

Sample Supplemental Home Protection Plan Agreement

Current terms and conditions of actual contract available at homewarrantyinc.com and included in client welcome packet upon payment of plan fees.

For service or questions, or for multi-unit pricing and terms, call toll-free (877)977-4949 or visit homewarrantyinc.com.

COVERAGE REQUIREMENTS

1. All covered systems and appliances must be in normal operating condition at the time coverage takes effect. Conditions determined to have existed prior to the coverage period or systems and appliances that never functioned properly during the period of warranty coverage are pre-existing conditions and are not eligible for coverage under this agreement.

2. Agreement covers only repairs resulting from normal wear and tear associated with normal usage of covered items.

3. Purchase or registration of the plan implies consent to all agreement terms and conditions.

If full premium is received up front, coverage starts on the date of order and continues for the number of years purchased. Initial payment for the warranty must be received by Home Warranty not more than 15 days after ordering. If payment is later than 15 days, the warranty will commence on the day payment is received. Arrangements for monthly payments over the annual term may be available with coverage commencing 30 days after payment is received. Remaining annual premiums may be deducted from service reimbursements. Coverage for optional items added after the initial order period will have a 30-day waiting period before claims may be filed on those optional items.

COVERAGE

1. Agreement provides for repair (including parts and labor) or replacement on all items for which coverage has been purchased (subject to terms and limitations of this agreement), less a **\$75 service fee per incident** or actual cost of service, whichever is less, payable to the company providing service. "Per incident" is defined as a single failure occurring within a single unit or location, requiring a single repair. Failures determined to have occurred outside of these parameters will be assessed additional trade service fees. Failure to pay the service fee or any amount due the servicer from the homeowner will result in suspension of warranty coverage until fee is paid, at which time coverage will then be reinstated with no extension of the original coverage period. In the event a repair performed under this agreement fails within 30 days following the initial repair, agreement provides for a recall service call without an additional service fee. Service fee is subject to change without notice.

2. Items for which parts are not available or for which the repair exceeds replacement cost will be deemed non-repairable. Home Warranty will provide the equivalent dollar value of a new builder's standard version of the item as determined by Home Warranty (a builder's standard version does not indicate an exact match of specific efficiencies, brands, colors, finishes, dimensions, features). When repairing any appliance, Home Warranty will not pay for any failures that do not contribute to the appliance's primary function including but not limited to wireless capability, television or radios build into appliance and the like. If replacing the item, the customer is responsible for any installation fees. Items for which parts are not available due to government mandated restrictions, parts availability, non-readable or missing model and/or serial numbers will be given the estimated repair amount (using a comparable part) to apply towards replacement.

3. Home Warranty may (at its own discretion) allow homeowner to forgo repair and apply an amount up to what the repair would have cost to the replacement of an item instead, but allowance will never exceed Home Warranty's estimate of remaining cost of repair, regardless of age or condition of the item.

4. Home Warranty has sole discretion to choose service personnel and will not reimburse for work performed without its prior approval or by service personnel contacted directly by the customer unless directed to do so by Home Warranty.

5. All requests for service not answered immediately will be acknowledged with a return phone call within 4 hours during normal working hours and 48 hours on weekends and holidays. Agreement allows for homeowner to contact service

company and schedule service during normal business hours. Agreement holder may elect to have off hours or expedited service performed at their own discretion but will be responsible for any additional fees associated with expediting service. Home Warranty reserves the right to obtain a second opinion.

6. Home Warranty reserves the sole right to determine whether a covered system or appliance will be repaired or replaced and reserves the sole right to limit the amount paid on any individual repair or replacement.

7. If a property has multiple mechanical systems or appliances that require the purchase of additional coverage in order to be covered and additional coverage is not purchased, Home Warranty reserves the right to determine which mechanical systems and/or appliances are the ones primarily used and covered by this agreement. In most cases, the system that services the main living area or the largest system will be considered primary.

8. Home Warranty reserves the right to have the repair or replacement performed with aftermarket, off-brand, used, remanufactured, or reconditioned parts.

