

3x3 HOME PROTECTION PLAN

American Home Shield Corporation
P.O. Box 849
Carroll, IA, 51401

A. COVERAGE OVERVIEW

1. Coverage includes only the items stated as covered, excluding all others and is subject to the limitations, exclusions and provisions stated in this contract. For your specific coverage and selections see your Contract Agreement pages, which are incorporated into this contract by reference. Please read your contract carefully.

2. Coverage under this contract includes normal wear and tear malfunctions during the contract term (as defined in Section B). Coverage under this contract also includes malfunctions of covered items which occur during the contract term resulting from the following situations prior to and during the contract term:

- a. Insufficient maintenance, rust, corrosion, or sediment;
- b. Improper installations, repairs, or modifications;
- c. Mismatched systems where the indoor and outdoor units were not properly matched to each other in capacity or efficiency for proper operation; and
- d. Undetectable pre-existing conditions which are defects or mechanical failures that could not have been detected by a visual inspection and/or simple mechanical test. A visual inspection of the covered item verifies that it appears structurally intact and without damage or missing parts that would indicate inoperability. A simple mechanical test is defined as turning the item on and off to ensure that it is operational. While turned on, the item should operate without causing damage, irregular sounds, smoke, or other abnormal outcomes.

When completing an American Home Shield (AHS) approved repair or replacement, AHS will pay the cost to:

- e. Obtain permits up to \$250 per occurrence;
- f. Correct code violations and/or upgrade to current code requirements up to \$250 per occurrence;
- g. Dismantle and remove defective equipment; and
- h. Recapture, reclaim and dispose of refrigerant.

3. The covered items must be:

- a. Installed for diagnosis within the confines of the main foundation of the home or attached or detached garage (with the exception of the air conditioner, pressure regulator, cleanout, and, if selected, exterior well pump, septic tank and related sewage ejector pump, and pool and/or spa equipment); and
- b. Domestic grade or commercial grade items that are specified by the manufacturer for use in a residential application.

4. For covered malfunctions, unless otherwise specified in this contract, AHS will repair or replace the covered item. AHS has the sole right to determine, according to the terms of this contract, whether a covered item will be repaired or replaced. When making repairs, AHS reserves the right to rebuild existing parts or components and/or to install rebuilt parts or components. When making replacements, AHS is responsible for installing replacement equipment and parts of similar features, capacity, and efficiency, but not for matching dimensions, brand or color. AHS is not responsible for matching any feature of an existing item that does not contribute to the primary function of that item.

5. AHS's cash payment policies and procedures:

- a. In instances where the combined cost of diagnosis and repair or replacement is estimated to exceed a stated contract dollar limit, AHS will not provide repair or replacement services but will instead pay an amount equal to the contract dollar limit minus the cost incurred to diagnose the malfunction.
- b. Instances beyond AHS's control may prevent AHS from providing a repair or replacement of a covered item. In these instances, AHS will provide you cash in lieu of the repair or replacement services. The amount will be based on what a consumer without this contract would pay after negotiating the best price for such services in your area. These instances are when:
 - (i) Following a response to a covered malfunction, an item would remain non-compliant with laws, regulations or code requirements;
 - (ii) An item has a covered malfunction unrelated to a manufacturer's recall on that item; or
 - (iii) An item is not repairable and a replacement item is no longer available.

c. In some instances, AHS may offer you the option of accepting cash in lieu of repair or replacement services. This offered amount is based on what AHS would expect to pay (which is substantially less than retail cost) for parts and labor for covered items less the incurred cost of the contractor's diagnosis. AHS is not obliged to extend such an offer and you are under no obligation to accept such an offer. If you accept such an offer, you are required to repair the item or provide a new replacement and send the acceptable proof of your actual itemized costs to AHS before any reimbursement amount will be paid.

