own personal property, loss of use, loss assessment, the Association master policy deductible (as assessed), personal liability, and any building/dwelling coverage required by your Association's governing documents. This is best accomplished through purchase of a Condominium or Townhome Unit Owners Homeowner's Policy, often times called an HO-6 policy.

4. How are claims handled?

Losses are settled through the Association subject to the Association's **\$5,000** per loss deductible for losses other than wind or hail, **5%** deductible for wind or hail losses, and **\$5,000** per unit for losses due to ice damming. Your Board of Directors, in compliance with the Association's governing documents and established policies, determines who is responsible for the deductible should a loss occur. **Claims should be reported through the Association's Property Manager or the Association's appointed contact person.**

5. What is a Wind or Hail Deductible?

The 5% Wind or Hail Deductible means that all wind and hail losses will be adjusted less a deductible that equals 5% of the replacement cost of each damaged building. For example: If an Association has three Buildings damaged by hail, each with a replacement cost of \$250,000, the deductible per building will be \$12,500 (5% of \$250,000 = \$12,500). The total deductible for all buildings will be \$37,500 (3 buildings X \$12,500 = \$37,500). **Unit owners may be responsible for a portion of the 5% Wind or Hail deductible should a loss occur.**

FREQUENTLY ASKED QUESTIONS (CONT'D)

6. Why do we have a Wind or Hail Deductible?

The Wind or Hail Deductible is the result of many years of continuous adverse loss history in Colorado from wind and especially hail. As a result, many of the insurance carriers who historically were willing to provide coverage to Community Associations became unwilling to continue doing so. Many insurance carriers non-renewed existing Community Association policies and/or quit writing any new policies. The carriers that continue to provide coverage use the percent Wind and Hail Deductible to do so at affordable premiums. The alternatives would be extremely higher cost, or excluding wind and hail damage completely.

7. How can a unit owner obtain coverage for the Association's deductible on their own insurance policy?

Customarily, each unit owner is responsible for insuring building items that are not the Association's responsibility, personal property, loss of use, and personal liability. This is best accomplished by purchasing a Condominium Unit Owners Homeowners policy, commonly called an HO-6 or Form 6 Homeowners policy. Most insurance carriers' HO-6 policies include two provisions that could apply to cover a unit owner's responsibility for the deductible in their Association's master policy.

The first provision is called Coverage A – Dwelling. The Dwelling provision allows unit owners to cover “items of real property (building items) that pertain exclusively to the residence premises.” This is the policy provision that many insurance carriers use to allow unit owners to cover their responsibility for their Association's insurance deductible. Many HO-6 policies automatically include a small amount of Dwelling coverage for no additional charge. If necessary, the Dwelling limit can be increased for a nominal additional premium.

The second provision is called Loss Assessment. Like Coverage A – Dwelling, most HO-6 policies include a small amount of coverage for Loss Assessment, customarily a \$1,000 limit, which can also be increased for a nominal additional premium. Some HO-6 carriers limit the amount of Loss Assessment payable for reimbursement of an Association's deductible to a maximum of \$1,000.

Loss Assessment coverage only responds when the loss assessment is the result of a claim that otherwise would be covered by the Association's master policy, but is not, because of insufficient limits, or possibly because of a high deductible that must be paid by all unit owners. Loss Assessment coverage does not apply to financial or maintenance assessments that are not related to insurance claims. **It is strongly recommended that each unit owner contact his/her Homeowners insurance carrier to determine what Dwelling and Loss Assessment coverage is included in their HO-6 policy, and how their carrier recommends providing coverage for their portion of the deductible following a loss.**

FREQUENTLY ASKED QUESTIONS (CONT'D)

8. What if my unit is a leased rental unit?

Owners who are renting their unit to a tenant need a Rental Dwelling policy or a Business Owners Policy instead of a Unit Owners Homeowners policy. This policy can cover dwelling items not covered by the Association's master policy, your responsibility for the Association's deductible, personal property that you own, loss of rental income, loss assessment, and personal liability as a landlord. **If you are renting your unit to a tenant, it is strongly recommended that you require your tenant to carry a Renters Insurance policy, often called an HO-4 policy. It covers their personal property, loss of use, and personal liability.**

9. Who pays the insurance premium?

Like other common expenses, the Association budgets for, and pays the premium from the dues paid to the Association by unit owners.

10. What is a certificate of insurance?

A certificate of insurance is a document that outlines insurance coverages and limits that have been purchased by the Association. The information provided includes, but is not limited to, policy effective dates, policy numbers, insurance carriers, limits of insurance and deductibles. A certificate of insurance is routinely required by a mortgage lender when a loan exists on your property. Your mortgage holder may ask that you contact us, or they may contact us directly, to request this information. Please see attached Online Certificate Instructions for an on-demand certificate, or email requests to Certificates@centralbancorp.com.

