

HSA Home Warranty Protection

One of the most important features of your home

www.myhomewarranty.com
devoted to HSA contract holders.
It's all about you!

The right people.
The right service.
The right home warranty.

HSASM

Protect yourself from unexpected home repair costs.

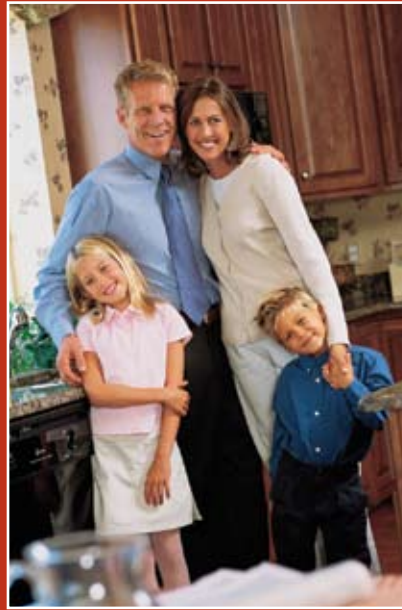
As a seller

You're protected while your home is on the market. Mechanical system failures are covered during the listing period for up to one year – you simply pay a low deductible.

You have a marketing edge. An HSA Home Warranty can help sell your home faster and closer to your asking price. The warranty enhances your home's value to prospective buyers and helps secure the best possible price for your home.

You're helping prevent post-sale disputes. If an unexpected failure occurs in your home after the sale, the buyer turns to HSA for the resolution instead of you.

Whether you're selling or buying, you're covered with an HSA Home Warranty.



As a buyer

You're prepared for the unexpected. The cost of repairing or replacing appliances and systems in your home can be budget-breaking, especially when you've just purchased a new home. You know they can't last forever, so you need to plan ahead.

You save yourself time and keep it simple. An HSA Home Warranty provides the convenience of one source for most repair needs. Prompt, reliable service is available 24 hours a day, 7 days a week.

You're protected year after year. An HSA Home Warranty is renewable annually, so you're always prepared for the unexpected.

Most homes experience at least two mechanical failures each year.

Without HSA Home Warranty protection, typical repair/replacement costs* would be:

| Item | Repair | Replacement |
|----------------|-----------------|-------------------|
| Heating system | \$95 - \$600 | \$1,325 - \$3,700 |
| Central air | \$200 - \$1,100 | \$1,475 - \$4,200 |
| Water heater | \$85 - \$210 | \$420 - \$705 |
| Plumbing | \$100 - \$1,200 | \$480 - \$2,225 |
| Refrigerator | \$80 - \$515 | \$525 - \$2,100 |
| Oven/Range | \$80 - \$310 | \$415 - \$1,600 |

*Based on HSA's estimates of retail cost for repairs and replacements of items listed above. Costs may vary in your geographic area.

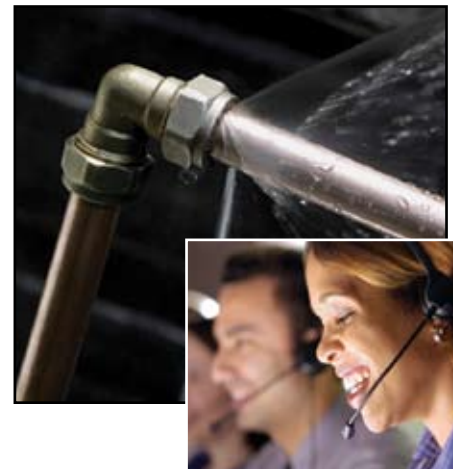
These costs continue to go up every year. Protect yourself from the financial burden incurred should a covered item need repair or replacement.

Quality service is our top priority.

Whether you're working with one of the HSA customer service representatives over the phone, or relying on a service contractor to make a repair in your home, HSA ensures prompt, convenient and reliable service.

When a problem arises in your home, you simply make one call to HSA. Service representatives are available 24 hours a day, 7 days a week to help you.

HSA provides qualified, prescreened service contractors from its Preferred Vendor Network that arrive promptly and invoice HSA directly for covered repairs. If an HSA authorized service provider cannot respond in a timely manner, HSA will approve the use of a contractor outside of its network to ensure the convenience of fast service.



Coverage Highlights

Form # MW09 01/09

The HSA Home Warranty is a contractual guarantee that should certain appliances or mechanical systems fail due to normal wear and tear during the coverage period, those items will be repaired or replaced, subject to a small deductible.

UNDERSTANDING YOUR HSA HOME WARRANTY

With HSA Home Warranty you get extensive coverage on your mechanical systems and appliances; however, not all services and failures are covered. HSA wants to help you understand the coverage so you see the value in having the HSA Home Warranty. For a complete understanding of your HSA Home Warranty, read the Sample Contract portion of this brochure.

