
Endorsement for Insurance of Loans With Additional Approved Collateral

The purpose of this Endorsement is to amend terms and conditions of the Policy to provide for the insurance of Loans which are secured by collateral in addition to the Property. This Endorsement will apply to a Loan only if the Application submitted by the Insured identifies the additional collateral or if this Endorsement is identified by the Company on the Certificate for the Loan. To the extent of any inconsistency or conflict between the terms of the Policy and this Endorsement, this Endorsement will control. The Policy is amended by adding, deleting, or amending the following terms and conditions, as indicated.

- A. A new Section 2.12 [2.13 if the Master Reporting Program Endorsement applies] is added to the Policy, as follows:
- 2.12 [2.13] **Additional Approved Collateral** – The Company may allow, in lieu of all or a portion of the down payment on a Loan, the deposit of collateral as security for the Loan (which shall include all proceeds and replacements of the originally deposited collateral, and which shall together be the "Collateral"). The Collateral shall be applied in full to reduce the Claim Amount in the event of a Claim, subject to all of the following additional terms and conditions:
- a. The original, stated value of the Collateral (the "Collateral Value") must be disclosed in the Application to the Company.
 - b. If the Company approves the Loan for insurance hereunder:
 - (i) The Insured shall be deemed to have represented as of the Certificate Effective Date for the Loan that it has full right to use of the Collateral and that it has a perfected first lien security interest in the Collateral.
 - (ii) The Insured shall not apply the Collateral to relieve the Borrower of the obligation to make regularly scheduled payments due under the Loan, unless permitted in writing by the Company.
- B. For purposes of calculating the Claim Amount, Section 6.2 (iii) of the Policy shall be deleted in its entirety and replaced with the following:
- (iii) (A) The Collateral Value, whether or not the Insured has retained the Collateral as security for the Loan, and without regard to any loss or release of Collateral occurring for any reason (including loss of investment value or priority of lien). Any such loss or release shall be borne by, and be the responsibility of, the Insured; and
 - (B) Any other amount of cash or other collateral to which the Insured has retained the right of possession as security for the Loan.

All terms capitalized will have the meanings set forth in the Policy, except as otherwise defined herein. Nothing herein contained will be held to vary, alter, waive or extend any of the terms and conditions of the Policy, or any amendments thereto, except as expressly set forth above.