

Provides coverage to a Lender in relation to a loan secured by a Unit in a Horizontal Property Regime.

ENDORSEMENT

Attached to Policy No. SAMPLE

Issued by _____

The Company insures the insured against loss or damage sustained by reason of:

1. The failure of the unit identified in Schedule A and its common elements to be part of a Horizontal Property Regime within the meaning of ARS 33-551 et seq.
2. The failure of the documents required by said Horizontal Property Regime statutes to comply with the requirements of the statutes to the extent that such failure affects the title to the unit and its common elements.
3. Present violations of any restrictive covenants which restrict the use of the unit and its common elements and which are contained in the Horizontal Property Regime documents. Said restrictive covenants do not contain any express provisions which will cause a forfeiture or reversion of title.
4. The priority of any lien for charges and assessments provided for in the Horizontal Property Regime statutes and Horizontal Property Regime documents over the lien of any insured mortgage identified in Schedule A.
5. The failure of the unit and its common elements to be entitled by law to be assessed for real property taxes as a separate parcel.
6. Any obligation to remove any improvements which exist at Date of Policy because of any present encroachments or because of any future unintentional encroachment of the common elements upon any unit or of any unit upon the common elements or another unit.
7. The failure of title by reason of a right of first refusal to purchase the unit and its common elements contained in the Horizontal Property Regime documents, which was exercised or could have been exercised at date of policy.

As used in this endorsement the words "restrictive covenants" shall not be deemed to refer to or include any covenant, condition or restriction relating to environmental protection or regulating or prohibiting the use, storage or release of hazardous or toxic waste or substance on the land.

The total liability of the Company under said policy and any endorsements therein shall not exceed, in the aggregate, the face amount of this policy and costs which the Company is obligated under the Conditions and Stipulations thereof to pay.

This endorsement is made a part of said policy and is subject to the Exclusions from Coverage, Schedules, Conditions and Stipulations therein, except as modified by the provisions hereof.

This endorsement is not to be construed as insuring the title to said estate or interest as of any later date than the date of said policy, except as herein expressly provided as to the subject matter hereof.