



SECOND AMENDED  
CONDOMINIUM DECLARATION  
FOR  
SUNSPACE CONDOMINIUMS

FILE  
J.R.R.

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*Insurance*

DECLARANT:

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**ARTICLE 18  
INSURANCE**

**18.1 Required Insurance by Association.** The Association shall maintain at all times, to the extent reasonably available, insurance coverage as hereinafter set forth. All such insurance shall be written and issued by insurance companies licensed to do business in the State of Colorado with acceptable insurance rating.

**18.2 Property Insurance.** The Association shall obtain and maintain property insurance for broad form coverage causes of loss, including fire and extended coverage with standard risk endorsements including vandalism and malicious mischief. The property insurance shall insure the Common Elements and all property owned by the Association, and any interest therein, an amount not less than the full insurable replacement cost and insurable property, less applicable deductibles at the time such insurance is obtained. All policy shall contain a standard noncontributory mortgage clause in favor of the holder of each Security Interest of a Unit, which shall provide that the loss, if any, thereunder, shall be payable to the Association for the use and benefit of holders such Security Interest as their interests may appear.

**18.3 General Liability Insurance.** The Association shall obtain and maintain commercial general liability insurance against claims and liabilities arising in connection with the ownership, existence, use or management of the Common Elements in an amount deemed sufficient in the judgment of the Board of Directors of the Association, but in any event not less than \$1,000,000 per injury, person, per occurrence and umbrella liability limits of \$1,000,000 per occurrence, covering claims for bodily injury and property damage. Coverage shall include, without limitation, liability for personal injuries, operation of automobiles on behalf of the Association, and activities in connection with the ownership, operation, maintenance and other use of the Property and shall provide insurance coverage insuring the Board of Directors, the Association, the managing agent, if any, and their respective employees, agents and all persons acting as agent. Owner shall be included as additional insured but only for claims and liability arising in connection with the ownership, existence, use or management of the Common Elements. Such insurance policy shall cover claims of one or more insured parties against other insured parties.

**18.4 Workers' Compensation Insurance.** Workers' compensation and employers liability insurance and all other similar insurance with respect to employees of the Association in the amounts and in the form now or hereafter required by law.

**18.5 Flood Insurance.** If the Property is located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards, and the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, a "blanket" policy of flood insurance on the Property in an amount which is the lesser of the maximum amount of insurance



available under the Act or the aggregate of the unpaid principal balances of the Mortgages or Security Interests on the Units comprising the Property shall be obtained.

**18.6. Fidelity or Other Insurance.** The Association may purchase adequate fidelity coverage against dishonesty of employees or disappearance of money or securities and forgery. The Association may also obtain insurance against such other risks as it shall deem appropriate with respect to the Property.

**18.7 Special Provisions.** As to the insurance coverage provided in paragraphs 18.2 and 18.3 above, all policies must provide that:

**18.7.1** Each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Elements and is a member of the Association.

**18.7.2** The insurance company waives its right to subrogation under the policies of insurance against any Owner or members of the Owner's household.

**18.7.3** No act or omission by any Owner, unless acting with the scope of such Owner's authority on behalf of the Association, will void any insurance policy or be a condition to recovery under such policy.

**18.7.4** If, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by such policy, the Association's insurance policy will provide primary coverage.

**18.7.5** That such insurance policy may not be canceled or modified with at least 30 days prior written notice to the Association.

**18.7.6** Payable to Association. All property insurance policies as provided in paragraph 18.2 shall provide any loss covered by such insurance shall be adjusted with the Association and the insurance proceeds for such loss shall be payable to the Association and not to the holder of a security interest. The Association shall hold the insurance proceeds in trust for the Owners and holders of Mortgages or Security Interests as their interests may appear. Except only as hereafter provided, the proceeds of such insurance must be disbursed first for the repair or restoration of the damaged property, and the Association. Owners and holders of Mortgages or Security Interests are not entitled to receive any payment of any portion of the proceeds unless there is a surplus of proceeds after the Property has been completely repaired or restored.

**18.7.7** Insurance by Owners. Any insurance policy issued to the Association does not obviate the necessity for an owner to obtain insurance on their own behalf as to any and all losses not covered by the insurance of the Association. All policies of any Owner pertaining to the Property shall contain waivers and subrogation and provide that the liability of the insurance company issuing



insurance obtained by the Association shall not be affected or diminished by reason of any such insurance carried by the Owner.

**18.7.8 Insurance Responsibility of Unit Owner.** Insurance coverage on the furnishings and fixtures and any other items of personalty or other personal property belonging to an Owner and public liability coverage within each Unit shall be the sole responsibility of the Owner of said Unit, and the Board of Directors, the Association and/or the managing agent shall have no responsibility therefore.

**18.7.9 Certificate of Insurance.** Any insurance company issuing policies of insurance as provided in paragraphs 18.2 and 18.3 shall issue Certificates of Insurance or Memorandums of Insurance to the Association and, upon request, to any Owner or to the holder of a First Mortgage.

**ARTICLE 19  
DAMAGE OR DESTRUCTION TO PROPERTY**

**19.1 Mandatory Repair or Replacement.** If all or any portion of the Property for which insurance is required to be maintained as provided in paragraphs 18.2 and 18.3 is damaged or destroyed, such damage or destruction must be promptly repaired and/or replaced by the Association unless:

**19.1.1** The Property is taken in its entirety by eminent domain or there is a vote or agreement by 80 % of the Owners and by 51% of the holders of First Mortgages not to rebuild, repair or replace the Project, unless otherwise specified by the Act.

**19.1.2** The repair or replacement of the damaged or destroyed portions of the Property would be illegal under any state or local statute or ordinance governing health or safety.

**19.2 Insurance Proceeds.** The Association shall utilize all insurance proceeds payable as a result of such damage or destruction to the repair and replacement of such damaged portions of the Property.

**19.3 Insufficient Insurance Proceeds.** In the event that the cost of repair or replacement is in excess of the insurance proceeds and reserves payable as a result of such damage or destruction, then any additional cost of such repair or replacement shall be a Common Expense of the Association and assessed in the manner provided in this Declaration as a special assessment. In the event any Owner fails or refuses to pay such special assessment, at any time, in the manner provided by the Association, the Association shall foreclose the lien of the special assessment as to such Unit, in the manner provided in this Declaration and the proceeds derived therefrom shall be used and disbursed by the Association in the following order: