



FOREMOST[®]
COUNTY MUTUAL
INSURANCE COMPANY

Administrative Office

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Customer Service: 1-800-527-3905

*Your Foremost[®]
Mobilowners[®]
Policy For
Manufactured
Homeowners*

Sample

Form 2456 02/01



FOREMOST[®]
COUNTY MUTUAL
INSURANCE COMPANY

INSURING AGREEMENTS

In consideration of payment of the premium shown on the Declarations Page and subject to all conditions and provisions of this policy, Foremost County Mutual Insurance Company, Dallas, Texas, herein called the Company, agrees to provide insurance protection for such property and against such perils as are indicated on the Declarations Page by the insertion of a premium amount or by the word "included" or its abbreviation in the space opposite such property or perils. Specific terms of the insurance coverage are as follows:

PART I—PHYSICAL DAMAGE TO INSURED PROPERTY

A. Property Covered.

1. Mobile Home.

Coverage for the mobile home described in the Declarations includes:

- a. Such parts, equipment and accessories as are originally built into and form a permanent part of its structure and in addition, steps, and oil or gas drums or tanks connected to and furnishing heating or cooking fuel to the trailer.
- b. Such appliances, furniture and equipment as were furnished by the manufacturer or dealer as standard equipment with the trailer, or described in the certificate of origin or sales invoice delivered to the Named Insured, were included in the value upon which premium is paid, and remain part of the trailer at the time of loss. Subsequent replacements of the foregoing shall also be included if they remain part of the trailer at the time of loss.
- c. An outside radio or television antenna or tower located within 25 feet of the trailer and connected to a set located in the trailer or in an attached room or cabana, or on a patio immediately adjoining the trailer, but to the extent of \$50 in value only.

2. Adjacent Structures and Equipment.

This coverage includes awnings, shelters, cabanas, porches, water pumps and air conditioners

attached to (or being transported in) and used in connection with the trailer and described in the Declarations in this policy to the extent of their actual cash value but not exceeding the amount shown for such items under "Limit of Liability" in the Declarations.

3. Personal Effects.

Coverage for personal effects includes personal property owned, worn or used by an Insured and usual or incidental to the occupancy of the mobile home as a dwelling. It does **not** include adjacent structures and equipment, as described in A.2., above, animals; birds; automobiles; miscellaneous motor vehicles; vehicles licensed for road use; aircraft; property of roomers or boarders not related to an Insured; money or currency, deeds, documents, records, bills, notes, securities, evidence of debt, articles carried or held as samples, or for sale, or for delivery after sale, or for rental to others; property pertaining to a business or occupation of an Insured; and property which is separately described and specifically insured in whole or in part by any other insurance.

B. Perils Insured Against.

1. Mobile Home and Adjacent Structures and Equipment.

a. **Broad Form Protection.** Under this coverage, the Company will pay for loss of or damage to the property described in subparagraph A.1., Mobile Home, and A.2., Adjacent Structures and Equipment, occurring during the policy period when the loss or damage is caused directly, suddenly and accidentally by one or more of the following perils:

- (1) Fire or lightning, except that damage which is confined to scorching is **not** covered.
- (2) Explosion; smoke or smudge (but not the gradual accumulation of any oily or greasy substance or film) resulting from any sudden, unusual, and unexpected event.

- (3) Stranding, sinking, falling, burning, collision or derailment of any conveyance in or upon which such property is being transported.
 - (4) Theft, larceny, robbery, pilferage, or any attempt thereat.
 - (5) Windstorm (meaning a high wind of extraordinary and unusual violence, or tornado, hurricane, cyclone or typhoon), hail, earthquake, landslide, flood or other water rising from outside such property; rain, snow or sleet driven through roof or wall openings made by direct action of wind, hail, or other peril insured against by this policy. Except as specifically included heretofore in this paragraph (5), damage from rain, sleet, or snow, whether or not wind driven, is **not** covered.
 - (6) Riot or civil commotion; malicious mischief and vandalism perpetrated by a person or persons other than a member of the Named Insured's household.
 - (7) Missiles propelled or objects falling from outside the mobile home or insured structure; forced landing of aircraft.
 - (8) Collision or physical contact with such property by another vehicle **if**:
 - (a) The other vehicle is not owned or operated by the Named Insured, a member of his household, or any occupant or transporter of such property; and
 - (b) Such property is not, at the time of collision or contact, on or over any part of a vehicular right-of-way, and is not itself in motion.
 - (9) Breakage of window or door glass constituting a part of, or of mirrors permanently affixed to such property.
- b. **Broad Form Comprehensive Protection.** Under this coverage, the Company will pay for loss of or damage to the property described in subparagraph A.1., Mobile Home, and A.2., Adjacent Structures and Equipment, occurring during the policy period when such loss or damage is caused directly, suddenly and accidentally by any peril except collision. For purposes of this coverage, no peril described in paragraphs (5) through (9) of the coverage B.1.a. shall be considered as collision; but damage resulting only from leakage of rain, sleet or snow shall not be deemed direct and accidental and is not intended to be covered under this paragraph.
- c. **Collision Protection (including Upset).** Under this coverage, the Company will pay for loss of or damage to the property described in subparagraph A.1., Mobile Home, when such loss or damage is caused directly, suddenly and accidentally by collision.
- (1) Where full term protection is indicated in the Declarations, this protection continues throughout the term of the policy.
 - (2) Where trip collision only is shown in the Declarations, or by separate endorsement, this protection continues only for the number of days indicated beginning at 12:01 A.M. on the commencement date shown, or at the date and hour shown on the endorsement.
2. **Personal Effects.**
- a. Under this coverage, the Company will pay for loss of or damage to the property described in subparagraph A.3., Personal Effects, occurring during the policy period while such property is within the mobile home, when such loss or damage is caused directly, suddenly and accidentally by:
 - (1) Fire or lightning, except that damage which is confined to scorching is not covered.
 - (2) Explosion; smoke or smudge (but not the gradual accumulation of any oily or greasy substance or film) resulting from

any sudden, unusual, and unexpected event.

- (3) Windstorm (meaning a high wind of extraordinary and unusual violence, or tornado, hurricane, cyclone or typhoon), hail, earthquake, landslide, flood or other water rising from outside the mobile home; rain, snow or sleet, driven through roof or wall openings made by direct action of wind or hail. Except as specifically included heretofore in this paragraph (3), damage from rain, sleet, or snow, whether or not wind driven, is **not** covered.
- (4) Riot or civil commotion; malicious mischief and vandalism perpetrated by a person or persons other than a member of Named Insured's household.
- (5) Missiles propelled or objects falling from outside the mobile home or insured structure; forced landing of aircraft.
- (6) Collision of the mobile home with another object outside the mobile home.

- b. In addition, protection is extended, to the extent of 10% of the dollar limit of liability stated for this coverage in the Declarations but not exceeding \$500, to personal effects which are not within the mobile home, where such loss is caused directly, suddenly and accidentally by fire or lightning as defined and limited above, earthquake, landslide, flood or other water rising from outside the mobile home, or the forced landing of aircraft.

C. Extensions of Coverage.

1. Whenever coverages B.1.a. or B.1.b. are purchased for the mobile home, the Company will extend the following coverages without specific premium charge.

a. Additional Living Expense.

- (1) Coverage defined. In the event the mobile home is damaged or destroyed during the policy period from a peril or

perils insured against by this policy and is thereby rendered uninhabitable, the Company will reimburse the Named Insured, subject to the limits set forth in Part V, paragraph A.3., for additional living expenses incurred by the Named Insured for himself and members of his mobile home household while the mobile home remains uninhabitable.

- (2) Receipted bills must be furnished the Company within 30 days of the termination of the applicable reimbursement period.

b. Emergency Service Protection.

- (1) Fire Department Service. The Company will reimburse the Named Insured for payment made, or indemnify him against liability assumed by him through agreement, whether oral or written, for fire department charges to the extent of not more than \$100 per run, where the department is called because of a fire in, on, or exposing the property insured under this policy, if at the time the department is called the property is located outside an area where fire department service is normally offered without specific charge.

- (2) Emergency Removal Service. If at any time the mobile home is so situated that damage from impending fire, windstorm, flood or other perils against which it is insured by this policy is reasonably anticipated and removal of the mobile home to another place is urgently necessary to avoid or substantially reduce such anticipated damage, the Company will reimburse the Named Insured for the reasonable expense of such removal and of the subsequent return to the place from which it was removed not to exceed for any one removal and return the sum of \$50.00.

2. Whenever coverage B.1.b. is purchased for the mobile home, the Company will extend the following coverages without specific premium charge.

a. **Trees, Shrubs, Plants and Lawns.**

The Named Insured may apply up to \$200 of the limit of liability for Broad Form Comprehensive Protection to cover trees, shrubs, plants and lawn on the premises and owned by the Named Insured (except any grown for commercial purposes) against direct and accidental loss by fire or lightning, explosion, riot or civil commotion, malicious mischief or vandalism, or the falling or forced landing of aircraft or their parts or equipment, earthquake and landslide, all as defined and limited in paragraph B. of Part I of this policy, but the Company shall not be liable for more than \$100 for any one lawn or one tree, nor more than \$25 for any one plant or shrub, including expense incurred in removing debris thereof. Coverage under this extension is only for damage from the perils listed in this paragraph C.2.a. and is subject as well to other limitations applicable hereto or to Broad Form Comprehensive Protection.

b. **Debris Removal.**

Coverage is extended to cover reasonable expenses not exceeding \$25 incurred by the Named Insured in removal from the premises of the debris of the property covered hereunder occasioned by damage or loss from a peril against which insurance is afforded by this policy.

PART II—VENDOR'S SINGLE INTEREST PROTECTION

A. Coverages Defined.

1. **Standard Protection: (Collision, Conversion, Embezzlement and Secretion).** This coverage indemnifies the Lienholder against the impairment of its lien interest in the mobile home caused by

any of the following events occurring during the policy period:

- a. Collision (including Upset) of the mobile home.
- b. Conversion, embezzlement or secretion of the mobile home by the Named Insured.

2. **Special Protection: (Repossession Return Expense).** In the event the mobile home is repossessed from the Named Insured by or on behalf of the Lienholder or selling Dealer, this coverage will reimburse the Lienholder or selling Dealer for the expense incurred in transporting the mobile home from the place of repossession the shortest of the following distances:

- a. To the place where it was sold by the selling Dealer to the Named Insured;
- b. To that location of the selling Dealer named in the policy;
- c. To that business location then operated by the selling Dealer which is nearest to the place of repossession.

This coverage applies only to the mobile home as a whole and not separately to its parts and equipment, and is subject to a number of other provisions of the policy.

B. Miscellaneous Special Provisions.

1. Subject to the provisions of Condition B.2.a., Part IV, no act or neglect of the Named Insured and no transfer of title or ownership in the mobile home shall invalidate the protection afforded the Lienholder by this coverage.
2. The annual premium charged under this policy for each mobile home is a minimum charge to be retained in full by the Company except that pro rata cancellation may be allowed when new insurance is written by the Company within 30 days covering a different mobile home for the same Named Insured; pro rata cancellation shall be allowed when cancellation is initiated by the Company.
3. The payment of a claim under one of the coverages in paragraph A.1. of this part shall to the extent of that payment, reduce the amount

recoverable under the other coverages in such paragraph.

4. Authorized representatives of the Company shall at all reasonable times be permitted to examine the books, records and files of the Lienholder and selling Dealer for the purpose of determining any facts relating to this insurance coverage.
5. The Company waives any right to subrogation against the Lienholder except such actions as may result from the fraudulent actions of the Lienholder. The Company waives any right to subrogation against the Named Insured except such actions as may result from fraud, conversion, embezzlement, secretion or other willful wrongdoing by such Named Insured.
6. The payment of a claim under the coverage described in paragraph A.1.b. of this Part II for the cost of returning the mobile home to one of the locations designated in Part V, paragraph A.4.a. (5) of this policy shall, to the extent of such payment, reduce any amount otherwise payable by the Company under paragraph A.2. of this Part II.
7. If the mobile home insured by this policy is covered by other insurance protecting the Named Insured or the Lienholder, or both, against loss by collision, the single interest collision protection provided by paragraph A.1. shall, as to such protected interests, be considered excess insurance and the Company shall be liable within the limits otherwise stipulated in this policy only if and to the extent that such other insurance does not cover the loss.

PART III—EXCLUSIONS

A. Exclusions Applicable To All Coverages.

This policy does not apply under any coverage:

1. to loss due to war, whether or not declared and including action in hindering, combating or defending against any actual, impending or expected attack; invasion, civil war; insurrection; rebellion or revolution; mass demonstrations or protests occurring in a foreign jurisdiction; or to

confiscation by duly constituted governmental or civil authority.

2. to loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by any of the perils insured against by this policy.
3. for loss caused by, resulting from, contributed to or aggravated by any of the following:
 - a. water which backs up through sewers or drains;
 - b. water below the surface of the ground including that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement or other floors, or through doors, windows or any other openings in such sidewalks, driveways, foundations, walls or floors;
 - c. high tide unless tide waters exceed normal high tide for the area as a result of windstorm of hurricane force or stronger, or of earthquake creating a tidal wave;

unless loss by fire or explosion ensues, and the Company shall then be liable only for such ensuing loss;

4. for loss occasioned directly or indirectly by the enforcement of any local or state ordinance or law regulating the construction, repair, demolition, sale, occupancy or placement of property insured under Part I of this policy unless such liability is specifically assumed by endorsement attached to this policy;
5. for damage which is due and confined to defective manufacture, freezing, wear and tear, or mechanical or electrical breakdown or failure, unless such damage is the result of other loss covered by this policy;
6. for damage to tires and wheels, unless damaged by fire or stolen while attached to or from inside the mobile home, or unless such loss is coincident

with and from the same cause as other loss covered by this policy;

7. to any person, entity or corporation who or which is an insured or payee under this policy for any damage occurring while the insured property is, to his or its knowledge, being used in any illicit trade, business or activity; provided that for purposes of this exclusion reasonable grounds to suspect such use shall be equivalent to knowledge if such use in fact existed and reasonable investigation would have so indicated;
8. for loss due to acts of malicious mischief or vandalism perpetrated by any member of the household of a person in lawful possession or custody of the mobile home.

