



State Farm Fire and Casualty Company
A Stock Company with Home Offices in Bloomington, Illinois
Herein called the **Insurer**

DECLARATIONS PAGE

**NOT-FOR-PROFIT ORGANIZATION LIABILITY POLICY
INCLUDING EMPLOYMENT PRACTICES LIABILITY COVERAGE**

Policy No: PS0000003339304
Renewal of Policy No: PS0000003339303

NOTICE: THIS IS A CLAIMS-MADE POLICY. THIS POLICY, SUBJECT TO ITS TERMS, APPLIES ONLY TO **CLAIMS** FIRST MADE DURING THE **POLICY PERIOD** OR ANY EXTENDED REPORTING PERIOD THAT MAY APPLY.

This Declarations Page along with the completed and signed **Application** including attachments, and the Policy Form and Endorsements listed in Item 6., shall constitute the contract between the **Insureds** and the **Insurer**.

Item 1. **Parent Organization:** SAGEWOOD PROPERTY OWNERS ASSOCIATION
Sagewood Filing 1 & Sagewood 2

Address: 730 West Hampden Avenue, # 307
Englewood, CO 80110

Item 2. **Policy Period:**
Effective Date: December 18, 2011 Expiration Date: December 18, 2012
(12:01 A.M. Standard Time at the Address stated in Item 1.)

Item 3. Limit of Liability: \$1,000,000 in the Aggregate.

Item 4. Retention: \$1,000 each **Claim**.

Item 5. Premium: \$941.00

Item 6. Policy Form and endorsements made part of this Policy at the time of issuance:

PSNP1001(01/01)	Not-For-Profit Organization Liability Policy Including Employment Practices Liability Coverage
PS1039-01(03/08)	Certified Acts of Terrorism Endorsement
PSNP1026CO(12/01)	Colorado Amendatory Endorsement
PSNP1030(12/03)	Condominium and Homeowner Association Endorsement
PSNP1031(12/03)	Property Manager Endorsement

Item 7. Notices to the **Insurer** - All notices to the **Insurer** pertaining to this Policy must be sent to:

State Farm Specialty Products
111 North Canal Street, Suite 940
Chicago, IL 60606-7201

Date of Issue: December 23, 2011

By:



Authorized Representative

In accordance with the Terrorism Risk Insurance Reauthorization Act of 2007, this disclosure is part of your policy.

POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

Coverage for acts of terrorism is not excluded from your current policy. However your policy does contain other exclusions which may be applicable, such as an exclusion for nuclear hazard. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2007, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under this policy, any covered losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

There is no separate premium charged to cover insured losses caused by terrorism. Your insurance policy establishes the coverage that exists for insured losses. This notice does not expand coverage beyond that described in your policy.

THIS IS YOUR NOTIFICATION THAT UNDER THE TERRORISM RISK INSURANCE ACT, AS AMENDED, ANY LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM UNDER YOUR POLICY MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT AND MAY BE SUBJECT TO A \$100 BILLION CAP THAT MAY REDUCE YOUR COVERAGE.

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INCLUDING
EMPLOYMENT PRACTICES LIABILITY COVERAGE**

NOTICE: THIS IS A CLAIMS-MADE POLICY. THIS POLICY, SUBJECT TO ITS TERMS, APPLIES ONLY TO **CLAIMS** FIRST MADE DURING THE **POLICY PERIOD** OR ANY EXTENDED REPORTING PERIOD THAT MAY APPLY.

The **Insurer** and the **Insureds**, subject to all of the terms of this Policy, agree as follows:

I. INSURING CLAUSE

- A. The **Insurer** will pay on behalf of the **Insureds Loss** and **Defense Costs** resulting from any **Claim** first made against any of them during the **Policy Period** or Extended Reporting Period, if applicable, including any **Claim** for **Personal Injury, Discrimination Against a Third Party** or a **Wrongful Employment Practice**.
- B. The **Insurer** has the right and duty to defend any **Claim** to which this insurance applies, even if the allegations of the **Claim** are groundless, false or fraudulent.

In addition to the Limit of Liability, the **Insurer** will pay **Defense Costs** resulting from any **Claim** to which this insurance applies. The **Insurer** is not obligated to defend any **Claim** or to pay **Loss** or **Defense Costs** after the Limit of Liability has been exhausted by payment of **Loss**.

II. DEFINITIONS

- A. **“Application”** means:
 - (1) the application for this Policy, a copy of which is attached hereto; and
 - (2) the application(s), including any material submitted therewith for all previous policies issued by the **Insurer** or its affiliates providing continuous coverage until the Effective Date of this Policy together with any material submitted with the application for this Policy, all of which will be retained on file and deemed attached to this Policy as if physically attached hereto.
- B. **“Claim”** means:
 - (1) any written demand received by any **Insured** seeking money or other relief for a **Wrongful Act**; or
 - (2) notice of any judicial or administrative proceeding received by any **Insured** seeking to hold such **Insured** responsible for a **Wrongful Act**, including any appeal therefrom.
- C. **“Defense Costs”** means reasonable and necessary legal fees and expenses incurred by any attorney designated by the **Insurer** to defend the **Insureds**, and all other fees, costs, costs of attachment or similar bonds (but without any obligation by the **Insurer** to apply for or furnish such bonds), pre-judgment and post-judgment interest and expenses incurred by the **Insurer** resulting from the investigation, adjustment, defense and appeal of a **Claim**, but does not mean salaries, wages, overhead or benefits expenses of the **Insureds**.

