

**INSURANCE GUIDELINES
FOR
THE HIGHLINE CLUB OWNERS ASSOCIATION, INC.**

Adopted March 18, 2009

WHEREAS, the Board of Directors ("Board") of The Highline Club Owners Association, Inc. ("Association") recognizes the Association's need for clear and consistent insurance policies to guide its handling of claims and occurrences;

WHEREAS, the Board unanimously approved at its June 2008 meeting, and subsequently sought the assistance of legal and insurance professionals to implement, the following motion:

Because the current Board has recognized the disparity between the provisions of the Highline Club rules and regulations and the First Amended and Restated Declaration of Covenants, Conditions, Restrictions and Easements for Highline Club ("Declaration"), recorded in the real property records of the City and County of Denver on February 20, 1985, at Reception No. 079033, effective July 1, 2008, future Association disbursements for the benefit of the homeowners' real and personal property will be governed by the provisions of the Declaration;

WHEREAS, the Declaration sets forth the insurance and maintenance obligations of the Association and Owners;

WHEREAS, Paragraph 12(m) of the Declaration grants the Association the authority to adopt rules and regulations related to the interpretation and enforcement of the Declaration and for the operation of the Association; 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 policy concerning insurance coverage, payment of insurance deductibles, and the submission of claims to the Association:

- I. Association's Insurance. In performance of its duty to maintain insurance, the Board, on behalf of the Association, shall obtain and keep in full force and effect the following insurance coverage:
 - A. Casualty to Property. The Declaration requires the Association to provide fire and extended coverage in the amount of full replacement value for improvements constructed on the Lots, including fixtures within the Homes. The Declaration does not define the fixtures that the Association must cover. Accordingly, the Association's master policy will provide coverage for standard plumbing fixtures such as toilets, bathtubs, and sinks, and basic lighting fixtures comparable in quality to those originally installed by the developer. Unless otherwise provided, "improvements" shall refer to the Buildings and their appurtenances as originally constructed on the Lots by Declarant. The Association will provide coverage for the Party Walls. Owners must obtain their owner property insurance coverage as described in Section II of these Insurance Guidelines.

- B. Comprehensive General Liability. The Association's comprehensive general liability policy provides protection for bodily injury or property damage caused by the Association's negligence. It extends protection to the Common Areas and public ways which are the responsibility of the Association. Owners must obtain their own liability insurance coverage as described in Section II of these Insurance Guidelines.
 - C. Fidelity Bonds, Employee Dishonesty Coverage, Directors and Officers Insurance and Other Coverage. The Association will comply with the Declaration's requirements and any other requirements to comply with applicable laws when obtaining fidelity bonds, employee dishonesty coverage, directors and officers insurance and other insurance.
- II. Owners' Insurance. Owners must maintain their own insurance coverage for property and liability on their own Lots, commonly called a Homeowners 6 policy form for Owner-occupied Homes or a Homeowners 8 form for rental units. Owners should also maintain coverage for Association insurance deductibles and loss assessments, as appropriate. The Association's insurance will not cover any of the property or liabilities for which Owners must maintain coverage. Owners are responsible for determining the appropriate coverage to obtain, the level of deductible that 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 Lots:
- A. Casualty to Property. Owners bear the responsibility for obtaining proper insurance coverage on all furniture and personal property located within their Homes and on their Lots, including coverage on all the final finishes on the walls, floors and ceilings within their Homes and all additions and alterations installed by the Owner or any previous Owner inside or outside the Homes.
 - B. Public Liability. Owners must carry their own liability insurance for occurrences on their Lots.
 - C. 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. Policy Terms. Owners' insurance policies should name the Association as an additional insured and contain waivers of subrogation against the Association and its policies.
- III. Renters' Insurance. In the event an Owner leases his or her Lot to a third party, the Owner shall require that any such lessee obtain renter's insurance, commonly called a Homeowners 4 policy form. The lessee's fulfillment of this obligation does not relieve the Owner from the obligation of maintaining the insurance required under Section II of this

Policy. 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.

