

**Policy**  
**Virginia Surety Company, Inc.**  
**[P.O. Box 1539, Golden, CO. 80402]**  
**[insert phone number]**

Please read this Policy carefully.

**KEY TERMS:**

Throughout this document, “You” and “Your” refers to the **Policy** Holder listed on the Declaration Page. “We”, “Us”, and “Our” refers to Virginia Surety Company, Inc., [P.O. Box 1539, Golden, CO. 80402] Phone # - [insert phone number]. In addition, when in bold certain words and phrases are defined as follows:

**Policy** means this document. It describes the terms, conditions, and exclusions (losses We do not cover) that apply.

**Breakdown** means a mechanical failure of the covered system, component or appliance to perform its fundamental operation(s) in normal service.

**A. COVERAGE**

During the term of coverage, subject to the terms and conditions of this **Policy**, We agree, in the event of a covered **Breakdown**, to arrange for a service provider to repair or replace the appliances and systems indicated as covered and located at the address listed on the Declaration Page.

**Certain items, events, and losses are not covered by this Policy. Please refer to the exclusions listed in SECTION E of this Policy.**

**Homes greater than 12,000 sq. ft. are not eligible for coverage.**

**Coverage is subject to a service call deductible (indicated on the Declaration Page), the limitations as specified on the Declaration Page and conditions as specified in this Policy. In the event You fail or refuse to pay the repairer or Us such deductible or other amounts due, no additional claims will be honored until such amounts are paid.**

**B. COVERAGE PERIOD**

Coverage under this **Policy** is only valid after Our acceptance and receipt of full payment.

For the existing home owner, coverage begins thirty (30) days after Your request for coverage and continues for the **Policy** Term indicated on the Declaration Page.

For renewals, coverage is effective on the day following the expiration date of the previous **Policy** and continues for the **Policy** Term indicated on the Declaration Page.

**C. YOUR RESPONSIBILITIES REGARDING SERVICE**

**We will not pay for any services performed without Our prior approval. Notice of any Breakdown must be given to Us immediately upon discovery and during the coverage period.**

1. When repair is required, You are to telephone Us at [insert phone number]. We will accept calls 24-hours a day, 7 days a week. You or the service provider will receive an authorization number for each **Breakdown**.
  - a) **NON-EMERGENCIES:** Meaningful service will be initiated within 72 hours and completed as soon as reasonably possible. Service will be scheduled during normal business hours. You may be responsible for additional costs for any non-emergency service performed outside of normal business hours, i.e. overtime charges.
  - b) **EMERGENCIES:** We will consider a request for service to be an emergency only if, in Our opinion, the **Breakdown** renders Your home uninhabitable such as failure of air conditioning in extreme heat (over 90° Fahrenheit) or failure of heating system in periods of extreme cold (40° Fahrenheit or less) or electrical arcing or running water that cannot be shut

off. In the event We determine that a **Breakdown** has created an emergency, service will be requested immediately. Once service is initiated, it will be completed as soon as reasonably possible. If meaningful service is not initiated within twenty-four (24) hours after the report of the claim, **You** may engage a licensed repair provider at **Our** expense.

- The claim will be approved or disapproved only after We consult with the service provider and receive an estimate of costs.**
2. **At Our discretion, a Breakdown may be remedied by repair or replacement.** Repair or replacement shall be performed by a service provider who provides a written parts and labor guarantee of not less than sixty (60) days for covered repairs.
3. You are obligated to provide information relating to the cause and nature of any **Breakdown**. This information may include estimates, copies of inspection reports, or other supporting information. If asked, You must sign forms needed for Us to provide service under this **Policy**. In all cases, You must take every precaution to protect the covered property until the necessary repair or replacement is authorized by Us and the work is completed.

4. Misrepresentation or any attempt to defraud Us, including collusion between You and the service provider, shall result in a denial of coverage, and We shall seek reimbursement and may pursue remedies under the law.
5. You are responsible for the payment of the deductible (or actual cost of service, whichever is less) for the covered **Breakdown**. This payment must be made to the service provider prior to completion of any work performed.
6. If the service work performed under this **Policy** fails within a sixty (60) day period, and it was performed by a service provider chosen by Us, We will arrange for the

necessary repairs without an additional deductible requirement even after **Policy** expiration.

7. We reserve the right to obtain a second opinion or have an inspection performed by a service provider of Our choosing on any repair or replacement.
8. Claim documentation and any correspondence can be sent to Us.
9. In the event You need to contact someone about this **Policy** for any reason, please contact Us to make a claim or inquire about coverage.