9. Notice of any malfunction must be given to Home Warranty prior to agreement expiration with the initial service call scheduled within 30 days and all approved work must be completed within 6 months of agreement expiration.

10. Unless a part or item is specifically listed under the "Covered" section, the item or part is not covered.

HEATING, AND COOLING SYSTEMS

1. Primary Heating Unit and Primary Cooling Unit

Note: Any unit that performs both heating and cooling functions (including but not limited to heat pumps) counts as both systems for the purposes of this agreement and additional coverage must be purchased in order for supplemental or backup heating or cooling units to be covered, even if their function is integrated with the primary unit.

COVERED—Main heating (including a heat pump, boiler, or furnace unit) and cooling system (including a heat pump, central air conditioner, or water evaporative cooler unit) and associated parts and components (including blower fan motors, burners, controls, fan blades, heat/cool thermostats, damper or zone control systems, heat exchangers, heating elements, igniter and pilot assemblies, internal system controls, wiring and relays, motors and switches, air handler, capacitors, compressors, condenser fan motors, condenser coils, evaporator coils, fan blades, pumps, refrigerant piping, reversing valves). *If none of the systems listed above exists in the property, coverage may (at the discretion of Home Warranty and with approval granted prior to coverage start) be extended to baseboard, wall, in-floor, or other alternative systems provided they are not explicitly excluded in this section.* NOT COVERED—Portable or window units; solar heating systems; pellet, corn cob or wood stoves; radiant cable heat; fireplaces and associated components; chimneys; outside or underground piping; circulation components or redrilling of wells for water source heat pumps; fuel storage tanks; expansion tanks; filters; timers; heat lamps; humidifiers or dehumidifiers; condensate drain pump; flues and vents; improperly sized systems; cleaning and maintenance; free-standing or gas log systems, including gas supply lines; dampers; pressure regulators; computerized energy management systems; gas air conditioning systems; electronic air cleaners; water towers; roof jacks and stands; chillers; any system with asbestos; heat recovery units; interconnecting refrigerant lines; water pumps; water cooling towers; improper use of metering devices; pre-coolers; insulation; concrete pads; costs related to adding or recapturing refrigerant; baseboards, casings, registers and radiators tied to boiler systems; costs related to leak tests; use of cranes; costs associated with replacing non-failed parts to bring a system into compatibility (including conversion to R410a); and units located in detached garages.

2. **Air Exchanger.** COVERED—All parts and components except: NOT COVERED—Filters and low voltage remote control systems.

COVERED SYSTEMS AND APPLIANCES

Note: Unless otherwise noted or extra coverage is purchased, only 1 of each of the following systems or appliances is included per residential unit.

1. **Water Heater.** COVERED—Main unit (including a tank, tankless, or power vent unit); exhaust blower assembly; water heater elements; gas control valves; and thermostats.

Coverage on water heater is limited to \$1,000 per contract year. NOT COVERED—Solar water heaters and components; thermal expansion or holding tanks; noises; odors; color or purity of water; flues and vents; and insulation blanket. Hot water dispensers are considered secondary water heaters and are not covered unless optional coverage is purchased. Combination water heaters/boilers and components unless purchased as a secondary heating unit.

2. **Garbage Disposal.** COVERED—All components and parts except: NOT COVERED—Failures due to stoppages.

3. **Central Vacuum.** COVERED—Motor; relay; switches; and wiring. NOT COVERED—Hoses, receptacles and attachments; inadequate capacity; piping; and blockages.

4. **Garage Door Opener.** COVERED—Mechanical parts and components (including drive chains or lead screws, motor, receiver board, relays, transmitters/remotes, switches, and obstruction sensors). Coverage is only for openers located in garages attached to the primary residential structure, or, if no attached garage, on detached garage used as a primary garage not located more than 30 feet from the home. Coverage is for up to 3 garage door openers on a single unit property. NOT COVERED—Batteries; damage caused by door malfunctions; door assemblies (including but not limited to door panels, tracks, rollers, hinges, cables and springs); frequency interference; touch or key pads; reprogramming; failure caused by improper installation; lost controls; and counter balance mechanisms.

