

CERTIFIED AND NON-CERTIFIED ACT OF TERRORISM EXCLUSION AND WAR AND MILITARY ACTION EXCLUSION

The following definitions are added.

a. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States:

- 1) to be an act of terrorism;
- 2) to be a violent act or an act that is dangerous to human life, property, or infrastructure;
- 3) to have resulted in damage:

- a) within the United States; or
- b) to an air carrier (as defined in section 40102 of title 49, United States Code); to a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or at the premises of any United States mission; and

- 4) to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or influence the

b. "Non-certified act of terrorism" means a violent act or an act that is dangerous to human life, property, or infrastructure that:

- 1) is committed by an individual or individuals; and
- 2) appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion; and
- 3) is not certified as a terrorist act pursuant to the Federal Terrorism Risk Insurance Extension Act of 2005 or any amendments thereto.

c. "Non-certified terrorism loss" means loss that results from a "non-certified act of terrorism".

2. Under Perils Excluded (or under Exclusions in form GS-200), the War Exclusion, wherever it appears, is deleted and replaced by the following:

WAR AND MILITARY ACTION EXCLUSION

"We" will not pay for loss or damage caused directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

With respect to any action that comes within the "terms" of this exclusion and involves nuclear reaction or radiation or radioactive contamination, this War And Military Action Exclusion supersedes the Nuclear Hazard Exclusion.

The following exclusion is added.

TERRORISM EXCLUSION

"We" will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism" or a "non-certified act of terrorism", including action in hindering or defending against an actual or expected "non-certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

With respect to an incident of "non-certified terrorism loss", this Terrorism Exclusion only applies when one or more of the following are attributed to a "non-certified act of terrorism":

- a. the terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- b. pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials; or

For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions. Multiple incidents of "non-certified terrorism loss" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident.

Item 3.c. above describes the threshold used to measure the magnitude of an incident of "non-certified terrorism loss" and the circumstances in which the threshold will apply, for the purpose of determining whether the Terrorism Exclusion will apply to that incident.

When this Terrorism Exclusion applies to an incident of terrorism, there is no coverage under the Coverage Part to which this endorsement applies.

4. The following provisions are added.

a. Neither the "terms" of this endorsement nor the "terms" of any other terrorism endorsement attached to the Coverage Part to which this endorsement applies provide coverage for any loss or damage that would otherwise be excluded by that policy under:

- 1) exclusions that address war, military action, or nuclear hazard; or

Check if applicable:

Attach Additional Builders' Risk Schedule to schedule more buildings

COVERAGE EXTENSIONS

Additional Debris Removal Expenses 5,000

Emergency Removal 10 Days

Emergency Removal Expenses 10,000

Fraud And Deceit

SUPPLEMENTAL COVERAGES (cont)

Ordinance Or Law (Undamaged Parts Of A Building)	Covered_____
Ordinance Or Law (Increased Cost To Repair And Cost To Demolish/Clear Site)	0
Pollutant Cleanup And Removal	10,000
Sewer Backup Coverage	10,000
Storage Locations	50,000
Testing	10,000
Transit	50,000
Trees, Shrubs, And Plants	2,500
Earthquake Coverage (check one)	

Coverage Not Provided

Coverage Provided, as described below:

Earthquake Limit -- The most "we" pay for loss to any one building or structure is: 0

Earthquake Catastrophe Limit -- The most "we" pay for loss in any one occurrence is: 0

Earthquake Aggregate Limit -- The most "we" pay for all losses in a 12-month period (starting with the beginning of the present annual policy period), is: 0

the beginning of the present annual policy period), _____ 0
is:

DEDUCTIBLE

If more than one location is scheduled, the deductible(s) applies separately to each location.

Deductible Amount (for all covered perils except those perils with specific deductibles) _____ 1,000

Deductible Amount for the perils of Theft, Vandalism and Malicious Mischief _____ 1,000

Check if applicable:

Deductible Amount

Earthquake Coverage _____ 0 or
0.00 % of value *
_____ 0 Minimum
_____ Deductible

Flood Coverage _____ 0 or
0.00 % of value *
_____ 0 Minimum
_____ Deductible

Sewer Backup Coverage _____

* The deductible amount is determined by applying the percentage indicated on

BUILDERS' RISK COVERAGE

SCHEDULED JOBSITE FORM

BROAD FORM

AGREEMENT

Return for "your" payment of the required premium, "we" provide the coverage described herein subject to all the "terms" of the Builders' Risk Coverage. This coverage is also subject to "schedule of coverages" and additional policy conditions relating to assignment or transfer of contracts or duties, cancellation, changes or modifications, inspections, and examination of books and records.

