

American Reliable Insurance Company

A Stock Insurance Company

8655 E Via De Ventura
Scottsdale, AZ 85258-3321
(800) 535-1333 (480) 483-8666

Preferred MHO-3 Policy

DEAR POLICYHOLDER:

In the event you need to contact someone about this policy, please contact your agent. If you have additional questions or need further information, you may contact us at the address and telephone numbers shown above.

***We welcome you as a policyholder of
American Reliable Insurance Company***

POLICY INDEX

	PAGE
AGREEMENT	1
DEFINITIONS	1
SECTION I — COVERAGES	1
Coverage A — Mobile Home	1
Coverage B — Other Structures	1
Coverage C — Personal Property.....	2
Coverage D — Loss of Use	2
Additional Coverages	2
SECTION I — PERILS INSURED AGAINST	3
Coverage A — Mobile Home and Coverage B — Other Structures	3
Coverage C — Personal Property.....	4
SECTION I — EXCLUSIONS	4
SECTION I — CONDITIONS	5
SECTION II — LIABILITY COVERAGES	7
Coverage E — Personal Liability.....	7
Coverage F — Medical Payments To Others.....	7
SECTION II — EXCLUSIONS	7
SECTION II — ADDITIONAL COVERAGES	9
SECTION II — CONDITIONS	9
SECTIONS I AND II — CONDITIONS	10
MHO-3 ENDORSEMENTS	11
Natural Disaster Protection.....	11
Lender's Interest Protection.....	11
Personal Property Replacement Cost	13
Transportation / Permission To Move.....	13

AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

DEFINITIONS

Throughout this policy, "**you**" and "**your**" refer to the "**named insured**" shown in the Declarations and the spouse if a resident of the same household.

"**We**", "**us**", and "**our**" refer to the Company as named on the Declarations.

In addition, certain words and phrases are defined as follows:

1. "**bodily injury**" means bodily harm, sickness or disease, including required care, loss of services and death resulting therefrom.
2. "**business**" includes trade, profession or occupation; or the rental or holding for rental of any part of any premises by an **insured**.
3. "**insured**" means **you** and the following residents of **your** household:
 - a. **your** relatives;
 - b. any other person under the age of 21 who is in the care of any person named above.

Under **Section II**, "**insured**" also means:

- c. with respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by **you** or any person included in **3.a.** or **3.b.** A person or organization using or having custody of these animals or watercraft in the course of any **business**, or without permission of the owner is not an **insured**;
- d. with respect to any vehicle to which this policy applies:
 - (1) any person while engaged in **your** employment or the employment of any person included in **3.a.** or **3.b.**; or
 - (2) any other person using the vehicle on an **insured location** with **your** permission.
4. "**insured location**" means:
 - a. the **residence premises**;
 - b. the part of any other premises, other structures, and grounds used by **you** as a residence and:

- (1) which is shown in the Declarations; or
 - (2) which is acquired by **you** during the policy period for **your** use as a residence;
- c. any premises used by **you** in connection with the premises included in **4.a.** or **4.b.** above;
 - d. any part of a premises:
 - (1) not owned by any **insured**; and
 - (2) where any **insured** is temporarily residing;
 - e. vacant land, other than farm land, owned by or rented to any **insured**;
 - f. land owned by or rented to any **insured** on which a one or two family dwelling is being constructed as a residence for any **insured**;
 - g. individual or family cemetery plots or burial vaults of any **insured**;
 - h. any part of a premises occasionally rented to any **insured** for other than **business** purposes.
5. "**Occurrence**" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in **bodily injury** or **property damage**.
 6. "**property damage**" means physical injury to or destruction of tangible property, including loss of use of this property.
 7. "**residence employee**" means an employee of any **insured** who performs duties in connection with the maintenance of use of the **residence premises**, including household or domestic services, or who performs duties elsewhere of a similar nature not in connection with the **business** of any **insured**.
 8. "**residence premises**" means the mobile home and other structures located on land owned or leased by **you** where **you** reside and which is shown as the **insured location** in the Declarations.
 9. "**Collision**" means **collision** or upset of the mobile home while in transit or **collision** by a motor vehicle owned or operated by **you** or any member of **your** household.

SECTION I — COVERAGES

COVERAGE A — MOBILE HOME

We cover:

1. the mobile home on the **residence premises** shown in the Declarations used principally as a private residence, including structures and utility tanks attached to the mobile home and the following and similar type items installed on a permanent basis: floor coverings, appliances, dressers, and cabinets.
2. materials and supplies located on or adjacent to the **residence premises** for use in the construction, alteration or repair of the mobile home or other structures on the **residence premises**.

COVERAGE B — OTHER STRUCTURES

We cover other structures on the **residence premises**, separated from the mobile home by clear space. Structures connected to the mobile

home by only a fence, utility line, or similar connection are considered to be other structures.

We do not cover other structures:

1. used in whole or in part for **business** purposes; or
2. rented or held for rental to any person not a tenant of the mobile home, unless used solely as a private garage.

COVERAGE C — PERSONAL PROPERTY

We cover personal property owned or used by any **insured** while it is anywhere in the world. At **your** request, **we** will cover personal property owned by others while the property is on the part of the residence premises occupied by any **insured**. In addition, we will cover, at your request, personal property owned by a guest or a residence employee, while the property is in any residence occupied by any **insured**.

Our limit of liability for personal property usually situated at any insured's residence, other than the residence premises, is 10% of the limit of liability for **Coverage C**, or \$1,000, whichever is greater. Personal property in a newly acquired principal residence is not subject to this limitation for the 30 days immediately after **you** begin to move the property there.

Special Limits of Liability. These limits do not increase the **Coverage C** limit of liability. The special limit for each following numbered category is the total limit for each loss for all property in that numbered category.

1. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum, coins, and medals.
2. \$1,000 on securities, accounts, deeds, evidences of debt, letter of credit, notes other than bank notes, passports, books, manuscripts, tickets, photographs, and stamps, cards and comic book collections.
3. \$1,000 on watercraft, including their trailers, furnishings, equipment and outboard motors.
4. \$1,000 on trailers not used with watercraft.
5. \$1,000 on grave markers.
6. \$1,000 for loss by theft of jewelry, watches, furs, precious and semi-precious stones.
7. \$2,500 for loss by theft of silverware, silver-platedware, goldware, gold-platedware, and pewterware. Silverware, goldware, and pewterware include:
 - a. platedware, flatware, hollowware, tea sets, trays, trophies, and the like;
 - b. other utilitarian items made of or including silver, gold or pewter.
8. \$2,000 for loss by theft of firearms.

