

AMERICAN FAMILY MUTUAL INSURANCE COMPANY

MADISON, WISCONSIN 53783-0001

BUSINESSOWNERS POLICY

DECLARATIONS

POLICY NUMBER  
05XE827704

CUSTOMER BILLING ACCOUNT  
012-330-343 84

NAMED LIFTSIDE VILLAS HOA  
INSURED

MAILING PO BOX 3071  
ADDRESS TELLURIDE, CO 81435-3071

POLICY PERIOD FROM 04-28-2015 TO 04-28-2016  
12:01 A.M. Standard Time at your mailing address shown above.

FORM OF BUSINESS INDIVIDUAL

In return for the payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

SECTION I PROPERTY

COVERAGE PROVIDED INSURANCE AT THE FOLLOWING DESCRIBED PREMISES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN UNLESS COVERAGE IS PROVIDED BY AN ENDORSEMENT.

DESCRIPTION OF PREMISES

PREMISES NO. 0001 BUILDING NO. 001  
LOCATION 431 PACIFIC  
TELLURIDE, CO 81435

BUILDING INTEREST LEASED TO OTHERS  
PREDOMINANT OCCUPANCY CONDOMINIUM ASSOCIATION - RESIDENTIAL WITHOUT MERCANTILE

NUMBER OF UNITS 3  
CONSTRUCTION FRAME  
YEAR BUILT 1998

COMMERCIAL BUILDING CONSTRUCTION COST INDEX LEVEL 330

PROPERTY DEDUCTIBLE \$2,500

OTHER PROPERTY DEDUCTIBLE(S)

OPTIONAL COVERAGE/GLASS DEDUCTIBLE \$500

COVERAGE	LIMIT OF INSURANCE	PREMIUM
BUILDING REPLACEMENT COST	\$3,279,863	\$4,057.00

ADDITIONAL COVERAGE	LIMIT OF INSURANCE	PREMIUM
BUSINESS INCOME	ACTUAL LOSS SUSTAINED	INCLUDED

OPTIONAL COVERAGES	LIMIT OF INSURANCE	PREMIUM
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AGENT 142-307  
DANIEL K SHAW AGENCY, INC.  
315 S 12TH ST UNIT B  
MONTROSE, CO 81401-5061

PHONE  
970-240-2155

PAGE 0001  
BRANCH SRT019 RENW  
ENTRY DATE 01-29-2015

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**AMERICAN FAMILY MUTUAL INSURANCE COMPANY**

MADISON, WISCONSIN 53783-0001

**BUSINESSOWNERS POLICY**

**POLICY NUMBER**  
05XE827704

**DECLARATIONS**

**CUSTOMER BILLING ACCOUNT**  
012-330-343 84

Property forms and endorsements applying to all premises and made part of this policy at time of issue:  
Any endorsement followed by a state abbreviation will only apply to coverages within this state.

BP 06 01 01 07                      BP 83 01 07 98                      BP 83 02 01 07

**SECTION II LIABILITY AND MEDICAL EXPENSES**

Each paid claim for the following coverages reduces the amount of insurance we provide during the applicable annual period. Please refer to **Section II Liability** in the BUSINESSOWNERS COVERAGE FORM and any attached endorsements.

COVERAGE	LIMIT OF INSURANCE
AGGREGATE LIMIT (OTHER THAN PRODUCTS COMPLETED OPERATIONS)	\$2,000,000
PRODUCTS-COMPLETED OPERATIONS AGGREGATE LIMIT	\$2,000,000
DAMAGE TO PREMISES RENTED TO YOU	\$50,000
LIABILITY AND MEDICAL EXPENSES	\$1,000,000
PREM 0001    BLDG 001            MEDICAL EXPENSES - ANY ONE PERSON	\$5,000
PREM 0002    BLDG 001            MEDICAL EXPENSES - ANY ONE PERSON	\$5,000

LOCATION	PREMIUM BASIS	RATE	ADVANCE PREMIUM
PREMISES NO. 0001    BUILDING NO. 001	3    UNITS		\$9.00
PREMISES NO. 0002    BUILDING NO. 001	1    UNITS		\$3.00

**TOTAL ADVANCE BUSINESS LIABILITY PREMIUM                      \$12.00**

Liability forms and endorsements applying to all premises and made part of this policy at time of issue:  
Any endorsement followed by a state abbreviation will only apply to coverages within this state.

