

**State Farm General Insurance Company**900 Old River Rd  
Bakersfield, CA 93311-6000

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TERRACE VILLAGE MAINTENANCE  
CORPORATION  
PO BOX 34398 PMB  
SAN DIEGO CA 92163-4398ST1-  
0104-K1081HLocation: 3688 1ST AVE  
SAN DIEGO CA  
92103-4060**Forms, Options, and Endorsements**

Special Form 3	FP-6149
Dir & Officers	OPT DO
Emp Dishonesty \$25,000	OPT ED
Amendatory Endorsement	FE-6205
Tree Debris Removal	FE-6451
Policy Endorsement	FE-6506.2
Glass Deductible - Sect I	FE-6538.1
Condo-Assn Policy Endorsement	FE-6466
Policy Endorsement	FE-6567
Amendatory Collapse	FE-6551
Policy Endorsement-Condo/Asn	FE-6624
Registered Domestic Partnership	FE-5383

Continued on back of page

NOTICE: Information concerning changes in your policy language is included. Please call your agent if you have any questions.

**RENEWAL CERTIFICATE****POLICY NUMBER** 90-F5-0000-7Condominium Policy  
JUN 15 2012 to JUN 15 2013**DATE DUE****SEE BALANCE DUE NOTICE**

JUN 15 2012

\$6,159.00

**Coverages and Limits****Section I**

A Buildings	\$2,992,800
B Business Personal Property	5,600
Auxiliary Structures (Cov A) and Basic Liability	65,600

**Deductibles - Section I**

Basic	3,000
Other deductibles may apply - refer to policy	

**Section II**

L Business Liability	\$2,000,000
M Medical Payments	5,000
Gen Aggregate (Other than PCO)	4,000,000
Products-Completed Operations (PCO Aggregate)	4,000,000

<b>Annual Premium</b>	<b>\$4,735.00</b>
Forms, Opts, & Endrmnt	1,079.00
Bus Liability - Cov L	280.00
Auxiliary Structures	65.00
<b>Amount Due</b>	<b>\$6,159.00</b>

**Premium Reductions**

Renewal Year Discount	
Prot. Devices Discount	
Age of Building Discount	
Claim Record Discount	

Inflation Coverage Index: 207.9

*Thanks for letting us serve you...*3340 201E I **Agent BRUCE A HOFBAUER CPCU**  
**Telephone (858) 679-2880**Moving? See your State Farm agent.  
See reverse for important information.

Prepared

APR 06 2012

138-3076 (1.8 10-11-2010 (01/13/0999)

**Forms, Options, and Endorsements**

Dist Mat Violat Statues Excl	FE-6655
Policy Endorsement	FE-6656
Developer/Sponsor Exclusion	FE-6384
Mandatory Reporting Endorsement	FE-5801
Incr Cost and Demolition Cov	* FE-6645
Amend Endorsement - California	* FE-6644
Terrorism Insurance Cov Notice	* FE-6999.1

\*Effective: JUN 15 2012

**Your coverage amount....**

*It is up to you to choose the coverages and limits that meet your needs. We recommend that you purchase a coverage limit at least equal to the estimated replacement cost of your structure. Replacement cost estimates are available from building contractors and replacement cost appraisers, or, your agent can provide an Xactware estimate using information you provide about your structure. We can accept the type of estimate you choose as long as it provides a reasonable level of detail about your structure. State Farm® does not guarantee that any estimate will be the actual future cost to rebuild your structure. Higher limits are available at higher premiums. Lower limits are also available, as long as the amount of coverage meets our underwriting requirements. We encourage you to periodically review your coverages and limits with your agent and to notify us of any changes or additions to your structure.*

**NOTICE TO POLICYHOLDER:**

For a comprehensive description of coverages and forms, please refer to your policy.

Policy changes requested before the "Date Prepared", which appear on this notice, are effective on the Renewal Date of this policy unless otherwise indicated by a separate endorsement, binder, or amended declarations. Any coverage forms attached to this notice are also effective on the Renewal Date of this policy.

