

## FUNCTIONAL REBUILDING COST ENDORSEMENT

If the "Declaration Page" shows that the Functional Rebuilding Cost Endorsement applies, the Basis of Claim Payment for the "Dwelling" is amended as follows:

If this is an insured loss, "we" will pay for loss or damage if "you" repair or replace the damaged or destroyed "dwelling" on the same location with current and common building materials using current building techniques within a reasonable amount of time after the damage.

"You" may choose as the basis of loss settlement either (A) or (B) below; otherwise settlement will be as in (B).

(A) the cost of repairs or replacement (whichever is less) without deduction for depreciation for the "dwelling" provided:

1. The amount of insurance shown on the "Declaration Page" for the "dwelling" represents 100% of the cost to rebuild the insured "dwelling" on the same site with current and common materials and methods which are functionally equivalent to custom, antique or obsolete materials and methods used when the "dwelling" was first constructed;
2. "You" agree to accept each annual adjustment in the amount of insurance as recommended by "us" and pay the additional premium; and
3. "You" notify "us" within 30 days of the start of any additions or other physical changes to the "dwelling", which may increase the rebuilding cost of the structure by 5% or more, and pay any resulting additional premium.

(B) the "Actual Cash Value" of the damage at the date of the occurrence.

"Actual Cash Value" will consider the cost to repair or replace the lost or damaged property, whichever is less, with new materials of similar kind, quality, and usefulness, but with proper deduction for depreciation.

In determining the proper deduction for depreciation, "we" will consider:

- The condition of the property immediately before the loss or damage;
- The use of the property and its obsolescence;
- Its resale value; and
- Its normal life expectancy.

**All other terms, limits and conditions of the policy to which this form is attached apply.**