B. Exclusions Applicable to Part I—Physical Damage to Insured Property.

The Company shall not be liable under the provisions of Part I of this policy for loss due to conversion, embezzlement or secretion by the selling Dealer or by any person in lawful possession or custody of the insured property.

PART IV—CONDITIONS

All obligations of the Company under this policy are subject to the performance by the Insured of the following conditions:

A. General Conditions Applicable to Both Parts of the Policy.

1. **Payment of Premium.** The appropriate premium, as indicated in the Declarations for the coverages purchased and for the full policy period, shall be paid.
2. **Protection of Insured Property.** Upon the threat or occurrence of a loss or an event which may give rise to a claim under this policy, the Insured shall use all reasonable means to protect any property insured hereunder from loss or further loss. Reasonable expense incurred in affording such protec-

tion shall be deemed incurred at the Company's request.

3. Notice of Loss or Claim. Upon the occurrence of a loss or an event which may give rise to a claim under this policy:

- a. The Insured, or someone on his behalf shall give notice of the loss or event as soon as practicable to the Company or one of its authorized agents. The notice shall contain particulars sufficient to identify the Insured and also reasonably obtainable information concerning the time, place and circumstances of the loss or event, the names and addresses of available witnesses.
- b. Any loss due to theft, larceny, robbery or pilferage, or any attempt thereat, shall promptly be reported to appropriate police authorities, but the Insured shall not, except at his own expense, offer to pay any reward for the recovery of insured property.

4. Assistance and Cooperation. The Insured and any person interested in or claiming any benefit under this policy shall cooperate with the Company and, upon the Company's request, assist in making settlements, in the conduct of suits, and in enforcing any right of contribution, indemnity or recovery against any person or organization who may be liable for any injury, damage or loss with respect to which insurance is afforded under this policy. The Insured and all such persons shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The Insured shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense.

5. Proof of Loss. The Insured or someone in his behalf shall file proof of loss with the Company within 91 days after the occurrence of the loss, unless such time is extended in writing by the Company and upon the Company's request, exhibit the damaged property to duly authorized representatives of the Company, and submit to and subscribe examinations under oath conducted by anyone designated by the Company, produce for

the Company's examination all pertinent papers, documents and records (or certified copies thereof, if originals be lost), permitting copies thereof to be made by or on behalf of the Company all at such reasonable times and places as the Company from time to time may designate. The proof shall be in the form of a sworn statement by the Insured and shall include in reasonable detail the interest of the Insured and of all others in the insured property, any encumbrances thereon, the actual cash value thereof at the time of loss, the amount, place, cause and surrounding circumstances of the loss, the amount of any other expense for which claim is made, original receipts for such expenditures, and a description and amount of all other insurance covering the insured property.

6. **Appraisal.** If the Insured and the Company fail to agree as to the amount of loss, each shall, on the written request of either made within 30 days after receipt by the Company of proof of loss, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire; but, failing for 15 days to agree upon such umpire, then, on the request of either party, such umpire shall be selected by a judge of a court of record in the county and state in which the appraisal is pending. The appraisers shall then appraise the loss, stating separately the actual cash value of the insured property at the time of loss, and the amount of the loss in accordance with the terms of this policy. Should the appraisers disagree, their differences shall be submitted to the umpire, and an award in writing by any two shall determine the amount of loss. The Insured and the Company shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and the umpire. The Company shall not be held to have waived any of its rights by any act relating to appraisal.
7. **Notice of Alleged Waiver.** In any instance in which the Insured shall claim that the Company has waived the proof of loss requirement of this policy, it shall be incumbent upon the Insured to

notify the Company in writing at its home office that he alleges such waiver and that he intends to rely upon it, and the Company shall have 30 days after receipt of such written notice in which to demand an appraisal. No act of the Company pertaining to, or as a result of, such notice shall constitute an admission of, or estop it to deny, such alleged waiver.

8. **Action Against the Company.** No payment shall be due by the Company under this policy and no action shall lie against the Company unless, as a condition precedent thereto, the Insured shall have fully complied with all of the terms of this policy, nor until 30 days after proof of loss is filed and the amount of loss is determined as provided in this policy. Nor shall any action lie against the Company for the recovery of any claim unless it is commenced within 5 years next after occurrence of the loss; provided that if this policy is issued in a state which, by law, prohibits limiting the commencement of an action to this short a period, the period for commencing an action against the Company shall be extended to conform to the minimum period permitted by law.
9. **Concealment, Fraud.** This entire policy shall be void if, whether before or after a loss, the Insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the Insured therein, or in case of any fraud or false swearing by the Insured relating thereto.

