

AMERICAN FAMILY MUTUAL INSURANCE COMPANY

MADISON, WISCONSIN 53783-0001

BUSINESSOWNERS POLICY**POLICY NUMBER**

05XY502101

DECLARATIONS**CUSTOMER BILLING ACCOUNT**

012-119-153 64

NAMED INSURED ANTLERS GULCH TOWNHOMES ASSOCIATION**MAILING ADDRESS** C/O KEY TO THE ROCKIES
C/O KEY TO THE ROCKIES
23024 US HIGHWAY 6 STE 202
KEYSTONE, CO 80435-7725**POLICY PERIOD** FROM 02-19-2007 TO 02-19-2008
12:01 A.M. Standard Time at your mailing address shown above.**FORM OF BUSINESS** CORPORATION

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

SECTION I PROPERTY**ALL PROPERTY COVERAGES ARE SUBJECT TO THE FOLLOWING:****COVERED CAUSES OF LOSS** SPECIAL - RISK OF DIRECT PHYSICAL LOSS

COVERAGE	LIMIT OF INSURANCE	PREMIUM
OPTIONAL COVERAGE EMPLOYEE DISHONESTY	\$10,000	\$156.00

COVERAGE PROVIDED. BLANKET INSURANCE AT THE FOLLOWING DESCRIBED PREMISES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN UNLESS COVERAGE IS PROVIDED BY AN ENDORSEMENT.**DESCRIPTION OF PREMISES**PREMISES NO. 0001 BUILDING NO. 001
LOCATION 63 SCR #188
KEYSTONE CO 80435BUILDING INTEREST LEASED TO OTHERS
PREDOMINANT OCCUPANCY CONDOMINIUM BUILDING - RESIDENTIAL WITHOUT MERCANTILE
NUMBER OF UNITS 6
CONSTRUCTION FRAME
YEAR BUILT 2001
COMMERCIAL BUILDING CONSTRUCTION COST INDEX LEVEL 296**DESCRIPTION OF PREMISES**PREMISES NO. 0002 BUILDING NO. 001
LOCATION 67 SCR #188
KEYSTONE CO 80435BUILDING INTEREST LEASED TO OTHERS
PREDOMINANT OCCUPANCY CONDOMINIUM BUILDING - RESIDENTIAL WITHOUT MERCANTILE**AGENT** 167-307

LESLIE A WIESE

PO BOX 24359

SILVERTHORNE, CO 80497-4359

PHONE

970-668-6600

PAGE 0001**BRANCH** HNC003 RENW**ENTRY DATE** 12-14-2006

AMERICAN FAMILY MUTUAL INSURANCE COMPANY

MADISON, WISCONSIN 53783-0001

BUSINESSOWNERS POLICY**POLICY NUMBER**

05XY502101

DECLARATIONS**CUSTOMER BILLING ACCOUNT**

012-119-153 64

NUMBER OF UNITS 6
 CONSTRUCTION FRAME
 YEAR BUILT 2001
COMMERCIAL BUILDING CONSTRUCTION COST INDEX LEVEL 296

DESCRIPTION OF PREMISES

PREMISES NO. 0003 BUILDING NO. 001
 LOCATION 71 SCR #188
 KEYSTONE CO 80435

BUILDING INTEREST LEASED TO OTHERS
 PREDOMINANT OCCUPANCY CONDOMINIUM BUILDING - RESIDENTIAL WITHOUT MERCANTILE
 NUMBER OF UNITS 6
 CONSTRUCTION FRAME
 YEAR BUILT 2001
COMMERCIAL BUILDING CONSTRUCTION COST INDEX LEVEL 296

DESCRIPTION OF PREMISES

PREMISES NO. 0004 BUILDING NO. 001
 LOCATION 75 SCR #188
 KEYSTONE CO 80435

BUILDING INTEREST LEASED TO OTHERS
 PREDOMINANT OCCUPANCY CONDOMINIUM BUILDING - RESIDENTIAL WITHOUT MERCANTILE
 NUMBER OF UNITS 5
 CONSTRUCTION FRAME
 YEAR BUILT 2001
COMMERCIAL BUILDING CONSTRUCTION COST INDEX LEVEL 296