Policy changes requested after the "Date Prepared" will be sent to you as an amended declarations or as an endorsement to your policy. Billing for any additional premium for such changes will be mailed at a later date.

If, during the past year, you've acquired any valuable property items, made any improvements to insured property, or have any questions about your insurance coverage, contact your State Farm agent.

Please keep this with your policy.



# IMPORTANT NOTICE . . . Potential Reduction In Coverage

Effective with this policy term, endorsement **FE-6645, INCREASED COST AND DEMOLITION COVERAGE ENDORSEMENT (California)**, replaces endorsement **FE-6587, INCREASED COST AND DEMOLITION COVERAGE ENDORSEMENT**.

This notice provides a brief description of the change being made to your policy. Although not intended to change coverage, this change could potentially reduce or eliminate coverage depending on how it is interpreted. In that regard, it should be viewed as either an actual or a potential reduction in coverage.

We encourage you to read your new endorsement carefully and note the following change:

Your former endorsement contained an incorrect reference in paragraph 3., to **LOSSES NOT INSURED** item 1.a.. Your new endorsement corrects this reference and states that the **Losses Not Insured** exclusion for enforcement of any ordinance or law does not apply to the extent of any coverage provided by this endorsement.

Endorsement **FE-6645** follows this notice. Please read it carefully and place it with your policy.

This notice is provided for informational purposes only, and does not change, modify or invalidate any of the provisions, terms or conditions of your policy and applicable endorsements.



## **FE-6645 INCREASED COST AND DEMOLITION COVERAGE ENDORSEMENT (California)**

1. In the event a building covered under Coverage A sustains an insured loss, we will pay for:
  - a. the increased cost to repair or rebuild the building caused by enforcement of a building, zoning or land use ordinance or law if the enforcement is directly caused by the same insured loss and the requirement is in effect at the time the insured loss occurs. If the building is repaired or rebuilt, it must be intended for similar occupancy as the current building unless otherwise required by zoning or land use ordinance or law; and
  - b. the cost to demolish and clear the site of undamaged portions of the building caused by enforcement of a building, zoning or land use ordinance or law if the enforcement is directly caused by the same insured loss and the requirement is in effect at the time the insured loss occurs.
2. We will not pay for:
  - a. the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of pollutants, meaning any solid, liquid, gaseous or thermal irritant or contaminant, including vapor, soot, fumes, acids, alkalis, chemicals and waste;
  - b. any loss of value of the undamaged portion of the building caused by enforcement of any ordinance or law; or
  - c. any increased cost of construction under this endorsement:
    - (1) until the covered building is actually repaired or replaced at the same or another premises in the same general vicinity; and
    - (2) unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years. We may extend this period in writing during the two years.
3. To the extent of any coverage provided under this endorsement, the following provision a. of **LOSSES NOT INSURED** under **SECTION I LOSSES INSURED AND LOSSES NOT INSURED** included in your policy or in any endorsement attached to your policy is deleted:
  - a. the enforcement of any ordinance or law:
    - (1) regulating the construction, use or repair of any property; or
    - (2) requiring the tearing down of any property, including the cost of removing its debris;
4. We will not pay more for the increased cost to repair or rebuild the building at the same or

another premises in the same general vicinity if relocation is required by ordinance or law, and the cost to demolish and clear the site of undamaged parts of the building caused by enforcement of building, zoning or land use ordinance or law than the lesser of:

- a. the amount you actually spend to demolish and clear the site of the undamaged portion of the building plus the increased cost to repair or rebuild the building but not for more than a building of the same height, floor area and style on the same premises as the covered building; or

- b. 10% of the Coverage A limit of insurance on the building at the time of loss.

This coverage does not increase the limit of insurance applicable to the building.

5. The terms of this endorsement apply separately to each building to which the policy applies. However, if more than one building is insured under a single Coverage A limit of insurance shown in the Declarations, the most we will pay in any one occurrence, regardless of the number of buildings involved, is 10% of that single limit of insurance.