6. AHS will not repair or replace malfunctions covered by a manufacturer, distributor, builder, or an extended warranty.

7. This contract covers single family homes (including manufactured housing), new construction homes, and condominiums/townhomes/mobile homes under 5,000 square feet, unless an alternative dwelling type (i.e. 5,000 square feet up to 10,000 square feet, guest unit, or multiple units) is applied for, and the appropriate fee is paid. **Coverage is for owned or rented residential property, not commercial property or premises converted into a business.**

B. CONTRACT TERM AND PLAN FEE

NOTE: Contract terms and plan fees vary for each customer classification listed below. See your Contract Agreement pages for your specific contract term and plan fee.

1. FIRST YEAR CUSTOMER

- a. Real Estate Customer is a homeowner (other than a New Construction Customer as defined below) participating in a real estate transaction, including Lease Purchase Agreements. Real Estate Customer contract term begins upon the date of contract issuance by AHS and continues for 1 year (unless AHS approves an alternative contract term).
- b. New Construction Customer is the first homeowner of a newly constructed home which has not been occupied. New Construction coverage may only be purchased within 1 year of close of sale (escrow) unless otherwise approved by AHS. New

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Construction Customer contract term begins upon the date of contract issuance by AHS and continues for 5 years (unless AHS approves an alternative contract term) from that date.

c. Direct-to-Consumer Customer is a homeowner not participating in a real estate transaction. Direct-to-Consumer Customer contract term begins upon the date of contract issuance by AHS and continues for 1 year (unless AHS approves an alternative contract term) from that date.

2. RENEWAL CUSTOMER

Renewal Customer is an existing AHS customer whose contract AHS has offered to renew. Renewal Customer contract term begins upon expiration of previous contract term and continues for 1 year (unless AHS approves an alternative contract term) provided plan fee is received by AHS within 45 days after expiration. (See Section K. RENEWAL)

3. TRANSFER OF OWNERSHIP

If the covered property changes ownership during the contract term, you are required to call the Sales phone number on the Contract Agreement pages to transfer coverage to the new owner.

C. REQUESTING SERVICE

1. AHS must be notified as soon as the malfunction is discovered and prior to expiration of the contract term. (Refer to your Contract Agreement pages for details on how to request service.)

- a. AHS will accept service requests 24 hours a day, 7 days a week.
- b. AHS will not reimburse for services performed without its prior approval.

2. AHS has the right to select an AHS authorized service contractor (Service Contractor) to perform the service.

- a. The services will be initiated under normal circumstances within 48 hours after your service request is made to AHS.
- b. The Service Contractor will contact you to schedule your service appointment. The appointment will be scheduled for service to be performed during normal business hours.
- c. AHS will determine what services constitute an emergency and will make reasonable efforts to expedite emergency service.
- d. AHS will accept your request to expedite scheduling of non-emergency service only when a Service Contractor is available. If the Service Contractor agrees to expedite scheduling of a non-emergency service request, you may be required to pay an additional fee.
- e. AHS reserves the right to obtain a second opinion at its expense. In the event that AHS informs you the malfunction is not covered under this contract, you have the right to request a second opinion of the cause of the malfunction. You must ask AHS for a second opinion from another Service Contractor within 7 days from AHS informing you the malfunction is not covered. In the event that the outcome of the second opinion is different than the first opinion, then AHS may, in its discretion, decide whether to accept coverage under this contract. If you request a second opinion, you will be responsible for the payment of an additional Trade Service Call Fee only if the outcome of the second opinion is the same as the initial opinion.

3. In the event AHS authorizes or requests you to contact an independent service contractor to perform a covered service, AHS will provide reimbursement for an authorized amount of the cost you incur for the repair or replacement services. Acceptable proof of the repair and your actual itemized costs must be provided to and approved by AHS before any reimbursement will be paid.

D. TRADE SERVICE CALL FEE

For each trade service request, you will pay a Trade Service Call Fee, or actual cost, whichever is less. Please see your Contract Agreement pages for your Trade Service Call Fee amount.

1. You are responsible for payment of the Trade Service Call Fee after a service request is dispatched to a Service Contractor. This includes when:

- a. A Service Contractor is in route to your home;
- b. You fail to provide accessibility necessary to perform the service request;
- c. A Service Contractor's diagnosis results in a complete or partial exclusion of coverage; or
- d. AHS approves your request for a second opinion and the outcome of the second opinion is the same as the initial opinion.

