ADDITIONAL SECURED PARTY'S INTEREST COVERAGE

For an additional premium, ***we*** provide coverage under this endorsement subject to the ***terms*** contained in the General Policy Provisions.

COVERAGE

The Secured Party Coverage under this policy is extended to cover the secured party against direct loss sustained by impairment of it's security interest caused by:

1. Collision.
2. Conversion, embezzlement or secretion by an ***insured***.
3. Flood or other rising water from outside the mobile home.
4. Earthquake.

SPECIAL CONDITIONS

1. ***Additional definitions***.
   a. Collision means:
      1) Collision of the mobile home with another object, or with the vehicle to which it is attached.
      2) Upset of such mobile home.
   b. Conversion, Embezzlement or Secretion includes:
      1) Intentional damage to the mobile home by an ***insured***.
      2) Inability to repossess the mobile home because:
         (a) ***We*** have been unable to locate the mobile home for a period of 30 days after notice of loss, or
         (b) 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.
      3) Partial as well as total loss of the mobile home.
   c. 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.
   d. Outstanding Balance means the balance due on the date of the loss under the finance agreement but not including:
      1) Installments more than 30 days past due at date of loss;
      2) Unearned interest, financing and carrying charges; or
      3) Penalties of any type added after inception of finance agreement.
   e. Date of Loss is the date of repossession, or if the mobile home is not recovered, 30 days after Notice of Loss.
2. ***Attachment of Coverage***.
   Coverage under this endorsement attaches as of the date of the endorsement but in no event before the date of perfection of a valid and legally enforceable finance agreement on the mobile home.
3. ***Default of Insured***.
   This coverage applies only when the security interest has become impaired and:
   a. The ***insured*** has defaulted in payments due under the finance contract 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.

HOW MUCH *WE* PAY FOR LOSS OR CLAIM

How Much We Pay for Loss or Claim is replaced by the following with respect to this coverage only.

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

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;
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.

WHAT SECURED PARTY MUST DO IN CASE OF LOSS

What You Must Do in Case of Loss is replaced by the following with respect to this coverage only.

1. ***Notice***.
   When the secured party becomes aware of anything that indicates there might be a claim under this coverage he shall:
   a. Promptly give ***us*** or ***our*** agent written notice;
   b. Send to ***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***.
   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 shall:
   a. Submit a sworn statement of loss within 60 days after date of loss containing the following information:
      1) the time, place and circumstances of the loss;
      2) the outstanding balance due under the finance agreement;
      3) other policies of insurance that may cover the loss;
      4) 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.
4. ***Subrogation***.
   Subrogation is replaced by the following with respect to this coverage only:
   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 actions resulting from fraud, conversion, embezzlement, secretion or other willful wrongdoing by the ***insured***.

ADDITIONAL CONDITIONS

1. The secured party's protection under this coverage is not invalidated by an act or neglect of the ***insured*** or a transfer of title of ownership in the mobile home which occurs after the ***insured*** has defaulted in payments under the finance agreement.
2. The annual premium charged under this policy for each mobile home is a minimum 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.