



HOME WARRANTY AGREEMENT

This Home Warranty Agreement, hereinafter referred to as the "Agreement", is marketed through HMS National, Inc. The Agreement is issued by the entity listed for your state in Section VIII.10. of this Agreement. Such entity is hereinafter referred to as the "Issuing Company", or "we", "us", and/or "our". The owner of the home covered by this Agreement is hereinafter referred to as "you" and/or "your". This is a Home Warranty Agreement, not an insurance policy.

This Agreement is intended to provide protection against the cost of repairing certain types of breakdowns of specific items in your home. **Please read the Agreement carefully. Coverage includes only certain mechanical breakdowns of the specific items listed as covered on your Agreement Coverage Summary and excludes all other breakdowns and/or items. The Agreement Coverage Summary is attached to and made a part of this Agreement.** Coverage is subject to the limitations and conditions specified in this Agreement.

I. TYPES OF WARRANTIES/EFFECTIVE DATES

Your Agreement type and effective date is listed on your Agreement Coverage Summary. Types of warranties and their respective effective dates are as follows:

1. **A Seller Home Warranty**, which is placed on the home by a prospective home seller at or near the time of listing, is effective immediately upon receipt and processing of the Seller Home Warranty application by us and continues for the remaining term of the listing agreement, not to exceed one hundred and eighty (180) days from the date of listing, unless sooner terminated by the sale of the dwelling (see Buyer Conversion Warranty below) or cancellation of the listing agreement. The Seller Home Warranty may be extended by us at our sole discretion. The Seller Home Warranty converts to a Buyer Conversion Warranty (see below) on the date of closing (title transfer), provided required payment has been received by us within seven (7) business days of closing.
2. **A Buyer Conversion Warranty**, which is a Seller Home Warranty that has converted to benefit a home buyer after closing, is effective on the date of closing, provided required payment has been received by us within seven (7) business days of closing.
3. **A Buyer Direct Warranty**, which is purchased by or on behalf of a home buyer at the time of closing, is effective on the date of closing, provided required payment has been received by us within seven (7) business days of closing, unless otherwise agreed to by us in writing.
4. **A New Home Warranty**, which is purchased by or on behalf of a home buyer at the time of closing of a newly constructed single family home, is effective on the date of closing, provided required payment has been received by us within seven (7) business days of closing, unless otherwise agreed to by us in writing.
5. **An Open Direct Warranty**, which is available to homeowners not immediately purchasing or selling their home (i.e., when the home is not listed for sale and/or it is more than seven (7) business days after closing), is effective thirty (30) days after required payment has been received by us, unless we otherwise agree in writing.

II. BASIS FOR COVERAGE

We agree to repair the items listed as covered on your Agreement Coverage Summary if they become inoperative during the term of this Agreement due to mechanical failure caused by routine wear and tear, subject to the terms and conditions of this Agreement. We reserve the right, at our option, to replace items rather than repair them. The definition of the specific items that may be listed on your Agreement Coverage Summary as covered, as well as other limitations on coverage and other terms and conditions, are listed below.

This Agreement covers only mechanical failures relating to the mechanical parts and components of those domestic-grade items that were in the home and in proper operating condition on the Agreement effective date. "Mechanical failure" occurs when a covered item becomes inoperable and unable to perform its designed function, subject to the limitations and conditions set forth herein. Mechanical failure is not covered if it is due to: conditions that existed prior to Agreement effective date; lack of routine care and maintenance; misuse; and rust and/or corrosion. "Domestic-grade" items are those that were manufactured and marketed solely for installation and use in a residential single family dwelling. The covered item will be deemed to have been in "proper operating condition" on the Agreement effective date if it was correctly located within the home, was fully connected, was capable of successfully performing all operations commensurate with the manufacturer's original design intention, and did not pose any hazard to life or property. Determination of the operating condition as of Agreement effective date, and the nature of any failure, will be made by us based upon the professional opinion of our direct employees, reflecting but not limited to, our authorized contractor's diagnosis.