2. Trade Service Call Fee is due and payable to the Service Contractor (or to AHS) at the time of the scheduled service request.

3. If any Trade Service Call Fee has not been paid in full, AHS will not respond to a new service request.

4. **Service work is guaranteed for 60 days.**

E. 3X3 SYSTEMS PLAN

AIR CONDITIONING AND HEATING NOTE: Coverage available on Heating and Air Conditioning units up to a 5 ton capacity. AHS will pay up to \$1,500 per contract term for access, diagnosis and repair or replacement of any geothermal and/or water source heat pumps, glycol, hot water, or steam circulating system. Customer is responsible for payment of any costs in excess of \$1,500.

Where covered repairs require access to Air Conditioning and Heating ductwork, AHS will provide access to ductwork only through unobstructed walls, ceilings or floors, and will return access openings to a rough finish. If the Air Conditioning and Heating ductwork is accessible only through a concrete floor, wall or ceiling, AHS will pay up to \$1,000 per contract term for access, diagnosis, repair or replacement of such ductwork, including returning access openings to a rough finish. Customer is responsible for payment of any costs in excess of \$1,000. If a leak is detected as a result of legally mandated diagnostic testing, AHS will repair and replace only accessible and unobstructed ductwork.

1. AIR CONDITIONING INCLUDING DUCTWORK

COVERED: All components and parts of the following air conditioning systems: Ducted central electric split and package units – Geothermal – Wall air conditioners – Mini-splits. When air conditioning system replacement is necessary, coverage includes upgrading of duct connections, plenums and indoor electrical lines up to and including the disconnect, including when required to maintain compatibility and compliance with SEER, HSPF, and refrigerant standards. In regards to ductwork, the following are covered: Plenums – Dampers – Damper-only controls – Leaks or breaks in ductwork (sheet metal, duct board, and flex duct including vapor barrier) from heating and/or air conditioning unit(s) including registers or grills.

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NOT COVERED: Outside or underground piping, well pump, and well pump components for geothermal and/or water source heat pump – Window units – Water towers – Chillers, chiller components, and water lines – Legally mandated diagnostic testing when replacing heating or cooling equipment.

2. HEATING INCLUDING DUCTWORK

COVERED: All components and parts of the following heating systems: Forced air (gas, electric, oil) – Geothermal – Wall mounted heaters – Floor furnaces – Package units – Heat pumps – Mini-splits – Hot water or steam circulating heat – Electric baseboard – Room heaters – Cable heat (if main source of heat to the home or room). When heating system replacement is necessary, coverage includes upgrading of duct connections, plenums and indoor electrical lines up to and including the disconnect, including when required to maintain compatibility and compliance with SEER, HSPF, and refrigerant standards. In regards to ductwork, the following are covered: Plenums – Dampers – Damper-only controls – Leaks or breaks in ductwork (sheet metal, duct board, and flex duct including vapor barrier) from heating and/or air conditioning unit(s) including registers or grills.

NOT COVERED: Outside or underground piping, well pump, and well pump components for geothermal and/or water source heat pump – Fuel storage tanks – Portable units – Fireplace, grain, pellet, or wood heating units (even if only source of heating) – Legally mandated diagnostic testing when replacing heating or cooling equipment.

3. ELECTRICAL

COVERED: All components and parts, including Direct Current (D.C.) wiring, lighting fixtures, and built-in exhaust/vent/attic fans, except:

NOT COVERED: Audio/video/computer/intercom/alarm or security wiring or cable – Telephone wiring – Circuit overload – Face plates.

4. PLUMBING

COVERED: Leaks and breaks of water, drain, gas, waste or vent lines – Toilets and related mechanisms, toilet wax ring seals, faucets, shower heads, shower arms, valves for shower, tub, and diverter, angle stops, risers and gate valves (similar features of finish and style used when replacement is necessary) – Hose bibs – Basket strainers – Permanently installed sump pumps (ground water only) – Built-in bathtub whirlpool motor, pump, and air switch assemblies – Pressure regulators – Expansion tanks – Sewage ejector pump (septic system sewage ejector pumps are not covered unless optional coverage H.4 is purchased) – Clearing of sink, bathtub, shower, and toilet stoppages – Clearing of mainline drain and sewer stoppages through an accessible cleanout up to 100 feet from access point – Clearing of lateral drain line stoppages up to 100 feet from access point including accessible cleanout, p-trap, drain or overflow access points.

