



**Declaration for
Non-Profit Organization
Executive Protection and
Employment Practices Liability
Insurance Policy**

580 WALNUT STREET, CINCINNATI, OHIO 45202

Insurance is afforded by the company indicated below: (Each a capital stock corporation)

- X Great American Insurance Company
- American National Fire Insurance Company
- Agricultural Insurance Company
- Other _____

Policy Number: EPP7513676 - 0

Policy Form Number: D 9100

- Item 1. Name of **Organization: Sagewood Property Owners Association**
Mailing Address: **c/o Western Slope Mgmt, Inc**
4991 S Boston St.
City, State, ZipCode: **Englewood, CO 80111**
- Item 2. **Policy Period: From 11/1/2006 To 11/1/2007**
(Month, Day, Year) (Month, Day, Year)
(both dates at 12:01 a.m. Standard Time at the address of the **Organization** as stated in Item 1)
- Item 3. Limit of Liability:
\$1,000,000 Aggregate Limit of Liability for Each **Policy Year**
- Item 4. Retention:
\$5,000 Each **Claim**
- Item 5. Premium:
\$707.00
- Item 6. Endorsements Attached:
Non-Profit Organization Executive Protection and Employment Practices Liability Insurance Policy D 9100 (12/99)
Property Managers Endorsement D 9718 (01/97)
Elite Coverage Amendments D 9718.012 (01/97)
Punitive Damage Endorsement D 9713-2 (01/97)
Terrorism Coverage Endorsement D 9876 (12/02)
Terrorism Coverage Premium Disclosure D 9800-1(02/03)
General Limitation Of Coverage Endorsement D 9500 1-2 (01/97)
Colorado Amendatory Endorsement D 9326 (01/97)
Colorado Disclosure Form - Claims Made Policy D9503 (01/97)
- Item 7. Notices: All notices required to be given to the Insurer under this Policy shall be addressed to:
Great American Insurance Companies
Executive Liability Division
P.O. Box 66943
Chicago, Illinois 60666
- Item 8. Initial Coverage Date: **11/1/2006**

These Declarations along with the completed and signed Proposal Form and Non-Profit Organization Executive Protection and Employment Practices Liability Insurance Policy, shall constitute the contract between the **Insureds** and the **Insurer**.

NOT REQUIRED
(Authorized Representative)

NOT REQUIRED
(Countersignature Date)

D 9102 (3/97)



**Non-Profit Organization
Executive Protection and
Employment Practices
Liability Insurance Policy**

GENERAL LIMITATIONS OF COVERAGE

It is understood and agreed that this Policy does not apply to any **Claim** made against any **Insured** based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving:

any Wrongful Act or any fact, matter, circumstance, situation, transaction, casualty, event or decision, known by any **Insured Person** prior to the Initial Coverage Date listed in Item 8 of the Declarations Page which would indicate the probability of such **Claim** being made.

It is further understood and agreed that this exclusion shall only apply to the **Organization**, its **Subsidiaries** and those **Insured Persons** having such knowledge.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

Insured: **Sagewood Property Owners Association**

Policy Period: **11/1/2006 To 11/1/2007**

Policy Number: EPP7513676-0

Countersigned by: Not Required
Authorized Representative

Endorsement Effective Date: 11/1/2006

Form D 9500-1 (01/97)

Endorsement Number:



**Non-Profit Organization
Executive Protection and
Employment Practices
Liability Insurance Policy**

GENERAL LIMITATIONS OF COVERAGE

It is understood and agreed that this Policy does not apply to any **Claim** made against any **Insured** based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving:

- 1) actual, alleged or threatened:
 - (a) inhalation of, ingestion of, contact with, or exposure to any **Fungi** or bacteria; or
 - (b) existence of or presence of any **Fungi** or bacteria on or within a building or structure including its contents, regardless of whether any other cause, event, material, or product contributed concurrently or in any sequence to any injury or damage; or
- (2) any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating, disposing of, or in any way responding to, or assessing the effects of **Fungi** or bacteria by any **Insured** or by any other person or entity.

For the purposes of this endorsement the term **Fungi** means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents, or byproducts produced or released by fungi.
- (3) any actual or alleged liability of an **Insured**, in whole or in part, including but not limited to cross claims, cross claims or third party claims for contribution or indemnity, related to or for **Construction Defect(s)**.

