

When Recorded, Return to:  
PacifiCorp, Real Estate Mgmt.  
825 NE Multnomah St. Suite 1700  
Portland, OR 97232

### NON-EXCLUSIVE ROAD USE EASEMENT

THIS NON-EXCLUSIVE ROAD USE EASEMENT (the "Easement"), including all Exhibits attached hereto, is made by and between PacifiCorp, an Oregon corporation ("Grantor") and Spirit Lake Relocation Association, a Washington nonprofit corporation ("Grantee"), each a "Party" and together the "Parties."

### RECITALS

A. Grantor owns and operates a hydroelectric project on the Lewis River, Washington (the "Swift No. 1 Hydroelectric Project" or "Project"), under Federal Energy Regulatory Commission ("FERC") license Number P-2111(the "FERC License"). The Project includes a dam and reservoir known as Swift Reservoir and certain lands associated with these facilities.

B. Grantor owns, among other real property within the Project, certain parcels of real property known as Tax Lot 07052500010000 and Tax Lot 07052500020000 (the "Property"), located in Skamania County, Washington, Township 7 North, Range 5 East, Section 25, W.M., as more particularly described in **Exhibit A** attached hereto.

C. Grantor manages the Property pursuant to its obligations under the FERC License, which include protecting and enhancing the scenic, recreational and other environmental values of the Project. As further discussed herein, rights granted by this Easement are subordinate to Grantor's obligations under the FERC License.

D. That certain road commonly known as Grantor's 2700 Road (the "2700 Road") traverses a portion of the Property. The location of the 2700 Road is also depicted in **Exhibit A**.

E. Grantee desires to utilize the 2700 Road which crosses the Property, to access Grantee's adjacent real property.

F. Grantor is willing to grant to Grantee a non-exclusive easement across 2700 Road in accordance with and subject to the terms and conditions set forth in this Easement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and received, the Parties enter into this Easement under the following terms and conditions:

1. EASEMENT AND USE. Grantor hereby grants to Grantee a non-exclusive easement across 2700 Road that traverses a portion of the Property as more particularly described herein and in **Exhibit A** attached hereto (the "Easement Area"), for the sole purpose of vehicular (including off-road vehicles, snowmobiles and snow removal vehicles) and pedestrian ingress and egress to Grantee's property commonly known as Spirit Lake Relocation Association and no other use, subject to the limitations more fully described in Section 2 below. The Easement Area is comprised of a portion of the 2700 Road, approximately forty-five feet (45') in width, being twenty two and one-half feet (22½') on each side of the centerline of the 2700 Road, and is comprised of an unimproved dirt/gravel access road containing four (4) existing eighteen-inch (18") ditch culverts which control water run-off and three (3) existing eighteen-inch (18") stream culverts located on non-fish bearing seasonal streams.

2. ACCESS LIMITATION. The scope and use of the Easement granted hereunder shall be limited to the owners of the Skamania County, Washington tax lots identified in **Exhibit B** attached hereto, and such owner's licensees and invitees (the owners and their licensees and invitees are collectively referred to hereinafter as "Members"), provided that such Members comply with the terms and conditions of this Easement. The Easement shall be used solely for: a) access to and from the lots described in **Exhibit B**; and b) snow removal on the Easement and to access county, state and federal roads and lands for snow removal activity and snow grooming activity. Under no circumstances, shall this Easement be

construed as to permit access across the Easement Area for any development or further development other than residential development on the lots described in Exhibit B.

3. ACCEPTANCE OF EASEMENT AREA.

3.1. Grantee hereby accepts the Easement Area AS-IS, WHERE-IS and with all faults and agrees and acknowledges that the access granted within the Easement Area consists of a primitive, secondary road. Grantee further acknowledges that the Easement Area is used, in part, for wildlife habitat management purposes and Grantee shall use its best efforts not to disturb such wildlife or habitat. Grantor shall not be obligated to maintain or improve the Easement Area for Grantee's use hereunder.

3.2. Grantee shall not remove trees or vegetation, conduct any grading or expansion of the 2700 Road or otherwise improve, alter or perform any work within the Easement Area in any manner without Grantor's prior written consent, except that Grantee may relocate trees that have fallen across the Easement Area if those trees obstruct the Easement Area such that vehicular traffic cannot pass. In the event that Grantee relocates any fallen trees within the Easement Area under this paragraph, Grantee must notify Grantor in writing within ten (10) calendar days and provide the location and description where each fallen tree was relocated to and the necessity therefor. Such notification must also include color photographs that clearly show where the tree was prior to its relocation.

3.3. Any request by Grantee for Grantor's consent to maintain the roadway of the 2700 Road in the Easement Area, and any response thereto by Grantor, shall be in writing and transmitted as required in this Easement. Grantor shall transmit its response to Grantee's request within thirty (30) days of delivery of Grantee's request. In the event that Grantor does not respond to Grantee's request within thirty (30) days of delivery thereof, Grantee shall send a final written request via certified mail - return receipt requested, and shall also endeavor to contact Grantor by telephone to obtain a response. In the event that Grantor does not respond to the second and final request and Grantee's telephonic inquiries within fifteen (15) days, then Grantee may perform the proposed work, except that Grantee shall not cut down or remove any trees or vegetation, pave or harden the road surface, or expand the width of the roadway of the 2700 Road without Grantor's written permission, regardless of whether Grantor responds to Grantee's written requests transmitted under this paragraph. With the exception of tree and vegetation removal, paving or hardening of the road surface

and any expansion of the roadway of the 2700 Road, Grantor's consent to any work that Grantee requests to perform under this paragraph shall not be unreasonably withheld so long as the work is designed to maintain, rather than expand or improve, the Easement Area.

4. INDEMNIFICATION. GRANTEE EXPRESSLY ASSUMES ALL RISK IN CONNECTION WITH IT AND ITS MEMBERS' USE OF THIS EASEMENT. THE GRANTEE SHALL INDEMNIFY AND HOLD HARMLESS GRANTOR AND ITS DIRECTORS, OFFICERS, REPRESENTATIVES, EMPLOYEES AND AGENTS (HEREINAFTER COLLECTIVELY "GRANTOR INDEMNIFIED PARTIES") AGAINST AND FROM ANY AND ALL CLAIMS, DEMANDS, SUITS, LOSSES, COSTS AND DAMAGES OF EVERY KIND AND DESCRIPTION, INCLUDING ATTORNEYS' FEES AND/OR LITIGATION EXPENSES, AND INCLUDING CLAIMS BY OWNER OF TAX LOTS IDENTIFIED IN EXHIBIT B, BROUGHT OR MADE AGAINST OR INCURRED BY THE GRANTOR INDEMNIFIED PARTIES RESULTING FROM, ARISING OUT OF, OR IN ANY WAY CONNECTED WITH ANY ACT, OMISSION, FAULT OR NEGLIGENCE OF GRANTEE OR ITS EMPLOYEES, AGENTS, REPRESENTATIVES, MEMBERS OR CONTRACTORS, AND THEIR EMPLOYEES, AGENTS OR REPRESENTATIVES OF ANY TIER IN THE PERFORMANCE OR NONPERFORMANCE OF GRANTEE'S OBLIGATIONS UNDER THIS EASEMENT, EXCEPT TO THE EXTENT THAT SUCH CLAIM, DEMAND, LOSS, CAUSE OF ACTION, OR COSTS ARISES SOLELY FROM GRANTOR'S NEGLIGENCE OR WILLFUL MISCONDUCT. GRANTEE ASSUMES ALL RISK OF DAMAGE TO GRANTEE'S AND ITS MEMBERS' PROPERTY OR IMPAIRMENT OF ANY ACTIVITY AUTHORIZED BY THIS EASEMENT RESULTING FROM ANY CAUSE OTHER THAN GRANTOR'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. THIS PROVISION SHALL SURVIVE TERMINATION OF THIS EASEMENT FOR ACTIONS OCCURRING PRIOR TO THE TERMINATION OF THIS EASEMENT. THE GRANTEE AND ITS SUCCESSORS-IN-INTEREST, ACCEPT AND AGREE TO BE BOUND BY THIS EASEMENT, AND IN PARTICULAR THE PROVISIONS OF THIS PARAGRAPH, BY THEIR USE OF THE EASEMENT. THE OWNERS OF ANY TAX LOT DESCRIBED IN **EXHIBIT B** SHALL DISCLOSE THIS EASEMENT AND THE TERMS THEREOF TO ANY PARTY PURCHASING SUCH TAX LOT.

## 5. INSURANCE.

5.1. Contemporaneously with the execution of this Easement, Grantee shall procure and thereafter maintain in full force and effect at all times during the continuance hereof, with carrier or carriers reasonably satisfactory to Grantor, comprehensive liability insurance for bodily injury and property damage, with single combined limit of \$2,000,000, to protect against and from all loss by reason of injury to persons or damage to property of third persons based upon or arising out of Grantee's exercise of the permission granted hereunder and the obligations contractually assumed by Grantee hereby. Such insurance shall contain provisions or endorsements (1) naming Grantor as an additional assured, (2) providing that such insurance is primary with respect to the interests of Grantor and that any other insurance maintained by Grantee is excess and not contributory insurance with the insurance required hereunder, (3) containing a cross liability or severability of interest clause, and (4) providing that such insurance coverage shall not be canceled or materially altered without thirty (30) days' prior written notice to Grantor. Written proof of compliance with the foregoing in a form satisfactory to Grantor shall be furnished to Grantor prior to entry by Grantee upon the Easement Area and prior to the expiration of each policy year thereafter during the continuance hereof.

5.2. To the extent of Grantee's negligent acts or omissions, all policies required by this Easement shall include provisions that such insurance is primary insurance with respect to the interests of Grantor and that any other insurance maintained by Grantor is excess and not contributory insurance with the insurance required hereunder, provisions that the policy contain a cross liability or severability of interest clause or endorsement, and provisions that such policies not be canceled or their limits of liability reduced without 1) ten (10) calendar days' prior written notice to Grantor if canceled for nonpayment of premium, or 2) thirty (30) calendar days' prior written notice to Grantor if canceled for any other reason. All required insurance policies shall contain provisions that the insurer will have no right of recovery or subrogation against the Grantor, its parent, divisions, affiliates, subsidiary companies or co-venturers, agents, directors, officers, employees, servants, and insurers, it being the intention of the Parties that the insurance as effected shall protect all such parties. No required insurance policies shall contain any provisions prohibiting waivers of subrogation.

5.3 The parties agree that the form of insurance policy attached hereto as **Exhibit C** substantially and sufficiently complies with the requirements of Sections 5.1 and 5.2. as to form.

5.4 Grantee's obligation to provide insurance under Sections 5.1 and 5.2 is expressly subject to the following:

A. The availability of such insurance without substantially high premium increases. For purposes of this Easement an increase in the insurance premium shall be considered substantially high if the increase is equal to or exceeds an increase of ten percent (10%) over the immediately preceding year's insurance premium.

B. In the event Grantee does not obtain insurance because of a substantially high premium pursuant to Section 5.4A, the following provisions shall apply:

- (1) The Parties shall, within thirty (30) days after non-renewal of insurance, meet and confer to attempt to reach agreement on alternate insurance provisions.
- (2) If for any reason the parties are unable to reach agreement prior to the expiration of such thirty day period, then the appropriate alternate insurance provisions shall be determined by binding arbitration before a disinterested neutral third party arbitrator selected by the parties, or in the absence of agreement, appointed by the Superior Court of Skamania County on a minimum of 10 days' notice. The arbitrator shall be a person knowledgeable in matters relating to liability insurance policies and provisions.
- (3) The arbitrator fee shall be borne equally by Grantor and Grantee. The arbitrator may require an advance deposit. The arbitrator shall schedule a hearing within sixty (60) days of the arbitrator's appointment. The arbitrator shall have full discretion to determine the manner of presentation of evidence and information and the arbitrator will be free to conduct their own independent investigation. Failure of any party to participate at the hearing shall not affect the validity of the arbitration.
- (4) The arbitrator shall, within thirty (30) days after close of the hearing, render a written decision as to the appropriate insurance provisions and set the



time period for Grantee to obtain such insurance. The arbitrator shall retain jurisdiction to determine whether the Grantee has complied with its decision.

(5) If the Grantee fails to timely comply with the arbitrator's decision, then this Easement shall terminate thirty (30) days after the arbitrator's decision has become final.

#### 6. ROAD MAINTENANCE.

6.1. Grantee shall, at its sole cost and expense, promptly repair any damage done to the Easement Area and/or Grantor's Property, without limitation, caused by Grantee's and/or its' Members' use hereunder, to a condition as near as reasonably possible to its previous condition. Grantee may plow snow from the 2700 Road within the Easement Area at its sole cost and expense. Snow shall be moved in such a manner as to minimize disturbance to and erosion of the 2700 Road, Easement Area and the Property, and snow plowing shall only occur on the road surface of the 2700 Road in the Easement Area. The cost of repairing any damage caused by snow plowing, or any other activity of the Grantee, shall be at the sole expense of Grantee. Grantee shall use the utmost diligence and precaution to prevent fires from starting upon or near the Easement Area. In the event Grantee fails to fulfill its obligations set forth in this Section 6.1 within a reasonable time following written notice, Grantor may elect to perform such obligations at Grantee's sole cost and expense and Grantee will reimburse Grantor within thirty (30) days of receipt of invoices from Grantor.