DESCRIPTION OF PREMISES

PREMISES NO. 0005 BUILDING NO. 001
 LOCATION 65 SCR #188
 KEYSTONE, CO 80435

BUILDING INTEREST LEASED TO OTHERS
 PREDOMINANT OCCUPANCY CONDOMINIUM BUILDING - RESIDENTIAL WITHOUT MERCANTILE
 NUMBER OF UNITS 6
 CONSTRUCTION FRAME
 YEAR BUILT 2004
COMMERCIAL BUILDING CONSTRUCTION COST INDEX LEVEL 296

CERTIFIED ACTS OF TERRORISM

\$104.00

AGENT 167-307
 LESLIE A WIESE
 PO BOX 24359
 SILVERTHORNE, CO 80497-4359

PHONE
 970-668-6600

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BRANCH HNC003 RENW
ENTRY DATE 12-14-2006

AMERICAN FAMILY MUTUAL INSURANCE COMPANY

MADISON, WISCONSIN 53783-0001

BUSINESSOWNERS POLICY**POLICY NUMBER**

05XY502101

DECLARATIONS**CUSTOMER BILLING ACCOUNT**

012-119-153 64

POLICY PROPERTY DEDUCTIBLE \$2,500**OTHER PROPERTY DEDUCTIBLE(S)**

OPTIONAL COVERAGE/GLASS DEDUCTIBLE	\$500
SEWER BACKUP AND SUMP OVERFLOW DEDUCTIBLE	\$500

COVERAGE**LIMIT OF INSURANCE****PREMIUM**

BUILDING - Blanket REPLACEMENT COST	\$9,497,633	\$4,859.00
AUXILIARY BUILDINGS/STRUCTURES - Blanket REPLACEMENT COST	\$29,134	\$15.00

ADDITIONAL COVERAGE**LIMIT OF INSURANCE****PREMIUM**

BUSINESS INCOME	ACTUAL LOSS SUSTAINED	INCLUDED
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OTHER COVERAGES OR OPTIONS**LIMIT OF INSURANCE****PREMIUM**

SEWER BACKUP AND SUMP OVERFLOW	\$5,000	\$360.00
ORDINANCE OR LAW COVERAGE	SEE BP 04 46	\$678.00

Property forms and endorsements applying to this premises and made part of this policy at time of issue:

Any endorsement followed by a state abbreviation will only apply to coverages within this state.

BP 04 30 07 02 BP 04 46 11 02 BP 84 09 07 98 BP 84 11 07 98

MORTGAGEHOLDER**LOAN NO.** 3060786757**PREMISE NO.** **BUILDING NO.**

WASHINGTON MUTUAL BANK
ITS SUCCESSORS AND/OR ASSIGNS ATIMA
INSURANCE CENTER
PO BOX 100590
FLORENCE, SC 29501-0590

0005 001

APPLICABLE PROPERTY ENDORSEMENT CHARGES

\$5.00

TOTAL ADVANCE PROPERTY PREMIUM

\$6,177.00

Property forms and endorsements applying to all premises and made part of this policy at time of issue:

Any endorsement followed by a state abbreviation will only apply to coverages within this state.

BP 05 76 11 02 BP 83 01 07 98 BP 83 02 05 00 BP 84 04 07 98
BP 85 11 05 00**AGENT** 167-307

LESLIE A WIESE

PO BOX 24359

SILVERTHORNE, CO 80497-4359

PHONE

970-668-6600

PAGE 0003**BRANCH** HNC003 RENEW**ENTRY DATE** 12-14-2006

AMERICAN FAMILY MUTUAL INSURANCE COMPANY

MADISON, WISCONSIN 53783-0001

BUSINESSOWNERS POLICY**POLICY NUMBER**

05XY502101

DECLARATIONS**CUSTOMER BILLING ACCOUNT**

012-119-153 64

SECTION II LIABILITY AND MEDICAL EXPENSES

Except for Damage To Premises Rented To You, each paid claim for the following coverages reduces the amount of insurance we provide during the applicable annual period. Please refer to **Section II Liability** in the BUSINESSOWNERS COVERAGE FORM and any attached endorsements.

