WATER HEATER (TWO) REPAIR AND REPLACEMENT TERMS AND CONDITIONS

PLEASE READ THE FOLLOWING TERMS CAREFULLY AS THEY MAY AFFECT YOUR LEGAL RIGHTS, INCLUDING YOUR RIGHT TO A TRIAL BY JURY, AS A MUTUAL BINDING ARBITRATION AGREEMENT IS INCORPORATED.

This Service Agreement

This Service Agreement provides coverage for Your 2 water heater(s) ("System(s)"). This Service Agreement applies only to covered System(s) owned by You.

HomeServe USA Repair Management Corp. or the alternate administrator specified in the "State variations", as applicable ("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, National Home Repair Warranty, Inc. or the alternate provider specified in the "State variations", as applicable ("Us", "We", "Our", "Provider"), 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"), zoned and used solely for residential use, including:
  a) Single-family homes
  b) Townhomes and apartments
  c) Mobile homes
  d) Multi-family homes

Under this Service Agreement, a Housing Unit means a single residential unit within a larger structure that functions as an independent living space, with a kitchen, a bathroom, and accommodation(s) for sleeping.

This Service Agreement covers 1 Housing Unit. If You own a multi-family Home or multiple Housing Units, You must provide the specific mailing address for each Service Agreement You purchase.

Properties that have:

- A standard or tankless System fueled by natural gas, propane, or electricity.

Your Home must be in a habitable condition and Your System(s) must be in good, working order at the Start Date of Your first Term.

If You own more than the designated number of Systems but do not purchase a Service Agreement for each, You must designate which System(s) 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, for example childcare facilities, beauty salons, and properties such as boarding houses that have individual rooms for rent

Property management companies are unable to enroll properties owned by a third party.

Properties that have:

- System(s) with a pre-existing condition, defect, or deficiency, that You are aware of or should have been reasonably aware of prior to the Start Date of Your first Term
- System(s) not installed according to code at the time of installation
- An entire System shared with a third party or that is covered by a homeowners', condominium or like association
- System(s) not installed according to manufacturer specifications
- A System that is commercial grade, larger than 100 gallons, is installed on a roof, or is a solar, geothermal, oil, electric hybrid (also known as a heat pump water heater), smart System, equipped with Wi-Fi or Bluetooth functionality, hanging tank-based, or combination home heating/domestic hot water unit

If You have had a Service Agreement with Us cancelled due to fraud or a misrepresentation of facts by You, You are not eligible.

If You are found to be ineligible for this coverage, Your Service Agreement will be voided, and We will refund the payments You have made less any benefits paid, provided, or reimbursed by Us.

Coverage

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

Covered Repairs will be completed in accordance with applicable local code at the time of the Covered Repair.

Under this Service Agreement, normal wear and tear of Your System(s), 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 System.

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.

System Benefit Limit(s):

What is the maximum amount We will pay for Service Calls and Covered Repairs ("Benefit Limit")?

- Up to $1,500 per Term for each System.
- Multiple Service Calls up to the Benefit Limit.

See "What is a Service Call?" below.

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; (b) unusual circumstances, meaning war, government regulations, pandemics, riots, hostilities, strikes, work slowdowns, acts or threats of terrorism, fires, explosions, theft, or acts of God including but not limited to natural disasters, earthquakes, tidal waves, and extreme weather (such as tornadoes, drought, hurricanes, and floods); or (c) wildlife.**
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. **Any loss arising out of the unauthorized access or use of any system, software, hardware, or firmware, or any modification, reprogramming, destruction, or deletion of data or software by any means.**
4. **Any section of Your System(s) that is shared with any third party or is covered by a homeowners', condominium or like association.**
5. **Assessing, remediating or abating mold or other hazardous materials or notifying You of any mold or other hazardous materials that may be present in Your Home.**
6. **Any sections or parts of Your System(s) that are (a) not installed according to code, law, regulation, ordinance, or manufacturer specification(s); (b) damaged due to external factors, such as rust, corrosion, warping, bending, animals, animal inhabitation, or insect infestation.**
7. **Correction of, or reimbursement for, any repairs made by You or anyone You hire.**
8. **Any replacement, correction, upgrade, or move of Your existing System(s) in order to meet any code, law, regulation, ordinance, or utility directive, if not directly related to the necessary Covered Repair.**
9. **Any repairs or replacements: (a) that are covered by a manufacturer's warranty, service contract, or insurance policy; or (b) for System(s) involved in a manufacturer's recall, defect, or class action lawsuit.**
10. **Costs to modify the installation space if the replacement unit does not fit.**
11. **Repair or replacement of any sections or parts of Your System(s) that are not stated to be covered in "What is a Covered Repair?".**

System exclusions:

1. **Jacket and interior doors, heat exchangers, exhaust venting, expansion tanks, non-flexible gas and water supply and delivery piping, and electrical service wiring.**
2. **Damage due to restricted lines or water pressure over 80 P.S.I.**
3. **For replacements, We will not cover any change in fuel type.**

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. If You miss a scheduled Service Call, a "no show" fee will be applied to Your applicable Benefit Limit. If We determine that a repair is not covered after a technician is sent to Your Home, a "call out charge" will be applied to Your applicable Benefit Limit. The "no show" fee and "call out charge" will be based on where Your Home is located and the time of Your scheduled Service Call, not to exceed what the technician charges HomeServe, up to a maximum of $250.

