



## Sears Protect Home Warranty Terms and Conditions

**This is a Home Warranty agreement, not an insurance policy. The purchase of this Contract is voluntary and is not required in order to purchase or obtain financing for any Covered Item(s). Coverage includes only the items stated as covered and located at the Covered Property, excluding all others, and is subject to the limitations and conditions stated in this Contract. Please refer to the exclusions found in Sections B, C, D, E, and F, listed on pages 2-13 of this document.**

### A. IMPORTANT DEFINITIONS TO KNOW:

**“Administrator”** means Transform Sears Home Services LLC [5407 Trillium Boulevard Suite B120 Hoffman Estates, IL 60192, [865-383-1400].]

**“Contract”** means this Home Warranty agreement, which together with the Plan Summary, consists of the entire agreement between the parties.

**“Contract Term”** means the period from the coverage Effective Date until the expiration date in which this Contract is in effect and You have coverage in accordance with the terms and conditions, provided that You have paid all Plan Fees and other fees that are due, including the Service Deductible. Please see Section H for specific details.

**“Covered Item(s)”** means the appliance(s), unit(s), and/or system(s) that are covered by this Contract, as specifically recited on the Plan Summary.

**“Covered Property”** means the address that is eligible for coverage and identified on the Plan Summary.

**“Covered Repair”** means covered costs to repair or replace a Covered Item if such item becomes inoperable and is unable to perform its primary function due to a mechanical failure caused by normal wear and tear during Your Contract Term. Please see Section B, C, D, E, and F for details on what is considered a Covered Repair.

**“Customer”, “[Sears Protect] Home Warranty Plan Holder”, “You”, “Your”** means the person identified on the Plan Summary as the Contract holder.

**“Effective Date”** means the day coverage under this Contract begins, as shown on the Plan Summary.

**“Laws”** means any and all federal, state, or local laws, regulations, ordinances, rules, standards, codes, or other governmental requirements, including but not limited to utility regulations.

**“Obligor, We, Us, Our”**: In Florida, Oklahoma, and Washington, the Obligor of this Contract is Access Protection Company (FL) LLC. In Arizona, District of Columbia, Georgia, Iowa, Louisiana, New Jersey, North Carolina, Oregon, South Carolina, Texas, Utah, Virginia, and Wyoming, the Obligor of this Contract is LKL Protection Company LLC. For all remaining states not already stated, the Obligor is Transform SR Protection LLC. The Obligor’s address is [5407 Trillium Boulevard Suite B120 Hoffman Estates, IL 60192,] and phone number is [865-383-1400].

**“Plan Fee”** means the purchase price of this Contract, as shown on the Plan Summary, which is either paid by You in full when You purchase this Contract or is paid by You in monthly installments. Any applicable state and local taxes are in addition to the Plan Fee or other fees payable under the Contract.

“**Plan Summary**” means the document which is part of this Contract and includes details specific to Your Contract coverage.

“**Purchase Date**” means the date the Contract was purchased, as shown on the Plan Summary.

“**Renewal Customer**” means an existing Customer whose Contract We have offered to renew.

“**Service Contractor**” means the authorized technician retained by the Obligor to diagnose the issue(s) with the Covered Item(s), and if a Covered Repair, then the party who provides authorized repair and/or replacement services under this Contract.

“**Service Deductible**” means the amount indicated on the Plan Summary that You must pay for each Covered Item being serviced.

“**Year One Customer**” means a Customer that is entering into this Contract for the first time for the Covered Item(s) specified on the Plan Summary and whose Contract covering such Covered Item(s) has not previously been renewed. [**A THIRTY (30) DAY WAITING PERIOD FROM THE PURCHASE DATE APPLIES TO ALL YEAR ONE CUSTOMERS.**] If You elect to purchase additional coverage to include additional Covered Item(s) in subsequent Contract Terms (separate and additional to Your original Contract Covered Item(s) election as indicated on the initial Plan Summary), then [**A THIRTY (30) DAY WAITING PERIOD FROM THE PURCHASE DATE APPLIES TO ALL ADDITIONAL COVERED ITEM(S).**]

## **B. COVERAGE SUMMARY:**

Coverage is dependent upon the plan You select and any optional coverages You purchased. Your specific coverage selections are listed on Your Plan Summary. In consideration of Your payment to Us and subject to the limitations and conditions in this Contract, We will arrange for a Service Contractor to perform a Covered Repair on a Covered Item that becomes inoperable and is unable to perform its primary function during the Contract Term due to a mechanical failure caused by normal wear and tear (standard usage). Coverage is for no more than one (1) of the same type of unit, system, or appliance, unless specified otherwise. We have the sole right to determine, according to the terms of this Contract, whether a Covered Item will be repaired or replaced.

**Coverage is not all-inclusive; there are maximum dollar limits, deductibles, and other limitations and conditions on coverage listed in this Contract below. There may be situations in which You will be responsible to pay additional costs for parts or services that are not covered by the Contract.**

- 1) The Covered Property must be a single family residence [under 5,000 square feet] used solely for residential purposes; this includes an apartment, condominium, townhouse or a manufactured home. Specific to manufactured homes: such homes must be permanently secured to the ground. For shared properties, this Contract is limited to items solely used by and located and serviceable within such single unit (unless specified otherwise). **This Contract will not cover systems, units or appliances within (a) commercial properties; (b) shared or common areas; or (c) residential properties used for business purposes.**
- 2) Covered Items must be located within the perimeter of the main foundation of the primary living quarters or attached or detached garage (with the exception of exterior pool/spa, well pump, septic system, sprinkler system, and air conditioner which must be located at the Covered Property but not necessarily inside). Any qualifying exceptions must be manufactured for outside use.
- 3) **Commercial-grade equipment are not Covered Items.**
- 4) **Covered Items must be correctly located and installed within the Covered Property and in good and safe working order as of the Effective Date. We reserve the right to inspect and validate the working condition of Covered Item(s) to confirm eligibility at the beginning of the Contract. If item(s) are determined by us to**

- have a pre-existing condition during a service event, you may be eligible for a [25%] discount off the repair based on the availability of a [Sears Appliance Technician] in the area surrounding the Covered Property.
- 5) **Non-essential and or expendable components of Covered Items are not Covered Repairs. We will not repair or replace Your item if the underlying issue is not required for the Covered Item's primary function. Non-essential and or expendable components include but are not limited to clocks, timers, lights, LCD display, shelves, accessories, rotisseries, removable buckets, audio/visual, lock and key assemblies, internet connectivity devices, refrigerator water filters, remote control devices, freezers or dispensers which are not an integral part of a refrigerator.**
  - 6) **We may choose to repair appliances, units and systems with non-original manufacturer's parts, including, but not limited to, rebuilt or refurbished parts.**
  - 7) **We have the sole right to determine whether any Covered Item will be repaired or replaced. If item(s) are determined by us to have a pre-existing condition during a service event, there will be no coverage under this Contract, but you may be eligible for a [25%] discount off the repair based on the availability of a [Sears Appliance Technician] in the area surrounding the Covered Property.**
  - 8) Unless otherwise noted, replacements will have similar features relating to the primary function, capacity and efficiency as the item being replaced but **We are not responsible for matching any feature of a Covered Item that does not contribute to the primary function of that system, unit or appliance, including but not limited to color, exact dimensions, material, or brand of a Covered Item. We are not responsible for the costs of construction, modifications, or carpentry work made necessary in order to accommodate the replacement.** [You will have up to thirty (30) days from the date of authorization of the replacement to initiate the replacement process].
  - 9) **We are not responsible to upgrade systems, equipment, components or parts due to (i) incompatibility of existing systems and appliances with the replacement system, unit, appliance, or component or (ii) differences in technology, refrigeration requirements, or efficiency. Unless otherwise stated, this Contract does not cover costs associated with modifications or upgrades required to comply with Laws.**
  - 10) Other claim settlement policies and procedures:
    - a. In some cases, We may, in Our sole discretion, provide payment to You as the final outcome for a claim, in lieu of providing repair or replacement ("Claim Settlement"). We may choose to provide such payment in the form of a gift card, check, via a payment service, or equivalent.
    - b. If We are unable to provide repair or replacement due to situations beyond Our control, We may, in Our sole discretion, offer You the option of accepting a Claim Settlement in lieu of repair or replacement. The Claim Settlement will be calculated in accordance with Section G (4).
    - c. [Payment may also be provided in lieu of a tune up in the event a servicer is not available in Your area in Our sole discretion. Such payment will be calculated based on Our costs for parts and labor, not to exceed the authorized amount.]
    - d. In some cases, where the estimated repair or replacement cost exceeds the item limit and/or the aggregate claim limit for [the Contract Term], We will not perform the services and will instead pay You an amount equal to the applicable dollar limitation in the Contract minus the Service Deductible. If the applicable dollar limitation is an aggregate amount, then prior claims paid during [the Contract Term] will be deducted from the amount paid to You. If payment is provided in connection with this basis, then the item that suffered a mechanical failure will no longer be eligible for coverage under Your Contract including all subsequent renewals.
    - e. In the event that We remit payment or equivalent to You via the Claim Settlement process and You choose to 1) not repair the item, 2) repair an item that was noted as needed replacement, or 3) replace an item with a used or refurbished item, that item will no longer be eligible for coverage under Your Contract including all subsequent renewals. You must provide acceptable proof of repair or replacement for the Covered Item to Us in order to continue coverage on that item.