For the purposes of this endorsement the term **Construction Defect(s)** means any actual or alleged defective, faulty or delayed construction or any other matter constituting a construction defect under applicable law regardless of whether it results from:

 - (a) defective or incorrect architectural plans or other designs,
 - (b) defective or improper soil testing,
 - (c) defective, inadequate or insufficient protection from subsoil or earth movement or subsidence,
 - (d) construction, manufacture or assembly of any tangible property,
 - (e) the failure to provide or pay for any construction-related goods or services, or
 - (f) the supervision or management of any construction-related activities.
- (4) any actual or alleged liability of an **Insured**, in whole or in part, in the capacity as a builder or developer, or in the capacity of a sponsor of the **Organization**, or of an **Insured** affiliated with such a builder, developer or sponsor, and which is related to actual or alleged misconduct on the part of such builder, developer or sponsor, including but not limited to actual or alleged conflict of interest, self-dealing, or disputes concerning conversion, construction or development.
- (5) actual or alleged noise or interference with quiet enjoyment

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

Insured: **Sagewood Property Owners Association**

Policy Period: **11/1/2006 To 11/1/2007**

Policy Number: EPP7513676-0

Countersigned by: Not Required
Authorized Representative

Endorsement Effective Date: 11/1/2006



**Non-Profit Organization
Executive Protection and
Employment Practices
Liability Insurance Policy**

COLORADO STATE AMENDATORY

In compliance with the insurance regulations of the state of Colorado, the following Sections of the Policy are amended as follows:

Section II(C) If this Policy is not renewed or cancelled by the **Organization**, the **Organization** may purchase a **Discovery Period** of twelve (12) months from the end of the **Policy Period**, provided that the **Organization** pays the **Insurer** an additional amount equal to forty percent (40%) of the annual premium of this Policy within sixty (60) days of the end of the **Policy Period**. The **Organization** shall have no right to purchase this **Discovery Period** at any later date.

Section V(C) It is understood and agreed that the following sentence is deleted from Section V(C): If **Costs of Defense** are incurred by the **Insured** with the **Insurer's** consent, such **Costs of Defense** shall be considered **Loss** and thus shall be subject to the Limit of Liability.

Section VIII. General Conditions

Upon request by the **Organization** and within thirty (30) days thereafter, the **Insurer** shall furnish sufficient information relating to closed or paid **Claims, Claims** for which the **Insurer** has established reserves, and notices of **Wrongful Acts** received by the **Insurer** which may give rise to **Claims**, to allow the **Insured** to determine the amount of aggregate coverage remaining under this Policy.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

Insured: **Sagewood Property Owners Association**

Policy Period: **11/1/2006 To 11/1/2007**

Policy Number: EPP7513676-0

Countersigned by: Not Required Endorsement Effective Date: 11/1/2006



**Non-Profit Organization
Executive Protection and
Employment Practices
Liability Insurance Policy**

DISCLOSURE FORM CLAIMS-MADE POLICY

IMPORTANT NOTICE TO POLICYHOLDER

THIS DISCLOSURE FORM IS NOT YOUR POLICY. IT DESCRIBES SOME OF THE MAJOR FEATURES OF OUR CLAIMS-MADE POLICY FORM. READ YOUR POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES, AND WHAT IS AND IS NOT COVERED. ONLY THE PROVISIONS OF YOUR POLICY DETERMINE THE SCOPE OF YOUR INSURANCE PROTECTION.

DEFINITIONS

1. "Claims-made coverage" means an insurance policy that provides coverage only if a claim is made during the policy period or any applicable extended reporting period. A claim made during the policy period could be charged against a claims-made policy even if the injury or loss occurred many years prior to the policy period. If a claims-made policy has a retroactive date, an occurrence prior to that date is not covered.
2. "Extended reporting period" means a period allowing for making claims after expiration of a claims-made policy. This is also known as a "tail".
3. "Occurrence coverage" means an insurance policy that provides liability coverage only for injury or damage that occurs during the policy terms, regardless of when the claim is actually made. A claim in the current policy year could be charged against a prior policy year, or may not be covered, if it arises from an occurrence prior to the effective date.
4. "Retroactive date" means the date on a claims-made policy which denotes the commencement date of coverage under the policy.