Endorsements and schedules may also apply. They are identified on the "schedule of coverages".

Refer to Definitions for words and phrases that have a special meaning. These words and phrases are shown in quotation marks or bold type.

DEFINITIONS

The words "you" and "your" mean the persons or organizations named as the insured on the declarations.

4. "Flood" means flood, surface water, waves, tidal water, or the overflow of a body of water, all whether driven by wind or not. This includes spray that results from these whether driven by wind or not.
5. "Fungus" means:
 - a. a fungus, including but not limited to mildew and mold;
 - b. a protist, including but not limited to algae and slime mold;
 - c. wet rot and dry rot;
 - d. a bacterium; or
 - e. a chemical, matter, or compound produced or released by a fungus, a protist, wet rot, dry rot, or a bacterium, including but not limited to toxins, spores, fragments, and metabolites such as microbial volatile organic compounds.
6. "Jobsite" means any location, project, or work site where "you" are in the process of constructing, erecting, or fabricating a building or structure.
7. "Limit" means the amount of coverage that applies.

"Schedule of coverages" means:

- a. all pages labeled schedule of coverages or schedules that pertain to this coverage; and
- b. declarations or supplemental declarations that pertain to this coverage.

"Sinkhole collapse" means the sudden settlement or collapse of earth supporting the covered property into subterranean voids created by the action of water on a limestone or similar rock formation. It does not include the value of the land or the cost of filling sinkholes.

"Specified perils" means aircraft; civil commotion; explosion; falling objects; fire; hail; leakage from fire extinguishing equipment; lightning; riot; "sinkhole collapse"; smoke; sonic boom; vandalism; vehicles; "volcanic action"; water damage; weight of ice, snow, or sleet; and windstorm.

Falling objects does not include loss to:

- a. personal property in the open; or
- b. the interior of buildings or structures or to personal property inside buildings or structures unless the exterior of the roofs or walls are first damaged by a falling object.

Water damage means the sudden or accidental discharge or leakage of water or

PROPERTY COVERED

"We" cover the following property unless the property is excluded or subject to limitations.

Course Of Construction --

1. **Coverage** -- "We" cover direct physical loss caused by a covered peril to buildings and structures while in the course of construction, erection, or fabrication.

Buildings and structures in the course of construction is limited to:

- a. materials and supplies that will become a permanent part of the buildings or structures;
- b. foundations, excavations, grading, filling, attachments, permanent fencing, and other permanent fixtures;
- c. scaffolding, construction forms or temporary fencing at the described "jobsite"; and
- d. temporary structures at the described "jobsite".

2. **Coverage Limitation** -- "We" only cover buildings and structures in the course of construction at the "jobsite" described on the "schedule of coverages".

Land -- "We" do not cover land including land on which covered property is located.

Money And Securities -- "We" do not cover accounts, bills, currency, food stamps, or other evidences of debt, lottery tickets not held for sale, money, notes, or securities.

Standing Building Or Structure -- "We" do not cover any:

- a. standing building or structure;
- b. part of a standing building or structure; or
- c. standing building or structure to which additions, alterations, improvements, or repairs are being made.

A standing building or structure means any building or structure that has been wholly or partially constructed, erected, or fabricated. A standing building or structure also means any building or structure that is in the process of construction, erection, or fabrication at the inception of this policy.

Vehicles -- "We" do not cover automobiles or any self-propelled vehicles that are designed for highway use.

VERAGE EXTENSIONS

Provisions That Apply To Coverage

Unless otherwise indicated, the coverages provided below are part of and not in addition to the applicable "limit" for coverage described under Property Covered.

The "limit" provided under a Coverage Extension cannot be combined or added to the "limit" for any other Coverage Extension or Supplemental Coverage including a Coverage Extension or Supplemental Coverage that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following coverage extensions are not subject to and not considered in applying coinsurance conditions.

1. **Debris Removal** --

- a. **Coverage** -- "We" pay the cost to remove the debris of covered property that is caused by a covered peril.
- b. **We Do Not Cover** -- This coverage does not include costs to:
 - 1) extract "pollutants" from land or water; or
 - 2) remove, restore, or replace polluted land or water.
- c. **Limit** -- "We" do not pay any more under this coverage than 25% of the amount "we" pay for the direct physical loss. "We" will not pay more for loss to property and debris removal combined than the "limit" for the damaged property.

Emergency Removal --

- a. **Coverage** -- "We" cover any direct physical loss to covered property while it is being moved or being stored to prevent a loss caused by a covered peril.
- b. **Time Limitation** -- This coverage applies for up to ten days after the property is first moved. Also, this coverage does not extend past the date on which this policy expires.