COVERAGE	LIMIT OF INSURANCE
AGGREGATE LIMIT (OTHER THAN PRODUCTS COMPLETED OPERATONS)	\$4,000,000
PRODUCTS-COMPLETED OPERATIONS AGGREGATE LIMIT	\$4,000,000
DAMAGE TO PREMISES RENTED TO YOU	\$50,000
LIABILITY AND MEDICAL EXPENSES	\$2,000,000
PREM 0001 BLDG 001 MEDICAL EXPENSES - ANY ONE PERSON	\$5,000
PREM 0002 BLDG 001 MEDICAL EXPENSES - ANY ONE PERSON	\$5,000
PREM 0003 BLDG 001 MEDICAL EXPENSES - ANY ONE PERSON	\$5,000
PREM 0004 BLDG 001 MEDICAL EXPENSES - ANY ONE PERSON	\$5,000
PREM 0005 BLDG 001 MEDICAL EXPENSES - ANY ONE PERSON	\$5,000

LOCATION	PREMIUM BASIS	RATE	ADVANCE PREMIUM
PREMISES NO. 0001 BUILDING NO. 001	6 UNITS		\$43.00
PREMISES NO. 0002 BUILDING NO. 001	6 UNITS		\$43.00
PREMISES NO. 0003 BUILDING NO. 001	6 UNITS		\$43.00
PREMISES NO. 0004 BUILDING NO. 001	5 UNITS		\$36.00
PREMISES NO. 0005 BUILDING NO. 001	6 UNITS		\$43.00

CERTIFIED ACTS OF TERRORISM \$5.00

APPLICABLE BUSINESS LIABILITY ENDORSEMENT CHARGES \$8.00

TOTAL ADVANCE BUSINESS LIABILITY PREMIUM \$221.00

Liability forms and endorsements applying to all premises and made part of this policy at time of issue:

Any endorsement followed by a state abbreviation will only apply to coverages within this state.

BP 04 02 07 02	BP 04 17 07 02	BP 04 39 07 02	BP 04 54 07 02
BP 04 93 07 02	BP 05 77 11 02	BP 10 05 07 02	BP 84 24 07 02
BP 85 04 07 98	BP 85 05 07 98CO	BP 85 10 07 98	BP 85 12 10 01

AGENT 167-307

LESLIE A WIESE

PO BOX 24359

SILVERTHORNE, CO 80497-4359

PHONE

970-668-6600

PAGE 0004

BRANCH HNC003 RENW

ENTRY DATE 12-14-2006

AMERICAN FAMILY MUTUAL INSURANCE COMPANY

MADISON, WISCONSIN 53783-0001

BUSINESSOWNERS POLICY

DECLARATIONS

CUSTOMER BILLING ACCOUNT

POLICY NUMBER

05XY502101

012-119-153 64

IL 75 26 12 05

TOTAL ADVANCE BUSINESS PREMIUM

\$6,398.00

This premium may be subject to adjustment.

Forms and endorsements applying to property and liability at all premises and made part of this policy at time of issue:

Any endorsement followed by a state abbreviation will only apply to coverages within this state.

BP IN 01 07 02	BP 00 03 07 02	BP 01 81 07 02	BP 05 01 07 02
BP 05 31 11 02	BP 05 39 12 02	BP 05 64 01 07	BP 05 71 01 07
BP 80 01 07 98	BP 87 01 01 06		

AUTHORIZED REPRESENTATIVE



President



Secretary

COUNTERSIGNED LICENSED RESIDENT AGENT

AGENT 167-307
 LESLIE A WIESE
 PO BOX 24359
 SILVERTHORNE, CO 80497-4359

PHONE
 970-668-6600

PAGE 0005
BRANCH HNC003 RENW
ENTRY DATE 12-14-2006

POLICY NUMBER: 05XY502101

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

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULEThe **Exception Covering Certain Fire Losses** (Paragraph B.2.) applies to property located in the following state(s):

Illinois, Iowa, Missouri, Oregon, Washington, Wisconsin

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

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

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

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

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

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

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

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

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

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

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

B. Section I – Property is amended as follows:

1. The following exclusion is added:

EXCLUSION OF TERRORISM

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

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

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

2. Exception Covering Certain Fire Losses

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

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

3. Application Of Other Exclusions

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

C. Section II – Liability is amended as follows:

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

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

2. The following exclusion is added:

EXCLUSION OF TERRORISM

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

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

- e. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
- f. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - (1) Physical injury that involves a substantial risk of death; or
 - (2) Protracted and obvious physical disfigurement; or
 - (3) Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraph **2.e.** or **2.f.** are exceeded.

With respect to this Exclusion, Paragraphs **2.e.** and **2.f.** describe the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form.

In the event of any incident of "terrorism" that is not subject to this Exclusion, coverage does not apply to "any injury or damage" that is otherwise excluded under this Coverage Form.