Some of the following services:

...may not be covered:

Normal maintenance/cleaning
Drain line stoppages due to tree roots
Coolant evacuation and recovery

...may not qualify for repair:

Improper maintenance
Improper installation
Code violations

...may incur additional cost:

Disposal of the replaced item
Modifications required to fit new equipment
Code violations
Permit fees
Coolant evacuation and recovery

Coverage is available on some of the above items for additional premium. Please read the sample contract and application for options that will save you even more money.

| COVERAGE | SELLER | BUYER |
|---|--------------------|-------|
| Central heat, central air and heat pump | ● | ● |
| Ductwork, thermostat and ductwork-attached humidifier | ● | ● |
| Toilet tank and bowl (builder's standard); wax ring seals | ● | ● |
| Plumbing parts and faucets | ● | ● |
| Polybutylene leaks | ● | ● |
| Water, gas, drain and waste lines | ● | ● |
| Routing of drain line stoppages | ● | ● |
| Water heater, instant hot water dispenser and sump pump | ● | ● |
| Whirlpool bathtub | ● | ● |
| Electrical system | ● | ● |
| Attic fans, exhaust fans and ceiling fans | ● | ● |
| Garage door opener | ● | ● |
| Home freezer | ● | ● |
| Trash compactor, dishwasher & garbage disposal | ● | ● |
| Oven, stove top/range & built-in microwave oven | ● | ● |
| Water well pump, septic system and water softener | | ● |
| Lighting fixtures, central vacuum, door bell, burglar & fire alarm | | ● |
| Refrigerator and clothes washer and dryer | | ● |
| Roof leaks | | ● |
| BUYER OPTIONS | | |
| Electronic air cleaner | | \$40 |
| Hot tub | | \$150 |
| Swimming pool | | \$150 |
| Pool/hot tub combination (must share common mechanicals) | | \$175 |
| BUYER 5 STAR UPGRADE | | \$50 |
| Central heat and air: registers, grills, filters & heat lamps | | ● |
| Central air: freon recovery and non-ducted window or wall air conditioner | | ● |
| Water heater sediment & toilets replaced with like quality | | ● |
| Smoke alarms | | ● |
| Garage door opener: hinges, springs, keypad and remote transmitter | | ● |
| Refrigerator: freon recovery and ice maker/beverage dispenser | | ● |
| Trash compactor lock/key assembly & bucket | | ● |
| Dishwasher racks, baskets & rollers | | ● |
| Built-in microwave interior lining, door glass, clock and shelves | | ● |
| Oven/range interior lining, clocks, rotisseries, racks, handles, knobs and dials | | ● |
| BUYER 7 STAR UPGRADE | | \$149 |
| \$250 toward code violations | | ● |
| \$300 toward modifications on central heat, air or water heater | | ● |
| Permits up to \$250 per occurrence | | ● |
| Removal and disposal of replaced equipment | | ● |
| Lack of maintenance | | ● |
| Improper installations/modifications | | ● |
| COVERAGE TERMS | | |
| Seller coverage: effective the date of application and continues for up to 12 months. | | |
| Buyer coverage: effective the date of closing and continues for 12 months. Renewable annually. | | |
| Price | \$439/\$419 | |
| Deductible/trade call fee | \$75/\$100 | |

Please reference the Sample Contract portion of this brochure for complete coverage details.

Filing a Claim

- Homeowner must call HSA at 800-367-1448 before calling a contractor. Failure to do so may result in a refusal of coverage on that item.
- HSA will provide a qualified, prescreened contractor who will arrive promptly and invoice HSA directly for covered repairs.* If HSA's authorized service provider cannot respond in a timely manner, HSA will approve the use of a contractor outside of its network to ensure the convenience of fast service. It's guaranteed.
- Contractor must call HSA for approval before initiating the repair. Homeowner is required to pay the service contractor for all charges incurred in the event that no "Operational Failure" is discovered.

* If the approved failure was serviced by an HSA service provider, that provider will bill us directly. The contract holder will be responsible for the deductible and any charges not covered by the HSA Home Warranty. If the approved failure was serviced by a contractor outside of the HSA network and that provider is not willing to bill us directly, simply fax the paid invoice to HSA (fax 877-638-1741), and HSA will reimburse the contract holder.



Sample Contract

PLEASE READ THIS DOCUMENT CAREFULLY. YOU MUST NOTIFY HOME SECURITY OF AMERICA, INC. (HSA) PRIOR TO ACTUAL COMMENCEMENT OF REPAIR OR REPLACEMENT.

TO REPORT ALL CLAIMS: CALL HSA AT 1-800-367-1448. FAX SERVICE INVOICES TO 1-877-638-1741.

The aggregate coverage under this agreement is limited to \$25,000.00; with a \$5,000.00 per mechanical system sub-limit, unless a lower per occurrence sub-limit or lower aggregate sub-limit is specifically enumerated elsewhere in this agreement.

Certain items and events are not covered by this contract. Please refer to section F. Limitations of Liability and to the exclusions listed in each applicable section of this contract.

A. Coverage

1. HSA will provide home protection coverage for authorized repair or replacement of "Component Parts" mentioned as covered in accordance with the terms and conditions of this contract that fail due to "Operational Failure". HSA will cover "Loss" so long as the "Component Parts":

- A. Are located within the "Interior" of the main foundation of the home or attached or detached garage (except for the exterior well pump, septic system, condensing unit and pool/spa equipment); and
- B. Become inoperative due to normal wear and tear; and
- C. Are in "Proper Working Order" on the effective date of this contract; and
- D. Are properly installed throughout the term of this contract for proper diagnosis.

2. This contract covers single-family resale homes and condominium or town house units. Multi-family homes up to and including eight (8) family dwelling units may be covered if applied for and the appropriate fee is paid. Multiple-family homes qualify for listing coverage; however, coverage is limited to the owner-occupied unit. Tenant occupied properties are not eligible for coverage during the listing period. Coverage is for owned or rented residential property and excludes commercial property or residences used as businesses, including but not limited to, day care centers, fraternity/sorority houses and nursing/care homes.

3. Coverage includes only the items stated as covered and excludes all others. Coverage is subject to limitations and conditions specified in this contract. Please read the contract carefully.

