



## A. COVERAGE OVERVIEW

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

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

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

**When completing a Smart Home Assurance (SHA) approved repair or replacement, SHA will pay the cost to:**

- e. Dismantle and remove defective equipment; and
- f. Recapture, reclaim and dispose of refrigerant.

**3. The covered items must be:**

- a. Installed for diagnosis within the confines of the main foundation of the home or attached or detached garage with the exception of (if selected): air conditioning, heating, electrical panel, water heater, pressure regulator, exterior well pump, septic tank and related sewage ejector pump, or pool and/or spa equipment. These exceptions must be installed for diagnosis and must be manufactured for outside use or be located in a structure which fully protects items from the elements.
- b. Domestic or commercial grade items that are specified by the manufacturer for use in a residential application.

**4. For covered malfunctions, unless otherwise specified in this contract, SHA will repair or replace the covered item. SHA has the sole right to determine, according to the terms of this contract, whether a covered item will be repaired or replaced.**

**When making repairs, SHA reserves the right to rebuild existing parts or components and/or to install rebuilt parts or components. When making replacements, SHA is responsible for installing replacement equipment and parts that have similar features, capacity, and efficiency, but not for matching dimensions, brand or color. SHA is not responsible for matching any feature of an existing item that does not contribute to the primary function of the specific item.**

# Sample Contract

Sample Contract  
Smart Home Assurance, Inc.  
1501 S Ohio, Pine Bluff, AR 71601

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**5. SHA's cash payment policies and procedures:**

- a. In instances where the combined cost of diagnosis and repair or replacement is estimated to exceed a stated contract dollar limit, SHA will not provide repair or replacement services but will instead pay an amount equal to the contract dollar limit minus the cost incurred to diagnose the malfunction.
- b. Instances beyond SHA's control may prevent SHA from providing a repair or replacement of a covered item. In these instances, SHA will provide you cash in lieu of the repair or replacement services. The amount will be based on what a consumer without this contract would pay after negotiating the best price for the same services in your area. These instances are when:
  - (i) Following a response to a covered malfunction, an item would remain non-compliant with laws, regulations or code requirements;
  - (ii) An item has a covered malfunction unrelated to a manufacturer's recall on that item; or
- c. An item cannot be repaired, and a replacement for the item is no longer available. In some instances, SHA may offer you the option of accepting cash in lieu of repair or replacement services. This offered amount is based on what SHA would expect to pay (which is substantially less than retail cost) for parts and labor for covered items less the incurred cost of the contractor's diagnosis. SHA is not obliged to extend such an offer and you are under no obligation to accept such an offer. If you accept such an offer, you are required to repair the item or provide a new replacement and send the acceptable proof of your actual itemized costs to SHA before any reimbursement amount will be paid.

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

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

## **B. CONTRACT TERM AND PLAN FEE**

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**NOTE:** Contract Terms and Plan Fees vary for each customer classification listed below. See your Contract Agreement pages for your specific Contract Term and Plan Fee.

### **1. FIRST YEAR CUSTOMER**

First Year Customer contract term begins upon the date stated on your Contract Agreement pages and continues for one year from that date (unless SHA approves an alternative contract term in writing) and provided Plan Fees are received by SHA.

### **2. RENEWAL CUSTOMER**

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

### **3. TRANSFER OF OWNERSHIP**

If the covered property changes ownership during the contract term, you are required to call the Sales phone number on the Contract Agreement pages to transfer coverage to the new owner or the contract will NOT be transferred.

# Sample Contract



## C. REQUESTING SERVICE

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**1. SHA must be notified as soon as you discover the malfunction and prior to expiration of this contract term. (Refer to your Contract Agreement pages for details on how to request service.)**

- a. SHA will accept service requests 24 hours a day, 7 days a week via the customer portal at [www.smarthomeassurance.com](http://www.smarthomeassurance.com) otherwise during normal business hours via telephone from 8am to 5pm Monday through Friday.
- b. SHA reserves all rights to suspend service and not respond to any new service request if any fee, deductible, plan fee, or co-pay etc, has not been paid in full.
- c. SHA will not reimburse for services performed without SHA's prior approval.

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

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

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

# Sample Contract



## D. TRADE SERVICE CALL FEE

1. You are required to pay a Trade Service Call Fee for each trade service request you submit to SHA.
2. If an exact repair or replacement fails within 60 days, SHA will send a Service Contractor to repair the failure and you will not be charged an additional Trade Service Call Fee.

