RESIDENCE SPECIAL LOSS SETTLEMENT ENDORSEMENT

Refer to Supplemental Declarations if information is not shown on this form.

We will amend the amount of insurance applying to Coverage A, as shown on form ML-20, for an additional premium subject to these conditions.

A. We will:
   1. Increase Coverage A amount of insurance to equal the current replacement cost of the residence should a covered loss to the residence exceed the Coverage A amount of insurance. This agreement is conditioned on your obligation to insure the residence to 100% of the value that we recommend in accordance with B2 following. Your failure to comply voids our entire obligation under this endorsement.
   2. Include any increased cost due to enforcement of any ordinance or law that regulates the construction or repair of your residence following a covered loss.

B. You will:
   1. Elect to repair or replace the residence by agreement with us; any disagreement will be resolved by arbitration or appraisal.
   2. Allow us to adjust the Coverage A amount of insurance on policy inception, renewal or anniversaries, or at agreed intervals in accordance with any property evaluation we may make, as referenced on the Declarations Page.
   3. Notify us within 60 days of completion of any improvements to the residence that exceed 5% of the amount of insurance of Coverage A and pay any additional premium. Your failure to comply voids this entire endorsement and any loss will be settled in accordance with that section titled "How Much We Pay for Loss or Claims" on the form ML-20.

C. When this endorsement is applicable, we will not pay more than the lesser of:
   1. The replacement cost of the residence or any part of it.
   2. The amount actually and necessarily expended to repair or replace the residence, or any part of it, in the same construction with materials of like kind and quality at the same location.

When the cost to repair or replace the damage exceeds $5000, we will only pay the actual cash value of the damage until the actual repair or replacement has been completed.