

TERMS OF COVERAGE

1. **Service Request:** If a Covered Item fails during the Contract Term, the Contract Holder must place a service request online at www.nhwusa.com, or by email at info@NHWUSA.com, or by calling 1-702-641-8888 (Las Vegas) or 1-480-428-8800 (Phoenix). Upon receipt of a service request, NHW will call the Contract Holder to schedule a mutually convenient appointment during normal business hours. Alternatively, upon receipt of a service request, NHW may contact an independent service contractor (Contractor) within 3 hours during normal business hours (within 48 hours on weekends and holidays). In such later event, the assigned Contractor will call the Contract Holder directly to schedule a mutually convenient appointment during normal business hours. NHW will determine whether the service request constitutes an emergency, and NHW will make reasonable efforts to expedite emergency service. **Nevada Contract Holders: "Emergency" as defined by Nevada Revised Statutes includes but is not limited to the loss of heating or cooling, loss of plumbing, or substantial loss of electrical service by the Contract Holder, and the emergency renders a dwelling unfit for a person to live because of defects that imminently endanger the health and safety of the occupants of the dwelling. Emergency service work will be started no later than 24 hours after the report of the claim and be completed as soon as reasonably practicable thereafter.** If NHW determines that repairs cannot practically be completed within 3 calendar days after the report of the claim, then NHW will provide a status report to the Contract Holder, **by verifiable means, and in the case of Nevada Contract Holders, to the Nevada Commissioner of Insurance by electronic means,** no later than three (3) calendar days after the report of the claim. The report will include a list of the required repairs or services, the primary reasons for the delay including the status of any parts required for the repair or service, the current estimated time to complete the repairs or service and contact information for the Holder to make inquiry. **Nevada Contract Holders: If the Holder is not satisfied with the manner in which NHW is handling the claim, the Holder may contact the Nevada Commissioner of Insurance by calling, toll free: 888-872-3234.**

2. **Contractor Selected by Contract Holder:** Should NHW grant the Contract Holder permission to contact a Contractor of Contract Holder's own selection directly to perform a Covered Service, NHW will reimburse the Contract Holder in the amount of NHW's actual cost to repair or replace the system or appliance only if the Contractor is qualified, licensed, and insured. Once the Contractor arrives at the property and prior to the Contractor performing any repairs for which the Contract Holder may seek reimbursement, the Contract Holder must contact NHW by calling 1-702-641-8888 (Las Vegas) or 1-480-428-8800 (Phoenix) to confirm that service or repair is a Covered Service under the Contract.

3. **Service Trade Call Fee:** The Contract Holder is required to pay \$75 as a service trade call fee for each trade service request submitted to NHW. For example, if a Contract Holder needs both a plumber and an appliance technician, a separate service trade call fee is due and payable for each. The fee is due at the time the Contract Holder requests service and the fee is due regardless of whether: the requested service is covered or denied; the diagnosis results in a complete or partial exclusion of coverage; the Contractor is en route to the home and the Contract Holder cancels the appointment; Contract Holder fails to provide the necessary access to perform the service request, including not being home at the time of the prearranged appointment. Failure to pay a service trade call fee will result in suspension of coverage until such time as the fee is paid. Upon receipt of that payment, coverage will be reinstated for the remainder of the Contract Term. If the service trade call fee is not paid and is sent to collections, any fees to collect payment will be charged to the Contract Holder.

4. **Warranty on Service Work:** Service work is warranted (without an additional service trade call fee) for 30 days on labor and 90 days on parts. The 30/90-day warranty applies only to malfunctions that are reported to NHW during the Term of the Contract.

5. **Commencement of Buyer's Coverage:** If the Contract was purchased incident to the purchase of a property, and if the fee for the Contract was paid through escrow, Buyer's coverage starts at the Close of Escrow and continues for a period of one year. If the contract fee has not been received by NHW, requests for service will be dispatched once payment of the contract fee is verified by the closing agency or another source of contract payment is made (i.e. credit card). All calls for service must be made prior to the expiration of the Contract. **FOR HOMES NOT GOING THROUGH A STANDARD REAL ESTATE TRANSACTION, CONTRACT COVERAGE BEGINS 30 DAYS FOLLOWING RECEIPT OF PAYMENT BY NHW. IN ALL CASES, ANY REQUESTED COVERAGE OPTIONS MUST BE ADDED AT THE TIME OF PURCHASE.**

6. **New Construction Coverage:** Coverage, including any optional coverage begins on the first anniversary of the Close of Escrow and continues for four years from that date, provided the plan fee is received by NHW within 10 working days from the Close of Escrow. All systems and appliances to be covered must be in good working condition at the time coverage begins on the first anniversary after the Close of Escrow. Anytime during the first year of ownership, the Contract Holder may call NHW for assistance in the event a problem arises with a system or appliance generally described in the Contract. NHW will assist the Contract Holder in contacting the manufacturer or contact the manufacturer on the Contract Holder's behalf to determine the remedies available to the Contract Holder under the manufacturer's warranty for the system or appliance associated with the Contract Holder's request.

7. **Homeowner Coverage:** This Contract covers single-family dwellings, townhouses and condominiums under 5,000 square feet. If this Contract is for a single-family dwelling located in a multi-unit building, then only systems and appliances contained within the confines of the covered dwelling are covered. Common systems and common appliances located in the multiple unit building and serving multiple units are not covered unless each unit within the building has purchased coverage (see paragraph 8, below). Guest houses, casitas or similar structures require a separate contract. Covered dwellings cannot be used for commercial purposes, for example, as day care centers, nursing care homes, fraternity/sorority houses, etc.