III. DEFINITION OF ITEMS

This Agreement provides coverage only for those items specifically listed as being covered on your Agreement Coverage Summary. An additional fee may be required for certain coverages. Coverage of some items is not available under all plans or in every state.

This Agreement defines precisely what mechanical systems and appliances, and which of their parts and components, are covered; only those items specifically so described may be covered, subject to the limitations and conditions herein. The items listed in this section as "Examples of Items/Conditions Not Covered" are not meant to be all-inclusive and are provided for illustration. They do not limit our right to decline coverage for items not on the lists and should not in any way be deemed an expansion of items specified as Covered.

1. **Kitchen/Laundry Appliances** (Individual appliances available only as an option in some states)

Description of Covered Items: Mechanical parts and components affecting the proper operation of one (1) of each of the following appliances located in the kitchen: refrigerator or combination refrigerator/freezer; built-in dishwasher; built-in microwave oven; range/oven/cook-top; self-contained range exhaust unit located above the range; and built-in trash compactor. Kitchen appliance coverage is only for primary units. Mechanical parts and components affecting the proper operating condition of one (1) of each of the following primary appliances are also covered: clothes washer and clothes dryer. Covered mechanical parts and components include only the following: automatic soap dispenser; belts; compressor; condensers; control timers (oven/range clock-timers are excluded unless failure prohibits normal cooking function); defrost heaters; latch assemblies; clothes dryer heating elements; clothes dryer drum rollers; electronic components; evaporators; fan motors; range/cooktop/heating elements/burners (sensi-temp elements/burners will be replaced only with standard elements/burners); gas valves; hinges; hoses; ignitor and pilot assemblies; internal wiring; motors; power cords; pumps; pulleys; ram assembly; switches and relays; solid state control boards; thermostats; touch pads; tracks; transmissions; wash arm assemblies (dishwasher only); and water valves (dishwasher and clothes washer only). In no event shall we be liable for claims in excess of \$1000 in the aggregate per appliance for: top or down-draft cook tops, convection ovens; combination convection/microwave or convection/standard ovens; double wall ovens; and commercial-like or ultra-premium appliances (see V.7. below).

Examples of Items/Conditions Not Covered: Automatic deodorizers; ice and beverage dispensers; buckets; commercial units; damage to clothing; drawers; door seals; drip pans; drums; exhaust fan not solely for venting range/cooktop fumes; filters and screens; food spoilage; stand-alone freezers; ice maker; interior lining; internal shelves; knobs and handles; light bulbs and fixtures; lock and key assemblies; panels and/or cabinetry; racks; removable minitubs; rollers other than clothes dryer drum rollers; rooftop exhaust units; rotisseries and probes; secondary units; sensi-temp/sensi-heat burners; shelves; springs; structural components; timers and clocks; trays; tubs; venting; washing machine agitators; and water flow restrictions due to mineral deposits, such as but not limited to, lime.

2. **Primary Central Air Conditioning/Cooling System**

Description of Covered Items: Mechanical parts and components of a centrally ducted air conditioning system and/or evaporative (swamp) cooler unit, as follows: accessible ductwork from the air conditioning unit to the point of attachment at registers/grills; air handler; blower fan motors; capacitors; compressors; condenser fan motors; condenser coils; condensers; evaporator coils; fan blades; freon gas lines interior to the unit; internal system controls; internal wiring; motors (excludes dampers); refrigerant (excludes reclamation); refrigerant filter dryer; refrigerant piping (excluding inter-connecting line sets and geo-thermal piping); relays; reversing valves; switches and controls; and thermostats (electronic set back units will be replaced only with standard units). We cover one (1) system with maximum of five (5) ton capacity, and designed for residential application. If the primary cooling system in the home is comprised of wall units, three (3) wall units will be covered.

Examples of Items/Conditions Not Covered: Primary/secondary condensate drain pans, pumps, and lines; filters (including electronic/electrostatic and de-ionizing filter systems); heat recovery unit; interconnecting freon lines (external of the equipment); panels and/or cabinetry; concrete encased or inaccessible ductwork; asbestos insulated ductwork or piping; recapture/reclaim of refrigerant; structural

components; geothermal piping; water pumps and lines (external of the condenser unit); wall units (except as noted above); window units, and water cooling towers. Gas systems, including ammonia systems, and chilled water systems, are not covered.