BP 04 17 07 02	BP 04 39 07 02	BP 04 54 01 06	BP 04 93 01 06
BP 05 17 01 06	BP 05 77 01 06	BP 10 05 07 02	BP 14 60 06 10
BP 84 24 01 07	BP 85 04 07 10	BP 85 05 07 98CO	BP 85 10 07 98
BP 85 12 01 06	IL 75 26 12 05		

**TOTAL ADVANCE BUSINESS PREMIUM                      \$4,418.00**

**This premium may be subject to adjustment.**

Forms and endorsements applying to property and liability at all premises and made part of this policy at time of issue:  
Any endorsement followed by a state abbreviation will only apply to coverages within this state.

BP IN 01 01 06	BP 00 03 01 06	BP 01 81 07 02	BP 05 01 07 02
BP 05 15 01 08	BP 05 24 01 08	BP 05 41 06 08	BP 05 64 01 07
BP 05 71 01 07	BP 80 01 01 07	BP 87 01 08 10	

AUTHORIZED REPRESENTATIVE

  
President

  
Secretary

COUNTERSIGNED  
LICENSED RESIDENT AGENT

**AGENT 142-307**  
**DANIEL K SHAW AGENCY, INC.**  
315 S 12TH ST UNIT B  
MONTROSE, CO 81401-5061

**PHONE**  
970-240-2155

**PAGE 0003**  
**BRANCH SRT019 RENEW**  
**ENTRY DATE 01-29-2015**

BP AF 01 07 09

INSURED

Stock No. 15141

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POLICY NUMBER: 05XE827704

BUSINESSOWNERS  
BP 05 71 01 07

**THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.**

**DISCLOSURE OF PREMIUM AND ESTIMATED PREMIUM FOR CERTIFIED ACTS OF TERRORISM COVERAGE  
(PURSUANT TO TERRORISM RISK INSURANCE ACT)**

SCHEDULE	
<b>SCHEDULE – PART I</b>	
<b>Terrorism Premium (Certified Acts)</b>	
<b>(A) Premium through end of year (12/31/      ) \$</b>	
<b>(B) Estimated Premium beyond the date specified above \$</b>	
(Refer to Paragraph C. in this endorsement.)	
<b>Additional information, if any, concerning the terrorism premium:</b>	
IF THIS POLICY PROVIDES COVERAGE FOR CERTIFIED ACTS OF TERRORISM, THE PREMIUM FOR CERTIFIED ACTS OF TERRORISM IS SHOWN ON THE POLICY DECLARATIONS. THIS PREMIUM IS AN ANNUAL PREMIUM AND IS SUBJECT TO CHANGE DEPENDING ON MODIFICATION TO OR TERMINATION OF THE FEDERAL PROGRAM.	
<b>Federal share of terrorism losses</b>	<b>% Year: 20 _____</b>
(Refer to Paragraph B. in this endorsement.)	
<b>Federal share of terrorism losses</b>	<b>% Year: 20 _____</b>
(Refer to Paragraph B. in this endorsement.)	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**A. Disclosure Of Premium**

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under that Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

**B. Disclosure Of Federal Participation In Payment Of Terrorism Losses**

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. For losses occurring in 2006, the federal share equals 90% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. For losses occurring in 2007, the federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. If the federal program is extended beyond 2007, the applicable percentage will be shown in Part II of the Schedule of this endorsement or in the policy Declarations.

**C. Possibility Of Additional Or Return Premium**

The premium for certified acts of terrorism coverage is calculated based in part on the federal participation in payment of terrorism losses as set forth in the Terrorism Risk Insurance Act. The federal program established by the Act is scheduled to terminate at the end of the year specified in Part I of the Schedule of this endorsement, unless extended by the federal government. If the federal program terminates or if the level or terms of federal participation change, the estimated premium shown in (B) in Part I of the Schedule may not be appropriate.

If this policy contains a Conditional Exclusion, continuation of coverage for certified acts of terrorism, or termination of such coverage, will be determined upon disposition of the federal program, subject to the terms and conditions of the Conditional Exclusion. If this policy does not contain a Conditional Exclusion, coverage for certified acts of terrorism will continue. In either case, when disposition of the federal program is determined, we will recalculate the premium shown in (B) in Part I of the Schedule and will charge additional premium or refund excess premium, if indicated.