B. Definitions

1. "Component Parts" - the constituent elements of mechanical items as covered by this contract.
2. "Operational Failure" - the mechanical breakdown of "Component Parts".
3. "Proper Working Order" - functioning as intended and expected for its age, and within the safety standards as established by the system manufacturer.
4. "Loss" - the reasonable market cost or the actual cost HSA can contract for the required services, whichever is less, for the repair or replacement of "Component Parts".
5. "Interior" - the space within the external surface area which constitutes the perimeter of the residence's exterior walls; under the roofing materials; above or encased in the basement floor or home's slab, or above the ground surface in a crawl space.

C. Coverage Period

Home seller: coverage begins on the date HSA issues a contract number and continues for twelve (12) months, until close of sale or termination of listing, whichever occurs first.

Home buyer: for properties involved in a real estate transaction, coverage begins at the close of sale and continues for twelve (12) months from that date. Payment is due at the close of sale.

New construction: coverage begins on the first anniversary of the close of sale and continues for one or three years from that date. Length of coverage is determined by the premium paid. Payment is due at the close of sale.

Buyer direct: for properties not involved in a real estate transaction, coverage begins 15 days after payment is received by HSA and continues for twelve (12) months from that date. Visit www.myhomewarranty.com for pricing.

D. Customer Service

1. **YOU MUST NOTIFY US PRIOR TO REPAIR OR REPLACEMENT.** When service is needed due to an "Operational Failure", including emergency situations, you are to telephone HSA at 1-800-367-1448, twenty-four (24) hours per day, and seven (7) days per week. This telephone contact shall initiate the service process without the requirement of a claim form or service application. This notification includes the requirement that we have the opportunity to speak with the service contractor prior to the implementation of any repairs. Failure to do so may result in our denial of reimbursement for the expenses you incurred.

HSA shall not be liable for a "Loss" unless notice is given to HSA prior to the expiration of your coverage and the reported "Operational Failure" is professionally diagnosed and the diagnosis is reported to HSA within 15 days after the expiration of your coverage, regardless of when the "Operational Failure" occurred.

2. You shall take every precaution to protect the property giving rise to the "Operational Failure" until the necessary repair or replacement is authorized by HSA and made. Repair or replacement shall be performed within forty-eight (48) hours, under normal circumstances, of an approved claim by a service contractor chosen by HSA, unless a service contractor of your choice is approved by HSA when you report the malfunction or "Operational Failure" by telephone. **HSA selected service contractors must be used on all claims.** (Please notify HSA if you have a complaint about an HSA selected service contractor). **If HSA cannot provide a contractor for you, HSA will approve the use of a contractor outside of its network.** We have the sole right to determine if items will be repaired or replaced. Unless specifically identified elsewhere in this contract, replacement shall be with systems comparable in features, capacity and efficiency; HSA is not responsible for matching dimensions, color or brand. The use of non-original manufacturer "Component Parts" is permitted in making repairs under this contract. We will use original manufacturer "Component Parts" when non-original manufacturer "Component Parts" are unavailable. HSA reserves the right to obtain additional opinions at our expense. HSA reserves the right to offer cash in lieu of repair or replacement based on what HSA can expect to pay to repair the failure (parts and labor); this amount may be less than retail or less than your actual cost. Once a failure has been diagnosed, subsequent failures to the same system will be exempt from coverage unless and until proof of repair is submitted to HSA. Proof shall include, but is not limited to, receipts verifying repair and/or replacement.

3. **DEDUCTIBLE:** you will pay the \$75.00 or \$100.00 deductible for each separate trade call. Deductible amount is determined by the contract price selected. If multiple visits are required for the same repair you will not be charged an additional deductible. Trade call means each visit by an authorized repair contractor. The deductible shall apply to all approved costs including service call charges. If service work performed under this contract should fail, then HSA will make the necessary repairs without an additional deductible for a period of 90 days on parts and 30 days on labor. In the event that the failure is not covered, you are responsible for all charges incurred.

4. When you select the service contractor, you may be required to pay them directly and seek reimbursement from HSA if the service contractor will not bill us. HSA is not responsible for overtime service rates unless we determine a life threatening or property damaging "Operational Failure" has occurred. HSA will reimburse you for your approved coverage, subject to applicable deductible(s) within 30 days of receipt of a paid invoice from the service contractor or other proof of payment acceptable to HSA. Claim documentation and any correspondence can be faxed to HSA at 1-877-638-1741 or mailed to 1861 Ludden Dr., Cross Plains, WI 53528.

5. You are required to pay the service contractor directly for the service call fee and any non-covered charges. In the event that no covered "Operational Failure" is discovered, you are required to pay the service contractor directly for all charges incurred, including access and diagnosis. HSA will not respond to a new service request when any previous deductible(s) or fees are outstanding. HSA reserves the right to recover any outstanding deductible(s) and fees directly from the contract holder.

E. Covered "Component Parts" Seller & Buyer Coverage

In accordance with the terms and conditions of the warranty contract, HSA will repair or replace systems and appliances specifically mentioned as covered; all others are excluded. Please reference Section F. Limitations of Liability for general exclusions and limitations.

NOTE FOR SELLER: items 1. and 2. in Section E. are limited to a combined \$1,500 aggregate maximum during the listing period.



1. **CENTRAL HEAT - COVERED: (up to 2 units)** includes forced air furnace; radiant electric including wiring, heat lines installed in electrical baseboards, or ceiling cables; radiant hot water/steam boilers, self-contained heating systems and oil systems are covered up to \$1,500 aggregate including radiant heating lines, circulating pumps and piping; solar heating units including solar collectors, reflectors and fiberglass or galvanized holding tanks that are used for storage of water for a solar heating system; heat exchangers, wall furnaces if they are the main source of heat to the residence; **thermostats, ductwork** from heating unit to point of attachment at registers or grills; ductwork-attached **humidifiers. NOT COVERED:** collector box, coal and wood burning equipment, chimneys, fireplaces, flue liners, systems with compressors larger than five tons; oil storage tanks, free standing or portable space heaters, heat or energy recovery units; air cleaners/filters, condensate line clearing, crane charges, heat lamps, filters, registers, grills, insulation, improperly sized ductwork.