3. Primary Central Heating System

Description of Covered Items: Mechanical parts and components of one system, either hot water and steam heating system or centrally ducted forced air/gas/electric heating system or electric baseboard units, if providing the primary source of heat in dwelling, as follows: accessible ductwork from covered heating unit to point of attachment to register/grill; blower fan motors; burners; controls; fan blades; heat/cool thermostats (electronic set back units will be replaced only with standard units); heat exchangers; heating elements; ignitor and pilot assemblies; internal system controls, wiring, and relays; motors (excludes dampers); and switches. Electric baseboard units are covered if they are the primary source of heating for the property. In no event shall we be liable for claims in excess of \$1500 in the aggregate per covered property for systems that have been converted from coal-to-oil, coal-to-gas, or oil-to-gas; or for hot water or steam heating systems, or oil-fired forced air or furnace systems.

Examples of Items/Conditions Not Covered: Chimneys, flues, and liners; cleaning and re-lighting of burners; concrete encased or inaccessible ductwork; asbestos insulated ductwork or piping; concrete encased steam or radiant heating coils or lines; electric baseboard heat unless primary heating system in home; filters (including electronic/electrostatic and de-ionizing filter systems); fireplaces; free-standing or portable heating units; fuel storage tanks, lines, and filters; gas log systems, including gas feed lines; humidifiers; individual space heaters; maintenance and cleaning; panels and/or cabinetry; radiant heating systems built into walls, floors or ceilings; pressure regulators; registers/grills; secondary units; solar heating devices and components; and structural components.

4. Plumbing System/Plumbing Pipes

Description of Covered Items: Mechanical parts and components of the following: garbage disposals; interior hose bibs; shower and tub valves; toilet tanks, bowls, and toilet mechanisms within the toilet tank. Leaks and breaks, except those caused by plumbing stoppages, of water, gas, drain, waste and vent lines within the perimeter of the main foundation are also covered. We cover up to three (3) toilets.

Examples of Items/Conditions Not Covered: All plumbing in or under the ground, foundation or slab; all piping and plumbing outside of the perimeter of the foundation; bath tubs; bidets; caulking or grouting; color or purity of the water in the system; concrete encased plumbing; conditions of insufficient or excessive water pressure; conditions caused by plumbing stoppages; conditions of water flow restriction due to scale, rust, minerals and other deposits; exterior hose bibs; faucets; holding and pressure tanks; jet pumps; laundry tubs; lawn sprinkler systems; pressure regulating devices; repair and finish of any walls, floors or ceilings where it is necessary to break through to effect repairs; septic tanks and systems in or outside of the home; sewage ejector pumps; sewer and water laterals; wells and well pumps; solar systems; shower enclosures and base pans; sinks; sump pumps; toilet tank lids and toilet seats; water damage; water filters; water purification systems; water softeners; whirlpools, spas and their respective plumbing and mechanical components; and.

5. Water Heater

Description of Covered Items: Mechanical parts and components, including circulatory pumps and domestic hot-water coils attached to boilers, but excluding solar and heat recovery units.

Examples of Items/Conditions Not Covered: Color or purity of water; heat recovery units; insulation; noise; secondary holding/storage tanks; sediment build-up; and solar heaters, including all parts and components.

6. Water Softener

Description of Covered Items: Mechanical parts and components of basic single and twin water softener units, including central head assembly; piping to and from unit(s) and system tanks.

Examples of Items/Conditions Not Covered: Any and all treatment, purification, odor control, iron filtration components and systems; discharge drywells; failure due to excessive water pressure or freeze damage; failures due to mineral and/or sediment; resin bed replacement; and salt.

7. Sump Pump

Description of Covered Items : Mechanical parts and components of the pump assembly located within the home.

Examples of Items/Conditions Not Covered: Back-up power assemblies; any unit located outside the covered property and/or within crawl spaces.

