

This endorsement, effective at 12:01 AM

forms a part of

Policy number

Issued to:

By:

**LENDING ACT EXTENSION WITH SEPARATE RETENTION
(BPL COVERAGE SECTION)**

In consideration of the premium charged, it is hereby understood and agreed that the BPL Coverage Section is amended as follows:

I.

Clause 1., INSURING AGREEMENTS, is amended by addition of the following at the end thereof:

This policy shall pay the **Loss** of each and every **Insured** arising from a **Claim** first made against such **Insured** during the **Policy Period** or **Discovery Period** (if applicable) and reported to the **Insurer** pursuant to the terms of this policy for any **Wrongful Act** of the **Insured** in the rendering of or failure to render **Lending Acts**. The **Insurer** shall, in accordance with Clause 4 of this **Coverage Section**, advance **Defense Costs of Lending Acts Claims** prior to its final disposition.

II.

Clause 3., EXCLUSIONS (g), is deleted in its entirety and replaced with the following:

(g) alleging, arising out of, based upon or attributable to, directly or indirectly, any pattern or practice of discrimination by the **Insured** in refusing to make a loan, lending and/or financing for dwellings, or extending credit on the basis of race, marital status, national origin, age, religion, disability, receipt of public assistance, or postal zip codes, regardless of the applicant's credit record, with respect to persons or properties in specified geographic areas, including, but not limited to, any actual or alleged violations of the Fair Housing Act, the Equal Credit Opportunity Act, any regulations pursuant thereto, or any similar state law or regulation;

III.

Clause 2., DEFINITIONS, is amended by addition of the following at the end thereof:

"Classified Loan" shall mean:

(i) any loan, or transaction in the nature of a loan or extension of credit, which at the time a **Claim** is made, or which at any time prior to the time such **Claim** is made, is or has been designated as substandard, doubtful or loss by any applicable state and/or federal regulatory or supervisory agency or authority; or

(ii) any false or genuine note, account, agreement, invoice, or other evidence of debt assigned or sold, discounted or otherwise acquired, whether or not involving the **Company** as lender or borrower, and whether procured in good faith or through fraud, artifice or false pretense, which at the time such **Claim** is made, or which at any time

prior to the time a **Claim** is made, is or has been designated as substandard, doubtful or loss by any applicable state and/or federal regulatory or supervisory agency or authority.

"**Past Due Loan**" shall mean:

(i) any loan, or any transaction in the nature of a loan or extension of credit, which at the time a **Claim** is made, or which at any time prior to the time such **Claim** is made, is or has been more than ninety (90) days delinquent in repayment according to its terms; or

(ii) any false or genuine note, account, agreement, invoice, or other evidence of debt assigned or sold, discounted or otherwise acquired, whether or not involving the **Company** as lender or borrower, and whether procured in good faith or through fraud, artifice or false pretense, which at the time a **Claim** is made, or which at any time prior to the time such **Claim** is made, is or has been more than ninety (90) days delinquent in repayment according to its terms.

IV.

The following exclusions shall only apply with respect to any **Insured's** performance of **Lending Acts**.

The **Insurer** shall not be liable to make any payment for **Loss** in connection with any **Claim** made against any **Insured**:

for the principal and/or interest of any unrepaid, unrecoverable or outstanding credit; provided, however, this exclusion shall not apply to such principal and/or interest if:

1. the **Insured** is legally liable for a borrower's financial losses relating, directly or indirectly, to actions taken by the **Insured** with respect to such extension of credit; and
2. principal and/or interest is part of the overall damages awarded to the borrower.

alleging, arising out of, based upon or attributable to, directly or indirectly, any extension of credit which was, at the time of its making, in excess of the legal lending limit of the **Company**; however, this exclusion shall not apply to **Claims** which fail to allege that damages were incurred as a direct result of the **Company's** conduct of exceeding its legal lending limit;

alleging, arising out of, based upon or attributable to, directly or indirectly, any in fact willful violation of laws or regulations relating to extensions or denials of credit, including, but not limited to, truth-in-lending or usury laws or regulations when established through final adjudication the **Insured** willfully and intentionally violated such laws or regulations;

alleging, arising out of, based upon or attributable to, directly or indirectly, any **Past Due Loans** or **Classified Loans** as of _____.

V.

Furthermore, it is understood and agreed that, solely with respect to **Claims** arising out of **Lending Acts**, and notwithstanding any Retention amount specified in Item 3 of the Declarations, the applicable Retention amount is \$_____.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

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AUTHORIZED REPRESENTATIVE

SPECIMEN