8. **Duplex, Triplex, and Fourplex Dwellings:** If this Contract is for a duplex, triplex, or fourplex dwelling, then every unit within such dwelling must be covered by a NHW contract for coverage to apply to common systems. Should any unit within such duplex, triplex or fourplex dwelling not be covered by a NHW contract, then there is no coverage for common systems and common appliances.

9. **Limitation to Covered Items:** This Contract covers only those parts, components, systems and appliances specifically mentioned as covered and excludes all others. Exclusions from coverage vary with the coverage option selected. Specific exclusions from coverage are listed in the descriptions of the coverage options beginning on page 8. We recommend that you review your Contract completely. Covered systems and/or appliances must be located within the main foundation of the home or garage except for exterior well pump, air conditioner/evaporative

cooler, pressure regulator, waste/stop valves, water heaters, pool/spa equipment, sewage ejector pump and outdoor septic tank system equipment. All coverage is subject to the limitations and conditions mentioned in this contract.

10. **Optional Seller's Coverage:** If desired, Seller's optional coverage must be ordered in conjunction with a Buyer's Plan. Seller's Coverage begins upon issuance of a confirmation number by NHW and continues for 180 days, the Close of Escrow, or termination of a listing, whichever comes first. Seller's Coverage may be extended at NHW's sole discretion. Seller's Coverage is not available on homes in excess of 5,000 square feet, for sale by owner properties, New Construction Coverage, multi-unit homes, guest houses, casitas, or any of the Buyer's Coverage Options. The combined contract aggregate limits for the access, diagnosis, repair and replacement of the following items during the Seller's Coverage period apply; heating and/or air conditioning system/evaporative cooler and ductwork = \$1,500 maximum; furnace failures due to a cracked heat exchanger or combustion chamber = \$500 maximum. All other limits and aggregates apply.

11. **Condition of System or Appliance Upon Commencement of Coverage:** Covered Systems or Appliances must be in good, safe working order at the start of the Contract or they are not covered under your home warranty contract. Unknown pre-existing conditions will be covered if, at the time coverage began, the defect or malfunction would not have been known to the Buyer, Seller, agent, or home inspector by a visual inspection and by operating the system or appliance. A visual inspection of the covered item verifies that it appears structurally intact and without damage or missing parts that would indicate inoperability. Operating the Covered Item is defined as turning the item on and off to ensure that it is operational. While turned on, the item operates without causing damage, irregular sounds, smoke or other abnormal outcomes.

12. **Malfunction due to Insufficient Maintenance, Rust Corrosion, Sediment:** NHW will not repair or replace Covered Systems or Appliances which mechanically malfunction due to insufficient maintenance, rust, corrosion, or sediment, unless otherwise noted in this Contract.

13. **Arizona Contract Holders:** This Contract may be cancelled by the Contract Holder at any time. NHW may cancel this Contract for the following reasons: (a) non-payment of contract fees; (b) fraud or misrepresentation of facts material to the issuance of this Contract; (c) when Contract is for Seller's Coverage and Close of Escrow does not occur, or (d) mutual agreement between Contract Holder and NHW. If Contract is cancelled, the Contract Holder shall be entitled to a prorated refund of the paid contract fee for the unexpired term, less any unpaid service trade call fees and an administrative fee equal to an amount not exceeding the lesser of 10% of the gross amount paid for the contract or \$50.

14. **Nevada Contract Holders:** This Contract may be cancelled by NHW before it expires for the following reasons: (a) non-payment of Contract or service trade call fees by Contract Holder; (b) conviction of the Contract Holder of a crime which results in an increase in the service under the Contract; (c) fraud or material misrepresentation by Contract Holder in obtaining the Contract or in presenting a claim; (d) discovery of an act or omission by the Contract Holder; or a violation by the Contract Holder of any condition of the service Contract which occurred after the effective date of the Contract and which substantially and materially increases the service under the Contract; or (e) a material change in the nature or extent of the required service or repair which occurs after the effective date of the service Contract and which causes the required service or repair to be substantially and materially increased beyond that contemplated at the time that the service Contract was issued or sold. If the Contract is cancelled by NHW, the Contract Holder shall be entitled to a prorated refund of the paid contract fee for the unexpired term. The cancellation of the service Contract will become effective 15 days after the notice of cancellation is mailed to the Contract Holder. If the Contract is cancelled by the original purchasing Contract Holder in a written request, the Contract Holder shall be entitled to a prorated refund of the paid contract fee for the unexpired term, less any unpaid service trade call fees and a cancellation fee of \$25. In such case, the Contract is void and NHW shall refund the purchase price of the Contract to the original Contract Holder if Holder has not made a claim under the Contract and the Holder returns the Contract to the provider (a) within 20 days after the date NHW mails the Contract to the Contract Holder; or (b) within 10 days after the purchaser receives a copy of the contract if NHW furnished the Contract Holder with a copy of the Contract at the time of the purchase. The refund of the purchase price will be refunded within the 45 days after the Contract is returned or NHW will pay the Contract Holder a penalty of 10% of the purchase price for each 30-day period or portion thereof that the refund remains unpaid.

15. **Renewal of Term.** If a monthly payment Contract has been selected and if NHW elects to renew the Contract, NHW will notify Contract Holder approximately 45 days prior to expiration of coverage. The Contract will renew automatically for an additional one-year coverage term unless Contract Holder notifies NHW in writing prior to expiration.