Online Certificate Request Instructions (Complimentary service)

Please follow the instructions below. If you have questions, please do not hesitate to contact our office at Certificates@CentralBancorp.com, 719-228-1070, or toll-free at 877-855-8442.

1. Gather the name and complete mailing address of your mortgage company, your loan or account number, email address and/or fax number of the recipient.
2. Go to www.CBInsuranceColorado.com.
3. Click on the **Community Associations** tab located at the top of the page.
4. Click on **Get Started** on the right side of the page.
5. Click on **LOGIN** and then **CONTINUE**.
6. In top User ID box, enter: **CBI**
In Password box, enter: **cert**
7. Click on **Login**
8. Click on **Insurance Certificates** on the left side, then **Community Association**.
9. Type in all or part of the Association Name in the Association Name search box.
10. Click on **Find**.
11. Click on the correct Association Name.
12. Click on **19-20 Certificate**.
13. In the **Holder Information** section, type in the Full Name, Address, City, State, and Zip Code of the Mortgage Company/Lender, often called a Mortgagee Clause. Do not enter the loan number as it will not show up on the certificate when entered in this section.
14. Please disregard the **Certificate Portion** within the **Description of Operations** section.
15. In the **Holder Specific Portion** section below the **Certificate Portion** section, type in the Property Owner Name(s), Property Address, and Loan or Account Number.
16. In the **Recipient #1** section, type your Message (if any) and enter the Email Address you wish to have the certificate delivered to. Be sure to check Email the Form box.
17. In the **Send a One Time Confirmation Copy** section, type in your email address to receive a copy of the certificate, and check the Send Me Confirmation box.
18. Click on **Submit**.
19. You will be automatically directed to a page beginning with, "Thank You [Community Association]! The form has been delivered to the following recipients."
20. You may select **Open Certificate** to view the Certificate immediately. Click on Open if a dialog box appears at the bottom of the screen.
21. Click on **Logoff** in the top right corner of the page.
22. You will receive an automated email with the information entered online. If you do not receive an email, check your Spam/Junk Mail folder.



Your CB Insurance Service Team. We are here to serve you.

For all Certificate of Insurance requests:	Visit our website: www.centralbancorp.com/Insurance Email: Certificates@centralbancorp.com
Report claims to:	The Community Association Manager or the Association's appointed contact person.
<ul style="list-style-type: none"> • Policy changes 	Makayla Meza Account Associate 719-477-4244 makayla.meza@centralbancorp.com
<ul style="list-style-type: none"> • Coverage questions • Policy changes • Carrier Negotiations • Accounting and invoicing questions 	Amie Taubman Account Manager 719-477-4271 amie.taubman@centralbancorp.com
<ul style="list-style-type: none"> • Coverage questions • Policy changes • Carrier Negotiations • Accounting and invoicing questions 	Cynthia Jackson Account Executive – HOA Administrative Supervisor 719-477-4248 cynthia.jackson@centralbancorp.com
<ul style="list-style-type: none"> • Coverage questions • Policy changes • Carrier Negotiations • Accounting and invoicing questions 	Kelly Saunders Senior Account Manager 719-477-4266 kelly.saunders@centralbancorp.com
<ul style="list-style-type: none"> • Board meetings • Annual meetings • HO-6 insurance coverage education • Coverage questions 	Tressa Bishop, MBA, CIC Vice President - HOA Business Unit Manager 719-477-4269 tressa.bishop@centralbancorp.com Ronda Ashley, CPCU, CIRMS Vice President 719-477-4264 ronda.ashley@centralbancorp.com Nicole Hernandez, PCAM Habitational Specialty Broker 719-477-4272 nicole.hernandez@centralbancorp.com
<ul style="list-style-type: none"> • Questions on claims or incidents that could give rise to a claim 	Kris Marshek, CISR, AIC, CCP, ARM Assistant Vice President 719-477-4257 kris.marshek@centralbancorp.com
Toll-Free Service Number	1-877-855-8442

