

CHERRY CREEK

A CONSERVATION COMMUNITY

CHERRY CREEK HOMEOWNERS ASSOCIATION

ADMINISTRATIVE RESOLUTION #3
INSURANCE
DEDUCTIBLE/CLAIM
PROCEDURE

CHERRY CREEK HOMEOWNERS ASSOCIATION
ADMINISTRATIVE RESOLUTION #3
INSURANCE DEDUCTIBLE AND INSURANCE CLAIM PROCEDURE

The Cherry Creek Board of Directors desires, by this RESOLUTION, to clearly define the procedures for submission of insurance policy claims;

WHEREAS, the Association Declaration gives the Board the power to establish resolutions and policies; and;

WHEREAS, Article XVII, of the Declaration outlines all necessary insurance provisions; and;

WHEREAS, as a result of experience in the administration of insurance claims and evaluating the value of coverage, the Board has adopted the following resolution to address and clarify certain insurance matters;

BE IT THEREFORE RESOLVED, that the following procedures are in effect as of May 1, 2006:

- 1) The Association will maintain an "all risk" casualty insurance policy insuring the Carriage Homes, including the common elements as well as any portion of the unit the association is responsible to insure.
- 2) The Association's property coverage for the unit is subject to a deductible for each occurrence.
- 3) In the event of a claim, each Unit Owner making a claim pursuant to an occurrence will be assessed a pro rata share of the deductible. If only one unit is affected, the full deductible is the responsibility of that Unit Owner. The deductible will be assessed to the Unit Owner's account. The Association shall obtain reliable estimates and shall have the right to repair the property based on the proceeds, which are proportionate to the claim. The Board shall evaluate the nature and extent of repair or restoration before the work is performed.
- 4) Each Unit Owner is strongly urged to maintain what is referred to in the insurance industry as an HO-6 policy for the unit, insuring, among other things, the personal property of the Unit Owner, betterments and improvements coverage and liability protection. Depending upon the insurance carrier, coverage may be arranged in the HO-6 to cover the Association's **\$20,000 deductible** as a loss for which the Unit Owner is responsible. If so, the Unit Owner would be responsible for their individual HO-6 deductible.

- 13) The Association will not release Association insurance proceeds to the individual Unit Owners. All work must be completed through the Association and the appropriate contractor.
- 14) If a Unit Owner requests upgrades, the homeowner is responsible to pay the contractor separately. For Unit Owner Contractor work, the Association is not involved except to the extent covered by architectural review or structural issues.
- 15) The Board reserves the right to make decisions for any responsibility to a unique situation not covered in Sections 1 to 15 of the said Resolution.

Carol A. Spach, President 4 / 5 / 06



CHERRY CREEK

A Conservation Community

April 10, 2006

RE: INSURANCE ISSUES

Dear Cherry Creek Homeowners:

The Executive Board and Management met with the insurance agent for the Association to discuss the current coverage and ways to reduce the premium while maintaining superior coverage. As a result of that meeting, the Executive Board has determined that the deductible should be raised to \$20,000 for each occurrence.

To protect yourself, in the event you have a loss that would fall under the deductible, all Carriage Homeowners are encouraged to contact your insurance agents to investigate the purchase of "Loss Assessment" coverage. This coverage will cost only a few dollars but will pick up the amount of the Association's deductible that the Owner(s) would be responsible for in the event of a loss involving one or more Carriage Home Units. Please inform your agent that while the deductible is being increased to \$20,000, the master policy does provide for guaranteed replacement that includes betterments and improvements. This should save you premium on your individual policy.

If you or your insurance agent have any questions regarding this change, you may contact Gail VanDyke at Mid-Atlantic Management and she will be happy to answer questions or put you in touch with the insurance agent, if she is unable to give you the information you request.

Very truly yours,

THE EXECUTIVE BOARD OF DIRECTORS
CHERRY CREEK HOMEOWNERS ASSOCIATION