



Dear Woodbridge Townhome Owners Association Unit Owner:

CB Insurance has the privilege of providing your Association's master insurance policy. We appreciate the opportunity to serve your Association and each of you.

Enclosed is a **Unit Owner Packet** for the policy year beginning September 15, 2017 and ending September 15, 2018. It is designed to assist you in understanding the coverage provided in your Association's master insurance policy. It is important to properly coordinate your own Homeowners insurance policy with the master policy. We are available to assist you by phone if you have any questions after reading this information. We are also happy to explain the master policy to your Homeowners insurance agent if you wish for them to contact us directly.

Certificates of Insurance may be obtained online. Please refer to the attached Online Certificate Instructions. If you have any questions, please contact our office at (719) 228-1070 or Toll-Free at (877) 855-8442. There is no charge for this service.

Thank you for this opportunity to be of service.

Best regards,

A handwritten signature in blue ink that reads "Kelly Saunders". The signature is written in a cursive, flowing style.

Kelly Saunders
Senior Commercial Lines Account Manager

Enclosure



Unit Owner Packet

Designed For:

Woodbridge Townhome Owners Association, Inc.

September 15, 2017 to September 15, 2018

FREQUENTLY ASKED QUESTIONS

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

Your unit is insured for full replacement value. However, the Master Policy only covers the interior building items of your unit as required by the Association's governing documents (articles of incorporation, by laws, declarations and covenants). It is customarily described in the Association's declarations and covenants. For example, you may be responsible for building items like cabinets, countertops, flooring, paint, wallpaper, central air-conditioning, furnace, hot water heater, garbage disposal, dishwasher, range, refrigerator, washer and dryer, 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, see the attached insurance section of the respective declarations.

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 the building coverage in 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) and personal liability. This is best accomplished through purchase of a Condominium or Townhome Unit Owners Homeowner's Policy, often times called an HO-6 policy, or a Business Owner's policy if you rent out your unit. Please refer to your governing documents as you may be required to purchase additional insurance.

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 and hail and **2%** deductible for wind and hail losses. 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 and Hail Deductible?

The 2% Wind and Hail Deductible means that all wind and hail losses will be adjusted less a deductible that equals 2% 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 \$5,000 (2% of \$250,000 = \$5,000). The total deductible for all buildings will be \$15,000 (3 buildings X \$5,000 = \$15,000). **Unit owners may be responsible for their portion of the 2% Wind and Hail deductible should a loss occur to their unit.**

FREQUENTLY ASKED QUESTIONS (CONT'D)

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

The Wind and 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. Can unit owners get coverage for the Association's Deductible even if it generates a Special Assessment by the Association?

Currently there is some confusion and/or disagreement in the insurance industry about if and how unit owners can cover their responsibility for an Association's deductible in their individual Homeowners policies. Customarily, each unit owner is responsible for insuring building items that are not the Association's responsibility, their personal property, their loss of use and their personal liability. This is best accomplished by purchase of a Condominium Unit Owners Homeowners policy, commonly called a 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 small 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. Also like Coverage A - Dwelling, the Loss Assessment coverage can be increased for a small 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 inadequate limits, or possibly because of a high deductible that must be borne by all unit owners. Loss Assessment coverage does not apply to financial assessments that are not related to insurance claims. There are many carriers who will provide adequate coverage for a unit owner's responsibility for their Association's deductible. 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 the deductible.

FREQUENTLY ASKED QUESTIONS (CONT'D)

8. 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.

9. What is a certificate of insurance?

A certificate of insurance is a document that identifies those 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 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.)

Online Certificate Instructions *NO CHARGE*

The easy to follow directions are indicated below. If you have questions, please do not hesitate to contact our office at 719-228-1070, or toll-free at 877-855-8442.

Please be advised if you have a pop-up blocker installed on your computer you will NOT receive your certificate. Please disable your pop-up blocker by going to the TOOL menu in Internet Explorer. In the Popup Blocker section, choose DISABLE POPUP BLOCKER prior to issuing the certificate in order to receive it. Also, some pop-up blockers give you the option to add specific websites that will allow pop-ups, please add our website.

