

SECURED PARTY'S INTEREST ADDITIONAL COVERAGE

(Entries required to complete the Schedule will be shown below or on the "declarations".)

Schedule

A. Coverage for the following additional perils: applies
 does not apply

1. flood or other rising water from outside the mobile home; and
2. earthquake.

B. Coverage under this endorsement attaches as of:

This policy is amended to include the following "terms". All other "terms" of the policy apply, except as amended by this endorsement.

1. "We" cover the secured party named on the "declarations" against direct loss sustained by "impairment" of its security interest in the mobile home covered under Coverage A caused by:
 - a. "collision";
 - b. "conversion, embezzlement, or secretion" by an "insured"; and
 - c. when item A. in the Schedule above indicates that coverage for the following additional perils applies:
 - 1) flood or other rising water from outside the mobile home; and
 - 2) earthquake.
2. Coverage under this endorsement attaches as of the date shown in item B. in the Schedule above but in no event before the date of perfection of a valid and legally enforceable finance agreement on the mobile home.

3. Coverage under this endorsement applies only when the security interest has become impaired and:

- a. the "insured" has defaulted in payments due under the finance agreement and the secured party has repossessed the mobile home; or
- b. with respect to loss caused by "conversion, embezzlement, or secretion", the "insured" has defaulted in payments due under the finance agreement and the secured party has made every reasonable effort to repossess the mobile home.

DEFINITIONS

With respect to the coverage provided by this endorsement only, the following definitions are added:

1. "Collision" means:
 - a. accidental contact of the mobile home with another object or with its transporting vehicle, or parts or equipment attached to the vehicle; or

- b. upset of the mobile home while it is in transit.
2. "Conversion, embezzlement, or secretion" includes:
- a. intentional damage to the mobile home by an "insured";
 - b. inability to repossess the mobile home because:
 - 1) "we" have been unable to locate the mobile home for a period of 30 days after notice of a loss; or
 - 2) in spite of a properly perfected security interest, the secured party has been unable to recover the mobile home from a third party to which it has been transferred without consent; and
 - c. partial as well as total loss of the mobile home.
3. "Impairment" means that as a result of the covered loss, the value of the mobile home is less than the security interest of the secured party.
4. "Outstanding balance" means the balance due under the finance agreement on the "date of loss", but not including:
- a. installments more than 30 days past due at the "date of loss";
 - b. unearned interest, financing, and carrying charges; or
 - c. penalties of any type added after inception of the finance agreement.
5. "Date of loss" is the date of repossession or, if the mobile home is not recovered, 30 days after notice of loss.

PROPERTY COVERAGES

EXCLUSIONS THAT APPLY TO PROPERTY COVERAGES

When item A. in the Schedule above indicates that coverage for the additional perils of flood or other rising water and earthquake applies:

- 1. the references to earthquake and land shock waves or tremors before, during, or after a volcanic eruption under the Earth Movement exclusion; and
- 2. item 1) of the Water exclusion;

do not apply with respect to the coverage provided by this endorsement.

WHAT MUST BE DONE IN CASE OF LOSS OR OCCURRENCE

With respect to the coverage provided by this endorsement, the "terms" under What Must Be Done In Case Of Loss Or Occurrence are deleted and replaced by the following:

- 1. **Notice** -- When the secured party becomes aware of anything that indicates there might be a claim under this coverage, it must:
 - a. promptly give "us" or "our" agent written notice;
 - b. send "us" all records pertaining to the security transaction; and
 - c. notify the police if the loss involves "conversion, embezzlement, or secretion".
- 2. **Recovery And Protection Of Property** -- The secured party must:
 - a. take all reasonable steps to protect the mobile home to avoid further damage; and

- b. make a reasonable effort to repossess the mobile home.
3. **Proof Of Loss** -- The secured party must submit a sworn statement of loss within 60 days after the "date of loss" containing the following information:
- a. the time, place, and circumstances of the loss;
 - b. the "outstanding balance" due under the finance agreement;
 - c. other policies of insurance that may cover the loss; and
 - d. in the case of a partial loss, an inspection report itemizing the loss as of the date of repossession and certified by the person who repossessed the mobile home.

HOW MUCH WE PAY FOR LOSS OR OCCURRENCE

With respect to the coverage provided by this endorsement, the "terms" under How Much We Pay For Loss Or Occurrence are deleted and replaced by the following:

- 1. "Our" liability under this coverage is limited to the least of the following amounts:
 - a. the "actual cash value" of the mobile home less salvage;
 - b. the amount of the security interest as represented by the "outstanding balance"; or
 - c. what it would cost to repair or replace the mobile home with materials of equivalent kind and quality.

However, with respect to a partial loss, if there is a loss to part of a pair, set, or series of pieces or panels, "we" pay only for the reasonable cost to:

- 1) repair or replace the damaged part to match the remaining pieces or panels as nearly as possible; or
- 2) provide a suitable cosmetic effect or function, as warranted.

These "terms" do not serve as a guarantee that replacement pieces or panels will be available.

Except as provided under the Incidental Property Coverage for Increased Cost -- Ordinance Or Law, "we" do not pay for the value, repair, or replacement of undamaged pieces or panels.

- 2. Where there has been a "conversion, embezzlement, or secretion" of the mobile home and it is found within 60 days after notice of loss without any physical damage, "we" may pay:
 - a. expenses incurred in locating and recovering the property; and
 - b. expenses incurred in transporting the mobile home to the location shown below which is nearest to the point of recovery:
 - 1) the business address of the secured party;
 - 2) the address of the selling dealer;
 - 3) the address of the last owner known to the secured party; or
 - 4) the address of the "insured" shown on the "declarations".
- 3. "We" have the option to:
 - a. pay the loss in money;
 - b. pay the cost of repairing the mobile home; or
 - c. rebuild, repair, or replace with property of equivalent kind and quality, to the extent practicable, within a reasonable time.

4. If the secured party's interest has been satisfied by the selling dealer at the time of loss under a repurchase or recourse agreement, "we" will settle the loss with the selling dealer in place of the secured party.

POLICY CONDITIONS

1. With respect to the coverage provided by this endorsement, Subrogation is deleted and replaced by the following:

Subrogation -- "We" waive "our" right to subrogation against the secured party except for actions resulting from fraud by the secured party.

"We" waive any right to subrogation against the "insured" except for actions resulting from fraud, "conversion, embezzlement, or secretion", or other willful wrongdoing by the "insured".

2. With respect to the coverage provided by this endorsement, the following conditions are added:
 - a. **Secured Party's Protection** -- The coverage provided by this endorsement is not invalidated by an act or neglect of the "insured" or a transfer of title of ownership of the mobile home which occurs after the "insured" has defaulted in payments under the finance agreement.
 - b. **Refund Of Premium** -- The annual premium charged under this endorsement is a minimum premium charge to be retained in full by "us". Pro rata cancellation may be allowed when new insurance is written by "us" within 30 days covering a different mobile home for the same "insured". Pro rata cancellation is allowed when the policy is cancelled at "our" request.

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