- D. **“Discrimination”** means actual or alleged:
- (1) failure to hire or employ an applicant;
 - (2) failure to promote or reinstate, or any demotion of or termination of any employee of the **Organization**;
 - (3) taking of any adverse or differential employment decision because of race, color, creed, national origin, gender, sexual orientation or preference, marital status, sex, religion, age, military service, disability or handicap, pregnancy, or any other basis prohibited by federal, state, or local laws; or
 - (4) taking of any adverse or differential employment decision based upon the exercise of a right pursuant to any workers’ compensation, disability benefits, social security, unemployment compensation, COBRA, ERISA, Family Medical Leave Act, or any similar law for the protection of employees.
- E. **“Discrimination Against a Third Party”** means any actual or alleged discrimination by any **Insured** against, or any actual or alleged sexual harassment by any **Insured** of, any person who at the time of such discrimination or harassment was neither an employee of the **Organization** nor an applicant for employment with the **Organization**.
- F. **“Employment Termination”** means the notification to an employee that such employee is no longer to be employed by the **Organization**, whether such notification is effective immediately or in the future. **Employment Termination** also includes actual or alleged constructive discharge, breach of an implied agreement to continue employment or breach of a written employment agreement.
- G. **“Harassment”** means actual or alleged:
- (1) unwelcome sexual advances, requests for sexual favors, or other conduct of a sexual nature directed to an employee of the **Organization** when:
 - (a) submission to such conduct is made either explicitly or implicitly a term or condition of such employee’s employment;
 - (b) submission to or rejection of such conduct by an individual is used as a basis for employment decisions effecting such employee; or
 - (c) such conduct has the purpose or effect of unreasonably interfering with such employee’s work performance or creating an intimidating, hostile, or offensive work environment.
 - (2) conduct of a non-sexual nature directed toward an employee of the **Organization** that creates a work environment that has the purpose or effect of unreasonably interfering with such employee’s work performance or that creates an intimidating, hostile, or offensive work environment.
- H. **“Individual Insured”** or **“Individual Insureds”** means individually or collectively as the case may be:
- (1) any persons who were, now are, or shall be directors, trustees, officers, employees, committee members or volunteers of the **Organization** including their estates, heirs, legal representatives or assigns in the event of their death, incapacity or bankruptcy; or

- (2) any lawful spouse (whether such status is derived by reason of statutory or common law as recognized by the applicable jurisdiction) of any person identified in (1) above, but only in respect to a **Claim** arising solely out of his or her capacity as a spouse where such **Claim** seeks damages from the marital property, community property, jointly held property, or property transferred from any person identified in (1) above; provided, however, no coverage will be afforded under this Policy for any **Wrongful Act** of any spouse of any person identified in (1) above.
- I. **“Insured” or “Insureds”** means, individually or collectively as the case may be, the **Organization** and the **Individual Insureds**.
- J. **“Insurer”** means the insurer or insurers identified in the Declarations Page.
- K. **“Interrelated Wrongful Acts”** means **Wrongful Acts** that are logically or causally connected by reason of any common fact, circumstance, situation, transaction, event, or decision or series of facts, circumstances, situations, transactions, events or decisions.
- L. **“Loss”** means the amount that the **Insureds** become legally obligated to pay as damages or settlements, including but not limited to back pay and front pay. **Loss** also includes punitive or exemplary damages if insurable under the law pursuant to which this Policy is construed. **Loss** does not include:
- (1) civil or criminal fines, penalties imposed by law, or taxes;
 - (2) that portion of any multiplied damage award that exceeds the amount multiplied;
 - (3) compensation earned in the course of employment but not paid by the **Organization**;
 - (4) any damages, costs, or expenses incurred by the **Organization** in making physical changes, modifications, alterations, or improvements as part of an accommodation of any disabled person pursuant to the Americans With Disabilities Act of 1990 (ADA) or any similar federal, state, or local law;
 - (5) any liability or costs incurred in connection with any educational, sensitivity, or other program, policy or seminar relating to a **Claim** alleging a **Wrongful Employment Practice**; or
 - (6) matters deemed uninsurable under the law pursuant to which this Policy will be construed.
- M. **“Organization”** means the **Parent Organization** and any **Subsidiary**.
- N. **“Parent Organization”** means the entity named in Item 1. of the Declarations Page.
- O. **“Personal Injury”** means any actual or alleged libel, slander, or other defamation, invasion of privacy, false arrest, wrongful detention or imprisonment, malicious prosecution, wrongful entry or eviction, infringement of copyright or trademark, trade dress, trade name, service mark, service name or other unauthorized use of title or slogan, or plagiarism or misappropriation of ideas.
- P. **“Policy Period”** means the period from the Effective Date of this Policy to the Policy Expiration Date set forth in Item 2. of the Declarations Page, or its earlier cancellation or termination date, if any.

Q. **"Subsidiary"** means:

- (1) any not-for-profit entity that the **Parent Organization** and/or one or more of its **Subsidiaries** owns or controls the right to elect or appoint more than 50% of such entity's directors or trustees; and
- (2) any for-profit entity that the **Insurer**, at its sole discretion, agrees by written endorsement to provide coverage upon such terms, or additional premium charge as the **Insurer** may require.

R. **"Wrongful Act"** means any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty by the **Organization** or by the **Individual Insureds** in the discharge of their duties solely in their capacity as **Individual Insureds**, including any **Personal Injury, Wrongful Employment Practice** or **Discrimination Against a Third Party**, or any matter asserted against the **Individual Insureds** solely by reason of their being **Individual Insureds**.