- f. In some cases, if We do not have a Service Contractor in Your area for the item in need, We may authorize You to retain Your own service provider for the diagnosis and, if a Covered Repair, the repair services. Please see Section G for more information on reimbursement if We authorize You to retain a service provider.
- 11) **Transfer of Coverage: Coverage under this Contract is nontransferable.** You may cancel this Contract if You move residences and purchase a new home warranty agreement at the new location, where available.
- 12) **Obligations of the Obligor under this Contract are backed by the full faith and credit of the Obligor.**

### C. COVERAGE DETAILS; WHAT'S COVERED AND NOT COVERED:

#### [Appliance Plan]

We will cover up to [stated per item limit for appliances] per Covered Item each [Contract Term]. The maximum aggregate total for all appliance items included within the Appliance Plan within [the Contract Term] is [stated aggregate limit for appliances]. Unless otherwise specified, only one (1) of each item type is covered.

- 1) Refrigerator; two (2) items eligible for coverage

Covered: All components and parts, except:

**Not Covered: Free standing freezer or ice maker, beverage centers, multi-media centers and wine refrigerators.**

- 2) Clothes Washer

Covered: All components and parts.

- 3) Clothes Dryer

Covered: All components and parts.

- 4) Range or Cooktop

Covered: All components and parts.

**Not Covered: Glass or ceramic cooktop; broken, chipped or cracked glass from misuse or abuse.**

- 5) Range Hood

Covered: All components and parts.

- 6) Wall Oven

Covered: All components and parts.

- 7) Dishwasher

Covered: All components and parts.

- 8) Built-in microwave oven

Covered: All components and parts.

- 9) Garbage disposal

Covered: All components and parts.

10) Built-in instant hot/cold water dispenser

Covered: All components and parts.

11) Trash Compactor

Covered: All components and parts.]

### **[Heating and Cooling Plan**

**We will cover up to [stated per item limit for heating and cooling] per Covered Item each [Contract Term]. The maximum aggregate total for all heating and cooling items included in the Heating and Cooling Plan within [the Contract Term] is [stated aggregate limit for heating and cooling].**

1) Air Conditioning, including ductwork

Covered: All components and parts of the following air conditioning systems: ducted central electric split and package units, wall air conditioners, geothermal units, mini-splits. Specific to ductwork, the following are covered: plenums, dampers, damper only controls, breaks or leaks 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. Free-standing units, 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 system(s): forced air (gas, electric, oil), geothermal, floor furnaces, package units, wall heaters, heat pumps, mini-splits, boilers, hot water or steam circulating heat and electric baseboard (if main source of heat to the home or room). Specific to ductwork, the following are covered: plenums, dampers, damper only controls, breaks or leaks 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, portable or free-standing units, fuel storage tanks, fireplace, any grain, pellet, or wood heating units (even if only source of heating for home). Legally mandated diagnostic testing when replacing either heating or cooling equipment.]**

### **[Systems Plan**

**We will cover up to [stated per item limit for systems] per Covered Item each [Contract Term]. The maximum aggregate total for all systems items within [the Contract Term] is [stated aggregate limit for systems]. Unless otherwise specified, only one (1) of each item type is covered. The following are considered systems for purposes of the Systems Plan:**

1) Air Conditioning, including ductwork

Covered: All components and parts of the following air conditioning systems: ducted central electric split and package units, wall air conditioners, geothermal units, mini-splits. Specific to ductwork, the following are covered: plenums, dampers, damper only controls, breaks or leaks 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. Free-standing units, 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 system(s): forced air (gas, electric, oil), geothermal, floor furnaces, package units, heat pumps, mini-splits, boilers, hot water or steam circulating heat and electric baseboard (if main source of heat to the home or room). Specific to ductwork, the following are covered: plenums, dampers, damper only controls, breaks or leaks 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, portable or free-standing units, fuel storage tanks, fireplace, any grain, pellet, or wood heating units (even if only source of heating for home). Legally mandated diagnostic testing when replacing either heating or cooling equipment.**

3) Electrical

Covered: All components and parts, including Direct Current (D.C.) wiring, and built-in exhaust, vent, attic fans.

**Not Covered: Lighting fixtures, components wiring or cables for audio, video, computer, intercom, security wiring or telephone wiring, circuit overload, overload protection and 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, showerheads, valves for shower, tub, and diverter, angle stops, risers and gate valves, hose bibs, basket strainers, built-in bathtub whirlpool motors, pumps, and air switch assemblies, sewage ejector pump (septic system sewage ejector pumps are not covered unless optional coverage 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; costs to locate or access cleanouts not found or inaccessible, or to install cleanouts, and access through roof vents; any fees for photo or video equipment, hydro-jetting equipment, chemicals, jet or steam clearing; Shower arms, bathtubs, sinks, showers, shower enclosures and base pans, bidets, toilet lids and seats, jets, caulking or grouting, septic tanks, water filtration or purification systems, holding or storage tanks, saunas or steam rooms, expansion tanks and pressure regulators.**

5) Garage Door Opener

Covered: All components and parts that are located within the ceiling mounted electric motor of the garage door opener and springs.

**Not Covered: Door and door track assemblies.**

6) Water Heater

Covered: All components and parts, including tankless water heaters and circulating pumps.

**Not Covered: Auxiliary holding or storage tanks, fuel storage tank or energy conservation unit(s); failures due to mineral and/or sediment, resin bed replacement and salt.**

#### 7) Water Softener

Covered: Mechanical parts and components of basic single water softener unit, including central head assembly; multi-level or twin softeners; piping to and from unit(s) and system tanks.

**Not Covered: All treatment, odor control, purification, 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.**

#### 8) Door Bell(s)

Covered: All components and parts.

**Not Covered: Integrated intercom or monitoring systems.**

#### 9) Smoke Detector(s)

Covered: Hardwired and battery operated units.

**Not Covered: Carbon monoxide detectors.**

#### 10) Ceiling Fan(s)

Covered: All components and parts.]

### **Whole Home Plan**

**We will cover up to [stated per appliance item limit for whole home] per appliance Covered Item included within the Whole Home Plan each [Contract Term]. We will cover up to [stated per HVAC item limit for whole home] per heating and cooling Covered Item included within the Whole Home Plan each [Contract Term]. We will cover up to [stated per systems item limit for whole home systems] per systems Covered Item included within the Whole Home Plan each [Contract Term]. The maximum aggregate total for all Whole Home items included within the Whole Home Plan within [the Contract Term] is [stated aggregate limit for whole home]. Unless otherwise specified, only one (1) of each item type is covered.**

#### 1) Refrigerator; two (2) items eligible for coverage

Covered: All components and parts, except:

**Not Covered: Free standing freezer, beverage centers, multi-media centers and wine refrigerators**

#### 2) Clothes Washer

Covered: All components and parts.

#### 3) Clothes Dryer

Covered: All components and parts.

4) Range or Cooktop

Covered: All components and parts.

**Not Covered: Glass or ceramic cooktop; broken, chipped or cracked glass from misuse or abuse.**

5) Range Hood

Covered: All components and parts.

6) Wall Oven

Covered: All components and parts.

7) Dishwasher

Covered: All components and parts.

8) Built-in microwave oven

Covered: All components and parts.

9) Garbage disposal

Covered: All components and parts.

10) Built-in instant hot/cold water dispenser

Covered: All components and parts.

11) Trash Compactor

Covered: All components and parts.

12) Air Conditioning, including ductwork

Covered: All components and parts of the following air conditioning systems: ducted central electric split and package units, wall air conditioners, geothermal units, mini-splits. Specific to ductwork, the following are covered: plenums, dampers, damper only controls, breaks or leaks 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. Free-standing units, window units, water towers, chillers, chiller components, and water lines. Legally mandated diagnostic testing when replacing heating or cooling equipment.**

13) Heating, including ductwork

Covered: All components and parts of the following heating system(s): forced air (gas, electric, oil), geothermal, floor furnaces, package units, heat pumps, mini-splits, boilers, hot water or steam circulating heat and electric baseboard (if main source of heat to the home or room). Specific to ductwork, the following are covered: plenums, dampers, damper only controls, breaks or leaks 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, portable or free-standing units, fuel storage tanks, fireplace, any grain, pellet, or wood heating units (even if only source of heating for home). Legally mandated diagnostic testing when replacing either heating or cooling equipment.**

#### 14) Electrical

Covered: All components and parts, including Direct Current (D.C.) wiring, and built-in exhaust, vent, attic fans.