8. Electrical System

Description of Covered Items: Mechanical parts or components as follows: general line voltage wiring, components and parts within the perimeter of the exterior walls consisting of main breaker fuse panel/box; standard light switches and receptacles; ceiling fan motors and their controls.

Examples of Items/Conditions Not Covered: Attic, bathroom, and/or whole house exhaust fans; alarm systems batteries; burglar, fire and smoke alarms; direct current (DC) wiring and systems; door bells and chimes; exterior wiring and components (except main panels mounted to exterior wall); exhaust fans; intercom or speaker systems; lighting fixtures; load control devices; low voltage systems including wiring and relays; telephone systems; timers; touch pad assemblies; utility meter base pans; and wall fans. Failures and conditions caused by inadequate wiring capacity, circuit overload, power failure/shortage or surge, and corrosion caused by moisture are not covered.

9. Garage Door Opener

Description of Covered Items: Mechanical parts and components of a single primary unit as follows: motor; receiver board; relays; switches and sensors; and drive trains.

Examples of Items/Conditions Not Covered: Batteries; damage caused by door malfunctions; all door assemblies including door panels, tracks, rollers, hinges, cables and springs; frequency interference; lights; sending units; and transmitters.

10. Well Pump System

Description of Covered Items: Mechanical components and parts of the submersible or above ground well pump utilized as the sole source of water supply only for the main dwelling, excluding irrigation system, as follows: motor; pump; impellers; seals; and controls. For units that also supply water for use outside the main dwelling, only the capacity required to supply water to the main dwelling, excluding irrigation system, is covered.

Examples of Items/Conditions Not Covered: Contamination or lack of water; excavation or other charges necessary to gain access to the pump; failure attributed to well impurity; joint wells; piping and electrical lines leading to and from the unit; pressure, holding or storage tank(s); re-drilling of wells; secondary/booster pumps; and well casings.

11. Swimming Pool

Description of Covered Items: Mechanical parts and components as follows: Above ground accessible piping lines leading to and from the unit; filters (housings, laterals, pressure gauges, back flush valves); gaskets; primary circulator pump and motor; and relays and impellers.

Examples of Items/Conditions Not Covered: Automatic feeders and chemicals; chlorinators; "creepy crawlers" and similar cleaning units; electrical lines; filter elements or media (i.e., cartridges, grids and sand); heaters; lighting; pop up heads and turbo valves; secondary/auxiliary cleaning equipment and accessories including built-in or detachable cleaning equipment; skimmers; solar heaters and related components; structure, liner or shell of the pool; timer systems; and underground and/or concrete encased plumbing.

12. Heater for Swimming Pool and/or Spa

Description of Covered Items: Mechanical components and parts of gas, electric, oil, and heat pump units. In no event shall we be liable for claims in excess of \$1000 in the aggregate per covered property with respect to pool or spa heaters.

Example of Item Not Covered: Freon reclamation.

13. Spa

Description of Covered Items: Mechanical parts and components as follows: above ground accessible plumbing lines leading to and from unit; air pumps; blower motor; filters (free-standing housing body, laterals, pressure gauges, back flush valves); gaskets; impellers; internal spa pack heater; internal switches; primary circulator pump and motor; and relays.

Examples of Items/Conditions Not Covered: Automatic feeders and chemicals; chlorinators; "creepy crawlers" and similar cleaning units; electrical lines; filter elements or media (i.e., cartridges, grids and sand); heaters; lighting; pop up heads and turbo valves; secondary/auxiliary cleaning equipment and accessories including built-in or detachable cleaning equipment, skimmers; solar heaters and related components; structure, liner or shell of the pool; timer systems; and underground and/or concrete encased plumbing.

14. **Combination (shared equipment) Swimming Pool and Spa**

Description of Covered Items: Mechanical parts and components as follows: above ground accessible plumbing lines leading to and from unit; air pumps; blower motor; filters (free-standing housing body, laterals, pressure gauges, back flush valves); gaskets; impellers; internal spa pack heater; internal switches; primary circulator pump and motor; and relays.