Emergency Removal Expenses --

- a. **Coverage** -- "We" pay for "your" expenses to move or store covered property to prevent a loss caused by a covered peril.
- b. **Time Limitation** -- This coverage applies for up to ten days after the property is first moved. Also, this coverage does not extend past the date on which this policy expires.
- c. **Limit** -- The most "we" pay in any one occurrence for expenses to move or store covered property to prevent a loss is \$10,000.
- d. **This Is A Separate Limit** -- The "limit" for Emergency Removal Expenses is separate from, and not part of, the applicable "limit" for coverage described under Property Covered.

- b. **Limit** -- The most "we" pay in any one occurrence for theft of covered property under this Coverage Extension is \$50,000.

5. Limited Fungus Coverage --

- a. **Coverage** -- "We" pay for direct physical loss to covered property caused by or relating to the existence of or any activity of "fungus".
- b. **Coverage Limitation** -- "We" only cover loss caused by "fungus":
 - 1) when the "fungus" is the result of:
 - a) a "specified peril" other than fire or lightning; or
 - b) "flood" (if the Flood Coverage is provided under this policy);that occurs during the policy period; and
 - 2) if all reasonable steps were taken to protect the property from additional damage at and after the time of the occurrence.
- c. **Limit** -- The most "we" pay for all losses at all buildings or structures is \$15,000, unless another "limit" is indicated on the "schedule of coverages". The Limited Fungus Limit applies regardless of the number of claims made.

d. **If The Policy Period Is Extended** -- If the policy period is extended for an additional period of less than 12 months, this additional period will be considered part of the preceding period for the purpose of determining the Limited Fungus Limit.

e. **Recurrence And Continuation Of Fungus** -- Limited Fungus Limit is the most that "we" pay with respect to a specific occurrence of a loss which results in "fungus" even if such "fungus" recurs or continues to exist during this or any future policy period.

f. **Limit Applies To Other Costs Or Expenses** -- Limited Fungus Limit also applies to any cost or expense to:

- 1) clean up, contain, treat, detoxify, or neutralize "fungus" on covered property or remove "fungus" from covered property;
- 2) remove and replace those parts of covered property necessary to gain access to "fungus"; and
- 3) test for the existence or level of "fungus" following the repair, replacement, restoration, or removal of damaged property if it is reasonable to believe that "fungus" is present.

g. **Loss Not Caused By Fungus** -- If there is a covered loss or damage to covered property not caused by "fungus", loss

6. **Waterborne Property** --

- a. **Coverage** -- "We" cover direct physical loss caused by a covered peril to covered property while waterborne.
- b. **Limit** -- The most "we" pay in any one occurrence for loss to waterborne property is \$10,000.

SUPPLEMENTAL COVERAGES

Provisions That Apply To Supplemental Coverages -- The following Supplemental Coverages indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages".

If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Supplemental Coverage, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, a "limit" for a Supplemental Coverage provided below is separate from, and not part of, the applicable "limit" for coverage described under Property Covered.

"limit" provided under a Supplemental Coverage cannot be combined or added to the limit for any other Supplemental Coverage or Coverage Extension including a Supplemental Coverage or Coverage Extension that is added to the policy by endorsement.

Insurance provisions are part of this policy, and the following supplemental coverages are not subject to and not considered in applying the insurance conditions.

Contract Penalty --

- a. **Coverage** -- "We" pay for the cost of contractual penalties for non-completion that "you" are assessed or are required to pay because "you" are unable to complete construction of a covered building or structure in accordance with the terms or conditions of the building contract.
- b. **Coverage Limitation** -- "Your" inability to complete construction on time must be as a direct result of a loss by a covered peril to a covered building or structure.
- c. **Limit** -- The most "we" pay in any one occurrence for all contractual penalties is \$10,000.

Earthquake Coverage -- If coverage is indicated on the "schedule of coverages", "we" cover direct physical loss caused by earthquake and volcanic eruption to covered property.

- 3) expense to rent additional equipment; and
- 4) similar construction expenses.

- b. **Limit** -- The most "we" pay in any one occurrence for all expediting expenses is \$10,000.

4. Fire Department Service Charges --

- a. **Coverage** -- "We" cover "your" liability, assumed by contract or agreement prior to the loss, for fire department service charges. No deductible applies to this Supplemental Coverage.

- b. **Coverage Limitations** -- "We" only pay for:

- 1) fire department service charges that relate to covered property; and
- 2) charges incurred when the fire department is called to save or protect covered property from a covered peril.