**Not Covered: Lighting fixtures, components wiring or cables for audio, video, computer, intercom, security wiring or telephone wiring, circuit overload, overload protection and face plates.**

#### 15) Plumbing

Covered: Leaks and breaks of water, drain, gas, waste or vent lines, toilets and related mechanisms, toilet wax ring seals, faucets, showerheads, valves for shower, tub, and diverter, angle stops, risers and gate valves hose bibs, basket strainers, built-in bathtub whirlpool motors, pumps, and air switch assemblies, sewage ejector pump (septic system sewage ejector pumps are not covered unless optional coverage 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; costs to locate or access cleanouts not found or inaccessible, or to install cleanouts, and access through roof vents; any fees for photo or video equipment, hydro-jetting equipment, chemicals, jet or steam clearing; Shower arms, bathtubs, sinks, showers, shower enclosures and base pans, bidets, toilet lids and seats, jets, caulking or grouting, septic tanks, water filtration or purification systems, holding or storage tanks, saunas or steam rooms, expansion tanks and pressure regulators.**

#### 16) Garage Door Opener

Covered: All components and parts that are located within the ceiling mounted electric motor of the garage door opener and springs.

**Not Covered: Door and door track assemblies.**

#### 17) Water Heater

Covered: All components and parts, including tankless water heaters and circulating pumps.

**Not Covered: Auxiliary holding or storage tanks, fuel storage tank or energy conservation unit(s); failures due to mineral and/or sediment, resin bed replacement and salt.**

#### 18) Water Softener

Covered: Mechanical parts and components of basic single water softener unit, including central head assembly; multi-level or twin softeners; piping to and from unit(s) and system tanks.

**Not Covered: All treatment, odor control, purification, 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.**

19) Door Bell(s)

Covered: All components and parts.

**Not Covered: Integrated intercom or monitoring systems.**

20) Smoke Detector(s)

Covered: Hardwired and battery-operated units.

**Not Covered: Carbon monoxide detectors.**

21) Ceiling Fan(s)

Covered: All components and parts.]

#### **D. OPTIONAL COVERAGE:**

Optional coverage, where available, includes an additional fee and does not apply to any claims initiated prior to the purchase of the optional coverage. **Unless otherwise noted, General Limitations and Exclusions and other coverage exclusions apply to this coverage.** Please see Your Plan Summary for any optional coverage You have purchased.

##### **1) Plus Plan**

- a. Adding this coverage to Your plan provides additional benefits on a Covered Repair and other benefits. During a Covered Repair there may be some repairs or replacements that may require additional fees that are not normally covered under Your Contract, such as: disposal of equipment; duct, electrical and/or plumbing modifications; reclamation of refrigerant; code upgrades; permits; or condenser pads. The addition of the Plus Plan allows for up to [stated non-covered charges benefit] towards non-covered charges when repairing or replacing a Covered Item. **The Plus Plan does not apply to equipment, items or failures that are determined to be ineligible for coverage under the original plan You purchased, or fees associated with, or disposal of, hazardous materials or asbestos. Plus Plan [stated non-covered charges benefit] limit applies to one (1) Covered Item per claim.** Florida Residents Only: Pursuant to Florida Statute §634.346, the Plus Plan provides coverage towards the replacement of functional components of the HVAC system necessary to maintain the compatibility and operating efficiency requirements of the manufacturer.
- b. Other benefits include: An additional appliance tune up on the kitchen or laundry item of Your choice for each [Contract Term] within a specified timeframe. **You will also receive increased Contract limits of 1) Appliance: [stated per item limit for Plus plan for appliances] per Covered Item included in the Plus Plan. The maximum aggregate limit per [Contract Term] is increased to [stated aggregate limit for Plus plan for all appliances included in the Plus Plan]; 2) Heating, Cooling and Systems: [stated per item limit for Plus plan for heating, cooling and systems] per Covered Item included in the Plus Plan. The maximum aggregate limit per [Contract Term] is increased to [stated aggregate limit for Plus plan for all heating, cooling, systems, and Whole Home included in the Plus Plan].**

The following Optional Coverage may be purchased up to sixty (60) days after the Purchase Date of the Contract or within 30 days before and after Your Contract renewal date on the following items. Contract Limit: **We will cover up to [stated per item limit for optional coverage] per Covered Item each [Contract Term]. The maximum aggregate**

total for all items within [the Contract Term] is [stated aggregate limit for optional coverage]. Unless otherwise specified, only one (1) of each item type is covered.

Optional coverage is applicable where available:

2) **[Swimming Pool and/or In-Ground Spa]**

Covered: Components that are above ground and part of the heating, pumping and filtration system including: pool heater, pool sweep motor and pump, blower motor and timer, pump motor, plumbing wires and piping.

**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, built-in or detachable cleaning equipment including: pool sweeps, pop-up heads, turbo valves, skimmers, chlorinators, and ionizers, fuel storage tanks, disposable filtration mediums, heat pump, multi-media centers, dehumidifiers, panel box and dials, salt water generator; salt and components.]**

3) **[Well Pump]**

Covered: All components and parts of well pump utilized as a source of water to the home.

**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, re-drilling of wells, well pump and all well pump components for geothermal and/or water source heat pumps.]**

4) **[Septic System]**

Covered: Mainline stoppages that can be cleared through an existing access or cleaned out without any excavation. The septic tank will be pumped once during [the Contract 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 of the home. Stoppages or roots that prevent the effective use of any externally applied sewer machine cable. Expense of finding or getting access to the septic tank or sewer hook-ups, any mechanical pump or systems, tanks, leach lines, cesspool, disposal of waste, chemical treatment of the septic tank and/or sewer lines.]**

5) **[Free Standing Freezer]**

Covered: All components and parts.]

6) **[Large Home Coverage]**

Covered: The Covered Property must be a single family residence, and this coverage is without any square feet limitations, which is used solely for residential purposes; this includes an apartment, condominium, townhouse or a manufactured home. Specific to manufactured homes: such homes must be permanently secured to the ground. For shared properties, this Contract is limited to items solely used by and located and serviceable within such single unit (unless specified otherwise). **This Contract will not cover systems, units or appliances within (a) commercial properties; (b) shared or common areas; or (c) residential properties used for business purposes.**

7) **[Guest House Coverage]**

Covered: The Guest House must be located on the same property, or address, as the Covered Property and be under 750 square feet used solely for residential purposes. This Contract is limited to items solely used by and located and serviceable within such single unit (unless specified otherwise). **This Contract will not cover systems, units or appliances within (a) commercial properties; (b) shared or common areas; or (c) residential properties used for business purposes.**

**E. ADDITIONAL BENEFITS:**

1) [As a Contract Holder and subject to availability, You will receive the following additional benefit[s] from the Effective Date through the Contract Term:]

[We may apply discounts or waive charges You may owe for certain products and services, subject to Your agreement to remain enrolled in the Home Warranty program for the full initial 12-month term of the Contract.]

[Notwithstanding anything to the contrary contained in this Contract, from the Purchase Date of this Contract until the expiration of the initial 30-day waiting period, We will provide repair coverage for one Covered Item in an amount equal to the lesser of fifty percent (50%) of the cost of repair of such Covered Item or \$150 or We will waive the repair diagnostic fee on such Covered Item up to \$150.]

[ We will discount the premiums of your plan by [\$X or X%].]

[ We will give you [x] months free during the initial year of Your Contract.]

[ We will provide [\$x] if You provide proof of switching to Us from another Home Warranty company within the last [timeframe].]

[ We will provide [x] water filters during the initial year of Your Contract.]

[We will provide a [\$x] [Amazon] gift card for a referral who purchases a [Sears Protect] Home Warranty [and keeps it active for [timeframe]].]

[We will waive Your deductible on Your first Covered Repair during year 1 of Your Contract.]

[We will provide a one-time reimbursement, up to \$100, during the initial year of Your Contract, for damage or loss to food arising from a Covered Item becoming inoperable and being unable to perform its primary function due a mechanical failure caused by normal wear and tear.]

[You are eligible on the day of Your purchase to receive a one-time discount of [\_\_%] off a Sears PartsDirect parts purchase.]

[During the initial year of Your Contract, We will provide coverage for a tune up on one kitchen or laundry Covered Item.]

[You are eligible to receive a discount on parts purchased at Sears PartsDirect.]