Examples of Items/Conditions Not Covered: Automatic feeders and chemicals; chlorinators; "creepy crawlers" and similar cleaning units; electrical lines; filter elements or media (i.e., cartridges, grids and sand); heaters; lighting; pop up heads and turbo valves; secondary/auxiliary cleaning equipment and accessories including built-in or detachable cleaning equipment, skimmers; solar heaters and related components; structure, liner or shell of the pool; timer systems; and underground and/or concrete encased plumbing.

15. **Jetted Bathtub**

Description of Covered Items: Mechanical parts and components as follows: accessible electrical controls; accessible plumbing lines; air pumps; drains; gaskets; and primary circulation pump and motor.

Examples of Items/Conditions Not Covered: Bathtub shell; caulking and grout; failures due to dry operation of equipment; gaining access to piping, electrical and component parts; tiles and marble; and tub enclosure.

IV. **SERVICE**

1. **When repair or replacement services covered by this Agreement are required, you must telephone us at 1-800-432-1033 or submit a claim through the web site www.HMSnet.com.** You must notify us immediately upon the discovery of a mechanical failure. Notice of any malfunction or failure must be made to us prior to the expiration of the term of the Agreement during which the failure occurred.

2. We will provide you with a referral to an authorized contractor. We will use reasonable efforts to provide a referral to a service contractor within two (2) hours after the service request is received during normal business hours and within twenty-four (24) hours for requests received after normal business hours and on weekends or holidays. In the event we determine, at our sole discretion, that there is an emergency situation requiring expedited service, we will make reasonable efforts to expedite service. We will determine, at our sole discretion, which repairs constitute an emergency and will give consideration to covered malfunctions that affect the habitability of the dwelling.

3. We have sole authority to select authorized contractors. All repair and/or replacement work covered by this Agreement must be performed by an authorized contractor and approved by us in advance. **We are not responsible for expenses you incur without our express consent.** You will not be reimbursed for any costs associated with unauthorized repairs or work performed by unauthorized contractors.

4. **This Agreement includes a deductible charge, listed on your Agreement Coverage Summary, that you must pay per trade on each service call made towards the covered portion of any claim.** When a covered claim requires more than one trade to complete the covered repair/replacement only one deductible charge will be required. Trades include appliance, cooling, heating, electrical, plumbing, and any other trade specifically required to service items listed on your Agreement Coverage Summary. You will be responsible for and shall pay the authorized contractor directly for the service call and for actual work performed and/or items installed, up to the amount of the deductible at the time of visit(s), in a manner acceptable to the authorized contractor. Any amounts due for services performed or parts installed that are not covered under the terms, conditions and provisions of this Agreement are also your responsibility and shall be paid directly to the service contractor. A service call includes, without limitation, the action of inspecting, diagnosing, and/or performing service for the repair or replacement of a malfunctioning item.

5. You agree to make premises available during normal business hours for the authorized contractor to effect needed repairs you requested. You agree to pay us and/or our authorized contractor any service charge and additional charges assessed by our authorized contractor resulting from your failure to provide access and/or for missed appointments.

6. Should any building or zoning permits be necessary, you are responsible for obtaining these permits and the cost associated with these permits.

7. In certain situations, we may elect to replace a covered item rather than repair it. **The decision to replace rather than repair items is solely our option.** Should we choose to replace an item, the replacement will be the base model that meets all applicable federally mandated minimal manufacturers' standards, performs the same primary function, and has a capacity comparable with the covered item, when available with domestically assembled units. With respect to kitchen/laundry appliances, we will make reasonable efforts to provide replacement items of similar mechanical capabilities and/or efficiency of the original unit, when available. We are not liable to provide exact match in dye, lot, type or brand. When replacing systems or appliances, we will be responsible for the installation of the replacement item but not for the cost of the construction, modifications, carpentry or transitional work made necessary in order to accommodate the replacement, nor for any costs to upgrade or modify items for any reason.