Property Not Covered. **We** do not cover:

1. articles separately described and specifically insured in this or any other insurance;
2. animals, birds, or fish;
3. motor vehicles or all other motorized land conveyances including their equipment and accessories while in or upon the conveyance. **We** do cover motorized equipment not licensed for road use which is used to service an **insured's** residence;
4. any device or instrument for the transmitting, recording, receiving, or reproduction of sound or pictures which is operated by power from the electrical system of motor vehicles or all other motorized land conveyances, including while in or upon the vehicle:
 - a. accessories or antennas; or
 - b. tapes, wires, records, discs or other media for use with any such device or instrument;
5. aircraft and parts;
6. property of roomers, boarders and other tenants, except property of roomers and boarders related to any **insured**;
7. property contained in an apartment regularly rented or held for rental to others by any **insured**;
8. property rented or held for rental to others away from the **residence premises**;
9. **business** property in storage or held as a sample or for sale or delivery after sale;
10. **business** property pertaining to a **business** actually conducted on the **residence premises**;
11. **business** property away from the **residence premises**;

12. credit cards or fund transfer cards except as provided in **Additional Coverages 6**.

COVERAGE D — LOSS OF USE

The limit of liability for **Coverage D** is the total limit for all the following coverages:

1. If a loss covered under this section makes that part of the **residence premises** where **you** reside uninhabitable, **we** cover, at **your** option, either:
 - a. **Additional Living Expense**, meaning any necessary increase in living expenses incurred by **you** so that **your** household can maintain its normal standard of living; or
 - b. **Fair Rental Value**, meaning the fair rental value of that part of the **residence premises** where **you** reside less any expenses that do not continue while the premises in uninhabitable.

Payment under **a.** or **b.** shall be for the shortest time required to repair or replace the damage or, if **you** permanently relocate, the shortest time required for **your** household to settle elsewhere.

2. If a loss covered under this Section makes that part of the **residence premises** rented to others or held for rental by **you** uninhabitable, **we** cover:

Fair Rental Value, meaning the fair rental value of that part of the **residence premises** rented to others or held for rental by **you** less any expenses that do not continue while the premises is uninhabitable.

Payment will be for the shortest time required to repair or replace that part of the premises rented or held for rental.

3. If a civil authority prohibits **you** from use of the **residence premises** as a result of direct damage to neighboring premises by a Peril Insured Against in this policy, **we** cover the Additional Living Expense or Fair Rental Value loss as provided under **1.** and **2.** above for a period not exceeding two weeks during which use is prohibited.

The periods of time under **1.**, **2.**, and **3.** are not limited by expiration of this policy.

We do not cover loss or expense due to cancellation of a lease or agreement.

ADDITIONAL COVERAGES

1. **Debris Removal.** **We** will pay the reasonable expense incurred by **you** in the removal of debris of covered property, provided coverage is afforded for the peril causing the loss. Debris removal expense is included in the limit of liability applying to the damaged property. When the amount payable for the actual damage to the property plus the expense for debris removal exceeds the limit of liability for the damaged property, an additional 5% of that limit of liability will be available to cover debris removal expense.

We will also pay the reasonable expenses **you** incur removing fallen trees from the **residence premises** when:

- a. coverage is not afforded under **Additional Coverage 3. Trees, Shrubs, and Other Plants** for the peril causing the loss; or
- b. the tree is not covered by this policy;

provided the tree damages covered property and a Peril Insured Against under **Coverage C** is the cause of the tree falling. **Our** limit of liability for this coverage will not exceed \$500 in the aggregate for any one loss.

2. **Reasonable Repairs.** **We** will pay the reasonable cost incurred by **you** for necessary repairs made solely to protect covered property from further damage, provided coverage is afforded for

the peril causing the loss. This coverage does not increase the limit of liability applying to the property being repaired.

3. **Trees, Shrubs, and Other Plants.** We cover trees, shrubs, plants or lawns, on the **residence premises**, for loss caused by the following Perils Insured Against: Fire or lightning, Explosion, Riot or Civil Commotion, Aircraft, Vehicles not owned or operated by a residence of the **residence premises**. Vandalism or Malicious Mischief or Theft. The limit of liability for this coverage shall not exceed 5% of the limit of liability that applies to the mobile home for all trees, shrubs, plants, and lawns nor more than \$500 for any one tree, shrub, or plant. We do not cover property grown for **business** purposes.

This coverage is additional insurance.

4. **Fire Department Service Charge.** We will pay up to \$250 for **your** liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

5. **Property Removed.** Covered property while being removed from a premises endangered by a Peril Insured Against and for not more than 30 days while removed is covered for direct loss from any cause. This coverage does not change the limit of liability applying to the property being removed.

When it is expected that the mobile home may be damaged by a Peril Insured Against and removal is necessary to avoid damage, we will pay up to \$500 of the cost of removal and return expense to protect the mobile home.

No deductible applies to this coverage.

6. **Credit Card, Fund Transfer Card, Forgery, and Counterfeit Money.** We will pay up to \$500 for:

- the legal obligation of any **insured** to pay because of the theft or unauthorized use of credit cards issued to or registered in any **insured's** name.
- loss resulting from theft of unauthorized use of a fund transfer card used for deposit, withdrawal or transfer of funds, issued to or registered in any **insured's** name.

We do not cover use by a resident of **your** household, a person who has been entrusted with the credit card or fund transfer card or any person if any **insured** has not complied with all terms and conditions under which the credit card or fund transfer card issued.

- loss to any **insured** caused by forgery or alteration of any check or negotiable instrument; and
- loss to any **insured** through acceptance in good faith of counterfeit United States or Canadian paper currency.

We do not cover loss arising out of **business** pursuits or dishonesty of any **insured**.

No deductible applies to this coverage.

Defense:

- We may make any investigation and settle any claim or suit that we decide is appropriate. Our obligation to defend any claim or suit ends when the amount we pay for the loss equals our limit of liability.
- If a suit is brought against any **insured** for liability under the Credit Card or Fund Transfer Card coverage, we will provide a defense, at our expense, by counsel of our choice.
- We have the option to defend, at our expense, any **insured** or any **insured's** bank against any suit for the enforcement of payment under the Forgery coverage.

SECTION I — PERILS INSURED AGAINST

COVERAGE A — MOBILE HOME and COVERAGE B — OTHER STRUCTURES

We insure for all risks of direct physical loss to the property described in Coverages A and B except:

- losses excluded under **Section I — Exclusions**;
- freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage, or overflow from within the system of appliance caused by freezing. This exclusion applies only while the mobile home is vacant, unoccupied or being constructed unless **you** have used reasonable care to:
 - maintain heat in the building; or
 - shut off the water supply and drain the system and appliances of water;
- freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:
 - fence, pavement, patio or swimming pool;
 - foundation, retaining wall or bulkhead;
 - pier, wharf or dock;
- theft in or to a mobile home under construction, or of materials and supplies for use in the construction until the mobile home is completed and occupied;
- vandalism and malicious mischief or breakage of glass and safety glazing materials if the mobile home has been vacant for

more than 30 consecutive days immediately before the loss. A mobile home being constructed is not considered vacant;

- continuous or repeated seepage or leakage of water or steam over a period of weeks, months or years from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance;
- wear and tear, marring, deterioration;
 - inherent vice, latent defect, mechanical breakdown;
 - rust, mold, wet or dry rot;
 - contamination, smog, smoke from agricultural smudging or industrial operations;
 - settling, cracking, shrinking, bulging, or expansion of pavements, patios, foundations, walls, floors, roofs, or ceilings;
 - birds, vermin, rodents, insects or domestic animals.