Wrongful Act also means any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty, including any **Personal Injury, Wrongful Employment Practice** or **Discrimination Against a Third Party**, by **Individual Insureds** while acting in their capacity as a director, trustee, trustee emeritus, or officer of any not-for-profit entity under Section 501(c)3 of the Internal Revenue Code of 1986 (as amended) other than the **Organization**, or any other corporation or other organization listed by endorsement to this Policy, but only when such **Individual Insureds** are acting in such capacity on the appointment, or at the specific written direction, of the **Organization**.

S. **"Wrongful Employment Practice"** means any:

- (1) **Employment Termination** by any **Insured**;
- (2) **Discrimination** by any **Insured**;
- (3) **Harassment** by any **Insured**;
- (4) employment-related decision by any **Insured** actually or allegedly in retaliation for any employee's exercise of any right pursuant to any law for the protection of such employee; or
- (5) negligent hiring, supervision, promotion or retention by any **Insured** when alleged by a current, former, or prospective employee of the **Organization**;

including any of the following when employment-related: libel, slander, or other defamation; invasion of privacy; mental anguish; infliction of emotional distress; loss of consortium.

III. EXCLUSIONS

A. The **Insurer** will not defend any **Claim** or pay **Loss** or **Defense Costs** resulting from any **Claim** based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:

- (1) any actual or alleged bodily injury, sickness, mental anguish, emotional distress, disease or death of any person, or damage to or destruction of any tangible property including loss of use thereof; provided, however, this Exclusion will not apply to mental anguish or emotional distress alleged in any **Claim** for **Personal Injury, Discrimination Against a Third Party** or **Wrongful Employment Practice**;

- (2) any **Wrongful Act** or any fact, circumstance or situation that has been the subject of any notice given to any insurance carrier or its authorized agent prior to the Effective Date of this Policy, or any other **Wrongful Act** whenever occurring, that, together with a **Wrongful Act** that has been the subject of such notice, would constitute **Interrelated Wrongful Acts**;
- (3) actual or alleged contractual liability of any **Insured** under any oral, written, or implied contract or agreement other than an employment contract in connection with an **Employment Termination** by any **Insured**; provided, however, this Exclusion will not apply to liability that would have attached in the absence of such contract or agreement; or
- (4) the actual, alleged or threatened discharge, dispersal or release of any Pollutant; or the creation of an injurious condition involving any Pollutant; or the existence of any Pollutant on any property; or the cleanup, removal, testing, monitoring, containment, treatment, detoxification or neutralization of any Pollutant. This Exclusion is effective whether or not the pollution was sudden, accidental, gradual, intended, expected or preventable or whether or not any **Insured** caused or contributed to the pollution.

"Pollutant" means any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to:

- (a) smoke, vapor, soot, fumes, acids, alkalis, chemicals, lead, mold, or asbestos;
 - (b) hazardous, toxic or radioactive matter or nuclear radiation;
 - (c) waste, which includes material to be recycled, reconditioned or reclaimed; or
 - (d) any other pollutant as defined by applicable federal, state or local statutes, regulations, rulings or ordinances;
- (5) (a) any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 (or any amendments thereto and any rules or regulations promulgated thereunder) or any similar provisions of any federal, state or local law; or any other pension, profit sharing or employee benefit program established in whole or in part for the benefit of any **Individual Insured**, or other employee benefit plan or program pursuant to a trust or other agreement for the benefit of any **Individual Insured**;
 - (b) any governmentally mandated insurance program concerning workers' compensation, unemployment compensation, disability benefits, or social security; or
 - (c) the Comprehensive Omnibus Budget Reconciliation Act (COBRA), the Occupational Safety and Health Act of 1970 (OSHA) or any similar state or local law;

however, this Exclusion will not apply to any **Claim** alleging any employment-related decision by any **Insured** actually or allegedly in retaliation for such claimant's exercise of a right pursuant to any such benefit plans or laws.

B. The **Insurer** will not defend any **Claim** or pay **Loss** or **Defense Costs** resulting from any **Claim**:

- (1) in which a final adjudication adverse to any of the **Insureds** establishes that such **Insured** committed a dishonest, fraudulent or criminal act or omission, or committed a **Wrongful Act** with actual knowledge of its wrongful nature or with intent to cause damage;

- (2) based upon or attributable to any of the **Insureds** gaining in fact any profit, remuneration, or advantage to which such **Insured** was not legally entitled; or
- (3) made against any **Subsidiary** or its **Individual Insureds** based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:
 - (a) any **Wrongful Act** occurring prior to the date the entity became a **Subsidiary**; or
 - (b) any **Wrongful Act** occurring subsequent to the date the entity became a **Subsidiary** that, together with a **Wrongful Act** occurring prior to the date the entity became a **Subsidiary**, would constitute **Interrelated Wrongful Acts**; or
 - (c) any **Wrongful Act** occurring subsequent to the date the entity ceased to be a **Subsidiary**; or
- (4) by, at the behest of, or on behalf of the **Organization**; provided, however, this Exclusion will not apply to any derivative action brought totally independently of, and without the solicitation, assistance, participation or intervention of, any of the **Insureds**.

Any fact pertaining to or knowledge possessed by any **Individual Insured** will not be imputed to any other **Individual Insured** for the purposes of determining the applicability of Exclusions B. (1) and B. (2).