2. **CENTRAL AIR - COVERED: (up to 2 units)** electric units, refrigerated or evaporative units, packaged systems, heat pumps; geothermal system and water source heat pump system "Component Parts" located within the "Interior" of the residence; glycol systems, water source and geothermal heat pump systems are covered up to \$1,500 aggregate; **thermostats, ductwork** from cooling unit to point of attachment at registers or grills. For covered air conditioning and heat pump failures, when repair is not possible and like SEER (Seasonal Energy Efficiency Ratio) or HSPF (Heating Seasonal Performance Factor) equipment is not readily available, HSA will replace with 13 SEER or 7.7 HSPF equipment. HSA will also install a TX valve or will replace the evaporator coil/air handler and line set to match the SEER/HSPF rating to the replaced equipment. Modifications, including but not limited to, a replacement pad for the condensing unit, relocation of existing equipment to accommodate larger sized equipment, ductwork fabrication or plenum work that is necessary to install the new coil in the existing space, will be the responsibility of the homeowner; if the 7 Star Upgrade is purchased, HSA will pay modification charges up to \$300 in the aggregate for the buyer. **NOT COVERED:** gas units, systems with compressors larger than five tons; outside/underground piping, well pump and "Component Parts" for geothermal and/or water source heat pumps; heat or energy recovery units; non-ducted air conditioners, condensate line clearing, crane charges, filters, registers, grills, insulation, improperly sized ductwork.



3. **DOMESTIC WATER HEATER - COVERED:** tank, heat elements, thermostat, valves, flue piping, electrical or gas connections. **NOT COVERED:** solar/solar-assisted water heating units, circulating pumps, expansion tanks, sediment build-up, energy conservation flues and vents.



4. **"INTERIOR" PLUMBING SYSTEM - COVERED:** leaks and breaks of water supply lines, gas lines, drain and waste lines; leaks in polybutylene piping are covered up to \$500 aggregate per contract period; **drain line routing** with rotary machinery (excludes camera diagnosis and hydro-jetting to clear the line) through an accessible cleanout, p-trap, drain or overflow access points; **faucet and shower head assemblies** and their respective "Component Parts" including valve for shower/tub diverter, trip levers, tub stopper assembly and sink pop-up assembly; pressure regulators, wax ring seals, toilet fixture and water tank (replaced with builder's standard as necessary); parts within the toilet tank, in-line shut-off valves, risers leading into: sinks, tubs and toilet; **primary sump pump** for pumping water only; single-point **instant hot water dispenser** including casing, element, wiring and valve; **whirlpool bathtub** pump and motor assembly. **Buyer only:** water well pump, septic system and water softener. **NOT COVERED:** ejector/lift pumps; basket strainers, shower base pans, shower enclosures or doors, sinks, tubs, drain tile/French drains, sprinkler systems; water filter/purifier, bidets, failures due to salt, mineral beds or deposits; caulking, grouting, or tiles; lines or parts lying within an unheated area; drain line stoppages caused by roots; HSA is not responsible for installing a clean-out or pulling/re-setting a toilet to access a drain line stoppage; routing through roof vents is not covered.



5. **"INTERIOR" ELECTRIC - COVERED:** wiring, main service panels, sub-panels, receptacles or outlets, switches, fuse boxes, electric wiring to all major electrical equipment; outside outlets attached to the primary residential structure and garage; **garage door opener** (2 systems maximum) must meet current safety standards; includes track assembly and carriage unit if part of the opener unit; permanently installed "Interior" **attic and exhaust fans** used for the intake and output of air excluding belts, shutters and filters; **ceiling fans. Buyer only:** central vacuum, door bell system, lighting fixtures, burglar alarm and fire alarm. **NOT COVERED:** any failure in the central electrical system caused by non-covered electrical wiring or components; telephone wiring; garage door: cables, rollers, hinges, springs, keypad, remote transmitter units or door replacement; chandeliers, smoke alarms, intercom systems; exhaust equipment mounted on the roof (i.e. ridge-a-lators).



6. **KITCHEN APPLIANCES - COVERED:** all "Component Parts" including timers that affect the primary function of the appliance; except for clothes washer and dryer all appliances must be located in the primary kitchen unless additional units have been approved by HSA and premium has been received by HSA; includes **oven/range, dishwasher, garbage disposal, built-in microwave oven, trash compactor and home freezer.** HSA will pay up to \$2,000 aggregate for the life of the contract toward repair/replacement of Professional series or ultra-premium appliances, including, but not limited to, Sub-Zero, Viking or Jenn-Air (individual trademarks are owned by the brand name company). **Buyer only:** refrigerator, clothes washer and dryer. **NOT COVERED:** condensate line clearing, self-cleaning mechanisms; ice maker/crusher, beverage dispenser and their respective "Component Parts"; any failures to the door other than appliance controls located within the door; clocks, knobs, handles, dials, springs, hinges, tubs, liners, baskets, shelves, drains, glass breakage, probes, rotisseries, racks, rollers, light bulbs, lock/key assemblies, buckets, televisions, computer screens or computers that are part of an appliance but do not affect the primary function of the appliance; walk-in freezers.