#### D. PAYMENT OF CLAIMS

When possible, payment arrangements will be made with the service provider prior to completion of the work. In some cases, You may be required to pay for the repair or replacement of the covered item, in which case, We will reimburse You, less applicable deductibles, when We receive Your paid invoice(s).

**You must report all Breakdowns to Us. Unauthorized charges will not be reimbursed.**

#### E. EXCLUSIONS

Performance of a Home Inspection does not preclude application of any of the following EXCLUSIONS.

We are not responsible for:

1. Repair or replacement if the Breakdown is caused by any of the following:
  - a) The alteration, modification, addition to, or deletion from the covered property.
  - b) Negligence, misuse, abuse or use not intended by the manufacturer; improper service or maintenance by a service provider.
  - c) The addition to existing systems or loads in greater quantities or capacities than the original design, or gradual reduction in performance due to wear and tear where no failure has occurred.
  - d) Freezing, fire, wind, water, flood, lightning, ice, hail, snow, explosion, chemical, sedimentary or mineral build up, mold, mud, earthquake, soil movement, storm, pet damage, pest damage, vandalism, accident, or condition other than normal use of the system.
  - e) Lack of capacity, adequacy, efficiency, design or improper installation of any system, component, or appliance.
  - f) Failure to provide customary maintenance as specified by the equipment manufacturer, missing parts, structural changes, or electrical failure, or power surge.
2. Any and all costs associated with a repair visit, if it is determined that coverage under this Policy does not apply, or no covered Breakdown is discovered. You are responsible for the cost of the entire repair visit (including any and all costs associated with gaining access to equipment).
3. Failure to provide service due to conditions beyond Our control, including but not limited to, delays in obtaining parts or equipment or labor difficulties.
4. Obstructed access to covered equipment. Obstructed access includes but is not limited to expenses to open or close walls, floors and ceilings, including removal and replacing tile, linoleum, wood, carpeting, paneling, stucco, cabinets, other systems or appliances, wall mountings, decorations, trim, wall paper or anything else blocking the access point of the covered equipment.

We will provide access through unobstructed walls, ceilings, and floors only, and will return the access point to a rough finish. Rough finish is defined as covering the access point with wallboard, plaster, or plywood. This does not include paint, tile, linoleum, wood (excluding plywood), carpet, panel, or stucco.

5. Expenses related to hauling away equipment or other disposal costs.
6. Repair or replacement of any cosmetic defects, or performance of routine maintenance.
7. Secondary or consequential damages resulting from the Breakdown of any covered or non-covered item.
8. Any decorating, or secondary or consequential repairs or replacements made necessary by the provision of Our services.
9. Repairs or replacements caused by pre-existing defects or deficiencies, including but not limited to covered items with latent manufacturer's defects.
10. Repairs or replacements performed without Our prior authorization.
11. Repairs or replacements arising from manufacturer's recalls, defects, or class action suits.
12. Repairs or replacements of covered items otherwise covered under any other type of manufacturer warranty, service contract, or insurance Policy.
13. Repairs or replacements of system(s) and appliance(s) classified by the manufacturer as commercial.
14. Electronic, computerized or energy management systems or devices, including programmable thermostats, low-voltage wiring and relays, lighting, and appliance management systems.
15. Any costs associated with treatment, removal, recovery, disposal, transport or storage of any known or suspected toxic or hazardous substance/material. Repairs where there is environmental contamination or if such repairs would cause contamination. Any costs associated with freon recovery or the disposal of refrigerants or contaminants.
16. Unless specified otherwise in this Policy, correcting or upgrading any parts, equipment and/or system in order to comply with any federal, state or local laws, code violation, regulations, efficiency requirements, or ordinances or utility regulations. We are not responsible for service when permits cannot be obtained, nor will We pay any costs relating to permits.