6.2 Grantor shall, at its sole cost and expense, promptly repair any damage to the Easement Area caused solely by Grantor's use of the Easement Area, to a condition as near as reasonably possible to its previous condition. Grantor shall not be required to repair damage caused by third parties, including but not limited to, parties to whom Grantor has granted easement or other rights of access.

6.3 Nothing herein shall require Grantee to pay maintenance costs incurred by third parties.

7. TREES. Grantee shall not remove any trees damaged as a result of its use. Grantee shall pay Grantor stumpage rates for any trees damaged by Grantee within the Easement Area. Such payment by Grantee shall be due and payable within thirty (30) days of Grantee's receipt of invoices from Grantor. This obligation shall survive termination of this Easement for actions occurring prior to the termination of this Easement.

8. LAWS. Grantee shall comply with all applicable federal, state, and local laws, including all environmental laws and regulations as well as any reasonable safety regulations promulgated by Grantor. The Grantor shall not promulgate safety regulations which prohibit the use of off-road vehicles on the Easement Area, but may promulgate reasonable safety regulations such as, without limitation, limiting the speed of vehicular traffic on the Easement, or requiring lights, helmets or other safety equipment.

9. WASTE AND CLEANUP. Grantee shall not commit any waste in the Easement Area. All garbage and debris arising out of the Grantee's use of the Easement Area shall be discarded in an appropriate manner, at Grantee's sole expense. Grantee shall be solely responsible for mitigating any spills or leakage within the Easement area, or into any reservoir, river or adjacent property from Grantee's use of the Easement Area in connection therewith, including but not limited to flammable or toxic liquids or substances. Grantee and its Members shall immediately report any spill or observed spill of oil, fuel or other hazardous materials to (i) appropriate governmental authorities; (ii) PacifiCorp's Property Management Department at 503-813-5700. If PacifiCorp's Property Management Department cannot be reached in such an instance, Grantee or its contractors, and its Members will contact PacifiCorp's Spill Hotline at 1-800-947-7455.

10. GRANTOR'S RESERVED ACCESS. Grantor expressly reserves the right to continue to use the Property and the Easement Area for its electric utility operations, including, without limitation, wildlife habitat purposes and for future uses as deemed necessary or desirable by Grantor for the continued use and enjoyment of the Property, Easement Area and the 2700 Road and the right to grant similar rights to others. Grantee shall not place, nor allow to be placed, any permanent or temporary structures within the Easement Area.

11. GRANTOR'S USE. Grantee agrees to perform its activities in a manner that will not unreasonably interfere with Grantor's use of its Property whether now or in the future in order that Grantor may construct, maintain, repair, replace or add additional facilities and structures as Grantor deems necessary, without additional cost to, inconvenience, expense, damage or injury to Grantor, or its agents, independent contractors and employees. Grantee's activities may be disrupted in the event Grantor requires access to its Property, the Easement Area or the 2700 Road, except that Grantor will not block Grantee's use of the 2700 Road.



12. TERMINATION OF EASEMENT. This Easement may be terminated upon the happening of any of the following events:

12.1 Abandonment. If Grantee ceases to use the Easement Area for the activities allowed under this Easement for a period of one (1) year, this Easement shall be immediately and automatically terminated without notice, unless otherwise agreed upon in writing.

12.2 Dissolution. The Easement shall automatically terminate in the event the Homeowners' Association dissolves, or otherwise ceases to exist. Termination shall not however occur if, within sixty (60) days following notice from Grantor, the Homeowner Association is reinstated or re-formed.

12.3 FERC License. This Easement is subordinate to the FERC License, and to Grantor's obligations thereunder. Grantee's use shall not be inconsistent with the FERC License. Grantor will make reasonable efforts to notify Grantee if a FERC determination is likely to impact Grantee's rights hereunder.

12.4 Uncured Default. If Grantee fails to cure a default according to Section 13.

12.5 Lack of Insurance. Lack of insurance pursuant to Section 5.4.

13. DEFAULT. In the event that there is any default by Grantee, or by a Member of Grantee, of any obligation hereunder, Grantor shall provide written notice to Grantee and to any Member(s) who committed the actions that constitute the event of default, if known to Grantor, describing the default and providing Grantee and/or the Member(s) with thirty (30) days within which to cure such default. In the event that Grantor is unaware of the individual Member(s) who committed the actions that constitute the event of default, Grantee shall cooperate in all efforts by Grantor to determine the identity of such Member(s) and shall notify Grantor of the identify of such Member(s) if known to Grantee. If the event of default is not cured within 30 days of the written notice by Grantor required hereunder, then Grantor may exclude the Member(s) who committed the default from use of the Easement unless and until the default is cured. Grantee will cooperate and assist Grantor with the enforcement of this exclusion. If Grantee or the Member(s) dispute the declaration of default by Grantor, the dispute shall be resolved by binding arbitration before a disinterested neutral third party arbitrator selected by the parties, or in the absence of agreement, appointed by the Superior  
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Court of Skamania County on a minimum of 10 days' notice.

14. EASEMENT PERPETUAL. Except as set forth in Section 12 herein, the term of this Easement shall be perpetual.

15. ASSIGNMENT. This Easement shall not be transferred, conveyed or assigned without Grantor's prior written approval, which Grantor may withhold in its sole discretion. Any attempted assignment or transfer by Grantee without Grantor's written approval will be null and void. Except as otherwise set forth herein, this Easement is perpetual and runs with the land.

16. NOTICE. Wherever in this Easement notice is required, such notice shall be in writing and transmitted by United States mail, national express carrier (such as UPS or Federal Express) or by personal delivery to the following addresses, or such other address as either Party may, designate for that purpose upon notice to the other Party:

**Grantor:**

PacifiCorp Property Management  
825 NE Multnomah Ave., Suite 1700  
Portland, Oregon 97232  
Phone: 503-813-5700

**Grantee:**

Spirit Lake Relocation Association  
c/o Dianne Boatsman  
2514 Sunrise Street  
Kelso, WA 98626

&

Spirit Lake Relocation Association  
c/o Tim Towell  
23340 SW Starlight Drive  
Sherwood, Oregon 97149

17. AUTHORIZATION. Each individual executing this Easement represents and warrants to each other that he or she has been duly authorized to sign this Easement in the capacity and for the entities set forth where he or she signs.

18. ENTIRE AGREEMENT. This Easement, including all exhibits, represents the entire agreement between the Parties and supersedes any and all prior understandings, representations, or agreements of the Parties, whether written or otherwise, regarding the subject matter of this document.

19. EFFECTIVE DATE OF EASEMENT. This Easement shall not be binding upon either Party or effective until such date as (i) both Parties have fully executed this Easement and (ii) Grantor has received Grantee's proof of insurance pursuant to Section 5 above.

20. JURY WAIVER. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS EASEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE, OR TO REQUEST THE CONSOLIDATION OF, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

21. EXCLUSION. Grantee shall have the right, exercisable at any time and from time to time, to exclude any Member from use of the Easement granted hereunder, if such Member is not a member of Grantee in good standing with all dues paid.  
EXECUTED in duplicate as of the last date set forth below.

**GRANTOR**

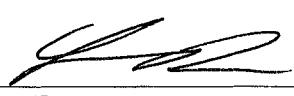
**PACIFICORP**, an Oregon corporation

By:   
Curtis Brent Mansfield  
Vice President of Transmission & Distribution Operations

**GRANTEE**

**SPIRIT LAKE RELOCATION ASSOCIATION**,  
a nonprofit corporation of the state of Washington

By:   
Tom Grese  
President

By:   
Larry Bever  
Secretary

[ACKNOWLEDGEMENTS TO FOLLOW]

**ACKNOWLEDGEMENT**

**STATE OF OREGON                    )**

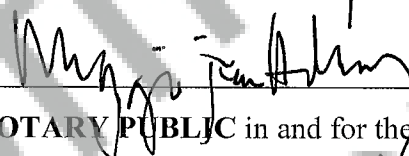
**) ss.**

**COUNTY OF MULTNOMAH )**

On this day personally appeared before me Curtis Brent Mansfield, to me known to be the Vice President of Transmission & Distribution Operations of PacifiCorp, the corporation which executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the use and purposes therein mentioned.

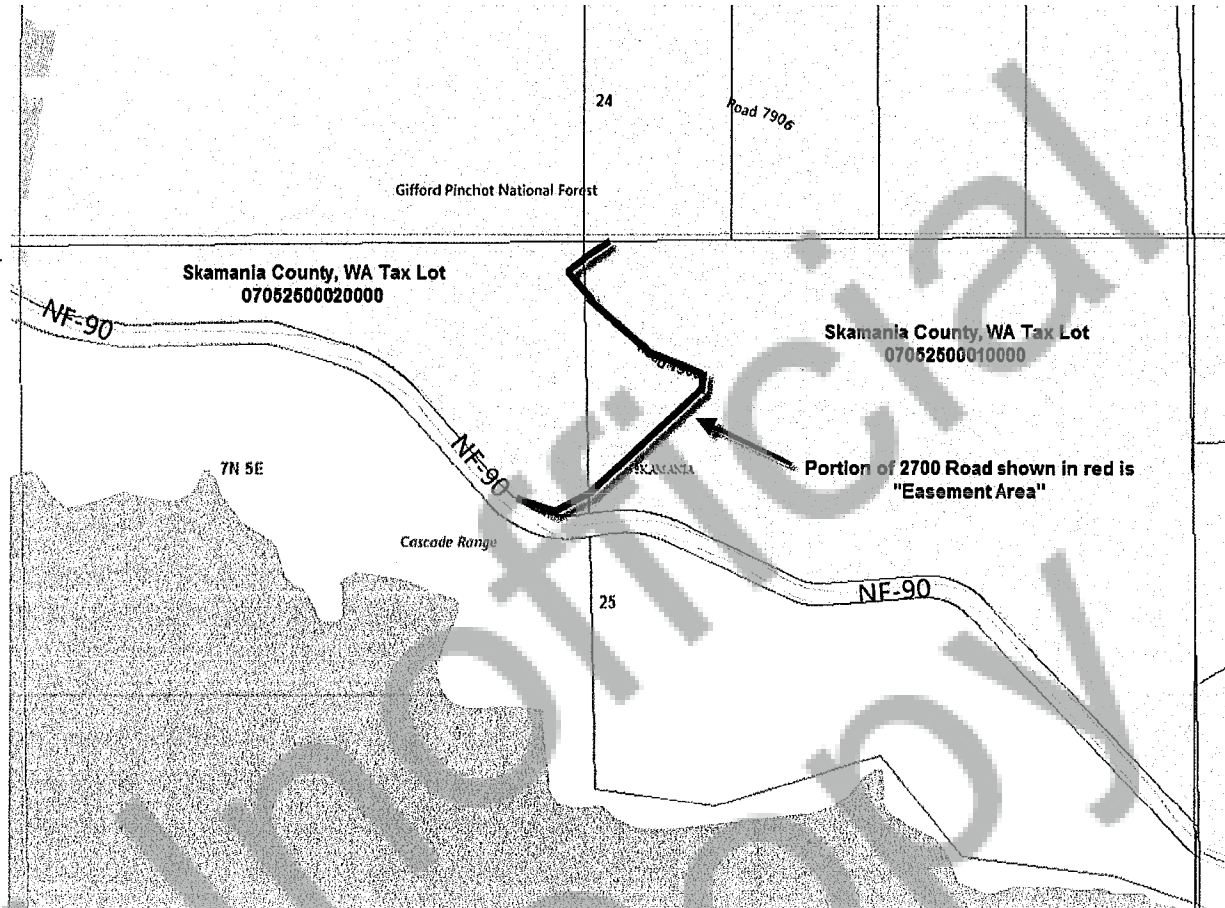
Given under my hand and official seal this 15<sup>th</sup> day of September, 2016.



  
\_\_\_\_\_  
**NOTARY PUBLIC** in and for the State of Oregon  
My Commission Expires 02/09/2019



**EXHIBIT A**  
**Page 1 of 1**  
**Description of the Property and the 2700 Road**



Skamania County, WA Tax Lot 07052500010000 located in the North ½ of Section 25, Township 7 North, Range 5 East of the Willamette Meridian, in Skamania County, Washington.

Neither the above-described Property, Easement area, nor the 2700 Road have been surveyed and all distances shown are approximate. In the event of any errors or ambiguity in the description, or misunderstanding with respect to the location or extent of the Property or the 2700 Road, PacifiCorp reserves the right to resolve the dispute or ambiguity and to designate the configuration of the area in dispute. In case of disagreement, Grantor's designated representative's decision shall be final. Grantor reserves the right at any time to redefine or mark the Property and the 2700 Road and to substitute or replace the legal description in this Exhibit "A."



**EXHIBIT B****Legal Description of the Spirit Lake Relocation Homeowners Association Lots**

Lots 1 through 37 inclusive of the FOUR PEAKS SUBDIVISION, according to the Plat thereof, recorded in Book B of Plats, Page 60-61, in the County of Skamania, State of Washington.