ARTICLE VIII

INSURANCE

Section 8.1 Common Insurance. Commencing not later than the time of the first conveyance of a Lot to a person other than Declarant, the Association shall obtain and maintain at all times, to the extent reasonably obtainable, insurance policies covering the following risks:

a) Property. Property insurance on the Common Area for broad form covered causes of loss; except that the total amount of insurance must be not less than the full insurance replacement cost of the insured property less applicable deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies. Such insurance must include all personal property owned by the Association and any improvements and fixtures located upon the Common Area and the Maintenance Area, and such insurance shall include the Townhomes and the Lots, together with all fixtures, structural portions, building service equipment and any appliances which are attached thereto. Such insurance shall contain a "Replacement Cost Endorsement" providing that any claim will be settled on a one hundred percent (100%) of current replacement cost basis without deduction for depreciation or coinsurance, and including, to the extent available and applicable, an "Agreed Amount", an "Inflation Guard Endorsement", a "Demolition Costs Endorsement", a "Building Ordinance or Law Endorsement", an "Increased Cost of Construction of Building Laws Endorsement" and a "Contingent Liability from Operation of Building Laws Endorsement" or the equivalent, and, if applicable, "Steam Boiler Coverage Endorsement" providing that the insurer's maximum liability per accident shall equal the lesser of the insurable value of any building housing such boiler or machinery or Two Million Dollars (\$2,000,000.00). Such insurance as maintained by the Association pursuant to this Section shall afford protection against at least the following:

- (i) Loss or damage by fire and all other hazards that are covered by the standard extended coverage endorsement, including without limitation, endorsements for vandalism and malicious mischief, and
- (ii) All other perils customarily covered for similar types of Projects, including without limitation, those covered by the standard "all risk" endorsement.

(b) Public Liability. Commercial general liability insurance against claims and liabilities arising in connection with the ownership, existence, use, or management of the Common Areas and the Maintenance Areas and deemed sufficient in the judgment of the Board but not less than any amount specified herein, insuring the Board, the Association, the management agent, and their respective employees, agents, and all persons acting as agents. The Declarant shall be included as an additional insured in such Declarant's capacity as an Owner and Board member. The Owners shall be included as additional insureds but only for claims and liabilities arising in connection with the ownership, existence, use, or management of the Common Area. The insurance shall cover claims of one or more insured parties against other insured parties. Such insurance shall be in such amounts as the Board of Directors of the Association may from time to time determine, but not in an amount less than \$1,000,000.00 per occurrence covering claims for personal injury, bodily injury and/or for property damage. To the extent reasonably obtainable, coverage shall include, without limitation, liability for personal injuries, operation of automobiles (whether owned, non-owned or hired), on behalf of the Association, and activities in connection with the ownership, operation, maintenance or other use of the Common Area and the Townhomes by the Association, its officers, directors, agents, employees, representatives and the Owners, off-premises employee coverage, water damage liability, contractual liability, bailee's liability for property of others, and any legal liability that results from lawsuits related to employment contracts to which the Association is a party.

(c) Workmen's Compensation. Workmen's Compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association in the amounts and in the forms now or hereafter required by law.

(d) Fidelity Insurance. The Association shall purchase, in an amount equal to the maximum amount of funds in the Association's custody at any one time, but not less than the greater of either any sum required under C.R.S. § 38-33.3-306(3) or the sum of two (2) quarterly assessments on the entire Project, plus reserves, blanket fidelity insurance covering losses resulting from dishonest or fraudulent acts or omissions committed by the Association's directors, managers, including without limitation, any person employed as an independent contractor for the purpose of managing the Association and any employee thereof, trustees, employees, volunteers, or anyone who manages the funds collected and held for the benefit of the Owners, provided however, any managing agent which handles funds of the Association should be covered by its own fidelity insurance policy, which must provide the same coverage required of the Association, Such policy shall also cover destruction or disappearance of money or securities and forgery. Such policy shall cover any person or entity handling funds of the Association, including but not limited to, employees of the professional manager, which should also be covered by its own fidelity bond and submit evidence thereof to the Association. Such fidelity coverage or bonds shall name the Association as the named insured and as obligee and shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

(a) Officers' and Directors' Personal Liability Insurance. To the extent obtainable, appropriate officers' and directors' personal liability insurance shall be obtained by the Association to protect the officers and directors from personal liability in relation to their duties and responsibilities in acting as such officers and directors on behalf of the Association.

(b) Flood. If the Property is located in an area identified by the Secretary of Housing and Urban Development or the Director of the Federal Emergency Management Agency as an area having special flood hazards and the sale of Flood insurance has been made available under the National Flood Insurance Act of 1968, a "blanket" policy of flood insurance on the Property in an amount which is the lesser of the maximum amount of insurance available under the Act or one hundred percent (100%) of the current replacement cost of all buildings and other insurable common and individual property owned in common by the Lot Owners and located within the Property.

(c) Other Insurance. In addition, the Board of Directors may obtain any other insurance against such other risks, of a similar or dissimilar nature, which the Board shall deem appropriate with respect to the Project.

(d) Notice of Unavailability. If any insurance described in this Declaration is not reasonably available, or if any policy of such insurance is canceled or not renewed without a replacement policy therefor having been obtained, the Association promptly shall cause notice of that fact to be hand delivered or sent postage prepaid by United States mail to all Owners and First Mortgagees as provided herein.