17. System or appliance recessed in the foundation or exterior walls that are exposed to the outside conditions.
18. Access to a covered appliance or system through an exterior wall. This Policy covers interior access only.
19. Repairs or replacements when the condition of cabinetry prohibits necessary repairs to components of any covered item, Our obligation is limited to the cost of repair to covered components only. We are not responsible for any cabinetwork relating to appliance repair or replacement
20. Repairs to systems or appliances in Mobile Homes not installed on a permanent foundation.
21. Shared systems and appliances; (e.g. HVAC systems shared by tenants within a multiple-unit dwelling), unless each unit is simultaneously covered by one of Our service Policies.
21. Residential property that is used for commercial, business, or care purposes, including but not limited to: day care centers, fraternity/sorority houses, nursing, or special care homes or facilities.
22. System and appliance not located within the perimeter of the main foundation or the attached garage at the covered address, unless otherwise specified in Section I - "Equipment Eligible for Coverage."
23. System and appliance not properly installed and maintained and fully operational at the start of this Policy.
24. Repairs or replacements of an appliance not purchased as part of the home purchase.
25. Repairs or replacements to systems or appliances within a vacant property (including vacation property) if all utilities were not in service throughout the coverage period and for the ninety (90) days preceding the coverage period.
26. Repairs or replacement of swimming pool and spa equipment that do not utilize common equipment, unless separate coverage is purchased for both items.
27. Any Breakdown caused by (a) rust or corrosion and/or (b) collapsed ductwork during the first thirty (30) days of coverage.
28. Upgrades or the cost of construction, carpentry, or other modifications made necessary by removing existing equipment or installing different equipment.
29. You are responsible for corrections that are necessary as a condition for service, and coverage under this Policy will not be provided until such corrections are made.

#### F. LIMITS OF LIABILITY

1. Coverage for access, diagnosis and repair or replacement for each system and appliance as listed on the Declaration Page.
2. When repairing or replacing an Air Conditioner/Cooler or Heat Pump system to maintain compatibility with equipment manufactured to be 13 SEER or 7.7 HSPF compliant, or compliant with any higher SEER of HSPF requirements, We are not responsible or liable for upgrades, components, parts, or equipment required due to:
  - a) Incompatibility of the existing equipment with the required system, appliance, component, or any part thereof, except for as noted in Section G "Coverage Description," Air Conditioner and Combined Cooler.
  - b) Any new type of chemical or material utilized to run the replacement equipment including but not limited to, differences in technology, refrigerant requirements, or efficiency as mandated by federal, state or local government.
  - c) Cost of construction, carpentry, or other modifications made necessary by the existing equipment or installing different equipment.

#### G. COVERAGE DESCRIPTION

Only systems and appliances that are indicated as base coverage and Optional Coverage marked with an "X" on the Declaration Page are covered.

##### 1. AIR CONDITIONER

**CONDITION:** Coverage is available on the home's primary Air Conditioner system and capacities not exceeding five (5) tons.

**COVERED:** All components and parts (except as noted as NOT COVERED) relating to: ducted electric central air conditioning • ducted electric wall air conditioning • water evaporative coolers. If We determine non-compatibility of specific components due to an efficiency upgrade requirement to 13 SEER (Seasonal Energy Efficiency Ratio) or 7.7 HSPF (Heating Seasonal Performance Factor) of a covered ducted electric central air conditioning system, We will upgrade the following components to be compatible with the new ducted electric central air conditioning system: plenum • indoor electrical connection • condenser • evaporator coils and drain pans • refrigerant lines • duct connections • secondary drain pans and lines • air handling transition • air handling unit.

**NOT COVERED:** Natural gas air conditioning systems • condenser casings • registers • grills • filters •

evaporated cooling pads • electronic air cleaners • window units • non-ducted wall units • water towers • roof jacks or stands • flues and vents • improperly sized air conditioning unit • chillers • humidifiers • dehumidifiers • electronic or programmable thermostats • outside or underground piping and components for geothermal and/or water source heat pumps.

##### 2. BUILT-IN MICROWAVE OVEN

**COVERED:** All components and parts, except as noted as NOT COVERED.

**NOT COVERED:** Interior linings • door glass • light bulbs • clocks • shelves • portable or counter-top units • meat probe assemblies • rotisseries.