5. **Trash Compactor.** COVERED—All components and parts except: NOT COVERED—Lock and key assemblies; and removable buckets.

6. **Built-in or Over-the-Range Microwave.** COVERED—All components and parts except: NOT COVERED—Portable, convection, infrared, high speed, or counter top units; interior linings; glass; shelves; meat probe assemblies or rotisseries; handles; and convection function in a combination oven/microwave.

7. **Kitchen Refrigerator.** COVERED—All components and parts except: **Coverage on kitchen refrigerator is limited to \$1,000 per contract year.** NOT COVERED—Ice makers, ice crushers, beverage dispensers, and associated parts; interior thermal shells or liners; food spoilage; inaccessible refrigerant leaks; and handles.

8. **Dishwasher.** COVERED—All components and parts (including racks, baskets, rollers, portable units in home at time of warranty inception). NOT COVERED—Cleaning or repair due to failure caused by foreign objects, scale, rust, minerals, and other deposits; handles; and rack replacement is at the discretion of Home Warranty.

9. **Range/Oven/Cooktop Stove.** COVERED—All components and parts except: NOT COVERED: Clocks (unless they affect the function of the oven); meat probe assemblies or rotisseries; racks; magnetic induction; glass; self-cleaning function; and convection function in a combination oven/microwave. Thermostatic controllers will only be replaced with standard controls.

10. **Clothes Washer.** COVERED—All components and parts except: NOT COVERED—Fabric softener dispensers; filter screens; knobs and dials; and damage to clothing.

11. **Clothes Dryer.** COVERED—All components and parts except: NOT COVERED—Venting; knobs and dials; damage to clothing.

OPTIONAL COVERAGES

1. **Pool or Spa.** COVERED—Pump motor and assembly; heating system. A separate fee is required for both pool and built-in spa equipment unless they utilize all common covered equipment. **Coverage on pool or spa is limited to \$500 per contract year.** NOT COVERED—Lights; liners; filter systems; removal of wet sand from sand filter system; structural defects; solar equipment; jets; ornamental fountains or waterfalls and associated parts; pool cover and related equipment; fill valves; built-in or detachable cleaning equipment and related parts; heat pump; portable spas; timer or remote control systems and associated systems; related plumbing; 2- and 3-way valves; and any concrete encased, below-ground, or inaccessible system or components.

2. **Well Pump.** COVERED—All components and parts of well pump utilized as the main source of water to the home (including well pump, controls, impellers, motor, and pump seals). **Coverage on well pumps is limited to \$500 per contract year.** NOT COVERED—Well casings; pressure or

storage tanks; plumbing or electrical lines leading to or connecting pressure tank and main dwelling (including but not limited to wiring from control box to the pump); redrilling of wells; booster pumps; contamination or lack of water; and excavation or other charges necessary to gain access.

3. Jetted Bathtub. COVERED—Built-in bathtub whirlpool motor and pump assemblies; accessible electrical controls; air pumps; drains; and gaskets. **Coverage on jetted bathtub is limited to \$500 per contract year. NOT COVERED**—Jets; bathtub shell or liner; caulking or grouting; conditions of water flow restriction due to scale, rust, or dry operation of equipment; and cost associated with gaining access to electrical, component parts, or plumbing.

4. Water Softener. COVERED—All parts and components except those classified as “not covered” below. **Coverage on water softener is limited to \$400 per contract year. NOT COVERED**—Rental units are not eligible for coverage; resin bed; and resin bed replacement.

5. Ice Maker. COVERED—Coverage on ice maker repairs or replacements is limited to \$200 per contract year. If parts are not available, our obligation is limited to cash in lieu of repair. **NOT COVERED**: Stand-alone ice makers and beverage dispenser.

LIMITS OF LIABILITY

1. Conditions resulting from owner negligence, acts of God, or situations beyond what Home Warranty considers to be normal usage are not covered (including but not limited to abuse, pet/pest damage, theft, water, flood, fire, lightning, freezing, earth movement, wind, improper installation/alteration, lack of adequate power or water supply, power failure/surges, blown fuses or tripped breakers, unplugged appliances).