B. Conditions Applicable to Part II.

1. **Conditions Precedent to Liability—All VSI Coverages.** Regardless of any other provision of this policy, and in addition to all other conditions and provisions of the policy which apply to all coverages including this, the Company shall have no liability under any Part II (V.S.I.) coverage unless and until all of the following conditions exist or have been performed by the Lienholder or selling Dealer:
 - a. The lien transaction was entered into in accordance with normal and usual credit standards.

- b. The lien instrument at the time of its execution was legally enforceable and represented a bona fide security transaction intended in good faith by the parties to secure the repayment of the amount of encumbrance shown in the Declarations of this policy.
 - c. At the date this coverage became effective no payment was more than 30 days past due under any lien instrument or encumbrance covering the mobile home.
 - d. The Named Insured has defaulted in payment.
2. **Conditions Precedent to Liability—Paragraph A.1. (Collision, Conversion, Embezzlement and Secretion) Coverage.** Regardless of any other provision of this policy, and in addition to all other conditions and provisions of the policy which apply to all coverages including this, the Company shall have no liability under any paragraph A.1. coverage unless and until all of the following conditions exist or have been performed by the Lienholder:
- a. **Effective Date of Claim.** As soon as the Lienholder has reasonable cause to believe that a loss included in this coverage has occurred it shall notify the Company of the potential loss and shall forthwith forward to the Company as a part of such notice copies of all instruments, records, papers and documents in its possession pertaining to the lien transaction, to the payments and collection efforts on the account, and to the potential loss. The date on which such papers are received in the Home Office shall be the Effective Date of Claim and computation shall be made as of that date.
 - b. The Lienholder shall at its own expense use all reasonable efforts and means (1) to effect the security, protection and preservation of the mobile home; (2) to locate the Named Insured and the mobile home; (3) to collect all amounts due the Lienholder with respect to the mobile home and the lien transaction, whether under the lien instrument and/or security agreement or otherwise; (4) to pursue its rights and remedies so as to prevent or

minimize any impairment of its interest claimed to be covered by this policy. Reasonable efforts and means may, in appropriate circumstances, include litigation. Efforts to locate the Named Insured and the mobile home shall continue until successful or until 30 days after the Effective Date of Claim, whichever period is shorter. In default of collection of any balance due, the Lienholder shall repossess the mobile home, or any part or parts thereof, whenever located.

- c. If a claim under this coverage is based upon the fraudulent or willfully wrongful act of the Named Insured, the Lienholder shall, upon request of the Company, promptly report the matter to appropriate law enforcement authorities.
 - d. In a partial conversion, embezzlement or secretion claim, the Lienholder shall have furnished to the Company a certified inspection report executed on the date of repossession by the person who actually repossessed the mobile home, describing the condition of the mobile home and listing in detail any items appearing to be missing.
3. **Condition Precedent to Liability—Paragraph A.2. (Repossession Return Expense) Coverage.** Regardless of any other provision of this policy, and in addition to all other conditions and provisions of the policy which apply to all coverages including this, the Company shall have no liability under any paragraph A.2. coverage unless and until the Lienholder or selling Dealer shall have notified the Company at its Home Office of the fact of repossession or anticipated repossession at least 48 hours (exclusive of Saturdays, Sundays, and holidays) prior to the commencement of the return transportation of the mobile home, in order to permit the Company to exercise the option referred to in paragraph B.2. of Part V.

PART V—AMOUNT AND METHOD OF SETTLEMENT

A. Determining the Amount of Settlement—Limitations On Company Liability.

1. The amount of the Company's liability for loss of or damage to property under Part I (Physical Damage) of the policy shall:

a. not exceed the lowest of:

- (1) the difference between the actual cash value of the insured property immediately before the loss and its actual cash value immediately after the loss; or
- (2) the cost of repairing the damage; or
- (3) the actual cash value of the insured property immediately preceding the loss; or
- (4) the cost of replacing the insured property; or
- (5) the limit of liability stated in the Declarations;

and the liability thus determined shall, in addition, be subject to any deductible amount stipulated in the policy for the type of loss involved.

b. in any loss involving part of a pair, set, or series of objects, pieces or panels (whether interior or exterior), be determined by reference to:

- (1) a fair and reasonable proportion of the part to the total value of the pair, set or series; or
- (2) the reasonable cost of repairing or replacing the damaged part so as to match the remainder as closely as reasonably possible under the circumstances; or
- (3) the reasonable cost of providing a reasonably acceptable alternative decorative effect or utilization;

as the circumstances may warrant. The Company does not guarantee the availability of parts or replacements and shall not, in the event of such damage to or loss of a part, be obligated for the value of, or to repair or replace, the entire pair, set or series.