**Tax Parcel Numbers:**

07060820010000	07060820200000
07060820020000	07060820210000
07060820030000	07060820220000
07060820040000	07060820230000
07060820050000	07060820240000
07060820060000	07060820250000
07060820070000	07060820260000
07060820080000	07060820270000
07060820090000	07060820280000
07060820100000	07060820290000
07060820110000	07060820300000
07060820120000	07060820310000
07060820130000	07060820320000
07060820140000	07060820330000
07060820150000	07060820340000
07060820160000	07060820350000
07060820170000	07060820360000
07060820180000	07060820370000
07060820190000	



AGENCY CUSTOMER ID: \_\_\_\_\_

LOC #: \_\_\_\_\_



## ADDITIONAL REMARKS SCHEDULE

Page 1 of 5

AGENCY Troy J McDay		NAMED INSURED Spirit Lake Relocation Association	
POLICY NUMBER BS-CO-V0368-4			
CARRIER State Farm Fire and Casualty Company	NAIC CODE 25143	EFFECTIVE DATE 06/13/2018	

## ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM.

FORM NUMBER: 24 FORM TITLE: Certificate of Property Insurance

## Unit Owner:

Spirit Lake Relocation Assoc - 1417 15th Ave Ste 8 - Longview, WA - 98632-3736 - Unit Loan Number 0001 - Number Of Units: 0037

Association Type: Residential Community Association Policy

## Forms, Options and Endorsements:

CMP-4102 Businessowners Coverage Form  
 FE-6999.2 Terrorism Insurance Cov Notice  
 CMP-4708 Loss of Income & Extra Expense  
 CMP-4814 Dir & Officers \$1,000,000

## Forms, Options and Endorsements:

CMP-4558 Residential Community Assoc  
 CMP-4553 Water Damage Deductible  
 CMP-4508 Money and Securities  
 CMP-4710 Emp Dishonesty \$25,000

## Coverages:

Business Liability \$2,000,000  
 Medical Payments \$5,000  
 Products-Completed Operations \$4,000,000  
 General Aggregate \$4,000,000

## Coverage

Unless otherwise endorsed, this policy provides replacement cost coverage on described property and common areas detailed within the Association bylaws including the following types of property within a unit, regardless of ownership:

1. Fixtures, improvements and alterations that are a part of the building or structure; and
2. Appliances such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

Replacement cost coverage is subject to the terms and conditions of the policy and any endorsements.

Coverage under this policy may have been modified to provide actual cash value coverage rather than replacement cost coverage, or to remove specified property from coverage, if any endorsement containing in its title "ACV" or "Actual Cash Value," or "Additional Property Not Covered" is identified on this Certificate of Insurance.

This policy provides coverage on a standalone/individual condominium association.

## Commercial General Liability

State Farm refers to this coverage as Business Liability Coverage. Coverage amount shown is Per Occurrence.

## Loss of Rents, Loss of Income and Extra Expense

If this coverage is shown, limits are "Actual Loss Sustained". Contact the agent to confirm the number of day's coverage.



STATE FARM FIRE AND CASUALTY COMPANY  
A STOCK COMPANY WITH HOME OFFICES IN BLOOMINGTON, ILLINOIS  
P.O. Box 789100  
Dallas, TX 75279-8100

## DECLARATIONS

Policy Number	98-CO-W988-4	
Policy Period	Effective Date	Expiration Date
12 Months	JUN 13 2016	JUN 13 2017
The policy period begins and ends at 12:01 am standard time at the premises location.		

## Named Insured

091897 4123 M-15-9FAB-PC20 F V  
SPIRIT LAKE RELOCATION  
ASSOCIATION  
1417 15TH AVE STE 8  
LONGVIEW WA 98632-3736

Agent and Mailing Address  
TROY MCCOY INSURANCE AGCY INC  
289 N PARKWAY AVE  
BATTLE GROUND WA 98604-9155  
PHONE: (360) 687-5111

## Residential Community Association Policy

Automatic Renewal - If the policy period is shown as 12 months, this policy will be renewed automatically subject to the premiums, rules and forms in effect for each succeeding policy period. If this policy is terminated, we will give you and the Mortgage/Lenderholder written notice in compliance with the policy provisions or as required by law.

Entity: Corporation

POLICY PREMIUM \$ 1,086.00

Prepared  
JUN 22 2016  
CMP-4000  
016876 280 1  
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## DECLARATIONS (CONTINUED)

Residential Community Association Policy for SPIRIT LAKE RELOCATION  
 Policy Number 98-CC-W368-4

## SECTION I - PROPERTY BLANKET

Coverage A - Buildings  
 Coverage B - Business Personal Property

Limit of Insurance\*  
 \$ 8,500  
 \$ 14,500

Location Number	Location of Described Premises
001	MT ST HELENS DRIVE COUGAR WA 98616

## AUXILIARY STRUCTURES

Location Number	Description
001A	GENERATOR/WELL HOUSE

\* As of the effective date of this policy, the Limit of Insurance as shown includes any increase in the limit due to Inflation Coverage.

## SECTION I - INFLATION COVERAGE INDEX(ES)

Inflation Coverage Index: 169.1

## SECTION I - DEDUCTIBLES

Basic Deductible \$1,000

Prepared  
 JUN 22 2018  
 CMP-4000

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State Farm



M 10376

## DECLARATIONS (CONTINUED)

Residential Community Association Policy for SPIRIT LAKE RELOCATION  
Policy Number 98-CC-W368-4

## Special Deductibles:

Money and Securities	\$250	Employee Dishonesty	\$250
Equipment Breakdown	\$1,000		

Other deductibles may apply - refer to policy.

SECTION 1 - EXTENSIONS OF COVERAGE - LIMIT OF INSURANCE - EACH DESCRIBED PREMISES

The coverages and corresponding limits shown below apply separately to each described premises shown in these Declarations, unless indicated by "See Schedule." If a coverage does not have a corresponding limit shown below, but has "Included" indicated, please refer to that policy provision for an explanation of that coverage.

COVERAGE	LIMIT OF INSURANCE
Collapse	Included
Damage To Non-Owned Buildings From Theft, Burglary Or Robbery	Coverage B Limit
Debris Removal	25% of covered loss
Equipment Breakdown	Included
Fire Department Service Charge	\$5,000
Fire Extinguisher Systems Recharge Expense	\$5,000
Glass Expenses	Included
Increased Cost Of Construction And Demolition Costs (applies only when buildings are insured on a replacement cost basis)	10%
Newly Acquired Business Personal Property (applies only if this policy provides Coverage B - Business Personal Property)	\$100,000
Newly Acquired Or Constructed Buildings (applies only if this policy provides Coverage A - Buildings)	\$250,000
Ordinance Or Law - Equipment Coverage	Included
Preservation Of Property	30 Days
Water Damage, Other Liquids, Powder Or Molten Material Damage	Included

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JUN 22 2016  
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M 10375

## DECLARATIONS (CONTINUED)

Residential Community Association Policy for SPIRIT LAKE RELOCATION  
 Policy Number 99-CC-W368-4

SECTION I - EXTENSIONS OF COVERAGE - LIMIT OF INSURANCE - EACH COMPLEX

The coverages and corresponding limits shown below apply separately to each complex as described in the policy.

COVERAGE	LIMIT OF INSURANCE
Accounts Receivable	
On Premises	\$50,000
Off Premises	\$15,000
Arson Reward	\$5,000
Forgery Or Alteration	\$10,000
Money And Securities (Off Premises)	\$5,000
Money And Securities (On Premises)	\$10,000
Money Orders And Counterfeit Money	\$1,000
Outdoor Property	\$5,000
Personal Effects (applies only to those premises provided Coverage B - Business Personal Property)	\$2,500
Personal Property Off Premises	\$15,000
Pollutant Clean Up And Removal	\$10,000
Property Of Others (applies only to those premises provided Coverage B - Business Personal Property)	\$2,500
Signs	\$2,500
Valuable Papers And Records	
On Premises	\$10,000
Off Premises	\$5,000

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M 1037B

## DECLARATIONS (CONTINUED)

Residential Community Association Policy for SPIRIT LAKE RELOCATION  
Policy Number 98-CC-W388-4

**SECTION I - EXTENSIONS OF COVERAGE - LIMIT OF INSURANCE - PER POLICY**

The coverages and corresponding limits shown below are the most we will pay regardless of the number of described premises shown in these Declarations.

COVERAGE	LIMIT OF INSURANCE
Back-Up of Sewer or Drain	Included
Employee Dishonesty	\$25,000
Loss Of Income And Extra Expense	Actual Loss Sustained - 12 Months

**SECTION II - LIABILITY**

COVERAGE	LIMIT OF INSURANCE
Coverage L - Business Liability	\$2,000,000
Coverage M - Medical Expenses (Any One Person)	\$5,000
Damage To Premises Rented To You	\$300,000
Directors And Officers Liability	\$1,000,000
AGGREGATE LIMITS	LIMIT OF INSURANCE
Products/Completed Operations Aggregate	\$4,000,000
General Aggregate	\$4,000,000
Directors and Officers Aggregate	\$1,000,000

Each paid claim for Liability Coverage reduces the amount of insurance we provide during the applicable annual period. Please refer to Section II - Liability in the Coverage Form and any attached endorsements.

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M10375

**DECLARATIONS (CONTINUED)**

**Residential Community Association Policy for SPIRIT LAKE RELOCATION**  
**Policy Number 98-CC-W368-4**

Your policy consists of these Declarations, the BUSINESSOWNERS COVERAGE FORM shown below, and any other forms and endorsements that apply, including those shown below as well as those issued subsequent to the issuance of this policy.

**FORMS AND ENDORSEMENTS**

GMP-4103	Businessowners Coverage Form
GMP-4247	Amendatory Endorsement
GMP-4558	Residential Community Assoc
GMP-4705	Loss of Income & Extra Expense
GMP-4553	Water Damage Deductible
GMP-4814	Directors & Officers Liability
GMP-4746	Hired Auto Liability
GMP-4710	Employee Dishonesty
GMP-4508	Money and Securities
FE-8999.2	Terrorism Insurance Cov Notice
GMP-4860	AI Design Person Org
FD-6007	Inland Marine Attach Dec

**SCHEDULE OF ADDITIONAL INTERESTS**

Interest Type: Addl Insured-Section II  
 Endorsement #: GMP4860  
 Loan Number: N/A

PACIFICORP  
 ATTN: CORPORATE INSURANCE  
 1407 W NORTH TEMPLE  
 SALT LAKE CITY UT 841163167

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M 10375

DECLARATIONS (CONTINUED)

Residential Community Association Policy for SPIRIT LAKE RELOCATION  
Policy Number 98-CC-W368-4

This policy is issued by the State Farm Fire and Casualty Company.

Participating Policy

You are entitled to participate in a distribution of the earnings of the company as determined by our Board of Directors in accordance with the Company's Articles of Incorporation, as amended.

In Witness Whereof, the State Farm Fire and Casualty Company has caused this policy to be signed by its President and Secretary at Bloomington, Illinois.

*Lynne M. Youell*  
Secretary

*Michael J. Flynn*  
President

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JUN 22 2016  
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STATE FARM FIRE AND CASUALTY COMPANY  
A STOCK COMPANY WITH HOME OFFICES IN BLOOMINGTON, ILLINOIS

P.O. Box 290100  
Dallas, TX 75229-0100

# **INLAND MARINE ATTACHING DECLARATIONS**

M-15-8FAE-FC20 F V

## **Named Insured**

SPIRIT LAKE RELOCATION  
ASSOCIATION  
1417 15TH AVE STE B  
LONGVIEW WA 98632-3736

<b>Policy Number</b>	<b>BB-CC-W388-4</b>	
<b>Policy Period</b>	<b>Effective Date</b>	<b>Expiration Date</b>
12 Months	JUN 13 2016	JUN 13 2017
The policy period begins and ends at 12:01 am standard time at the premises location.		

## **ATTACHING INLAND MARINE**

**Automatic Renewal** - If the policy period is shown as 12 months, this policy will be renewed automatically subject to the premiums, rates and forms in effect for each succeeding policy period. If this policy is terminated, we will give you and the Mortgagee/Lenderholder written notice in compliance with the policy provisions or as required by law.

**Annual Policy Premium** Included

The above Premium Amount is included in the Policy Premium shown on the Declarations.

Your policy consists of these Declarations, the **INLAND MARINE CONDITIONS** shown below, and any other forms and endorsements that apply, including those shown below as well as those issued subsequent to the issuance of this policy.

## **Forms, Options, and Endorsements**

FE-8724 Inland Marine Conditions  
FE-8744 Inland Marine Computer Prop

See Reverse for Schedule Page with Limits

Prepared  
JUN 22 2016  
FD-6007

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## ATTACHING INLAND MARINE SCHEDULE PAGE

## ATTACHING INLAND MARINE

ENDORSEMENT NUMBER	COVERAGE	LIMIT OF INSURANCE	DEDUCTIBLE AMOUNT	ANNUAL PREMIUM
FE-8744	Inland Marine Computer Prop Loss of Income and Extra Expense	\$ 10,000 \$ 10,000	\$ 500	Included Included

Prepared  
JUN 22 2016  
FD-8037

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OTHER LIMITS AND EXCLUSIONS MAY APPLY - REFER TO YOUR POLICY

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Page 1 of 5

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CMP-4247 AMENDATORY ENDORSEMENT  
(Washington)**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM****A. SECTION I is amended as follows:**

1. Paragraphs 1. and 8. under Property Not Covered of **SECTION I – PROPERTY** is replaced by the following:

1. Aircraft, automobiles, motor trucks, or other vehicle subject to licensing requirements.

8. "Computer(s)" which are permanently installed or designed to be permanently installed in any aircraft, watercraft, motor truck or other vehicle subject to licensing requirements. This paragraph does not apply to "computer(s)" while held as "stock".