NOT COVERED: Stoppages caused by collapsed, damaged or broken drain, vent or sewer lines outside the home's main foundation – Lines broken, infiltrated or stopped by roots or foreign objects, even if within the home's main foundation – Bathtubs – Sinks – Showers – Shower enclosures and base pans – Toilet lids and seats – Jets – Caulking or grouting – Septic tanks – Water filtration/purification system – Holding or storage tanks – Saunas or steam rooms – Costs to locate or access cleanouts not found or inaccessible, or to install cleanouts – Access through roof vents.

NOTE: Where covered repairs require access to plumbing, AHS will provide access to plumbing only through unobstructed walls, ceilings or floors, and will return access openings to a rough finish. If the plumbing is accessible only through a concrete floor, wall or ceiling, AHS will pay up to \$1000 per contract term for access, diagnosis, repair, or replacement of such plumbing, including returning access openings to a rough finish. Customer is responsible for payment of any costs in excess of \$1,000.

5. WATER HEATERS

COVERED: All components and parts, including tankless water heaters and circulating pumps, except:

NOT COVERED: Auxiliary holding or storage tanks – Noise – Fuel storage tank and energy conservation unit.

6. GARBAGE DISPOSALS

COVERED: All components and parts.

7. INSTANT HOT/COLD WATER DISPENSERS

COVERED: All components and parts.

8. DOOR BELLS

COVERED: All components and parts, except:

NOT COVERED: When part of the intercom system.

9. SMOKE DETECTORS

COVERED: Battery operated and hardwired units.

10. CEILING FANS

COVERED: All components and parts.

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11. CENTRAL VACUUMS

COVERED: All components and parts, except:

NOT COVERED: Removable hoses and accessories – Access and closing costs to floors, walls, and ceilings when locating or repairing a malfunction.

F. 3X3 APPLIANCE PLAN

1. REFRIGERATORS

COVERED: All components and parts, except:

NOT COVERED: Free standing freezer – Multi-media centers – Wine chillers.

NOTE: AHS will pay up to \$5,000 per dual compressor refrigerator and built-in combination of both an All-Refrigerator and an All-Freezer for access, diagnosis and repair or replacement. Customer is responsible for payment of any costs in excess of \$5,000 per dual compressor refrigerator and built-in combination of both an All-Refrigerator and an All-Freezer.

2. CLOTHES WASHERS

COVERED: All components and parts.

3. CLOTHES DRYERS

COVERED: All components and parts.

4. RANGES/OVENS/COOKTOPS

COVERED: All components and parts.

5. DISHWASHERS

COVERED: All components and parts.

6. BUILT-IN MICROWAVE OVENS

COVERED: All components and parts.

7. TRASH COMPACTORS

COVERED: All components and parts.

8. GARAGE DOOR OPENERS

COVERED: All components and parts, except:

NOT COVERED: Door or door track assemblies.

9. FREE STANDING ICE MAKERS

COVERED: All components and parts.

10. BUILT-IN FOOD CENTERS

COVERED: All components and parts, except:

NOT COVERED: Removable accessories.

G. 3X3 COMBO PLAN

The 3X3 Combo Plan includes coverage of all items listed as covered under Sections E and F.

H. OPTIONAL COVERAGE

Optional coverage may be purchased up to 60 days after the beginning of the contract without an inspection. After the 60th day, optional coverage may be purchased provided an inspection is performed (at customer's expense) and the inspection results are approved by AHS. New Construction Customer may add optional coverage during the contract term for brand new items providing proof of purchase is received by AHS. Optional coverage, regardless of date of purchase, continues only through the contract term.

1. POOL AND/OR INGROUND SPA EQUIPMENT

Shared equipment is covered. If equipment is not shared, then only one or the other is covered unless an additional fee is paid.

