

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA FUNCTIONAL BUILDING VALUATION

This endorsement modifies insurance provided under the following:

FARM PROPERTY – BARN, OUTBUILDINGS AND OTHER FARM STRUCTURES COVERAGE FORM
 FARM PROPERTY – FARM DWELLINGS, APPURTENANT STRUCTURES AND HOUSEHOLD PERSONAL
 PROPERTY COVERAGE FORM
 FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL COVERAGES, CONDITIONS,
 DEFINITIONS

SCHEDULE

"Insured Location" Number	Number And Description Of Building Or Structure	Limit Of Insurance
		\$
		\$
		\$

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

- A.** The Limit Of Insurance shown in the above Schedule is the only Limit of Insurance applicable to the building or structure described in the above Schedule.
- B.** With respect to the building or structure described in the above Schedule, the applicable Valuation Loss Condition in the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form and Farm Property – Barns, Outbuildings And Other Farm Structures Coverage Form, is replaced by the following:
 - 1.** If you contract for repair or replacement of the loss or damage to restore the building or structure shown in the above Schedule for the same occupancy and use, we will pay the smallest of the following:
 - a.** The Limit Of Insurance shown in the above Schedule as applicable to the damaged building or structure;
 - b.** In the event of:
 - (1)** A total loss, the cost to replace the damaged building or structure on the same site, with a less costly building or structure that is functionally equivalent to the damaged building or structure; or
 - (2)** A partial loss, the cost to repair or replace the damaged portion of the building or structure with less costly material, if available, in the architectural style that existed before the loss or damage occurred; or
 - c.** The amount you actually spend that is necessary to repair or replace the lost or damaged building or structure with less costly material if available.

2. If you do not make a claim under Paragraph 1. above, we will pay the smallest of the following:
 - a. The Limit Of Insurance shown in the above Schedule as applicable to the damaged building or structure;
 - b. The "market value" of the damaged building or structure, exclusive of the land value, at the time of loss; or
 - c. The amount it would cost to repair or replace the damaged building or structure on the same site, with less costly material in the architectural style that existed before the damage occurred, less allowance for physical deterioration and depreciation.
3. However, we will not pay the cost to repair or replace the damaged building or structure with its functional equivalent, in accordance with Paragraph B.1. of this endorsement, until the damaged property is actually repaired or replaced. Prior to such repair or replacement, we will pay the actual cash value of the lost or damaged building or structure as described in Paragraph B.4. of this endorsement. If the actual cash value does not exhaust the applicable limit of insurance, we will then pay the difference between the actual cash value and the value established in accordance with Paragraph B.1. of this endorsement, provided that the repair or replacement is completed:
 - a. Within 12 months after we pay the actual cash value; or
 - b. Within 36 months after we pay the actual cash value if the loss or damage relates to a state of emergency under California Law.

The following provision applies to real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit:

If you, acting in good faith and with reasonable diligence, encounter a delay or delays in approval for, or reconstruction of, the residence that are beyond your control, we shall provide one or more additional extensions of six months for good cause. Circumstances beyond your control include, but are not limited to:

- a. Unavoidable construction permit delays;
- b. The lack of necessary construction materials; or
- c. The unavailability of contractors to perform the necessary work;

unless we have, for good cause, provided you with one or more six-month extensions to complete the repair or replacement of the lost or damaged building or structure.

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

Nothing in this Paragraph 3. constitutes a waiver of our right to deny the claim for any valid reason or to restrict payment in cases of suspected fraud.

4. Actual cash value is determined as follows:

In the event of a partial or total loss to a building or structure, actual cash value is calculated as Paragraph a. or b., whichever is less:

- a. The amount it would cost to repair, rebuild or replace the property less a fair and reasonable deduction for physical depreciation of the components of the building or structure that are normally subject to repair or replacement during its useful life. Physical depreciation is based upon the condition of the property at the time of loss; or
 - b. The Limit of Insurance applicable to the property.
- C. With respect to the building or structure described in the above Schedule, the Other Insurance And Service Agreement Loss Condition in the Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions, is replaced by the following:

OTHER INSURANCE AND SERVICE AGREEMENT

1. If loss or damage is also covered by other insurance, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Functional Building Valuation insurance bears to the Limits of Insurance of all insurance covering the loss or damage.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, our insurance is excess. But we will not pay more than the applicable Limit of Insurance.

3. If loss or damage is also covered by a service agreement, any amounts payable for such loss or damage under this Functional Building Valuation insurance will be excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service or warranty agreement, even if it is characterized as insurance.

D. The following definition is added to the **Definitions** in Paragraph **C.** of the Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions:

"Market Value", as used in this endorsement, means the price which the property might be expected to realize if offered for sale in a fair market.

SAMPLE