2. The last paragraph under Paragraph 2.1. of **SECTION I – EXCLUSIONS** is replaced by the following:

But if an excluded cause of loss that is listed in Paragraphs (1) through (7) above results in an accidental direct physical loss by any of the "specified causes of loss", building glass breakage or collapse, as provided in **SECTION I – EXTENSIONS OF COVERAGE**, we will pay for the loss caused by that "specified causes of loss", building glass breakage or collapse.

3. Paragraphs 4.b., 4.c. and 4.d.(1) under Collapse of **SECTION I – EXTENSIONS OF COVERAGE** are replaced by the following:

- b. We will pay for accidental direct physical loss to Covered Property, caused by collapse of a building or any part of a building that is insured under this coverage form or that contains Covered Property insured under this coverage form, if the collapse is caused by one or more of the following:

- (1) The "specified causes of loss" or breakage of building glass, all only as insured against in this coverage form;

- (2) Weight of people or personal property;

- (3) Weight of rain that collects on a roof; or

- (4) Use of defective material or methods in construction, remodeling or renovation, if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in Paragraphs (1) through (3), we will pay for the loss even if use of defective material or methods in construction, remodeling or renovation, contributes to the collapse.

The criteria set forth in Paragraphs a.(1) and a.(2) do not limit the coverage otherwise provided under this Extension Of Coverage for the causes of loss listed in Paragraphs b.(1), b.(2), and b.(3).

- c. With respect to the following property:

- (1) Awnings;
- (2) Gutters and downspouts;
- (3) Yard fixtures;
- (4) Outdoor swimming pools;
- (5) Piers, wharves and docks;
- (6) Beach or diving platforms or appurtenances;
- (7) Retaining walls; and
- (8) Walks, roadways and other paved surfaces;

if the collapse is caused by a cause of loss listed in Paragraphs b.(2) through b.(4), we will pay for loss to that property only if such loss is a direct result of the collapse of a building insured under this coverage form and the property is Covered Property under this coverage form.

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- d. If personal property abruptly falls down or caves in and such collapse is not the result of collapse of a building, we will pay for loss to Covered Property caused by such collapse of personal property only if:
- (1) The collapse was caused by a cause of loss listed in Paragraphs b.(1) through b.(4) of this Extension Of Coverage;
4. SECTION I - CONDITIONS is amended as follows:
- a. The last paragraph under Paragraph 1.b. Appraisal does not apply.
  - b. Paragraph 1.c.(1)(a) under Duties In The Event Of Loss does not apply.
  - c. Paragraphs 1.c.(4)(a)(2) and 1.c.(4)(a)(3) under Loss Payment is replaced by the following:
    - 2) The cost to replace, on the described premises, the lost or damaged property with new property of similar kind and quality and used for the same purpose; or
    - 3) The amount that you actually spend that is necessary to repair or replace the lost or damaged property with new property of similar kind and quality.
  - d. Paragraph 2.b. is replaced by the following:
    - b. Mortgageholders  
Insurance Commissioner's Regulation No. 335MAC284-21-010 requires that Form 372 (Ed. 11-80) or Form 438 BFU (Ed. 5-82) be endorsed on this policy to replace this Mortgageholders Condition.
5. Paragraph 15.b. of SECTION I - DEFINITIONS is replaced by the following:
- b. Volcanic action:
    - (1) Means accidental direct physical loss resulting from the eruption of a volcano when the loss is caused by:
      - (a) Airborne volcanic blast or airborne shock waves; or
      - (b) Ash, dust or particulate matter.
    - (2) Does not provide coverage for damage to:
      - (a) Land;
      - (b) Property in the open or in open sheds; or
      - (c) Portions of buildings not completely enclosed, or personal property contained within those buildings.
- (3) Loss, as described above, includes the cost to:
- (a) Remove the ash, dust or particulate matter from the interior and exterior surfaces of the covered building; and
  - (b) Clean equipment and stock. If stock cannot be returned to its state before the volcanic eruption, the measure of loss will be the reduction in actual cash value.
- Payment for removal applies only to the initial deposit of ash, dust or particulate matter following a volcanic eruption. Subsequent deposits arising from the movements of volcanic dust or ash by wind or other means are not covered.
- (4) Does not include loss caused by, resulting from, contributed to or aggravated by:
- (a) Fire;
  - (b) Explosion;
  - (c) Flood, surface water, waves, tides, tidal waves, tsunami, seiche, overflow of any body of water, or their spray, all whether driven by wind or not; or
  - (d) Earth movement, as described in Paragraph 1.b. of SECTION I - EXCLUSIONS.
6. Throughout SECTION I, the following terms have special meaning:
1. The term actual cash value means:
    - a. The cost of repairing the damage less reasonable deduction for wear and tear, deterioration and obsolescence, when the damage to property is economically repairable;
    - b. The market value of property in a used condition equal to that of the destroyed property, if reasonably available on the used market, when



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the loss to properly creates a total loss; or

- c. The market value of new, identical or nearly identical property less reasonable deduction for wear and tear, deterioration and obsolescence under any other circumstance.

- 2. The term "vehicles" means vehicles running on land or tracks, but not aircraft.

**B. SECTION II is amended as follows:**

- 1. Throughout SECTION II and any endorsement or addition that would modify this section, the term "spouse" is replaced with the following:

Spouse or individual who is in a domestic partnership recognized under Washington law.

- 2. Paragraph 5. Employer's Liability of SECTION II - EXCLUSIONS applies only to "bodily injury" to "employees" of the insured whose employment is not subject to the Industrial Insurance Act of Washington (Washington Revised Code Title 51).

With respect to "bodily injury" to "employees" of the insured whose employment is subject to the Industrial Insurance Act of Washington, paragraph 5., is replaced by the following:

**5. Employer's Liability**

- a. "Bodily injury" to an "employee" or a former "employee" of the insured arising out of and in the course of:
  - (1) Employment by the insured; or
  - (2) Performing duties related to the conduct of the insured's business.

- b. Any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

- 3. Paragraph 2.a.(1) of SECTION II - WHO IS AN INSURED applies only to "employees" of the insured whose employment is not subject to the Industrial Insurance Act of Washington (Washington Revised Code Title 51).

With respect to "employees" of the insured whose employment is subject to the Industrial Insurance Act of Washington, Paragraph 1.b.(1)(a) is replaced by the following:

- (a) "Bodily injury" or "personal and advertising injury"

- i. To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while that co-"employee" is either in the course of his or her employment or performing duties related to the conduct of your business; or

- ii. For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph i. above.

**C. SECTION I AND SECTION II - COMMON POLICY CONDITIONS is amended as follows:**

- 1. The following is added to 2. Concealment, Misrepresentation Or Fraud:

If the loss is also the result of an act of domestic abuse by you, this policy is not void as to any other insured provided that the other insured files a police report, cooperates with any law enforcement investigation relating to the act of domestic abuse and did not cooperate in or contribute to the loss.

If we pay for such a loss, our payment to the insured is limited to that insured's insurable interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit Of Insurance.

As used here, domestic abuse means intentionally, knowingly, or recklessly causing physical loss to covered property so as to intimidate or attempt to control the behavior of another insured.

- 2. The paragraph titled SECTION I - PROPERTY under Other Insurance is replaced by the following:

**SECTION I - PROPERTY**

With respect to insurance provided under SECTION I - PROPERTY:



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- a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this policy. If you do, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit Of Insurance under this policy bears to the limits of insurance of all insurance covering on the same basis.
- b. If there is other insurance covering the same loss, other than that described in Paragraph a. above, we will pay only for the amount of covered loss in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit Of Insurance.

However, this insurance is primary and does not contribute with any other insurance for a covered loss to property as described in Coverage A – Buildings that you do not own and which is your insurance responsibility according to the terms of a lease or rental agreement. We will decide if our payment for loss will be made to you or to the owner of the property. But we will not pay more than the applicable Limit Of Insurance of SECTION I – PROPERTY coverages shown in the Declarations.

3. The following are added to Paragraph 10. Transfer Of Rights Of Recovery Against Others To Us:

Our right to recover our payments applies only after you have been fully compensated for damages.

If we pay an insured, who is victim of domestic abuse, for a loss caused by an act of domestic abuse, the rights of that insured to recover damages from the perpetrator of the abuse are transferred to us to the extent of our payment. That insured may not waive such rights to recover against the perpetrator of the domestic abuse. As used here, domestic abuse means intentionally, knowingly, or recklessly causing physical loss to covered property so as to intimidate or attempt to control the behavior of another insured.

4. The following is added:

#### Cancellation

- a. (1) The first Named Insured shown in the Declarations may cancel the

policy by notifying us or the insurance producer in one of the following ways:

- (a) Written notice by mail, fax or e-mail;
- (b) Surrender of the policy or binder, or
- (c) Verbal notice.

- (2) Upon receipt of such notice, we will cancel this policy or any binder issued as evidence of coverage, effective on the later of the following:

- (a) The date on which notice is received or the policy or binder is surrendered; or
- (b) The date of cancellation requested by the first Named Insured.

- b. We may cancel this policy by mailing or delivering to the first Named Insured and the first Named Insured's agent written notice of cancellation at least:

- (1) Five days before the effective date of cancellation for any structure where two or more of the following conditions exist:

- (a) Without reasonable explanation, the structure is unoccupied for more than 60 consecutive days, or at least 65% of the rental units are unoccupied for more than 120 consecutive days unless the structure is maintained for seasonal occupancy or is under construction or repair;
- (b) Without reasonable explanation, progress toward completion of permanent repairs to the structure has not occurred within 60 days after receipt of funds following satisfactory adjustment or adjudication of loss resulting from a fire;
- (c) Because of its physical condition, the structure is in danger of collapse;
- (d) Because of its physical condition, a vacation or demolition order has been issued for the structure, or it has been declared unsafe in accordance with applicable law;



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- (e) Fixed and salvageable items have been removed from the structure, indicating an intent to vacate the structure;
  - (f) Without reasonable explanation, heat, water, sewer, and electricity are not furnished for the structure for 60 consecutive days; or
  - (g) The structure is not maintained in substantial compliance with fire, safety and building codes.
- (2) 10 days before the effective date of cancellation if we cancel for non-payment of premium.
  - (3) 45 days before the effective date of cancellation if we cancel for any other reason.
- c. Notice of cancellation will state the actual reason for and effective date of cancellation. The policy period will end on that date.
  - d. We will mail or deliver our notice to the first Named Insured's and the first Named Insured's agent at their last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.
  - e. We will also mail or deliver to any mortgageholder, pledgee or other person shown in this policy to have an interest in any loss which may occur under this policy, at their last mailing address known to us, written notice of cancellation prior to the effective date of cancellation. If cancellation is for reasons other than those contained in Paragraph b.(1) above, this notice will be the same as that mailed or delivered to the first Named Insured. If cancellation is for a reason contained in Paragraph b.(1) above, we will mail or deliver this notice at least 20 days prior to the effective date of cancellation.
  - f. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be no less than 90% of the pro rata refund. The cancellation will be effective even if we have not made or offered a refund.

- g. If this policy insured more than one Named Insured, then the first Named Insured may affect cancellation for the account of all insureds.

#### When We Do Not Renew

- a. If we decide not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations and the first Named Insured's agent written notice of the nonrenewal at least 45 days before the:

- (1) Expiration of the policy; or
- (2) Anniversary date of this policy if this policy has been written for a term of more than one year.

We will mail or deliver our notice to the first Named Insured's and the first Named Insured's agent at their last mailing address known to us. We will also mail to any mortgageholder, pledgee or other person shown in this policy to have an interest in any loss which may occur under this policy, at their last mailing address known to us, written notice of nonrenewal. The notice will state the reason for nonrenewal. If notice is mailed, proof of mailing will be sufficient proof of notice.

- b. Otherwise, we will renew this policy unless:

- (1) The first Named Insured fails to pay the renewal premium after we have expressed our willingness to renew, including a statement of the renewal premium, to the first Named Insured and the first Named Insured's insurance agent or broker, at least 20 days before the expiration date;
- (2) Other coverage acceptable to the insured has been procured prior to the expiration date of the policy; or
- (3) The policy clearly states that it is not renewable, and is for a specific line, subclassification, or type of coverage that is not offered on a renewable basis.

All other policy provisions apply.

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Page 1 of 4

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CMP-4558 RESIDENTIAL COMMUNITY ASSOCIATION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM****1. SECTION I — PROPERTY** is amended as follows:**a. Under Coverage A — Buildings:**

(1) Paragraph 2. is replaced by the following:

2. Fixtures, outside of individual units, including outdoor fixtures;

(2) Paragraph 5.d. is replaced by the following:

d. Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering that are not contained within individual units.