- c. **Limit** -- The most "we" pay in any one occurrence for "your" liability for fire department service charges is \$1,000.

5. **Flood Coverage** -- If coverage is indicated on the "schedule of coverages", "we" cover direct physical loss caused by "flood" to covered property.

6. **Ordinance Or Law (Undamaged Parts Of A Building)** --

- 2) regulates the construction or repair of a building or structure, or establishes building, zoning, or land use requirements at a covered location; and
- 3) is in force at the time of loss.

b. **We Do Not Cover** -- "We" do not cover:

- 1) the costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants";
- 2) loss or increased cost caused by the enforcement of any ordinance, law, or decree that requires the reconstruction, repair, replacement, remodeling, remediation or razing of property due to the existence of or any activity of "fungus"; or
- 3) costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "fungus".

c. **Coverage Limitation** -- This coverage is part of and not in addition to the applicable "limit" for coverage described under Property Covered.

- b) undamaged portions of a covered building or structure whether or not those undamaged portions need to be demolished;

as a result of the enforcement of building, zoning, or land use ordinance, law, or decree and is in force at the time when a covered peril occurs to a covered building or structure.

- 2) **If The Building Is Repaired Or Rebuilt** -- If a covered building or structure is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by building, zoning, or land use ordinance, law, or decree.
- 3) **Coverage Limitation** -- "We" do not cover the increased cost of construction until the covered building or structure is actually repaired or replaced and unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years.

b. **Cost to Demolish And Clear Site** -- "We" cover the cost to demolish and clear the site of undamaged parts of the covered building or structure that is damaged or destroyed by a covered peril. The demolition must be a result of the enforcement of a building, zoning, or land use ordinance, law, or decree that is

- b) that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "fungus"; or
- c) "you" were required to comply with before the covered peril occurred to a covered building or structure, even if the building or structure was undamaged and "you" failed to comply with the ordinance, law, or decree; or

- 2) loss or increased cost caused by the enforcement of any ordinance, law, or decree that requires the reconstruction, repair, replacement, remodeling, remediation or razing of property due to the existence of or any activity of "fungus".

d. **What We Pay If The Building Is Repaired Or Replaced** -- If the covered building or structure is repaired or replaced, "we" pay the lesser of:

- 1) the amount "you" actually spend to demolish and clear the site, plus the actual increased cost to repair, rebuild, or construct the property but not for more than a building or structure of the same height, floor area, and style; or
- 2) \$50,000.

e. **What We Pay If The Building Is Not**

- b) of the same height, floor area, and style; and
- c) used for the same purpose; or

- 2) \$50,000.

8. **Personal Property --**

- a. **Coverage** -- "We" cover direct physical loss caused by a covered peril to business personal property that will not become a permanent part of a covered building or structure.
- b. **Coverage Limitation** -- "We" only cover business personal property while being installed or stored in a covered building or structure.
- c. **Limit** -- The most "we" pay in any one occurrence for loss to personal property is \$10,000.

9. **Pollutant Cleanup And Removal --**

- a. **Coverage** -- "We" pay "your" expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" is caused by a covered peril that occurs during the policy period.
- b. **Time Limitation** -- The expenses to extract "pollutants" are paid only if they are reported to "us" in writing within 180 days from the date the covered peril occurs.

Rewards --

a. **Coverage** -- "We" pay a reward for information that leads to a conviction for:

- 1) arson;
- 2) theft; or
- 3) vandalism.

The conviction must involve a covered loss caused by arson, theft, or vandalism.

b. **Limit** -- The most "we" pay in any one occurrence for a reward for information is \$1,000.

c. **Limit Is Not Increased By The Number Of Persons Providing Information** --

The amount "we" pay is not increased by the number of persons involved in providing the information.

Sewer Backup Coverage --

a. **Coverage** -- "We" cover direct physical loss to a covered building or structure caused by:

- 1) water that backs up through a sewer or drain; or
- 2) water below the surface of the ground including water that exerts pressure on or flows, seeps, or leaks through or into a covered building or structure.

- 2) business personal property as described under Personal Property, Supplemental Coverages; and
- 3) trees, shrubs, plants, and lawns as described under Trees, Shrubs, and Plants, Supplemental Coverages and only for the perils described under Trees, Shrubs, and Plants

while they are in storage at a location that is not described on the "schedule of coverages".

b. **Limit** -- The most "we" pay in any one occurrence for loss to property at a storage location is \$10,000.

13. Testing --

a. **Coverage** -- "We" cover direct physical loss to a covered building or structure caused by a covered peril that results from testing.