POLICY NUMBER: 05XY502101

BUSINESSOWNERS
BP 04 02 07 02

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
ADDITIONAL INSURED - MANAGERS OR LESSORS OF PREMISES**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE *

Designation Of Premises (Part Leased To You):63 SCR #188
KEYSTONE CO 80435**Name Of Person Or Organization (Additional Insured):**KEY TO THE ROCKIES
23024 US HIGHWAY 6 STE 202
KEYSTONE CO 80435**Additional Premium:** INCLUDED

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

A. The following is added to Paragraph C. Who Is An Insured in Section II – Liability:

4. The person or organization shown in the Schedule is also an insured, but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule.

B. The following exclusions are added to Section II – Liability:

This insurance does not apply to:

1. Any "occurrence" that takes place after you cease to be a tenant in the premises described in the Schedule.
2. Structural alterations, new construction or demolition operations performed by or for the person or organization designated in the Schedule.

POLICY NUMBER: 05XY502101

BUSINESSOWNERS
BP 04 30 07 02**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****PROTECTIVE SAFEGUARDS**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE*		
Prem. No.	Bldg. No.	Protective Safeguards Symbols Applicable
0001	001	P-1
0002	001	P-1
0003	001	P-1
0004	001	P-1
0005	001	P-1
<p>Describe any "P-9":</p> <p>* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.</p>		

A. The following is added to the **Property General Conditions** in **Section I - Property:**

PROTECTIVE SAFEGUARDS

1. As a condition of this insurance, you are required to maintain the protective devices or services listed in the Schedule above.

2. The protective safeguards to which this endorsement applies are identified by the following symbols:

- a. **"P-1" Automatic Sprinkler System**, including related supervisory services.

Automatic Sprinkler System means:

- (1) Any automatic fire protective or extinguishing system, including connected:

- (a) Sprinklers and discharge nozzles;
 - (b) Ducts, pipes, valves and fittings;
 - (c) Tanks, their component parts and supports; and
 - (d) Pumps and private fire protection mains.
- (2) When supplied from an automatic fire protective system:
- (a) Non-automatic fire protective systems; and
 - (b) Hydrants, standpipes and outlets.
- b. **"P-2" Automatic Fire Alarm**, protecting the entire building, that is:
- (1) Connected to a central station; or
 - (2) Reporting to a public or private fire alarm station.
- c. **"P-3" Security Service**, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.
- d. **"P-4" Service Contract** with a privately owned fire department providing fire protection service to the described premises.

e. **"P-9"** The protective system described in the Schedule.

B. The following is added to Paragraph B. Exclusions in Section I - Property:

We will not pay for loss or damages caused by or resulting from fire if, prior to the fire, you:

1. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or
2. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

If part of an Automatic Sprinkler System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

POLICY NUMBER: 05XY502101

BUSINESSOWNERS
BP 04 46 11 02

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
ORDINANCE OR LAW COVERAGE**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM – SECTION I – PROPERTY

SCHEDULE*

Prem No.	Bldg No.	Cov. 1	Cov. 2 Limit of Insur.	Cov. 3 Limit of Insur.	Covs. 2 and 3 Combined Limit of Insur.
0001	001	X			\$170,000 **
0002	001	X			\$170,000 **
0003	001	X			\$170,000 **
0004	001	X			\$135,000 **
0005	001	X			\$170,000 **

Business Income And Extra Expense Optional Coverage Yes No

Number Of Hours *** Waiting Period For Period of Restoration 72

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

** Do **not** enter a Combined Limit of Insurance if individual Limits of Insurance are selected for Coverages 2 and 3, or if one of these Coverages is not applicable.

*** Applicable to Business Income and Extra Expense Optional Coverage.

A. Each Coverage – Coverage 1, Coverage 2 and Coverage 3 – is provided under this endorsement only if that Coverage(s) is chosen by entry in the above Schedule and then only with respect to the building identified for the Coverage(s) in the Schedule.

B. Application Of Coverage(s)

The Coverage(s) provided by this endorsement apply only if both **B.1.** and **B.2.** are satisfied and are then subject to the qualifications set forth in **B.3.**

1. The ordinance or law:
 - a. Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premise; and
 - b. Is in force at the time of loss.

But coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

- 2.a. The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or
 - b. The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.
 - c. But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this endorsement even if the building has also sustained covered direct physical damage.
3. In the situation described in **B.2.b.** above, we will not pay the full amount of loss otherwise payable under the terms of Coverages 1, 2 and/or 3 of this endorsement. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

(Section **H.** of this endorsement provides an example of this procedure.)

However, if the covered direct physical damage alone would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under terms of Coverages 1, 2 and/or 3 of this endorsement.