(3) The following is added:

Any of the following types of property contained within an individual unit, regardless of ownership:

(a) Fixtures, improvements and alterations that are a part of the building or structure; and

(b) Appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

But building does not include personal property owned by, used by or in the care, custody or control of a unit-owner except for personal property listed in Paragraphs (a) or (b) above.

**b. Under Coverage B — Business Personal Property:**

(1) Paragraph 1. is replaced by the following:

1. Property that:

a. You own, lease from others or rent from others, or that is loaned to you; or

b. Owned indivisibly by all unit-owners;

(2) Paragraph 3. does not apply.

**c. The following is added under Property Not Covered:**

Personal property owned by a unit-owner except as provided in Coverage A — Buildings or Coverage B — Business Personal Property.

**d. Paragraph 1.h. of SECTION I — EXCLUSIONS** is replaced by the following:**h. Water**

(1) Flood, surface water, waves (including tidal wave, tsunami, seiche) tides, tidal water, overflow of any body of water, or spray or surge from any of these, all whether driven by wind or not, except as provided in the Back-up Of Sewer Or Drain Extension Of Coverage;

(2) Mudslide or mudflow;

(3) Water or sewage that backs up or overflows from a sewer, drain or sump, except as provided in the Back-up Of Sewer Or Drain Extension Of Coverage;

(4) Water or sewage under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings; or

(5) Material carried or otherwise moved by any of the Water, as described in Paragraphs (1) through (4) above.

But if Water, as described in Paragraphs (1) through (5) above, results in accidental direct physical loss by fire, explosion or sprinkler leakage, we will pay for the loss caused by that fire, explosion or sprinkler leakage.





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Page 2 of 4

**e. SECTION I — EXTENSIONS OF COVERAGE** is amended as follows:

- (1) Regardless of any language to the contrary in this policy, and only for the following Extensions Of Coverage, the most we will pay for loss in any one occurrence at each "complex" is the Limit Of Insurance for that Extension Of Coverage shown in the Declarations:

Pollutant Clean Up And Removal;  
Money Orders And Counterfeit Money;  
Forgery Or Alterations;  
Personal Property Off Premises;  
Outdoor Property;  
Personal Effects;  
Valuable Papers And Records;  
Accounts Receivable;  
Signs;  
Arson Reward; and  
Property Of Others.

- (2) The following is added:

**Back-up Of Sewer Or Drain.**

1. We will pay for accidental direct physical loss to Covered Property directly and immediately caused by water or sewage:

- a. That enters through a sewer or drain located inside the interior structure; or
- b. Which enters into and overflows from within a sump pump, sump pump well, or any other system located inside the interior of the structure, designed to remove subsurface water drained from the foundation area.

2. This coverage does not apply if the loss is resulting from your failure to:

- a. Keep a sump pump or its related equipment in proper working condition; or
- b. Perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions.

- f. Paragraph 3. of **SECTION I — LIMITS OF INSURANCE** does not apply.

- g. Paragraph 1.e.(4)(d) under Loss Payment of **SECTION I — CONDITIONS** does not apply.

- h. The following are added to Paragraph 1.e. under Loss Payment of **SECTION I — CONDITIONS**:

- (1) Paragraph (1)(c) will not apply if you are required by state law to repair or replace the property.

- (2) Paragraph (1)(d) will not apply if the property is not being repaired or replaced in accordance with state law.

- (3) If you name an insurance trustee, we will adjust losses with you, but we will pay the insurance trustee. If we pay the trustee, the payments will satisfy your claims against us.

- (4) If the condominium is terminated, we will pay for covered loss of buildings or structures to each mortgage-holder shown in the Declarations in their order of precedence, as interests may appear. In all other respects, we will pay for loss to buildings or structures to you or the designated insurance trustee in accordance with this Loss Payment Condition.

1. The following is added to **SECTION I — DEFINITIONS**:

"Complex" means one or more covered buildings subject to common ownership, management, and maintenance located on the same or connecting lots.

2. **SECTION II — LIABILITY** is amended as follows:

- a. The following applies to **SECTION II — WHO IS AN INSURED**:

No person or organization is an Insured with respect to acts, errors or omissions:

- (1) For which that person or organization may be liable in their capacity as a declarant, builder, sponsor, developer, promoter, engineer or architect; or

- (2) While acting within the scope of their duties for a declarant, builder, sponsor, developer, promoter, engineer or architect.

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b. Paragraph 1.b. under SECTION II — WHO IS AN INSURED is replaced by the following:

b. Each of the following is also an insured:

(1) Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your "managers" (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

(a) "Bodily injury" or "personal and advertising injury";

i. To you, to your partners or members (if you are a partnership or joint venture), to your "members" (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;

ii. To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph i. above; or

iii. For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph i. or ii. above.

(b) "Property damage" to property:

i. Owned, occupied or used by,

ii. Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any "member" (if you are a limited liability company).

(2) Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager but only with respect to liability for "bodily injury".

(3) Any person or organization having proper temporary custody of your property if you die, but only:

(a) With respect to liability arising out of the maintenance or use of that property; and

(b) Until your legal representative has been appointed.

(4) Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.

(5) Any unit-owner including:

(a) The declarant, builder, sponsor, developer or promoter in the capacity as a unit-owner, but only with respect to the declarant's, builder's, sponsor's, developer's or promoter's liability arising out of:

i. The ownership, maintenance or repair of that portion of the premises which is not owned solely by the declarant, builder, sponsor, developer or promoter; or

ii. The declarant's, builder's, sponsor's, developer's or promoter's membership in the association.

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(b) Each other unit-owner of the described condominium association or similar community association, but only with respect to that person's liability arising out of:

I. The ownership, maintenance or repair of that portion of the premises which is not owned solely by the unit-owner; or

II. Membership in the association.

**3. SECTION I AND SECTION II — COMMON POLICY CONDITIONS is amended as follows:**

a. Paragraph 7, Other Insurance is amended as follows:

(1) SECTION I — PROPERTY is replaced by the following:

**SECTION I — PROPERTY**

If there is other insurance covering the same loss, we will pay only for the amount of covered loss in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit Of Insurance of SECTION I — PROPERTY shown in the Declarations.

(2) The following is added:

**Unit-Owner's Insurance**

A unit-owner may have other insurance covering the same property or

"bodily injury", "property damage", "personal and advertising injury" as this insurance. This insurance is intended to be primary, and not to contribute with such other insurance.

b. The following is added to Paragraph 10, Transfer Of Rights Of Recovery Against Others To Us:

We waive our rights to recover payment from:

(1) Any unit-owner, including the developer as a unit-owner, and household members;

(2) The association; and

(3) Member of the board of directors for acts or omissions within the scope of their duties for you.

We reserve our right, however, to recover against the declarant, builder, sponsor, developer or promoter for acts, errors or omissions that the declarant, builder, sponsor, developer or promoter may be liable for in the capacity as a declarant, builder, sponsor, developer or promoter.

c. The following is added:

**Act Or Omission**

No act or omission by any unit-owner will void this policy or be a condition to recovery under this policy. But this Condition does not apply to unit-owners acting within the scope of their authority on behalf of the Association.

All other policy provisions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CMP-4705 LOSS OF INCOME AND EXTRA EXPENSE**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

The coverage provided by this endorsement is subject to the provisions of SECTION I — PROPERTY, except as provided below.

**COVERAGES****1. Loss Of Income**

- a. We will pay for the actual "Loss Of Income" you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by accidental direct physical loss to property at the described premises. The loss must be caused by a Covered Cause Of Loss. With respect to loss to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, then the described premises means:

- (1) The portion of the building which you rent, lease or occupy; and
- (2) Any area within the building or on the site at which the described premises are located, if that area is the only such area that:
  - (a) Services; or
  - (b) is used to gain access to; the described premises.

- b. We will only pay for "Loss Of Income" that you sustain during the "period of restoration" that occurs after the date of accidental direct physical loss and within the number of consecutive months for Loss Of Income And Extra Expense shown in the Declarations. We will only pay for "ordinary payroll expenses" for 90 days following the date of accidental direct physical loss.

**2. Extra Expense**

- a. We will pay necessary "Extra Expense" you incur during the "period of restoration" that you would not have incurred if there had been no accidental direct physical loss to property at the described premises. The loss must be caused by a Covered Cause Of Loss. With respect to loss to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, then the described premises means:

- (1) The portion of the building which you rent, lease or occupy; and
- (2) Any area within the building or on the site at which the described premises are located, if that area is the only such area that:
  - (a) Services; or
  - (b) is used to gain access to; the described premises.

- b. We will only pay for "Extra Expense" that occurs after the date of accidental direct physical loss and within the number of consecutive months for Loss Of Income And Extra Expense shown in the Declarations.

**3. Extended Loss Of Income**

- a. If the necessary "suspension" of your "operations" produces a "Loss Of Income" payable under this policy, we will pay for the actual "Loss Of Income" you incur during the period that:

- (1) Begins on the date property, except finished stock, is actually repaired, rebuilt or replaced and "operations" are resumed; and



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- (a) The date you could restore your "operations" with reasonable speed, to the level which would generate the Net Income amount that would have existed if no accidental direct physical loss had occurred; or
- (b) 90 consecutive days after the date determined in Paragraph a.(1) above.

However, Extended Loss Of Income does not apply to "Loss Of Income" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause Of Loss in the area where the described premises are located.

- b. "Loss Of Income" must be caused by accidental direct physical loss at the described premises caused by any Covered Cause Of Loss.

**4. Civil Authority**

- a. When a Covered Cause Of Loss causes damage to property other than property at the described premises, we will pay for the actual "Loss Of Income" you sustain and necessary "Extra Expense" caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause Of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

- b. Civil Authority coverage for "Loss Of Income" will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

- c. Civil Authority coverage for necessary "Extra Expense" will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
- (2) When your Civil Authority coverage for "Loss Of Income" ends;

whichever is later.

**EXTENSIONS OF COVERAGE****1. Newly Acquired Property**

- a. You may extend the insurance provided by this endorsement to apply to newly acquired or constructed property covered as described in Paragraph 12. of SECTION I — EXTENSIONS OF COVERAGE of your policy.

- b. The most we will pay in any one occurrence under this coverage for "Loss Of Income" and necessary "Extra Expense" is the actual loss you sustain.

**2. Interruption Of Web Site Operations**

- a. You may extend the insurance provided by this endorsement to apply to the necessary interruption of your business. The interruption must be caused by an accidental direct physical loss to your Web Site Operations at the premises of a vendor acting as your service provider.

Such interruption must be caused by a Covered Cause Of Loss other than a loss covered under Equipment Breakdown Extension Of Coverage of your Businessowners Coverage Form.

**(1) Coverage Time Period**

We will only pay for loss you sustain during the seven-day period immediately following the first 12 hours after the Covered Cause Of Loss.

**(2) Conditions**

- (a) This coverage applies only if you have a back-up copy of your Web Site stored at a location other than the site of the Web Site vendor and to the extent "Loss Of Income" is permanently lost.

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(b) Notwithstanding any provision to the contrary, the coverage provided under this Interruption Of Web Site Operations Extension Of Coverage is primary to any LOSS OF INCOME AND EXTRA EXPENSE coverage provided by the Inland Marine Computer Property Form.

- b. The most we will pay in any one occurrence under this coverage is \$10,000.

### 3. Off Premises - Loss Of Income

- a. You may extend the insurance provided by this endorsement to apply to the necessary "suspension" of your business. The "suspension" must be caused by an accidental direct physical loss to your Covered Property while it is in the course of transit or at another premises.

If the Covered Property is located at another premises you own, lease, operate, or regularly use, the insurance provided under this extension applies only if the loss occurs within 90 days after the property is first moved.

We will only pay for loss you sustain during the period beginning immediately after the time of accidental direct physical loss caused by any Covered Cause Of Loss and ending when the property should be repaired, rebuilt or replaced with reasonable speed and similar quality.

- b. The most we will pay in any one occurrence under this coverage is \$20,000.

### EXCLUSIONS

We will not pay for:

1. Any "Extra Expense", or increase of "Loss Of Income", caused by:
  - a. Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers, picketers, or any others charged with rebuilding, repairing, or replacing property; or
  - b. Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of your "operations", we will cover such loss that affects your "Loss Of Income" during the "period of restoration".
2. Any other consequential loss.

### CONDITION

#### Resumption Of Operations

We will reduce the amount of your:

1. "Loss Of Income", other than "Extra Expense", to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
2. "Extra Expense" loss to the extent you can return "operations" to normal and discontinue such "Extra Expense".

### DEDUCTIBLE

No deductible applies to the coverage provisions provided in this "Loss Of Income" endorsement.

However, for any loss covered under Paragraph 22.b.(4) of the Equipment Breakdown Extension Of Coverage of your policy, the Special Deductible for Equipment Breakdown will apply to this "Loss Of Income".

### DEFINITIONS

1. "Extra Expense" means expense incurred:
  - a. To avoid or minimize the "suspension" of business and to continue "operations":
    - (1) At the described premises; or
    - (2) At replacement premises or at temporary locations, including relocation expenses, and costs to equip and operate the replacement or temporary locations.
  - b. To minimize the "suspension" of business if you cannot continue "operations".
  - c. To:
    - (1) Repair or replace any property; or
    - (2) Research, replace or restore the lost information on damaged "valuable papers and records"

to the extent it reduces the amount of loss that otherwise would have been payable under this coverage or "Loss Of Income" coverage.
2. "Loss Of Income" means:
  - a. Net Income (net profit or loss before income taxes) that would have been earned or incurred if no accidental direct physical loss had occurred, including:
    - (1) "Rental value";



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(2) "Maintenance fees", if you are a condominium association or other similar community association;

(3) Total receipts and contributions (less operating expenses) normally received during the period of disruption of operations; and

(4) Tuition and fees from students, including fees from room, board, laboratories and other similar sources.