If any of these cause water damage not otherwise excluded from a plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance, we cover loss caused by the water including the cost of tearing out and replacing any part of a building necessary to repair the system or appliance. We do not cover loss to the system or appliance from which this water escaped.

Under items 2 through 7, any ensuing loss not excluded is covered.

COVERAGE C — PERSONAL PROPERTY

We insure for direct loss to property described in **Coverage C** caused by:

1. **Fire or lightning.**
2. **Windstorm or Hail.** This peril does not include loss to the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind of hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.
This peril includes loss to watercraft and their trailers, furnishings, equipment, and outboard motors, only while inside a fully enclosed building.
3. **Explosion.**
4. **Riot or Civil Commotion.**
5. **Aircraft,** including self-propelled missiles and spacecraft.
6. **Vehicles.**
7. **Smoke,** meaning sudden and accidental damage from smoke. This peril does not include loss caused by smoke from agricultural smudging or industrial operations.
8. **Vandalism or Malicious Mischief.**
9. **Theft,** including attempted theft and loss of property from a known location when it is likely that the property has been stolen. This peril does not include loss caused by theft:
 - a. committed by any **insured**;
 - b. in or to a mobile home under construction, or of materials and supplies for use in the construction until the mobile home is completed and occupied; or
 - c. from that part of a **residence premises** rented by an **insured** to other than an **insured**.
 This peril does not include loss caused by theft that occurs away from the **residence premises** of:
 - a. property while at any other residence owned, rented to, or occupied by any **insured**, except while any **insured** is temporarily residing there. Property of a student who is an **insured** is covered while at a residence away from home if the student has been there at any time during the 45 days immediately before the loss;
 - b. watercraft including its furnishing, equipment, and outboard motors; or
 - c. trailers and campers.
10. **Falling Objects.** This peril does not include loss to property contained in a building unless the roof or an exterior wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.
11. **Weight of Ice, Snow, or Sleet** which causes damage to property contained in a building.
12. **Collapse of a Building or any Part of a Building.** This peril does not include settling, cracking, shrinking, bulging, or expansion.
13. **Accidental Discharge or Overflow of Water or Steam** from within a plumbing, heating, air conditioning, or automatic fire protective sprinkler system or from within a household appliance. This peril does not include loss:
 - a. to the appliance from which the water or steam escaped;
 - b. caused by or resulting from freezing;
 - c. on the **residence premises** caused by accidental discharge or overflow which occurs off the **residence premises**.
14. **Sudden and accidental tearing apart, cracking, burning or bulging** of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.
We do not cover loss caused by or resulting from freezing under this peril.
15. **Freezing** of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance.
This peril does not include loss on the **residence premises** while the mobile home is unoccupied, unless **you** have used reasonable care to:
 - a. maintain heat in the building; or
 - b. shut off the water supply and drain the system and appliances of water.
16. **Sudden and accidental damage from artificially generated electrical current.** This peril does not include loss to a tube, transistor or similar electronic component.
17. **Damage by glass or safety glazing material** which is part of a building, storm door, or storm window.
This peril does not include loss on the **residence premises** if the mobile home has been vacant for more than 30 consecutive days immediately before the loss. A mobile home being constructed is not considered vacant.

SECTION I — EXCLUSIONS

We do not cover loss resulting directly or indirectly from:

1. **Ordinance or Law,** meaning enforcement of any ordinance or law regulating the construction, repair, or demolition of a building or other structure, unless specifically provided under this policy.
2. **Earthquake, Landslide, or Mudflow.**
3. **Water Damage,** meaning:
 - a. flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind; or
 - b. water which backs up through sewers or drains; or
 - c. water below the surface of the ground, including water which exerts pressure on, or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure.
Direct loss by fire, explosion or theft resulting from water damage is covered.
4. **Power Interruption,** meaning the interruption of power or other utility service if the interruption takes place away from the **residence premises**. If a Perils Insured Against ensues on the **residence premises**, **we** will pay only for loss caused by the ensuing peril.
5. **Neglect,** meaning neglect of the **insured** to use all reasonable means to save and preserve property at and after the time of a loss.
6. **War,** including undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, destruction or seizure or use for a military purpose, and including any consequence of any of these. Discharge of a nuclear weapon shall be deemed a warlike act even if accidental.
7. **Nuclear Hazard,** to the extent set forth in the Nuclear Hazard Clause of **Section I — Conditions**.
8. **Intentional Loss,** meaning any loss arising out of any act committed:

- a. by or at the direction of the **insured**; and
- b. with the intent to cause a loss.

This exclusion does not apply to an **insured** not participating in the intentional loss.

- 9. **Rental**, meaning the loss while **your** mobile home is rented to others by **you** or used for other than private residential purposes.
- 10. **Leakage**, meaning loss or damage due and confined to leakage from rain, sleet, or snow or its resulting damage whether or not wind driven.

11. **Transportation Exclusion.** Loss to **your** Mobile Home, Adjacent Structures, or Personal Effects while the Mobile Home is in transit. The Mobile Home is considered in transit when the leveling blocks or jacks are removed or utilities are disconnected and until the Mobile Home is re-blocked and leveled with utilities reconnected and ready for occupancy.

12. **Collision or Upset.** Loss or damage caused by **collision** or **upset**.

SECTION I — CONDITIONS

1. **Insurable Interest and Limit of Liability.** Even if more than one person has an insurable interest in the property covered, **we** shall not be liable:

- a. to the **insured** for an amount greater than the **insured's** interest; nor
- b. for more than the applicable limit of liability.

2. **Your Duties After Loss.** In case of a loss to which this insurance may apply, **you** shall see that the following duties are performed:

- a. give immediate notice to **us** or **our** agent, and in case of theft, also to the police. In case of loss under the Credit Card or Fund Transfer Card coverage, also notify the credit card or fund transfer card company;
- b. protect the property from further damage, make reasonable and necessary repairs required to protect the property, and keep an accurate record of repair expenditures;
- c. prepare an inventory of damaged personal property showing in detail, the quantity, description, actual cash value and amount of loss. Attach to the inventory all bills, receipts and related documents that substantiate the figures in the inventory;
- d. as often as **we** reasonably require:
 - (1) exhibit the damage property;
 - (2) provide **us** with records and documents **we** request and permit **us** to make copies; and
 - (3) submit to examination under oath and subscribe the same;
- e. submit to **us**, within 60 days after **we** request, **your** signed, sworn proof of loss which sets forth, to the best of **your** knowledge and belief:
 - (1) the time and cause of loss;
 - (2) interest of the **insured** and all others in the property involved and all encumbrances of the property.
 - (3) other insurance which may cover the loss;
 - (4) changes in title or occupancy of the property during the term of the policy;
 - (5) specifications of any damaged building and detailed estimates for repair of the damage;
 - (6) an inventory of damaged personal property described in 2.c.;
 - (7) receipts for additional living expenses incurred and records supporting the fair rental value loss;
 - (8) evidence or affidavit supporting a claim under the Credit Card, Fund Transfer Card, Forgery and Counterfeit Money coverage, stating the amount and cause of loss.