- C. We will not pay under Coverage 1, 2, or 3 of this endorsement for:
 1. Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread of any activity of "fungi", wet or dry rot or bacteria; or
 2. The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungi", wet or dry rot or bacteria.

D. Coverage

1. Coverage 1 – Coverage For Loss To The Undamaged Portion Of The Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage 1 for the loss in value of the undamaged portion of the building

as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building. Coverage 1 is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage 1 does not increase the Limit of Insurance.

2. Coverage 2 – Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

Paragraph **E.6.d. Loss Payment** Property Loss Condition does not apply to Demolition Cost Coverage.

3. Coverage 3 – Increased Cost Of Construction Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

- a. Repair or reconstruct damaged portions of that building; and/or
- b. Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

However:

- a. This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- b. We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

Paragraph **E.6.d. Loss Payment** Property Loss Condition does not apply to the Increased Cost of Construction Coverage.

E. Loss Payment

1. All following loss payment provisions **E.2.** through **E.5.**, are subject to the apportionment procedure set forth in Section **B.3.** of this endorsement.
2. When there is a loss in value of an undamaged portion of a building to which Coverage 1 applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
 - a. If the property is repaired or replaced on the same or another premises, we will not pay more than the lesser of:
 - (1) The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or

- (2) The Limit of Insurance shown in the Declarations as applicable to the covered building.
- b. If the property is **not** repaired or replaced, we will not pay more than the lesser of:
- (1) The actual cash value of the building at the time of loss; or
 - (2) The Limit of Insurance shown in the Declarations as applicable to the covered building.
3. Unless Paragraph **E.5.** applies, loss payment under Coverage **2** – Demolition Cost Coverage will be determined as follows:
- We will not pay more than the lesser of the following:
- a. The amount you actually spend to demolish and clear the site of the described premises; or
 - b. The applicable Limit Of Insurance shown for Coverage **2** in the Schedule above.
4. Unless Paragraph **E.5.** applies, loss payment under Coverage **3** – Increased Cost of Construction Coverage will be determined as follows:
- a. We will not pay under Coverage **3**:
 - (1) Until the property is actually repaired or replaced, at the same or another premises; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage **3** is the lesser of:
 - (1) The increased cost of construction at the same premises; or
 - (2) The applicable Limit of Insurance shown for Coverage **3** in the Schedule above.
 - c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage **3** is the lesser of:
 - (1) The increased cost of construction at the new premises; or
 - (2) The applicable Limit of Insurance shown for Coverage **3** in the Schedule above.
5. If a **Combined** Limit Of Insurance is shown for Coverages **2** and **3** in the Schedule above, Paragraphs **E.2.** and **E.3.** of this endorsement do not apply with respect to the Building property that is subject to the Combined Limit, and the following loss payment provisions apply instead:
- The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost of Construction, is the Combined Limit of Insurance shown for Coverages **2** and **3** in the Schedule above. Subject to this Combined Limit of Insurance, the following loss payment provisions apply:
- a. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
 - b. With respect to the Increased Cost of Construction:

- (1) We will not pay for the increased cost of construction:

- (a) Until the property is actually repaired or replaced, at the same or another premises; and
- (b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (2) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.
- (3) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

- F. The terms of this endorsement apply separately to each building to which this endorsement applies.
- G. Under this endorsement, we will not pay for loss due to any ordinance or law that:
1. You were required to comply with before the loss, even if the building was undamaged; and
 2. You failed to comply with.
- H. Example of Proportionate Loss Payment for Ordinance or Law Coverage Losses (procedure as set forth in Section **B.3.** of this endorsement)

Assume:

- Wind is a Covered Cause of Loss: Flood is an excluded Cause of Loss
- The building has a value of \$200,000
- Total direct physical damage to building: \$100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): \$30,000
- Portion of direct physical damage that is not covered (caused by flood): \$70,000
- Loss under Ordinance or Law Coverage **3** of this endorsement: \$60,000

Step 1: Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$$\text{\$30,000 divided by } \text{\$100,000} = .30$$

Step 2: Apply that proportion to the Ordinance or Law loss.

$$\text{\$60,000} \times .30 = \text{\$18,000}$$

In this example, the most we will pay under this endorsement for the Coverage **3** loss is \$18,000, subject to the applicable Limit of Insurance and any other applicable provisions.

NOTE: The same procedure applies to losses under Coverages **1** and **2** of this endorsement.