LIMITS OF LIABILITY

1. **NHW's liability is limited to failures of Covered Systems or Appliances due to normal wear and tear during the term of the Contract.**

2. **NHW reserves the right to obtain a second opinion at its own expense. The Contract Holder may order a second opinion, but the Contract Holder shall be responsible for the cost of that second opinion.**

3. **NHW will determine whether a covered item will be repaired or replaced. Except as otherwise noted in this Contract, replacements will be of similar features, capacity, and efficiency as the item being replaced. NHW is not responsible for matching dimensions, brand, or color with the exception of appliances with stainless steel or a similar material finish which will be replaced by NHW with the same finish, limited to applicable contract aggregates. When parts are necessary for completion of service, NHW will not be responsible for delays that may occur in obtaining those parts. NHW reserves the right to repair systems and appliances with non-original manufacturer's parts, including rebuilt or refurbished parts. This Contract provides coverage for such items once the limits for any other contract, warranty, or insurance policy covering the items are reached. Furthermore, this Contract covers components of the systems and appliances which are specifically identified as covered in this Contract and which are not covered by any other contract, warranty, or insurance policy. Unless otherwise noted in the Contract, NHW is not responsible nor liable for the disposal cost(s) of appliances, systems, equipment, or components of equipment including refrigerant, contaminants, or other hazardous or toxic materials.**

4. **When federal, state, or local regulations, building or similar code criteria require im-**

improvements or additional costs to service a Covered System or Appliance, including permits, the costs to meet the proper code criteria, including the cost of permits, shall be the sole responsibility of the Contract Holder, unless otherwise noted in this Contract. NHW will be responsible for repairs or replacement of Covered Systems or Appliances after the proper code criteria are met, except where otherwise noted in this Contract. When upgrading Covered Systems, parts, or components to maintain compatibility with equipment manufactured to be compliant with federally mandated energy efficiency requirements, NHW is not responsible nor liable for the cost of construction, carpentry, or other structural modifications made necessary by installing different equipment.

5. NHW is not responsible for repair or replacements due to misuse or abuse, disassembled or missing parts nor for failures or damage caused due to: fire, flood, smoke, lightning, freeze, earthquake, theft, storms, accidents, riots, war, vandalism, animal or pest damage, power failure, surge or overload, soil movement, structural damages, design deficiency, manufacturer's recall, inadequate capacity, land subsidence, slope failure, or cosmetic defects. Except where otherwise noted in this Contract, failures due to improper previous repair or installation of appliances, systems or components is not covered. NHW will not perform routine maintenance or cleaning. The Contract Holder is responsible for providing routine maintenance and cleaning of covered items to ensure continued coverage of such items. For example, heating and air conditioning systems require periodic cleaning and/or replacement of filters, and water heaters require periodic flushing.

6. NHW is not responsible for consequential or secondary damages resulting from the failure of a Covered System or Appliance or the failure to provide timely service due to conditions beyond NHW's control, including but not limited to delays in securing parts, equipment, or labor difficulties. NHW is not responsible for food spoilage, loss of income, utility bills, living expenses, personal or property damage.

7. NHW is not responsible for providing access to repair or replace a Covered System or Appliance unless otherwise noted in this Contract. When access is provided under this Contract, restoration to walls, closets, floors, ceilings or the like, will be to a rough finish only. NHW is not responsible for the cost of modifications necessary to repair or replace a Covered System or Appliance, including but not limited to pipe runs, flues, ductwork, structures, electrical, or other modifications. NHW does not cover systems, appliances or equipment designed for commercial use.

8. NHW is not responsible for electronic systems, computerized systems, or remote energy management systems including, but not limited to zone-controlled systems, lighting, energy, security, pool/spa, entertainment/media/audio, or appliances. Solar systems and components are not covered.

9. Common systems and appliances are not covered except in the case of a duplex, triplex, or fourplex dwelling, and unless every unit is covered by NHW. If this Contract is for a dwelling of 5 units or more, only the items contained within each individual unit are covered. Common systems and appliances are excluded.

10. NHW reserves the right to provide cash in lieu of repair or replacement of a Covered System or Appliance in the amount of NHW's actual cost to repair or replace such a system or appliance, less any service costs previously incurred by NHW. The amount provided as cash in lieu is generally less than retail replacement cost. NHW is not responsible for the cost to repair or replace the Covered System or Appliance once Contract Holder accepts cash in lieu of service.

11. If the covered property changes ownership prior to the expiration of the Contract, the Contract Holder may call 1-702-641-8888 (Las Vegas) or 1-480-428-8800 (Phoenix) to transfer coverage to the new owner for the remainder of the current Contract Term. This Contract is transferrable. There is no fee for transfer. This Contract may be renewed or assigned at the sole discretion of NHW, subject to applicable rates and terms.

12. Coverage on lease-options is available for the lessor only. The Contract fee is due and payable to NHW upon execution of the lease and continues for one full year.

13. NHW is not responsible under any circumstances for the diagnosis, repair, removal, or remediation of mold, mildew, rot, or fungus, or damages resulting from the same, even when caused by, or related to the malfunction, repair, or replacement of a Covered System or Appliance.

14. NHW is not responsible for repairs related to lack of capacity or inadequacy in volume, size, or input/output performances determined by the manufacturer or industry standards.

15. This Contract is backed by the full faith and credit of National Home Warranty, Inc. (NHW).

RESOLUTION OF DISPUTES

MANDATORY ARBITRATION. This provision constitutes an agreement to arbitrate disputes on an individual basis. However, notwithstanding this agreement to arbitrate, either party may bring an individual action in small claims court instead of pursuing arbitration, so long as the action is with the jurisdiction of the small claims court.