IV. LIMIT OF LIABILITY AND RETENTION

- A. A Retention in the amount shown in Item 4. of the Declarations Page will be paid by the **Insureds** for each **Claim** as determined under Clause VII.B.. The **Insureds** will pay the Retention amount for **Loss** or **Defense Costs** or a combination of the two, whichever first becomes due, before the **Insurer** will be obligated to make payments under this Policy.
- B. After payment of the Retention, the **Insurer** will pay:
 - (1) **Loss** resulting from each **Claim** up to the Limit of Liability in each **Policy Period**. The amount shown in Item 3. of the Declarations Page will be the maximum aggregate Limit of Liability of the **Insurer** in each **Policy Period** for all **Loss** resulting from all **Claims** made against the **Insureds** during such **Policy Period**, regardless of the number of **Claims**, the number of **Wrongful Acts**, the number of persons or entities bringing **Claims**, or the number of persons or entities who are **Insureds**; and
 - (2) **Defense Costs** resulting from a **Claim**. **Defense Costs** paid by the **Insurer** will not reduce the Limit of Liability in any **Policy Period**. However, the **Insurer** will not be obligated to defend any **Claim** or to pay **Loss** or **Defense Costs** in any **Policy Period** after the Limit of Liability has been exhausted by payment of **Loss**.

V. SETTLEMENTS AND COOPERATION

- A. The **Insurer** has the right to negotiate the settlement of any **Claim**, as it deems expedient, whether within or above the Retention, but will settle the **Claim** only with the **Insured's** consent. If the **Insureds** refuse to consent to any settlement recommended by the **Insurer**, the **Insureds** will thereafter be obligated to negotiate or defend such **Claim** independently of the **Insurer**. Subject to the Limit of Liability, the **Insurer's** liability for such **Claim** is limited to the amount in excess of the Retention that the **Insurer** would have contributed to the settlement had the **Insureds** consented to settlement plus **Defense Costs** covered by the Policy incurred up to the date of such refusal to settle.

The **Insureds** further agree to submit any **Claim** to mediation or binding or non-binding arbitration upon the **Insurer's** request. If the **Insureds** refuse to submit any **Claim** to mediation or binding or non-binding arbitration, the **Insureds** will thereafter be obligated to negotiate or defend such **Claim** independently of the **Insurer**. The **Insurer's** liability for such **Claim** is limited to the **Defense Costs** covered by the Policy incurred up to the date of such refusal to submit such **Claim** to mediation or binding or non-binding arbitration.

The **Insureds** shall not, except at personal cost, make any payment, admit any liability, settle any **Claim**, assume any obligation, or incur any expense without the **Insurer's** written consent. The **Insureds** shall not demand or agree to arbitration of any **Claim** without the written consent of the **Insurer**.

- B. The **Insureds** agree to cooperate with the **Insurer**, and provide such assistance and information as the **Insurer** may reasonably request. Upon the **Insurer's** request, the **Insureds** shall submit to examination and interrogation by a representative of the **Insurer**, under oath if required, and shall attend hearings, depositions and trials and shall assist in the conduct of suits, including but not limited to effecting settlement, securing and giving evidence, obtaining the attendance of witnesses, giving written statements to the **Insurer's** representatives and meeting with such representatives for the purpose of investigation and/or defense, all of the above without charge to the **Insurer**. The **Insureds** further agree not to take any action that may increase the **Insurer's** exposure for **Loss** or **Defense Costs**.

The **Insureds** shall execute all papers required and shall do everything that may be necessary to secure and preserve any rights of indemnity, contribution or apportionment that the **Insureds** may have, including the execution of such documents as are necessary to enable the **Insurer** to bring suit in their name, and shall provide all other assistance and cooperation that the **Insurer** may reasonably require.

VI. NOTIFICATION

- A. If during the **Policy Period** or the Extended Reporting Period, if applicable, any **Claim** is made, the **Insureds** will, as a condition precedent to their rights under this Policy, give the **Insurer** written notice of any such **Claim** as soon as practicable. In no event will notice of any **Claim** given to the **Insurer** more than sixty (60) days after the end of the **Policy Period** or the Extended Reporting Period, if applicable, be considered notice as soon as practicable under this Policy.
- B. If during the **Policy Period** or the Extended Reporting Period, if applicable, the **Insureds** first become aware of a specific **Wrongful Act** and give written notice to the **Insurer** as soon as practicable of:
- (1) the specific **Wrongful Act**;
 - (2) the identity of the potential claimant;
 - (3) any consequences that may result or have resulted; and
 - (4) the circumstances by which the **Insureds** first became aware thereof,

then any **Claim** subsequently made arising out of such **Wrongful Act** will be deemed for the purposes of this Policy to have been made at the time such written notice was given.

VII. GENERAL CONDITIONS

- A. **Representations Clause:**

The **Insureds** represent that the particulars and statements contained in the **Application** are accurate and complete.

The **Insureds** agree that those particulars and statements are representations that the person or persons who signed the **Application** made to the **Insurer** on behalf of all **Insureds**; that the **Application** is deemed to be incorporated into and forms a part of this Policy; that those representations were a material inducement to the **Insurer** to issue this Policy; that the **Insurer** issued this Policy in reliance upon those representations; and that this Policy embodies all agreements existing between the **Insureds** and the **Insurer** or any of its agents relating to this insurance. In the event that any representation in the **Application** is untrue, this Policy will be void and of no effect whatsoever, but only with respect to:

- (1) any **Insured** who had knowledge or information that a representation was untrue; and
- (2) the **Organization**, if the person or persons who signed the **Application** had knowledge or information that a representation was untrue.

B. Interrelationship and Date of Claim Clause:

More than one **Claim** involving the same **Wrongful Act** or **Interrelated Wrongful Acts** of one or more of the **Insureds** will be deemed to constitute a single **Claim** and such single **Claim** will be deemed to have been made at the earlier of the following times:

- (1) the time the earliest of any **Claim** within such single **Claim** was first made; or
- (2) the earliest time that notice was given under any policy of insurance of any **Wrongful Act**, or any fact, circumstance, situation, event or transaction that underlies any **Claim** within such single **Claim**.