Net income does not include any Net income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause Of Loss on customers or on other businesses; and

b. Continuing normal operating expenses incurred, including "ordinary payroll expenses".

3. "Maintenance fees" means the regular payment made to you by unit-owners and used to service the common property.

4. "Operations" means your business activities occurring at the described premises.

5. "Ordinary payroll expenses":

a. Mean payroll expenses for all your employees except:

- (1) Officers;
- (2) Executives;
- (3) Department Managers; and
- (4) Employees under contract.

b. Include:

- (1) Payroll;
- (2) Employee benefits, if directly related to payroll;
- (3) FICA payments you pay;
- (4) Union dues you pay; and
- (5) Workers' compensation premiums.

6. "Period of restoration":

a. Means the period of time that:

(1) Begins immediately after the time of accidental direct physical loss caused by any Covered Cause Of Loss at the described premises; and

(2) Ends on the earlier of:

(a) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(b) The date when business is resumed at a new permanent location.

b. Does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) 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".

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

7. "Rental value" means:

a. The total anticipated rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you;

b. The amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations; and

c. The fair rental value of any portion of the described premises which is occupied by you.

8. "Suspension" means:

a. The partial slowdown or complete cessation of your business activities; or

b. That a part or all of the described premises is rendered untenable, if coverage for "Loss Of Income" applies.

All other policy provisions apply.

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Page 1 of 4**FE-8724 INLAND MARINE CONDITIONS (Washington)**

Coverage in the Inland Marine Form is primary to any coverage provided in the policy this Form is attached to, for the same property.

The following Conditions also apply:

1. When used in this policy or in any endorsement attached to this policy, the term "replacement cost" means the cost to replace the lost or damaged property with new property of similar kind and quality and used for the same purpose.
2. **Agreement.** We agree to provide the insurance described in this policy. You agree to pay premiums when due and comply with the provisions of this policy.
3. **Definitions.** Throughout this policy, the words "you" and "your" refer to the Named Insured and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the Company providing this insurance.
4. **Valuation.** The value of covered property will be determined based on the provisions in the applicable coverage form attached.
5. **Loss Payment.** In the event of loss covered by this policy:
  - a. We will give notice, within 30 days after we receive the sworn statement of loss, of our intent to settle the loss according to one of the following methods:
    - (1) Pay the value of lost or damaged property as determined in the Valuation Condition shown in the applicable coverage form;
    - (2) Pay the cost of replacing or repairing the lost or damaged property, plus any reduction in value of repaired items;
    - (3) Take all or any part of the property at an agreed or appraised value; or
    - (4) Repair, rebuild or replace the property with new property of like kind and quality;
  - b. We will not pay you more than your financial interest in the covered property;
  - c. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the covered property;
  - d. We may elect to defend you, at our expense, against suits arising from claims of owners of property;
  - e. We will pay for covered loss within 30 days after we receive the sworn statement of loss, if:
    - (1) You have complied with all of the terms of this policy; and
    - (2) We have reached agreement with you on the amount of loss or an appraisal award has been made.
6. **Duties in the Event of Loss.** You must see that the following are done in the event of loss to covered property:
  - a. Give us prompt notice of the loss. Include a description of the lost or damaged property in the notice;
  - b. As soon as possible, give us a description of how, when and where the loss occurred;
  - c. Take all reasonable steps to protect the covered property from further damage by an insured loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your emergency and temporary repair expenses for consideration in the settlement of the claim. This will not increase the limit of insurance;
  - d. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed;
  - e. Permit us to inspect the property and records proving the loss;
  - f. If requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed;
  - g. Send us a signed, sworn statement of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms;



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- h. Cooperate with us in the investigation or settlement of the claim;
  - i. Resume all or part of your business activities at the described premises as quickly as possible.
- 7. Appraisal.** If you and we disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. Each party will notify the other of the selected appraiser's identity within 20 days after receipt of the written demand for an appraisal. The two appraisers will select an umpire. If the appraisers cannot agree upon an umpire within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:
- a. Pay its chosen appraiser, and
  - b. Bear the other expenses of the appraisal and umpire equally.
- 8. Abandonment.** There can be no abandonment of any property to us.
- 9. Legal Action Against Us.** No one may bring legal action against us under this insurance unless:
- a. There has been full compliance with all of the terms of this insurance; and
  - b. The action is brought within two years after the date on which the accidental direct physical loss occurred. But if the law of the state in which this policy is issued allows more than two years to bring legal action against us, that longer period of time will apply.
- 10. Recovered Property.** If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property subject to the limit of insurance.
- 11. No Benefit to Bailee.** No person or organization, other than you, having custody of covered property will benefit from this insurance.
- 12. Knowledge or Control.** We will not pay for loss while the chance of loss is increased by any means within your knowledge or control.
- 13. Policy Period, Coverage Territory.** We cover loss commencing during the policy period and within or between the coverage territory. The coverage territory is the United States of America (including its territories and possessions), Puerto Rico and Canada.
- 14. Changes**
- a. This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.
  - b. We may change the Named Insured's policy address as shown in the Declarations and in our records to the most recent address provided to us by:
    - (1) You; or
    - (2) The United States Postal Service.
- 15. Concealment, Misrepresentation or Fraud.** This policy is void in any case of fraud by you as it relates to the policy at any time. It is also void if you or any other insured intentionally conceal or misrepresent a material fact concerning:
- a. This policy;
  - b. The covered property;
  - c. Your interest in the covered property; or
  - d. A claim under this policy.
- If the loss is also the result of an act of domestic abuse by you, this policy is not void as to any other insured provided that the other insured files a police report, cooperates with any law enforcement investigation relating to the act of domestic abuse and did not cooperate in or contribute to the loss.
- If we pay for such a loss, our payment to the insured is limited to that insured's insurable interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit Of Insurance.

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As used here, domestic abuse means intentionally, knowingly, or recklessly causing physical loss to covered property so as to intimidate or attempt to control the behavior of another insured.

- 16. Examination of Your Books and Records.** We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

**17. Inspections and Surveys**

- a. We have the right to:
- (1) Make inspections and surveys at any time;
  - (2) Give you reports on the conditions we find; and
  - (3) Recommend changes.
- b. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
- (1) Are safe and healthful; or
  - (2) Comply with laws, regulations, codes or standards.
- c. Paragraphs a. and b. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

- 18. Liberalization.** If we adopt any revision that would broaden the coverage under this policy without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

- 19. Other Insurance.** If loss covered by this policy is also covered by other insurance written in your name, we will not pay for a greater proportion of the covered loss than this policy's Limit of Insurance bears to the total amount of insurance covering such loss.

**20. Premiums**

- a. The first Named Insured shown in the Declarations:

(1) Is responsible for the payment of all premiums; and

(2) Will be the payee for any return premiums we pay.

- b. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

- c. You may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:

(1) Paid to us prior to the anniversary date; and

(2) Determined in accordance with Paragraph b. above.

Our forms then in effect will apply. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.

- d. Undeclared exposures, acquisition, or change in your business operation may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

- 21. Transfer of Rights of Recovery Against Others to Us.** If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property.

- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:

(1) Someone insured by this insurance;

(2) A business firm:

(a) Owned or controlled by you; or

(b) That owns or controls you; or

(3) Your tenant.



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You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

Our right to recover our payments applies only after you have been fully compensated for damages.

If we pay an insured, who is victim of domestic abuse, for a loss caused by an act of domestic abuse, the rights of that insured to recover damages from the perpetrator of the abuse are transferred to us to the extent of our payment. That insured may not waive such rights to recover against the perpetrator of the domestic abuse. As used here, domestic abuse means intentionally, knowingly, or recklessly causing physical loss to covered

property so as to intimidate or attempt to control the behavior of another insured.

**22. Transfer of Your Rights and Duties Under This Policy.** Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured. If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

**23. Conformity to State Law.** When a provision of this policy is in conflict with the applicable law of the state in which this policy is issued, the law of the state will apply.

All other policy provisions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

#### **CMP-4553 WATER DAMAGE DEDUCTIBLE**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

The following is added to **SECTION I — DEDUCTIBLES**:

**\$5,000 will be deducted from the amount of all covered water loss in any one occurrence.**

**If another Covered Cause Of Loss causes loss in the same occurrence, the Basic Deductible shown in the Declarations will apply to the entire loss.**

**All other policy provisions apply.**

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Page 1 of 4**FE-8744 INLAND MARINE COMPUTER PROPERTY FORM****INSURING AGREEMENT**

We will pay for accidental direct physical loss to:

1. "Computer equipment", used in your business operations, that you own, lease from others, rent from others, or that is loaned to you. However, we do not insure "computer equipment" used to operate or control vehicles.
2. Removable data storage media used in your business operations to store "electronic data".

We do not insure property you lease to others or rent to others.

We do not insure "computer programs" or "electronic data" except as provided in the Computer Programs And Electronic Data Extension Of Coverage.

**LIMIT OF INSURANCE**

We will pay for all covered loss up to the limits shown on the Schedule Page.

**DEDUCTIBLE**

The deductible amount shown on the Schedule Page will only apply to the property covered under this form. This amount will be deducted from the amount of any loss under this coverage.

**EXCLUSIONS**

1. We do not insure under any coverage for any loss to any property while in transit as checked baggage on a commercial airline;
2. We do not insure for loss either consisting of, or caused by, one or more of the following:
  - a. Errors and omissions in programming. However, we do insure for any resulting loss unless the resulting loss itself is excluded;
  - b. Faulty, inadequate, unsound or defective design, specifications, workmanship, or repair. However, we do insure for any resulting loss unless the resulting loss itself is excluded;
  - c. Wear, tear, marring, scratching, rust, corrosion or deterioration. However, we do insure for any resulting loss unless the resulting loss itself is excluded;
  - d. Property that is missing, where the only evidence of the loss is a shortage disclosed on taking inventory, or other instances where

there is no physical evidence to show what happened to the property;

- e. Any dishonest or criminal act occurring at any time by you, any of your partners, employees, directors, or trustees;

- f. Hidden or latent defect or any quality in property that causes it to damage or destroy itself. However, we do insure for any resulting loss unless the resulting loss itself is excluded;

- g. Obsolescence;

3. We do not insure under any coverage for any loss that consists of, or is directly or immediately caused by one or more of the following, whether the event occurs suddenly or gradually, involves isolated or widespread damage, arises from natural or external forces, or occurs as a result of any combination of these:
  - a. Fungi

- (1) Growth, proliferation, spread or presence of "fungi", including:

- (2) Any loss of use or delay in repairing or replacing covered property, including any associated cost or expense, due to interference at the location of the covered property or at the location of the repair or replacement of that property by "fungi";

- (3) Any remediation of "fungi", including the cost or expense to:
  - (a) Remove the "fungi" from covered property or to repair, restore or replace that property;

- (b) Take apart and repair any property as needed to gain access to the "fungi"; or
- (c) Contain, treat, detoxify, neutralize or dispose of or in any way respond to or assess the effects of the "fungi";

- (d) Remove any property to protect it from the presence of or exposure to "fungi";

- (4) The cost of any testing or monitoring of air or property to confirm the type,

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absence, presence or level of "fungi", whether performed prior to, during, or after removal, repair, restoration or replacement of covered property.

**b. Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread.

**c. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion or smoke.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the loss caused by that fire.

**d. War And Military Action**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

**EXTENSIONS OF COVERAGE**

**1. Computer Programs And Electronic Data**

**a. We will pay for accidental direct loss to:**

- (1) The following types of "computer programs" and "electronic data" that you own, license from others, lease from others, or rent from others:
  - (a) "Computer programs" used in your business operations;
  - (b) The "electronic data" that exists in "computer" memory or on "computer" storage media, used in your business operations;
- (2) That portion of your customers' "electronic data" that is supplied to you for processing or other use in your business operations. Coverage for customers' "electronic data" is limited to the specific data file(s) containing the

information you are processing or using in your business operations.

We do not cover any property you lease to others, rent to others or license to others. We do not cover "computer equipment" or removable data storage media under this Extension Of Coverage. This coverage extension is included in the Limit Of Insurance shown on the Schedule Page.

Loss does not include any consequential loss except as may be provided in the optional Loss Of Income And Extra Expense coverage.

**b. All items under the EXCLUSIONS section of this form apply to this Extension Of Coverage except:**

- (1) Item a. in Paragraph 2. does not apply to:
  - (a) "Computer programs" other than the program in which the error or omission in programming occurs; and
  - (b) "Electronic data" covered under this extension;
- (2) Item b. in Paragraph 2. does not apply to "electronic data" covered under this extension; and
- (3) Items c. and d. in Paragraph 2. do not apply to "computer programs" and "electronic data" covered under this extension.