2. Service will not be performed on systems with hazardous/toxic materials or asbestos, nor does agreement provide for any removal, disposal, or demanufacturing of an appliance or mechanical system or any costs associated with the removal, reclamation, or disposal of materials, chemicals, or fluids associated with repair or replacement of a mechanical system or appliance.

3. Any system or appliance outside the confines of the home is not covered with the exception of central air conditioning or heat pump units, optional pool or spa equipment, or optional well pumps.

4. Agreement covers only single-family residential-use property. Multiple units are covered if the appropriate fee is paid. Appliances or mechanical systems used for commercial or home business use (including but not limited to daycare, beauty salon, catering) are not eligible for coverage.

5. Agreement does not cover any appliance or system or part failure that is under a manufacturer’s warranty, recall notice or service bulletin, or manufacturer’s defect nor any appliance or system whose manufacturer warranty has been voided due to a removed manufacturer’s model and serial number tag.

6. Cosmetic and non-operational repairs are not covered (including but not limited to noise, odor, rust/corrosion, clocks/timers, self-cleaning function or other parts not affecting the core operation of the item, loss of some optional functions, computerized monitoring equipment). Agreement does not pay for repairs associated with lack of performance due to improperly sized systems, failure to conduct routine maintenance, or build-up of lime, scale, sediment or other chemical deposits, color or purity of water.

7. Agreement does not pay for services associated with routine maintenance (including but not limited to cleaning, lubricating, filter replacement) or when no failed parts are detected or failure is unable to be duplicated.

8. This agreement is not an insurance policy and will not duplicate or substitute for coverage provided under any insurance policy.

9. Any removal, repair, or replacement of systems whose defect is caused by moisture (including but not limited to mildew, mold, rot, fungus, rust, corrosion) is not covered.

10. Consumable or expendable items are not covered (including but not limited to filters and light bulbs).

11. Home Warranty will not be responsible for any work or expense (including permits) needed to bring systems into compliance with federal, state, local, utility, or any other jurisdiction’s codes or regulations.

12. Agreement does not cover any consequential damages, including but not limited to food spoilages; clothing damages; damages to persons; real property; personal property; or any other items (whether covered by this agreement or not) due to the failure of, or lack of timely repair or replacement of, an appliance or system.

13. Removal or reconstruction of (or subsequent or incidental damage to) systems, appliances, units, or walls, floors, carpeting, tile, ceilings and the like necessary to make repairs is not covered.

14. Any system or appliance where the agreement holder has failed or refused to provide a service company access to the item or its supporting systems is exempt from coverage.

15. This contract does not cover delays or failures to provide service caused by or related to any of the exclusions listed therein, shortages of labor or materials, or unwillingness of a servicer to perform service due to verbal abuse, threat of legal action or requests of the servicer to violate ethical standards or misrepresent the true nature of the diagnosis.

16. Any system or appliance that is operating within regulatory (including but not limited to EPA, OSHA, state or local building codes) or industry trade (including but not limited to ASHRAE, BPI) standards for carbon monoxide emissions or refrigerant loss is considered safe for operation and is not eligible for repair or replacement under this agreement until levels exceed these standards.

17. Your sole remedy under this agreement is the recovery of cost of the required repair or replacement, whichever is less. You agree that in no event will Home Warranty’s liability exceed \$5,000 per covered item or \$15,000 aggregate during the contract period.

18. This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof.

TRANSFER, CANCELLATION AND RENEWAL

1. **Transfer:** Agreements are transferable between property owners but remain tied to the originally warranted property.

2. **Cancellation:** Home Warranty may cancel an agreement if issued based on fraudulent or misrepresented facts material to agreement issuance or claim filing, or if payment is not received. If an agreement is canceled for lack of payment or fraudulent/misrepresented facts and service was provided on the agreement in excess of the amount collected by Home Warranty, homeowner will be responsible for the cost of service exceeding collected amount and any collection fees associated with securing payment. Agreement holder may cancel at any time by written notice. If cancelled within the first 30 days and no service has been provided, agreement holder will receive a full refund of the purchase price paid. If cancelled after day 30, or service has been provided, agreement holder will receive a pro rata refund of the unearned purchase price minus a 10% administrative fee (not to exceed \$50) less any claims paid.