## E. SYSTEMS PLAN

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**AIR CONDITIONING AND HEATING NOTE:** Coverage available on Heating and Air Conditioning units up to a 5 ton capacity. SHA will pay up to \$1,500 per contract term for access, diagnosis and repair or replacement of any geothermal and/or water source heat pumps. Where covered repairs require access to Air Conditioning and Heating ductwork, SHA will provide access to ductwork only through unobstructed walls, ceilings or floors, and will return access openings to a rough finish. If the Air Conditioning and Heating ductwork is accessible only through a concrete floor, wall or ceiling, SHA will pay up to \$1,000 per contract term for access, diagnosis, repair or replacement of such ductwork, including returning access openings to a rough finish. There is up to a \$1500 maximum allowance replacement limit on a covered air handler, furnace, coil, condenser, or heat pump. Should SHA condemn the air handler, furnace, coil, condenser or heat pump the customer shall be required to pay the value of the other piece of equipment plus all installation cost and permitting fees required by SHA to install the entire system at a heavily discounted cost of retail. The maximum replacement allowance limit of \$1,500 per piece of equipment condemned by SHA or its contractors will be issued towards a new HVAC system purchased through SHA and installed by SHA or one of its contractors only. IF customer fails to or refuses to pay SHA the cost of replacing the system minus the allowance credit for said piece of equipment, then by all rights SHA is relieved of and is not required to repair or replace the condemned unit or system. Replacement excludes wall air conditioners, water cooled air conditioners, package units and replacement due to R-22 obsolescence. During an Agreement Term, SHA will pay for access, diagnosis, and replacement related to necessary or required Heating and Air Conditioning system efficiency and other upgrades except: (1) costs associated with plenums and refrigerant line sets and (2) any other Heating and Air Conditioning-specific limitations and exclusions in your agreement. A "necessary or required upgrade" is a replacement improving manufacturer specification energy efficiency or system performance due to circumstances beyond the control of you or SHA (such as inability to obtain parts/equipment or government mandated system modifications).

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## 1. AIR CONDITIONING INCLUDING DUCTWORK

COVERED: All components and parts of the following air conditioning systems: Ducted central electric split and package units – Geothermal – Mini-splits. With regard to ductwork, except as otherwise noted herein, the following are covered: Plenums – Dampers – Damper-only controls – Leaks or breaks in ductwork (sheet metal, duct board, and flex duct including vapor barrier) from heating and/or air conditioning unit(s) including registers or grills.

**NOT COVERED: Outside or underground piping, well pump, and well pump components for geothermal and/or water source heat pump – Window units – Wall Air Conditioners - Water towers – Chillers, chiller components, and water lines – Legally mandated diagnostic testing when replacing heating or cooling equipment and sweating air handlers customer shall assume 100% full liability for any water damage related to an a/c condensate drain line leak.**

**NOTE: Please refer to the AIR CONDITIONING AND HEATING NOTE above.**

**NOTE: SHA will cover all freon R-410A. SHA will not cover Freon R-22, Freon R-22 substitutes and will be provided at a 50% discount of retail price to the contract holder.**

## 2. HEATING INCLUDING DUCTWORK

COVERED: All components and parts of the following heating systems: Forced air (gas, electric, oil) – Geothermal – Wall mounted heaters – Floor furnaces – Package units – Heat pumps – Mini-splits

– Hot water or steam circulating heat – Electric baseboard – Room heaters – Cable heat (if main source of heat to the home or room). With regard to ductwork, except as otherwise noted herein, the following are covered: Plenums – Dampers – Damper-only controls – Leaks or breaks in ductwork (sheet metal, duct board, and flex duct including vapor barrier) from heating and/or air conditioning unit(s) including registers or grills.

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

**NOTE: Please refer to the AIR CONDITIONING AND HEATING NOTE above.**

**NOTE: SHA will cover all freon R-410A. SHA will not cover Freon R-22, Freon R-22 substitutes. All Freon R-22 and Freon R-22 substitutes will be provided at a 50% discount of retail price to the contract holder.**

## 3. ELECTRICAL

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

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

## 4. PLUMBING

COVERED: Leaks and breaks of water, drain, gas, waste or vent lines – Toilets and related mechanisms, toilet wax ring seals, faucets, shower heads, shower arms, valves for shower, tub, and diverter, angle stops, risers and gate valves (similar features of finish and style used when replacement is necessary) – Hose bibs – Basket strainers – Permanently installed sump pumps (ground water only) – Built-in bathtub whirlpool motor, pump, and air switch assemblies – Pressure regulators – Expansion tanks – Sewage ejector pump (septic system sewage ejector pumps are not covered unless optional coverage H.3 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.

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

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

## **5. WATER HEATERS**

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

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

## **6. GARBAGE DISPOSALS**

COVERED: All components and parts.

## **7. INSTANT HOT/COLD WATER DISPENSERS**

COVERED: All components and parts.

## **8. DOOR BELLS**

COVERED: All components and parts, except:

**NOT COVERED:** When part of the intercom system.

## **9. SMOKE DETECTORS**

COVERED: Battery operated and hardwired units.

## **10. CEILING FANS**

COVERED: All components and parts.