YOUR POLICY

Your policy is a claims-made policy. It provides coverage only for injury or damage occurring after the policy retroactive date (if any) shown on your policy and the incident is reported to your insurer prior to the end of the policy period. Upon termination of your claims-made policy an extended reporting period option is available from your insurer.

Insured: **Sagewood Property Owners Association**

Policy Period: **11/1/2006 To 11/1/2007**

Policy Number: EPP7513676-0

Countersigned by: Not Required Endorsement Effective Date: **11/1/2006**



**Non-Profit Organization
Executive Protection and
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Liability Insurance Policy**

DISCLOSURE FORM CLAIMS-MADE POLICY

There is no difference in the kind of injury or damage covered by occurrence or claims-made policies. Claims for damages may be assigned to different policy periods, depending on which type policy you have.

If you make a claim under your claims-made policy, the claim must be a demand for damages by an injured party and does not have to be in writing. Under most circumstances, a claim is considered made when it is received and recorded by you or by us. Sometimes, a claim may be deemed made at an earlier time. This can happen when another claim for the same injury or damage has already been made, or when the claim is received and recorded during an extended reporting period.

PRINCIPAL BENEFITS

This policy provides for coverage for the Non-Profit Organization, its Subsidiaries and their Insured Persons for Loss from Wrongful Acts claimed against them up to the maximum dollar limit specified in the policy.

The principal benefits and coverages are explained in detail in your claims-made policy. Please read them carefully and consult your insurance producer about any questions you might have.

RENEWAL AND EXTENDED REPORTING PERIODS

Your claims-made policy has some unique features relating to renewal, extended reporting periods and coverage for events with long periods of potential liability exposure.

If there is a retroactive date in your policy, no event occurrence prior to that date will be covered under the policy even if reported during the policy period. It is therefore important for you to be certain that there are no gaps in your insurance coverage. These gaps can occur in several ways. Among the most common are:

1. If your switch from an occurrence policy to a claims-made policy, the retroactive date in your claims-made policy should be no later than the expiration date of the occurrence policy.
2. When replacing a claims-made policy with a claims-made policy, you should consider the following:
 - a. The retroactive date in the replacement policy should extend far enough back in time to cover events with long periods of liability exposure, or
 - b. If the retroactive date in the replacement policy does not extend far enough back in time to cover events with long periods of liability exposure, you should consider purchasing extended reporting period coverage under the old claims-made policy.



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DISCLOSURE FORM CLAIMS-MADE POLICY

3. If you replace this claims-made policy with an occurrence policy, you may not have insurance coverage for a claim arising during the period of claims-made coverage unless you have purchased and extended reporting period under the claims-made policy. Extended reporting period coverage must be offered to you by law for at least one year after the expiration of the claims-made policy at a premium not to exceed 200% of your last policy premium.

CAREFULLY REVIEW YOUR POLICY REGARDING THE AVAILABLE EXTENDED REPORTING PERIOD COVERAGE, INCLUDING THE LENGTH OF COVERAGE, THE PRICE AND THE TIME PERIOD DURING WHICH YOU MUST PURCHASE OR ACCEPT ANY OFFER FOR EXTENDED COVERAGE.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.



THE DISTINGUISHED PROGRAMS GROUP L.L.C.

6 East 43rd Street, New York, NY 10017-4609 (212) 297-3100 Toll Free (888) 355-4626 Fax: (212) 297-3130

Nov 30, 2006

**Re: Directors & Officers Liability
Policy # EPP7513676**

Dear Insured:

Please be advised that the cost of insurance coverage provided herein includes a \$50 fee to a wholesale intermediary (The Distinguished Programs Group) in addition to the premium charges.

We are happy to have been of service.