Any claim, dispute or controversy, regarding any contract, tort statute, or otherwise ("Claim"), arising out of or relating to this Contract, any service provided pursuant to this Contract, its issuance, a breach of any of its provisions, any controversy or claim arising out of the transaction giving rise to this Contract, or the relationships between the parties hereto shall be resolved by a single arbitrator through binding arbitration administered by the American Arbitration Association ("AAA"), under the AAA Commercial or Consumer, as applicable, Rules in effect at the time the Claim is filed ("AAA Rules"). Copies of AAA Rules and forms can be located at www.adr.org.

The arbitration will take place in the same county in which the property covered by the Contract is located. The arbitrator's decision shall be final, binding, and non-appealable. Judgment upon the award may be entered and enforced in any court having jurisdiction. This clause is made pursuant to a transaction involving interstate commerce and shall be governed by the Federal Arbitration Act. **BY ENTERING INTO THIS CONTRACT, THE PARTIES ACKNOWLEDGE**

THAT THEY ARE GIVING UP THE RIGHT TO A JURY TRIAL, AND THE RIGHT TO PARTICIPATE IN ANY CLASS ACTION, PRIVATE ATTORNEY GENERAL ACTION, OR OTHER REPRESENTATIVE OR CONSOLIDATED ACTION, INCLUDING ANY CLASS ARBITRATION OR CONSOLIDATED ARBITRATION PROCEEDING. Neither party shall sue the other party other than as provided herein or for enforcement of this clause or of the arbitrator's award. The arbitrator, and not any federal, state, or local court, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, unconscionability, arbitrability, enforceability, or formation of this Contract including any claim that all or any part of the Contract is void or voidable. However, the preceding sentence shall not apply to the clause entitled "Class Action Waiver." This arbitration agreement will survive the termination of this Contract. **As noted above, a party may elect to bring an individual action in small claims court instead of arbitration, so long as the dispute falls within the jurisdictional requirements of small claims court.**

CLASS ACTION WAIVER.

Any Claim must be brought in the parties' individual capacity, and not as a plaintiff or class member in any purported class, collective, representative, multiple plaintiff, or similar proceeding ("Class Action"). The parties expressly waive any ability to maintain any Class Action in any forum. The arbitrator shall not have authority to combine or aggregate similar claims or conduct any Class Action nor make an award to any person or entity not a party to the arbitration. Any claim that all or part of this Class Action Waiver is unenforceable, unconscionable, void, or voidable may be determined only by a court of competent jurisdiction and not by an arbitrator. **THE PARTIES UNDERSTAND THAT THEY WOULD HAVE HAD A RIGHT TO LITIGATE THROUGH A COURT, TO HAVE A JUDGE OR JURY DECIDE THEIR CASE AND TO PARTY TO A CLASS OR REPRESENTATIVE ACTION, HOWEVER, THEY UNDERSTAND AND CHOOSE TO HAVE ANY CLAIMS DECIDED INDIVIDUALLY, THROUGH ARBITRATION.**

This agreement to arbitrate constitutes the entire and complete understanding and agreement between the parties as relates to dispute resolution, and it supersedes all prior and contemporaneous agreements and understandings of the parties regarding dispute resolution. No modifications or amendments to this agreement to arbitrate are effective unless in writing and signed by both parties.

PAYMENT OPTIONS

NHW offers three payment options: a single annual payment at the commencement of the contract Term, three monthly payments at the beginning of the first, second, and third months of the contract Term, and twelve monthly payments. There is no additional charge for the three month plan. If the twelve month payment plan is selected, NHW charges a service charge of \$2 per month, which is in addition to the monthly premium amount. The \$2 service charge offsets some of the administrative overhead and costs associated with credit card processing and check deposit fees.

BUYER'S STANDARD COVERAGE: ESSENTIAL PLAN

Plumbing System

Covered: Faucets – Shower Heads – Shower Arms - Garbage disposal – instant hot water dispenser – repair of leaks and breaks in water, waste, vent, or gas lines within the perimeter of the main foundation of the home or garage – shower/tub valves/diverters/basket strainers (replaced with chrome builder's standard) – angle stops – gate valves – waste and stop valves – toilet tanks, bowls, and working mechanisms (replacement toilets will be white builder's standard) – wax ring seals – permanently installed sump pumps (ground water only) – built-in whirlpool bathtub motor pump assemblies – pressure regulators – pop-up assemblies.

NOT COVERED: FIXTURES – BATHTUBS – SINKS – SHOWER ENCLOSURES AND BASE PANS – CAULKING AND GROUTING – FILTERS – HOSE BIBS – SEWAGE EJECTOR PUMPS – TOILET SEATS AND LIDS – SEPTIC TANKS – WATER SOFTENERS – FLOW RESTRICTIONS IN FRESH WATER LINES – SAUNAS – STEAM ROOMS – BIDETS – WHIRLPOOL BATHTUB JET PLUMBING – INDOOR OR OUTDOOR SPRINKLER SYSTEMS – BOOSTER PUMPS – CONDITIONS OF ELECTROLYSIS.

Limits: The access, diagnosis and repair of concrete-encased or inaccessible plumbing lines is limited to \$1,000 aggregate per contract item. NHW will provide access through unobstructed walls, ceilings, floors, concrete slabs and the like, and will return all openings made for access to a rough finish only, subject to the \$1,000 limit indicated. NHW is not responsible for trim, texture, paint, wallpaper, tile, carpet, or the like.

Plumbing Stoppages

Covered: Clearing of sewer line and mainline stoppages with standard sewer cable to 125 feet from point of access at existing ground level cleanout; not to extend beyond the sidewalk or curb demarcation line; including hydro jetting if stoppage is unable to be cleared with cable. Clearing of branch drain line stoppages in sink, tub, shower drains and toilets with standard sewer cable from point of access, including existing accessible cleanout, p-trap, drain or overflow access point.

