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## EXPANDED REPLACEMENT COST TERMS

This endorsement applies only to the "residence" covered under Coverage A.

When a covered loss exceeds the Coverage A "limit" shown on the "declarations" and "you" elect to repair or replace the "residence":

1. Under How Much We Pay For Loss or Claim, Our Limit is deleted and replaced by:

**Our Limit** -- Subject to the deductible or other limitation that applies, "we" pay the least of:

- a. 125% of the Coverage A "limit" shown on the "declarations";
- b. "your" interest in the property; or
- c. the amount determined under the applicable Loss Settlement Provisions.

2. Under Loss Settlement Provisions, items 1.d. and 1.e. of the Replacement Cost Terms that apply to Coverage A are deleted and replaced by:

- d. The smaller of the following amounts is used in applying the "terms" under Our Limit:

- 1) the cost to repair or replace the damage on the same premises using materials of like kind and quality, to the extent practical; or
- 2) the amount actually and necessarily spent to repair or replace the damage.

3. The "terms" shown above apply only if "you" have:

- a. notified "us" within 45 days of completion of any additions or alterations to or remodeling of the "residence" covered under Coverage A that increase its replacement cost by \$5,000 or more; and
- b. permitted "us" to adjust the Coverage A "limit" during the policy period in accordance with:
  - 1) any property evaluations made by "us" or on "our" behalf;
  - 2) any increase in construction costs due to inflation; and
  - 3) any increase in replacement cost resulting from any additions or alterations to or remodeling of the "residence".

"You" must pay any additional premium due for any adjustment to the Coverage A "limit".