

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **DIFFERENCE IN CONDITIONS HOMEOWNERS ASSOCIATION COVERAGE EXTENSION**

**This endorsement modifies insurance provided under the following:  
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211**

### **A. COVERAGE**

Section **A.1. Covered Property** is replaced by the following:

#### **1. Covered Property**

- a. Building**, meaning the building or structure at the locations described in the Declarations, including:
  - (1)** Completed additions;
  - (2)** Fixtures outside of individual units, including outdoor fixtures;
  - (3)** Permanently installed:
    - (a)** Machinery; and
    - (b)** Equipment;
  - (4)** Foundations of buildings, structures, machinery or boilers, including below-grade parking structures;
  - (5)** Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
    - (a)** Fire-extinguishing equipment;
    - (b)** Outdoor furniture;
    - (c)** Floor coverings not contained within individual units; and
    - (d)** Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering that are not contained within individual dwelling units;
  - (6)** If not covered by other insurance:
    - (a)** Additions under construction, alterations and repairs to the buildings or structures at the locations described in the Declarations. An addition does not include new construction of any separate building or structure;
    - (b)** Materials, equipment, supplies and temporary structures, on or within 100 feet of the described location, used for making additions, alterations or repairs to the building or structure;
  - (7)** The following types of property contained within a individual dwelling unit, regardless of ownership, if your homeowners' association agreement requires you to insure it:
    - (a)** Fixtures, improvements and alterations that are a part of the building or structure; and
    - (b)** The following non-portable appliances, to the extent that they are not a violation of the CC&Rs in effect at the time of loss: dishwashers, clothes washing machines, clothes drying machines, refrigerators, security systems, air conditioning systems, ovens and stoves.

But Building does not include real or personal property owned by, used by or in the care, custody or control of a unit-owner except for property listed in paragraph **A.1.a.(7)** above.

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Except as stated in paragraph **A.1.a.(7)**, it is the intent of this policy to provide coverage solely to the floors, ceilings and four perimeter walls of the individual units; coverage does not extend to the interiors of individual units or any structures or property contained within the four perimeter walls of the units, including, but not limited to, appliances, fireplaces, plumbing fixtures, showers, bath tubs, sinks, toilets, individual air conditioners for the exclusive use of individual unit-owners, cabinetry, countertops, mirrors, wall-to-wall carpeting, floor coverings, wall coverings, interior doors and partitions. Coverage does not extend to any real or personal property that a unit-owner is obligated to repair or maintain under the terms of your homeowners' association agreement.

It is agreed that benefits under **A.1.a.(7)** above will be payable to the Named Insured only, to the extent of the Named Insured's insurable interest; and that no benefits will be payable hereunder to any other person or entity, including but not limited to persons or entities also claiming to have an insurable interest in such property.

- b. Contents**, including your business personal property located in or on the building at the locations described in the Declarations or in the open (or in a vehicle) within 100 feet of the building at locations described in the Declarations consisting of the following:
- (1) Personal property owned by you or owned indivisibly by all unit-owners;
  - (2) Your interest in the labor, materials or services furnished or arranged by you for personal property of others;
  - (3) Leased personal property for which you have a contractual responsibility to insure.

But your business personal property does not include personal property owned only by a unit-owner.

Section **A.2. Additional Coverages** is replaced by the following:

## **2. Additional Coverages**

The following additional coverages paragraphs **a.** through **e.** do not apply unless this policy has made payment for direct physical loss to Covered Property, after application of the deductible as described in Section **D. DEDUCTIBLES** in the Declarations, including the applicable minimum per "loss occurrence" deductible.

### **a. Architectural and Engineering Costs**

We will pay for the cost or expense for you to hire architects and/or engineers for services related to the repair, replacement, or reconstruction of buildings described in the Declarations and damaged directly by "earthquake". The loss or damage to the buildings must occur during the Policy Period. The most we will pay for architectural and engineering costs is \$25,000 for all "loss occurrences" in any one Policy Period, regardless of the number of buildings involved. Payments made for coverage provided under this paragraph **a.** are within the Limits of Insurance and will not serve to increase our Limits of Insurance described in the Declarations.

### **b. Electronic Data Processing Equipment**

We will pay for the cost to repair or replace, with property of like kind and quality and substantially similar functionality, your "electronic data processing equipment" that has been damaged or destroyed. The most we will pay for loss to "electronic data processing equipment" is \$30,000 for all loss or damage sustained in any one Policy Period, regardless of the number of buildings or locations involved. Payments made for coverage provided under this paragraph **b.** are within the Limits of Insurance and will not serve to increase our Limits of Insurance described in the Declarations.