[We will cover [two (2)] heating and cooling tune ups at the Covered Property within specific timeframes throughout the year. In Hawaii, all plans will include one (1) refrigerator tune up at the Covered Property in lieu of the two (2) heating and cooling tune ups. Heating and cooling tune ups are not available in Hawaii.]

[You are eligible to receive a discount on non-covered appliance and HVAC repairs serviced by Sears at the Covered Property. This does not apply to services provided through ServiceLive, Sears Franchise businesses, or Sears Home Improvement. In some cases, the discount may be provided in the form of a reimbursement to You.]

[We will offer You a discount for qualified completed Sears Home Improvement installations at the Covered Property. In some cases, the discount may be provided in the form of a reimbursement to You.]

- 2) Additional terms, conditions, and requirements to obtaining the additional benefit[s] are located in the welcome kit. The additional benefit[s] [is/are] separate from the underlying coverage afforded in this Contract.
- 3) Should You cancel Your Contract prior to the expiration of Your initial term, said discounts or waived charges may be due and payable to Us. If applicable, We may bill or charge You for such discount or other enrollment benefit through the same payment method used for the purchase of this Contract or We will send You a bill if such payment mechanism is not available.

#### **F. GENERAL LIMITATIONS AND EXCLUSIONS:**

- 1) **No services will be performed if the Covered Item is not easily accessible or if the Service Contractor encounters unsafe working conditions, infestation, mold, animals, or any circumstance which may cause harm or injury to the Service Contractor or their property or equipment. In the event You or other individuals on Your property harm, abuse, or threaten to cause harm or abuse to the Service Contractor or their equipment or property, the Administrators, or Us, You will be in breach of this Contract. If You breach the Contract, We may refuse to provide service to You and the Contract may be cancelled. The Service Deductible and any other Plan Fees are still owed in these circumstances. You are responsible to pay any service charge or additional charge assessed by Our Service Contractor resulting from Your failure to provide access and/or for Our Service Contractor's failure to provide services due to the reasons set forth in Section F(1).**
- 2) **You are responsible for routine maintenance and cleaning on Covered Items as specified by the manufacturer to ensure continued coverage for a Covered Item.**
- 3) **Unless otherwise specifically stated, this Contract does not cover:**
  - a. **Known or unknown pre-existing conditions;**
  - b. **Damage or any incidental, consequential, special, and/or punitive damages or expense caused by a Service Contractor's service, whether caused by negligence or any other cause;**
  - c. **Commercial usage of any Covered Item(s) or Commercial grade items;**
  - d. **Flues, venting, chimneys, and exhaust lines;**
  - e. **Repair or replacement of any item due to cosmetic defects, design or manufacturing defects,**
  - f. **Repair or replacement of any item that has a component that has been determined to be defective by the Consumer Product Safety Commission or for which a manufacturer or importer issues a warning or product recall;**
  - g. **Repair or replacement of any item due to insufficient maintenance, neglect, misuse, abuse, noises, smells, rust, corrosion, resin bed replacement, or sediment, mineral, or salt build up;**
  - h. **Dismantling, removal, and disposal costs of appliances, systems, equipment or components including, but not limited to recapturing, reclaiming and disposal of refrigerant, contaminants or other hazardous or toxic materials or asbestos;**
  - i. **Usage of cranes, scaffolding, or any other lifting equipment to access or service a Covered Item;**
  - j. **Surcharges incurred by Us in providing coverage under this Contract to You, including, but not limited to, surcharges for fuel, parts, delivery, transportation, and/or labor. Such charges may include tolls or ferry charges required to access the Covered Property. We will advise You of any surcharge prior to initiating the Covered Repair. You are responsible for paying any surcharge;**
  - k. **Radon monitoring systems, fire sprinkler systems, solar systems and any components;**
  - l. **Permits or testing required by state, local, or federal authorities, such as load calculation or duct certification;**

- m. **Obstructed or inaccessible items, or providing access to, or closing access to such items, including, but not limited to, items that are underground beneath the slab, basement floor, floor coverings, systems, cabinets, or crawl spaces, or encased in concrete;**
  - n. **Excavation or other charges associated with gaining access to a well pump;**
  - o. **Damages, diagnosis, removal, remediation, repairs or replacements caused by virus, bacteria, mildew, mycotoxins, condensation, bio-organic growth, rot, or fungus regardless of the source, origin, or location;**
  - p. **Modifications, Code upgrades, or compliance with Laws, including but not limited to utility regulations, zoning requirements, or noise requirements, or manufacturer specifications;**
  - q. **Electronic, remote, or computerized energy management or appliance, lighting, or home management systems;**
  - r. **Items that have been disassembled or are missing parts, components, or equipment;**
  - s. **Items without a visible model or serial number;**
  - t. **Construction, design or other changes, carpentry, or other modifications required to remove, relocate, or install equipment;**
  - u. **Repair, replacement, failures, losses, or damages due to causes other than normal wear and tear, including, but not limited to, those caused by:**
    - i. **accidents, fire, flood, smoke, freeze, storms, casualty, accidents, water damage, overload, power failure or surge event, earthquake, lightning, acts of God, theft, riots, war, terrorism, vandalism, mud, soil movement, nuclear explosion, radiation contamination, insurrection, structural changes, property damage, water pressure, delays in obtaining parts, replacements, or equipment, discontinued parts, labor difficulties or shortages, equipment failure, negligent or unlawful acts of the Service Contractor, misdiagnosis or delays in completing diagnosis or repairs, or scheduling difficulties between You and the Service Contractor;**
    - ii. **failure to comply with Laws;**
    - iii. **inadequate wiring or lack of capacity or efficiency in the existing item for the square footage of the area, capacity, or efficiency (under or oversized);**
    - iv. **items not properly matched or sized to each other;**
    - v. **accidental damage or intentional damage to items;**
    - vi. **noise without a related mechanical failure;**
    - vii. **pest, pet, or animal damage;**
    - viii. **causes outside Our reasonable control;**
    - ix. **prior improper installation, repair or modifications; and/or**
    - x. **soil movement, land subsidence, slope failure, or structural changes.**
- 4) **[Limits of Liability:**
- a. The following Covered Item dollar limits [apply to year one customers].
    - i. Diagnosis and repair/replacement of all Covered Items are limited to [\$3,500] with the following limitations:
      - 1. Diagnosis and repair/replacement is limited to [\$250] for all Covered Items within the first [90 days] of the Effective Date;
      - 2. [Coverage for refrigerant itself is limited to \$10 per pound].]
- 5) **Opened Walls/Ceilings**. When it is necessary to open walls, closets, floors, or ceilings or the like to perform a Covered Repair, We will close the opening (except in the case of water damage to the area that took place prior to the Covered Repair) and restore the surfaces to a rough finish condition only (as patch, tape, mud and/or sand) subject to the monetary limits in this Contract. **We are not responsible for the cost of modifications to existing equipment, or to install different equipment when necessary to repair or replace a Covered Item, including but not limited to modifications to flues, venting, chimneys, pipe runs, ductwork, structures, electrical, trim kits, stacking, connecting or mounting hardware, exhaust lines or other modifications. Repair to rough finish does not**

include restoration of wall coverings, plaster, paint, cabinets, countertops, trim, texture, tile, wood, floor coverings, or the like that is damaged as a result of attempts to repair or replace Covered Items.

- 6) **Limitation of Liability.** NEITHER WE NOR OUR AGENTS OR CONTRACTORS ARE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL, SECONDARY AND/OR PUNITIVE DAMAGES ARISING FROM AND/OR RELATED TO THE MALFUNCTION OF ANY COVERED ITEM OR A SERVICE CONTRACTOR'S NEGLIGENCE OR WILFUL MISCONDUCT IN CONNECTION WITH PROVIDING REPAIR OR REPLACEMENT OR A SERVICE CONTRACTOR'S NEGLIGENCE OR DELAY IN PROVIDING, OR FAILURE TO PROVIDE, REPAIR OR REPLACEMENT OF SUCH ITEM, INCLUDING, BUT NOT LIMITED TO, DAMAGES DUE TO LOSS OF INCOME, LOSS OF USE OF COVERED ITEM, OR ANY OTHER DAMAGES RESULTING FROM THE BREAKDOWN OR FAILURE OF COVERED ITEM, DELAYS IN REPAIRING OR REPLACING COVERED ITEMS, FOOD SPOILAGE, ADDITIONAL LIVING EXPENSES, UTILITY BILLS, OR PERSONAL OR PROPERTY DAMAGE, AND YOU AGREE TO WAIVE ANY AND ALL CLAIMS FOR SUCH DAMAGES.
- 7) **Hazardous Materials.** We have no liability for the removal of, failure to detect, or contamination of any mold, asbestos, radon gas, or other hazardous products or materials.
- 8) **Violations.** We are not responsible for repair of any Covered Item if such repair would violate any Laws. If a Covered Item cannot be repaired or replaced without violating a Law, then Our liability will be limited to a Claim Settlement. If a violation of Law is discovered before or during a repair service, We will not be required to initiate and/or complete the repair service until the violation and/or potential violation is corrected by You.