If we notify you of an additional premium charge, the additional premium will be due as specified in such notice.

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POLICY NUMBER: 05XE827704

BUSINESSOWNERS  
BP 05 64 01 07**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****CONDITIONAL EXCLUSION OF TERRORISM  
(RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

**SCHEDULE**The **Exception Covering Certain Fire Losses** (Paragraph B.2.) applies to property located in the following state(s):**Georgia, Illinois, Iowa, Missouri, Oregon, Washington, Wisconsin**

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A. Section I – Property and Section II – Liability** are amended as follows:**1. Applicability Of The Provisions Of This Endorsement**

a. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.

- (1) The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form; or
- (2) A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:
  - (a) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or
  - (b) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or
  - (c) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this policy.

**b. If the provisions of this endorsement become applicable, such provisions:**

- (1) **Supersede any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to loss or injury or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and**
- (2) **Remain applicable unless we notify you of changes in these provisions, in response to federal law.**

c. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.

2. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

"Terrorism" means activities against persons, organizations or property of any nature:

- a. That involve the following or preparation for the following:
  - (1) Use or threat of force or violence; or
  - (2) Commission or threat of a dangerous act; or
  - (3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
- b. When one or both of the following applies:
  - (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or

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**Section I - Property** is amended as follows:

**A. Paragraph A.1. Covered Property** is replaced with the following:

Covered Property includes Building as described under Paragraph **a.** below, Business Personal Property as described under Paragraph **b.** below, Auxiliary Buildings/Structures as described under Paragraph **c.** below, Auxiliary Buildings Business Personal Property as described under Paragraph **d.** below, or all four, depending on whether a Limit of Insurance is shown in the Declarations for that type of property. Regardless of whether coverage is shown in the Declarations for Buildings, Business Personal Property, Auxiliary Buildings/Structures, Auxiliary Buildings Business Personal Property, or all four, there is no coverage for property described under Paragraph **A.2. Property Not Covered.**

**a.** Building, means the described building shown in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
  - (a) Machinery; and
  - (b) Equipment;
- (4) Your personal property in apartments, rooms or common areas furnished by you as landlord;
- (5) Personal property owned by you that is used to maintain or service the described building or the premises, including:
  - (a) Fire extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings; and
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (6) If not covered by other insurance:
  - (a) Additions under construction, alterations and repairs to the described building;
  - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the described building.

**b.** Business Personal Property located in or on the described building at the premises shown in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, including:

- (1) Property you own that is used in your business;
- (2) Property of others that is in your care, custody or control, except as otherwise provided in Loss Payment Property Loss Condition **E.5.d.(3)(b)**;
- (3) Tenant's improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

- (a) Made a part of the described building you occupy but do not own; and
- (b) You acquired or made at your expense but cannot legally remove;

**(4)** Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Paragraph **1.b.(2)**; and

**(5)** Exterior building glass, if you are a tenant and no Limit of Insurance is shown in the Declarations for Building property. The glass must be owned by you or in your care, custody or control.

**c.** Auxiliary Buildings/Structures, meaning the auxiliary buildings/structures described in the above Schedule located at the premises shown in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures;
- (3) Permanently installed:
  - (a) Machinery; and
  - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the auxiliary buildings/structures, including:
  - (a) Fire extinguishing equipment;
  - (b) Floor coverings; and
  - (c) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
  - (a) Additions under construction, alterations and repairs to the auxiliary buildings/structures;
  - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the auxiliary buildings/structures, used for making additions, alterations or repairs to the auxiliary buildings/structures.

**d.** Auxiliary Buildings Business Personal Property located in or on the auxiliary buildings/structures described in the above Schedule located at the premises shown in the Declarations, including:

- (1) Property you own that is used in your business;
- (2) Property of others that is in your care, custody or control, except as otherwise provided in Loss Payment Property Loss Condition **E.5.d.(3)(b)**;
- (3) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Paragraph **1.b.(2)**.

**B.** The following is added to **E.3., Property Loss Conditions – Duties In the Event of Loss or Damage:**

- (10)** Keep records of your property in such a way that we can accurately determine the amount of any loss.