### **c. Electronic Data**

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We will pay for the cost to replace or restore your “electronic data” which has been destroyed or corrupted. To the extent that “electronic data” is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the “electronic data” was stored, with blank media of substantially identical type. The most we will pay for loss to “electronic data” is \$30,000 for all loss or damage sustained in any one Policy Period, regardless of the number of buildings, locations or computer systems involved. Payments made for coverage provided under this paragraph **c.** are within the Limits of Insurance and will not serve to increase our Limits of Insurance described in the Declarations.

**d. Valuable Papers and Records**

We will pay the cost to replace or restore the lost information on “valuable papers and records” that are your property or property of others in your care, custody or control, for which duplicates do not exist. The most we will pay for loss to “valuable papers and records” is \$10,000 for all loss or damage sustained in any one Policy Period, regardless of the number of buildings or locations involved. Payments made for coverage provided under this paragraph **d.** are within the Limits of Insurance and will not serve to increase our Limits of Insurance described in the Declarations.

**e. Security**

We will pay for the cost or expense necessary for you to hire additional security personnel to guard the insured location because of a loss insured against under this policy. The most we will pay for security is \$30,000 for all “loss occurrences” in any one Policy Period, regardless of the number of buildings or locations involved. Payments made for coverage provided under this paragraph **e.** are within the Limits of Insurance and will not serve to increase our Limits of Insurance described in the Declarations.

**f. Debris Removal**

- (1) Subject to Paragraph (3) below, we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to remove debris caused by an excluded cause of loss.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
  - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property, as specified in Section **A. 2., LIMITS OF INSURANCE** in the Declarations, that has sustained loss or damage.
  - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4) We will not be liable under this policy for:
  - (a) Any greater proportion of such expense than the amount of insurance hereunder bears to the total amount of all insurance, whether all such insurance contains this clause or not.
  - (b) Loss occasioned by the enforcement of any state or municipal law or ordinance which necessitates the demolition of any portion of the building which has not suffered loss by any Covered Cause of Loss unless such liability is otherwise specifically insured by this policy.

**g. Limited Coverage for “Fungus”, Wet Rot, Dry Rot and Bacteria**

- (1) The coverage described in paragraph (2) below only applies when the "fungus", wet or dry rot or bacteria is the result of a Covered Cause of Loss that occurs during the Policy Period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
- (2) The amount of \$5,000 is the most we will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
  - (a) Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
  - (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
  - (c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
- (3) The coverage described under g.(2) of this Limited Coverage is limited to \$5,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of loss caused by Covered Causes of Loss which take place during the Policy Period. With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$5,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later Policy Period.
- (4) The coverage provided under this Limited Coverage does not increase the applicable Limits of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limits of Insurance on the affected Covered Property, as specified in Section A. 2., **LIMITS OF INSURANCE** in the Declarations.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

Increase in loss or damage as used in this Limited Coverage means any loss, damage, cost or expense resulting from the presence, treatment, removal or disposal of "fungus", wet or dry rot or bacteria as excluded in this policy.

#### **h. Homeowners Association Fees Receivables**

We will pay for homeowners association fees that you have been unable, after reasonable effort, to collect from the unit owner whose unit must be rendered uninhabitable due to accidental direct physical loss or damage to Covered Property at the locations described in the Declarations caused by or resulting from a Covered Cause of Loss that first commences during the Policy Period. Homeowners association fees include all ordinary Homeowners Association (HOA) dues, but do not include surcharges for building reserves or any special assessments.

This coverage terminates at the earliest of:

- (1) When an individual unit becomes inhabitable;
- (2) You have been paid sums under the policy sufficient to begin repair or replacement of the buildings and choose not to do so; or
- (3) You have been paid the stated value for Homeowners Association Fees described in Section E. **SCHEDULE OF LOCATIONS AND VALUES** in the Declarations.

However, we will not pay for any increased period of restoration of Covered Property required due to the enforcement of any ordinance or law that:

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- (1) Regulates the construction, use or repair, or requires the tearing down of any property, unless the Additional Coverage Ordinance Or Law endorsement is attached to and made part of this policy; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

If you recover any fees from unit owners for benefits that were paid in whole or in part under this endorsement, you will reimburse those fees to us immediately. You will cooperate with us in the effort to recover unpaid homeowners association fees. You will not waive your right to recover homeowners association fees receivable without our express permission. You agree that we are entitled to an accounting of any fees recovered and/or owed and to cooperate with us in the event we request an accounting.

The most we will pay for this Additional Coverage Homeowners Association Fees Receivables in any one "loss occurrence" is limited to the stated value for Homeowners Association Fees shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on values. If no stated value is described in the Declarations, there is **no coverage** for Homeowners Association Fees Receivables under this policy. Payments made for coverage provided under this paragraph **h.** are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations. Coverage provided under this paragraph **h.** is subject to the deductible as described in Section **D. DEDUCTIBLES** in the Declarations.