#### **G. HOW TO UTILIZE CONTRACT BENEFITS:**

You may request service or utilization of other Contract benefits 24 hours a day, 7 days a week at [URL] or You may call Us at [865-383-1400] during normal business hours.

1. We must be notified in a timely manner while the Contract is active of any suspected Covered Item in need of repair.
2. You must be current with all Plan Fees and/or Service Deductibles to schedule service.
3. We will not reimburse You for any services performed unless those services have been approved by Us.
4. When scheduling service, We will either schedule in real time or connect You with a Service Contractor to complete the repair. The initial diagnosis may occur via an interactive video session with a Service Contractor or Us or We may send a Service Contractor onsite to the Covered Home. [If the initial diagnosis occurs via an interactive video session the Service Deductible will be reduced to [\$x.xx]. If a Service Contractor needs to appear at the Covered Property for the same claim, then You must pay [\$x.xx] for the balance of the Service Deductible listed on Plan Summary]. In the event that We do not have a Service Contractor in Your area for the item in need or other circumstances beyond Our control prevent Us from completing repair or replacement and We provide authorization for You to use Your own service provider, You will be reimbursed for the parts and labor costs You incur within the limits of Your Contract. Reimbursement will be based on industry standards for labor and parts in Your area, less the Service Deductible up to the applicable item and aggregate limits under the Contract. Proof of Your actual itemized costs and the actual diagnosis of the item must be provided to Us within sixty (60) days. Once approved by Us, reimbursement will be processed within thirty (30) days. Once a Claim Settlement is accepted in lieu of repair or replacement, We are not responsible for the work performed by You on that item. You will be required to provide evidence of the repair or replacement of the Covered Item in order to continue coverage for that item. We are not responsible for damages that occur from Your service provider's work.

#### **H. CONTRACT TERM, PLAN FEE AND SERVICE DEDUCTIBLE:**

The Contract Term starts on the Effective Date set forth in the Plan Summary and continues until the expiration date specified on the Plan Summary, provided that You continue to pay Plan Fees or other fees that are due.

- 1) Your Plan Summary includes specifics for Your Contract Term, Plan Fee amount and Service Deductible amount.
- 2) A Service Deductible is required to be paid by You for each repair call dispatched and scheduled at Your request on each item being serviced, including, but not limited to, those calls where coverage is determined to be excluded or denied under Your Contract. The Service Deductible is due even if You fail to be present at a scheduled time, or in the event You cancel a service call while the Service Contractor is on the way to Your home.
- 3) Failure to pay the Service Deductible or monthly installment Plan Fees due under this Contract will result in the suspension of coverage until the fees are paid. After the fees are paid, coverage will be reinstated, however, the coverage period will not be extended to cover the suspension period.
- 4) If You make a claim for a mechanical failure for a Covered Item under this Contract at a time when there are past due monthly installments, We reserve the right, in Our sole discretion, to deduct some or all the past due monthly installments from the amount of the Covered Repair for such claim prior to covering the loss.
- 5) In the event that We are performing a recall service order within [180] days from a prior service call for a Covered Repair and the specific issue is the same We will not charge You another Service Deductible.

#### **I. RENEWAL:**

**Your Contract will automatically renew at the end of the Contract Term at Our sole discretion where permitted by state law. In the event that We choose to renew Your Contract, You will be notified of the renewal terms at least [30] days prior to Your renewal term. Unless You cancel Your Contract in accordance with Section J (Cancellation Policy) of this Contract prior to expiration of Your Contract and the beginning of Your renewal term, Your Contract will be automatically renewed for a term equal to the original Contract Term and You will be charged the applicable Plan Fees. By agreeing to the Contract terms, You affirmatively consent to this Contract automatically renewing. This Contract has a minimum fixed duration of [12] months and after each year IT WILL AUTOMATICALLY RENEW AND CONTINUE FOR AN ADDITIONAL [12] MONTHS UNLESS CANCELLED.**

**We reserve the right to change the Plan Fee or other terms of this Contract for subsequent Contract Terms. We will provide notice to You at least 30 days in advance if such Contract terms change. Continuing to use this Contract and payment of the Plan Fee upon renewal of the Contract Term serves as Your affirmative consent to the Contract automatically renewing and consent to any changes in terms. If You do not agree with the changes, You may cancel the Contract in accordance with Section J below. Your continued payment of Plan Fees, after such notice, constitutes Your acceptance of the changes.**

#### **J. CANCELLATION POLICY:**

- 1) **You may cancel this contract at any time for any reason. To cancel, call Transform Sears Home Services LLC at [865-383-1400] during normal business hours or send notice to [Transform Sears Home Services LLC, Attn: Service Contracts, 5407 Trillium Boulevard Suite B120 Hoffman Estates, IL 60192].**
- 2) **If You are within the first 30 days of Your Contract Effective Date and no claims have been made You will receive a full refund of all Plan Fees paid.**
- 3) **If You cancel after 30 days of Your Contract Effective Date or if a claim has been made within the first 30 days of Your Contract Effective Date, You may be entitled to a refund of Plan Fees paid which will be pro-**

rated for the balance of the remaining annual Contract Term. Claims paid will be deducted from any refund. In the event that You paid for this annual term Contract in monthly installments and claims were paid under Your Contract, We will charge You the lesser of the total claims dollars due to Us or the unpaid annual Contract Plan Fees. Where permitted by law, a [\$25] cancellation fee will be deducted from any refund or added to any amount collected. We will charge You any balance owed through the same method as any prior billings with Us. If such method is not available, We will collect payment at the time of cancellation.

- 4) We may terminate this Contract at any time for any reason. In the event that We terminate this Contract We will follow the cancellation policies stated in the Cancellation Policy section above. No cancellation fee will apply.

#### **K. BINDING ARBITRATION:**

This provision limits certain rights, including Your right to obtain relief or damages through court action. Any claim, dispute, or controversy arising out of or relating to this Contract, whether based in contract, tort, regulations, or any other legal or equitable theory, including but not limited to, those arising out of or in any way relating to interpretation of this Contract, its issuance, any services provided hereunder, a breach of any provision in the Contract, or the relationships among the Parties hereto (“**Claim**”) shall be resolved by individual (not class-wide nor collective) final and binding arbitration administered by the American Arbitration Association (“**AAA**”) Consumer Arbitration Rules in effect at the time the Claim is filed (“**AAA Rules**”). In accordance with the AAA Rules, if a Claim is within the jurisdiction of a small claims court, either You or We may choose to file the Claim with small claims court instead of arbitration.

To begin Arbitration, either You or We must make a written demand to the Transform Sears Home Services LLC Administrator for arbitration. The Arbitration will take place before a single arbitrator. You may get a copy of the AAA Rules by contacting AAA at 1633 Broadway, 10th Floor, New York, NY 10019 or visiting [www.adr.org](http://www.adr.org). Unless You and We agree otherwise, the Arbitration will take place in the county and state where You live. The Federal Arbitration Act, 9 U.S.C. § 1, et seq., will govern and no state, local or other arbitration law will apply. YOU AGREE AND UNDERSTAND THAT this arbitration provision means that You give up Your right to go to court on any claim covered by this provision. You also agree that any arbitration proceeding will only consider Your Claims. Claims by, or on behalf of, other individuals will not be arbitrated in any proceeding that is considering Your Claims. Please refer to the STATE ENDORSEMENTS section of this Contract for any added requirements in Your state. In the event this Arbitration provision is not approved by the appropriate state regulatory agency, and/or is stricken, severed, or otherwise deemed unenforceable by a court of competent jurisdiction, You and We specifically agree to waive and forever give up the right to a trial by jury. Instead, in the event any litigation arises between You and Us, any such lawsuit will be tried before a judge, and a jury will not be impaneled or struck.

#### **L. WAIVER OF JURY TRIAL: YOU AND WE UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY CONSTITUTIONAL AND STATUTORY RIGHT TO HAVE A TRIAL IN FRONT OF A JURY.**

#### **M. CLASS ACTION WAIVER:**

Any Claim must be brought in the parties’ individual capacity, and not as plaintiff or class member in any purported class, collective, representative, multiple plaintiff, or similar proceeding (“**Class Action**”). The parties expressly waive any ability to maintain any Class Action in any forum. The arbitrator shall not have authority to combine or aggregate similar claims or conduct any Class Action nor make an award to any person or entity not a party to the arbitration. Any claim that all or part of this Class Action Waiver is unenforceable, unconscionable, void, or voidable may be determined only by a court of competent jurisdiction and not by an arbitrator.