COVERED ITEMS: Above ground components and parts of the heating, pumping, and filtration system including: Pool sweep motor and pump – Pump motor – Blower motor and timer – Plumbing pipes and wiring – Plumbing and electrical.

NOT COVERED: Portable or above ground spas – Access to pool and spa equipment – Lights – Liners – Jets – Ornamental fountains, waterfalls and their pumping systems – Auxiliary pumps – Pool cover and related equipment – Fill line and fill valves

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– Built-in or detachable cleaning equipment including, without limitation, pool sweeps, pop-up heads, turbo valves, skimmers, chlorinators, and ionizers – Fuel storage tanks – Disposable filtration mediums – Heat pump – Multi-media centers – Dehumidifiers – Salt water generators and components.

2. WELL PUMP

COVERED: All components and parts of well pump utilized as a source of water to the home, except:

NOT COVERED: Above or underground piping, cable or electrical lines leading to or from the well pump, including those that are located within the well casing – Well casings – Pressure switches not located on the pump – Holding, storage or pressure tanks – Booster pumps – Redrilling of wells – Well pump and all well pump components for geothermal and/or water source heat pumps.

NOTE: AHS will pay up to \$1,500 per contract term for access, diagnosis and repair or replacement. Customer is responsible for payment of any costs in excess of \$1,500.

3. WATER SOFTENER

COVERED: All components and parts, except:

NOT COVERED: Leased or rented units – Softening agents.

4. SEPTIC SYSTEM PUMPING & SEPTIC SEWAGE EJECTOR PUMP

NOTE: This option is available for First Year Customers only and is not renewable.

COVERED: Mainline stoppages that can be cleared through an existing access or clean out without excavation – The septic tank will be pumped once during the contract coverage term if the stoppage is due to septic back up – Sewage ejector pump for septic system only.

NOT COVERED: Broken or collapsed sewer lines outside the foundation – Stoppages or roots that prevent the effective use of any externally applied sewer machine cable – Cost of finding or gaining access to the septic tank or sewer hook-ups – Disposal of waste – Chemical treatment of the septic tank and/or sewer lines – Tanks – Leach lines – Cesspool – Any mechanical pump or systems.

I. LIMITATIONS AND EXCLUSIONS

NOTE: The following limitations and exclusions apply:

General Exclusions from Coverage

1. This contract does not cover:
 - a. Routine maintenance (you are responsible for providing maintenance and cleaning of covered items as specified by the manufacturer);
 - b. Flues, venting, chimneys, and exhaust lines;
 - c. Repair or remediation of cosmetic defects;
 - d. Electronic, computerized, or home management systems;
 - e. Radon monitoring systems, fire sprinkler systems, and solar systems and components;
 - f. Repair, replacement, installation, or modification of any component or part thereof, that has been, or is, determined to be defective by the Consumer Product Safety Commission or for which a manufacturer has issued, or issues, a warning, recall, or determination of defect; or
 - g. System or appliance upgrades, or repairs or replacements required:
 - (i) when the malfunction is due to missing components, parts, or equipment;
 - (ii) when the malfunction is due to lack of capacity in the existing system or appliance;
 - (iii) when the malfunction is due to under or oversized systems in relation to the square footage of the area being heated or cooled; or
 - (iv) to comply with any federal, state, or local laws, regulations or ordinances, utility regulations, or building or zoning code requirements, except as otherwise specified in this contract.
2. AHS is not responsible or liable for performing service, or paying remediation costs, involving hazardous or toxic materials.
3. In regard to mold, mildew, bio-organic growth, rot, fungus, or pest damage, AHS is not responsible or liable for:
 - a. Damages from such causes;
 - b. Diagnosis, removal or remediation of such conditions; or
 - c. Repairs or replacements necessitated by such causes.

Partial Exclusions from Coverage and Certain Additional Fees

4. Except as otherwise specified in this contract, AHS is not responsible or liable for:
 - a. Providing or closing access to covered items;
 - b. Costs of construction, carpentry, or other modifications necessary to remove, relocate, or install equipment; or
 - c. Restoration of any wall or floor coverings, cabinets, counter tops, tiling, paint, or the like.
5. You may be charged an additional fee by the Service Contractor if cranes or lifting equipment are needed to install or remove any equipment.

