

**RESOLUTION  
OF THE  
SONOMA VILLAGE AT UTE CREEK HOMEOWNERS ASSOCIATION, INC.  
REGARDING THE ALLOCATION OF INSURANCE DEDUCTIBLES**

**SUBJECT:** Adoption of a policy regarding insurance claim procedures and the payment of insurance deductibles.

**PURPOSE:** To adopt a uniform procedure to be followed for the payment of any insurance deductible.

**AUTHORITY:** Association's Articles of Incorporation, Bylaws, Declaration of Covenants, Conditions, and Restrictions, and Colorado law.

**EFFECTIVE DATE:** March 5, 2015

**RESOLUTION:** The Association hereby adopts the following Policy to govern the allocation of insurance deductibles with respect to property subject to the Declaration.

**I. INSURANCE CLAIM PROCEDURES**

In the event an occurrence is made known to an Owner which results in damages or injury to an Owner or the Association and which may come within the Association's insurance coverage, the following procedures shall be followed:

1. The Owner shall immediately notify the Association of the damage by providing written notice to the managing agent and Board of Directors setting forth the Owner's home address and phone number; the time, place and circumstances of the event; the damage or harm believed to be incurred, the Owner's rough estimate of the damage incurred, if possible; and the names and addresses of any injured individuals and any witnesses.
2. The Board shall then have fifteen (15) business days after receipt of the Owner's written notice of the potential claim within which to evaluate the claim. If the Association does not receive timely written notice of the potential claim, the Owner shall be responsible for all prejudice, increased costs, and consequential damage caused by the Owner's failure to timely submit notice of the potential claim to the Association. Within this fifteen (15) business day time frame, the Board shall make a determination as to whether the occurrence or claim consists of damages for which the Owner is responsible for insuring. If 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.
3. If the Board determines the damages are those for which the Association is responsible for insuring, the Board, on behalf of the Association as the insured, shall determine whether the Board should submit a claim under its policy by balancing the benefits conferred to the Association under the policy against the costs to the Association associated with making the claim.

4. In the event that the Board determines that it is in the best interests of the Association to submit a claim, the Board shall do so. If the Board believes that it is not in the Association's best interest to submit the claim, it may decline to submit the claim. The Board may also elect to pay for damages exceeding the deductible amount without submitting a claim if the Board believes it is in the Association's best interest to do so. In any case, the Board shall provide a written response to the Owner within fifteen (15) business days after receipt of the Owner's written notice of the Association's position with regard to the claim.
5. At all times, the Owner shall provide the Association and its agents and insurers reasonable access to inspect the subject matter of the potential claim. The fifteen (15) business day period for the Association to respond may be extended upon the Owner's failure to provide reasonable and timely access to the subject matter of the potential claim.
6. If: (i) the Association declines to submit a claim to its insurance provider; and (ii) the Association fails to agree to pay for damages in excess of the deductible amount; and (iii) the subject matter of the potential claim falls within the Association's insurance responsibilities and is valued in excess of the insurance deductible on the Association's policy, then the Owner may submit a claim to the Association's insurance agent directly provided that the Owner has strictly followed the procedures set forth in this policy.

## II. RESPONSIBILITY FOR PAYMENT OF DEDUCTIBLE AMOUNT

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

- a. Damage to Common Elements: The Association shall pay or absorb the deductible for any work, repairs or reconstruction for damage to any portion of the Common Elements, excluding Limited Common Elements. However, if such damage is caused by the negligent or willful act or omission of an Owner, his family, guests, agents, tenants, or invitees, then the Association shall seek reimbursement of the deductible amount from such Owner as an assessment under the Declaration.
- b. Damage to Units/Limited Common Elements: The Owner of the Unit shall pay or absorb the deductible for any work, repairs, reconstruction or replacement for damage to any portion of his/her Unit and the Limited Common Elements appurtenant thereto, unless the loss is caused by the negligent or willful act or omission of the Association or another Owner, in which case, the negligent or otherwise responsible party shall be responsible for payment of the deductible. In the event it is determined that another Owner is responsible for the payment of the deductible, the Association shall seek reimbursement of the deductible amount from such Owner as an assessment under the Declaration.
- c. Damage to Multiple Units or Common Elements and Unit(s): Where damage is suffered by multiple Units or a combination of Unit/Units and Common Elements, the deductible payment shall be apportioned by the Board of Directors between and among the parties suffering damages in proportion that each party's damages relate to the total damage amount. The Board shall use the invoices and estimates from the contractors

performing the repair work as guidance in allocating the deductible between and among the parties.

- d. Negligence: Whether a party is negligent or otherwise responsible for damages, for the purposes of this Policy, shall be determined by the Board of Directors in its sole discretion. Prior to making any determination as to negligence or responsibility for damages, the Board of Directors shall provide the affected Owners with notice of the pending determination and opportunity for a hearing before the Board of Directors to allow the affected Owners an opportunity to speak on the matter.

**III. DEFINITIONS.** Unless otherwise defined in this Policy, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

**IV. SUPPLEMENT TO LAW.** The provisions of this Policy shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the community.

**V. DEVIATIONS.** The Board may deviate from the procedures set forth in this Policy if in its sole discretion such deviation is reasonable under the circumstances.

**VI. AMENDMENT.** This Policy may be amended from time to time by the Board of Directors.

**PRESIDENT'S**

**CERTIFICATION:** The undersigned, being the President of the Association, certifies that the foregoing Resolution was approved and adopted by the Board of Directors, at a duly called and held meeting of the Board of Directors of the Association on 3-4-15, and in witness thereof, the undersigned has subscribed his/her name.

**SONOMA VILLAGE AT UTE CREEK  
HOMEOWNERS ASSOCIATION, INC.,**  
a Colorado nonprofit corporation

By:   
President