When can You request a Service Call?

As soon as Your Service Agreement begins. For a Service Call requiring a replacement of Your System there is an initial 90 day Waiting Period ("Waiting Period"). This Service Agreement only provides for Covered Repairs that occur after the Start Date. 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(s) are to be repaired or replaced is entirely within the discretion of HomeServe.

HomeServe may request supporting documentation such as utility bills to verify Your Service Call.

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").

What if You sell or transfer ownership of Your Home?

You must notify Us within 90 days of Your Home's closing date in order for Your cancellation to be backdated to such date. If You notify Us after 90 days, We will cancel Your Service Agreement as of that date. See "Can You cancel?" below.

Can You cancel?

You may cancel at any time in the following ways:

- Through Your online HomeServe account;
- By calling HomeServe at the number listed on Your Declaration Page;
- By mail to the address listed in "How can You contact HomeServe?" above and include Your full name and Home address;

- By email to info@homeserveusa.com and include Your full name and Home address;
- Via webchat at http://homeserve.com.

If You cancel within 30 days of the Start Date, You will receive a full refund less any benefits paid, provided, or reimbursed by Us. If You cancel more than 30 days after the Start Date, You will receive a pro-rata refund less any benefits paid, provided, or reimbursed 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 benefits paid, provided, or reimbursed by Us. You may be required to provide evidence of the similar coverage.

Can We cancel?

- We may cancel this Service Agreement immediately without prior written notice to You if We determine cancellation is warranted due to Your: (a) fraud; or (b) misrepresentation of facts that are material to this Service Agreement or benefits provided under it.
- We may cancel, with no less than 15 days' written notice to You: (c) for non-payment of the Price; or (d) if We find that You already have coverage that is the same or similar to the coverage provided by this Service Agreement;
- We may cancel for any other reason on 60 days' notice to You.

Cancellation notices from Us will state when Your Service Agreement will be cancelled and why it has been cancelled. A notice period begins when We send the notice to You.

If We cancel for (a) or (b) You will get a pro-rata refund less any benefits paid, provided, or reimbursed by Us. If We cancel for (c) no refund will be given. If We cancel for (d) We will refund the payments You have made less any benefits paid, provided, or reimbursed by Us.

If We determine You committed fraud and/or misrepresented facts that are material to this Service Agreement or benefits provided under it, We may cancel any and all service agreements You have with Us with no 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 Us?

59 Maiden Lane, 43rd Floor, New York, NY 10038 • 1-877-382-7818

Receiving documents electronically

If You consent to electronic delivery, You can receive Your Service Agreement and all related documents at 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.homeserve.com.

Privacy policy

HomeServe is serious about the private nature of Your personal data. Please carefully read their Privacy Policy, a link to which can be found at the bottom of every page at www.homeserve.com, 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 any applicable laws 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. We may offer incentives, discounts, and/or promotions from time-to-time under this Service Agreement, valued up to the limits regulated under state law. You consent to receive account-related and other nonmarketing calls, texts, and prerecorded voice messages at the telephone number You provide and any telephone numbers You provide in the future.

IF FOR ANY REASON A CLAIM PROCEEDS IN COURT RATHER THAN THROUGH ARBITRATION, YOU, PROVIDER 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 Provider or HomeServe. The parties agree that 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 and that no party may participate in a class action lawsuit. In addition, if, notwithstanding the Arbitration Agreement, a claim proceeds in a court of general jurisdiction instead of arbitration, the parties agree that they will not bring or participate in a class action lawsuit.

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, Wesco Insurance Company, Inc. at 59 Maiden Lane, 43rd Floor, New York, NY 10038, 1-877-382-7818.

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 (i) lowest applicable per repair Benefit Limit; (ii) any actual losses or direct damages that exceed the cost of repairs or services provided for in this Service Agreement if there is no maximum Benefit Limit; or (iii) price related to any repairs or services 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 Agreement: YOU, PROVIDER AND HOMESERVE ALL AGREE TO RESOLVE DISPUTES BY BINDING INDIVIDUAL 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 PROVIDER OR HOMESERVE, WILL BE RESOLVED BY ARBITRATION ON AN INDIVIDUAL BASIS.** For purposes of this Arbitration Agreement, "You" and "Your" refers to all members of the Home covered by this Service Agreement, and each of those individuals is an intended beneficiary of both this Arbitration Agreement and this Service Agreement. This Arbitration Agreement applies to claims no matter when they arose, including claims that arose before You and We entered into this Service Agreement. This Arbitration Agreement also applies to claims involving past, present, or future officers, directors, managers, employees, agents, affiliates, insurers, technicians, successors or assigns of Provider or HomeServe. In addition, this Arbitration Agreement covers any claims against Provider 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, and, if applicable, its Mass Arbitration Supplementary Rules, as modified by this Arbitration Agreement. The Federal Arbitration Act applies. Unless You and We agree otherwise, any arbitration hearings will take place in the county where You reside.