3. **Loss Settlement.** Covered property losses are settled as follows:

- a. (1) Personal property;
 - (2) Awnings, outdoor antennas, and outdoor equipment, whether or not attached to buildings; and
 - (3) Structures that are not buildings;
- at actual cash value at the time of loss but not exceeding the amount necessary to repair or replace.
- b. Buildings under **Coverage A** or **B** at replacement cost without deduction for depreciation, subject to the following:
 - (1) If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately prior to the loss, **we** will pay the cost of repair or replacement, without deduction for depreciation, but not exceeding the smallest of the following amounts:
 - (a) the limit of liability under this policy applying to the building;
 - (b) the replacement cost of that part of the building damaged for equivalent construction and use on the same premises; or
 - (c) the amount actually and necessarily spent to repair or replace the damaged building;
 - (d) Settlement of Hail Losses. Subject to the conditions of item 3.b., the amount **we** will pay for loss to **your** dwelling or other structures due to hail depends on the type of damage the hail causes, as stated below:
 - (1) If hail causes structural damage, which is the actual penetration of the exterior surface or the cracking or breaking of support materials, **we** will pay **you** the cost of repairing or replacing the damaged portion.
 - (2) If hail dents the exterior surface of the dwelling or other structures, and there is not structural damage, **we** will pay the difference between the actual cash value of the damaged property immediately prior to the loss and its actual cash value immediately after the loss.
 - (2) If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the full replacement cost of the building immediately prior to the loss, **we** will pay the larger of the following amounts, but not exceeding the limit of liability under this policy apply to the building:
 - (a) the actual cash value of that part of the building damaged; or
 - (b) that proportion of the cost to repair or replace, without deduction for depreciation, or that part of the building damaged, which the total payment of insurance in this policy on the damaged building

bears to 80% of the replacement cost of the building.

- (3) In determining the amount of insurance required to equal 80% of the full replacement cost of the building immediately prior to the loss, **you** shall disregard the value of excavations, foundations, piers and other supports which are below the undersurface of the lowest basement floor or, where there is no basement, which are below the surface of the ground inside the foundation walls, and underground flues, pipes, wiring, and drains.
- (4) When the cost to repair or replace the damage is more than \$1,000 or more than 5% of the amount of insurance in this policy on the building, whichever is less, **we** will pay no more than the actual cash value of the damage until actual repair or replacement is completed.
- (5) **You** may disregard the replacement cost loss settlement provisions and make claim under this policy for loss or damage to buildings on an actual cash value basis and then make claim within 180 days after loss for any additional liability on a replacement cost basis.

4. Loss to a Pair, Set, or Panels. In case of loss to a pair, set, or panels, **we** may elect to:

- a. repair or replace any part to restore the pair or set to its value before the loss; or
- b. pay the difference between actual cash value of the property before and after the loss;
- c. pay in any loss involving part of a series of pieces or panels:
 - (1) the reasonable cost of repairing or replacing the damaged part to match the remainder as closely as possible; or
 - (2) the reasonable cost of providing an acceptable decorative effect or utilization as circumstances may warrant. However, **we** do not guarantee the availability of replacements, or in the event of damage to a part, be liable for the value of or to repair or replace the entire series of pieces or panels.

5. Glass Replacement. Loss for damage to glass caused by a Peril Insured Against shall be settled on the basis of replacement with safety glazing materials when required by ordinance or law.

6. Appraisal. If **you** and **we** fail to agree on the amount of loss, either one can demand that the amount of the loss be set by appraisal. If either makes a written demand for appraisal, each shall select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers shall then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, **you** or **we** can ask a judge of a court of record, in the state where the **residence premises** is located, to select an umpire. The appraisers shall then set the amount of the loss. If the appraisers submit a written report of an agreement to **us**, the amount agreed upon shall be the amount of the loss. If the appraisers fail to agree within a reasonable time, they shall submit their differences to the umpire. Written agreement signed by any two of these three shall set the amount of the loss. Each appraiser shall be paid by the part selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire shall be paid equally by **you** and **us**.

7. Other Insurance. Insurance under this section shall apply as excess insurance over other valid and collectible insurance which would apply in absence of this policy.

8. Arbitration Clause. Any and all disputes, controversies or claims of any kind and nature between you and **us** arising out of or in any way related to the validity, interpretation, performance or breach of any provisions of this policy, and upon which a settlement has not been reached by **u** and **us**, shall be resolved exclusively, by arbitration in accordance with the Federal Arbitration Act (9 U.S.C. § 1 ET SEQ).

You shall appoint one arbitrator and **we** shall appoint an arbitrator. The two arbitrators appointed shall together pick a third arbitrator. Any decision of the arbitrators shall be by majority vote. In all other respects, the rules and procedures of the American Arbitration Association's Commercial Arbitration Rules shall govern the arbitration proceeding, except to the extent that such rules and procedures conflict with the Federal Arbitration Act. Arbitration shall be held in the city and state where the insured(s) resides, unless otherwise agreed, in writing, by the parties. In no event shall the arbitrators grant any relief not available in the courts of the state where the policy is issued. Judgment upon the arbitration award shall be entered in a court of general jurisdiction in the state where **you** reside. Appeals may be taken from the arbitrators' decision only in accordance with the Federal Arbitration Act.

You and **we** understand that:

- a. discovery in an arbitration proceeding may be more limited than and different from that in a court proceeding;
- b. the arbitrators are not required to state the basis of their decision or to issue any findings of fact; and
- c. both **your** and **our** right to appeal or to seek modification of rulings by the arbitrators may be limited.

9. Suit Against Us. No action shall be brought unless there has been compliance with the policy provisions and the action is started within one year after the date of loss or damage.

10. Our Option. If **we** give **you** written notice within 30 days after **we** receive **your** signed, sworn proof of loss, **we** may repair or replace any part of the property damaged and equivalent property.

11. Loss Payment. **We** will adjust all losses with **you**. **We** will pay **you** unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after **we** receive **your** proof of loss and:

- a. reach agreement with **you**; or
- b. there is an entry of a final judgment; or
- c. there is a filing of an appraisal award with **us**.

12. Abandonment of Property. **We** need not accept any property abandoned by any **insured**.

13. Lienholder Interest. If **you** borrowed money to buy **your** Mobile Home, the person or business that loaned **you** the money is called the Lienholder. The designation of a lienholder is considered to be an acknowledgment by **you** that the lienholder has a legal interest in the Mobile Home due to an installment sales contract or other security agreement.