IV. Claims on Behalf of Owners

- A. The Association will not submit a claim to its insurance carrier for a loss in an amount less than the insurance deductible and otherwise covered by an Association insurance policy.
- B. The Association shall serve as the claims administrator 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 of Directors or managing agent, will serve as the contact person with the Association's insurance carrier and will assist with investigating, reporting, supervising and following up on payment of claims submitted to the carrier. 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 by an Owner on an Association insurance policy must fall within the Association's insurance obligations.
- C. Following the discovery of a loss, the Owner must submit a written report of the damage to the Association, or its managing agent, within forty-eight (48) hours. Failure to report a claim promptly may result in the insurance carrier's denial of the claim. The claim report needs to include incident specific information about the loss, including who, what, when, where and how. The Owner should also notify his or her individual insurance carrier.
- D. Within fifteen (15) days of the Owner's report to the Association, an Association representative will inspect the damage to assess the approximate cost to repair and/or replace the improvements and will respond to the Owner in writing. The Association's written response may indicate that all or a portion of the loss reported by the Owner does not fall within the Association's insurance obligations.
- E. For claims that fall within the Association's insurance obligations, the Association, or its managing agent, will notify the Association's insurance agent of the loss. The Association, or its managing agent, will secure approval from the insurance agent or adjuster for any emergency repairs necessary to ensure the safety of Association members, their families, guests, or invitees.
- F. 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 Lot/Home available for inspection, assisting in securing bids, and promptly responding to any requests made by the insurance adjuster, managing agent, or Association Board members.
- G. In the event of a dispute, the Association, through the Board, will handle all negotiations with the insurance carrier, 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.

- H. 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. Repair work will only commence after the Association receives the signed release form from the Owner.

V. Payment of Insurance Deductibles

- A. For any insurance claim resulting from damage to property and covered by an Association insurance policy, the party responsible for maintaining the damaged property shall pay the insurance deductible.
- B. The Association reserves the right to allocate the payment of insurance deductibles among Owners and/or the Association.
- C. At the Board's discretion, the Association may pay the insurance deductible on behalf of an Owner or group of Owners and then charge the deductible amount, or portion thereof, to the individual Owner(s).
- D. The Association shall provide an invoice that states the amount due and payable to any Owner responsible for an Association insurance policy deductible amount. The Owner responsible for a deductible amount shall reimburse the Association for the full amount of any insurance deductible paid by the Association on behalf of the Owner within thirty (30) days from the date of the invoice provided by the Association.
- E. If an Owner fails to pay all or any portion of an insurance deductible amount previously invoiced to the Owner, and the Association paid the insurance deductible amount on behalf of the Owner, the Association may assess the deductible amount to the Owner's account as an Extraordinary Assessment, after providing notice and an opportunity for a hearing to the Owner.

VI. 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:

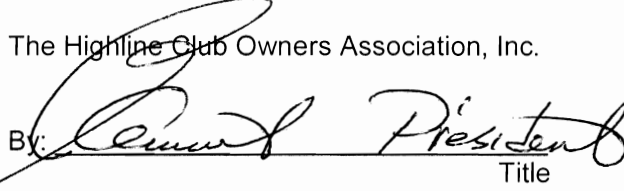
- A. Negligent or Willful Acts or Omissions of Owners. In the event any insured or uninsured loss is suffered by the Association, or any insurance deductible is paid by the Association, which arises from the negligent or willful act or omission of an Owner or an Owner's family member, guest, invitee, renter, or other occupant ("Related Parties"), then the Owner shall be personally obligated to pay the expenses, costs and fees incurred by the Association. The Association may determine that an Owner's failure to inspect his or her Lot or Home, and immediately inform the Association of required maintenance or repairs, constitutes negligence for the purposes of this Paragraph VI(A). The Association may assess the Owner for such amounts as an Extraordinary Assessment in accordance with Paragraph 17(d) of the Declaration.

- B. Increases in Insurance Premiums Due to Owner Activities. In the event any insurance premium paid by the Association is increased due to insurance claims made for losses described in Paragraph VI(A) above, then the Association may assess the Owner such increase in premium as an Extraordinary Assessment.
- C. Right to Collect from Owner upon Default. The Association may pursue collection of all Extraordinary Assessment amounts due from an Owner in accordance with the Association's collection policy.

VII. General Provisions

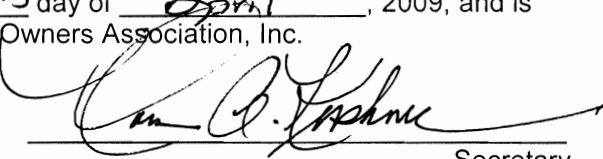
- A. These Insurance Guidelines do not obligate the Association to obtain proof of Owner/renter insurance or to investigate Owner/renter insurance coverage, but the responsibilities stated in these Guidelines, together with the terms of the Association's Declaration and other governing documents, shall govern in the event of any damages, injury, or loss.
- B. All capitalized terms used in these Insurance Guidelines shall have the same meaning as those terms used in the Association's Declaration.
- C. 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.

The Highline Club Owners Association, Inc.

By: 

Title

These Insurance Guidelines were adopted by the Board of Directors on the 18th day of March, 2009, effective the 2nd day of April, 2009, and is attested to by the Secretary of The Highline Club Owners Association, Inc.


Secretary