**Non-Profit Organization
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Employment Practices
Liability Insurance Policy**

AMENDMENT TO SECTION VIII

It is understood and agreed that Section VIII of the Policy is hereby amended as follows:

L. Addition of **Property Manager** as an **Insured** is hereby added to the Policy.

(1) **Section III. B.** is deleted and replaced with the following:

B. "Insured" shall mean the **Organization** and any **Subsidiary** and all **Insured Persons**. **Insured** shall also mean any **Property Manager**, but only if such **Property Manager** is acting pursuant to the written authority granted by the **Organization** or on behalf of and at the direction of the **Organization** or any **Subsidiary**.

(2) **Section III. C.** is deleted and replaced with the following:

C. "Insured Persons" shall mean all persons who were, now are, or shall be directors, trustees, officers, employees, volunteers or staff members of the **Organization** or its **Subsidiaries**, including any executive board members and committee members whether salaried or not. It shall also mean all persons who were, now are, or shall be directors, trustees, officers, employees, volunteers or staff members of any **Property Manager**, but only if such persons are acting within the scope of their employment with the **Property Manager** and on behalf of the **Organization** or any **Subsidiary**.

(3) **Section III. Definitions** is amended by the addition of the following:

M. "Property Manager" shall mean any entity providing real estate property management services to the **Organization** or any **Subsidiary** pursuant to a written contract.

With respect to the coverage provided to any **Property Manager** and its directors, trustees, officers, employees, volunteers or staff members by this endorsement and notwithstanding Section IV.D of the Policy:

Section IV. is amended by the addition of the following:

K. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving any **Employment Practices Wrongful Act** alleged by or on behalf of an employee of the **Property Manager**.

Insured: **Sagewood Property Owners Association**

Policy Period: **11/1/2006 To 11/1/2007**

Policy Number: EPP7513676-0

Countersigned by: Not Required
Authorized Representative

Endorsement Effective Date: 11/1/2006

Form D 9718 (01/97)

Endorsement Number:



**Non-Profit Organization
Executive Protection and
Employment Practices
Liability Insurance Policy**

AMENDMENT TO SECTION VIII

It is understood and agreed that Section VIII of the Policy is hereby amended as follows:

Section VIII. Elite Coverage Amendments

It is understood and agreed that the following changes are made to the Policy:

1. Section III.C. of the Policy is amended with the addition of the following:

C. "Insured Persons" shall also mean the lawful spouses, estates, heirs, legal representatives or assigns, in the event of their death, incapacity or bankruptcy, of all **Insured Persons** but only for **Claims** arising out of any actual or alleged **Wrongful Act(s)** of any **Insured Persons**.

2. Section III. D. of the Policy is deleted and replaced with the following wording:

D. "Subsidiary" shall mean: (1) any entity which qualifies as a not-for-profit organization under the Internal Revenue Code, other than a political committee organized pursuant to Section 432 of the Federal Election Campaign Act of 1971 (and amendments thereto), and for which the **Organization** controls the right to elect or appoint more than fifty percent (50%) of the Board of Directors or other governing body of such entity; (2) any similar not-for-profit organization which was subsequently created or acquired by the **Organization** after the inception date of this Policy, if the entity's total assets do not exceed twenty-five percent (25%) of the total consolidated assets of the **Organization** as of the inception date of this Policy; or (3) any other entity added as a **Subsidiary** by written endorsement to this Policy. Coverage shall apply to a **Subsidiary** only for **Wrongful Acts** committed during the time such entity so qualified as a **Subsidiary**.

3. Section III.E. of the Policy is amended with the addition of the following:

E. "Wrongful Act" shall also mean any matter claimed against any **Insured Persons** solely by reason of their status with the **Organization**.

Insured: **Sagewood Property Owners Association**

Policy Period: **11/1/2006 To 11/1/2007**

Policy Number: **EPP7513676-0**

Countersigned by: **Not Required**
Authorized Representative

Endorsement Effective Date: **11/1/2006**

Form D9718.012 (01/97)

Endorsement Number:



**Non-Profit Organization
Executive Protection and
Employment Practices
Liability Insurance Policy**

AMENDMENT TO SECTION VIII

4. Section III.G. of the Policy is amended with the addition of the following:

G. "Loss" shall also mean any 10% "excess benefit" tax assessed by the Internal Revenue Service against any **Insured Person** pursuant to 26 USC Section 4958 (a)(2) for participation by management in an excess benefit transaction.