C. Cancellation/Nonrenewal Clause:

- (1) The **Insureds** give the **Parent Organization** the exclusive power and authority to cancel this Policy on their behalf. The **Parent Organization** may cancel this Policy by surrendering it to the **Insurer**, or by mailing written notice to the **Insurer** stating when thereafter such cancellation will be effective. The effective date of cancellation stated in the notice will become the end of the **Policy Period**. Delivery of such written notice will be equivalent to mailing.
- (2) This Policy may be canceled by the **Insurer** only for non-payment of the premium. If the **Insurer** cancels for non-payment of the premium, the **Insurer** will mail written notice to the **Parent Organization** stating when, not less than ten (10) days thereafter, such cancellation will be effective.

The mailing of any cancellation notice will be sufficient notice and the effective date of cancellation stated in the notice will be the end of the **Policy Period**. Delivery of such written notice by the **Insurer** will be equivalent to mailing. If the foregoing notice is in conflict with any governing law or regulation, then it will be amended to afford the minimum notice period permitted by law.

- (3) If the **Parent Organization** or the **Insurer** cancels this Policy, the **Insurer** will retain the pro rata proportion of the premium. Payment or tender of any unearned premium by the **Insurer** will not be a condition precedent to the effectiveness of cancellation, but such payment will be made as soon as practicable.
- (4) If the **Insurer** decides not to renew this Policy, the **Insurer** shall provide written notice to the **Parent Organization** at least 60 days prior to the end of the **Policy Period**. The notice shall include the reason for such non-renewal.

D. **Organization Authorization Clause:**

The **Insureds** agree that the **Parent Organization** will act on their behalf with respect to the giving of all notices to the **Insurer** and the receiving of notices from the **Insurer**. The **Parent Organization** will also act for the **Insureds** for the payment of the premiums and the receiving of any return premiums that may become due under this Policy.

VIII. **EXTENDED REPORTING PERIOD**

- A. If the **Insurer** refuses to renew or the **Parent Organization** cancels or chooses not to renew this Policy, then the **Parent Organization** has the right, upon payment of an additional premium calculated at the percentage, set forth below, of the annual premium, to an extension of the coverage granted by this Policy with respect to any **Claim** first made against the **Insureds** during the selected period. The extension of coverage will (1) commence immediately upon the end of the **Policy Period**, and (2) apply only to a **Claim** based upon a **Wrongful Act** committed before the end of the **Policy Period**. This extension period is called the "Extended Reporting Period".

<u>Extended Reporting Period Option</u>	<u>Percentage of Annual Premium</u>
One Year	50%
Two Years	90%
Three Years	125%

- B. The quotation of a different premium and/or Retention and/or Limit of Liability and/or terms and conditions for renewal does not constitute a refusal to renew for the purpose of this provision.
- C. As a condition precedent to the right to purchase the Extended Reporting Period, the total premium for this Policy must have been paid. The right to purchase the Extended Reporting Period will terminate unless written notice is received by the **Insurer** within thirty (30) days after the end of the **Policy Period**, with full payment of the premium for the Extended Reporting Period. If the **Insurer** does not receive proper notice and premium payment, the **Parent Organization** will not be able to exercise the right to purchase the Extended Reporting Period.
- D. If the Extended Reporting Period is purchased, the entire premium is deemed earned at its commencement and the Extended Reporting Period may not be cancelled.
- E. The purchase of the Extended Reporting Period will not in any way increase the Limit of Liability in the Declarations Page, and the Limit of Liability for the Extended Reporting Period will be part of and not in addition to the Limit of Liability as stated in Item 3. of the Declarations Page.

IX. **CHANGE IN CONTROL OF PARENT ORGANIZATION**

If during the **Policy Period**:

- (1) the **Parent Organization** is acquired by, merged into, or substantially all of its assets are consolidated into any other entity; or
- (2) any other organization, person or entity, or group of persons or entities, acting in concert acquires; (a) the ability to control the **Parent Organization's** managerial decisions, or (b) the right to elect or appoint more than 50% of the **Parent Organization's** directors or trustees;

then coverage under this Policy will continue for the balance of the **Policy Period**, but will only apply to a **Claim** based upon a **Wrongful Act** committed prior to any of the events listed in item (1) or (2) above.

The **Parent Organization** will provide written notice of the events listed in item (1) or (2) above as soon as practicable. The **Insurer**, at its sole discretion, may offer alternative coverage options upon receipt of any additional underwriting information required and the **Insured's** payment of any additional premium required by the **Insurer**.

X. SUBROGATION

If the **Insurer** makes any payments under this Policy, the **Insurer** is subrogated to the extent of such payment to all of the **Insureds'** rights of recovery against any person or entity. The **Insureds** shall execute all papers required and will do everything that may be necessary to secure and preserve such rights, including the execution of such documents as are necessary to enable the **Insurer** effectively to sue in their name. The **Insureds** must also provide all other assistance and cooperation that the **Insurer** may reasonably require. Any recoveries will be applied as follows: (1) first, to the **Insurer** up to the amount the **Insurer** has paid for **Loss** and **Defense Costs**; (2) then to the **Insured** as recovery of Retention amounts paid as **Loss** and **Defense Costs**.

XI. ACTION AGAINST INSURER

The **Insureds** may not sue the **Insurer** unless, as a condition precedent, the **Insureds** have fully complied with all of the terms of this Policy. The amount of the **Insureds'** obligation to pay must also have been fully and finally determined either by judgment against them after actual trial or by written agreement between them, the claimant and the **Insurer**. Any person or organization or their legal representative who has secured such judgment or written agreement will be entitled to recover under this Policy to the extent of the insurance afforded by this Policy.