Testing means start-up, performance, stress, pressure, or overload testing of materials, supplies, machinery, fixtures, and equipment that will become a permanent part of a covered building or structure.

b. **Limit** -- The most "we" pay in any one occurrence for loss resulting from testing is \$10,000.

14. Transit --

- 3) trees, shrubs, plants, and lawns as described under Trees, Shrubs, and Plants, Supplemental Coverages and only for the perils described under Trees, Shrubs, and Plants

while they are in transit.

- b. **Limit** -- The most "we" pay in any one occurrence for loss to property in transit is \$10,000.

Trees, Shrubs, And Plants --

- a. **Coverage** -- "We" cover direct physical loss including debris removal expenses, to outdoor trees, shrubs, plants, and lawns.

- b. **Coverage Limitation** -- "We" only cover trees, shrubs, plants, and lawns that are:

- 1) at a covered "jobsite"; and
- 2) a part of "your" construction project.

- c. **Covered Perils** -- "We" only cover loss to trees, shrubs, plants, and lawns caused by the following perils:

- 1) fire;
- 2) lightning;
- 3) explosion;
- 4) riot or civil commotion;
- 5) falling objects; or
- 6) vandalism.

- d. **Limit** -- The most "we" pay in any one

PERILS EXCLUDED

1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.

- a. **Civil Authority** -- "We" do not pay for loss caused by order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.

"We" do cover loss resulting from acts of destruction by the civil authority to prevent the spread of fire, unless the fire is caused by a peril excluded under this coverage.

- b. **Earth Movement Or Volcanic Eruption** -- Except as provided under Supplemental Coverages - Earthquake Coverage, "we" do not pay for loss caused by any "earth movement" (other than "sinkhole collapse") or caused by eruption, explosion, or effusion of a volcano.

"We" do cover direct loss by fire, explosion, or "volcanic action" resulting from either "earth movement" or eruption.

d. **Fungus** -- Except as provided under Coverage Extensions - Limited Fungus Coverage, "we" do not pay for loss, cost, or expense caused by or relating to the existence of or any activity of "fungus".

But if "fungus" results in a "specified peril", we cover loss or damage caused by that "specified peril".

This exclusion does not apply to:

- 1) loss that results from fire or lightning;
or
- 2) collapse caused by hidden decay.

e. **Nuclear Hazard** -- "We" do not pay for loss caused by or resulting from a nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke. Direct loss by fire resulting from the nuclear hazard is covered.

f. **Ordinance Or Law** -- Except as provided under Supplemental Coverages - Ordinance or Law, "we" do not pay for loss or increased cost caused by enforcement of any code, ordinance, or law regulating the use, construction, or repair of any building or structure; or requiring the demolition of any building or structure including the cost of removing

- 2) increased costs that "you" incur because of "your" compliance with a code, ordinance, or law during the construction, repair, rehabilitation, remodeling, or razing of a building or structure, including the removal of debris, following a direct physical loss to the property.

g. **Penalties** -- Except as provided under Supplemental Coverages - Contract Penalty, "we" do not pay for loss caused by penalties for non-completion or non-compliance with any contract terms or conditions.

h. **Sewer Backup And Water Below The Surface** -- Except as provided under Supplemental Coverages - Sewer Backup Coverage, "we" do not pay for loss caused by:

- 1) water that backs up through a sewer or drain; or
- 2) water below the surface of the ground, including but not limited to water that exerts pressure on or flows, seeps, or leaks through or into a covered building or structure.

"We" do cover direct loss by fire, explosion, or theft resulting from either water that backs up through a sewer or drain or water below the surface of the ground.

This exclusion does not apply to covered

- 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War and Military Action Exclusion will apply in place of the Nuclear Hazard Exclusion.

"We" do not pay for loss or damage that is caused by or results from one or more of the following:

- a. **Contamination Or Deterioration --**
"We" do not pay for loss caused by contamination or deterioration including corrosion, decay, rust, or any quality, fault, or weakness in covered property that causes it to damage or destroy itself.

But if contamination or deterioration results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

- b. **Criminal, Fraudulent, Dishonest, Or Illegal Acts --** "We" do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another by:

This exclusion does not apply to acts of destruction by "your" employees, but "we" do not pay for theft by employees.

This exclusion does not apply to covered property in the custody of a carrier for hire.

- c. **Defects, Errors, And Omissions --**
"We" do not pay for loss caused by an act, defect, error, or omission (negligent or not) relating to:

- 1) design, specifications, construction, materials, or workmanship;
- 2) planning, zoning, development, siting, surveying, grading, or compaction; or
- 3) maintenance, installation, renovation, remodeling, or repair.