8. In certain situations, we may give you the option to elect to receive a repair/replacement credit or cash payment (net of deductible) in lieu of providing a repair. In such cases, the amount of such credit shall be equal to the lesser of the approved cost of repair or the estimated cost of replacement. If you elect a credit to our authorized contractor, we will pay that amount directly to the authorized contractor after the work has been completed. If you elect the cash payment, you must supply documentation supporting that the item in question has been purchased/replaced prior to receiving the cash payment. **The amount of the approved cost of repair or replacement will be established by us at our sole discretion.** Should we determine that we require replacement and you instead choose to effect a repair, that item is excluded from further coverage under this Agreement and subsequent renewals.

9. We reserve the right to obtain, at our expense, a second opinion by an authorized contractor prior to determining eligibility for coverage.

V. **GENERAL EXCLUSIONS**

1. This Agreement provides coverage for the mechanical failure of only those items listed as covered on your Agreement Coverage Summary and only to the extent described herein. This Agreement does not cover any items not specifically named as covered on your Agreement Coverage Summary.

2. Items are not covered if they are: mismatched (systems with incompatible components with different capacity ratings); modified from the original manufacturer design or application; under factory recall due to manufacturer defect; improperly installed; or located outside the perimeter of the main foundation (i.e., outside the outer load bearing walls of the structure) or below the slab or basement floor of the home (with the exception of central air conditioning units, main electrical panels mounted on outside walls; pool; spa; sump pump; and well pump).

3. This Agreement is intended to cover only repairs and/or replacements due to mechanical failure attributable to ordinary wear and tear. Accordingly, the Agreement does not cover failures which may result from other causes, such as without limitation: abuse or misuse; improper installation; improper or insufficient maintenance; neglect or misuse; lightning strikes; missing parts; animal, pet and/or pest damage; power failure; power surge; fire; casualty; acts of God; structural and/or property damage; flood; smoke; earthquake; freeze damage; accidents; war; nuclear explosion, reaction, radiation or radioactive contamination; insurrection; riots; vandalism; or intentional destruction of property

4. This Agreement does not cover upgrading or making modifications to items due to, but not limited to, the following reasons: capacity (over or undersized); dimensional or design change; conditions of insufficient or excessive water pressure; conditions of inadequate wiring capacity; circuit overload; power failure and/or surge; failure to meet building code(s); zoning requirements; utility regulations; or failure to comply with local, state or federal laws or regulations.

5. This Agreement does not cover any costs associated with any upgrades or modifications to comply with Federal, state, and local law, code, regulation, or ordinance. Such costs are your responsibility.

6. This Agreement does not cover: fees associated with the removal and disposal of old systems, appliances and components; or losses or other costs, including, but not limited to, disposal fees arising from hazardous or toxic material, asbestos, freon or freon reclamation.

7. This Agreement does not cover repair or replacement of systems, appliances or components classified by the manufacturer as commercial-grade. In no event shall we be liable for claims in excess of \$1000 in the aggregate per commercial-like or ultra-premium appliances such as, but not limited to: brand names such as Sub-zero, GE Monogram Series, Thermador, JENN-AIR, Viking, and Delfield (individual trademarks are owned by the brand names' company).

8. This Agreement does not cover (a) fees associated with use of cranes or other lifting equipment required to service roof-top heating or air-conditioning units; or (b) excavation or other charges associated with gaining access to the well pump; or (c) electronic computerized energy management systems or devices, or lighting and/or appliance management systems.