Nothing contained in this Policy will give any person or organization any right to join the **Insurer** as a party to any **Claim** against the **Insureds** to determine their liability. The **Insurer** will not be impleaded by the **Insureds** or their legal representative in any **Claim**.

XII. OTHER INSURANCE

If any **Claim** is insured under any other valid and collectible policy(ies), prior or current, then this Policy will cover such **Claim**, subject to its limitations, conditions, provisions and other terms, only to the extent that the amount of **Loss** or **Defense Costs** is in excess of the amount of such other insurance whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the Limit of Liability provided by this Policy.

XIII. CHANGES

Notice to any agent or knowledge possessed by any agent or other person acting on behalf of the **Insurer** will not waive or change any part of this Policy or estop the **Insurer** from asserting any right under this Policy. The terms of this Policy will not be waived or changed except by written endorsement or rider issued by the **Insurer** to form a part of this Policy.

XIV. ASSIGNMENT OF INTEREST

Assignment of interest under this Policy will not bind the **Insurer** without its consent.

XV. TERRITORY

Coverage under this Policy extends to a **Wrongful Act** committed anywhere in the world, provided that the **Claim** is first brought in the United States of America (including its territories and possessions), Puerto Rico or Canada.

XVI. ENTIRE AGREEMENT

The **Insureds** agree that this Policy embodies all agreements existing between them and the **Insurer** or any of its agents relating to this insurance.

XVII. NOTICES TO THE INSURER

All notices to the **Insurer** provided for in this Policy will be given pursuant to the provisions specified in Item 7. of the Declarations Page.

IN WITNESS WHEREOF, the **Insurer** has caused this Policy to be executed and attested, but this Policy will not be valid unless countersigned by a duly authorized representative of the **Insurer**, to the extent required by applicable law.



Edward B. Rust, Jr., President



Lynne M. Yowell, Secretary

Issued to: SAGEWOOD PROPERTY OWNERS ASSOCIATION
Sagewood Filing 1 & Sagewood 2
Policy Number: PS0000003339304
Endorsement number:
(applicable when the endorsement is not issued with the Policy or takes effect after the effective date of the Policy)

CERTIFIED ACTS OF TERRORISM ENDORSEMENT

In consideration of the premium paid, it is hereby understood and agreed that, with respect to any claim otherwise covered hereunder, this policy shall not exclude any claim based upon, arising out of, or in any way involving any Certified Act of Terrorism.

Certified Act of Terrorism means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The federal Terrorism Risk Insurance Act sets forth the following criteria for a Certified Act of Terrorism:

1. The act resulted in insured losses in excess of \$5 million in the aggregate attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and the Company has met the Company's deductible under the Terrorism Risk Insurance Act, the Company shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such cases insured losses up to that amount are subject to pro rata allocation in accordance with the procedures established by the Secretary of Treasury.

All other terms and conditions of this Policy remain unchanged. This endorsement is a part of the Policy and takes effect on the effective date indicated below.

Effective date of this endorsement:

If this endorsement is issued as part of the Policy on the Effective Date shown in the Declarations Page, then the countersignature on the Declarations Page also applies to this endorsement. If this endorsement is not issued with the Policy or takes effect after the Effective Date of the Policy, an Authorized Representative of the Insurer must countersign in the space below to validate the endorsement.

By: 
Authorized Representative

Issued to: SAGEWOOD PROPERTY OWNERS ASSOCIATION
 Sagewood Filing 1 & Sagewood 2
 Policy Number: PS0000003339304
 Endorsement number:
 (applicable when the endorsement is not issued with the Policy or takes effect after the effective date of the Policy)

COLORADO AMENDATORY ENDORSEMENT

1. Clause VII. GENERAL CONDITIONS is amended by the addition of the following:

E. Right to Claim Information Clause

Once an **Insured** has given notice of a **Claim** during the **Policy Period**, the **Insurer** will provide the **Parent Organization**, within thirty (30) days of its written request, sufficient information about closed and paid **Claims** made against an **Insured**, **Claims** made against an **Insured** for which the **Insurer** has established reserves, and notices of specific **Wrongful Acts** which could give rise to a **Claim** for which the **Insurer** has established reserves, to allow the **Parent Organization** to determine how much of the **Parent Organization's** Aggregate Limit of Liability remains available under the Policy.

2. Clause VIII. EXTENDED REPORTING PERIOD is deleted and replaced by the following:

VIII. EXTENDED REPORTING PERIOD

A. If the **Insurer** cancels or refuses to renew this Policy or if the **Parent Organization** cancels or chooses not to renew this Policy, then the **Parent Organization** has the right, upon payment of an additional premium calculated at the percentage, set forth below, of the annual premium, to an extension of the coverage granted by this Policy with respect to any **Claim** first made against the **Insureds** during the selected period. The extension of coverage will:

- (1) commence immediately upon the end of the **Policy Period**, and
- (2) apply only to a **Claim** based upon a **Wrongful Act** committed before the end of the **Policy Period**.

This extension period is called the "Extended Reporting Period".

<u>Extended Reporting Period Option</u>	<u>Percentage of Annual Premium</u>
One Year	50%
Two Years	90%
Three Years	125%

B. The quotation of a different premium and/or Retention and/or Limit of Liability and/or terms and conditions for renewal does not constitute a refusal to renew for the purpose of this provision.