But if an act, error, or omission as described above results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

- d. **Electrical Currents --** "We" do not pay for loss caused by arcing or by electrical currents other than lightning.

But if arcing or electrical currents other than lightning result in a covered peril, "we" do cover the loss or damage caused by that covered peril.

However, this exclusion does not apply to loss resulting from testing as

f. **Loss Of Use** -- "We" do not pay for loss caused by or resulting from loss of use, delay, or loss of market.

g. **Mechanical Breakdown** -- "We" do not pay for loss caused by mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force.

But if a mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

However, this exclusion does not apply to loss resulting from testing as specifically provided under Supplemental Coverages - Testing.

h. **Missing Property** -- "We" do not pay for missing property where the only proof of loss is unexplained or mysterious disappearance of covered property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the covered property.

This exclusion does not apply to covered property in the custody of a carrier for hire.

i. **Pollutants** -- "We" do not pay for loss

j. **Temperature/Humidity** -- "We" do not pay for loss caused by dryness, dampness, humidity, or changes in or extremes of temperature.

But if dryness, dampness, humidity, or changes in or extremes of temperature results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

k. **Voluntary Parting** -- Except as provided under Coverage Extensions - Fraud and Deceit, "we" do not pay for loss caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense.

l. **Wear And Tear** -- "We" do not pay for loss caused by wear and tear, marring, or scratching.

But if wear and tear, marring, or scratching results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

WHAT MUST BE DONE IN CASE OF LOSS

1. **Notice** -- In case of a loss, "you" must:

a. give "us" or "our" agent prompt notice

- a. **Payment Of Reasonable Costs** -- "We" do pay the reasonable costs incurred by "you" for necessary repairs or emergency measures performed solely to protect covered property from further damage by a peril insured against if a peril insured against has already caused a loss to covered property. "You" must keep an accurate record of such costs. "Our" payment of reasonable costs does not increase the "limit".
- b. **We Do Not Pay** -- "We" do not pay for such repairs or emergency measures performed on property which has not been damaged by a peril insured against.

Proof Of Loss -- "You" must send "us", within 60 days after "our" request, a signed, sworn proof of loss. This must include the following information:

- a. the time, place, and circumstances of the loss;
- b. other policies of insurance that may cover the loss;
- c. "your" interest and the interests of all others in the property involved, including all mortgages and liens;
- d. changes in title of the covered property during the policy period; and
- e. estimates, specifications, inventories,

5. **Records** -- "You" must produce records, including tax returns and bank microfilms of all canceled checks relating to value, loss, and expense and permit copies and extracts to be made of them as often as "we" reasonably request.
6. **Damaged Property** -- "You" must exhibit the damaged and undamaged property as often as "we" reasonably request and allow "us" to inspect or take samples of the property.
7. **Volunteer Payments** -- "You" must not, except at "your" own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.
8. **Abandonment** -- "You" may not abandon the property to "us" without "our" written consent.
9. **Cooperation** -- "You" must cooperate with "us" in performing all acts required by this policy.

VALUATION

1. **Replacement Cost** -- The value of covered property will be based on the replacement cost without any deduction for depreciation. Replacement cost includes labor, reasonable overhead and profit, and delivery charges.

Pair Or Set -- The value of a lost or damaged article that is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.

Loss To Parts -- The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.

HOW MUCH WE PAY

Insurable Interest -- "We" do not cover more than "your" insurable interest in any property.

Deductible -- "We" pay only that part of "your" loss over the deductible amount indicated on the "schedule of coverages" in any one occurrence.

Earthquake Period -- All earthquakes or volcanic eruptions that occur within a 168-hour period will be considered a single loss. This 168-hour period is not limited by the policy expiration.

Loss Settlement Terms -- Subject to paragraphs 1., 2., 3., 5., 6., and 7. under How Much We Pay, "we" pay the lesser of:

a. the amount determined under Valuation;

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

- 1) determine the 100% expected completed value of the building or structure; this figure is based on the estimated value of the property at completion of construction had no loss occurred;
- 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 "schedule of coverages" 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 "schedule of coverages" for this coverage, this procedure applies to the total of all covered property to which the "limit" applies.

