

ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement, effective 12:01 A.M.,
Forms a part of Policy No.:

COMPLETED BUILDINGS OR STRUCTURES COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDERS' RISK COVERAGE -SCHEDULED JOBSITE FORM - COMPREHENSIVE FORM

I. The section entitled **PROPERTY COVERED** is amended to include:

Completed Buildings or Structures -

1. **Coverage** – “We” cover direct physical loss or damage caused by a covered peril to “buildings or structures” that are completed, but only if such “buildings or structures” are used as:
 - a. “model homes”; or
 - b. “homes in inventory”at a covered “jobsite”.
2. **Coverage Limitation** – “We” only cover:
 - a. “model homes”;
 - b. contents of “model homes”; or
 - c. “homes in inventory”shown on the Completed Buildings or Structures Schedule.

II. Paragraph 5. **Standing Buildings Or Structures** of the Section entitled **PROPERTY NOT COVERED** is deleted in its entirety and replaced with the following:

- a. “We” do not cover any:
 - 1) standing “building or structure”; or
 - 2) part of a standing “building or structure”that have been wholly or partially constructed, erected, or fabricated prior to the inception of this policy.
- b. “We” do not cover any standing “building or structure” in the process of rehabilitation or renovation. Rehabilitation and renovation includes, but is not limited to, any additions, alterations, improvements, or repairs to an existing “building or structure”.

However, this Paragraph 5. does not apply to “model homes” or “homes in inventory” under this Completed Buildings or Structures Coverage Endorsement (the “Endorsement”).

III. Subparagraph b. **Coverage Limitation** of Paragraph 6. **Personal Property** of the Section entitled **SUPPLEMENTAL COVERAGES** is deleted in its entirety and replaced with the following:

- b. **Coverage Limitation** – “We” only cover business personal property while being installed or stored in a covered “buildings or structures”.

For the purposes of this Personal Property Supplemental Coverage, business personal property does not include any contents of “model homes”.

IV. For the purposes of coverage for “model homes” or “homes in inventory” under this Endorsement only, Paragraph 5. **Coinsurance** of the Section entitled **HOW MUCH WE PAY** is deleted in its entirety and replaced with the following:

5. **Coinsurance** –

- a. **When Coinsurance Applies** -- “We” only pay a part of the loss if the “limit” is less than the percentage of the value of covered property that is indicated on the Completed Buildings or Structures Schedule-Coinsurance Schedule.

- b. **How We Determine Our Part Of The Loss** --“Our” part of the loss is determined using the following steps:

- 1) multiply the percent indicated on the Completed Buildings or Structures Schedule - Coinsurance Schedule by the value of the covered property at the time of loss;
- 2) divide the “limit” for covered property by the result determined in b.1) above; and
- 3) multiply the total amount of loss, after the application of any deductible, by the result determined in b.2) above.

The most “we” pay is the amount determined in b.3) above or the “limit”, whichever is less. “We” do not pay any remaining part of the loss.

- c. **If There Is More Than One Limit** -- If there is more than one “limit” indicated on the Completed Buildings or Structures Schedule for this coverage part, this procedure applies separately to each “limit”.

- d. **If There Is Only One Limit** -- If there is only one “limit” indicated on the Completed Buildings or Structures Schedule for this coverage, this procedure applies to the total of all covered property to which the “limit” applies.

V. For the purposes of coverage for “model homes” or “homes in inventory” under this Endorsement only, Paragraph 2. **When Coverage Ceases** of the Section entitled **ADDITIONAL COVERAGE LIMITATIONS** is deleted in its entirety and replaced with the following:

2. **When Coverage Ceases** – Coverage will end when one of the following first occurs:

- a. this policy expires or is canceled;
- b. a covered “model home” or “home in inventory” is accepted by the purchaser;
- c. “your” insurable interest in the covered property ceases;
- d. “you” abandon the “model homes” or “homes in inventory”; or
- e. any other insurance applies to the “model homes” or “homes in inventory”.

VI. Paragraph 1. of the Section entitled **DEFINITIONS** is deleted in its entirety and replaced with the following:

1. "Buildings or structures" means:
 - a. buildings;
 - b. structures;
 - c. materials and supplies that will become a permanent part of the buildings or the structures;
 - d. foundations, excavations, grading, filling, attachments, permanent fencing, and other permanent fixtures; and
 - e. completed "buildings or structures", but only if used as "model homes" or "homes in inventory".

VII. The following Paragraphs are added to the Section entitled **DEFINITIONS**:

1. "Model homes" means "your" completed "buildings or structures" being used as sales offices or for exhibition purposes on a regular basis, and which may be held for sale.
2. "Homes in inventory" means "your" vacant and unoccupied completed "building or structures" which are being held for sale.

VIII. The following section is added:

ADDITIONAL CONDITIONS

Reporting Conditions -- The following reporting conditions apply if "you" have elected "Reporting" on the Completed Buildings or Structures Schedule – Premium Schedule:

a. **Reports** --

- 1) **You Will Report To Us** -- Within 30 days after the end of each reporting period indicated on the Completed Buildings or Structures Schedule - Reporting Conditions Schedule, "you" will report to "us" the completed value of each "model home", the contents of each "model home" or each "home in inventory".
- 2) **Cancellation** -- If "your" coverage is canceled, "you" will report the estimated completed value of each "model home", the contents of each "model home" or each "home in inventory" up to and including the date of cancellation and pay any additional premium due.

b. **Premium Computation And Adjustment** -- The premium will be adjusted as of each adjustment period indicated on the Reporting Conditions Schedule. The computed premium will be determined by multiplying the completed value of each "model home", the contents of each "model home" or each "home in inventory" by the rate indicated on the Reporting Conditions Schedule.

- 1) **Annual Adjustment** -- When an annual adjustment period is indicated on the Reporting Conditions Schedule, "we" will compare the total computed premium to the deposit premium. If it is more than the deposit premium, "you" will pay "us" the difference. If it is less than the deposit premium, "we" will pay "you" the difference subject to the minimum premium indicated on the Reporting Conditions Schedule.
- 2) **Other Adjustment Period** -- When any other premium adjustment period is indicated, "we" will apply the computed premium to the deposit premium until it is exhausted. "You" will pay "us" all premiums that exceed the deposit premium. At the end of the policy period, if the

computed premium is less than the deposit premium, "we" will pay "you" the difference subject to the minimum premium indicated on the Reporting Conditions Schedule.

- c. **Provisions That Affect How Much We Pay** -- The following provisions apply to reports that are submitted and may affect How Much We Pay:

1) **Failure To Submit Reports** -- If at the time of loss or damage you have failed to submit:

a) The first required report of values:

- i) "we" will not pay more than 90% of the amount "we" would otherwise have paid; and
- ii) "we" will only pay for loss or damage to "model homes", contents of "model homes" or "homes in inventory" shown on the Completed Buildings or Structures Schedule.

b) Any required report of values after the first required report:

- i) "we" will not pay more than the value stated in "your" last report filed before the loss; and
- ii) "we" will pay for loss only to "model homes", the contents of "model homes" or "homes in inventory" reported in "your" last report filed before the loss.

2) **Coinsurance/ Reported Values Are Less Than The Required Value** -- If "your" last report before a loss shows less than the value "you" are required to report for a "model home", the contents of a "model home" or a "home in inventory", "we" will only pay a part of the loss as determined by the Coinsurance provisions of this Endorsement.

3) **We Will Not Pay More Than The Limit** -- "We" will not pay more than the applicable "limit" regardless of any reported value used in computing the premium.

All other terms and conditions of the policy remain the same.

Authorized Representative