C. The right to purchase the Extended Reporting Period will terminate unless written notice is received by the **Insurer** within sixty (60) days after the end of the **Policy Period**, with full payment of the premium for the Extended Reporting Period. If the **Insurer** does not receive proper notice and premium payment, the **Parent Organization** will not be able to exercise the right to purchase the Extended Reporting Period.

- D. If the Extended Reporting Period is purchased, the entire premium is deemed earned at its commencement and the Extended Reporting Period may not be cancelled.
- E. The purchase of the Extended Reporting Period will not in any way increase the Limit of Liability in the Declarations Page, and the Limit of Liability for the Extended Reporting Period will be part of, and not in addition to, the Limit of Liability as stated in Item 3. of the Declarations Page.

All other terms and conditions of this Policy remain unchanged. This endorsement is a part of the Policy and takes effect on the effective date indicated below.

Effective date of this endorsement: December 18, 2011

If this endorsement is issued as part of the Policy on the Effective Date shown in the Declarations Page, then the countersignature on the Declarations Page also applies to this endorsement. If this endorsement is not issued with the Policy or takes effect after the Effective Date of the Policy, an Authorized Representative of the Insurer must countersign in the space below to validate the endorsement.

By: 
Authorized Representative

Issued to: SAGEWOOD PROPERTY OWNERS ASSOCIATION
Sagewood Filing 1 & Sagewood 2
Policy Number: PS0000003339304

Endorsement number:

(applicable when the endorsement is not issued with the Policy or takes effect after the effective date of the Policy)

CONDOMINIUM AND HOMEOWNER ASSOCIATION ENDORSEMENT

In consideration of the premium paid, it is understood and agreed that:

(1) Clause II, Definitions L. is amended to read as follows:

L. **“Loss”** means the amount that the **Insureds** become legally obligated to pay as damages or settlements, including but not limited to back pay and front pay. **Loss** also includes punitive, exemplary or multiple damages if insurable under the law pursuant to which this Policy is construed. **Loss** does not include:

- (1) civil or criminal fines, penalties imposed by law, or taxes;
- (2) compensation earned in the course of employment but not paid by the **Organization**;
- (3) any damages, costs, or expenses incurred by the **Organization** in making physical changes, modifications, alterations, or improvements as part of an accommodation of any disabled person pursuant to the Americans With Disabilities Act of 1990 (ADA) or any similar federal, state, or local law;
- (4) any liability or costs incurred in connection with any educational, sensitivity, or other program, policy or seminar relating to a **Claim** alleging a **Wrongful Employment Practice**;
- (5) matters deemed uninsurable under the law pursuant to which this Policy will be construed; or
- (6) the cost, other than **Defense Costs**, of any non-monetary relief, including without limitation any costs associated with compliance with any injunctive relief of any kind or nature imposed by any judgment or settlement.

(2) Clause II, Definitions is amended by the addition of the following:

T. **Construction Defect** means any alleged or actual defective, faulty or delayed construction or any other matter recognized as a construction defect under applicable common or statutory law, whether or not as a result of (i) faulty or incorrect design or architectural plans, (ii) improper soil testing, (iii) inadequate or insufficient protection from subsoil, ground water or earth movement or subsidence, (iv) the construction, manufacture or assembly of any tangible property, (v) the failure to provide construction related goods or services as represented or to pay for such goods or services, or (vi) the supervision of such activities.

(3) Clause III, Exclusions A. (1), is amended to read as follows:

- (a) any actual or alleged bodily injury, sickness, mental anguish, emotional distress, disease or death of any person; provided, however, this Exclusion will not apply to mental anguish or emotional distress alleged in any **Claim for Personal Injury, Discrimination Against a Third Party or Wrongful Employment Practice**;
- (b) any actual or alleged damage to or destruction of any tangible property, including loss of use of that property or loss of use of property that is not physically injured, or failure to supervise, repair or maintain tangible property. However, this exclusion shall not apply to that part of **Loss** which constitutes **Defense Costs** in **Claims** for (a) decisions by the **Individual Insureds** to impose assessments upon residents, unit owners or members of the **Organization**; or (b) decisions of the **Individual Insureds** in approving or rejecting the request to make physical changes to the tangible property of the **Organization**, but in no event decisions relating to the execution or quality of such physical changes; or
- (c) any **Construction Defect**. However, this exclusion shall not apply to that part of **Loss** that constitutes **Defense Costs** in **Claims** arising out of the failure of the **Insured** to institute any legal action against the developer or any other person for any **Construction Defect**;

(4) Clause III, Exclusions A. are amended by the addition of the following:

- (6) a lockout, strike, picket line, replacement or other similar actions resulting from labor disputes or labor negotiations, or the Workers' Adjustment and Retraining Notification Act, Public Law 100-379 (1988), or any amendment thereto, or any similar federal, state, local or common law;
- (7) any actual or alleged failure to effect, maintain or procure any insurance or bond, including any actual or alleged failure to obtain proper amounts, forms, conditions or provisions of any insurance or bond; or
- (8) any actual or alleged Fungi or Microbes or any actual or alleged Fungi or Microbe related injury or damage, including, but not limited to:
 - (a) the actual or alleged existence, detection, discharge, dispersal, release of fungi or microbes or particles containing fungi or microbes, on any property or in any environment, building or structure;
 - (b) the cleanup, removal, disposal, abatement, remediation, testing, monitoring, containment, treatment, detoxification or neutralization of any fungi or microbes;
 - (c) any actual or alleged bodily injury, sickness, mental anguish, emotional distress, disease or death of any person from the actual or alleged exposure to or inhalation of any Fungi or Microbes; or
 - (d) any actual or alleged damage to or destruction of any tangible property including loss of use of that property or loss of use of property that is not physically injured.