6. Insurance Under More Than One

- b. **Excess Amount** -- If there is another policy covering the same loss, other than that described above, "we" pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" do not pay more than the applicable "limit".
-

LOSS PAYMENT

Loss Payment Options --

- a. **Our Options** -- In the event of loss covered by this coverage form, "we" have the following options:
- 1) pay the value of the lost or damaged property;
 - 2) pay the cost of repairing or replacing the lost or damaged property;
 - 3) rebuild, repair, or replace the property with other property of equivalent kind and quality, to the extent practicable, within a reasonable time; or
 - 4) take all or any part of the property at the agreed or appraised value.

- b. **Notice Of Our Intent To Rebuild, Repair, Or Replace** -- "We" must give "you" notice of "our" intent to rebuild, repair, or replace within 30 days after receipt of a duly executed proof of loss

- b. **Conditions For Payment of Loss** -- An insured loss will be payable 30 days after:

- 1) a satisfactory proof of loss is received; and
- 2) the amount of the loss has been established either by written agreement with "you" or the filing of an appraisal award with "us".

3. Property Of Others --

- a. **Adjustment And Payment Of Loss To Property Of Others** -- Losses to property of others may be adjusted with and paid to:

- 1) "you" on behalf of the owner; or
- 2) the owner.

- b. **We Do Not Have To Pay You If We Pay The Owner** -- If "we" pay the owner, "we" do not have to pay "you". "We" may also choose to defend any suits brought by the owners at "our" expense.
-

OTHER CONDITIONS

1. **Appraisal** -- If "you" and "we" do not agree on the amount of the loss or the value of covered property, either party may demand that these amounts be determined by appraisal

The appraisers will then determine and state separately the amount of each loss.

The appraisers will also determine the value of covered property items at the time of the loss, if requested.

If the appraisers submit a written report of any agreement to "us", the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three, sets the amount of the loss.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by "you" and "us".

Benefit To Others -- Insurance under this coverage will not directly or indirectly benefit anyone having custody of "your" property.

Conformity With Statute -- When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.

Estates -- This provision applies only if the insured is an individual.

a. **Your Death** -- On "your" death, "we" cover the following as an insured:

1) the person who has custody of "your"

5. **Misrepresentation, Concealment, Or Fraud** -- This coverage is void as to "you" and any other insured if, before or after a loss:

a. "You" or any other insured have willfully concealed or misrepresented:

1) a material fact or circumstance that relates to this insurance or the subject thereof; or

2) "your" interest herein.

b. There has been fraud or false swearing by "you" or any other insured with regard to a matter that relates to this insurance or the subject thereof.

6. **Policy Period** -- "We" pay for a covered loss that occurs during the policy period.

7. **Recoveries** -- If "we" pay "you" for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:

a. "you" must notify "us" promptly if "you" recover property or receive payment;

b. "we" must notify "you" promptly if "we" recover property or receive payment;

c. any recovery expenses incurred by either are reimbursed first;

d. "you" may keep the recovered property but "you" must refund to "us" the amount

Subrogation -- If "we" pay for a loss, "we" may require "you" to assign to "us" "your" right of recovery against others. "You" must do all that is necessary to secure "our" rights. "We" do not pay for a loss if "you" impair this right to recover.

"You" may waive "your" right to recover from others in writing before a loss occurs.

Suit Against Us -- No one may bring a legal action against "us" under this coverage unless:

- a. all of the "terms" of this coverage have been complied with; and
- b. the suit has been brought within two years after "you" first have knowledge of the loss.

If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by law.

Territorial Limits -- "We" cover property while in the United States of America, its territories and possessions, Canada, and Puerto Rico.

Carriers For Hire -- "You" may accept bills of lading or shipping receipts issued by carriers for hire that limit their liability to less than the replacement cost or actual cash value of the covered property.

ADDITIONAL COVERAGE LIMITATIONS

1. **Coverage Not Provided During Occupancy And Use** -- "We" do not provide coverage under this policy if, without "our" prior written consent, a covered building or structure as described under Property Covered is:

- a. occupied in whole or in part; or
- b. put to its intended use.

However, this provision does not apply if permission to occupy is indicated on the "schedule of coverages".

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

- a. this policy expires or is canceled;
- b. a covered building or structure is accepted by the purchaser;
- c. "your" insurable interest in the covered property ceases;
- d. "you" abandon construction with no intent to complete it; or
- e. a covered building or structure has been completed for more than 90 days.

COMMON POLICY CONDITIONS

Assignment -- This policy may not be assigned without "our" written consent.

Cancellation -- "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

"We" may cancel this policy, or one or more of its parts, by written notice sent to "you" at "your" last mailing address known to "us". If notice of cancellation is mailed, proof of mailing will be sufficient proof of notice.

If "we" cancel this policy for nonpayment of premium, "we" will give "you" notice at least ten days before the cancellation is effective.