**c. We do not provide coverage for loss to, or loss of value resulting from infringement of, your intellectual property rights.**

**2. Fire Protection Devices**

We will cover your expense, for up to \$25,000, to recharge or refill any fire protection devices which have been discharged to protect the covered property.

The amount we pay under this Extension Of Coverage is an additional amount of insurance and is not subject to a deductible.

**3. Debris Removal**

We will cover your expense to remove the debris of covered property, caused by Covered Cause Of Loss.

The amount we pay under this Extension Of Coverage will not increase the applicable Limit Of Insurance.



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FE004  
Page 3 of 4**SPECIAL CONDITIONS****1. Valuation**

We agree all losses to:

- a. "Computer equipment" will be determined based on the cost to repair or replace with that of similar performance, capacity or function;
- b. Removable data storage media will be determined based on the cost to repair or replace that media with blank media of similar performance, capacity or function;
- c. "Computer programs":
  - (1) That are commercial off-the-shelf will be determined based on the cost to repair or replace with that of similar performance, capacity or function;
  - (2) That are not commercial off-the-shelf will be determined based on the cost of reproducing the programs if they are reproduced. If not reproduced, loss will be determined based on the cost of blank, readily available, removable data storage media, such as blank discs, with suitable capacity to store the programs;
- d. "Electronic data" will be determined based on the cost of reproducing the data, if it is reproduced. If not reproduced, loss will be determined based on the cost of blank, readily available, removable data storage media, such as blank discs, with suitable capacity to store the data;

**2. One Loss**

If an initial loss causes other losses, all will be considered one loss. All losses that are the result of the same event will be considered one loss.

**OPTIONAL COVERAGE - LOSS OF INCOME AND EXTRA EXPENSE**

- 1. If a limit is shown on the Inland Marine Schedule Page for Loss Of Income And Extra Expense, coverage under this form is provided, subject to that limit, for the following:
  - a. The actual "Loss Of Income" you sustain due to the necessary "suspension" of your operations during the "period of restoration". The "suspension" must be caused by damage or destruction to property covered under this form, by a Covered Cause Of Loss;
  - b. Any necessary "extra expense" you incur during the "period of restoration" that you

would not have incurred if there had been no damage or destruction to property covered under this form, by a Covered Cause Of Loss.

We will only pay for "Loss Of Income" or "extra expense" that you sustain during the "period of restoration" that occurs within 12 consecutive months after the date of loss. We will only pay for "ordinary payroll expenses" for 90 days following the date of loss.

**2. We will not pay for:**

- a. Any "extra expense" or increase of "Loss Of Income" caused by suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of your operations, we will cover such loss that affects your "Loss Of Income" during the "period of restoration";
- b. Any "extra expense" caused by suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration";
- c. Any other consequential loss;
- d. Loss caused by seizure or destruction of property by order of governmental authority. But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread.

**DEFINITIONS****1. "Computer" means:**

- a. Programmable electronic equipment that is used to store, retrieve and process data; and
- b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

"Computer" does not include those used to operate production type machinery or equipment.

- 2. "Computer equipment" means "computers", "computer" cables and wiring not attached to or forming a part of a building, and equipment manuals. "Computer equipment" does not mean other types of devices with internal computing capability, such as intelligent devices that contain an embedded chip or some other form of logic circuitry, or the computing components in those devices.



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3. "Computer programs" means a set of related electronic instructions which direct the operations and functions of a "computer" or device connected to it, which enables the "computer" or device to receive, process, store, retrieve or send data.
4. "Electronic data" means information, facts or "computer programs" stored as or on, created or used on, or transmitted to or from "computer" software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of "computer" software which are used with electronically controlled equipment.
5. "Extra expense" means expense incurred:
  - a. To avoid or minimize the "suspension" of business and to continue operations.
  - b. To minimize the "suspension" of business if you cannot continue operations.
  - c. To repair or replace any property to the extent it reduces the amount of loss that would otherwise have been payable under this coverage or "Loss Of Income" coverage.
6. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or byproducts produced or released by fungus.
7. "Loss Of Income" means:
  - a. Net income (net profit or loss before income taxes) that would have been earned or incurred if no accidental direct loss had occurred, including:
    - (1) "Rental value";
    - (2) "Maintenance fees", if you are a condominium association or other similar community association;
    - (3) Total receipts and contributions (less operating expenses) normally received during the period of disruption of operations;
    - (4) Tuition and fees from students, including fees from room, board, laboratories and other similar sources; and
  - b. Continuing normal operating expenses incurred, including "ordinary payroll expenses".

Net income does not include any net income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause Of Loss on customers or on other businesses.
8. "Maintenance fees" means the regular payment made to you by unit-owners and used to service the common property.
9. "Ordinary payroll expenses":
  - a. Mean payroll expenses for all your employees except:
    - (1) Officers;
    - (2) Executives;
    - (3) Department Managers; and
    - (4) Employees under contract;
  - b. Include:
    - (1) Payroll;
    - (2) Employee benefits, if directly related to payroll;
    - (3) FICA payments you pay;
    - (4) Union dues you pay; and
    - (5) Workers' compensation premiums.
10. "Period of restoration" means the period of time that:
  - a. Begins immediately after the time of loss to property covered by this form; and
  - b. Ends on the date when the property covered by this form should be repaired, rebuilt, restored or replaced with reasonable speed and similar quality.

The expiration date of this policy will not cut short the "period of restoration".
11. "Rental value" means:
  - a. The total anticipated rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you;
  - b. The amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations; and
  - c. The fair rental value of any portion of the described premises which is occupied by you.
12. "Suspension" means the partial slowdown or complete cessation of your business activities.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CMP-4814 DIRECTORS AND OFFICERS LIABILITY**

This endorsement modifies insurance provided under the following:  
BUSINESSOWNERS COVERAGE FORM

1. The following coverage is added to SECTION II  
— LIABILITY:

**DIRECTORS AND OFFICERS LIABILITY**

- a. When a Limit Of Insurance is shown in the Declarations for Directors And Officers Liability, we will pay those sums that the insured becomes legally obligated to pay as damages because of a "wrongful act" to which this endorsement applies.

We will have the right and duty to defend the insured, by counsel of our choice, against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages to which this endorsement does not apply. We may at our discretion, investigate any incident and settle any claim or "suit" with or without the insured's consent, for any reason and at any time. But:

- (1) The most we will pay for damages is limited as described in SECTION II — DIRECTORS AND OFFICERS LIABILITY LIMITS OF INSURANCE; and  
(2) Our right and duty to defend end when we have used up that amount in the payment of judgments or settlements for a "wrongful act".

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Section II — Supplementary Payments.

- b. This insurance applies to a "wrongful act" only if the "wrongful act" takes place:

- (1) During the policy period and a claim is made in writing or "suit" filed and brought no later than one year from the end of the policy period; or  
(2) Prior to the policy period where:  
(a) There is no other insurance which:  
1. Is valid and collectible; or

- ii. Would be valid and collectible but for the exhaustion of the limits of insurance;

- (b) No insured listed under SECTION II — WHO IS AN INSURED and no "employee" authorized by you to give or receive notice of a "wrongful act", had prior knowledge or could reasonably have foreseen any circumstances which might result in a claim or "suit"; and

- (c) A claim is made in writing or "suit" filed and brought during the policy period.

- c. All damage involving a single "wrongful act" or a series of related "wrongful acts", caused by one or more persons, is considered one "wrongful act".

2. With respect to coverage provided under Directors And Officers Liability, all exclusions under Section II — Exclusions are replaced with the following:

**Section II — Exclusions**

This coverage provided under Directors And Officers Liability does not apply to:

**a. Criminal Acts**

Dishonest, fraudulent, criminal or malicious act, including fines and penalties resulting from these acts.

**b. Actual Knowledge Or Intent**

"Wrongful act" by an insured with actual knowledge of its wrongful nature or with intent to cause injury or damage.

**c. Bodily Injury, Property Damage Or Personal Or Advertising Injury**

"Bodily injury", "property damage" or "personal or advertising injury" liability.

**d. Profit Or Advantage From Securities**

Any profit, remuneration or advantage, resulting from the purchase or sale of any securities, including an accounting of these.



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Salaries, compensations, bonuses or other remuneration, of employees, directors, officers, "managers" or trustees.

**f. Insurance Policy and Claims**

Any failure or omission to effect, maintain, or procure any insurance policy or bond, including any failure or omission to report a loss or obtain proper amounts, forms, conditions or provisions on any insurance policy or bond.

**g. Personal Profit Or Advantage**

Damages arising out of any transaction of the insured from which the insured will gain any personal profit or advantage, which is not shared equitably by the members of the organization.

**h. Civil Right Violations**

Violations of any federal or state civil rights law or local ordinance, including but not limited to discrimination on account of race, religion, disability, sex or age.

**i. Non-Monetary Relief**

Any costs incurred to comply with any order for injunctive or other non-monetary relief, or to comply with an agreement to provide such relief.

**j. Fines Or Penalties**

Any civil or criminal fines or penalties imposed by law or taxes.

**k. ERISA**

Any obligation of the insured under the Employees' Retirement Income Security Act (ERISA) and any amendments thereto or any similar federal, state or local statute.

**l. Pollution, "Fungi" Or Bacteria**

"Pollutants", "fungi", bacteria, wet or dry rot or nuclear reaction or the cost or expense to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize "pollutants", "fungi", bacteria, wet or dry rot or nuclear reaction.

**m. Construction Operations**

Damage caused by or resulting from operations (including construction, design, survey and engineering services) performed by or on behalf of the declarant, builder, sponsor, developer, promoter, engineer or architect at any premises insured under this policy.

**n. Rights Against Builder**

Any failure or inability of any insured to enforce your rights against the declarant, builder, sponsor, developer, promoter, engineer or architect at any premises insured under this policy.

**o. Workers' Compensation And Similar Laws**

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

**p. Employment-Related Practices****(1) Damages to:****(a) A person arising out of any:**

- i. Refusal to employ that person;
- ii. Termination of that person's employment; or
- iii. Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, malicious prosecution, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

**(b) The spouse, child, parent, brother or sister of that person as a consequence of Paragraph (a) above.****(2) This exclusion applies:****(a) Whether the insured may be liable as an employer or in any other capacity;****(b) To any obligation to share damages with or repay someone else who must pay damages because of the injury; or****(c) Whether the injury causing event described in Paragraph (1)(a) above occurs before employment, during employment or after employment of that person.****q. Other Organizations**

Any "wrongful act" committed or allegedly committed by any insured serving in any position or capacity in any organization or association other than the Named Insured even if the Named Insured directed or requested that insured to serve in such other position or capacity.



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Any "wrongful act" in the selection or direct or indirect supervision of any contractor or subcontractor liable or alleged to be liable for any defect in construction at any premises insured under this policy.

**s. Budgeting**

Any act or failure to budget, reserve, conduct reserve studies or account for the cost to upkeep, maintain or address deficiencies or repairs regarding any premises insured under this policy.

3. With respect to coverage provided under Directors And Officers Liability, **SECTION II — WHO IS AN INSURED** is replaced by the following:

The unqualified word insured means only the following:

- a. Any of your directors, officers, "managers" or trustees, collectively and individually, which form your administrative body provided that each individual:

(1) is duly elected or appointed to serve on the managing body of the organization; and

(2) Acts within the scope of their duties as a director, officer, "manager" or trustee on your behalf;

However if the declarant, builder, sponsor, developer, promoter, engineer or architect is also a director, officer, "manager" or trustee, the declarant, builder, sponsor, developer, promoter, engineer or architect is an insured, but only with respect to their liability arising solely out of his or her capacity as a director, officer, "manager" or trustee.

- b. The Named Insured shown in the Declarations with respect to liability because of "wrongful acts" committed by an insured.

- c. Any of your members or renters, but only with respect to their liability for your activities or activities they perform on your behalf as a member of a committee appointed by the administrative or managing body.

- d. Any lawful spouse of any person identified in Paragraph a.(1) or a.(2) above, but only in respect to liability arising solely out of his or her capacity as a spouse where such liability seeks damages from the marital property, community property, jointly held property or property transferred from any

person identified in Paragraph a.(1) or a.(2) above. The spouse is not an insured for any "wrongful act" of any person in Paragraph a.(1) or a.(2) above.

- e. No person or organization, including those listed in Paragraphs a. through d. above, is an insured with respect to "wrongful acts":

(1) For which that person or organization may be liable in their capacity as a declarant, builder, sponsor, developer, promoter, engineer or architect; or

(2) While acting within the scope of their duties for a declarant, builder, sponsor, developer, promoter, engineer or architect.

4. With respect to coverage provided under Directors And Officers Liability, **SECTION II — LIMITS OF INSURANCE** is replaced by the following:

**SECTION II — DIRECTORS AND OFFICERS LIABILITY LIMITS OF INSURANCE**

- a. The Limits Of Insurance for Directors And Officers Liability, shown in the Declarations, and the rules below, fix the most we will pay regardless of the number of:

(1) Insureds;

(2) Premises insured;

(3) Claims made or "suits" brought; or

(4) Persons or organizations making claims or bringing "suits".

- b. The most we will pay for damages because of any one "wrongful act" is the Directors And Officers Liability Limit shown in the Declarations.

The most we will pay for the sum of all damages because of all "wrongful acts" during the policy period is the Directors And Officers Aggregate Limit shown in the Declarations.