#### **N. SEVERABILITY AND WAIVER OF CONTRACT TERMS:**

If any provision of this Contract is found to be contrary to law or unenforceable by rule of law or public policy, such provision shall be of no force or effect; but the remainder of the Contract shall continue in full force and effect. Our waiver of Our rights under this Contract does not constitute a future waiver of such rights.

**O. ENTIRE AGREEMENT:**

This Contract constitutes the entire agreement between You and Us and supersedes all prior agreements and understandings, verbal or written, which may have been made with respect to the subject matter of this Contract. Except as otherwise set forth in this Contract, all warranties, express and implied, are hereby disclaimed.

**P. ELECTRONIC DELIVERY:**

If You provide your mobile number or electronic address to Us, We may electronically, or via text message, deliver all notices, documents and communications related to this Contract to Your mobile number or electronic address. You may opt out of electronic and/or text message communications at any time.

**Q. STATE ENDORSEMENTS:**

**[Alabama:** If You cancel this Contract within 30 days of the Contract Effective Date and You have not filed a claim, We shall pay a 10% per month penalty for any refund amount outstanding in addition to the refund amount owed if the refund is not made within 45 days after Your cancellation. If We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 5 days prior to the effective date of cancellation. Prior notice is not required if We cancel for nonpayment or material misrepresentation by You to Us relating to the covered property or its use. If You experience an emergency outside of normal business hours and have repairs performed without Our approval due to the emergency, You must file any claim for reimbursement with Us within 14 business days. We will review the documentation provided and will determine if the repair or replacement was covered in accordance with the terms of this Contract, including, but not limited to the Limitations and Exclusions. If covered, We will reimburse You for the emergency repair. We will determine in Our sole discretion which claims constitute an emergency, giving consideration to those malfunctions affecting the habitability of the residence.

**Arizona:** Cancellation, section 3, is revised to state that You will not be charged for future unpaid Plan Fees if You cancel. The cancellation fee will not exceed 10% of the Plan Fee or \$25, whichever is less. We may not cancel or void this Contract for any of the following reasons: 1) due to acts or omissions of Us or Our assignees or subcontractors for their failure to provide correct information or their failure to perform the services or repairs provided in a timely, competent and workmanlike manner; 2) Pre-existing conditions that were known or that reasonably should have been known by Us or the person selling the Plan on Our behalf; 3) Prior use or unlawful acts relating to the Covered Product; 4) Misrepresentation by either Us or the person selling the Plan on Our behalf. The Arbitration provision is revised to state: Arbitration cannot be an absolute dispute remedy and both parties must agree to arbitration. This arbitration provision does not prohibit an Arizona resident from following the process to resolve complaints under the provisions of A.R.S. 20-1095.09, Unfair trade Practices as outlined by the Arizona Department of Insurance and Financial Institutions. To learn more about this process, You may contact the Arizona Department of Insurance and Financial Institutions at 100 N. 15th Ave., Suite 261, Phoenix, AZ 85007-2630, Attn: Consumer Protection. You may directly file any complaint with the A.D.I.F.I. against a Service Company issuing an approved Service Contract under the provisions of A.R.S. 20-1095.04 and/or 20-1095.09 by contacting the Consumer Protection Division of the A.D.I.F.I. at 602-364-3100.

**Arkansas:** Obligations of the Obligor under this Contract are backed by the full faith and credit of the Obligor and are not guaranteed under a reimbursement insurance policy. If You cancel this Contract within 30 days of the Contract Effective Date and You have not filed a claim, We shall pay a 10% per month penalty for any refund amount outstanding in addition to the refund amount owed if the refund is not made within 45 days after Your cancellation. If We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 15 days prior to the effective date of cancellation. Prior notice is not required if We cancel for nonpayment, material misrepresentation by You to Us or the Administrators, or a substantial breach of duties by You

relating to the covered property or its use. If You experience an emergency outside of normal business hours and have repairs performed without Our approval due to the emergency, You must file any claim for reimbursement with Us within 14 business days. We will review the documentation provided and will determine if the repair or replacement was covered in accordance with the terms of this Contract, including the Limitations and Exclusions. If covered, We will reimburse You for the emergency repair. We will determine in Our sole discretion which claims constitute an emergency, giving consideration to those malfunctions affecting the habitability of the residence.

**California:** This Contract is not available to consumers in California.

**Colorado:** Actions under a home warranty service contract may be covered by the provisions of the “Colorado Consumer Protection Act” or the “Unfair Practices Act”, articles 1 and 2 of title 6. A party to this Contract may have a right of civil action under those laws, including obtaining the recourse or penalties specified in those laws.

**Connecticut:** If Your Covered Item(s) is returned, sold, lost, stolen, or destroyed, You may cancel this Contract. If We are unable to resolve any disputes with You regarding this Contract, You may file a written complaint with the State of Connecticut at Insurance Department, PO Box 816, Hartford, Ct 06142-0816, Attn: Consumer Affairs.

**District of Columbia:** If You cancel this Contract within 30 days of the Contract Effective Date and You have not filed a claim, We shall pay a 10% per month penalty for any refund amount outstanding in addition to the refund amount owed if the refund is not made within 45 days after Your cancellation. The cancellation fee will not exceed 10% of the Plan Fee. If We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 5 days prior to the effective date of cancellation. Prior notice is not required if We cancel for nonpayment, material misrepresentation by You to Us, or a substantial breach of duties by You relating to the covered property or its use.

**Florida:** The rate charged for this Contract is not subject to regulation by the Florida Office of Insurance Regulation. This Agreement may not provide listing period coverage free of charge. Section B (11) is deleted and replaced as follows: You may transfer this Contract within 15 days from the date the residential property is sold or transferred to a subsequent retail purchaser of the home covered by this Agreement. To transfer, You must request the transfer within 15 days by contacting the Transform Sears Home Services LLC Administrator and paying a \$40 transfer fee. You must provide Us proof that the Covered Property has changed ownership. After this time period, the Contract is non-transferable. You may cancel this Contract if You move residences and purchase a new home warranty at the new location, where available. You may cancel this Contract within 30 days of the Contract Effective Date and You will receive a full refund of the gross premium paid less claims paid. If You cancel this Contract after 30 days, You will receive a refund of 90% of the unearned pro rata premium less any claims paid. If We cancel for any reason other than fraud or misrepresentation, then any refund due will be based upon 100% of the unearned pro rata premium less any claims paid. A malfunction to a Covered Item will only be excluded due to the presence of rust or corrosion if the rust or corrosion was a contributing cause of the mechanical breakdown or failure of the Covered Item. **This Contract does not cover replacement of functional components of HVAC systems for reasons of compatibility of efficiency requirements of the manufacturer unless additional coverage for such circumstance is purchased.** Please see Section D. Optional Coverage for information on the Plus Plan which provides coverage for an additional charge for the replacement of otherwise functional components of an HVAC system necessary to maintain the compatibility and operating efficiency requirements of the manufacturer. You may contact the Transform Sears Home Services LLC Administrator to purchase the Plus Plan additional coverage.

**Georgia:** The obligations under this Contract are guaranteed by a surety bond issued by Atlantic Specialty Insurance Company, located at 605 Highway 169 N, Plymouth, MN 55441. If a claim or refund is not paid within 60 days after proof of loss has been filed with Us, You are entitled to file a direct claim against the surety. If You cancel this Contract within 30 days from the Contract Effective Date, We shall refund or credit You the full Plan Fees, decreased by the amount of claims paid under the Contract. If You cancel this Contract more than 30 days from the Effective Date, We shall refund or credit You the prorated purchase price of the Plan Fees based on elapsed time of the Contract, decreased

by the amount of claims paid under the Contract, and less a cancellation fee not to exceed 10% of the unearned pro rata purchase price or \$25, whichever is less. If You cancel this Contract within 30 days of the Contract Effective Date, We shall pay a 10% per month penalty for any refund amount outstanding in addition to the refund amount owed if the refund is not made within 45 days after Your cancellation. We may only cancel this Contract for fraud, material misrepresentation, or failure to pay the consideration due. If We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 30 days prior to the effective date of cancellation. Arbitration is non-binding. Exclusion 3.a. is deleted and replaced with the following: "Pre-existing conditions known to You;"

**Hawaii:** If You cancel this Contract within 30 days of the Contract Effective Date and You have not filed a claim, We shall pay a 10% per month penalty for any refund amount outstanding in addition to the refund amount owed if the refund is not made within 45 days after Your cancellation. If We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 5 days prior to the effective date of cancellation. Prior notice is not required if We cancel for nonpayment, material misrepresentation by You to Us, or a substantial breach of duties by You under the Contract relating to the covered property or its use.

