

WATER HEATER REPAIR AND REPLACEMENT TERMS AND CONDITIONS

Please read carefully.

This Service Agreement

This Service Agreement provides coverage for Your water heater ("System").

HomeServe USA Repair Management Corp. ("HomeServe") will administer this Service Agreement. Your Service Agreement ("Service Agreement") consists of these terms and conditions as well as Your Declaration Page, which lists important information about Your coverage ("Declaration Page") and is the entire agreement between You and Us.

HomeServe is Your point-of-contact for all questions or concerns.

How can You contact HomeServe?

7134 Lee Highway, Chattanooga, TN 37421 • Please see Your Declaration Page for HomeServe's phone numbers.

This is not an insurance policy. This Service Agreement is between you, the Service Agreement holder listed on the Declaration Page ("You" or "Your") and us, North American Warranty, Inc. ("Us", "We", "Our", "NAW"), the entity obligated to provide service. We are responsible for providing Your benefits.

Eligibility

Who is eligible for this coverage?

Owners of:

- A single structure or single housing unit within a structure not intended to be moved ("Home") that is used and zoned only for residential occupancy, including:
 - a) Single-family homes
 - b) Townhomes and apartments
 - c) Multi-family homes

If You own a multi-family Home or multiple housing units, You must provide the specific mailing address for each Service Agreement You purchase.

If You own more than 1 System but do not purchase a Service Agreement for each, You must designate which System this Service Agreement should cover when You enroll. If You do not designate this information during enrollment, then this Service Agreement will cover the first System that You make a Service Call for.

Who is not eligible for this coverage?

Owners of:

- Recreational vehicles or homes intended to be moved
- Properties used for commercial purposes

Properties that have:

- A System with a pre-existing condition, defect or deficiency that You are aware of prior to the Start Date of Your first Term
- An entire System shared with a third party or that is covered by a homeowner's, condominium or like association
- A System not installed according to manufacturer specifications
- A System that is commercial grade, larger than 100 gallons, tankless, solar, geothermal, oil, rooftop, hanging tank-based, or combination home heating/domestic hot water units

Coverage

You must call HomeServe for Covered Repairs. For Covered Repairs, there must be an operational failure to Your System. You are responsible for charges beyond Your Benefit Limit.

Under this Service Agreement, normal wear and tear of Your System, as described below, is characterized by deterioration that occurs naturally over time resulting from standard use.

What is a Covered Repair?

Repair or replacement of the following for which You have sole responsibility, that is damaged due to normal wear and tear:

- Your Home's broken or failed electric, natural gas, or propane System.

What is the maximum amount We will pay for Covered Repairs?

- Up to \$1,500 per Term ("Benefit Limit").
- Multiple Service Calls up to the Benefit Limit. See "What is a Service Call?" below.

What will happen if We cannot repair Your System?

- If We determine that Your System cannot be repaired, We will provide up to the remainder of Your Benefit Limit towards the purchase and installation by Us of a comparable replacement.

Exclusions

What is not covered?

General exclusions:

1. Damages, losses or expenses, whether from accident, negligence or otherwise, caused by: (a) You or any person or entity other than Us or HomeServe or (b) unusual circumstances, meaning war, government regulations, pandemics, riots, hostilities, strikes, work slowdowns, acts or threats of terrorism, fires, explosions, or acts of God including but not limited to natural disasters, earthquakes, tidal waves, and extreme weather (such as tornadoes, drought, hurricanes, and floods).
2. Excluded Damages (see "Limits of liability"), for example damages necessary to access the repair area. Your rights and remedies may vary depending on the state where Your Home is located.
3. Correction of, or reimbursement for, any repairs made by You or anyone You hire.
4. Any repairs or replacements when no operational failure of Your System has occurred.
5. Any replacement, correction, upgrade, or move of Your existing System in order to meet any code, law, regulation, ordinance, or utility directive, if not directly related to the necessary Covered Repair.
6. Any sections or parts of Your System that are not installed according to code, law, regulation, ordinance, or manufacturer specification(s).
7. Assessing, remediating or abating mold or notifying You of any mold that may be present in Your Home.
8. Any section of Your System that is shared with any third party or is covered by a homeowners', condominium or like association.
9. Costs to modify the installation space if the replacement unit does not fit.
10. Repair or replacement of any sections or parts of Your System that are not stated to be covered in "What is a Covered Repair?"

System exclusions:

1. Jacket and interior doors, exhaust venting, expansion tanks except when required by local code, non-flexible water supply and delivery piping, and electrical service wiring.
2. Damage due to restricted lines or water pressure over 80 P.S.I.

