RESIDENCE SPECIAL LOSS SETTLEMENT ENDORSEMENT

(includes Coverage A limitation)

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, subject to these conditions.

A. ***We*** will:
1. Increase the 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 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.
3. The full cost to replace the ***residence*** should a covered loss exceed the Coverage A amount of insurance shown on the Declarations. However, the most ***we*** will pay is 125% of the Coverage A amount of insurance shown on the Declarations.

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