2. In addition to the foregoing general limitations, the Company shall not be liable on any one loss with respect to personal effects:

- a. for more than \$100 on coin collections or other numismatic property and paraphernalia;
- b. for more than \$100 on passports, railroad and other tickets, securities, manuscripts, and stamps or other philatelic property and paraphernalia;
- c. for more than \$250 on any single article of jewelry (including, but without being limited to, watches, necklaces, bracelets, gems, precious and semi-precious stones, and articles of gold and platinum); art (including, but without being limited to, paintings, sculptures, drawings, etchings, ceramics and china); heirlooms; or fur (including any article containing fur which represents its principal value).

3. With respect to the extension of coverage in Part I, paragraph C.1.a. (Additional Living Expense), the following limitations shall apply:

- a. Reimbursement is limited to additional expense incurred not exceeding \$100.00 per month.
- b. The period of reimbursement shall not exceed the shortest of the following periods of time:
 - (1) The number of days the mobile home is uninhabitable.
 - (2) The number of days elapsing between the date of loss and the date the repaired mobile home is, or can reasonably be, returned to the Named Insured at the site of loss.
 - (3) The number of days elapsing between the date of loss and the date on which the Company, having offered to replace the damaged mobile home, can make delivery of the replacement.
 - (4) The number of days elapsing between the date of loss and seven days after the date the Company offers a cash settlement based either upon a repair estimate

or upon the actual cash value of the mobile home.

- c. The term "Month" for purposes of this coverage shall be construed to mean 30 consecutive days.

4. Amount of Settlement for Part II (Vendor's Single Interest) Losses.

- a. In the settlement of any loss under Part II, paragraph A.1., the Company's liability shall not exceed the lowest of the following:

- (1) The cost of the Lienholder or the selling Dealer of repair or replacement of the mobile home.
- (2) The actual cash value of the mobile home at the Effective Date of Claim.
- (3) The amount of any impairment of the Lienholder's interest, measured by the Named Insured's unpaid balance not more than 60 days past due,
 - (a) less unearned interest, insurance, finance and other carrying charges computed pro rata as of the Effective Date of Claim and less the full amount of any penalties or other charges which may have been added to such unpaid balance after the execution of the lien instrument; and
 - (b) plus the reasonable cost (other than for transportation) necessarily incurred in retaking possession of the mobile home.
- (4) If, in a conversion, embezzlement or secretion claim, the mobile home is located within 30 days after the Effective Date of Claim, the Company's liability shall be limited to its own expense incurred in locating, or attempting to locate, the mobile home, unless a conversion, embezzlement or secretion, as defined in Part VII, (Definitions), has occurred.
- (5) If, in a conversion, embezzlement or secretion claim, the mobile home is located later than 30 days but within 120

days after the Effective Date of Claim, the Company's liability may at its option, be limited to the cost of transporting the mobile home to the business location of the Lienholder, or of the selling Dealer, nearest to the point of location of the mobile home, or to the address of the Named Insured last known to the Lienholder, or to the Named Insured's address as shown in this policy.

- b. In the settlement of any loss covered under Part II, paragraph A.2., the Company's liability shall not exceed the lower of:

- (1) A transportation cost per mile equivalent to rates per mile approved by the Interstate Commerce Commission for common carriers hauling mobile homes or travel trailers in the applicable territory, or the rate of 60 cents per mile, whichever is less, (subject to a deductible amount of \$100 applicable to each (loss); or
- (2) \$600 in excess of a deductible amount of \$100 applicable to each loss.

5. Other Insurance.

- a. The Company shall not be liable for a greater proportion of any loss than (1) the applicable limit of liability under this policy bears to the whole amount of insurance covering the property, or which would have covered the property except for the existence of this insurance, and whether or not such other insurance covers against the additional peril or perils insured hereunder, nor for a greater proportion of any loss than (2) the applicable limit of liability under this policy bears to all insurance covering in any manner such loss, or which would have covered such loss except for the existence of this insurance. This sub-paragraph shall not, however, apply to VSI Collision losses.
- b. When loss under this policy is subject to a deductible, the Company shall not be liable

for more than its pro rata share of such loss in excess of the deductible amount.

B. Method of Settlement.

1. The Company may, in its discretion, determine in which of the following ways it will settle any loss under Part I, paragraph A.1. of this policy:
 - a. by paying for the cost of repairing any damaged property; or
 - b. by replacing any damaged property with other property of like kind, quality and value (subject to the provisions of paragraph A.1.b. of this Part, when applicable); or
 - c. by paying the amount of the Company's liability in money.
2. In the settlement of any loss covered under Part II, paragraph A.2., the Company shall have an election whether:
 - a. To pay the cost of transportation subject to the above limitations, or
 - b. To pay to the Lienholder the amount of the Named Insured's unpaid balance (computed as provided in Part V, sub-paragraph A.4.a. (3) above) in return for a transfer by the Lienholder to the Company of good and merchantable title to the mobile home.