Service Calls

What is a Service Call?

A visit to Your Home by one of HomeServe's approved technicians where either work is performed to diagnose and complete a single Covered Repair or it is determined that the repair is not covered ("Service Call").

Do You have to pay anything for a Service Call?

There is no fee to make a Service Call.

When can You request a Service Call?

There is an initial period of 30 days during which You will not be able to request a Service Call ("Waiting Period"), giving You less than 12 full months of coverage in the first Term. For a Service Call requiring a replacement of Your System there is an initial 90 day Waiting Period. Upon renewal if applicable, there will be no Waiting Period.

How can You request a Service Call?

Call HomeServe and a service representative will schedule a Service Call. You will not be reimbursed for work not authorized by HomeServe. Technicians must have safe and clear access to, and safe working conditions at and around, the work area. In order to make a Service Call Your Service Agreement must be active and You must be current with Your payment(s) of the amount You agree to pay for this Service Agreement, as listed on Your Declaration Page ("Price"). Whether Your System is to be repaired or replaced is entirely within the discretion of HomeServe.

What is the Covered Repair Guarantee?

For 12 months, We will arrange at Our expense and choice for repair or replacement of Covered Repairs which are defective in materials or workmanship ("Covered Repair Guarantee"). We disclaim any and all statutory or common law warranties (whether express or implied) other than the Covered Repair Guarantee and any implied warranties that cannot be excluded under applicable law.

Term, cancellation and renewal

When does this Service Agreement start and how long is it?

Your Service Agreement begins on the start date listed on Your Declaration Page ("Start Date") and continues for 12 months ("Term").

Can You cancel?

You may cancel at any time by either calling HomeServe or going online to <https://www.homeserveusa.com/cancel>.

- If You cancel within 30 days of the Start Date, You will receive a full refund less any claims paid by Us.
- If You cancel more than 30 days after the Start Date, You will receive a pro-rata refund less any claims paid by Us.
- If Your local utility or municipality provides similar coverage to You at no charge and You cancel, We will refund the payments You have made less any claims paid by Us. You may be required to provide evidence of the similar coverage.

Can We cancel?

- We may cancel, with no less than 15 days' notice to You: (a) for non-payment of the Price; (b) if We find that You already have coverage that is the same or similar to the coverage provided by this Service Agreement; (c) if We find that You are ineligible for this coverage; or (d) for Your: (i) fraud; or (ii) misrepresentation of facts that are material to this Service Agreement or benefits provided under it.
- We may cancel for any other reason on 60 days' notice to You.

If We cancel for (a), no refund will be given. If We cancel for (b) or (c), We will refund the payments You have made less any claims paid by Us. In all other cases You will get a pro-rata refund less any claims paid by Us.

You will be notified in writing prior to cancellation. The notice will tell You when Your Service Agreement will be cancelled and why it has been cancelled. The notice period begins when We send the notice to You.

Will this Service Agreement automatically renew?

Unless You tell Us otherwise, Your Service Agreement will automatically renew at the end of every Term for another 12 months at the then-current renewal price. We may change the price at renewal. We reserve the right to not offer this Service Agreement upon renewal.

Other terms

How can You contact NAW?

175 West Jackson Blvd., 8th Floor, Chicago, IL 60604 • 1-866-918-4680

Receiving documents electronically

If You consent to electronic delivery, You can receive Your Service Agreement and all related documents to the email address listed on Your Declaration Page ("Email Address"). To update Your Email Address or discontinue electronic delivery of Your documents You can call HomeServe or update Your preferences in Your website profile at www.homeserveusa.com.

Privacy policy

HomeServe is serious about the private nature of Your personal data. Please read their Privacy Policy, a link to which can be found at the bottom of every page at www.homeserveusa.com, carefully to fully understand how they collect, share, and protect personal data about You. You can also call HomeServe to request a copy.

Assignment/Amendment

We may assign this Service Agreement, in whole or in part, at any time without prior notice to You. We may change this Service Agreement (including the Price) and delegate any of Our obligations at Our sole discretion and without Your consent provided We give You 30 days' prior written notice of the changes. The changes will become effective 30 days after We send You the notice. You may not change this Service Agreement or delegate any of Your obligations.

Transfer

You may not transfer this Service Agreement.

General

Should any of these terms and conditions conflict with the laws of Your state they shall be deemed amended so as to comply with those laws. Should certain terms or conditions be held to be invalid or unenforceable, the remainder of these terms and conditions shall remain valid.