When a lienholder is named on the **declaration page**, **our** payment method will recognize the lienholder's interest in **your** property. If **we** elect to settle **your** loss or damage in money, both **your** name and **your** lienholder's will appear on **our** payment check. If **you** have paid off **your** lienholder, please tell **us** so that the lienholder's name may be removed from the **declaration page**.

If **your** interest in the Mobile Home is terminated, **our** payment method will recognize only the lienholder's interest. No change in title or ownership of **your** Mobile Home or any negligent acts of **yours** will cancel the lienholder's interest in this policy.

You or the lienholder must let **us** know of any change of ownership or any increase in hazard which comes to **your** or the lienholder's knowledge. If this change in ownership or increase in hazard requires an additional premium, **you** must pay the additional premium.

If **you** fail to pay any premium due for this policy, **your** lienholder may be requested to pay that premium.

If **you** fail to give **us** proof of loss within the required 90 days, the lienholder is given an additional 30 days to notify **us** of the loss.

14. **No Benefit to Bailee.** We will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of any other provisions of this policy.

15. **Nuclear Hazard Clause.**

- a. "Nuclear Hazard" means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.
- b. Loss caused by the nuclear hazard shall not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against in **Section I**.
- c. This policy does not apply under **Section I** to loss caused directly or indirectly by nuclear hazard except that direct loss by fire resulting from the nuclear hazard is covered.

16. **Change of Location.** If **you** move **your** Mobile Home, **you** must notify **us** or your agent within 30 days.

SECTION II — LIABILITY COVERAGES

COVERAGE E — PERSONAL LIABILITY

If a claim is made or a suit is brought against any **insured** for damages because of **bodily injury** or **property damage** caused by an **occurrence** to which this coverage applies, **we** will:

1. pay up to **our** limit of liability for the damages for which the **insured** is legally liable; and
2. provide a defense at **our** expense by counsel of **our** choice, even if the allegations are groundless, false, or fraudulent. **We** may make any investigation and settle any claim or suit that **we** decide is appropriate. **Our** obligation to defend any claim or suit ends when the amount **we** pay for damages resulting from the **occurrence** equals **our** limit of liability.

COVERAGE F — MEDICAL PAYMENTS TO OTHERS

We will pay the necessary medical expenses incurred or medically ascertained within three years from the date of an accident causing **bodily injury**. Medical expenses means reasonable charges for

medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to **you** or regular residents of **your** household other than **residence employees**. As to others, this coverage applies only:

1. to a person on the **insured location** with the permission of any **insured**; or
2. to a person off the **insured location**, if the **bodily injury**:
 - a. arises out of a condition in the **insured location** or the ways immediately adjoining;
 - b. is caused by the activities of any **insured**;
 - c. is caused by a **residence employee** in the course of the **residence employee's** employment by any **insured**; or
 - d. is caused by an animal owned by or in the care of any **insured**.

SECTION II — EXCLUSIONS

1. **Coverage E — Personal Liability** and **Coverage F — Medical Payments to Others** do not apply to **bodily injury** or **property damage**:

- a. which is expected or intended by the **insured**;
- b. arising out of **business** pursuits of any **insured**. This exclusion does not apply to:
 - (1) activities which are ordinarily incident to non-**business** pursuits; or
 - (2) the rental or holding for rental of a residence of **yours**;
 - (a) on an occasional basis for the exclusive use as a residence;
 - (b) in part, unless intended for use as a residence by more than two roomers or boarders; or
 - (c) in part, as an office, school, studio, or private garage;
- c. arising out of the rendering or failing to render professional services;
- d. arising out of any premises owned or rented to any **insured** which is not an **insured location**;
- e. arising out of the:
 - (1) ownership, maintenance, use, loading or unloading of motor vehicles or all other motorized land conveyances, including any trailers, owned or operated by or rented or loaned to any **insured**; or

- (2) entrustment by the **insured** of a motor vehicle or any other motorized land conveyance to any person.

This exclusion does not apply to:

- (1) a trailer not towed by or carried on a motorized land conveyance.
- (2) a motorized land conveyance designed for recreational use off public roads, not subject to motor vehicle registration, and owned by any **insured**, while on an **insured location**.
- (3) a motorized golf cart while used for golfing purposes on a golf course.
- (4) a motorized land conveyance designed for assisting the handicapped or for the maintenance of an **insured location** which is:
 - (a) not designed for travel on public roads; and
 - (b) not subject to motor vehicle registration.
- f. arising out of the ownership, maintenance, use, loading or unloading of a watercraft:
 - (1) with inboard or inboard-outdrive motor power owned by any **insured**; or
 - (2) with inboard or inboard-outdrive motor power of more than 50 horsepower rented to any **insured**; or
 - (3) that is a sailing vessel, with or without auxiliary power, 26 feet or more in length owned by or rented to any **insured**; or

- (4) powered by one or more outboard motors with more than 25 total horsepower if the outboard motor is owned by any **insured**. However, outboard motors of more than 25 total horsepower are covered for the policy period if:

(a) they are acquired by **you** prior to the policy period and:

- (1) declared by **you** at policy inception; or
(2) **your** intention to insure is reported in writing to **us** within 45 days after newly acquiring the outboard motors.

(b) they are acquired by **you** during the policy period.

This exclusion does not apply while the watercraft is stored.

- g. arising out of the ownership, maintenance, use, loading or unloading of an aircraft, meaning any contrivance used or designed for navigation of or flight in the air, except model aircraft of the hobby variety not used or designed for the transportation of people or cargo.
- h. caused directly or indirectly by war, including undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, destruction or seizure or use for a military purpose, and including any consequence of any of these. Discharge of a nuclear weapon shall be deemed a warlike act even if accidental.
- i. Arising out of communicable diseases or sickness as may have been transmitted by you or any insured person or as may have arisen from **your** or any **insured** person's activities. Such coverages also do not apply to **bodily injury** or **property damage** arising out of any sexual act including, but not limited to, assault, molestation, abuse, incest, or rape.

Exclusions d. e. f. and g. do not apply to **bodily injury** to any **residence employee** arising out of and in the course of the **residence employee's** employment by any **insured**.

2. **Coverage E — Personal Liability** does not apply to:

- a. liability:
- (1) for **your** share of any loss assessment charged against all members of an association of property owners;
- (2) under any other contract or agreement except those written contracts directly relating to the maintenance of the **insured location** not excluded in (1) above or elsewhere in this policy;
- b. **property damage** to property owned by the **insured**;
- c. **property damage** to property rented to, occupied or used by, or in the care of the **insured**. This exclusion does not apply to **property damage** caused by fire, smoke, or explosion;
- d. **bodily injury** to any person eligible to receive any benefits:
- (1) required to be provided; or
(2) voluntarily provided;
- by the **insured** under any:
- (1) worker's or workmen's compensation law;
(2) non-occupational disability law; or
(3) occupational disease law;

e. **bodily injury** or **property damage** for which any **insured** under this policy:

- (1) is also an **insured** under a nuclear energy liability policy; or
(2) would be an **insured** but for its termination upon exhaustion of its limit of liability.