"Loss" shall not include any 25% "excess benefit" tax assessed by the Internal Revenue Service against any **Insured Person** as a "disqualified person" or any 200% "excess benefit" tax for failure to correct the award of the "excess benefit" pursuant to 26 USC Sections 4958 (a)(1) and (b), respectively.

For purposes of this endorsement, "disqualified person", "excess benefit" and "excess benefit transaction" shall be defined as those terms are defined in Section 4958 of the Internal Revenue Code.

5. Section IV.A. is hereby deleted and replaced with the following:

A. brought about or contributed to by: (1) any **Insured** gaining any profit, advantage or remuneration to which the **Insured** was not legally entitled; or (2) the fraudulent, dishonest or criminal acts of any **Insured**; provided, however, this exclusion shall only apply if it is finally adjudicated that such conduct in fact occurred; and the **Wrongful Act** of an **Insured Person** shall not be imputed to any other **Insured Person** for the purpose of determining the applicability of this exclusion;

6. Section IV.B. is hereby deleted and replaced with the following:

B. to the extent it is insured under any other valid and collectible policy or policies, whether such insurance is stated to be primary, contributory, excess, contingent or otherwise, and regardless of whether or not any **Loss** in connection with such **Claim** is recoverable under such other policy or policies; provided, however, this exclusion shall not apply to the amount of **Loss** which is in excess of the amount of any deductible or retention amounts and the limit of liability of such other policy or policies where such **Claim** is otherwise covered by the terms and conditions of this Policy;

7. Section IV.E. is hereby deleted and replaced with the following:

E. for any actual or alleged violation of the Employment Retirement Income Security Act of 1974 (or any regulations promulgated thereunder) or similar provision of any statutory or common law;



**Non-Profit Organization
Executive Protection and
Employment Practices
Liability Insurance Policy**

AMENDMENT TO SECTION VIII

8. Section VI.B. is deleted and replaced with the following:

B. The **Insurer** has the right to investigate and settle any **Claim**, as it deems expedient. In the event the **Insurer** recommends a settlement and the **Insured** refuses to consent thereto, the **Insurer's** liability for such **Claim** is limited to the amount in excess of the Retention which the **Insurer** would have contributed to the settlement had the **Insured** consented to settlement, the **Costs of Defense** covered by the Policy and incurred prior to the date of such refusal to settle, and 70 percent (70%) of any additional covered **Loss**, including **Costs of Defense**, incurred subsequent to such refusal and subject to the Limit of Liability.

In the event the **Insured** refuses to consent to a settlement as contemplated above then Section V.C. of the Policy is hereby deleted and replaced with the following:

C. **Costs of Defense** incurred by the **Insurer** shall be in addition to the Limit of Liability, and such **Costs of Defense** shall be subject to the Retention amount. If **Costs of Defense** are incurred by the **Insured** with the **Insurer's** consent, such **Costs of Defense** shall be considered **Loss** and thus shall be subject to the Limit of Liability and Retentions

9. It is understood and agreed that Section VII.A. is deleted and replaced with the following:

A. The **Insureds** shall, as a condition precedent of their rights under this Policy, give the Insurer notice in writing of any **Claim** made, as soon as practicable from the date the Chairman, President, Executive Director, Chief Financial Officer, General Counsel or equivalent has knowledge of the **Claim**, and in no event later than ninety (90) days after the end of the **Policy Period**.

10. It is understood and agreed that Section VIII.A.(2) is deleted and replaced with the following:

(2) This Policy may only be cancelled by the **Insurer** if the **Organization** does not pay the premium when due.

11. It is understood and agreed that Section VIII. is amended by the addition of the following:

VIII. M. Territory

The insurance provided by this Policy applies to **Wrongful Acts** anywhere in the world, provided that a **Claim** is brought against the **Insured** within the United States of America, its territories or possessions or Canada.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.