5. With respect to coverage provided under Directors And Officers Liability, the following definition is added to **SECTION II — DEFINITIONS**:

"Wrongful act" means any actual or alleged error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted or allegedly committed or attempted by an insured arising solely out of his or her capacity as director, officer, "manager" or trustee relating to the operations of your organization.

All other policy provisions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CMP-4746 HIRED AUTO LIABILITY**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

1. The insurance provided under Coverage L – **Business Liability** in **SECTION II – LIABILITY**, applies to "bodily injury" or "property damage" arising out of the maintenance or use of a "hired auto" by you or your "employees" in the course of your business.
2. For insurance provided by this endorsement only:
  - a. The exclusions under **Section II – Exclusions**, other than exclusions 1., 2., 4., 7., and 10., and the **SECTION II – NUCLEAR ENERGY LIABILITY EXCLUSION**, are deleted and replaced by the following:
    - (1) "Bodily injury" to:
      - (a) An "employee" of the insured arising out of and in the course of:
        - i. Employment by the insured; or
        - ii. Performing duties related to the conduct of the insured's business; or
      - (b) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (a) above.

This exclusion applies:

      - (a) Whether the insured may be liable as an employer or in any other capacity; and
      - (b) To any obligation to share damages with or repay someone else who must pay damages because of injury.

This exclusion does not apply to:

      - (a) Liability assumed by the insured under an "insured contract"; or
      - (b) "Bodily injury" arising out of and in the course of domestic employment by the insured unless benefits for such injury are in whole or in part either payable or required to be provided under any workers compensation law.
    - (2) "Property damage" to:
      - (a) Property owned or being transported by, or rented or loaned to the insured; or
      - (b) Property in the care, custody or control of the insured.
  - b. We will not pay under Coverage M – **Medical Expenses** for "bodily injury" arising out of the use of any "hired auto".
  - c. **SECTION II – WHO IS AN INSURED**, is replaced by the following:
    1. Each of the following is an insured under this endorsement to the extent set forth below:
      - a. You;
      - b. Any other person using a "hired auto" with your permission; and
      - c. Any other person or organization, but only for their liability because of acts or omissions of an insured under a. or b. above.
    2. None of the following is an insured:
      - a. Any person engaged in the business of his or her employer for "bodily injury" to any co-"employee" of such person injured in the course of employment, or to the spouse, child, parent, brother or sister of that co-"employee" as a consequence of such "bodily injury", or for any obligation to share damages with or repay someone else who must pay damages because of the injury;
      - b. Any:
        - (1) Partner or "executive officer" for any "auto" owned by or registered to such partner or officer or a member of his or her household; or

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- (2) "Employee" for any "auto" owned by or registered to such "employee" or a member of his or her household;
- c. Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate;
- d. The owner or lessee (of whom you are a sublessee) of a "hired auto" or any agent or "employee" of any such owner or lessee; or
- e. Any person or organization for the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.
3. With respect to this endorsement the following additional definitions apply:
- a. "Auto business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".
- b. "Hired auto" means any "auto" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent or borrow from any of your "employees", your partners or members (if you are a partnership or joint venture), "members" or "managers" (if you are a limited liability company), your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or members of their households.

All other policy provisions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CMP-4710 EMPLOYEE DISHONESTY**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**The following is added as an Extension of Coverage under **SECTION I — EXTENSIONS OF COVERAGE**.**Employee Dishonesty**

1. We will pay for direct physical loss to Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your "employees" acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
  - a. Cause you to sustain loss; and
  - b. Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other "employee" benefits earned in the normal course of employment) for:
    - (1) Any "employee"; or
    - (2) Any other person or organization intended by that "employee" to receive that benefit.

2. The most we will pay for loss under this Coverage in any one occurrence, regardless of the number of described premises, is the Limit Of Insurance for Employee Dishonesty shown in the Declarations, even if the occurrence includes more than one policy period.

The amount we pay under this Extension of Coverage is an additional amount of insurance.

Regardless of the amount of the Basic Deductible, the most we will deduct from any loss under this Extension of Coverage in any one occurrence is the applicable deductible listed for Employee Dishonesty under Special Deductibles shown in the Declarations.

3. We will determine the value of:
  - a. "Money" at its face value; and
  - b. "Securities" at their value at the close of business on the day the loss is discovered.
4. All loss:
  - a. Caused by one or more persons; or

b. Involving a single act or series of acts; is considered one occurrence.

5. With respect to coverage provided by this endorsement:
  - a. Paragraph 2. of Property Not Covered does not apply.
  - b. Paragraph 1.d. of Property Subject To Limitations does not apply.
  - c. Paragraph 2.f. of **SECTION I — EXCLUSIONS** does not apply.
  - d. The first paragraph under **SECTION I — EXTENSIONS OF COVERAGE** does not apply.

6. We will not pay for loss:
  - a. Resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons.
  - b. When the only proof of its existence or amount is:
    - (1) An inventory computation; or
    - (2) A profit and loss computation.

7. This Coverage does not apply to any "employee" immediately upon discovery by:
  - a. You; or
  - b. Any of your partners, "members", "managers", officers, directors, or trustees not in collusion with the "employee";

of any dishonest act committed by that "employee" before or after being hired by you.

8. We will pay only for loss you sustain through acts committed or events occurring during the policy period.

These acts must be discovered no later than one year from the end of the policy period.

9. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit Of Insurance cumulates from year to year or period to period.



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## 10. If any loss is covered:

- a. Partly by this insurance; and
- b. Partly by any prior cancelled or terminated insurance or expired policy period that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

## 11. If you (or any predecessor in interest) sustained loss during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss had expired, we will pay for it under this Coverage, provided:

- a. This Coverage became effective at the time of cancellation or termination of the prior insurance; and
- b. The loss would have been covered by this Coverage had it been in effect when the acts or events causing the loss were committed or occurred.

## 12. The insurance under Paragraph 11, above is part of, not in addition to, the Limit Of Insurance applying to this Coverage and is limited to the lesser of the amount recoverable under:

- a. This Coverage as of its effective date; or
- b. The prior insurance had it remained in effect.

## 13. With respect to this Coverage "employee" means:

- a. Any natural person:
  - (1) While in your service or for 30 days after termination of service;
  - (2) Who you compensate directly by salary, wages or commissions; and

(3) Who you have the right to direct and control while performing services for you;

b. Any "manager", director, officer or trustee, whether compensated or not, except while performing acts outside the scope of their normal duties;

c. Any natural person who is furnished temporarily to you:

(1) To substitute for a permanent "employee" as described in Paragraph a. above, who is on leave; or

(2) To meet seasonal or short-term work load conditions;

d. Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary "employee" as described in Paragraph c. above;

e. Any natural person who is a former "employee", director, officer, partner, "member", "manager", representative or trustee retained as a consultant while performing services for you; or

f. Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside any building you occupy in conducting your business.

But this does not include any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character.

All other policy provisions apply

CMP-4710

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08-CG-W368-4 010385

CMP-4508  
Page 1 of 1

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CMP-4508 MONEY AND SECURITIES  
(Apartment And Residential Community Association)**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

The following is added as an Extension of Coverage under SECTION I — EXTENSIONS OF COVERAGE.

**Money And Securities**

1. We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having use and custody of the property, at the described premises, or in transit between any of these places, resulting directly from:
  - a. Theft, meaning any act of stealing;
  - b. Disappearance; or
  - c. Destruction.

2. The most we will pay for loss to "money" and "securities" in any one occurrence, at each "complex", under this Coverage is:

- a. The Limit Of Insurance for Money And Securities (On-Premises) shown in the Declarations while:

- (1) In or at the "complex"; or
- (2) Within a bank or savings institution; and

- b. The Limit Of Insurance for Money And Securities (Off-Premises) shown in the Declarations while anywhere else.

The amount we pay under this Extension of Coverage is an additional amount of insurance.

Regardless of the amount of the Basic Deductible, the most we will deduct from any loss under this Extension of Coverage in any one occurrence is the applicable deductible listed for Money And Securities under Special Deductibles shown in the Declarations.

3. We will determine the value of:

- a. "Money" at its face value; and

- b. "Securities" at their value at the close of business on the day the loss is discovered.

4. With respect to coverage provided by this endorsement:

- a. Paragraph 2. of Property Not Covered does not apply.

- b. Paragraphs 1.c. and 1.d. of Property Subject To Limitations does not apply.

- c. The first paragraph under SECTION I — EXTENSIONS OF COVERAGE is replaced by the following:

Subject to the terms and conditions applicable to SECTION I — PROPERTY of this coverage form, Money and Securities applies separately to each "complex" we insure.

5. All loss:

- a. Caused by one or more persons; or
- b. Involving a single act or series of related acts;

is considered one occurrence.

6. We will not pay under this Extension Of Coverage for loss consisting of one or more of the following:

- a. Resulting from accounting or arithmetical errors or omissions;

- b. Due to the giving or surrendering of property in any exchange or purchase; or

- c. Of property contained in any "money"-operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

7. You must keep records of all "money" and "securities" so we can verify the amount of any loss.

All other policy provisions apply.

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FE-6999.2

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In accordance with the Terrorism Risk Insurance Act of 2002 as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2015, this disclosure is part of your policy.

#### **FE-6999.2 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 2015, 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 consultation with the Secretary of Homeland Security, 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% through 2015; 84% beginning on January 1, 2016; 83% beginning on

January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019; and 80% beginning on January 1, 2020 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.**

FE-6999.2

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88-CO-W368-4 010306

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## Important Notice About Your Policy Declarations

Thank you for choosing State Farm® to provide your insurance.

Your Declarations, Coverage Form booklet and applicable endorsements are enclosed. **PLEASE REVIEW YOUR COVERAGE SELECTIONS CAREFULLY.** If you have any questions concerning the coverage listed on your Declarations, or you believe any information is incorrect, please contact your State Farm agent right away.

By payment of the applicable premium and acceptance of this coverage, you agree to the terms and conditions of the policy and acknowledge that the Declarations accurately represents your choices of the type and amounts of coverage desired.

Your new Declarations replaces any insurance binder you may have received. You should keep any insurance binder, the Declarations, Coverage Form booklet and applicable endorsements with your important papers.

Again, thank you for choosing State Farm.

*This message is only a general description of coverage and/or coverage changes and is not a statement of contract. All coverages are subject to all policy provisions and applicable endorsements.*

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State Farm 98-CC-W368-4 010397

CMP-4860  
Page 1 of 1

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.



**CMP-4860 ADDITIONAL INSURED — DESIGNATED PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:  
BUSINESSOWNERS COVERAGE FORM

**SCHEDULE**

**Policy Number:** 98-CC-W368-4

**Named Insured:**

SPIRIT LAKE RELOCATION  
ASSOCIATION  
1417 15TH AVE STE B  
LONGVIEW WA 98632-3736

**Name And Address Of Additional Insured Person Or Organization:**

PACIFICORP  
ATTN: CORPORATE INSURANCE  
1407 W NORTH TEMPLE  
SALT LAKE CTY UT 84116-3167

1. **SECTION II — WHO IS AN INSURED** of **SECTION II — LIABILITY** is amended to include, as an additional insured, any person or organization shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:
  - a. **Premises And Ongoing Operations**  
Your acts or omissions or the acts or omissions of those acting on your behalf:
    - (1) in connection with your premises; or
    - (2) in the performance of your ongoing operations; or
  - b. **Products-Completed Operations**  
"Your work" performed for that additional insured and included in the "products-completed operations hazard".
2. Any insurance provided to the additional insured shall only apply with respect to a claim made or a "suit" brought for damages for which you are provided coverage.
3. **Primary Insurance.** The insurance afforded the additional insured shall be primary insurance. Any insurance carried by the additional insured shall be noncontributory with respect to coverage provided by you.

There will be no refund of premium in the event this endorsement is cancelled.

All other policy provisions apply.

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CMP-4860  
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.



**CMP-4860 ADDITIONAL INSURED — DESIGNATED PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:  
BUSINESSOWNERS COVERAGE FORM

**SCHEDULE**

Policy Number: 98-CC-W368-4

Named Insured:

SPIRIT LAKE RELOCATION  
ASSOCIATION  
1417 15TH AVE STE B  
LONGVIEW WA 98032-3736

Name And Address Of Additional Insured Person Or Organization:

PACIFICORP  
ATTN: CORPORATE INSURANCE  
1407 W NORTH TEMPLE  
SALT LAKE CITY UT 84116-3187

1. **SECTION II — WHO IS AN INSURED** of **SECTION II — LIABILITY** is amended to include, as an additional insured, any person or organization shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:
  - a. **Premises And Ongoing Operations**  
Your acts or omissions or the acts or omissions of those acting on your behalf:
    - (1) In connection with your premises; or
    - (2) In the performance of your ongoing operations; or
  - b. **Products-Completed Operations**  
"Your work" performed for that additional insured and included in the "products-completed operations hazard".
2. Any insurance provided to the additional insured shall only apply with respect to a claim made or a "suit" brought for damages for which you are provided coverage.
3. **Primary Insurance.** The insurance afforded the additional insured shall be primary insurance. Any insurance carried by the additional insured shall be noncontributory with respect to coverage provided by you.

There will be no refund of premium in the event this endorsement is cancelled.

All other policy provisions apply.

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