Buyer Only Coverage



7. **WATER WELL PUMP - COVERED:** "Operational Failures" occurring more than thirty (30) days after the inception date of buyer/buyer direct coverage are covered up to \$1500 aggregate including access, diagnosis, repair and/or replacement; must be primary water source to residence. **NOT COVERED:** digging new or deeper wells; co-op/shared wells, irrigation/sprinkler wells, windmills, curing water quality, failures from lack of water, drop pipe, tank, electrical supply line, exterior piping or any part of the well that is not the pump.



8. **SEPTIC SYSTEM - COVERED:** "Operational Failures" occurring more than thirty (30) days after the inception date of buyer/buyer direct coverage; includes ejector/lift pump; failures to the septic system electrical wiring, lines, tank, and dry (refuse) well are limited to \$300 per occurrence including access, diagnosis, repair and/or replacement. **NOT COVERED:** drain fields, leach beds, aerator/aerator systems and electrical supply lines; cess pools, cess pool cave-ins; upgrading system such as to city or municipal sewage system; septic tank pumping.



9. **WATER SOFTENER - COVERED:** all "Component Parts" including electrical wiring. **NOT COVERED:** rental or leased equipment; repair or replacement of water softener necessitated by mineral beds or deposits; cleaning.



10. **ELECTRICAL ITEMS - COVERED:** central vacuum motor and relay switches; we do not cover clogged lines or conditions of inadequate capacity; **door bell** systems which are not part of an intercom system; **lighting fixtures, burglar alarms and fire alarms. NOT COVERED:** central vacuum hoses or accessories; chandeliers, smoke alarms and intercom systems.



11. **KITCHEN REFRIGERATOR - COVERED:** compressor, coil, fan motor, thermostat and wiring. HSA will pay up to \$2000 aggregate for the life of the contract toward repair/replacement of Professional series or ultra-premium appliances, including, but not limited to, Sub-Zero, Viking or Jenn-Air (individual trademarks

are owned by the brand name company). **NOT COVERED:** ice maker/beverage dispenser, self-cleaning mechanisms, condensate line clearing; any failures to the door other than appliance controls located within the door; clocks, knobs, dials, springs, hinges, liners, glass breakage, baskets, racks, rollers, handles, shelves, light bulbs; televisions, computer screens or computers that are part of an appliance but do not affect the primary function of the appliance.



12. CLOTHES WASHER AND DRYER - COVERED: all "Component Parts" including control timers, except: HSA will pay up to \$2000 aggregate for the life of the contract toward repair/replacement of Professional series or ultra-premium appliances, including, but not limited to, Sub-Zero, Viking or Jenn-Air (individual trademarks are owned by the brand name company). **NOT COVERED:** any failures to the door other than appliance controls located within the door; clocks, knobs, handles, dials, springs, hinges, tubs, liners, baskets, shelves, drains, glass breakage, racks, rollers, light bulbs, buckets.



13. ROOF LEAKS - COVERED: we will pay up to \$750 aggregate to repair roof leaks only; includes shingles (cedar or asphalt), built up roofing, slate and tile. **DEFINITION:** the exterior surface that constitutes the top of the residence, excluding any skylights. **NOT COVERED:** condominium or townhouse roofs; leaking of an existing roof that has not been properly installed or attached; damage done by ice, mud, snow or wind and any acts of God; secondary damage from any type of leak or re-roofing of the residence; chimneys, gutters or downspouts, skylight or skylight flashing repairs for leaks or any other damage.

Buyer Options

Optional coverage may be purchased up to 30 days after the effective date of buyer/buyer direct coverage; however, coverage shall commence upon receipt of payment by HSA and will expire one year after the effective date of the contract.



14. PERMANENTLY MOUNTED ELECTRONIC AIR CLEANER - COVERED: transformer, power pack, switches, wires and elements. **NOT COVERED:** free standing units, mesh filters, back flush mechanisms and self-cleaning units.



15. HOT TUB - COVERED: must have jets, impellers, valves, be able to fill with water to qualify for coverage; includes filter, heater, pump, motor, gaskets, relays, jets, impellers, valves if stand-alone hot tub (limited to \$1,000 per occurrence of "Operational Failure" when hot tub shares mechanicals with swimming pool). **Note:** if pool/hot tub combination option is selected the two systems must share mechanical equipment. **NOT COVERED:** cleaning equipment, skimmer equipment or secondary or booster type pumps used for cleaning pools; timers, lights, main body, liners, structural defects, covers, filter grids, concrete-encased or underground plumbing, electrical or fuel lines; geothermal, solar or solar-assisted water heaters and their respective plumbing and equipment; wood encased or otherwise inaccessible parts; any unit with an independent boiler system; "habitat spa" or similar type unit.



16. SWIMMING POOL - COVERED: we will pay up to \$1,000 per occurrence of "Operational Failure"; includes heaters which do not have a compressor as a component; filter, pump, motor, gaskets, relays, impellers, back flush valve and above ground plumbing lines leading to and from the swimming pool; must be for a single family, commercially built and properly installed. **NOT COVERED:** cleaning equipment, skimmer equipment or secondary or booster type pumps used for cleaning pools; timers, lights, main body, liners, structural defects, covers, filter grids, concrete-encased or underground plumbing, electrical or fuel lines; geothermal, solar or solar-assisted water heaters and their respective plumbing and equipment; wood encased or otherwise inaccessible parts; any unit with an independent boiler system; "habitat spa" or similar type unit.