NOT COVERED: STOPPAGES AND/OR COLLAPSE OF WATER, DRAIN, OR GAS LINES CAUSED BY ROOTS OR FOREIGN OBJECTS. ACCESS TO DRAIN, SEWER OR MAIN LINES FROM VENT OR REMOVAL OF A TOILET; COSTS TO LOCATE, ACCESS, OR INSTALL GROUND LEVEL OR DRAIN LINE CLEANOUTS.

Water Heater (Gas or Electric)

Covered: All parts and components that affect operation including tankless water heaters, low-boy units and recirculating pumps. NHW will replace with a unit that meets federally mandated energy efficiency requirements. A charge will be assessed in the event Contract Holder requests an upgrade to the existing water heater relating to its capacity, size, or type.

NOT COVERED: SOLAR UNITS AND/OR COMPONENTS – HOLDING TANKS – FLUES AND VENTS.

Limits: The access, diagnosis, repair and replacement of any water heater/heating combination unit, hot water heater system or steam circulating heating system(s) is limited to \$1,500 aggregate per system or unit per Contract Term.

Heating / Air Conditioning / Evaporative Cooler / Ductwork

The heating/air conditioning/evaporative cooler system must be designed for residential application and cannot exceed a 5-ton capacity. NHW will pay for costs associated with the use of cranes or other lifting equipment to service roof-top equipment or air conditioning/evaporative cooler units. Covered heating system must be main source of heat to the home.

Covered: All parts and components that affect the operation of the following heating and air cooling systems: forced air (gas, electric, oil) – built-in floor and wall heaters – hot water or steam circulating heating systems – heat pumps – package units – mini-splits – electric baseboard – room heaters – ducted central electric split and packaged units – evaporative coolers. If NHW determines that the replacement of a heat pump – split system type of heating/condensing unit has experienced a failure, NHW will replace with a unit that meets federally mandated SEER and HSPF* requirements, including the replacement of any covered components that are necessary to maintain compatibility with the replacement unit; such as the air handler – evaporative coil – transition – plenum – indoor electrical – duct connection – accessible refrigerant and condensate drain lines – thermostatic expansion valve – accessible and inaccessible ducts from heating and/or cooling unit to connection at register or grill – refrigerant recovery. A refrigerant handling fee of \$175 will be assessed at time of service if the system requires recovery, disposal, addition or replacement of refrigerant.

NOT COVERED: SOLAR HEATING SYSTEMS – GEOTHERMAL SYSTEMS – GLYCOL SYSTEMS – PORTABLE AND FREESTANDING UNITS – HUMIDIFIERS, DEHUMIDIFIERS AND ELECTRONIC AIR CLEANERS – FUEL AND WATER STORAGE TANKS – REGISTERS AND GRILLS – FILTERS – HEAT LAMPS – FIREPLACES – WOOD, PELLET OR GAS STOVES (EVEN IF ONLY SOURCE OF HEATING) – CHIMNEYS – FLUES – VENTS – FIREPLACE INSERTS AND KEY VALVES – CABLE HEAT – CLOCKS – TIMERS – OUTSIDE OR UNDERGROUND PIPING AND COMPONENTS FOR GEOTHERMAL AND/OR WATER SOURCE HEAT PUMPS – WELL PUMP AND WELL PUMP COMPONENTS FOR GEOTHERMAL AND/OR WATER SOURCE HEAT PUMPS – INACCESSIBLE REFRIGERANT AND CONDENSATE DRAIN LINES – GENERAL MAINTENANCE AND CLEANING – IMPROPER USE OF METERING DEVICES – SYSTEMS WITH IMPROPERLY MATCHED CONDENSING UNIT AND EVAPORATIVE COIL PER MANUFACTURER'S SPECIFICATIONS UNLESS OTHERWISE NOTED IN THIS CONTRACT – SYSTEMS CONTAINING CONTAMINATED GAS OR CONTAINING GAS NOT RECOMMENDED PER MANUFACTURER'S SPECIFICATIONS – ZONE CONTROL AND RELATED COMPONENTS OF FORCED AIR SYSTEMS – AIR CONDITIONING OR HEATING UNITS DESIGNED BY THE MANUFACTURER TO BE PORTABLE OR TO BE OPERATED IN A WINDOW – CONDENSER HOUSING – GAS OR PROPANE AIR CONDITIONERS – WATER TOWERS – CHILLERS – DAMPERS – INSULATION – IMPROPERLY SIZED DUCTWORK – COLLAPSED OR CRUSHED DUCTWORK – DUCTWORK WHERE ASBESTOS IS PRESENT – DUCTWORK DAMAGED BY MOISTURE – COSTS FOR INSPECTIONS, DIAGNOSTIC TESTING, VERIFICATION AND PERMITS AS REQUIRED BY ANY FEDERAL, STATE, LOCAL LAW, REGULATION OR ORDINANCE.

Limits: The access, diagnosis, repair or replacement of any hot water, radiant heat, steam circulating, air transfer, diesel or hydraulic heating system(s) is **limited to \$1,500 aggregate per Contract Term**. The access, diagnosis, repair or replacement of the ductwork is **limited to \$1,000 aggregate per Contract Term**.

Optional Seller's Coverage: When selected, the access, diagnosis, repair or replacement of the heating and/or air conditioning system/evaporative cooler and ductwork is limited to a combined aggregate of \$1,500 maximum during the Seller's Coverage period. If the failure of a furnace is due to a cracked heat exchanger or combustion chamber, the access, diagnosis, repair or replacement of the furnace is limited to \$500 maximum during the Seller's Coverage period.

