

**THE ENCLAVE AT KEYSTONE, INC.**

**RESOLUTION REGARDING INSURANCE RESPONSIBILITIES  
for the  
ASSOCIATION AND OWNERS**

This Resolution Regarding Insurance Responsibilities for the Association and Owners (“Resolution”) is made this 28th day of January 2020, by the Board of Directors (“Board”) of The Enclave at Keystone, Inc. (the “Association”).

WHEREAS, the Amended and Restated Declaration for the Enclave at Keystone Condominiums, recorded on November 8, 2017 at Reception No. 1156379 (the “Declaration”) provides, in Article Nine, Section 9.2(a), that the Association’s property insurance will cover the facilities, including all Condominium Buildings on the Property, the Units, and all fixtures, equipment, and any Improvements and betterments whether part of a Unit or a Common Element”; and

WHEREAS, “Improvements” is not a term that is defined by the Declaration; and

WHEREAS, Article Nine, Section 9.2(b) of the Declaration provides “The Project property insurance will be for an amount (after application of any deductions) equal to 100 percent of the Project facilities’ actual cash value at the time the insurance is purchased and at each renewal date”; and

WHEREAS, Article Nine, Section 9.5 of the Declaration provides “Each Owner will obtain and maintain in full force and effect a homeowners policy (Colorado ‘HO-6’ policy or equivalent) covering the Condominium Unit, its fixtures, equipment, finishes, wall coverings, improvements and additions, Limited Common Elements allocated to the Unit...”; and

WHEREAS, at the time the Declaration was adopted, it was the intention of the Association and its membership to provide for “bare walls” insurance coverage by the Association, with the Owners’ “HO-6” policies covering fixtures, equipment, finishes, wall coverings, and improvements and additions to the Unit, but this intention was inadvertently not reduced to the final version of the Declaration that was approved by the Owners, resulting in an ambiguity in the Declaration; and

WHEREAS, Owners are not entitled to insure the Limited Common Elements, as Limited Common Elements are a portion of the Common Elements that the Association is obligated to insure; and

WHEREAS, the Association desires to provide for “bare walls” coverage for all Units within the Association as well as the Limited Common Elements, including coverage for covered causes of loss on a replacement cost basis rather than an actual cash value basis; and

WHEREAS, pending Owner approval of an amendment to the Declaration, the Association must still obtain adequate insurance coverage, which coverage is not reasonably available in light of the ambiguity in the Declaration; and

WHEREAS, Section 5.1 of the Declaration provides that the Association shall have all of the power and authority necessary and proper to manage the business and affairs of the Association, and Section 6.2 of the Declaration provides that the Executive Board exercises all powers not reserved to the Owners by other provisions of the Declaration, the Bylaws, or the Act; and

WHEREAS, the Executive Board has carefully considered the intention of the Declaration and whether the Association or the Owners are the better parties to obtain and maintain property insurance covering the interiors of the Owners' Units in light of the ability to obtain proper coverage, the availability of coverage, the cost of coverage, the disparity in coverage to individual Units depending on the extent of betterments and improvements and who made them, equities and fairness of requiring the Association to provide coverage for all Units based on different improvements and betterments and the obligation that all Owners bear the expense of the Association's insurance equally, and the Declaration's ambiguity; and

WHEREAS, in consideration of the foregoing, the ambiguity present in the Declaration, and the cost associated with obtaining "all inclusive" coverage including the fixtures, finishes, equipment, betterments, and improvements installed by Owners within their Units, the Executive Board has determined to interpret Sections 9.2(a) and 9.5 of the Declaration to be consistent with the Declaration's original intent.

NOW, THEREFORE, the Executive Board of the Association hereby adopts the following resolutions:

1. The Association's obligation to obtain and maintain property damage insurance on the Units as provided in Section 9.2(a) of the Declaration is modified as follows:

The Association shall obtain and maintain at all times, as a Common Expense, property insurance as required herein. The Association's property insurance policy shall provide coverage for on a replacement cost basis to allow for rebuilding the building structures; the exterior components of the Units; partition and party walls and interior partition walls, and components located in walls (including framing, plumbing, electrical, and mechanical components); and all portions of the Common Elements. The Association is not required to obtain property insurance for finishes to surfaces of walls, floors, or ceilings within the Unit (including, but not limited to texture, paint, wallpaper, paneling, other wall coverings and window coverings, tile, carpet or floor coverings). Further, the Association is not required to obtain property insurance for cabinetry, fixtures, appliances, equipment within or serving exclusively the Unit (for example, air conditioners, including condensers and lines running from/to such equipment), or any betterments, improvements, or additions to Units made by Owners or their predecessors.

2. The Owners' obligations to obtain and maintain property damage insurance on the Units as provided in Section 9.5 of the Declaration is hereby modified as follows:

Each Owner will obtain and maintain in full force and effect a homeowners policy (Colorado "HO-6" policy or equivalent) covering the Condominium Unit to the extent not covered by the Association's insurance, including without limitation its fixtures, equipment, finishes to surfaces of walls, floors, and ceilings, floor and wall coverings, betterments, improvements and additions, the Owner's personal

property, and providing liability coverage for bodily injury, property damage and loss assessments by the Association. The Association shall have no liability for the failure of any Owner to obtain or maintain the insurance provided for herein.

3. The Executive Board reserves the right to further modify this Resolution in the future, including by repeal, in its discretion should circumstances warrant. The Executive Board shall give written notice of any changes or modifications to all Owners before the effective date of such change or modification.

4. The Executive Board shall cause this Resolution to be distributed to all Owners in the manner required by the Association's Policy Regarding Procedures for the Adoption and Amendment of Policies, Procedures and Rules.

The undersigned hereby certify that the foregoing Resolution was duly adopted the 28th day of January, 2020 at a special meeting of the Board, and made a part of the minutes of the meeting of the Board of Directors of the Enclave.

**THE ENCLAVE AT KEYSTONE, INC.**

By: Pat Howell 1/28/2020  
President

Attested:

Richard W. Hodolent  
Secretary