

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MODIFIED LOSS SETTLEMENT

SECTION I - CONDITIONS

3. Loss Settlement. Paragraph **3.b.** is deleted and replaced by the following:

b. For buildings under Coverage A or B:

(1) We will pay the necessary amount actually spent to repair or replace the damaged building. The most we will pay is the lesser of the following amounts:

(a) The cost to repair or replace the damaged building using commonly available construction materials and methods where functionally equivalent to and less costly than custom, obsolete or antique construction materials or methods; or

(b) The limit of liability that applies to the damaged building.

The type of materials and repair practices will be agreed upon by you and us. If you and we cannot agree, or if you decide not to repair or replace the damaged property, we will settle the loss according to the provisions of **b.(2)** below.

(2) Until actual repair or replacement is complete, we will pay the least of the following amounts:

(a) The actual cash value of that part of the building damaged;

(b) The limit of liability under this policy that applies to the damaged building; or

(c) The market value of the damaged building, exclusive of land value, at the time of loss.

(3) You may disregard the repair cost loss settlement provisions in paragraph **b.(1)** above and make claim under this policy for loss to the buildings under paragraph **b.(2)**. You may then make claim for any additional payment on a repair cost basis, provided you notify us of your intent to do so within 180 days after the date of loss.

All other provisions of this policy apply.