- Step 1: Go to www.centralbancorp.com
- Step 2: Select the **Insurance** tab located on the left of the screen; Scroll down to "Insure your assets" select Certificate Instructions.
- Step 3: Click on **Login to the CB Insurance certificate portal to get your Certificate.**
- Step 4: Enter login ID: **CBI**
Password: **cert**
- Step 5: Click on **Community Association** to access certificate
- Step 6: Enter association name (or part of the association name) and click on the **Search** button
- Step 7: Click on the Association desired
- Step 8: Click on the current certificate name (i.e. **16/17 certificate** or **17/18 certificate**)
- Step 9: Enter Mortgagee Clause (Name & Address of the Mortgage Company) in the **Cert Holder Information** field. The required fields (*) must be completed.
- Step 10: Scroll down to the **Certificate Specific Portion/ Holder Specific Portion** and type the Unit Owner Name(s), Property Address, and Loan Number into the box.
- Step 11: Scroll down to the bottom of the page and click on **Submit Request** to create the certificate (**this will generate a pop-up box**).
- Step 12: Click on **Certificate** to build the certificate
- Step 13: The Certificate will immediately appear in .pdf form (Acrobat), which can be emailed or printed in your office.
- Step 14: To select another association, click on the **Service Menu** or to exit hit **logoff**.



Your CB Insurance Service Team

<p>For all Certificate of Insurance requests:</p>	<p>719-228-1070 or visit our website at www.centralbancorp.com/Insurance</p>
<ul style="list-style-type: none"> • Coverage questions • Policy changes 	<p>Kristy Hart Commercial Lines Account Associate 719-477-4254 kristy.hart@centralbancorp.com</p>
<ul style="list-style-type: none"> • Coverage questions • Policy changes • Carrier Negotiations • Accounting and invoicing questions 	<p>Amie Taubman Commercial Lines Account Manager 719-477-4271 amie.taubman@centralbancorp.com</p>
<ul style="list-style-type: none"> • Coverage questions • Policy changes • Carrier Negotiations • Accounting and invoicing questions 	<p>Kelly Saunders Senior Account Manager & Team Lead 719-477-4266 kelly.saunders@centralbancorp.com</p>
<ul style="list-style-type: none"> • Coverage questions • Policy changes • Carrier Negotiations • Accounting and Invoicing questions 	<p>Cynthia Jackson Commercial Lines Account Manager 719-477-4248 cynthia.jackson@centralbancorp.com</p>
<ul style="list-style-type: none"> • Board meetings • Annual meetings • HO-6 insurance coverage education • Coverage questions 	<p>Tressa Bishop, MBA Sales/Client Liaison 719-477-4269 tressa.bishop@centralbancorp.com</p> <p>Ronda Ashley, CPCU HOA Supervisor 719-477-4264 ronda.ashley@centralbancorp.com</p>
<ul style="list-style-type: none"> • Questions on claims or incidents that could give rise to a claim 	<p>Kris Marshek, CISR, AIC, CCP 719-477-4257 kris.marshek@centralbancorp.com</p>
<p>Toll-Free Service Number</p>	<p>1-877-855-8442</p>

Section 16. Tanks. No tanks of any kind, either elevated or buried, shall be erected, placed or permitted upon any Lot.

Section 17. Underground Electric Lines. All electric, television, radio and telephone line installations and connections shall be placed underground, except for power substations and switching stations which shall be adequately screened from view and except for customary surface devices for access or control and except that during the construction of a residence the contractor or builder may install a temporary overhead utility line which shall be promptly removed upon completion of construction and which shall be subject to Declarant's prior written approval.

Section 18. Access to Public Utility Meters. No garage door or other obstruction to the entry of any garage space shall be so constructed, installed, attached, placed or maintained as to prevent, hinder or limit access to public utility meters by any public utility company employee for the purpose of reading such public utility meters.

Section 19. Garage Doors. Garage doors are to be kept closed at all times except when not in immediate use for ingress or egress of motor vehicles, equipment and the like and subject further to Section 18 above.

Section 20. Sales and Construction Facilities and Activities of Declarant. Notwithstanding any provision to the contrary contained herein, Declarant, its agents, employees and contractors shall be permitted to maintain during the period of any construction on and sale of the Lots, upon such portion of the Property as Developer may choose, such facilities as in the sole opinion of the Developer may be reasonably required, convenient or incidental to the construction, sale or rental of Lots, including without limitation, a business office, storage area, construction yards, signs, model Townhomes, sales office, construction office, parking areas and lighting and temporary parking facilities for all prospective tenants or purchasers of Lots. In addition, Declarant, its agents, employees and contractors shall have the right to ingress and egress over the Common Area as in Declarant's discretion may be necessary to complete the project.