Buyer 5 Star Upgrade

Central Heat: adds - registers, grills, filters and heat lamps. **Central Air: adds** - freon recovery, non-ducted air conditioners, registers, grills and filters. **Plumbing: adds** - toilets replaced with like quality up to \$600 per occurrence of "Operational Failure". **Water heater: adds** - sediment build-up. **Electrical: adds** - smoke alarms; **garage door opener** hinges, springs, keypads and remote transmitters. **Appliances: adds** - refrigerator freon recovery; ice maker and ice/beverage dispenser and their respective equipment; **trash compactor** lock and key assemblies, bucket; **dishwasher** racks, baskets and rollers; **built-in microwave** interior lining, door glass, clock and shelves; **oven/range** interior lining, clocks, rotisseries, racks, handles, knobs and dials.

Buyer 7 Star Upgrade

Code violations: when the correction of code violation(s) is required to affect a covered repair or replacement of a heating, plumbing or electrical "Component Part", HSA will pay up to \$250 aggregate to correct the code violation(s). If there is only a code violation and no related covered repair or replacement, HSA will not pay simply to remove the violation.

Modification charges: if HSA has authorized the replacement of a water heater, central heat or central air system and metal fabrication, plenum work or installation of a new pad for a condensing unit are necessary to complete the covered replacement, HSA will pay \$300 aggregate toward modification charges. **Permits:** HSA will pay the cost for obtaining permits for HSA-approved repairs and replacements up to \$250 per occurrence. **Removal and disposal** of replaced equipment: when HSA replaces a covered system we will also pay the cost to dispose of the defective equipment. **Lack of maintenance:** HSA will cover a defect or mechanical failure of a system that was not properly maintained, if the defect or mechanical failure would have otherwise been covered. **Mismatched heating and cooling systems:** HSA will cover a defect or mechanical failure of a system that was not properly matched in size or efficiency, if the defect or mechanical failure would have otherwise been covered. If the mismatched system is a code violation, coverage will be limited to \$250 aggregate. **Improper installation, modifications and/or repair:** HSA will cover a defect or mechanical failure of a system that was not properly installed, modified and/or repaired, if the defect or mechanical failure would have otherwise been covered. If the improper installation, modification or repair is a code violation, coverage will be limited to \$250 aggregate.

F. Limitations of Liability

Coverage does not apply in these instances:

1. Detectable pre-existing defects or deficiencies, when the "Component Parts" were not in "Proper Working Order" on the inception date of coverage, are not covered by HSA. If, on the Buyer's effective date of this contract, the defect or malfunction of the covered "Component Parts" would not have been detectable by either visual inspection and/or simple mechanical test and/or safety test performed by a qualified professional, the defect or malfunction may qualify for coverage. For example: a simple test would be a visual inspection of a heat exchanger for cracks or a carbon-monoxide test. 2. Abuse, misuse, fire, lightning, freezing, ice, storms, smoke, water damage, acts of God, accident, earthquake, soil movement, mud, chemical or sediment build-up, fungus, rot, mold, power failure, power shortage or power outage, insect or rodent damage, pet damage, insurable peril. 3. "Operational Failures" due to rust or corrosion are excluded during seller coverage. Subject to all other terms and conditions of coverage, "Operational Failures" due to rust or corrosion are covered effective 30 days after the inception date of buyer/buyer direct coverage. "Operational Failures" due to rust or corrosion that occurred prior to the 30th day after the inception date of buyer/buyer direct coverage, but are reported after the 30th day, are excluded from coverage. 4. HSA will not contract to perform service nor pay costs involving hazardous or toxic materials or asbestos, nor will it pay costs related to freon recapture, evacuation or disposal of refrigerants or contaminants. If the 5 Star Upgrade is purchased for/by the buyer HSA will pay costs associated with freon recovery. 5. Modification charges or costs for metal fabrication, plenum work, or electrical changes necessary to satisfy the installation requirements of a new replacement unit. If the 7 Star Upgrade is purchased for/by the buyer, HSA will pay up to \$300 aggregate toward modification charges associated with an approved heating, air conditioning or water heater repair or replacement as outlined under Section E. Buyer 7 Star Upgrade. 6. Providing access to a covered component or system other than plumbing or ductwork systems. HSA will pay to provide access to plumbing and ductwork systems through unobstructed walls, ceilings or floors only, and will return the access opening to a rough finish condition. HSA is not responsible for moving obstructions including, but not limited to, built-in appliances, systems, cabinets, tile and floor coverings or pulling and re-setting a sink, shower or bathtub to access a failure. Any plumbing or ductwork failure requiring access through concrete, stone, rock or brick is limited to \$500 aggregate for total repair including access, diagnosis, repair and/or replacement, even if the primary failure is not located within the concrete, stone, rock or brick. 7. Excessive or inadequate water pressure, electrical surge, excessive or inadequate voltage, electrical currents artificially generated or inadequate amperage, water entry along the service cable. 8. Lack of maintenance or lack of capacity; normal maintenance, cleaning, adjustments, lubrication services, line