##### 3. CLOTHES WASHER AND DRYER

###### a) CLOTHES WASHER

**COVERED:** All components and parts, except as noted as NOT COVERED.

**NOT COVERED:** Plastic mini-tubs • soap dispensers • filter screens • knobs and dials • damage to clothing.

###### b) CLOTHES DRYER

**COVERED:** All components and parts, except as noted as NOT COVERED.

- NOT COVERED:** Venting • lint screens • knobs and dials • damage to clothing.
4. **DISHWASHER (Built-in or Portable)**  
**COVERED:** All components and parts, except as noted as NOT COVERED.  
**NOT COVERED:** Racks • basket(s) • rollers.
  5. **DUCTWORK**  
**COVERED:** All components and parts of exposed ductwork except as noted as NOT COVERED.  
**NOT COVERED:** Registers • grills • dampers • insulation • asbestos-insulated ductwork.
  6. **HEAT PUMP (Including Gas Pack)**  
**CONDITION:** Coverage is available on the home's primary combined cooling and heating (e.g. heat pump or gas pack) systems and capacities not exceeding five (5) tons.  
**COVERED:** All components and parts (except as noted as NOT COVERED) relating to heat pumps or gas packs that heat or cool the home. If We determine non-compatibility of specific components due to an efficiency upgrade requirement to 13 SEER (Seasonal Energy Efficiency Ratio) or 7.7 HSPF (Heating Seasonal Performance Factor) of a covered or heat pump or gas pack, We will upgrade the following components to be compatible with the new ducted electric central air conditioning system or heat pump: plenum • indoor electrical connection • condenser • evaporator coils and drain pans • refrigerant lines • duct connections • secondary drain pans and lines • air handling transition • air handling unit.  
**NOT COVERED:** Natural gas air conditioning systems • condenser casings • registers • grills • filters • evaporated cooling pads • electronic air cleaners • window units • non-ducted wall units • water towers • roof jacks or stands • flues and vents • improperly sized air conditioning unit • chillers • humidifiers • dehumidifiers • electronic or programmable thermostats • outside or underground piping and components for geothermal and/or water source heat pumps.
  7. **HEATING SYSTEM**  
**CONDITION:** Coverage is available on the home's primary heating system.  
**COVERED:** All components and parts (except as noted as NOT COVERED) located within the primary dwelling relating to: forced air systems • geothermal (ground source) and/or water source heat pump components • heat exchanger and/or combustion chamber.  
**NOT COVERED:** Baseboard casings • portable units • solar heating systems • fireplaces and key valves • fireplace inserts • chimneys • filters • registers • humidifiers • dehumidifiers • grills • clocks • timers • heat lamps • fuel storage tanks • flues and vents • electronic or programmable thermostats • GFX or heat recovery systems • radiant floor tubing • outside or underground piping and components for geothermal and/or water source heat pumps • heat pumps (forced air) • gas packs.
  8. **INTERNAL ELECTRICAL SYSTEM**  
**COVERED:** General wiring • inside fuse box • inside circuit breaker panels • switches and receptacles located within the interior of the home.
  - NOT COVERED:** Meter boxes • fixtures • alarms • intercoms • direct current (DC) wiring or components • power failure or surge • telephone wiring • any wiring or other electrical items located outside the perimeter of the principal dwelling and attached garage • any loss due to water seepage along service cable • conditions of inadequate wiring capacity or overload • low voltage wiring or relays • control panels • outside mounted circuit breaker panel • obstructed access to cover equipment • components not listed in the covered section.
  9. **INTERNAL PLUMBING SYSTEM**  
**COVERED:** Leaks and breaks of water, drain, gas, waste or vent lines • toilet tanks, bowls and mechanisms (replaced with builder's standard as necessary) • toilet wax ring seals • valves for shower, tub, and diverter • angle stops • risers and gate valves • permanently installed sump pumps • built-in bathtub whirlpool motor and pump assemblies • instant hot water dispenser.  
**NOT COVERED:** Leaks, breaks, collapse or damage to water, drain, gas, waste or vent lines caused by freezing, roots, rocks, or earth movement • faucets and fixtures • bathtubs, shower enclosures and base pans • sinks • toilet lids and seats • caulking or grouting • septic tanks • water softeners • pressure regulators • inadequate or excessive water pressure • sewage ejector pumps • holding or storage tanks • saunas or steam rooms • stoppages • leach beds • fire sprinkler systems • lawn sprinklers • battery back-up sump pumps • frost free line • plumbing, piping, fixtures or any other item listed as covered that is located outside the foundation of the home • components not listed in the covered section.
  10. **KITCHEN REFRIGERATOR (OR ADDITIONAL REFRIGERATOR) AND ICE MAKER**  
**COVERED:** All components and parts of the refrigerator including integral freezer or ice maker except as noted as NOT COVERED.  
**NOT COVERED:** Racks • shelves • beverage dispensers and their respective equipment • interior thermal shells • freezers which are not an integral part of the refrigerator • food spoilage • light bulbs.
  11. **RANGE/OVEN/COOKTOP (Gas or Electric; Built-in, Portable or Free Standing)**  
**COVERED:** All components and parts, except as noted as NOT COVERED.  
**NOT COVERED:** Clocks or light bulbs (unless they effect the function of the oven) • meat probe assemblies • rotisseries • racks • handles • knobs • sensi-heat burners will only be replaced with standard burners.
  12. **WATER HEATER (Gas, Electric or Propane)**  
**COVERED:** All components and parts, except as noted as NOT COVERED.  
**NOT COVERED:** Solar or solar assisted water heaters • solar components • holding or storage tanks • noise • fuel storage tank and energy conservation unit • flues and vents • oil fired water heaters • failure caused by sediment or mineral build-up • earthquake straps • mounting stands • pool and/or spa water heaters.