For purposes of this endorsement, "Fungi" means all types or forms of fungus, including but not limited to mildew and mold, and any mycotoxins, allergens, spores, scents or byproducts produced or released by any fungus.


For purposes of this endorsement, Microbe(s) means any non-fungal microorganism or non-fungal colony-form organism including but not limited to any mycotoxins, allergens, spores, scents or byproducts produced or released by any microbes.

- (5) Clause III, Exclusions B. are amended by the addition of the following:
- (5) made against any of the **Insureds** in their capacity as a sponsor, builder or developer of any real property, or based upon, directly or indirectly arising out of, or in any way involving any actual or alleged misconduct of a sponsor, builder or developer of any real property, including but not limited to actual or alleged conflict of interest, self-dealing, or disputes concerning conversion, construction or development.

All other terms and conditions of this Policy remain unchanged. This endorsement is a part of the Policy and takes effect on the effective date indicated below.

Effective date of this endorsement: December 18, 2011

If this endorsement is issued as part of the Policy on the Effective Date shown in the Declarations Page, then the countersignature on the Declarations Page also applies to this endorsement. If this endorsement is not issued with the Policy or takes effect after the Effective Date of the Policy, an Authorized Representative of the Insurer must countersign in the space below to validate the endorsement.

By: 
Authorized Representative

Issued to: SAGEWOOD PROPERTY OWNERS ASSOCIATION
Sagewood Filing 1 & Sagewood 2
Policy Number: PS0000003339304
Endorsement number:
(applicable when the endorsement is not issued with the Policy or takes effect after the effective date of the Policy)

PROPERTY MANAGER ENDORSEMENT

In consideration of the premium paid, it is understood and agreed that:

- (1) Clause II, Definitions is amended by the addition of the following definition:
 - U. **“Property Manager”** means any person or entity providing management and oversight of commercial or residential property for and at the direction of the **Organization** for a fee, including the following services:
 - (1) development and implementation of management plans and budgets for the **Organization’s** property;
 - (2) oversight and physical maintenance of the **Organization’s** property;
 - (3) solicitation, evaluation and securing tenants and management of tenant relations, collection of rent, and processing evictions with respect to the **Organization’s** property;
 - (4) feasibility studies and recommendations regarding maintenance, repairs, renovations or alterations of property of the **Organization**, provided such maintenance, repairs, renovations or alterations do not involve, in whole or in part, the services of an architect; and
 - (5) personnel administration and record-keeping in connection with managing the **Organization’s** property.
- (2) Clause II, Definitions I. is amended to read as follows:
 - I. **“Insured”** or **“Insureds”** means, individually or collectively as the case may be:
 - (1) the **Organization**;
 - (2) the **Individual Insureds**; and
 - (3) any **Property Manager**, but solely for **Claims** arising out of its **Wrongful Acts**, or the **Wrongful Acts** of another **Insured** for which the **Property Manager** is vicariously liable.

- (3) Solely with respect to coverage provided in this endorsement to the **Property Manager**, Clause II, Definitions R., **Wrongful Act**, is amended to read as follows:
- R. **“Wrongful Act”** means any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty, or actual or alleged false arrest, wrongful detention or imprisonment, malicious prosecution, wrongful entry or eviction, a **Wrongful Employment Practice** or **Discrimination Against a Third Party** by the **Property Manager** but solely (i) in the capacity of providing services as such for the **Organization**, and (ii) where acting at the specific direction of such **Organization**. **Wrongful Act** does not include any actual or alleged conduct of **Property Manager** (i) in the discharge of its duties as such for any entity other than the **Organization** or (ii) toward its own employees.
- (4) Clause III, Exclusions A., is amended by the addition of the following, but solely with respect to a **Claim** against a **Property Manager**:
- (9) commingling, misappropriation or improper use of, or failure to pay, collect or safeguard funds;
 - (10) advice as to property value;
 - (11) the transfer or failure to transfer funds;
 - (12) notarization, certification or acknowledgment of a signature;
 - (13) **Wrongful Acts** or **Interrelated Wrongful Acts** where all or any part of such acts were committed, attempted, or allegedly committed or attempted prior to the date on which such **Property Manager** commenced providing those services as specified in the definition of **Property Manager**.
- (5) Clause III, Exclusions B., is amended by the addition of the following, but solely with respect to a **Claim** against a **Property Manager**:
- (6) brought or maintained by or on behalf of:
 - (a) the **Property Manager**;
 - (b) the **Organization**; or
 - (c) the **Individual Insureds** except for a **Claim** for a **Wrongful Employment Practice**.
- (6) Section B. of Clause IV, Limit of Liability and Retention, is amended by the addition of the following:
- (3) If any **Loss** on account of any **Claim** against the **Property Manager**, or any **Wrongful Act** or **Interrelated Wrongful Acts** by a **Property Manager** is insured under two or more policies issued by the **Insurer** or any affiliate thereof, only the policy with the greatest limit of liability shall apply, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the Limit of Liability provided by this Policy.

All other terms and conditions of this Policy remain unchanged. This endorsement is a part of the Policy and takes effect on the effective date indicated below.

Effective date of this endorsement: December 18, 2011

If this endorsement is issued as part of the Policy on the Effective Date shown in the Declarations Page, then the countersignature on the Declarations Page also applies to this endorsement. If this endorsement is not issued with the Policy or takes effect after the Effective Date of the Policy, an Authorized Representative of the Insurer must countersign in the space below to validate the endorsement.

By: _____


Authorized Representative