A nuclear energy liability policy is a policy issued by:

- (1) American Nuclear Insurers;
(2) Mutual Atomic Energy Liability Underwriters;
(3) Nuclear Insurance Association of Canada;

or any of their successors; or

f. **bodily injury** to **you** and any **insured** within the meaning of part a. or b. of Definition 3. "**insured**".

g. Punitive or exemplary damages.

3. **Coverage F — Medical Payments to Others**, does not apply to **bodily injury**:

- a. to a **residence employee** if it:
- (1) occurs off the **insured location**; and
(2) does not arise out of or in the course of the **residence employee's** employment by any **insured**;
- b. to any person eligible to receive any benefits:
- (1) required to be provided; or
(2) voluntarily provided;
- under any:
- (1) worker's or workmen's compensation law;
(2) non-occupational disability law; or
(3) occupational disease law;
- c. from any:
- (1) nuclear reaction;
(2) nuclear radiation; or
(3) radioactive contamination;
- all whether controlled or uncontrolled or however caused; or
(4) any consequence of any of these.
- d. to any person other than a **residence employee** of any **insured**, regularly residing on any part of the **insured location**.

4. **Coverage E — Personal Liability** does not apply to:

- a. any loss, cost, obligation, or expense caused by lead, paint containing lead, soil or earth containing lead, or any substance or material containing lead;
- b. any loss, cost, obligation or expense arising out of any request, demand or order to test for, monitor, clean-up, remove, abate, contain, treat, detoxify, or neutralize lead, paint containing lead, soil or earth containing lead, or any substance or material containing lead, or in any way responding to or assessing the effects of lead.
- c. Arising out of any loss, cost, obligation or expense arising out of any claim or suit by or on behalf of any governmental authority, person, or organization for damages resulting from the testing for, monitoring, cleaning-up, removing, abating, containing, treating, detoxifying or neutralizing lead, paint containing lead, soil or earth containing lead, or any substance or material containing lead or in any way responding to or assessing the effects of lead.

SECTION II — ADDITIONAL COVERAGES

We cover the following in addition to the limits of liability:

1. **Claim Expenses.** We pay:

- a. expenses incurred by **us** and costs taxed against any **insured** in any suit **we** defend;

- b. premiums on bonds required in a suit defended by **us**, but not for bond amounts greater than the limit of liability for **Coverage E**. **We** are not obligated to apply for or furnish any bond;
 - c. reasonable expenses incurred by any **insured** at **our** request, including actual loss of earnings (but not loss of other income) up to \$50 per day for assisting **us** in the investigation or defense of any claim or suit;
 - d. interest on the entire judgment which accrues after entry of the judgment and before **we** pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.
2. **First Aid Expenses.** **We** will pay expenses for first aid to others incurred by any **insured** for **bodily injury** covered under this policy. **We** will not pay for first aid to **you** or any other **insured**.
3. **Damage to Property of Others.** **We** will pay on a replacement cost basis up to \$500 per **occurrence** for **property damage** to property of others caused by any **insured**. **We** will not pay for **property damage**:
- a. to property covered under **Section I** of this policy;
 - b. caused intentionally by any **insured** who is 13 years of age or older;
 - c. to property owned by or rented to any **insured**, a tenant of any **insured** or a resident in **your** household; or
 - d. arising out of:
 - (1) **business** pursuits;
 - (2) any act or omission in connection with a premises owned, rented or controlled by any **insured**, other than the **insured location**; or
 - (3) the ownership, maintenance, or use of aircraft, watercraft or motor vehicles or all other motorized land conveyances.

SECTION II — CONDITIONS

1. **Limit of Liability.** Regardless of the number of **insureds**, claims made or person injured, **our** total liability under **Coverage E** stated in this policy for all damages resulting from any one **occurrence** shall not exceed the limit of liability for **Coverage E** stated in the Declarations.
- Our** total liability under **Coverage F** for all medical expense payable for **bodily injury** to one person as the result of one accident, shall not exceed the limit of liability for **Coverage F** stated in the Declarations.
2. **Severability of Insurance.** This insurance applies separately to each **insured**. This condition shall not increase our limit of liability for any one **occurrence**.
3. **Duties After Loss.** In case of an accident or **occurrence**, the **insured** shall perform the following duties that apply. **You** shall cooperate with **us** in seeing that these duties are performed:
- a. given written notice to **us** or **our** agent as soon as practicable, which set forth:
 - (1) the identity of the policy and **insured**;
 - (2) reasonably available information on the time, place and circumstances of the accident or **occurrence**; and
 - (3) names and addresses of any claimants and available witnesses;
 - b. forward to **us** every notice, demand, summons or other process relating to the accident or **occurrence**;
 - c. at **our** request, assist in:
 - (1) making settlement;
 - (2) the enforcement of any right of contribution or indemnity against any person or organization who may be liable to any **insured**;
 - (3) the conduct of suits and attend hearings and trials;
 - (4) securing and giving evidence and obtaining the attendance of witnesses;
 - d. under the coverage — **Damage to Property of Others** — submit to **us** within 60 days after the loss, a sworn statement of loss and exhibit the damaged property, if within the **insured's** control;
 - e. the **insured** shall not, except at the **insured's** own cost, voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others at the time of the **bodily injury**.
4. **Duties of an Injured Person — Coverage F — Medical Payment to Others.** The injured person, or someone acting on behalf of the injured person, shall:
- a. give **us** written proof of claim, under oath if required, as soon as practicable;
 - b. execute authorization to allow **us** to obtain copies of medical reports and records; and
 - c. the injured person shall submit to physical examination by a physician selected by **us** when and as often as **we** reasonably require.
5. **Payment of Claim — Coverage F — Medical Payments to Others.** Payment under this coverage is not an admission of liability by any **insured** or **us**.
6. **Suit Against Us.** No action shall be brought against **us** unless there has been compliance with the policy provisions.
- No one shall have any right to join **us** as a party to any action against any **insured**. Further, no action with respect to **Coverage E** shall be brought against **us** until the obligation of the **insured** has been determined by final judgment or agreement signed by **us**.
7. **Bankruptcy of Any Insured.** Bankruptcy or insolvency of any **insured** shall not relieve **us** of any of **our** obligations under this policy.

SECTIONS I AND II — CONDITIONS

1. **Policy Period.** This policy applies only to loss under **Section I** or **bodily injury** or **property damage** under **Section II**, which occurs during the policy period.
2. **Concealment, Fraud, or Misrepresentation.** The entire policy will be void if, whether before or after a loss, **you** have:
- a. intentionally concealed or misrepresented any material fact or circumstance;

- b. engaged in fraudulent conduct; or
- c. made false statements;

relating to this insurance.

