

BREACH OF WARRANTY ENDORSEMENT

In consideration of an additional premium of USD _____ IT IS UNDERSTOOD AND AGREED THAT:

1. The Insurance afforded by the Policy shall not be invalidated as regards the interest of the Lienholder by any act or neglect of the Insured except that any charge in title or ownership of the aircraft, conversion, embezzlement or secretion by the Insured in possession of the aircraft are not covered hereunder; PROVIDED HOWEVER THAT:
 - A. If the Insured fails, on demand of the Underwriters to pay any premium due under this Policy, the Lienholder shall pay such premium; and
 - B. The Lienholder shall notify the Underwriters of any increase of Hazard which comes to the Lienholder's attention and if not permitted by the policy, it shall be endorsed thereon, the Lienholder agreeing to pay any additional required premium if the Insured shall fail to do so on demand of the Underwriters.

It is however, further understood and agreed by the parties concerned that the protection afforded to the Lienholder by the terms of this endorsement is limited to the perils covered under the policy and for which a specific premium charge has been made.

2. If the Insured fails to render proof of loss within the time granted in the policy conditions, the Lienholder shall do so within 60 days thereafter, in form and manner as provided by the policy and further shall be subject to the provisions of the policy relating to appraisal and time of payment and of bringing suit.
3. Whenever the Underwriters shall be liable to the Lienholder for any sum for loss or damage under this policy and shall claim that as to the Insured, no liability therefor existed, their liability under the terms of this endorsement shall not in any event exceed the amount of the lien set forth above, less the amount of all matured instalments and less unearned interest or carrying charges and unearned financed insurance premium, if any.
4. The Underwriters reserve the right to cancel this policy at any time as provided by its terms but in such case notification shall be given the Lienholder when no less than 10 days thereafter such cancellation shall be effective as to interest of said Lienholder therein and the Underwriters shall have the right, on like notice, to cancel this endorsement.
5. Upon payment of any sum to the Lienholder as provided hereunder, the Underwriters shall to the extent of such payment be thereupon legally subrogated to all the rights of the Lienholder under all securities held as collateral to the debt and the Lienholder shall assign and transfer to the Underwriters all instruments of security pertaining to the aircraft; but no subrogation shall impair the right of the Lienholder to recover the full amount of his claim.

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