3. **Renewal:** Agreements are renewable at Home Warranty’s discretion and where permitted by law. Home Warranty will notify homeowner of renewal rate and agreement terms if applicable. Plan renewals take effect from the expiration of the original inception date and are for a period of 1 year. Contracts on a monthly payment plan will auto-renew.

4. Any renewals affected after the expiration date has expired will be subjected to a 30-day waiting period before coverage will resume.

MISCELLANEOUS

Service plan is subject to state and local sales taxes where applicable. Home Warranty reserves the right to change/amend plan prices, coverage, or agreement terms without notice. Customer agrees to settle all disputes associated with this agreement exclusively through final and binding arbitration on an individual basis only, and not in any form of class, collective, or private attorney general representative proceeding (“Class Action Waiver”). This binding arbitration provision does not prevent the filing of a complaint with

a governmental administrative agency to the extent such complaints are permitted notwithstanding an agreement to arbitrate. This agreement shall be construed, and the legal relations between the parties determined, in accordance with the laws of the State of Iowa. Purchase of this warranty may result in Home Warranty paying a fee or commission to the agent or sales associate who obtained the sale. Home Warranty operates as Home Warranty of the Midwest, Inc. Obligations of the provider under this service contract are backed by the full faith and credit of the provider.

Iowa Residents: The issuer of this contract is subject to regulation by the Insurance Division of the Department of Commerce of the State of Iowa. Complaints that are not settled by the issuer may be sent to the Insurance Division.

Kentucky Residents: The holder of the service contract shall be entitled to make a direct claim against the insurer upon the failure of the maker to pay any claim within 60 days after the claim has been filed with the maker: United States Fire Insurance Company, 11490 Westheimer Rd, Ste. 300, Houston, TX 77252-2807.

Oklahoma Residents: In Oklahoma, Home Warranty is operating under First Home Warranty of the Midwest.

South Carolina Residents: In the event of a dispute with the provider of this contract, you may contact the South Carolina Department of Insurance, Capitol Center, 1201 Main St., Ste. 1000, Columbia, SC 29201 or (800)768-3467. This agreement is not an insurance contract. A 10% penalty per month shall be added to a refund that is not paid or credited within 45 days after return of the service contract to the provider. **A ten percent penalty per month shall be added to a refund that is not paid or credited within forty-five days after return of the service contract to the provider.**

TEXAS RESIDENTS: This contract is issued by a Residential Service Company licensed by the Texas Real Estate Commission. Complaints about this contract or company may be directed to the Texas Real Estate Commission at P.O. Box 12188, Austin, TX 78711- 2188, (512)936-3049. The purchase of a residential service contract or home warranty contract is optional and similar coverage may be purchased from other residential service companies or insurance companies authorized to conduct business in Texas.

NOTICE: YOU THE BUYER HAVE OTHER RIGHTS AND REMEDIES UNDER THE TEXAS DECEPTIVE TRADE PRACTICES–CONSUMER PROTECTION ACT WHICH ARE IN ADDITION TO ANY REMEDY WHICH MAY BE AVAILABLE UNDER THIS CONTRACT. FOR MORE INFORMATION CONCERNING YOUR RIGHTS, CONTACT THE CONSUMER PROTECTION DIVISION OF THE ATTORNEY GENERAL’S OFFICE, YOUR LOCAL DISTRICT OR COUNTY ATTORNEY OR THE ATTORNEY OF YOUR CHOICE.

Signature: _____

Agreement Number: _____

(Will be provided by Home Warranty)

NOTICE: THIS COMPANY PAYS PERSONS NOT EMPLOYED BY THE COMPANY FOR THE SALE, ADVERTISING, INSPECTION, OR PROCESSING OF A RESIDENTIAL SERVICE CONTRACT UNDER TEXAS OCCUPATIONS CODE §1303.304.

Wisconsin Residents: THIS CONTRACT IS SUBJECT TO LIMITED REGULATION BY THE WISCONSIN OFFICE OF THE COMMISSIONER OF INSURANCE.