**Non-Profit Organization
Executive Protection and
Employment Practices
Liability Insurance Policy**

AMENDMENT TO SECTION III

It is understood and agreed that Section III of the Policy is hereby amended as follows:

Section III.G. is deleted in its entirety and replaced with the following:

G. Loss shall mean settlements and judgments, including punitive or exemplary damages or the multiple portion of any multiplied damage award, and subject to the provisions of Section V and VI, **Costs of Defense** incurred by the **Insured**, provided always, however, **Loss** shall not include taxes, criminal or civil fines or penalties imposed by law, or any matter which may be deemed uninsurable under the law pursuant to which this Policy shall be construed. It is understood and agreed that the enforceability of the foregoing coverage shall be governed by such applicable law which most favors coverage for punitive or exemplary damages or the multiple portion of any multiplied damage award.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

Insured: **Sagewood Property Owners Association**

Policy Period: 11/1/2006 To 11/1/2007

Policy Number: EPP7513676-0

Countersigned by: Not Required
Authorized Representative

Endorsement Effective Date: 11/1/2006

Form D 9713-2 (01/97)

Endorsement Number:



**Non-Profit Organization
Executive Protection and
Employment Practices
Liability Insurance Policy**

COVERAGE FOR ACTS OF TERRORISM

It is understood and agreed that Section VIII. General Conditions of the Policy is hereby amended by the addition of the following:

Section VIII. General Conditions

K. **Act of Terrorism Coverage**

Subject to all other terms and conditions of this Policy, coverage is available for Loss caused by an Act of Terrorism as defined below.

“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 –

- (i) to be an act of terrorism;
- (ii) to be a violent act or an act that is dangerous to –
 - (I) human life;
 - (II) property; or
 - (III) infrastructure;
- (iii) to have resulted in damage within the United States, or outside of the United States in the case of -
 - (I) an air carrier or vessel described in Section (5)(B) of the Terrorism Risk Insurance Act of 2002; or
 - (II) the premises of a United States mission; and
- (iv) to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, 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.

With respect to any one or more Acts of Terrorism under the Terrorism Risk Insurance Act of 2002, we will not pay any amounts for which we are not responsible under the terms of that Act (including subsequent action of Congress pursuant to the Act) due to the application of any clause which results in a cap on our liability for payments for terrorism losses.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

Insured: **Sagewood Property Owners Association**

Policy Period: **11/1/2006 To 11/1/2007**

Policy Number: **EPP7513676-0**

Countersigned by: Not Required
Authorized Representative

Endorsement Effective Date: **11/1/2006**

Form D 9876 (12/02)

Endorsement Number:



**Non-Profit Organization
Executive Protection and
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AMENDMENT TO DECLARATIONS PAGE

It is understood and agreed that the Declarations is hereby amended by the addition of the following:

Item 9. Acts of Terrorism Premium: \$ 0.00

It is further understood and agreed form TA0001 Policyholder Disclosure Offer of Terrorism Coverage is attached to and is to be considered as incorporated in and constituting a part of this Policy.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

Insured: **Sagewood Property Owners Association**

Policy Period: 11/1/2006 To 11/1/2007

Policy Number: EPP7513676-0

Countersigned by: Not Required
Authorized Representative

Endorsement Effective Date: 11/1/2006

Form D 9800-1 (02/03)

Endorsement Number:



**Non-Profit Organization
Executive Protection and
Employment Practices
Liability Insurance Policy**

GENERAL LIMITATIONS OF COVERAGE

It is understood and agreed that this Policy does not apply to any **Claim** made against any **Insured** based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving:

any **Wrongful Act** or any fact, matter, circumstance, situation, transaction, casualty, event or decision, known by any **Insured Person** prior to the Initial Coverage Date listed in Item 8 of the Declarations Page which would indicate the probability of such **Claim** being made.

It is further understood and agreed that this exclusion shall only apply to the **Organization**, its **Subsidiaries** and those **Insured Persons** having such knowledge.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

Insured: **Sagewood Property Owners Association**

Policy Period: **11/1/2006 To 11/1/2007**

Policy Number: EPP7513676-0

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Endorsement Effective Date: **11/1/2006**

Form D 9500-1 (01/97)

Endorsement Number:



**Non-Profit Organization
Executive Protection and
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Liability Insurance Policy**

GENERAL LIMITATIONS OF COVERAGE

It is understood and agreed that this Policy does not apply to any **Claim** made against any **Insured** based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving:

- 1) actual, alleged or threatened:
 - (a) inhalation of, ingestion of, contact with, or exposure to any **Fungi** or bacteria; or
 - (b) existence of or presence of any **Fungi** or bacteria on or within a building or structure including its contents, regardless of whether any other cause, event, material, or product contributed concurrently or in any sequence to any injury or damage; or
- (2) any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating, disposing of, or in any way responding to, or assessing the effects of **Fungi** or bacteria by any **Insured** or by any other person or entity.