ARTICLE VIII

INSURANCE

Section 1. Common Insurance. The Association shall obtain and maintain at all times, to the extent obtainable, insurance policies covering the following risks:

(i) Fire insurance with extended coverage and standard all risk endorsements, which endorsements shall include endorsements for vandalism and malicious mischief. Said casualty insurance shall insure the Property together with all building, fixtures, improvements, and service equipment located thereon and a part thereof (excluding fixtures, appliances, furniture, furnishings or other personal property supplied, maintained, or installed by an Owner) in an amount equal to the full replacement value, without deduction for depreciation. All policies shall contain a standard non-contributory mortgage clause in favor of each Mortgagee of a Lot, which shall provide that the loss, if any, thereunder shall be payable to the Association, for the use and benefit of Owners and Mortgagees as their interests may appear. Unless at least two-thirds (2/3) of all Owners (other than Declarant) and at least two-thirds (2/3) of all first Mortgagees, (based upon one vote for each First Mortgage owned or executory land sales contract held), the Association shall not be entitled to: (1) Fail to maintain fire and extended

coverage on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost); or (2) Use hazard insurance proceeds for losses to any Common Area property for other than the repair, replacement or reconstruction of such property.

(ii) Public liability and property damage insurance in such limits as the Board of Directors of the Association may from time to time determine, but not in an amount less than \$500,000.00 for bodily injury, per person, per occurrence and umbrella liability limits of \$1,000,000 per occurrence covering claims for bodily injury and \$50,000 for property damage arising out of one occurrence. Coverage shall include, without limitation, liability for personal injuries, operation of automobiles on behalf of the Association, and activities in connection with the ownership, operation, maintenance and other use of the project. Said policy shall also contain a "severability of interest endorsement" which shall preclude the insurer from denying the claim of an Owner because of the negligent acts or omissions of the Association or other Owners. However, such policy need not cover the individual liability of an Owner arising from occurrences with his Lot.

(iii) 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.

(iv) Fidelity coverage against dishonesty of directors, managers, volunteers and employees, destruction or disappearance of money or securities and forgery, to the extent obtainable. The fidelity insurance shall name the Association as the named insured and shall be written in an amount not less than one and one-half times the insured's estimated annual operating expenses and reserves. Said policy shall also contain endorsements thereto covering any persons who serve the Association without compensation.

(v) Any other insurance against such other risks, of a similar or dissimilar nature, which the Association shall deem appropriate with respect to the project.

Section 2. Appraisal. At least annually and prior to obtaining any insurance policy required under Section 1 of this Article, the Board of Directors shall obtain an estimate of the full replacement value of all improvements 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 three 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 a M.A. I. Appraiser and will conform the hazard insurance to the value indicated by that appraisal. In any event, each Owner of a Lot is responsible for the adequacy of the insurance coverage carried for the protection of himself of his Lot. On written request of an Owner, the Association, by a certificate of insurance or otherwise, will advise the Owner of the amount and incidents of the insurance carried for the Owner and his Lot. Each Owner may have the amount or extent of his coverage increased, the cost of the increase to be assessed to him as a special assessment as provided herein.

Section 3. Form of Issuance. Fire and other hazard insurance shall be carried in blanket policy form with a company licensed in the State of Colorado, shall name the Association (pursuant to Article IX, Section 1) as the named insured, as attorney in fact for the Owners of the Improvements insured, shall identify the interest of each Owner, shall provide a standard, non-contributory mortgagee clause in favor of each first Mortgagee which has given the Association notice of its lien, and shall provide that the policy cannot be cancelled by either the insured or the insurance company until ten days' prior written notice is first given to each insured, including the Owners, first Mortgagees and the Association. All such policies of insurance shall provide that breach of warranty, act, omission, negligence or non-compliance with any provision of the policy or nonpayment of insurance premium of or by any Owner or permitting or failing to prevent the happening of any event before or after a loss shall not invalidate or suspend the insurance except as to the interest of the particular Owner guilty of the act, omission or other misconduct. All policies of insurance shall provide further that the insurance under any such policy, as to the interests of all other insureds not guilty of any such act, omission or misconduct, shall remain in full force and effect and shall not be invalidated or suspended. All policies of physical damage insurance shall contain waivers of subrogation and of any defense based on coinsurance. The Board of Directors of the Association shall not obtain any policy where: (i) under the terms of the insurance company's charter, bylaws or policy, contributions or assessments may be made against the Association, the Owners or a Mortgagee; or (ii) by the terms of carrier's charter, bylaws or policy, loss payments are contingent upon action by the company's board of directors, policyholders or members; or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent the Association or the Mortgagees from collecting insurance proceeds.

Section 4. Owner's Personal Property and Liability Insurance. 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's Lot or covering liability for injury, death or damage occurring within his Lot. 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. The Association shall have no responsibility regarding the obtaining or continuation of any such insurance.