Coverage Exceptions Applicable to Certain Breakdowns

6. AHS is not responsible or liable for repairs or replacements when the malfunction is due to:
 - a. Misuse, abuse, or mistreatment, including but not limited to, removal of parts and damage by people, pests, or pets;
 - b. Accidents, fire, freezing, water damage, electrical failure or surge, or excessive or inadequate water pressure;
 - c. Lightning, mud, earthquake, soil movement, storms, or acts of God; or

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d. A manufacturer's improper design, improper materials or formulations, a defective manufacturing process, or other manufacturing defects.

General Limitations of Liability

7. AHS will not be liable for any violations of federal, state and local laws, regulations or guidelines prior to the beginning of the contract term and will not perform repairs or replacements that violate any current federal, state and local laws, regulations or guidelines.

8. AHS is not responsible or liable for secondary, incidental, and/or consequential loss or damage resulting from the malfunction of any covered item, or a Service Contractor's neglect or delay in providing, or failure to provide, repair or replacement of such item, including, but not limited to, food spoilage, loss of income, utility bills, additional living expenses, personal and/or property damage.

9. AHS is not responsible or liable for any delay in service or failure to provide service caused by conditions beyond AHS's control.

J. SHARED SYSTEMS AND APPLIANCES

1. If this contract is for a duplex, triplex, or fourplex dwelling, then all units within the dwelling must be covered by one AHS contract for coverage to apply to shared systems and appliances.

2. If this contract is for a multi-unit dwelling other than those specified in Section J.1, then only items contained within the confines of each individual unit are covered. Shared systems and appliances are not covered.

3. Except as otherwise provided in this Section, shared systems and appliances are not covered.

K. RENEWAL

AHS may, at its sole discretion, offer to renew this contract. In that event, you will be notified of the plan fee and terms for renewal. If you select the monthly payment option and AHS elects to renew your contract, AHS will notify you of the plan fee and terms of renewal during the 10th month of your contract term. You will automatically be renewed for a 1 year coverage period unless you notify AHS in writing 30 days prior to the contract expiration. The first payment for the next contract will serve as your final authorization for another contract term.

L. CANCELLATION

1. The customer may cancel this contract within the first 30 days following the beginning of the contract and shall be entitled to a refund of the paid contract fees less any service (and claims) costs incurred by AHS. If the customer requests to cancel after the 30th day, the customer shall be entitled to a pro rata refund of the paid contract fees for the unexpired term, less: (a) an administrative fee of up to \$35 (where permitted by law); and (b) any service (and claims) costs incurred by AHS.

2. This contract may be cancelled by AHS for the following reasons:

(a) nonpayment of contract fees;

(b) mutual agreement of AHS and the customer;

(c) fraud or misrepresentation by the customer and/or customer representative of facts material to AHS's issuance of this contract;

(d) if the customer either threatens to harm or actually harms the safety or well-being of: (i) AHS; (ii) any employee of AHS; (iii) a Service Contractor; or (iv) any property of AHS or of the Service Contractor; or

(e) a change in laws or regulations that has a material effect on the business of AHS or AHS's ability to fulfill its obligations under this contract.

If AHS cancels this contract within the first 30 days following the beginning of the contract, the customer shall be entitled to a refund of the paid contract fees less any service (and claims) costs incurred by AHS. If AHS cancels this contract after the 30th day, the customer shall be entitled to a pro rata refund of the paid contract fees for the unexpired term, less: (a) an administrative fee of up to \$35 (where permitted by law); and (b) any service (and claims) costs incurred by AHS.

3. If the contract fees are billed through a mortgage loan that is later sold or paid in full, then uninterrupted coverage can be arranged by immediately calling (800) 247-4749 to establish an alternate payment method. This contract will be deemed cancelled if the contract holder fails to initiate such payment arrangements within 30 days.

M. MISCELLANEOUS

Obligations of the provider under this service contract are backed by the full faith and credit of the provider.