*SEER – Seasonal Energy Efficiency Ratio HSPF – Heating Seasonal Performance Factor

Electrical System / Doorbell / Smoke Detectors

Covered: All parts and components that affect operation of the electrical system, including door bell and smoke detectors.

NOT COVERED: FIXTURES – ALARMS/INTERCOMS AND CIRCUITS – INADEQUATE WIRING CAPACITY – POWER FAILURE OR SURGE – LOW VOLTAGE WIRING – DIRECT CURRENT (D.C.) WIRING OR COMPONENTS – LIGHT BULBS-BATTERIES.

Telephone Wiring

Covered: Telephone wiring used solely for residential telephone service located within the walls of the main dwelling.

NOT COVERED: TELEPHONE JACKS – PLUGS – LIGHTS – TRANSFORMERS AND OTHER POWER UNITS – COVER PLATES – TELEPHONE UNITS – ANSWERING DEVICES – BURGLAR ALARMS/INTERCOMS AND CIRCUITS – TELEPHONE FUSES – WIRING WHICH IS THE PROPERTY OF A TELEPHONE COMPANY – AUDIO/VIDEO/COMPUTER OR OTHER CABLE.

Central Vacuum System

Covered: All parts and components that affect operation.

NOT COVERED: REMOVABLE HOSES – ACCESSORIES – CLOGGED PIPES.

Limits: NHW is not responsible for the cost of gaining access to or closing access from the floor or walls either to locate the cause of malfunction or to affect repair or replacement.

Garage Door Opener

Covered: Wiring – motor – switches – receiver unit – track drive assembly – hinges – springs – cables – rollers – guides.

NOT COVERED: GARAGE DOORS – REMOTE TRANSMITTERS – KEY PADS

Ceiling / Exhaust / Attic Fans (Built-in)

Covered: All parts and components that affect operation (replaced with builder's standard).

NOT COVERED: LIGHT KITS AND REMOTE TRANSMITTERS

Kitchen Appliances

Covered: All parts and components that affect the operation of:

- Dishwasher

- Range/Single Oven/Cooktop
- Built-in Microwave
- Trash Compactor
- Kitchen Exhaust Fan

Note: Garbage Disposal and Instant Hot Water Dispenser are covered under Plumbing System.

NOT COVERED: DOUBLE OVENS – COMBO OVENS – RACKS – ROLLERS – BASKETS – HANDLES – DIALS – KNOBS – SHELVES – CLOCKS (UNLESS IT AFFECTS THE OPERATION OF THE RANGE/OVEN/COOKTOP) – MEAT PROBE ASSEMBLIES – LIGHT KITS – INDOOR BARBEQUE – ROTISSERIES – INTERIOR LINING – MICROWAVE DOOR GLASS – PORTABLE OR COUNTERTOP UNITS – REMOVABLE ACCESSORIES INCLUDING BUCKETS – LOCK AND KEY ASSEMBLIES – MICROWAVES DESIGNED BY THE MANUFACTURER TO BE OPERATED ON A COUNTERTOP.

Limits: Sensi-heat burners replaced with standard burners.

ReKey

Covered: Locksmith service call to the property to rekey up to 4 keyholes (including deadbolts and doorknobs) and make 2 copies of your new keys. To rekey is to change the internal workings of a door lock so the old key cut no longer opens the lock.

NOT COVERED: DUPLEXES, TRIPLEXES AND FOURPLEXES WILL NOT BE COVERED.

Pest Control

Covered: Pesticide treatment for ants, roaches (oriental, turkistan, american), crickets, spiders, silverfish, millipedes, centipedes, pillbugs, ground beetles, earwigs, clover mites, and sowbugs. Trade service call fee shall apply.

NOT COVERED: ANY PEST NOT LISTED ABOVE, FUNGUS, WOOD DESTROYING ORGANISMS, TERMITES, GERMAN ROACHES, BEES, WASPS, FLYING INSECTS, TICKS, FLEAS, BED BUGS, CARPENTER ANTS, PHARAOH ANTS, FIRE ANTS, MICE, RATS, TREATMENT OR INFESTED AREAS OUTSIDE THE PERIMETER OF THE MAIN HOUSE FOUNDATION.

BUYER'S COVERAGE OPTIONS

Optional coverage listed below may be purchased up to 30 days after the Close of Escrow provided systems or appliances are in good working order. Coverage shall commence upon receipt of fees and will expire one year after the Close of Escrow. Buyer's Coverage Options are subject to the same Terms of Coverage and Limits of Liability of this Contract.

Pool/Spa Equipment Option

Covered: All above ground and accessible parts and components of the filtration, pumping and heating system (including the pool sweep pump, pump motor, blower motor and timer) – salt water control unit – salt cell – flow sensor for the salt water chlorinator.

NOT COVERED: LIGHTS – LINERS – SOLAR RELATED EQUIPMENT – UNDERGROUND WATER, GAS AND ELECTRICAL LINES – SKIMMERS – CHLORINATOR – OZINATOR – ORNAMENTAL FOUNTAINS – WATERFALLS AND THEIR PUMPING SYSTEMS – STRUCTURAL AND COSMETIC DEFECTS – COST OF ACCESS TO MAKE REPAIRS OR REPLACEMENTS – INACCESSIBLE PORTION OF THE SPA JETS – POP-UP HEADS – TURBO OR MOTORIZED VALVES – ELECTRONIC/COMPUTERIZED CONTROLS AND CONTROL PANELS – POOL SWEEPS AND RELATED CLEANING EQUIPMENT – SALT.