Responsibility for benefits owed to You

Our obligations under this Service Agreement are insured under a service contract reimbursement insurance policy. If We fail to pay or to deliver service on a claim within 60 days after proof of loss has been filed, or in the event You cancel and We fail to issue any applicable refund within 60 days after cancellation, You are entitled to make a claim against the insurer, Virginia Surety Company, Inc., 175 West Jackson Blvd., 8th Floor, Chicago, IL 60604, 1-800-209-6206.

Limits of liability

To the fullest extent permitted by applicable law, (1) You agree that We and HomeServe, and both of our respective parents, successors, affiliates, approved technicians and Our and their officers, directors, employees, affiliates, agents, contractors or similar parties acting on behalf of either Us or HomeServe shall not be liable to You or anyone else for: (a) any actual losses or direct damages that exceed the lowest applicable per repair Benefit Limit, or, if there is no maximum Benefit Limit, any actual losses or direct damages that exceed the cost of

repairs provided for in the “What is a Covered Repair?” section(s) of this Service Agreement, relating to any repairs performed by Us, HomeServe or on behalf of either Us or HomeServe or services provided hereunder giving rise to such loss or damage; or (b) any amount of any form of indirect, special, punitive, incidental or consequential losses or damages, damages based on anticipated or lost profits, wages, or revenue, or damages based on diminution in value or a multiple of earnings, including those caused by any fault, failure, delay or defect in providing any repairs performed by Us, HomeServe or on behalf of either Us or HomeServe or services provided under this Service Agreement, regardless of whether such damages were foreseeable and whether or not We or HomeServe or anyone acting on behalf of either Us or HomeServe have been advised of the possibility of such damages (the damages listed in clauses (a) and (b), collectively the “Excluded Damages”); and (2) these limitations and waivers shall apply to all claims and all liabilities and shall survive the cancellation or expiration of this Service Agreement. You may have other rights that vary from state to state.

Arbitration: YOU, NAW AND HOMESERVE ALL AGREE TO RESOLVE DISPUTES BY BINDING ARBITRATION as follows:

- A. ANY DISPUTE THAT ARISES OUT OF OR RELATES TO THIS SERVICE AGREEMENT OR FROM ANY OTHER AGREEMENT BETWEEN US, OR SERVICES OR BENEFITS YOU RECEIVE OR CLAIM TO BE OWED FROM NAW OR HOMESERVE, WILL BE RESOLVED BY ARBITRATION ON AN INDIVIDUAL BASIS.** This arbitration agreement applies to disputes no matter when they arose, including claims that arose before You and We entered into this Service Agreement. This arbitration agreement also applies to disputes involving the officers, directors, managers, employees, agents, affiliates, insurers, technicians, successors or assigns of NAW or HomeServe. In addition, this arbitration agreement covers any claims or causes of action against NAW or HomeServe that You may assign or subrogate to an insurer. The American Arbitration Association (“AAA”) will administer the arbitration under its Consumer Arbitration Rules. The Federal Arbitration Act applies. Unless You and We agree otherwise, any arbitration hearings will take place in the county where Your Home is located.
- B.** Any party bringing a claim may choose to bring an individual action in small claims court instead of arbitration, so long as the claim is pursued on an individual rather than a class-wide basis.
- C. THIS ARBITRATION AGREEMENT DOES NOT PERMIT CLASS ACTIONS AND CLASS ARBITRATIONS.** By entering into this Service Agreement, all parties are waiving their respective rights to a trial by jury or to participate in a class or representative action. **THE PARTIES AGREE THAT EACH MAY BRING CLAIMS AGAINST THE OTHER ONLY IN ITS INDIVIDUAL CAPACITY, AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS, REPRESENTATIVE, OR PRIVATE ATTORNEY GENERAL PROCEEDING.** You may bring a claim only on Your own behalf and cannot seek relief that would affect other parties.
- D.** HomeServe will pay any filing fee, administration, service or case management fee, and arbitrator fee that the AAA charges You for arbitration of the dispute.
- E. BY AGREEING TO ARBITRATION, YOU ARE WAIVING YOUR RIGHT TO PROCEED IN COURT.**
- F. IF FOR ANY REASON A CLAIM OR DISPUTE PROCEEDS IN COURT RATHER THAN THROUGH ARBITRATION, YOU, NAW AND HOMESERVE UNCONDITIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY.** This jury trial waiver also applies to claims asserted against any of the officers, directors, managers, employees, agents, affiliates,

insurers, technicians, approved technicians, successors or assigns of NAW or HomeServe.

State variations

The following shall apply if inconsistent with any other terms and conditions of this Service Agreement:

[\[Please click here to see if any state specific variations apply to You.\]](#)