9. This Agreement does not cover ductwork with the sole exception of ductwork that is exposed and readily accessible to service a mechanical failure of a covered air conditioning or heating claim. The following additional exclusions apply: asbestos insulated ductwork; concrete encased or inaccessible ductwork; crushed/collapsed ductwork; ductwork damaged by moisture, water, pests and/or animals; insulation; registers, grills and dampers; underground ductwork. Inaccessible ductwork refers to ductwork that is used in central heating and/or air conditioning systems that is not exposed and cannot readily be accessed for replacement or repair due to design and installation obstacles such as, but not limited to, permanent partitions, chimneys, etc., and ductwork embedded in floors, walls or ceiling.
10. We are not liable for charges incurred to gain access to a system, appliance or component in situations where there is not adequate capacity or space for serviceability caused by, but not limited to, walls, floors, ceilings, permanently installed fixtures, cabinets, or personal property. In the event it is necessary to open walls, floors, or ceilings, or to move such fixtures, cabinets, or personal property to perform a diagnosis or service, we are not responsible for restoring such openings, items, or property.
11. We are not responsible or liable for delays or failure caused by, or related to: any of the exclusions listed herein; shortages of labor and/or materials; or any other cause beyond our reasonable control. We are not liable for additional charges to access or transport materials, supplies, or authorized contractors to the covered property due to lack of or inhibited serviceability, such as but not limited to required use of ferries or barges and/or remote locations.
12. We are not responsible for damage that results from an authorized contractor's service or delay in service.
13. We are not responsible for incidental and/or consequential loss or damages resulting from the mechanical failure of any item including, without limitation, food spoilage, loss of income, additional living expenses, and/or property damage.
14. Should any item otherwise covered by this Agreement be covered by insurance, warranties or guarantees, including but not limited to a manufacturer's, contractor's, builder's, distributor's, or in-home warranty, we are not liable for repairs or replacements covered by such insurance, warranties, or guarantees. Our coverage is secondary to such insurance, warranties, or guarantees.
15. Subject to the specific item limitations listed above, our liability does not exceed \$5,000 per claim (A "claim" is payment made as a result of a request for service due to the failure of a single covered item.) and \$15,000 in aggregate per Agreement term.
16. If you authorize or perform any improper alterations, installations or repairs or improperly modify any system, appliance or component covered by this Agreement, or damage it in the course of remodeling or repair, we will no longer be obligated to cover such item(s).

VI. TERMINATION AND VOIDABILITY

1. We may declare this Agreement void in the event of fraud or material misrepresentation by you or your representatives of any fact or circumstance relative to the application of this Agreement or to the items and/or their mechanical failure covered by this Agreement.
2. In the event a real estate listing agreement is cancelled while your home is covered by a Seller Home Warranty and a claim has been paid, you agree to pay to us the lesser of: (1) any claims paid under the Seller's coverage, or (2) the applicable Buyer Conversion Warranty fee. In the event a home which was covered under the Seller Home Warranty during the listing period is sold, regardless of whether a claim is paid under the contract, the seller will be liable to us for the applicable Buyer Conversion Warranty fee.

VII. PROPERTIES ELIGIBLE FOR COVERAGE

1. This Agreement covers a single family residence, including a condominium, townhouse or villa, or a multi-family property of two (2) to four (4) units (duplex, triplex, or quadplex), used solely for residential purposes. Any dwelling used in whole or in part for commercial purposes such as, but not limited to, a day care facility, group home (5 or more unrelated individuals cohabiting in same household), rest home, church or school will not be covered. Homes listed in any historical register are not covered. Whether or not this contract covers a condominium unit, mobile home, manufactured home, or any multi-family dwelling (i.e., duplex, tri-plex, or quadplex), any repairs and/or replacements will be limited to the items solely used by and located and serviceable within such single unit (unless specified otherwise). No common area items shared by non-warranted units will be covered by this Agreement.
2. Multi-family properties are eligible for the Seller Home Warranty; however, coverage is restricted to the owner occupied unit only. All other tenant occupied units are not covered under the Seller Home Warranty. If coverage is provided on tenant occupied units under the Buyer Conversion Warranty, Buyer Direct Warranty, New Home Warranty, and/or Open Direct Warranty, you (not the tenant) are responsible to report the claim and pay the deductible charge. Multi-family property is not eligible for the New Home Warranty.
3. Mobile homes constructed within ten (10) years of the proposed effective date of the Agreement are eligible for coverage, provided they are permanently secured to the ground and that the land they are located on is owned by you. Mobile/manufactured homes that are located in a division operated similar to a condominium, where maintenance is provided, are also eligible for coverage.