- I. If shown as applicable in the Schedule of this endorsement, the following applies:

Business Income And Extra Expense Optional Coverage

1. If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of suspension of your "operations" caused by or resulting from the enforcement of any ordinance or law that:
- a. Regulates the construction or repair of any property;
 - b. Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and
 - c. Is in force at the time of loss.

However, coverage is not extended under this endorsement to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

2. Paragraph **F.8. Period Of Restoration** Definition is replaced by the following:
8. "Period of Restoration" means the period of time that:
- a. Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises, unless a lesser number of hours is shown in the Schedule of the endorsement; and

- b. Ends on the earlier of:

- (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- (2) The date when business is resumed at a new permanent location.

"Period of restoration" includes any increased period required to repair or reconstruct the property to comply with the minimum standards of any ordinance or law, in force at the time of loss, that regulates the construction or repair, or requires the tearing down of any property.

The expiration date of this policy will not cut short the "period of restoration".

- K. The following definition is added to Paragraph **H. Property Definitions**:

1. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or byproducts produced or released by fungi.

POLICY NUMBER: 05XY502101

BUSINESSOWNERS
BP 05 76 11 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
LIMITED FUNGI OR BACTERIA COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE*
<p>Revised Limit \$ \$15,000</p> <p>Separate Premises Or Locations Option YES <input type="checkbox"/> NO <input checked="" type="checkbox"/></p> <p>If YES, describe the separate premises or locations:</p> <p>Business Income/Extra Expense – Revised number of days 30</p> <p>* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.</p>

The following provisions apply to Section I – Property:

A. Fungi Or Bacteria Exclusions

1. Paragraph **A.5.1.(5)** of the Increased Cost Of Construction Additional Coverage is replaced by the following:

(5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot or bacteria; or
- (b) Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants", "fungi", wet or dry rot or bacteria.

2. The following exclusion is added to Paragraph **B.1. Exclusions**:

(i) "Fungi", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot or bacteria.

But if "fungi", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungi", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage – Limited Coverage For "Fungi", Wet Or Dry Rot and Bacteria (contained in the Limited Fungi or Bacteria Coverage) if any, with respect to loss or damage by a cause of loss other than fire or lightning.

3. Paragraph **B.2.1.(2)** of the **Exclusions** is replaced by the following:

- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

B. Limited Fungi Or Bacteria Coverage

1. The following **Additional Coverage** is added to Paragraph **A.5**.

i. Limited Coverage For "Fungi", Wet Rot, Dry Rot And Bacteria

- (1) The coverage described in Paragraphs **B.1.i.(2)** and **B.1.i.(6)** only applies when the "fungi", wet or dry rot or bacteria are the result of a "specified cause of loss" other than fire or lightning that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
- (2) We will pay for loss or damage by "fungi", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

- (a) Direct physical loss or damage to Covered Property caused by "fungi", wet or dry rot or bacteria, including the cost of removal of the "fungi", wet or dry rot or bacteria;
 - (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet or dry rot or bacteria; and
 - (c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungi", wet or dry rot or bacteria are present.
- (3) Unless a higher limit is selected in Schedule, the coverage described under this Limited Coverage is limited to \$15,000. If the Schedule indicates that the Separate Premises Or Locations Options applies, then the amount of coverage is made applicable to separate premises or locations as described in the Schedule. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungi", wet or dry rot or bacteria, we will not pay more than the total of \$15,000 unless a higher limit is selected in the Schedule even if the "fungi", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
- (4) The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungi", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungi", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungi", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

- (5) The terms of this Limited Coverage do not increase or reduce the coverage provided under the Water Damage, Other Liquids, Powder Or Molten Material Damage or Collapse Additional Coverages.
- (6) The following applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the suspension of "operations" satisfies all the terms and conditions of the applicable Business Income and/or Extra Expense Additional Coverage.
 - a. If the loss which resulted in "fungi", wet or dry rot or bacteria does not in itself necessitate a suspension of "operations", but such suspension is necessary due to loss or damage to property caused by "fungi", wet or dry rot or bacteria, then our payment under the Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days unless another number of days is indicated in the Schedule. The days need not be consecutive.
 - b. If a covered suspension of "operations" was caused by loss or damage other than "fungi", wet or dry rot or bacteria, but remediation of "fungi", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days unless another number of days is indicated in the Schedule. The days need not be consecutive.

C. Fungi Definition

1. The following definition is added to Paragraph H. Property Definitions:
 "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.