**Illinois:** The cancellation fee will not exceed 10% of the Plan Fee.

**Iowa:** Consumers may contact the Iowa Insurance Division at 1963 Bell Avenue, Suite 100, Des Moines, IA 50315-1000. Obligations of the Obligor under this Contract are backed by the full faith and credit of the Obligor and are not guaranteed under a reimbursement insurance policy. If You cancel this Contract within 30 days of the Contract Effective Date and You have not filed a claim, We shall pay a 10% per month penalty for any refund amount outstanding in addition to the refund amount owed if the refund is not made within 30 days after Your cancellation. The cancellation fee will not exceed 10% of the Plan Fee. If We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 15 days prior to the effective date of cancellation. Prior notice is not required if We cancel for nonpayment, material misrepresentation by You to Us or the Administrators, or a substantial breach of duties by You relating to the covered property or its use. If You experience an emergency outside of normal business hours and have repairs performed without Our approval due to the emergency, You must file any claim for reimbursement with Us within 14 business days. We will review the documentation provided and will determine if the repair or replacement was covered in accordance with the terms of this Contract, including the Limitations and Exclusions. If covered, We will reimburse You for the emergency repair. We will determine in Our sole discretion which claims constitute an emergency, giving consideration to those malfunctions affecting the habitability of the residence.

**Kentucky:** The obligations of this Contract are guaranteed by a surety bond issued by Endurance Assurance Corporation. If a claim or refund is not paid within sixty (60) days after a claim has been filed with Us, You are entitled to file a direct claim against the surety by phone (877-676-7575) or by mail (12890 Lebanon Road, Mount Juliet, TN 37122).

**Louisiana:** If You cancel this Contract within 30 days of the Contract Effective Date and You have not filed a claim, We shall pay a 10% per month penalty for any refund amount outstanding in addition to the refund amount owed if the refund is not made within 45 days after Your cancellation. If We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 15 days prior to the effective date of cancellation. Prior notice is not required if We cancel for nonpayment, material misrepresentation by You to Us, or a substantial breach of duties by You relating to the covered property or its use. If You experience an emergency outside of normal business hours and have repairs performed without Our approval due to the emergency, You must file any claim for reimbursement with Us within 14 business days. We will review the documentation provided and will determine if the repair or replacement was covered in accordance with the terms of this Contract, including the Limitations and Exclusions. If covered, We will reimburse You for the emergency repair. We will determine in Our sole discretion which claims constitute an emergency, giving consideration to those malfunctions affecting the habitability of the residence.

**Maryland:** If You cancel this Contract within 30 days of the Contract Effective Date and You have not filed a claim, We shall pay a penalty of 10% of the value of the consideration paid for this Contract per month for any refund amount outstanding in addition to the refund amount owed if the refund is not made within 45 days after Your cancellation. This Contract does not terminate until the services are provided in accordance with the terms of this Contract. This Contract is extended automatically when We fail to perform the services under this Contract.

**Massachusetts:** If You cancel this Contract within 30 days of the Contract Effective Date and You have not filed a claim, We shall pay a 10% per month penalty for any refund amount outstanding in addition to the refund amount owed if the refund is not made within 45 days after Your cancellation. If We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 5 days prior to the effective date of cancellation. Prior notice is not required if We cancel for nonpayment, material misrepresentation, or a substantial breach of duties by You relating to the covered property or its use.

**Michigan:** If performance of Contract is interrupted because of a strike or work stoppage at Our place of business, the effective period of the Contract shall be extended for the period of the strike or work stoppage.

**Minnesota:** If You cancel this Contract within 30 days of the Contract Effective Date and You have not filed a claim, We shall pay a 10% per month penalty for any refund amount outstanding in addition to the refund amount owed if the refund is not made within 45 days after Your cancellation. If We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 15 days prior to the effective date of cancellation. Prior notice will be provided at least 5 days prior to the effective date of cancellation if We cancel for nonpayment, material misrepresentation, or a substantial breach of duties by You relating to the covered property or its use.

**Missouri:** Obligations of the Obligor under this Contract are backed by the full faith and credit of the Obligor and are not guaranteed under a reimbursement insurance policy. If You cancel this Contract within 30 days of the Contract Effective Date and You have not filed a claim, We shall pay a 10% per month penalty for any refund amount outstanding in addition to the refund amount owed if the refund is not made within 45 days after Your cancellation. If You experience an emergency outside of normal business hours and have repairs performed without Our approval due to the emergency, You must file any claim for reimbursement with Us within 14 business days. We will review the documentation provided and will determine if the repair or replacement was covered in accordance with the terms of this Contract, including the Limitations and Exclusions. If covered, We will reimburse You for the emergency repair. We will determine in Our sole discretion which claims constitute an emergency, giving consideration to those malfunctions affecting the habitability of the residence.

**Montana:** If We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 5 days prior to the effective date of cancellation. Prior notice is not required if We cancel for nonpayment, material misrepresentation by You to Us, or a substantial breach of duties by You relating to the covered property or its use.

**Nevada:** If You cancel this Contract within 30 days of the Contract Effective Date and You have not filed a claim, We shall pay a 10% per each 30-day period or portion thereof penalty for any refund amount outstanding in addition to the refund amount owed if the refund is not made within 45 days after Your cancellation. Claims paid will not be deducted from the cancellation refund due to You. If this Contract has been in effect for at least 70 days, We may not cancel before the expiration of the agreed term or 1 year after the Effective Date of the Contract, whichever occurs first, except on any of the following grounds: a) failure by You to pay an amount when due; b) Your conviction of a crime which results in an increase in the service required under the Contract; c) Discovery of fraud or material misrepresentation by You in obtaining the Contract, or in presenting a claim for service thereunder; d) Discovery of: 1) an act or omission by You, or 2) a violation by You of any condition of the Contract, which occurred after the Effective Date and which substantially and materially increases the service required under the Contract; or e) a material change in the nature or extent of the required service or repair which occurs after the Effective Date and which causes the required service or repair to be

substantially and materially increased beyond that contemplated at the time the Contract was issued or sold. If We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 15 days prior to the effective date of cancellation. If You experience an emergency outside of normal business hours and have repairs performed without Our approval due to the emergency, You must file any claim for reimbursement with Us within 14 business days. We will review the documentation provided and will determine if the repair or replacement was covered in accordance with the terms of this Contract, including the Limitations and Exclusions. If covered, We will reimburse You for the emergency repair. We will determine in Our sole discretion which claims constitute an emergency, giving consideration to those malfunctions affecting the habitability of the residence. If the emergency involves the loss of heating or cooling, loss of plumbing or substantial loss of electrical service and the emergency renders a dwelling unfit for a person to live in because of defects that immediately endanger the health and safety of the occupants of the dwelling, repairs will commence within 24 hours after the report of the claim and will be completed as soon as reasonably practicable thereafter. If We determine that repairs cannot practicably be completed within 3 calendar days after the report of the claim, the provider will provide a status report to You and the Commissioner. If You are not satisfied with the manner in which We are handling the claim on the Contract, You may contact the Commissioner by use of the toll-free telephone number (888) 872-3234.

**New Hampshire:** In the event You do not receive satisfaction under this Contract, You may contact the New Hampshire Insurance Department, 21 South Fruit Street, Suite 14, Concord, NH 03301, (603) 271-2261. The cancellation fee will not exceed 10% of the Plan Fee.

**New Jersey:** If You cancel this Contract within 30 days of the Contract Effective Date and You have not filed a claim, We shall pay a 10% per month penalty based on the Plan Fee for any refund amount outstanding in addition to the refund amount owed if the refund is not made within 45 days after Your cancellation. If We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 5 days prior to the effective date of cancellation. Prior notice is not required if We cancel for nonpayment, material misrepresentation or omission, or a substantial breach of contractual obligations by You relating to the covered property or its use. **The product being offered is a service contract and is separate and distinct from any product or service warranty which may be provided by the home builder or manufacturer. This Contract is not in the nature of a warranty as that term is legally defined and commonly understood.**

**New Mexico:** If You cancel this Contract within 30 days of the Contract Effective Date and You have not filed a claim, We shall pay a penalty of 10% of the purchase price for each 30-day period or portion thereof for any refund amount outstanding in addition to the refund amount owed if the refund is not made within 60 days after Your cancellation. The cancellation fee will not exceed 10% of the Plan Fee. If this Contract has been in effect for at least 70 days, We may not cancel before the expiration of the agreed term or 1 year after the effective date of the Contract, whichever occurs first, except on any of the following grounds: a) failure by You to pay an amount when due; b) Your conviction of a crime that results in an increase in the service required under this Contract; c) discovery of fraud or material misrepresentation by You in obtaining the Contract or in presenting a claim for service thereunder; d) discovery of either of the following if it occurred after the Effective Date of the Contract and substantially and materially increased the service required under the Contract: 1) an act or omission by You, or 2) a violation by You of any condition of the Contract. If We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 15 days prior to the effective date of cancellation.