For the purposes of this endorsement the term **Fungi** means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents, or byproducts produced or released by fungi.
- (3) any actual or alleged liability of an **Insured**, in whole or in part, including but not limited to cross claims, cross claims or third party claims for contribution or indemnity, related to or for **Construction Defect(s)**.

For the purposes of this endorsement the term **Construction Defect(s)** means any actual or alleged defective, faulty or delayed construction or any other matter constituting a construction defect under applicable law regardless of whether it results from:

 - (a) defective or incorrect architectural plans or other designs,
 - (b) defective or improper soil testing,
 - (c) defective, inadequate or insufficient protection from subsoil or earth movement or subsidence,
 - (d) construction, manufacture or assembly of any tangible property,
 - (e) the failure to provide or pay for any construction-related goods or services, or
 - (f) the supervision or management of any construction-related activities.
- (4) any actual or alleged liability of an **Insured**, in whole or in part, in the capacity as a builder or developer, or in the capacity of a sponsor of the **Organization**, or of an **Insured** affiliated with such a builder, developer or sponsor, and which is related to actual or alleged misconduct on the part of such builder, developer or sponsor, including but not limited to actual or alleged conflict of interest, self-dealing, or disputes concerning conversion, construction or development.
- (5) actual or alleged noise or interference with quiet enjoyment

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

Insured: **Sagewood Property Owners Association**

Policy Period: **11/1/2006 To 11/1/2007**

Policy Number: **EPP7513676-0**

Countersigned by: **Not Required**
Authorized Representative

Endorsement Effective Date: **11/1/2006**



**Non-Profit Organization
Executive Protection and
Employment Practices
Liability Insurance Policy**

COLORADO STATE AMENDATORY

In compliance with the insurance regulations of the state of Colorado, the following Sections of the Policy are amended as follows:

Section II(C) If this Policy is not renewed or cancelled by the **Organization**, the **Organization** may purchase a **Discovery Period** of twelve (12) months from the end of the **Policy Period**, provided that the **Organization** pays the **Insurer** an additional amount equal to forty percent (40%) of the annual premium of this Policy within sixty (60) days of the end of the **Policy Period**. The **Organization** shall have no right to purchase this **Discovery Period** at any later date.

Section V(C) It is understood and agreed that the following sentence is deleted from Section V(C): If **Costs of Defense** are incurred by the **Insured** with the **Insurer's** consent, such **Costs of Defense** shall be considered **Loss** and thus shall be subject to the Limit of Liability.

Section VIII. General Conditions

Upon request by the **Organization** and within thirty (30) days thereafter, the **Insurer** shall furnish sufficient information relating to closed or paid **Claims, Claims** for which the **Insurer** has established reserves, and notices of **Wrongful Acts** received by the **Insurer** which may give rise to **Claims**, to allow the **Insured** to determine the amount of aggregate coverage remaining under this Policy.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

Insured: **Sagewood Property Owners Association**

Policy Period: **11/1/2006 To 11/1/2007** Policy Number: **EPP7513676-0**

Countersigned by: Not Required Endorsement Effective Date: **11/1/2006**



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DISCLOSURE FORM CLAIMS-MADE POLICY

IMPORTANT NOTICE TO POLICYHOLDER

THIS DISCLOSURE FORM IS NOT YOUR POLICY. IT DESCRIBES SOME OF THE MAJOR FEATURES OF OUR CLAIMS-MADE POLICY FORM. READ YOUR POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES, AND WHAT IS AND IS NOT COVERED. ONLY THE PROVISIONS OF YOUR POLICY DETERMINE THE SCOPE OF YOUR INSURANCE PROTECTION.