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**AMERICAN FAMILY MUTUAL INSURANCE COMPANY**

MADISON, WISCONSIN 53783-0001

**BUSINESSOWNERS POLICY**

**POLICY NUMBER**  
05XE827704

**DECLARATIONS**

**CUSTOMER BILLING ACCOUNT**  
012-330-343 84

MONEY AND SECURITIES		\$37.00
INSIDE THE PREMISES	\$10,000	INCLUDED
OUTSIDE THE PREMISES	\$5,000	INCLUDED

Property forms and endorsements applying to this premises and made part of this policy at time of issue:  
Any endorsement followed by a state abbreviation will only apply to coverages within this state.

BP 84 11 07 98          BP 85 11 12 08

**DESCRIPTION OF PREMISES**

PREMISES NO. 0002    BUILDING NO. 001  
LOCATION            431 PACIFIC  
                      TELLURIDE, CO 81435

BUILDING INTEREST        LEASED TO OTHERS  
PREDOMINANT OCCUPANCY CONDOMINIUM ASSOCIATION - RESIDENTIAL WITHOUT MERCANTILE

NUMBER OF UNITS        1  
CONSTRUCTION        FRAME  
YEAR BUILT            1998

COMMERCIAL BUILDING CONSTRUCTION COST INDEX LEVEL 330

PROPERTY DEDUCTIBLE        \$2,500

**OTHER PROPERTY DEDUCTIBLE(S)**

OPTIONAL COVERAGE/GLASS DEDUCTIBLE                    \$500

<b>COVERAGE</b>	<b>LIMIT OF INSURANCE</b>	<b>PREMIUM</b>
BUILDING	\$298,169	\$275.00
REPLACEMENT COST		

<b>ADDITIONAL COVERAGE</b>	<b>LIMIT OF INSURANCE</b>	<b>PREMIUM</b>
BUSINESS INCOME	ACTUAL LOSS SUSTAINED	INCLUDED

<b>OPTIONAL COVERAGES</b>	<b>LIMIT OF INSURANCE</b>	<b>PREMIUM</b>
MONEY AND SECURITIES		\$37.00
INSIDE THE PREMISES	\$10,000	INCLUDED
OUTSIDE THE PREMISES	\$5,000	INCLUDED

Property forms and endorsements applying to this premises and made part of this policy at time of issue:  
Any endorsement followed by a state abbreviation will only apply to coverages within this state.

BP 84 11 07 98          BP 85 11 12 08

**TOTAL ADVANCE PROPERTY PREMIUM                    \$4,406.00**

**AGENT 142-307**  
DANIEL K SHAW AGENCY, INC.  
315 S 12TH ST UNIT B  
MONTROSE, CO 81401-5061

**PHONE**  
970-240-2155

**PAGE 0002**  
**BRANCH SRTO19 RENW**  
**ENTRY DATE 01-29-2015**

BP AF 01 07 09

INSURED

Stock No. 15141

- (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

**B. Section I – Property** is amended as follows:

1. The following exclusion is added:

**EXCLUSION OF TERRORISM**

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":

- a. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- b. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- c. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
- e. The total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

With respect to this Item 1.e., the immediately preceding paragraph describes the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form.

**2. Exception Covering Certain Fire Losses**

The following exception to the Exclusion Of Terrorism applies only if indicated and as indicated in the Schedule of this endorsement.

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverages or endorsements that apply to those coverages.

**3. Application Of Other Exclusions**

- a. When the Exclusion Of Terrorism applies in accordance with the terms of Paragraph 1.a. or 1.b., such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form.
- b. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Coverage Form as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

**C. Section II – Liability** is amended as follows:

1. The following definition is added and applies under this endorsement wherever the phrase any injury or damage, is enclosed in quotation marks:

"Any injury or damage" means any injury or damage covered under this Coverage Form or any applicable endorsement, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury", as may be defined under this Coverage Form or any applicable endorsement.

2. The following exclusion is added:

**EXCLUSION OF TERRORISM**

We will not pay for "any injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- a. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- b. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- c. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or



POLICY NUMBER: 05XE827704

BUSINESSOWNERS  
BP 85 11 12 08

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.  
BUILDING AND BUSINESS PERSONAL PROPERTY CHANGES**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

**SCHEDULE\***

Premises No.	Building No.	Auxiliary Building/Structure Description	Auxiliary Building/ Structure Limit	Auxiliary Buildings Business Personal Property Limit
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\* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.