B. A party may commence an arbitration proceeding only if the parties do not reach an agreement to resolve the claim during the Informal Resolution Period.
   1. You may commence the arbitration process by first sending HomeServe, and HomeServe may commence by first sending You, a written notice of claims ("Notice") and then engaging in good faith negotiations of the claims in an effort to resolve them without the need for arbitration proceedings. A party's Notice must include their: (1) name; (2) mailing address; (3) email address; (4) telephone number; (5) description of claim(s) (including, where applicable, specific dates); (6) specific relief sought; (7) physical or electronic signature; and if the party hired an attorney, (8) signed statement authorizing the other parties to disclose the party's account records to the attorney for the other parties if necessary. Your Notice should be sent to HomeServe by certified mail at 7134 Lee Highway, Chattanooga, TN 37421. HomeServe's Notice should be sent to the address HomeServe has on file for You.
   2. A party can request a telephone or video call with the other parties for an informal attempt to resolve the claim within 60 days after a party's Notice is sent ("Informal Settlement Conference"). If timely requested, the parties will work together to select a time and place or method for the Informal Settlement Conference. The parties' business representatives (if any) must participate in a good faith effort to settle the claims of the party who sent the Notice. The parties' attorneys may also participate, if applicable.
   3. A party's right to file for arbitration with the AAA will be paused until 30 days after the Informal Settlement Conference ("Informal Resolution Period"). If the parties are not able to resolve the claim to the satisfaction of the party who sent the Notice within the Informal Resolution Period, that party may commence arbitration proceedings with the AAA. Any applicable statute of limitations or contractual limitations period(s) related to the claims in Your Notice will be paused during the Informal Resolution Period.
   4. **A PARTY MUST PROVIDE A NOTICE, PARTICIPATE IN THE INFORMAL SETTLEMENT CONFERENCE AND WAIT UNTIL THE INFORMAL RESOLUTION PERIOD HAS ELAPSED BEFORE COMMENCING AN ARBITRATION PROCEEDING**. If any aspect of these requirements has not been met, the parties agree that a court can prevent any party from filing and/or prosecuting an arbitration, and, unless prohibited by law, the arbitration administrator shall not accept or administer an arbitration nor assess fees in connection with such arbitration.

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 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, nor may an arbitrator award, relief that would affect other parties. If a court decides that applicable law prevents enforcement of any of this Section C as to any of Your claims or requested relief, then those specific claims or requests must be removed from arbitration and You may bring them in court.

D. We will reimburse You at the conclusion of the arbitration proceeding for any fees that the AAA charges You for arbitration of the claim, so long as You complied with the entirety of the terms of this Arbitration Agreement and Your claim was not determined to be frivolous or brought for an improper purpose by an arbitrator or judge.

E. If 25 or more service agreement holders submit notices or seek to file arbitrations raising claims similar to Yours and are represented by the same or coordinated counsel (regardless of whether the cases are submitted at the same time), all of the cases must be resolved in arbitration in stages using staged test trial, or "bellwether," proceedings if they are not resolved during their Informal Resolution Periods. You agree to this process even though it may delay the arbitration of Your claims.
   1. In the first stage, each side shall select 20 cases (40 cases total) to be filed in arbitration and resolved individually by different arbitrators, with each case assigned to an arbitrator from the state in which the service agreement holder resides In the meantime, no other cases may be filed in arbitration, and the AAA shall not accept, assess or demand fees for, or administer arbitrations that are commenced in violation of this section E. The arbitrators are encouraged to resolve the cases within 120 days of appointment or as swiftly as possible.
   2. If the remaining cases are unable to be resolved after the conclusion of the first stage bellwether proceeding, each side shall select up to another 20 cases (40 cases total) to be filed in arbitration and resolved individually in accordance with this

Arbitration Agreement. During this second stage, no other cases may be filed in arbitration.

3. If any claims remain after the second stage, this process will be repeated until all claims are resolved through settlement or arbitration, with two alterations:
   - First, a total of 60 cases may be filed each round (unless a higher number of cases is mutually agreed upon in writing).
   - Second, arbitrators who were assigned cases in previous rounds may be appointed to new cases.
4. If this section E applies to Your Notice, Your claims and requested relief shall be paused from the beginning date of Your Informal Resolution Period until Your Notice is selected for a bellwether proceeding, withdrawn, or otherwise resolved.
5. A court will have authority to enforce this section E, including to enjoin the filing, assessing or demanding fees for, administration of, or prosecution of arbitrations.
6. This Section E and each of its requirements are intended to be severable from the rest of this Arbitration Agreement. If Section E or any portion of it is determined to be unenforceable, then the remainder of the Arbitration Agreement shall continue in full force and effect.

F. **BY AGREEING TO ARBITRATION, THE PARTIES ARE WAIVING THEIR RIGHT TO PROCEED IN COURT AND TO A JURY TRIAL.**

G. Notwithstanding this Arbitration Agreement, 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.

Please see next page for any state variations that may apply.

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.]