**i. Underground Utilities**

We will pay for loss or damage to underground utilities, meaning underground pipes, flues or drains; including water, gas, electrical, communication and sanitary systems. Unless underground utilities are shown as a separate Coverage Item in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations, underground utilities are considered part of the building serviced by the underground utility and are subject to the building limit and the deductible applicable to loss to the building. The most we will pay for any one "loss occurrence" under this Additional Coverage Underground Utilities is the applicable Limit of Insurance described in Section **A.2., LIMITS OF INSURANCE** in the Declarations. Payments made for coverage provided under this paragraph **i.** are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

**j. Limited Coverage for Land Stabilization**

We will pay your expenses, including engineering costs, to replace, stabilize or restore the land that supports the damaged Building when necessary in order to repair the Building which has suffered structural damage. The structural damage to the Building must be directly caused by the perils of either "earthquake" or flood. This Limited Coverage is then only provided if a limit is described in the Declarations for the peril that caused the structural damage.

The Limited Coverage under this paragraph **j.** only applies if:

- (1) The stabilization or restoration is required in order to repair damage to the damaged Building located directly upon that land, and
- (2) The damage to land is the result of "earthquake", or flood if endorsed onto this policy.

This Limited Coverage does not apply to costs to stabilize or restore land if the land damage is caused by an excluded cause of loss.

We do not provide any other coverage for land, land damage or landscaping.

The amount of \$5,000 is the most we will pay for Land Stabilization under this Limited Coverage. Regardless of the number of claims, this limit is the most we will pay for the total

of all loss or damage arising out of all "loss occurrences" caused by "earthquake" or flood which take place during the Policy Period.

Structural damage to the Building must exceed the deductible in order for this Limited Coverage to apply.

The expenses for land stabilization will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

Payments made for coverage under this Limited Coverage for Land Stabilization are within the Limits of Insurance and will not serve to increase our Limits of Insurance described in the Declarations.

## B. PROPERTY EXCLUDED

Item **C.1.**, **PROPERTY EXCLUDED** is amended to read:

1. Accounts, bills, deeds, evidences of debt, currency, money, notes, securities, stamps, original drawings and specifications, letters of credit, passports, or tickets (including lottery tickets);

Items **C.7.**, **C.8.**, **C.11.** and **C.26.** **PROPERTY EXCLUDED** are deleted from the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

## C. LOSS CONDITIONS

Section **G.14. Valuation** of **LOSS CONDITIONS** is amended to read:

We will determine the value of Covered Property in the event of loss or damage as follows:

- (a) At Replacement Cost (without deduction for depreciation);
- (b) Replacement cost does not apply to:
  - (1) Personal property of others;
  - (2) Contents of a residence owned by the association;
  - (3) Antiques, objects of art, sculpture, property of artistic, historical or scientific significance whether or not constituting part of the covered buildings; or any item scheduled under a Fine Arts or other scheduled property floater;
  - (4) Manuscripts; or
  - (5) Any item covered under paragraph **A.2.d** Additional Coverage Valuable Papers and Records of this endorsement or the Additional Coverage - Valuable Papers and Records endorsement, when attached to and made a part of this policy.

The items listed under **b.** above will be valued at actual cash value, meaning replacement cost minus depreciation unless defined differently by applicable state law, as of the time of loss or damage.

- (c) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the replacement cost valuation if you notify us of your intent to do so within 180 days after the loss or damage.
- (d) We will not pay on a replacement cost basis for any loss or damage:
  - (1) Until the lost or damaged property is actually repaired or replaced; and
  - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- (e) We will not pay more for loss or damage on a replacement cost basis than the least of **(1)**, **(2)** or **(3)** below, subject to **f.** below:
  - (1) The Limit of Insurance applicable to the lost or damaged property as described in **A.2. LIMITS OF INSURANCE** in the Declarations;

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(2) The cost to replace the lost or damaged property with other property:

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

(3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new location, the cost described in this paragraph e. is limited to the cost which would have been incurred if the building had been rebuilt at the original location.

f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

#### D. DEFINITIONS

The following definitions are added to section I. **DEFINITIONS**:

1. "Electronic data processing equipment" meaning computers, servers, networks, mainframes, electronic accounting machines, all supporting machinery, magnetic tapes, discs, cards, drives, blades, and any storage device owned by you, leased to or rented to you.
2. "Electronic data" meaning information, records, files, facts, and all software including operating systems, computer programs, procedures, applications, and source material stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph does not apply to your "stock" of prepackaged software.
3. "Valuable papers and records" means inscribed, printed or written documents, manuscripts or records, including proprietary information, abstracts, books of account, card index systems, deeds, drawings, films, maps or mortgages. "Valuable papers and records" does not mean money or securities, converted data, programs or instructions used in your data processing operations, including the materials on which the data is recorded. "Valuable papers and records" does not include property that cannot be replaced with other property of like kind and quality, property in storage away from the locations described in the Declarations or records relating to contraband or property in the course of illegal transportation or trade.

**Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.**