VIII. OTHER CONDITIONS

1. **Term.** A Buyer Conversion Warranty, Buyer Direct Warranty and Open Direct Warranty expire one (1) year from Agreement effective date, unless renewed. A New Home Warranty expires three (3) years from Agreement effective date, unless renewed.
2. **Renewal.** A Buyer Conversion Warranty, Buyer Direct Warranty, Open Direct Warranty and New Home Warranty may be renewed on an annual basis and under the then current renewal plan, at our option and where permitted by state law. In the event this Agreement is renewable, you will be notified of the applicable rates and terms of coverage.
3. **Cancellation.** A Seller Home Warranty and a Buyer Conversion Warranty are non-cancellable except as governed by state law. A Buyer Direct Warranty, a New Home Warranty, and an Open Direct Warranty may be cancelled by you any time upon our receipt of ten (10) days prior written notice to us. Any refund issued is subject to short-rate schedules and deduction of a processing fee of \$25, and any charges for issue, service, and claims paid, except where specifically governed otherwise by state law. Please see "State Specifics" section on the Agreement Coverage Summary for detailed information that may apply in your state.
4. **Assignment.** In the event of assignment or transfer of title of the covered property, this Agreement may be assigned and/or transferred at our option, where permitted by state law and when the applicable fee has been paid. We reserve the right to charge a transfer fee not to exceed \$25.
5. **Installment Billing.** In certain cases you may be permitted, at our option, to pay for your coverage on an installment basis. Should you suffer a mechanical failure covered by this Agreement at a time when there are unpaid installments due from you, whether or not such payments are due or overdue, we reserve the right to deduct all or any portion of any unpaid amounts from the amount of loss covered by this Agreement for such incident, or to require payment of the entire remaining unpaid balances prior to covering the loss for you as we deem necessary or desirable. Our failure to exercise any such right on one occasion shall not be deemed a waiver of such right on other occasions.
6. **Waiver.** Should we waive any of our contractual rights, such waiver will not constitute a future waiver of said rights.
7. **Dispute Resolution.** Any controversy or dispute resulting from a claims settlement under this contract shall be settled by binding arbitration conducted in Florida, unless another location is agreed to by both parties, in accordance with the existing rules of the American Arbitration Association. Any award rendered by the arbitrator(s) shall be final, binding and conclusive on all parties for all jurisdictions. The arbitrator(s) shall cause the losing party to pay the reasonable attorneys' fees and costs of the prevailing party and disbursements related to the arbitration process and any appeal thereof. Any controversy or claim must be submitted to arbitration within six (6) months (or other period required by law) from date in which controversy or claim first arose and if not brought within such time (time being of the essence), the party seeking to resolve such controversy or claim shall lose all rights and remedies with respect hereto.
8. **Disclosure.** The price of the Agreement includes the full amount of all fees due and payable as well as the costs of processing and administration for the Issuing Company and its agents where allowable by law. Any applicable state or local sales taxes are in addition to the price of the Agreement.
9. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supercedes all prior agreement and understandings of the parties hereto, oral or written, with respect to the subject matter hereof. Except as provided herein, all other warranties, expressed or implied, are hereby disclaimed.
10. **Issuing Company.** The Home Warranty Agreement is issued by HomeSure Services, Inc., except in the following states, where it is issued by the following respective identified entity: In Alabama, Florida, Illinois, Iowa, Mississippi, Nevada, New York, Ohio, South Carolina, Texas, Vermont, Washington, Wisconsin and Wyoming by HomeSure of America, Inc.; in California by HomeSure Protection of California, Inc.; in Arizona by HomeSure of Arizona, Inc.; in Utah by HomeSure of Utah, Inc.; and in Virginia and New Hampshire by HomeSure of Virginia, Inc.
11. **Marketing.** This Agreement is marketed through HMS National, Inc. HMS is a registered trademark of HMS National, Inc., P.O. Box 551299, Fort Lauderdale, FL 33355-1299; telephone 954-845-9100.
12. **Corporate/Administrative Office.** Our administrative office may be reached at P.O. Box 551540, Ft. Lauderdale, FL 33355-1540.