bleeding, capacity increases, licenses or inspection fees; failure to maintain the temperature in the residence above freezing; improper use, contamination of fuel or energy. You are responsible for providing maintenance and cleaning on covered items as specified by the manufacturer. For example: heating and air conditioning systems require periodic cleaning and/or replacement of filters and cleaning of evaporator and condenser coils. Water heaters require periodic flushing. If the 7 Star Upgrade is purchased for/by the buyer, HSA will pay costs associated with covered systems that fail due to lack of maintenance if the defect or mechanical failure would have otherwise been covered. 9. Faulty workmanship by any person including a contractor or trade-person selected and hired. Improper installation or connection of any system, appliance or component part by a contractor/trade-person or any other person, including improper conversions of heating systems and additions of air conditioning systems to an existing heating system. If the 7 Star Upgrade is purchased for/by the buyer, HSA will pay costs associated with covered systems that fail due to faulty workmanship or improper installation or modification if the defect or mechanical failure would have otherwise been covered. If the failure is a code violation HSA will pay up to \$250 aggregate per the terms outlined under Section G. Building Codes. 10. Secondary damage, consequential damage or any damage caused by or resulting from the failure or malfunction of covered or non-covered "Component Parts". Any damage resulting from the actual repair or replacement itself. Conditions beyond our control including delays in obtaining parts, relocation of equipment or labor difficulties including, but not limited to, additional costs associated with repair or replacement of a covered mechanical system due to space restrictions or location of the covered equipment. Any damage alleged to be caused directly or indirectly by the services or the timeliness of the services provided by us. 11. Any remote control transmitting/receiving items. If the 5 Star Upgrade package is purchased for/by the buyer, the remote transmitter for the garage door opener will be covered for the buyer only. Electronic, computerized or energy management systems or devices, or lighting and appliance management systems are not covered; home computers, computer systems, leased or rental equipment and/or components. 12. Damage to the physical structure of the residence including, but not limited to, load bearing walls, walls, roof, roof supports, structural floor base, foundation or slabs, and ceilings except where specifically identified as covered. 13. Cosmetic repairs and non-"Operational Failures" including, but not limited to: finishes, cabinetry, panels, trim, buttons, chipping, dents or scratches. 14. You may be charged an additional fee by the service contractor to dispose of an old appliance, system or component. HSA is not responsible for these charges. If the 7 Star Upgrade package is purchased for/by the buyer HSA will pay the cost to dispose of defective equipment on HSA approved system replacement. 15. Equipment, items or systems that are owned by a condominium association or designated as common area in condominium declarations, plats or plans. 16. More than two central heating units, central air conditioning units or garage door openers unless specifically listed and approved by HSA. More than one of any appliance unless specifically listed and approved by HSA. 17. Repairs related to manufacturer recall or defects. In the event that there is other collectible insurance, manufacturer warranty or in-house warranty or guarantee coverage available to you covering an "Operational Failure" that is also covered by this contract, our coverage shall be in excess of, and we will not contribute with, any other insurance, warranty or guarantee. 18. HSA is not responsible for repair or replacement of systems or appliances classified by the manufacturer as commercial. HSA will pay up to \$2,000 aggregate for the life of the contract toward repair/replacement of Professional series or ultra-premium appliances, including, but not limited to, Sub-Zero, Viking or Jenn-Air (individual trademarks are owned by the brand name company). 19. All else not listed as covered.

G. Building Codes

HSA is not responsible for any upgrades, work or costs required to comply with any federal, state or local laws, regulations or ordinances or utility regulations, or to meet current building or zoning code requirements, or to correct for code violations. If the 7 Star Upgrade package is purchased for/by the buyer and the correction of code violation(s) is required to affect a covered repair or replacement of a heating, plumbing or electrical "Component Part", HSA will pay up to \$250 aggregate to correct the code violation(s). If there is only a code violation and no related covered repair or replacement, HSA will not pay simply to remove the violation. Please reference Section E. 2 - Central air for specific information regarding air conditioning coverage and federal regulations. HSA is not responsible for service when permits cannot be obtained, nor will it pay any costs relating to permits. If the 7 Star Upgrade package is purchased for/by the buyer HSA will pay the cost for obtaining permits for HSA-approved repairs and replacements up to \$250 per occurrence.

H. Cancellation, Transfer, Renewal

The warranty is non-cancelable by either party except for the following: **A.** The contract fees are not paid. **B.** Fraud or misrepresentation of facts material to the issuance of this contract. **C.** If the contract provides coverage for the seller during the listing period and the listing is withdrawn or expires. Should the contract be cancelable under the laws of the state where the contract holder resides, an allowable administrative fee will be charged upon cancellation.

In the event of a transfer of the legal title and ownership of the covered residence during buyers' coverage, the remaining term may be assigned to the new homeowner. The assignee takes the warranty on the same terms, conditions, and expiration date as the assignor.

The warranty is renewable, by mutual consent, at prevailing rates for an additional 12 month period from the date of the contract expiration. HSA may, at its option, decline to issue any renewal or cancel any contract, if the contract fees are not paid within 10 days of the due date. **Note:** if you have selected a monthly payment plan, your contract will automatically renew at the expiration of this contract period. (**Renewal customers:** payment of the first installment on the renewal year premium constitutes your consent.)

I. Agency

Neither the real estate broker nor the broker's sales representative is an agent of HSA. Coverage is strictly determined by the warranty contract and not the representations of the real estate professional.

J. HSA's Rights of Recovery

In the event of any payment under this contract, HSA shall be subrogated to all of contract holder's rights of recovery against any person or organization. You shall do nothing after loss to prejudice such rights. The company shall not be bound to pay any loss if you have impaired any right of recovery for loss.

