MORNINGSIDE HOMEOWNERS ASSOCIATION, INC.
INSURANCE CLAIMS AND DEDUCTIBLES POLICY AND PROCEDURE

Effective Date: September 19, 2025

The Board of Directors wishes to establish a uniform and systematic policy and procedure for submitting claims to the Association's insurance carriers and for allocating deductibles.

The Association hereby adopts the following policy and procedure with respect to insurance claims and deductibles:

1. <u>Association Insurance</u>. The Association maintains property insurance for the Common Elements and Units in accordance with the requirements set forth in Article 7 and Exhibit C of the Amended, Restated and Consolidated Declaration of the Morningside Condominiums ("Declaration"). The Board selects the Association's insurance policy and deductible based upon proposals periodically received, best business practices, and the economic condition of the Association. In performing its duty, the Board has obtained policies that provide the following coverage:

A. <u>Property Insurance</u>. As of the date of this resolution, the current level of property insurance for the Units is modified original construction. The Association's insurance policy will exclude and not cover upgraded interior finished surfaces of the walls, ceilings, and floors and any other Betterments and Upgrades installed in a Unit by an Owner, and any Owner personal property (including, but not limited to appliances, clothing and any other personal property). Betterments and Upgrades mean any finishes or improvements beyond the original, non-upgraded construction. The Declaration, as amended, further sets forth covered and excluded components under the Association's policy.

B. <u>Liability Insurance</u>. Liability Insurance covers claims for bodily injury or death or property damage occurring upon or in the Common Elements. The Association's liability coverage does not cover other claims within the boundaries of a Unit.

C. <u>Comprehensive Fidelity Insurance/Fidelity Bonds</u>. Comprehensive fidelity coverage/fidelity bonds covers dishonest acts on the part of officers, directors, trustees, and employees of the Association, and/or independent contractor(s) employed by the Association for community services, and/or any owner who disburses funds of the Association.

2. <u>Owner's Insurance</u>.

A. Each Owner is responsible for obtaining property insurance as described in Section 7.3 and Exhibit C in the Declaration, for those portions of the Units not covered by the Association's policy. At a minimum, Owners are responsible for insuring all Betterments and Upgrades that the Owner, or the Owner's predecessor-in-interest, has made to a Unit. Each Owner is also responsible for obtaining insurance covering all furnishings with the Unit (including refrigerator, wallpaper, disposal, clothes washer/dryers, if permitted, and portable appliances) and fixtures installed by an Owner, as well as their personal property, and coverage for liability arising within the Unit for which the Owner may be responsible. The Association has no liability for the failure of any Owner to maintain required insurance.

B. **If the Owner lives in the Unit,** the Owner should obtain an HO-6 or equivalent policy. HO-6 policies generally include the following five basic coverages: (i) dwelling coverage, (ii) personal property coverage, (iii) liability coverage, (iv) loss assessment and (v) loss of use. Personal property coverage should include all furnishings, clothing, electronics, jewelry, etc. Liability coverage includes anything that happens within the Unit (e.g., if you are sued for personal injuries of damage to property of another) and/or Limited Common Elements appurtenant to the Unit. Loss assessment coverage may pay for Special Assessments levied by the Association to pay for deductibles allocated to the Association. The Board of Directors has been advised that dwelling coverage may also cover property losses below the Association's deductible that may be above the Owner's personal deductible.

C. **If the Owner leases the Unit,** the Unit should be covered by a rental policy (landlord's policy). This policy should offer dwelling coverage, personal property coverage, liability coverage, and loss of rents if the property must be vacated while being repaired/rebuilt. Owners should inquire as to whether loss assessment coverage is included or available for their landlord policy.

The Board of Directors recommends that each Owner consult with their insurance representative to ensure that the Owner has adequate insurance coverage to address their needs and ensure that gaps between the Association's and the Owner's policies are minimized.

3. Association Policies and "Causes of Loss". The Association's policy excludes certain "causes of loss." It is possible that a particular cause of loss or a particular type of damage might not be covered despite the general allocations set forth above. Owners are encouraged to contact their individual insurance professionals to determine what coverage will best protect their interests.