- 3. **Liberalization Clause.** If **we** adopt any revision which would broaden the coverage under this policy without additional premium within 60 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.
- 4. **Other Insurance.** Insurance under this section shall apply as excess insurance over other valid and collectible insurance which would apply in absence of this policy.
- 5. **Waiver or Change of Policy Provisions.** A waiver or change of any provisions of this policy must be in writing by **us** to be valid. **Our** request for an appraisal or examination shall not waive any of **our** rights.

6. **Cancellation.**

- a. **You** may cancel this policy at anytime by returning it to **us** or by letting **us** know, in writing, of the date cancellation is to take effect.
- b. **We** may cancel this policy only for the reasons stated below by letting **you** know, in writing, of the date cancellation takes effect. This cancellation notice may be delivered to **you**, or mailed to **you** at **your** mailing address shown on the **declaration page**.

Proof of mailing will be sufficient proof of notice.

- (1) When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
- (2) When this policy has been in effect for less than 60 days, and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
- (3) When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel if there has been:
 - (a) conviction of a crime having as one of its necessary elements an act increasing the hazard insured against;
 - (b) discovery of fraud or material misrepresentation; or
 - (c) Discovery of grossly negligent acts or omissions substantially increasing any of the hazards insured against;

- (d) Physical changes in the property insured against which result in the property becoming uninsurable.

This can be done by letting you know at least 30 days before the date cancellation takes effect.

- (4) When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.
- (5) When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata subject to the minimum earned premium shown on the declaration page.
- (6) If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

- 6. **Non-Renewal.** **We** may elect not to renew this policy. **We** may do so by delivery to **you** or mailing to **you** at **your** mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing shall be sufficient proof of notice.

- 7. **Assignment.** Assignment of this policy shall not be valid unless **we** give **our** written consent.

- 8. **Subrogation.** Any **insured** may waive in writing before a loss all right of recovery against any person. If not waived, **we** may require an assignment of rights of recovery for a loss to the extent that payment is made by **us**.

If an assignment is sought, any **insured** shall sign and deliver all related papers and cooperate with **us** in any reasonable manner.

Subrogation does not apply under **Section II** to **Medical Payments to Others** or **Damage to Property of Others**.

- 9. **Death.** If any person named in the Declarations or the spouse, if a resident of the same household, does:

- a. **we** insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death;

- b. **insured** includes:

- (1) any member of **your** household who is an **insured** at the time of **your** death, but only while a resident of the **residence premises**; and
- (2) with respect to **your** property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

IN WITNESS WHEREOF, the Company has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned by a duly authorized representative of the Company.

Christina S. Cona
SECRETARY

Robert Hill
PRESIDENT

MOBILE HOMEOWNERS MHO-3 ENDORSEMENTS

IMPORTANT – YOUR POLICY COVERAGE INCLUDES ONLY THOSE ENDORSEMENTS WHICH ARE INDICATED ON YOUR POLICY. ALL OTHER ENDORSEMENTS DO NOT APPLY.

REVIEW YOUR POLICY IMMEDIATELY WHEN YOU RECEIVE IT, MAKE SURE YOU HAVE THE COVERAGE YOU REQUESTED.

NATURAL DISASTER PROTECTION

Your Homeowners Policy is amended as follows:

AMENDMENT OF LIABILITY LIMIT APPLICABLE TO TOTAL LOSS BY FLOOD

If **your** mobile home is destroyed by flood and there is a security agreement between **you** and the lender shown on the Declaration Page, **our** liability shall be the greater of:

1. the outstanding principal balance owed the lender; or
2. the amount which would be payable had not this endorsement been part of **your** policy.

For the purpose of this endorsement, the outstanding principal balance is the amount owed to the lender less any unpaid installments, unearned interest, finance charges, insurance premiums and/or other charges all computed pro-rata as of the date of the loss. Also, the outstanding principal balance shall not

include any penalty or default charges which have accrued under the lien instrument.

CANCELLATION OR NON-RENEWAL

If the Flood Coverage provided by this policy is canceled by **us**, or if **we** elect not to renew the Flood Coverage, 30 days written notice of such cancellation, or of nonrenewal, will be mailed by **us** to the lienholder and to **you** at **your** last know address.

DEFINITION OF FLOOD

"Flood" shall be defined as prescribed by the National Flood Insurance Program as of the effective date of **your** policy and is at least as broad as the coverage offered by the Standard Flood Insurance Policy.

All other provisions of this policy shall apply.

LENDER'S INTEREST PROTECTION ENDORSEMENT

If **you** borrowed money to buy **your** mobile home, **your** lender, and/or mobile home dealer, needed some security for that loan. In most cases **your** mobile home will be the security. In other words, the loan is secured by **your** mobile home. **Your** lender, and/or mobile home dealer, have a secured interest in **your** mobile home and may require that Lender's Interest Protection be added to **your** policy.

COLLISION OR UPSET

We'll pay the lender, or the mobile home dealer, for direct and sudden accidental loss to the mobile home caused by collision while the mobile home is being moved from one place to another. Collision which damages only wheels, tires, axles and running gear isn't covered.

In each claim for loss or damage, \$100 will be deducted from the amount of loss.

ALTERATION

We'll pay the lender, or the mobile home dealer, if **you** caused deliberate damage to the mobile home, or made substantial changes in its structure, with the intention of reducing its value, without permission of the lender or the mobile home dealer.

Total Alteration results when the damage, or change, reduces the value of the mobile home so that the cost of repair plus the salvage value exceed the actual cash value of the mobile home before such damage or change.

Damage resulting from neglect or omission to act, or from wear and tear or hard usage, won't be considered as alteration.

In each claim for loss or damage, \$100 will be deducted from the amount of the loss.

CONVERSION

We'll pay the lender, or the mobile home dealer, if they are unsuccessful in their efforts to recover possession of the mobile home, or its missing parts, due to transfer of ownership without permission of the lender, or the mobile home dealer.

In each claim for loss or damage, \$100 will be deducted from the amount of the loss.

CONCEALMENT

We'll pay the lender, or the mobile home dealer, if they are unable to locate the mobile home, or its missing parts, within 120 days after **we** receive all of the lender's, or the mobile home dealer's, papers, documents and records regarding the loan as long as **you** haven't made a loan payment to the lender, or mobile home dealer, during that 120 days. A police report must be filed for each loss contained in this paragraph.

In each claim for loss or damage, \$100 will be deducted from the amount of the loss.

REPOSSESSION EXPENSE

If the mobile home is repossessed by, or on behalf of, the lienholder or the mobile home dealer, this coverage provides payment by **us** to the lender, or the mobile home dealer, for an amount equal to the expense of transporting the mobile home from the place of repossession to the shortest of the following:

The place where it was sold by the lender or the mobile home dealer; or

To the nearest business location of the lender or the mobile home dealer.

Repossession Expense applies only to the expense of returning the entire mobile home but not to the expense of returning only separate parts, equipment or accessories.