If "we" cancel this policy for any other reason, "we" will give "you" notice at least 30 days in advance of cancellation. The notice will state the time that the cancellation is to take effect.

- 3. Change, Modification, or Waiver of Policy Terms** -- A waiver or change of the "terms" of this policy must be issued by "us" in writing to be valid.
- 4. Inspections** -- "We" have the right, but are not obligated, to inspect "your" property and operations at any time. This inspection may be made by "us" or may be made on "our" behalf. An inspection or its resulting advice or report does not warrant that "your" property or operations are safe, healthful, or in compliance with laws, rules, or regulations. Inspections or reports are for "our" benefit only.
- 5. Examination of Books and Records** -- "We" may examine and audit "your" books and records that relate to this policy during the policy period and within three years after the policy has expired.

WATER DAMAGE EXCLUSION

PERILS EXCLUDED

The following exclusion is added to Paragraph 2. of PERILS EXCLUDED:

Water Damage -- "We" do not pay for loss arising from, contributed to, or resulting from rain, snow, sleet or ice, all whether wind driven or not, entering the interior of any building(s) or structure(s) unless the exterior of such building(s) or structure(s) including but not limited to the roof and outside walls, is complete and then only if said exterior of the building(s) or structure(s) first sustains damage by a covered peril to its roof or walls through which the rain, snow, sleet or ice enters.

LOSS PAYABLE SCHEDULE

(The entries required to complete this endorsement will be shown below or on the "declarations".)

Loss Payable Provision (check one)

- Loss Payable
- Lender's Loss Payable
- Contract of Sale

LOSS PAYABLE SCHEDULE

Loc. No.	Described Premises	Covered Property	Name and Address of Loss Payee
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Bld 1, Loc 1

SUNTRUST MORTGAGE INC ISAOA, PO BOX
57028, IRVINE, CA, 92619

AMENDATORY ENDORSEMENT

SOUTH CAROLINA

Under the Common Policy Conditions, the Cancellation condition is deleted and replaced by:

Cancellation and Nonrenewal -- "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

"We" may cancel or not renew this policy by written notice to "you" at the address shown on the "declarations" and to "your" authorized agent. Proof of delivery or mailing is sufficient proof of notice.

During the first 90 days this policy is in effect, "we" may cancel for any reason.

If this policy has been in effect more than 90 days, or if it is a renewal of a policy issued by "us", "we" may cancel or not renew only at the anniversary date unless:

- a. the premium has not been paid when due;
- b. the policy was obtained through fraud, material misrepresentation, or omission of fact, which, if known by "us", would have caused "us" not to issue the policy;
- c. there has been a material change or

to cancellation for reasons permitted in this item e., "we" must notify the Commissioner, in writing, at least 60 days prior to such cancellation and the Commissioner will, within 30 days of such notification, approve or disapprove such action.

"We" will give "you" notice at least ten days before cancellation is effective, if "we" cancel this policy for nonpayment of premium. Otherwise, "we" will give "you" notice at least 30 days in advance of cancellation or nonrenewal.

The notice will state the precise reasons for cancellation or nonrenewal.

"Your" return premium, if any, will be refunded at the time of cancellation or as soon as practical. Payment or tender of the unearned premium is not a condition of cancellation.

2. Under the Common Policy Conditions, the following condition is added:

Renewal -- If "we" intend to renew the policy, "we" will mail or deliver a notice of the renewal "terms" and a statement of the premium due or estimated premium due to "you" at least 30 days prior to the expiration date or anniversary date of the policy.

If "we" do not provide "you" with the required notice and premium due statement as described above, "you" may elect to cancel the policy within the 30 day period following receipt of the notice.

"Your" return premium, if any, will be calculated on a prorata basis based on the premium applicable to the original policy and not the premium applicable to the renewal policy.

AMENDATORY ENDORSEMENT SOUTH CAROLINA

1. In the Builders' Risk Coverage forms, if applicable, the following provision is added under Valuation:

Agreed Value -- With respect to loss caused by fire or lightning, "you" and "we" agree that either:

- a. the applicable building "limit" shown in the "schedule of coverages";
- b. the value "you" reported on the builders' risk report of values; or
- c. the sum of the Existing Building Limit and the Materials And Supplies Limit

represents the value of each building or structure when it is completed and is the "limit" that applies to the covered property.

2. In all coverage forms except Motor Truck Cargo Legal Liability Coverage and Warehouse Legal Liability Coverage, under Other Conditions, paragraph b. of Suit Against Us is deleted and replaced by the following:
 - b. the suit has been brought within three years after "you" first have knowledge of the loss.