The Company shall have a period of 48 hours, (exclusive of Saturdays, Sundays, and holidays), after receiving notification required by paragraph B.3. of Part IV, in which to elect the method of settlement under this paragraph. Failure of the Lienholder to repossess at its expense and deliver possession of and good title to the mobile home within 30 days after such election by the Company (or after completion of legal proceedings for repossession if such proceedings become necessary) shall relieve the Company of further liability under paragraph A.2.

PART VI—MISCELLANEOUS PROVISIONS

A. Declarations, Agreements.

By acceptance of this policy the Named Insured agrees

that the Declarations Page attached to this policy correctly describes the parties, term, and subject matter of the insurance transaction, and the coverages purchased, that this policy is issued by the Company in reliance upon the truth and accuracy of such Declarations, and that this policy embodies all agreements existing between the Named Insured and the Company or any of its agents relating to this insurance.

B. Return of Stolen Property.

The Company may at any time before settlement of a loss under Part I, return any stolen property to the Insured with payment for any damage resulting from the theft.

C. Salvage; No Abandonment to the Company.

Upon settlement by the Company of any total loss to property, the salvage, if any, shall belong to the Company. There shall be no abandonment to the Company.

D. Automatic Reinstatement.

When the insured property is damaged, whether or not such damage is covered under this policy, the liability of the Company shall be reduced by the amount of such damage until repairs have been completed, but shall then attach as originally written without additional premium.

E. No Benefit to Bailee.

The insurance afforded by this policy shall not enure directly or indirectly to the benefit of any carrier or bailee liable for loss to the mobile home.

F. Subrogation.

In the event of any payment under this policy, the Company shall be subrogated to all the Insured's rights of recovery therefor against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss to prejudice such rights.

G. Changes.

The terms of this policy shall not be waived or changed except by endorsement issued to form a part of this policy.

H. Assignment; Death of the Named Insured.

Assignment of interest under this policy shall not bind

the Company until its consent is endorsed hereon; if however, the Named Insured shall die, or be adjudged bankrupt or insolvent within the policy period, coverage under this policy shall, if written notice be given to the Company within sixty (60) days after such death or adjudication, protect the legal representative as Named Insured.

I. Loss Payable Clause.

If a Lienholder is named in the Declarations of this policy, any loss under the policy shall be payable to that Lienholder as its interests may appear at the time of loss. If at the time of settlement on a single interest basis of any such loss, the Named Insured's rights in the mobile home under the lien instrument have been or are being terminated, the value of the Lienholder's interest in the mobile home shall be computed by deducting from the Named Insured's unpaid balance at the date of loss unearned interest, insurance, finance and other carrying charges computed pro rata as of the date of loss. The insurance shall not, as to the interest of the Lienholder, be invalidated by any act or neglect of the Named Insured nor by any change in the title or ownership of the mobile home to which it has not consented, provided that:

1. If the Named Insured shall neglect to pay any premium due under the policy, the Lienholder shall, on demand, pay the same; and
2. The Lienholder shall notify the Company of any change of ownership or increase of hazard which shall come to the knowledge of the Lienholder and shall, on demand, pay any additional premium attributable to the increased hazard.

If the Named Insured fails to render proof of loss within the time granted in the policy conditions, Lienholder shall do so within 91 days thereafter and the time for demanding appraisal, for payment and for bringing suit shall be extended accordingly.

J. Cancellation.

1. **Cancellation by the Lienholder:** In any instance in which the Lienholder has legally repossessed the mobile home, or has otherwise acquired the entire ownership thereof, it may, for the account of all parties at interest under this policy and upon

surrender of its copy of the policy, cancel such insurance.

2. **Cancellation by the Named Insured:** With the written consent of the Lienholder or proof satisfactory to the Company of full satisfaction of Lienholder's interest, or in the absence of such interest, insurance under this policy may be cancelled by the Named Insured by surrender of his copy of the policy or by mailing or delivering written notice of cancellation to the Company, stating when thereafter such cancellation shall be effective.
3. **Cancellation by the Company:** Insurance under this policy may be cancelled at any time by the Company by mailing or delivering to the Lienholder and the Named Insured written notice stating when, not less than 10 days thereafter, such cancellation shall be effective. When required by the law of the state in which this policy is issued, such notice shall be sent by registered mail, and such notice, mailed, with postage fully prepaid, either by regular first class or by registered mail as the case may be to the address of the Lienholder and of the Named Insured last known to the Company or its authorized agent, shall be sufficient proof of notice to all parties at interest. Delivery of such written notice shall be equivalent to mailing.
4. **Return Premium:** If this policy is cancelled by the Lienholder, any unearned premium computed pro rata and excluding any portion of the premium which under the terms of this policy is a minimum premium to be retained in full by the Company, shall be paid to the Lienholder for the account of the Named Insured. If this policy is cancelled by the Named Insured, any such unearned premium, computed short rate, shall be paid to the Named Insured unless the Named Insured otherwise directs. If the policy is cancelled by the Company, any such unearned premium computed pro rata, shall be paid to the Lienholder for the account of the Named Insured. Payment or tender of the unearned premium shall not be a condition precedent to cancellation, but adjustment of the

premium shall be made either at the time cancellation is effected or as soon as practicable thereafter.

