

# LOSS PAYABLE PROVISIONS

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

The following applies in addition to the provisions of the **DIFFERENCE IN CONDITIONS COVERAGE FORM** and any amendatory endorsements attached thereto.

## A. LIMITS OF INSURANCE

Nothing in this endorsement increases the applicable Limits of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limits of Insurance on the Coverage Item as described in Section **A.2. LIMITS OF INSURANCE** in the Declarations.

## B. LOSS CONDITIONS

1. The following is added to paragraph **G.7. Loss Payment** of **LOSS CONDITIONS**:

### i. Loss Payable Clause

For Covered Property in which both you and a Loss Payee shown in the **SCHEDULE OF ADDITIONAL INTERESTS** have an insurable interest, we will:

- (1) Adjust losses with you; and
- (2) Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

### j. Lender's Loss Payable Clause

(1) The Loss Payee shown in the **SCHEDULE OF ADDITIONAL INTERESTS** is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:

- (a) Warehouse receipts;
- (b) A contract for deed;
- (c) Bills of lading;
- (d) Financing statements; or
- (e) Mortgages, deeds of trust, or security agreements.

(2) For Covered Property in which both you and a Loss Payee have an insurable interest:

- (a) We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
- (b) The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
- (c) If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the Loss Payee will still have the right to receive loss payment to the extent of its interest in Covered Property if the Loss Payee:
  - (i) Pays any premium due under this policy at our request if you have failed to do so;

- (ii) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (iii) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this policy will then apply directly to the Loss Payee.

- (d) If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of the policy:
  - (i) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
  - (ii) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

- (3) If we cancel this policy, we will give written notice to the Loss Payee at least:
  - (a) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
  - (b) 30 days before the effective date of cancellation if we cancel for any other reason.
- (4) If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

**k. Contract Of Sale Clause**

- (1) The Loss Payee shown in the **SCHEDULE OF ADDITIONAL INTERESTS** is a person or organization that you have entered a contract with for the sale of Covered Property.
- (2) For Covered Property in which both you and the Loss Payee have an insurable interest, we will:
  - (a) Adjust losses with you; and
  - (b) Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

**l. Building Owner Loss Payable Clause**

- (1) The Loss Payee shown in the **SCHEDULE OF ADDITIONAL INTERESTS** is the owner of the described building, in which you are a tenant.
- (2) We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
- (3) We will adjust losses to Tenant's Improvements and Betterments with you, unless the lease provides otherwise.

**2. The following is added to paragraph G.8. Other Insurance of LOSS CONDITIONS:**

For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.