## H. GENERAL PROVISIONS

### 1. Cancellation

This **Policy**:

- a.) Can be cancelled by You within thirty (30) days of the purchase date, and a full refund will be made. To cancel, You must send written notice to Us.
- b.) Can be canceled after thirty (30) days of the purchase date of this **Policy**, and a pro-rata refund of the **Policy** charge will be made less any claims paid.  
To cancel, You must send written notice to Us. This **Policy** can not be cancelled by Us, except for:
  - a.) Nonpayment of **Policy** premium;
  - b.) Fraud or material misrepresentation; or
  - c.) When the home seller terminates listing coverage and therefore is no longer going to sell their home.

If the **Policy** is cancelled by Us, the purchaser may be entitled to a pro-rata refund of the paid **Policy** premium for the remaining term.

Notice of such cancellation will be in writing and given at least thirty (30) days prior to cancellation with the reason and effective date of cancellation.

### 2. Non-Renewal:

This **Policy** is renewable at Our option. If We choose to renew Your **Policy**, You will be offered the terms, conditions and rates that are currently in effect in Your state.

### 3. Transfers:

If the covered property is sold during the coverage period of the buyer, coverage may be transferred for a \$25 transfer fee by contacting Us at [\[insert phone number\]](#).

### 4. Where You Are Covered:

This **Policy** applies only to **Breakdowns** occurring within the continental United States, including Alaska and Hawaii.

### 5. Non-Original Manufacturer Parts:

We reserve the right to select and use parts other than original manufacturer parts. Parts used will be of like kind and quality.

### 6. Repair or Replacement:

At Our option, a covered Breakdown may be remedied by repair or replacement. If We decide to replace equipment, the replacement equipment will be of similar features, capacity and efficiency, but not for matching dimensions, brand, or color.

### 7. Equipment Eligibility:

We reserve the right to restrict certain makes of equipment from coverage eligibility based on commercial design.

### 8. Rights of Recovery:

If We pay for a **Breakdown**, We may require You to assign Us Your rights of recovery against others. We will not pay for a **Breakdown** if You impair these rights to recover. Your right to recover may not be waived.

### 9. Dispute Resolution - Arbitration:

This **Policy** requires binding arbitration if there is an unresolved dispute between You and Us concerning this **Policy** (including the cost of, lack of or actual repair or replacement arising from a **Breakdown**). Under this Arbitration provision, You give up your right to resolve any dispute arising from this **Policy** by a judge and/or a jury. You also agree not to participate as a class representative or class member in any class action litigation, any class arbitration or any consolidation of individual arbitrations. In arbitration, a group of three arbitrators (each of whom is an independent, neutral third party) will give a decision after hearing Your and Our

positions. The decision of a majority of the arbitrators will determine the outcome of the arbitration and the decision of the arbitrators shall be final and binding and cannot be reviewed or changed by, or appealed to, a court of law.

To start arbitration, either You or We must make a written demand to the other party for arbitration. This demand must be made within one (1) year of the earlier of the date the **Breakdown** occurred or the dispute arose. You and We will each separately select an arbitrator. The two arbitrators will select a third arbitrator called an "umpire." Each party will each pay the expense of the arbitrator selected by that party. The expense of the umpire will be shared equally by You and Us. Unless otherwise agreed to by You and Us, the arbitration will take place in the county and state in which You live. The arbitration shall be governed by the Federal Arbitration Act (9 U.S.C.A. § 1 et. seq.) and not by any state law concerning arbitration. The rules of the American Arbitration Association ([www.adr.org](http://www.adr.org)) will apply to any arbitration under this **Policy**. The laws of the state of Illinois (without giving effect to its conflict of law principles) govern all matters arising out of or relating to this **Policy** and all transactions contemplated by this **Policy**, including, without limitation, the validity, interpretation, construction, performance and enforcement of this **Policy**.