

RANCH AT ROARING FORK HOMEOWNERS ASSOCIATION, INC.
14913 HIGHWAY 82
CARBONDALE, CO 81623

POLICY AND PROCEDURE ON INSURANCE DEDUCTIBLES

Effective April 1, 2015

Purpose and Overview: This policy is adopted in accordance with C.R.S. § 38-33.3-313(6) to establish nondiscriminatory policies and procedures regarding assessments of Condominium Unit Owners ("Owners") for insurance deductibles applicable in the case of damage to Association-owned real property.

The primary purpose of the policy is to apportion more fairly the uninsured/deductible portion of the costs of making repairs to individual condo units, specifically, to the individual owners who are the primary beneficiaries of those repairs rather than asking all sixty owners to share the costs that benefit only one or a few. In general, HO-6 insurance policies offer to condo owners, at relatively modest cost, coverage for assessments that may be made under this Policy.

Under the Policy, the Association remains responsible in the first instance for the full cost to repair or restore damaged Common Elements. However, the Association will assess the Owner benefitting from the repair for the amount of the Association's deductible (or, if less, for the full costs of the repair or restoration). If the Owner has appropriate insurance, the Owner should be able to recover most of such an assessment from the Owner's insurance carrier.

The Association strongly encourages each Condominium Unit Owner to discuss this Policy on Deductibles with the Owner's insurance agents. **Please note in particular Item 4 in the Policy below: Owners are responsible for assessments under this Policy regardless of fault and regardless of their individual insurance coverage.**

Policy:

1. Payment of the Association's Deductible. In the event of damage to the Association's real property, the Association may recover the deductible on any insurance policy maintained by the Association on that real property as follows:

A. *Damage Affecting One Unit:*

If a repair or restoration affects only a single Unit, the Association shall assess that Unit Owner the entire deductible of the applicable Association's policy.

B. *Damage Affecting More than One Unit:*

If a loss affects more than one Unit, the Owners of the Units that have benefitted from the repair or restoration, shall be responsible for payment of *pro rata* shares of the Association's policy deductible. Such *pro rata* shares shall be based on the relative damages to Association-owned real property most immediately proximate to the affected Units, as reasonably determined in the judgment of the Association's Board of Directors. By way of illustration, if sheetrock and insulation surrounding Unit 1 were damaged and repaired to the extent of a cost of \$15,000 and sheetrock and insulation surrounding Unit 2 were damaged and repaired to the extent of a cost of \$5,000, the Owner(s) of Unit 1 would be responsible for 75% of the Association's policy deductible and the Owner(s) of Unit 2 would be responsible for 25% of the deductible.

2. Assessment and Collection of Association Deductible. Owners responsible for payment of the Association's policy deductible shall be assessed that amount, which shall be collectible in the same manner as common expense assessments. Prior to any such assessment, the Board shall determine and make appropriate findings consistent with this Policy and provide Owners notice and opportunity to be heard at a hearing. Such hearing shall be held in a manner consistent with the Association's Enforcement Policies.
3. Owner Policy Deductibles. Owners of Units shall be responsible for payment of their individual condominium unit owner policy deductibles.
4. Owners' Policies. **Owners are responsible for all assessments made in accordance with this policy, regardless of fault and regardless of their individual insurance coverage.** Owners are strongly encouraged to obtain and maintain, under their individual insurance policies, "loss assessment," "deductible assessment," "gap insurance" or similar coverage for assessments pursuant to this Policy.

Certification: The undersigned, being the President of the Ranch at Roaring Fork Homeowners Association, Inc. a Colorado nonprofit corporation, certifies that the foregoing Policy was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board on March 2, 2015.


President

3-10-15
Dated