K. State Disclosures

Terms of this contract that are in conflict with the statutes of the states in which this contract is issued are amended to such statutes. **ARKANSAS RESIDENTS:** obligations of the provider under this service contract are backed only by the full faith and credit of the provider (issuer) and are not guaranteed under a service contract reimbursement insurance policy. Free Look Provision - If no claim has been made, and you return this contract to us within 20 days of the date the contract was mailed to you by us or within 10 days of the delivery of the contract, if delivered to you at the time of sale, the contract is void and we will refund you the full purchase price of the contract. A 10% penalty per month shall be added to the refund that is not paid or credited within 45 days after the return of this contract to us. The right to void the contract is not transferable and applies only to the original contract purchaser. **ILLINOIS RESIDENTS:** the purchaser of this contract may within 30 calendar days of delivery of the warranty contract, provided there has been no service, cancel this contract for a full refund less a cancellation fee of 10% of the contract price or may cancel at any time and receive a pro-rata refund for the unexpired term of coverage, less the value of any service provided and less the cancellation fee. The cancellation fee will not exceed \$50. Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud. **WISCONSIN RESIDENTS: THIS WARRANTY IS SUBJECT TO LIMITED REGULATION BY THE OFFICE OF THE COMMISSIONER OF INSURANCE. Cancellation:** The purchaser of this warranty may, within 15 calendar days of the delivery of the warranty contract, reject and return the warranty contract for a full refund less actual costs or charges needed to issue and service the warranty contract. Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud. **Rights of Recovery:** you will be made whole before the company may seek recovery of any subrogation interest. **Notice of loss:** per Wis. Statute 631.81, operational failures that have occurred on or before expiration of this contract may be reported to HSA after the expiration of the contract so long as: 1. notice of the operational failure is given to HSA as soon as reasonably possible; 2. the failure to provide notice prior to the expiration of the contract does not prejudice HSA; and 3. it was not reasonably possible to provide notice prior to the expiration of the contract. HSA will determine if this notice meets these criteria based on individual circumstances presented to HSA. In Illinois, Iowa, Maine, Massachusetts, Texas, Utah & Wisconsin: HSA operates through its subsidiary Home Security Association, Inc.

Application

Four easy ways to enroll

1. Online

www.onlinehsa.com

2. Phone

800-367-1448

3. Fax

877-638-1741

4. Mail with payment to HSA

1861 Ludden Dr., Cross Plains, WI 53528

Warranted Property (Required)

STREET _____

CITY _____ STATE _____ ZIP _____

Real Estate Professional Information

Please send warranty confirmation by: Fax E-mail Mail

NAME _____ E-MAIL ADDRESS _____

COMPANY NAME _____

FAX (Required) _____ TELEPHONE _____

OFFICE STREET ADDRESS _____

CITY _____ STATE _____ ZIP _____

Seller Information

Please send warranty confirmation by: Fax E-mail Mail

NAME _____ TELEPHONE _____

E-MAIL ADDRESS _____

MAILING ADDRESS (if different from warranted property) _____

CITY _____ STATE _____ ZIP _____

Closing Information

ESCROW/CLOSING/TITLE COMPANY _____

CLOSING AGENT _____ E-MAIL ADDRESS _____

FAX (Required) _____ TELEPHONE _____

OFFICE STREET ADDRESS _____

CITY _____ STATE _____ ZIP _____

Buyer Information

Please send warranty confirmation by: Fax E-mail Mail **CLOSE DATE** _____

NAME _____ TELEPHONE _____

E-MAIL ADDRESS _____

MAILING ADDRESS (if different from warranted property) _____

CITY _____ STATE _____ ZIP _____

Purchase Agreement: When seller coverage is selected, seller agrees to pay the fee shown on the date legal title transfers to the buyer. This agreement is binding and may not be cancelled. If seller fails to pay the specified fee, seller shall be liable for all attorney fees and court costs incurred by HSA to collect the fee. By application for this contract, seller and/or buyer represent that, to the best of their knowledge, all items are in good working order on the date of application for this coverage. Further, seller and/or buyer agree that failure to notify HSA prior to repair or replacement of any covered item may result in a refusal of coverage on that item.

HSA discloses to the purchaser of this warranty, and the purchaser consents and acknowledges by his/her signature that the employing broker may receive a minimal fee for services rendered in marketing or administering the sale of this warranty plan.

Coverage Desired: Seller and Buyer Coverage Buyer Coverage Only

Applicant signature _____ Date _____

Coverage Limitations: Some limitations and general exclusions apply to covered items. Please read the Sample Contract section of this brochure for details.

Waiver: Purchase of this coverage is not mandatory. No other services are contingent upon the purchase of the warranty. I have reviewed the Home Warranty Protection plan and hereby decline coverage. I agree to hold the real estate broker and real estate professional harmless in the event of a subsequent mechanical failure which otherwise would have been covered under the warranty plan.

Signature _____ Date _____

CONTRACT NUMBER _____

DATE ASSIGNED _____

FORM NUMBER _____

Telephone application

MW09 01/09

Select coverage desired:

\$75 Deductible

Single family residence \$439

Condominium \$409

Multiple family (\$439 + \$160 each additional unit) \$____

\$100 Deductible

Single family residence \$419

Condominium \$389

Multiple family (\$419 + \$150 each additional unit) \$____

HSA New Construction \$75.00 deductible Coverage begins one year after closing

Year 2 \$439

Year 2 through 4 \$539

Optional Coverage For Buyer:

Electronic air cleaner \$40

Hot tub \$150

Swimming pool \$150

Pool/hot tub combination (must share common mechanicals) \$175

New Construction: Call for optional coverage pricing 1-800-367-1448

Buyer 5 Star Upgrade* \$50

Buyer 7 Star Upgrade* \$149

Total \$

*If upgrade(s) have been selected and the property is a multiple family dwelling, the upgrade package(s) must be purchased for each unit.

Payment Due At Closing

Check is enclosed (payable to HSA) Charge my credit card

Discover MasterCard Visa American Express

Account # _____

Expiration Date _____

Name as on credit card _____

Cardholder's signature _____ Date _____

Home Security of America, Inc.

1861 Ludden Drive
Cross Plains, WI 53528
www.onlinehsa.com
1-800-367-1448