In each claim for loss, \$100 will be deducted from the amount of the loss.

Repossession Expense is limited to the rate per mile for transportation of up to 70¢ per mile. This is subject to a maximum payment of \$600.

OUR PAYMENT METHODS

The amount **we** pay the lender, or the mobile home dealer, for loss covered by Lender's Interest Protection will be the lowest of:

The cost without overhead or profit to the lender, or the mobile home dealer, for repairing or replacing the mobile home and parts with property of similar quality and value; or

The amount of interest of the lender, or the mobile home dealer, in any Alteration, Conversion, or Concealment loss, measured by the unpaid balance, not more than 60 days past due; less:

Unearned interest, insurance, finance and other carrying charges computed as of the date of claim, and also minus any penalties or other charges which may have been added to the loan after the loan was finalized; or

Replacement of the property with property of similar kind, quality, and value; or

Actual cash value of the mobile home or of the missing parts immediately before the loss.

DEDUCTIBLE

If, in one claim for loss or damage, Collision or Upset, Alteration, Conversion, Concealment, or Repossession Expense is involved, a \$100 deductible applies to each, but, the total deductible from each such combination of losses shall not exceed \$200.

LENDER'S INTEREST PROTECTION DOESN'T PROVIDE COVERAGE:

If the loan transaction wasn't entered into in accordance with normal and usual credit standards. **We** don't pay when the lien instrument, at the time of its execution, wasn't legally enforceable and didn't represent a bona fide security transaction entered into in good faith by both parties, to secure the repayment of the amount of the total loan amount;

If, at the date this coverage become effective, payment was more than 30 days past due under the lien instrument covering the mobile home;

For any gas bottles, fuel tanks, steps, skirting, beds, curtains, spreads, drapes, furniture or equipment. **We** don't pay for appliances that have worn out, or have been discarded, even if replaced;

If the loss is caused by failure of anyone to maintain the mobile home, its parts, and equipment in good working order;

Unless **you** have defaulted on the loan and the mobile home has been repossessed.

GENERAL CONDITIONS OR LENDER'S INTEREST PROTECTION

Other Insurance

If there is other collectible insurance for loss by Collision or Upset, the other insurance coverage pays first and Lender's Interest Protection will pay next, but only if the entire loss isn't covered by the other insurance and only to the extent of the lender's interest.

Our Right To Recover From Others

After **we** have made a Lender's Interest Protection payment, **we** give up the right to recover the payment from the lender, or the mobile home dealer, except for fraudulent actions of the lender, or the mobile home dealer. **We** give up the right to recover payment from **you**.

What To Do When A Loss Occurs

The lender, or the mobile home dealer, must tell **us** as soon as there is suspicion of, or actual knowledge, loss has occurred. If the mobile home has been repossessed, **we** must be told within 30 days after repossession.

The lender, or the mobile home dealer, must give **us**, as part of the notice of loss or potential loss, the following:

Inspection Report prepared at the time of repossession describing the condition of the mobile home and a listing, in detail, of the parts which are missing;

Manufacturer's invoice;

Any letters or other papers detailing their efforts to locate any item(s);

Retail sales contract;

Credit application;

Detailed description of damage and alterations;

All available evidence showing exactly how the home was equipped and sold;

Summary of collection efforts;

Statement from the local law enforcement agency to which the loss was reported.

The lender, or the mobile home dealer, must, at its own expense, use every reasonable effort, including litigation, until settlement of the loss to:

Secure, protect and preserve the mobile home from loss;

Locate **you**, the mobile home, and missing parts;

Declare the loan in default;

Repossess the home for which any claim is to be made;

Collect all amounts due under the loan agreement.

The lender, or the mobile home dealer, must allow **us** to review and copy any other books, records and files that will assist **us** in settling a claim.

All losses must be promptly reported to the police.

The General Policy conditions of the Homeowner Policy titled **Your Duties After Loss** don't apply to this coverage.

The day **we** receive all the required information will be the effective date of claim and all computations will be made as of that day.

The General Policy conditions of the Homeowners policy apply to the Lender's Interest Protection Coverage unless **we** have already changed it in writing.

All other provisions of this policy apply.

PREFERRED MOBILE HOMEOWNER (MHO-3) PERSONAL PROPERTY REPLACEMENT COST ENDORSEMENT

Your Homeowners Policy is amended as follows:

SECTION I — CONDITIONS

3. **Loss Settlement.** In consideration of the premium charged, subsection a. is deleted and replaced by the following:
- a. (1) Personal Property at replacement cost;
 - (2) Awnings, outdoor antennas and outdoor equipment, whether or not attached to buildings, at replacement cost;
 - (3) Structures that are not buildings at actual cash value at the time of loss but not exceeding the amount to repair or replace.
1. **PROPERTY NOT ELIGIBLE.** Property listed below is not eligible for replacement cost settlement. Any loss shall be settled at actual cash value at time of loss but not exceeding the amount necessary to repair or replace.
- a. antiques, fine arts, paintings and similar articles of rarity or antiquity which cannot be replaced.
 - b. memorabilia, souvenirs, collectors items and similar articles whose age or history contribute to its value.
 - c. articles not maintained in good or workable condition.

- d. articles that are outdated or obsolete and are stored or not being used.

2. REPLACEMENT COST.

- a. **We** will pay not more than the smallest of the following amounts:
 - (1) Replacement cost at time of loss without deductible for depreciation;
 - (2) The full cost of repair at the time of loss;
 - (3) 400% of the actual cash value at time of loss;
 - (4) The limit of liability applying to Coverage C; or
 - (5) Any special limits of liability stated in this policy.
- b. When the replacement cost for the entire loss under this endorsement exceeds \$500, **we** will pay no more than the actual cash value for the loss or damage until the actual repair or replacement is completed.
- c. **You** may make a claim for loss on an actual cash value basis and then make claim within 180 days after the loss for any additional liability in accordance with this endorsement.

All other provisions of this policy apply.

PREFERRED MOBILE HOMEOWNERS (MHO-3) TRANSPORTATION/PERMISSION TO MOVE ENDORSEMENT

Your Homeowner Policy is amended as follows:

In consideration of the premium charged:

- A. The following perils of transportation are added to **Section I — Perils Insured Against** for a period of 30 days from the effective date of this endorsement.
1. Collision, meaning the accidental loss caused by the contact of the manufactured mobile home with another object. This does not include loss to the manufactured mobile home caused by contact with its transporting vehicle unless that vehicle was independently involved in an accident.
 2. Upset of the manufactured mobile home which is in transit.
 3. Stranding or Sinking while the manufactured mobile home is being transported on a licensed ferry line. Under

this peril, **we** will also cover the general average or salvage charges that result.

These perils do not include loss to tires unless there is other covered property loss caused by these perils.

- B. **Permission to Move.** Coverages A and B apply wherever the described manufactured mobile home may be in the Continental United States and Canada for a period of 30 days from the effective date of this endorsement.

All other provisions of this policy apply.