All other policy provisions apply.

FE-6645

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# IMPORTANT NOTICE

Effective with this policy term, **FE-6644 AMENDATORY ENDORSEMENT (California)**, is being added to your policy.

This notice provides a brief overview of many of the changes in your policy. Some of these changes are not intended to affect coverage; however, they could potentially reduce or eliminate coverage depending on how they are interpreted. In that regard, they should be viewed as either actual or potential reductions in coverage.

We encourage you to read your new endorsement and note the following changes:

## Potential Reductions or Eliminations in Coverage

- Any definition of "**business income**" included in your policy or in any endorsement attached to your policy is superseded by the definition included in the endorsement shown below.

The definition has been changed to reinforce our intent that if a business has been incurring a net loss, the continuing normal operating expenses will be offset by the net loss to determine the amount of a business income owed for a covered loss.

## Other Changes

- The Appraisal condition is being replaced. The new Appraisal condition states that if you and we shall fail to agree as to the actual cash value or the amount of loss, either may make a written request for an appraisal of the loss.
- If the request for appraisal is accepted, each party will select a competent and disinterested appraiser, who will conduct the appraisal process. The appraiser will select a competent and disinterested umpire. If they cannot agree on this selection within 15 days, you or we may request that the umpire be selected by the judge of a court of record in the state where the covered property is located.
- In the event of a government-declared disaster, appraisal may be requested by either you or us but shall not be compelled.

Endorsement **FE-6644** follows this notice. Please read it thoroughly and place it with your policy. If you have any questions about the information in this notice, please contact your State Farm® agent.

This notice is a general description of coverage and/or coverage changes and is not a statement of contract. This message does not change, modify or invalidate any of the provisions, terms or conditions of your policy and applicable endorsements.



## FE-6644 AMENDATORY ENDORSEMENT (California)

- A. The Appraisal Condition** included in your policy as paragraph 4. of SECTION I – CONDITIONS or otherwise made a Condition of your policy is replaced by the following:

**Appraisal.** In case you and we shall fail to agree as to the actual cash value or the amount of loss, then, on the written request of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within 20 days of the request. Where the request is accepted, the appraisers shall first select a competent and disinterested umpire; and failing for 15 days to

agree upon the umpire, then, on your or our request, the umpire shall be selected by a judge of a court of record in the state in which the property covered is located.

Appraisal proceedings are informal unless you and we mutually agree otherwise. For purposes of this section, "informal" means that no formal discovery shall be conducted, including depositions, interrogatories, requests for admission, or other forms of formal civil discovery, no formal rules of evidence shall be applied, and no court reporter shall be used for the proceedings.

The appraisers shall then appraise the loss, stating separately actual cash value and loss to each item; and, failing to agree, shall submit their differences, only, to the umpire. An award in writing, so itemized, of any two when filed with us shall determine the amount of actual cash value and loss.

Each appraiser shall be paid by the party selecting him or her and the expenses of appraisal and umpire shall be paid by the parties equally.

In the event of a government-declared disaster, as defined in the Government Code, appraisal may be requested by either you or us but shall not be compelled.

- B.** The definition of "business income" included in your policy under COVERAGE C – LOSS

OF INCOME Definitions or in any endorsement attached to your policy is replaced by the following:

"business income" means the sum of the amounts as described in a. and b. below:

- a. the net income (net profit or loss before income taxes) that would have been earned or incurred;
- b. continuing normal operating expenses, including payroll, incurred during the "period of restoration".

The above definition of "business income" supersedes all other definitions of "business income" that apply to your policy.

All other policy provisions apply.

FE-6644

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



## **POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE**

ST1-  
0404-410808

Coverage for acts of terrorism is not excluded from your current policy. However your policy does contain other exclusions which may be applicable, such as an exclusion for nuclear hazard. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2007, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under this policy, any covered losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. Under the formula, the

FE-6999.1

United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

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

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