**New York:** If You cancel this Contract within 30 days of the Contract Effective Date and You have not filed a claim, We shall pay a 10% per month penalty based on the Plan Fee for any refund amount outstanding in addition to the refund amount owed if the refund is not made within 30 days after Your cancellation. If You experience an emergency outside of normal business hours and have repairs performed without Our approval due to the emergency, You must file any claim for reimbursement with Us within 14 business days. We will review the documentation provided and will determine if the repair or replacement was covered in accordance with the terms of this Contract, including the Limitations and Exclusions. If covered, We will reimburse You for the emergency repair. We will determine in Our sole discretion which claims constitute an emergency, giving consideration to those malfunctions affecting the habitability of the residence. If

We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 15 days prior to the effective date of cancellation. Prior notice is not required if We cancel for nonpayment, material misrepresentation, or a substantial breach of duties by You relating to the covered property or its use.

**North Carolina:** We may only cancel for nonpayment or for a direct violation of this Contract by You. The cancellation fee will not exceed 10% of the amount of the pro rata refund.

**Oklahoma:** If You experience an emergency outside of normal business hours and have repairs performed without Our approval due to the emergency, You must file any claim for reimbursement with Us within 14 business days. We will review the documentation provided and will determine if the repair or replacement was covered in accordance with the terms of this Contract, including the Limitations and Exclusions. If covered, We will reimburse You for the emergency repair. We will determine in Our sole discretion which claims constitute an emergency, giving consideration to those malfunctions affecting the habitability of the residence.

**Oregon:** The obligations under this Plan are guaranteed by LKL Protection Company LLC, the company obligated to perform the services provided under this Plan. If You experience an emergency outside of normal business hours and have repairs performed without Our approval due to the emergency, You must file any claim for reimbursement with Us within 14 business days. We will review the documentation provided and will determine if the repair or replacement was covered in accordance with the terms of this Contract, including the Limitations and Exclusions. If covered, We will reimburse You for the emergency repair. We will determine in Our sole discretion which claims constitute an emergency, giving consideration to those malfunctions affecting the habitability of the residence. The Arbitration section is deleted. Any arbitration must be by mutual agreement of the parties to this Plan and conducted under local rules as required under ORS Chapter 36.

**South Carolina:** In the event of a dispute with the provider of this contract, You may contact the South Carolina Department of Insurance, Capitol Center, 1201 Main Street, Ste. 1000, Columbia, South Carolina, 29201 or by phone at (800) 768-3467. If You cancel this Contract within 30 days of the Contract Effective Date and You have not filed a claim, We shall pay a 10% per month penalty for any refund amount outstanding in addition to the refund amount owed if the refund is not made within 45 days after Your cancellation. If We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 15 days prior to the effective date of cancellation. Prior notice is not required if We cancel for nonpayment, material misrepresentation by You to Us, or a substantial breach of duties by You relating to the covered property or its use. If You experience an emergency outside of normal business hours and have repairs performed without Our approval due to the emergency, You must file any claim for reimbursement with Us within 14 business days. We will review the documentation provided and will determine if the repair or replacement was covered in accordance with the terms of this Contract, including the Limitations and Exclusions. If covered, We will reimburse You for the emergency repair. We will determine in Our sole discretion which claims constitute an emergency, giving consideration to those malfunctions affecting the habitability of the residence.

**Texas:** The Administrator of this Contract is Transform Sears Home Services LLC (license number 331). We agree that under normal circumstances, We will initiate the performance of services not later than 48 hours after You request service. **NOTICE: THIS COMPANY PAYS PERSONS NOT EMPLOYED BY THE PROVIDER FOR THE SALE, ADVERTISING, INSPECTION, OR PROCESSING OF A RESIDENTIAL SERVICE CONTRACT UNDER CHAPTER 1304, OCCUPATIONS CODE.** If You cancel this Contract before the 31<sup>st</sup> day after the Contract Effective Date, You shall receive a refund of the full Plan Fee less claims paid. If You cancel this Contract on or after the 31<sup>st</sup> day from the Contract Effective Date, You shall receive a pro rata refund based on elapsed time less claims paid and less a cancellation fee of \$25. We shall pay a penalty of 10% of the amount outstanding per month for any refund amount outstanding in addition to the refund amount owed if the refund is not made within 45 days after Your cancellation. If We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 5 days prior to the effective date of cancellation. Prior notice is not required if We cancel

for nonpayment, fraud or material misrepresentation by You to Us or the Transform Sears Home Services LLC Administrator, or a substantial breach of duties by You relating to the covered property or its use. This Contract is regulated by the Texas Department of Licensing and Regulation (“TDLR”) and any unresolved complaints between Us regarding Our performance or the performance of the Administrator or any questions regarding the regulation of this Contract may be referred to TDLR by writing to 920 Colorado Austin, Texas 78701 or calling (800) 803-9202.

**Utah:** This Contract is subject to limited regulation by the Utah Insurance Department. To file a complaint, contact the Utah Insurance Department. Coverage afforded under this Contract is no guaranteed by the Property and Casualty Guaranty Association. If You experience an emergency outside of normal business hours and have repairs performed without Our approval due to the emergency, You must file any claim for reimbursement with Us within 14 business days unless You are able to show that it was not reasonably possible to give notice or file the proof of loss within this prescribed time period, and notice was given or proof of loss filed as soon as reasonably possible. We will review the documentation provided and will determine if the repair or replacement was covered in accordance with the terms of this Contract, including the Limitations and Exclusions. If covered, We will reimburse You for the emergency repair. We may only cancel this Contract for material misrepresentation, substantial change in the risk assumed, unless We should have reasonably foreseen the change or contemplated the risk when entering into this Contract, substantial breach of contractual duties, conditions, or warranties, or Your nonpayment of the Plan Fee. If We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 30 days prior to the effective date of cancellation for any reason other than non-payment and at least 10 days prior notice for cancellation due to nonpayment.

**Vermont:** If You experience an emergency outside of normal business hours and have repairs performed without Our approval due to the emergency, You must file any claim for reimbursement with Us within 14 business days. We will review the documentation provided and will determine if the repair or replacement was covered in accordance with the terms of this Contract, including the Limitations and Exclusions. If covered, We will reimburse You for the emergency repair. We will determine in Our sole discretion which claims constitute an emergency, giving consideration to those malfunctions affecting the habitability of the residence.

**Washington:** If You cancel this Contract within 30 days of the Contract Effective Date and You have not filed a claim, We shall pay a 10% per month penalty for any refund amount outstanding in addition to the refund amount owed if the refund if not made within 30 days after Your cancellation. If We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 21 days prior to the effective date of cancellation. If You experience an emergency outside of normal business hours and have repairs performed without Our approval due to the emergency, You must file any claim for reimbursement with Us within 14 business days. We will review the documentation provided and will determine if the repair or replacement was covered in accordance with the terms of this Contract, including the Limitations and Exclusions. If covered, We will reimburse You for the emergency repair. We will determine in Our sole discretion which claims constitute an emergency, giving consideration to those malfunctions affecting the habitability of the residence.

**Wisconsin: THIS CONTRACT IS SUBJECT TO LIMITED REGULATION BY THE OFFICE OF THE COMMISSIONER OF INSURANCE.** Arbitration is non-binding. We may only cancel this Contract for nonpayment of the Plan Fee, material misrepresentation by You to Us or the Administrators, or substantial breach of duties by You relating to the Covered Item(s) and its use. If We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 5 days prior to the effective date of cancellation. The cancellation fee will not exceed 10% of the Plan Fee. If You cancel this Contract within 30 days of the Contract Effective Date and You have not filed a claim, We shall pay a 10% per month penalty for any refund amount outstanding in addition to the refund amount owed if the refund if not made within 45 days after Your cancellation. In the event of a total loss of property covered by this Contract that is not covered by a replacement of the property pursuant to the terms of the contract, You may cancel the Contract and receive a pro rata refund of any unearned provider fee, less any claims paid.

**Wyoming:** If You cancel this Contract within 30 days of the Contract Effective Date and You have not filed a claim, We shall pay a 10% per month penalty for any refund amount outstanding in addition to the refund amount owed if the refund is not made within 45 days after Your cancellation. If We cancel, We will mail written notice to You at Your last known address stating the effective date of cancellation and the reason for cancellation at least 10 days prior to the effective date of cancellation. Prior notice is not required if We cancel for nonpayment, material misrepresentation by You to Us, or a substantial breach of duties by You relating to the covered property or its use.]

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