Limits: The access, diagnosis, repair or replacement of the salt water control unit, salt cell, and flow sensor for the salt water chlorinator is **limited to \$1,500 aggregate per Contract Term**. Pool/Spa Equipment repairs are **limited to \$2,000 aggregate per Contract Term**.

Clothes Washer and Dryer Option

Covered: All parts and components that affect the operation.

NOT COVERED: FRONT LOAD WASHER – FRONT LOAD DRYER - KNOBS – DIALS – TOUCH PADS – PLASTIC MINI TUBS – LINT SCREENS – VENTING – DISPENSERS – DAMAGE TO CLOTHING.

Front Load Washer and Front Load Dryer Option

Covered: All parts and components that affect the operation.

NOT COVERED: KNOBS – DIALS – TOUCH PADS – PLASTIC MINI TUBS – LINT SCREENS – VENTING – DISPENSERS – DAMAGE TO CLOTHING.

Kitchen Refrigerator Option

(Includes dual compressor units; must be located in the Kitchen.). Coverage is for ONE built-in kitchen refrigerator with freezer unit or ONE built-in combination of an ALL refrigerator with an ALL freezer unit or ONE freestanding kitchen refrigerator with freezer unit.

Covered: All parts and components that affect the operation of one Kitchen Refrigerator, Ice maker/water dispenser, provided parts are available. In cases where parts are not available, NHW's obligation is limited to cash in lieu of repair based on the cost of the replacement parts.

NOT COVERED: ANY REMOVABLE COMPONENT WHICH DOES NOT AFFECT THE PRIMARY FUNCTION – SHELVES – HANDLES – ICE CRUSHERS – FILTERS – INTERNAL THERMAL SHELLS – INSULATION – FOOD SPOILAGE – MULTIMEDIA CENTERS – WINE CHILLERS – WINE VAULTS.

Limits: The access, diagnosis, repair or replacement of the unit is **limited to \$5,000 aggregate per contract term**.

Additional Refrigeration Coverage Option

(Only available with purchase of Kitchen Refrigerator Option. Units with more than one compressor are not covered under this option.)

Covered: All parts and components for a combined total of four of the following units: additional refrigerator, wet bar refrigerator, wine refrigerator, freestanding freezer and freestanding ice maker. Additional Refrigeration Coverage includes coverage for ice maker/water dispenser, provided parts are available. In cases where parts are not available, NHW's obligation is limited to cash in lieu of repair based on the cost of the replacement parts.

NOT COVERED: ANY REMOVABLE COMPONENT WHICH DOES NOT AFFECT

THE PRIMARY FUNCTION – SHELVES – HANDLES – ICE CRUSHERS – FILTERS – INTERNAL THERMAL SHELLS – INSULATION – FOOD SPOILAGE – MULTI-MEDIA CENTERS – WINE CHILLERS – WINE VAULTS.

Limits: The access, diagnosis, repair or replacement of the units is **limited to a \$1,000 combined aggregate per Contract Term.**

Double Oven or Combo Oven Option

Covered: All parts and components that affect the operation.

NOT COVERED: RACKS – HANDLES – DIALS – KNOBS – SHELVES – CLOCKS (UNLESS IT AFFECTS THE OPERATION OF THE DOUBLE OVEN or COMBO OVEN) – MEAT PROBE ASSEMBLIES – LIGHT KITS – INTERIOR LINING – LOCK AND KEY ASSEMBLIES.

Well Pump Option

Covered: All parts of one well pump; must be utilized as the main source of water to the home. **NOT COVERED: CONTROL BOXES – HOLDING OR STORAGE TANKS – PRESSURE TANKS – BOOSTER PUMPS – ACCESS TO REMOVE AND/OR REPAIR WELL PUMP SYSTEM – ALL PIPING AND ELECTRICAL LINES – WELL CASING – REDRILLING WELLS – DAMAGE DUE TO LOW WATER TABLE.**

Limits: The access, diagnosis, repair or replacement of the well pump is **limited to \$1,500 aggregate per Contract Term.**

Septic Tank System / Septic Tank Pumping Option

Covered: All parts and components that affect the operation of one aerobic pump – one effluent pump – septic tank – waste line from house to tank. NHW will pump the septic tank once during the contract term if the stoppage is due to a full septic tank.

NOT COVERED: COLLAPSED OR BROKEN WASTE LINES OUTSIDE THE FOUNDATION EXCEPT THE LINE FROM HOUSE TO TANK – STOPPAGES OR ROOTS THAT PREVENT THE EFFECTIVE USE OF AN EXTERNALLY APPLIED SEWER CABLE – THE COST OF FINDING OR GAINING ACCESS TO THE SEPTIC TANK – THE COST OF SEWER HOOK-UPS – DISPOSAL OF WASTE – CHEMICAL TREATMENT OF THE SEPTIC TANK AND/OR WASTE LINES – TILE FIELDS AND LEACH BEDS – LEACH LINES – CESSPOOLS – SEEPAGE PITS – LATERAL LINES – INSUFFICIENT CAPACITY – CLEANOUTS.

Limits: The access, diagnosis, repair or replacement of the aerobic pump, effluent pump, septic tank and line from house to tank is **limited to \$500 aggregate per Contract Term.**

Sewage Ejector Pump Option

Covered: All parts and components that affect the operation of one sewage ejector pump.

NOT COVERED: BASINS AND ANY COSTS ASSOCIATED WITH LOCATING OR GAINING ACCESS TO, OR CLOSING ACCESS FROM THE SEWAGE EJECTOR PUMP.

