

**INSURANCE GUIDELINES
FOR OWNERS
HILLCREST VILLAGE HOMEOWNERS ASSOCIATION, INC.**

A. ASSOCIATION'S DUTY TO INSURE

The Association's Board of Directors has the duty to maintain, at all times, insurance policies which satisfy the requirements set forth in Article IX of the Declaration of Covenants, Conditions and Restrictions of Hillcrest Village Condominiums ("Declaration").

In performance of its duty, the Board has obtained insurance policies which provide the following coverage:

1. Replacement value of the Units, including the fixtures as initially installed on a full replacement cost basis without deduction for depreciation, but **not including, furniture, carpet, draperies, appliances, disposals, furnishings or other personal property supplied or installed by Owners.**

Therefore, **upgrades and additions are not covered** under the Association's insurance policies. As used in these Guidelines, initially installed fixtures and original construction mean as offered by the Developer, not necessarily as actually originally constructed.

2. General public liability and property damage insurance against claims for bodily injury or death or property damage **occurring upon or in the general common elements.**

This liability coverage **does not extend to claims within the boundaries of Units.** Owners are encouraged to obtain sufficient liability insurance coverage for occurrences within their Units.

PLEASE NOTE: IN THE ABSENCE OF NEGLIGENCE ON THE PART OF THE ASSOCIATION, THERE IS NEVER COVERAGE UNDER THE ASSOCIATION'S POLICIES FOR OWNERS' PERSONAL PROPERTY, FURNISHINGS, UPGRADED OR ADDITIONAL FIXTURES OR FOR LODGING WHILE THE PREMISES ARE BEING REPAIRED OR RESTORED.

B. OWNER'S RESPONSIBILITY TO INSURE

Insurance coverage on furnishings and other items of personal property, together with casualty and public liability insurance coverage within each Unit is the sole responsibility of the Owner. Such insurance should provide complete comprehensive contents coverage, including carpet, draperies, oven, range, refrigerator, and disposal, as well as upgrades or additions to fixtures or original construction, and liability coverage for the Owner. Additionally, the Owner's coverage should provide for payment of the Owner's responsibility to pay any or all of the

deductible amount under the Association's insurance policy and these Guidelines. Each Owner is encouraged to name the Association as an additional insured in his policy and provide the Association with a 30-day Notice of Cancellation.

Any insurance policy an Owner obtains must contain provisions such that the liability of the carriers issuing insurance obtained by the Association cannot be affected or diminished by the individual's insurance.

C. 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 Article IX of the Declaration, the following procedures should be followed by the Owner:

1. The Owner(s) shall promptly notify his/her/their carrier(s) 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 the Owner has sustained may come within the coverage required of the Association under Article IX of the Declaration, the Owner shall promptly notify the Association of the damage by providing written notice to the managing agent setting forth the following:
 - a) Owner's home address and phone number; and
 - b) The time, place and circumstances of the event; and
 - c) The names and addresses of the injured and of available witnesses.
3. The Board shall then make a determination as to whether the occurrence or claim consists of damages for which the Owner is responsible for insuring under Article IX of the Declaration. In such event, the Association shall so 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, the Board shall determine whether the occurrence or claim consists of damages for which the Association is responsible for insuring under Article IX of the Declaration.
5. If so, the Board, as the insured, shall determine whether the Board 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.

6. 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.

D. RESPONSIBILITY FOR PAYMENT OF DEDUCTIBLE AMOUNT

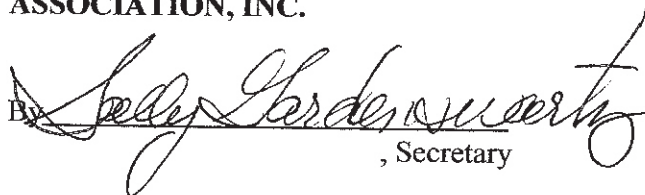
Whether the Board, in its discretion, chooses to submit a claim under the Association insurance policies or not, the payment of the deductible amount for claims which the Association is responsible for insuring shall be as follows:

1. The Association shall pay or absorb the deductible amount for any work, repairs or reconstruction for damage to Common Elements unless the damage is caused by the negligent or willful act or omission of an Owner, his family, guests, or invitees, in which case the Association shall seek reimbursement of the deductible amount in compliance with and under the terms of the Declaration.
2. Any loss falling within the deductible portion of the Association policies to property for which Owners have repair and maintenance responsibility shall be paid or absorbed by the Owners of the Units involved in the same proportion as each Owner's claim bears to the total amount of insurance proceeds paid for the occurrence.

SECRETARY'S CERTIFICATION

The undersigned being the secretary of the Hillcrest Village Homeowners Association, Inc., certifies that the foregoing Guidelines were 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 March 17, 2011, and in witness thereof, the undersigned has subscribed her name.

**HILLCREST VILLAGE HOMEOWNERS
ASSOCIATION, INC.**

By , Secretary

MAINTENANCE AND INSURANCE RESPONSIBILITY CHART
HILLCREST VILLAGE HOMEOWNERS ASSOCIATION, INC.

As of April 5, 2011

Item	Owner Maintains	Association Maintains	Owner Insures (Liability and/or Casualty)	Association Insures (Liability and/or Casualty)*
UNITS				
Unfinished surfaces of perimeter supporting walls		X		X
Non-supporting interior walls and interior doors and finished surfaces of perimeter walls, ceilings and floors	X		X Other than as originally installed	X As originally installed
All flooring materials except the weight-bearing concrete or plywood subfloor	X		X Other than as originally installed	X As originally installed
Weight-bearing concrete or plywood subfloor		X		X
Skylights	X Repair and Replace, except roof area around skylight	X Maintains roof area around skylight area only	X Other than as originally installed	X As originally installed

Item	Owner Maintains	Association Maintains	Owner Insures (Liability and/or Casualty)	Association Insures (Liability and/or Casualty)*
All wall & ceiling materials, including drywall, plaster, paneling, tile, etc.	X		X Other than as originally installed	X As originally installed
All furniture, wall coverings, furnishings, personal property, improvements and additions	X		X	
Carpet, window coverings	X		X	
Appliances, disposal	X		X	
All fixtures, cabinets, etc.	X		X Other than as originally installed	X As originally installed
Utilities, such as plumbing & electrical, serving more than one unit		X		N/A
Utilities, such as plumbing & electrical, serving only the unit in which located	X		N/A	
Doors and windows	X		X Other than as originally installed	X As originally installed

Item	Owner Maintains	Association Maintains	Owner Insures (Liability and/or Casualty)	Association Insures (Liability and/or Casualty)*
Interior Pest Control	X		N/A	
Water removal and cleanup from water leaks, roof leaks, sewer backups, etc.	X		X	
LIMITED COMMON ELEMENTS				
Balcony, porch, patio, parking space, storage space	X Clean and Orderly	X Repair and Replace	X Other than as originally installed	X As originally installed
GENERAL COMMON ELEMENTS				
All Association property other than limited common elements or units		X		X
Landscaping, grounds, snow removal		X		X
Parking lot maintenance		X		X

*Association insures where indicated only to the extent that damage is caused by an insurable event, as defined by the Association's insurance policy.

CERTIFICATION: The undersigned, being the President of the Hillcrest Village Homeowners Association, Inc., a Colorado non-profit corporation, certifies that the foregoing allocation of Maintenance and Insurance responsibilities was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on March 17, 2011, and in witness thereof, the undersigned has subscribed her name.

HILLCREST VILLAGE HOMEOWNERS
ASSOCIATION, INC.

By: Donna Franz
Donna Franz, President