DEFINITIONS

1. "Claims-made coverage" means an insurance policy that provides coverage only if a claim is made during the policy period or any applicable extended reporting period. A claim made during the policy period could be charged against a claims-made policy even if the injury or loss occurred many years prior to the policy period. If a claims-made policy has a retroactive date, an occurrence prior to that date is not covered.
2. "Extended reporting period" means a period allowing for making claims after expiration of a claims-made policy. This is also known as a "tail".
3. "Occurrence coverage" means an insurance policy that provides liability coverage only for injury or damage that occurs during the policy terms, regardless of when the claim is actually made. A claim in the current policy year could be charged against a prior policy year, or may not be covered, if it arises from an occurrence prior to the effective date.
4. "Retroactive date" means the date on a claims-made policy which denotes the commencement date of coverage under the policy.

YOUR POLICY

Your policy is a claims-made policy. It provides coverage only for injury or damage occurring after the policy retroactive date (if any) shown on your policy and the incident is reported to your insurer prior to the end of the policy period. Upon termination of your claims-made policy an extended reporting period option is available from your insurer.

Insured: **Sagewood Property Owners Association**

Policy Period: **11/1/2006 To 11/1/2007**

Policy Number: EPP7513676-0

Countersigned by: Not Required Endorsement Effective Date: 11/1/2006



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DISCLOSURE FORM CLAIMS-MADE POLICY

There is no difference in the kind of injury or damage covered by occurrence or claims-made policies. Claims for damages may be assigned to different policy periods, depending on which type policy you have.

If you make a claim under your claims-made policy, the claim must be a demand for damages by an injured party and does not have to be in writing. Under most circumstances, a claim is considered made when it is received and recorded by you or by us. Sometimes, a claim may be deemed made at an earlier time. This can happen when another claim for the same injury or damage has already been made, or when the claim is received and recorded during an extended reporting period.

PRINCIPAL BENEFITS

This policy provides for coverage for the Non-Profit Organization, its Subsidiaries and their Insured Persons for Loss from Wrongful Acts claimed against them up to the maximum dollar limit specified in the policy.

The principal benefits and coverages are explained in detail in your claims-made policy. Please read them carefully and consult your insurance producer about any questions you might have.

RENEWAL AND EXTENDED REPORTING PERIODS

Your claims-made policy has some unique features relating to renewal, extended reporting periods and coverage for events with long periods of potential liability exposure.

If there is a retroactive date in your policy, no event occurrence prior to that date will be covered under the policy even if reported during the policy period. It is therefore important for you to be certain that there are no gaps in your insurance coverage. These gaps can occur in several ways. Among the most common are:

1. If your switch from an occurrence policy to a claims-made policy, the retroactive date in your claims-made policy should be no later than the expiration date of the occurrence policy.
2. When replacing a claims-made policy with a claims-made policy, you should consider the following:
 - a. The retroactive date in the replacement policy should extend far enough back in time to cover events with long periods of liability exposure, or
 - b. If the retroactive date in the replacement policy does not extend far enough back in time to cover events with long periods of liability exposure, you should consider purchasing extended reporting period coverage under the old claims-made policy.



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DISCLOSURE FORM CLAIMS-MADE POLICY

3. If you replace this claims-made policy with an occurrence policy, you may not have insurance coverage for a claim arising during the period of claims-made coverage unless you have purchased and extended reporting period under the claims-made policy. Extended reporting period coverage must be offered to you by law for at least one year after the expiration of the claims-made policy at a premium not to exceed 200% of your last policy premium.

CAREFULLY REVIEW YOUR POLICY REGARDING THE AVAILABLE EXTENDED REPORTING PERIOD COVERAGE, INCLUDING THE LENGTH OF COVERAGE, THE PRICE AND THE TIME PERIOD DURING WHICH YOU MUST PURCHASE OR ACCEPT ANY OFFER FOR EXTENDED COVERAGE.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.



THE DISTINGUISHED PROGRAMS GROUP L.L.C.

6 East 43rd Street, New York, NY 10017-4609 (212) 297-3100 Toll Free (888) 355-4626 Fax: (212) 297-3130

Nov 30, 2006

**Re: Directors & Officers Liability
Policy # EPP7513676**

Dear Insured:

Please be advised that the cost of insurance coverage provided herein includes a \$50 fee to a wholesale intermediary (The Distinguished Programs Group) in addition to the premium charges.

We are happy to have been of service.