K. Terms of Policy Conformed to Statute.

Any terms of this policy which are in conflict with the statutes of the state wherein this policy is issued are hereby amended to conform to such statutes.

L. Policy Term.

This policy applies only to losses or occurrences during the policy term.

PART VII--DEFINITIONS

Wherever used in this policy, unless otherwise qualified or unless the context clearly indicates a different meaning, the following terms shall have the meanings respectively indicated:

Collision: sudden physical contact of the mobile home with another object, or upset of the mobile home, but it does not include impact of the wheels alone of the mobile home with the road or surface upon which it is being transported unless such impact results in upset of the mobile home.

Conversion, Embezzlement, Secretion: wrongful appropriation of or dealing with or concealment of insured property to the detriment of an insured, a Lienholder, or a loss payee; **provided**, that for purposes of Part II of this policy they, or any of them, shall be considered to exist only if

1. The Named Insured has intentionally damaged the mobile home (and for this purpose damage resulting from neglect or omission to act on the part of the Named Insured shall not be deemed intentional damage); or
2. Legal action for the recovery of possession of the mobile home has been unsuccessful; provided such lack of success results from a transfer of ownership interest by the Named Insured to a party other than the selling Dealer without permission of the Lienholder and not from the failure of the Lienholder to file or record the lien instrument with the proper public office or official; or
3. Because of action by the Named Insured, the Company is unable, for a period of 30 days after

receipt by it of copies of all papers, documents and records in the possession of the Lienholder pertaining to the lien transaction, to locate the mobile home, and no payment has been received by the Lienholder during the 30 day period.

Conversion, embezzlement or secretion as herein defined may take place with respect to a part only, as well as the whole, of the mobile home.

Impairment: shall be considered to exist only when:

1. By reason of collision, or of conversion, embezzlement or secretion of the mobile home by the Named Insured, its value has been reduced to an amount which is less than the amount of the Lienholder's interest therein plus the necessary and reasonable cost (other than transportation) of retaking possession; or
2. By reason of conversion, embezzlement or secretion by the Named Insured, the Lienholder is unable to locate the mobile home to repossess it, or legal proceedings for its repossession by the Lienholder have been unsuccessful.

For purposes of this coverage, the existence of a repurchase or recourse agreement with the selling Dealer shall not be construed to preclude the existence of impairment, and if at the time of settlement the Lienholder's interest has been satisfied by the selling Dealer under such an agreement, settlement shall be made with the selling Dealer in place of the Lienholder.

Insured: the person, persons, organization or entity asserting a claim, or for whose benefit a claim is asserted, under this policy. In case the Insured is a corporation or other business entity, the term shall include appropriate agents or representatives thereof.

Named Insured: the person or persons so named in the Declarations; under Part I the term is used for identification only, and is not intended necessarily to reflect or to acknowledge legal title or ownership of the insured property.

Lienholder: the person, firm, association, corporation or other legal entity (whether one or more) named as Lienholder in item 1.(b) of the Declarations and the designation shall constitute an acknowledgment by the Insured that the entity named holds a lien interest in the mobile home by

virtue of a conditional sale contract, chattel mortgage, bailment lease, or other lien instrument or security agreement.

Named Insured: (included as part of definition of Insured above.)

Selling Dealer: the person or organization so named in the Declarations.

SPECIAL PROVISIONS

This Company is licensed to operate under Chapter 17, Texas Insurance Code, 1951, as amended, and such statutes shall apply to and form a part of this policy the same as if written or printed upon, attached or appended hereto.

This policy is issued subject to the constitution and by-laws and all amendments thereto of the Company, which shall form a part of this policy.

No Contingent Liability: This policy is non-assessable. The policyholder is a member of the Company and shall partici-

pate, to the extent and upon the conditions fixed and determined by the Board of Directors in accordance with the provisions of law, in the distribution of dividends so fixed and determined.

The Insured is notified that by virtue of this policy, he is a member of the Foremost County Mutual Insurance Company of Dallas, Texas, and is entitled to vote either in person or by proxy at any and all meetings of said Company. The Annual Meetings are held in its Principal Office, Lewisville, Texas, on the second Monday of March of each year at 10:00 o'clock A.M.

IN WITNESS WHEREOF, the Foremost County Mutual Insurance Company has caused this policy to be executed and attested.

Deborah Smith
President

Martin R. Brown
Secretary