Limits: The diagnosis, repair or replacement of the sewage ejector pump is **limited to \$500 aggregate per Contract Term.**

Limited Roof Leak Repair Option

Covered: Repair of leaks caused by rain to shake, shingle, composition, tile, tar and gravel, or metal roofs located over the occupied living area.

NOT COVERED: CRACKED OR MISSING TILES, SHAKES OR SHINGLES, FOAM ROOFS, OR ANY OTHER MATERIAL NOT SPECIFICALLY MENTIONED AS COVERED. STRUCTURAL LEAKS OR LEAKS AT, ADJACENT TO, OR CAUSED BY, APPENDAGES OF ANY KIND INCLUDING GUTTERS, DOWNSPOUTS, FLASHING, PATIO COVERS, SKYLIGHTS, DECKS, SOLAR EQUIPMENT, VENTS, HEATING OR COOLING EQUIPMENT, ANTENNAS, BALCONIES OR CHIMNEYS, BUILT-IN ROOFS, DAMAGE CAUSED BY PERSONS WALKING OR STANDING ON ROOF, FAILURE DUE TO LACK OF NORMAL OR PREVENTATIVE MAINTENANCE WILL NOT BE COVERED. TOWNHOUSES, CONDOMINIUMS, DUPLEXES, TRIPLEXES AND FOURPLEXES WILL NOT BE COVERED.

Limits: Roof repairs are **limited to \$1,000 aggregate per Contract Term** for the repair of specific leaks that are a result of rain and/or normal wear and tear provided the roof was in good, watertight condition at start of Contract Term. If replacement of the existing roof is necessary, in whole or in part, NHW's liability is limited to cash in lieu of the estimated cost of repair of the leaking area only, as if the repair of that area were possible. Leaks existing prior to the start of the Contract Term will not be covered. This coverage is not renewable and is not available on direct to consumer contracts.

Service Trade Call Fee Buydown Option

Covered: Service trade call fee shall be reduced from \$75 to \$25

Limits: \$75 service trade call fee shall continue to apply to Pest Control coverage.

THE ENHANCED PLAN

(when purchased) adds the following coverage to the coverage stated above

The following items are NOT covered in the Buyer's Standard Coverage ARE added as covered for the buyer when the Enhanced Plan is purchased.

Mismatched Systems: NHW will repair or replace a system or component that has failed due to a mismatch in capacity or efficiency provided the system is not undersized relative to the square footage of area being cooled or heated. If the mismatched system violates a code requirement, **the \$250 Code Violation aggregate applies as stated.**

Improper Installations, Repairs or Modifications: NHW will repair or replace a system or appliance that has failed due to improper installation, repair or modification. If the improper installation, repair or modification violates a code requirement, **the \$250.00 Code Violation aggregate applies as stated.**

Removal of Defective Equipment: NHW will pay the cost(s) related to the recapture, recovery, and disposal of refrigerant as required.

Permits: NHW will pay the cost(s) of obtaining permits for NHW – approved repairs and replacements **up to \$250 per occurrence.**

Code Violations: NHW will pay the cost(s) to correct code violations and/or code upgrades if

necessary to affect NHW approved repair or replacement of a Covered System or Appliance **up to combined aggregate of \$250 per contract term.**

Plumbing System: Interior hose bibs (replaced with chrome builder's standard). Replacement toilets will be of like quality.

Heating System/Air Conditioning/Evaporative Cooler: Registers – filters – heat lamps – condenser housing.

Ceiling Fans: Replacement ceiling fans will be of like quality.

Dishwasher: Racks – rollers – baskets. Limits: The repair and replacement of any racks, rollers or baskets is **limited to \$50 aggregate per Contract Term.**

Range/Single Oven/Cooktop: Clocks – rotisseries – racks – handles – dials – interior lining

Built-in Microwave Oven: Interior lining – door glass – clocks – handles – shelves

Trash Compactor: Removable buckets– lock and key assemblies.

Garage Door Opener: Remote transmitters – key pads.

THE PREMIUM PLAN

(when purchased) adds the following coverage to the coverage stated above

The following items are NOT covered in the Buyer's Enhanced Coverage ARE added as covered for the buyer when the Premium Plan is purchased.

HVAC Maintenance Plan: One HVAC maintenance visit per year to: 1) inspect condensate drain, refrigerant levels, heat exchanger, electrical strip heaters, defrost mode, heat mode, electrical connections, ignition assembly, blower assembly, motors and capacitors, air filters, vibration noise, evaporative coil, condenser coil, thermostat calibration; 2) monitor refrigerant pressure, heating cycle; 3) measure volts and amps, temperature difference of supply and return ductwork; and 4) lubricate moving parts.

Plumbing Maintenance Plan: One plumbing maintenance visit per year to: 1) inspect exterior plumbing and water quality: hose bibs, water meter, emergency shut off valve, water pressure, water softener present, salt level, cycle through regen, water hardness; 2) inspect water heater: water heater flush, relief valve, water connections, flue pipe, gas shut off, water shut off, circulating pump, code issues; 3) inspect kitchen plumbing: garbage disposal, emergency shut offs, water supplies, fill and drain sink, exposed piping, exposed drainage piping, faucet, R.O. system, hot water dispenser; and 4) inspect bathroom plumbing: tub/shower drain, tub/shower faucet, shower head, tub divertor, dye test toilet, toilet seat, base of toilet, lavatory faucet, fill and drain sink, exposed drain and water lines, emergency shut off valves, water supplies, roman tub valve, operated jetted tub.