ADDITIONAL SECURED PARTY'S INTEREST COVERAGE

Refer to Supplemental Declarations if information is not shown on this form.
For an additional premium, ***we*** provide coverage subject to the ***terms*** contained in the General Policy Provisions.

COVERAGE

The Secured Party Coverage is extended to cover the secured party against direct loss 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 manufactured home; or
4. Earthquake.

SPECIAL CONDITIONS

1. **Additional definitions**.
   a. Collision means:
      1) Collision of the manufactured home with another object, or with the vehicle to which it is attached.
      2) Upset of such manufactured home.
   b. Conversion, Embezzlement or Secretion includes:
      1) Intentional damage to the manufactured home by an ***insured***.
      2) Inability to repossess the manufactured home because:
         (a) ***We*** are unable to locate the manufactured home within 30 days after notice of loss, or
         (b) Despite a properly perfected security interest, the secured party has been unable to recover the manufactured home from a third party to which it has been transferred without consent.
      3) Partial or total loss of the manufactured home.
   c. Impairment means that because of a covered loss, the value of the manufactured 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 on date of loss;
      2) Unearned interest, financing and carrying charges; or
      3) Penalties added after inception of finance agreement.
   e. Date of Loss is the date of repossession, or if the manufactured home is not recovered, 30 days after Notice of Loss.
2. **Attachment of Coverage**.
   Coverage attaches as of the date of the endorsement but not before the date of perfection of a valid and legally enforceable finance agreement on the manufactured home.
3. **Default of *Insured***.
   This coverage applies only when the security interest has become impaired and:
   a. The ***insured*** has defaulted on payments due under the finance contract and the secured party has repossessed the manufactured home; or
   b. With respect to loss caused by conversion, embezzlement or secretion, the ***insured*** has defaulted on payments due on the finance agreement and the secured party has made reasonable effort to repossess the manufactured home.

HOW MUCH *WE* PAY FOR LOSS OR CLAIM

How Much *We* Pay for Loss or Claim is replaced by the following.

1. ***Our*** liability is limited to the lesser of the following amounts:
   a. The actual cash value of the manufactured home less salvage;
   b. What it would cost to repair or replace the manufactured 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 manufactured 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 manufactured 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 manufactured 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 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.

1. **Notice**.
   When the secured party becomes aware there might be a claim under this coverage it shall:
   a. Promptly give ***us*** or ***our*** agent written notice;
   b. Send ***us*** the records pertaining to the security transaction; and
   c. Notify the police if the loss involves the commission of any crime.
2. **Recovery and Protection of Property**.
   The secured party shall:
   a. Take all reasonable steps to protect the manufactured home to avoid further damage; and
   b. Make a reasonable effort to repossess the manufactured home.
3. **Proof of Loss**.
   The secured party shall:
   a. Submit a sworn statement of loss within 60 days of ***our*** demand 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 manufactured home.
4. **Subrogation**.
   Subrogation is replaced by the following:
   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 is not invalidated by an act or neglect of the ***insured*** or a transfer of title of ownership in the manufactured home which occurs after the ***insured*** has defaulted in payments under the finance agreement.
2. The annual premium charged under this policy for each manufactured 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 manufactured home for the same ***insured***. Pro rata cancellation is allowed when the policy is cancelled at ***our*** request.