4. Claims Procedure. The Board adopts the following procedures to control claims on the Association's policies and limit any adverse effect of excessive claims on the ability of the Association to obtain insurance at reasonable rates and limit the need to raise assessments to cover increased insurance premiums.

A. Claims on Behalf of the Association.

i. When the Board of Directors becomes aware of a potential claim, it shall determine whether to submit a claim by balancing the benefits conferred to the Association under the policy with the costs associated with the claim to the Association.

ii. If the Board determines that it is in the best interest of the Association to submit a claim under the Association's policies, the Board shall file the claim in accordance with the policies' procedures.

iii. If the Board determines that it is not in the Association's best interest to submit a claim under the Association's policies and if the claim would be covered under the Association's policies, the Association shall still be obligated to complete the repair of the damages as if a claim had been made. The Association or the Owner will remain responsible for the amount of the deductible as provided below, even if the Association performs repairs without submitting a claim.

B. Claims on Behalf of Owners.

i. If an Owner has a claim of damage to their Unit or personal injury on the Common Elements and the Owner believes that the claim may be covered by the Association's insurance, the Owner must promptly advise the Association in writing regarding the subject matter of the claim within 48 hours from when the Owner becomes aware of the claim. The report should include the following:

a. the Owner's home address and phone number;

b. the time, place, and circumstances of the event;

c. identification of damaged property; and

d. in the event of a liability (personal injury) claim, the names and addresses of the injured party and of available witnesses.

The Board will then evaluate the claim as provided in Paragraph 4.A above and notify the Owner of its action.

ii. Pursuant to Colorado law, an Owner may only file a claim against the Association's policy if the following conditions are met:

a. The Owner has contacted the Board of Directors or the Association's managing agent in writing setting forth the subject matter of the claim in accordance with the procedures set forth in Paragraph 4(B)(i) above;

b. The Owner has given the Association at least 15 days to respond in writing, and, if so requested, has given the Association's agent a reasonable opportunity to inspect the damage; and

c. The subject matter of the claim falls within the Association's insurance responsibilities.

5. <u>Adjustment</u>. The Board of Directors will coordinate with the insurance carrier to adjust all claims made under the Association's insurance policy and the insurance proceeds for that loss shall be payable to the Association.

6. <u>Deductibles - Generally</u>. Whether a claim is submitted or not, in the event the Association or an Owner suffers an insurable loss, or any insurance deductible is assessed to the Association, the deductible portion will be the primary responsibility of and will be borne by the following parties as determined by the Board of Directors:

A. The Association, if the Association would normally be responsible for the maintenance and repairs of the damaged or destroyed property; or

B. The Owner, if the Owner would normally by responsible for the maintenance and repair of the damaged or destroyed property; or

C. Those parties who have joint or shared responsibility for the maintenance and repair of the damaged or destroyed property, in which case the deductible will be equitably apportioned according to the relative cost to repair the damaged or destroyed property.

Notwithstanding the above, if the Association determines, if, after notice and an opportunity for a hearing, that damage results from the negligent or careless act of an Owner (or the Owner's family members, guests, or other occupants), the Owner will be responsible for the deductible, or such portion of thereof, as the Board deems appropriate under the circumstances, which shall be charged as an assessment against the Unit in accordance with Section 5.6 of the Declaration.

7. <u>Wind and Hail Deductibles</u>. If applicable, in the event of a covered loss for which the Association's wind and hail deductible applies, the Association may levy and impose an insurance assessment against the affected Units, in an amount necessary to cover such deductible. The amount of the insurance assessment will be a personal obligation of the Unit Owners, regardless of whether the Unit Owners have separate loss assessment coverage provided by the Unit Owners' own insurance carrier.

(Signatures on following page)

IN WITNESS WHEREOF, the undersigned certify that this Insurance Claims and Deductibles Policy and Procedure was adopted by resolution of the Board of Directors of the Association on this 19 day of September, 2025.

MORNINGSIDE HOMEOWNERS ASSOCIATION, INC., a Colorado nonprofit corporation,

By: Rosemary Giulmelle
Its: President