Section 8.2 Annual Review. At least annually and prior to obtaining any insurance policy required under Section 8.1a.1 of this Article, the Board of Directors shall obtain an estimate of the full replacement value of all improvements on each Lot, including all buildings, fixtures, improvements and service equipment located thereon, and of the Common Area Improvements including landscaping and underground facilities, without deduction for depreciation, for the purpose of determining the amount of insurance required under that Section. The amount of such insurance shall be shown in the Association's annual report. Upon written challenge by the Owners of twenty percent (20%) or more Lots that the Association's estimate of maximum replacement value is too low, the Association will secure a certified appraisal of replacement value prepared by an M.A.I. appraiser and will conform the hazard insurance to the value indicated by that appraisal.

Section 8.3 Form of Issuance.

(a) All insurance shall be carried in blanket policy form, shall name the Association (pursuant to Article IX, Section 9.1) as the insured, as trustee and attorney-in-fact pursuant to Article IX hereof, and shall provide that the proceeds shall be paid to the Association for the benefit of and in trust for the Association, the Owners and their

First Mortgagees, as their interests may appear, shall additionally insure and identify the interests of each Owner and the First Mortgagee, and shall provide a standard, non-contributory mortgage clause in favor of each First Mortgagee which has given the Association notice of its lien. Each Owner shall be an insured person under such policy with respect to liability arising out of such Owner's interest in the Common Areas.

(b) To the extent possible, all insurance policies shall:

(i) Be obtained from responsible companies duly authorized and licensed to do insurance business in the State of Colorado, and having at least a "B" general policyholder's rating or a financial performance index of six (8) or better in the Best's Key Rating Guide;

(ii) Provide for a waiver of subrogation by the insurer as to claims against the Association, its directors, officers, employees, agents, its Owners and members of their households;

(iii) Provide that the insurance cannot be canceled, invalidated, or suspended on account of the conduct of the Association, its officers, directors, employees and agents;

(iv) Provide for a waiver of any defense based on co-insurance;

(v) Provide that the policy of insurance shall not be permitted to lapse, be terminated, canceled or materially or substantially changed or modified without at least thirty (30) days' prior written notice to the Association, the Owners and the First Mortgagees which have given notice of their liens;

(vi) Provide that no act or omission by any Owner, unless acting within the scope of such Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy;

(vii) Provide that if, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance; and

(viii) Provide that no assessments therefor may be made against First Mortgagees and any such assessments made against someone other than First Mortgagees shall not become a lien on the Property superior to the First Mortgagee.

(c) On written request the Association shall furnish, by certificate or otherwise, a copy of any insurance policy, identifying the interest of the Owner in question, to any Owner or First Mortgagee, together with proofs of payment of premiums. Further, an insurer that has issued an insurance policy for the insurance described in this Declaration shall issue certificates or memoranda of insurance to the Association and, upon request, to any Owner or Mortgagee. Unless otherwise provided

by statute, the insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, and each Owner and Mortgagee to whom a certificate or memorandum of insurance has been issued, at their respective last-known addresses.

(d) Any insurance policy may contain such deductible provisions as the Association deems consistent with good business practice and as are consistent with the requirements of First Mortgagees and any secondary lenders purchasing First Mortgages. The deductible for an individual Townhome should not exceed One Thousand Dollars (\$1,000.00) unless a greater deductible is allowed by secondary lenders. Any loss falling within the deductible portion of the policy shall be borne by the Association, except as otherwise provided in this Declaration.

(e) The Association may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustments. To the extent the Association settles claims for damages to real property, it shall have the authority to assess negligent Owners causing such loss or benefiting from such repair or restoration all deductibles paid by the Association. In the event that more than one Lot is damaged by a loss, the Association in its reasonable discretion may assess each Lot Owner a pro rata share of any deductible paid by the Association.

Section 8.4 Owner's Personal Property and Liability Insurance. An insurance policy issued to the Association does not obviate the need for Owners to obtain insurance for their own benefit. Each Owner shall be solely responsible, at his expense, for all insurance covering all loss or damage to any and all fixtures, appliances, furniture, furnishings or other personal property supplied, maintained or installed by the Owner and covering liability for injury, death or damage occurring within his Townhome. Such insurance shall contain waivers of subrogation and shall be so written that the insurance obtained by the Association shall not be affected or diminished thereby. The Association shall have no responsibility regarding the obtaining or continuation of any such insurance. If at the time of any loss under any policy which is in the name of the Association there is other insurance in the name of any Owner and such Owner's policy covers the same property or loss, or any portion thereof, which is covered by such Association policy, such Association policy shall be primary insurance not contributing with any of such other insurance.