## **11. CENTRAL VACUUMS**

COVERED: All components and parts, except:

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

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## F. APPLIANCE PLAN

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**NOTE:** SHA will pay up to three thousand dollars (\$3,000) per Covered Item malfunction for access, diagnosis, and repair/replacement of any covered Appliance.

### 1. REFRIGERATORS

COVERED: All components and parts, except:

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

### 2. CLOTHES WASHERS

COVERED: All components and parts.

### 3. CLOTHES DRYERS

COVERED: All components and parts.

### 4. RANGES/OVENS/COOKTOPS

COVERED: All components and parts.

### 5. DISHWASHERS

COVERED: All components and parts.

### 6. BUILT-IN MICROWAVE OVENS

COVERED: All components and parts.

### 7. TRASH COMPACTORS

COVERED: All components and parts.

### 8. GARAGE DOOR OPENERS

COVERED: All components and parts, except:

**NOT COVERED:** Door or door track assemblies.

### 9. FREE STANDING ICE MAKERS

COVERED: All components and parts.

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## 10. BUILT-IN FOOD CENTERS

COVERED: All components and parts, except:

**NOT COVERED: Removable accessories.**

## G. COMBO PLAN

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

## H. OPTIONAL COVERAGE

Optional coverage may be purchased up to 60 days after the beginning of the contract without an inspection. After the 60<sup>th</sup> day, optional coverage may be purchased provided an inspection is performed (at customer's expense) and the inspection results are approved by SHA.

New Construction Customer may add optional coverage during the contract term for brand new items providing proof of purchase is received by SHA. Optional coverage, regardless of date of purchase, continues only through the contract term.

### 1. POOL AND/OR INGROUND SPA EQUIPMENT

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

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

**NOT COVERED: Portable or above ground spas – Access to pool and spa equipment – Lights – Liners – Jets – Ornamental fountains, waterfalls and their pumping systems – Auxiliary pumps – Pool cover and related equipment – Fill line and fill valves – Built-in or detachable cleaning equipment including, without limitation, pool sweeps, pop-up heads, turbo valves, skimmers, chlorinators, and ionizers – Fuel storage tanks –**

**Disposable filtration mediums – Heat pump – Multi-media centers – Dehumidifiers – Salt water generators and components.**

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## 2. WELL PUMP

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

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

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

## 3. SEPTIC SYSTEM PUMPING & SEPTIC SEWAGE EJECTOR PUMP

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

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

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

# I. LIMITATIONS AND EXCLUSIONS

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**NOTE: The following limitations and exclusions apply:**

### General Exclusions from Coverage

#### 1. This contract does not cover:

- a. Flues, venting, chimneys, and exhaust lines;
- b. Repair or remediation of cosmetic defects;
- c. Electronic, computerized, or home management systems;
- d. Radon monitoring systems, fire sprinkler systems, and solar systems and components;
- e. Repair, replacement, installation, or modification of any component or part thereof, that has been, or is, determined to be defective by the Consumer Product Safety Commission or for which a manufacturer has issued, or issues, a warning, recall, or determination of defect; or
- f. System or appliance upgrades, or repairs or replacements required:
  - (i) when the malfunction is due to missing components, parts, or equipment;
  - (ii) when the malfunction is due to lack of capacity in the existing system or appliance;
  - (iii) when the malfunction is due to under or oversized systems in relation to the square footage of the area being heated or cooled; or
  - (iv) to comply with any federal, state, or local laws, regulations or ordinances, utility regulations, or building or zoning code requirements, except as otherwise specified in this contract.

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**2. SHA is not responsible or liable for performing service, or paying remediation costs, involving hazardous or toxic materials.**

**3. In regard to mold, mildew, bio-organic growth, rot, fungus, or pest damage, SHA is not responsible or liable for:**

- a. Diagnosis, removal or remediation of such conditions; or
- b. Repairs or replacements necessitated by such causes.
- c. Any damage resulting from such substances, including without limitation, any health problems.

### **Partial Exclusions from Coverage and Certain Additional Fees**

**4. Except as otherwise specified in this contract, SHA is not responsible or liable for:**

- a. Providing or closing access to covered items;
- b. Costs of construction, carpentry, or other modifications necessary to remove, relocate, or install equipment; or
- c. Restoration of any wall or floor coverings, cabinets, counter tops, tiling, paint, or the like.

**5. You may be charged an additional fee by the Service Contractor if cranes or lifting equipment are needed to install or remove any equipment.**

### **Coverage Exceptions Applicable to Certain Breakdowns**

**6. SHA is not responsible or liable for repairs or replacements when the malfunction is due to:**

- a. Misuse, abuse, or mistreatment, including but not limited to, removal of parts and damage by people, pests, or pets;
- b. Accidents, fire, freezing, water damage, electrical failure or surge, or excessive or inadequate water pressure;
- c. Lightning, mud, earthquake, soil movement, storms, or acts of God; or
- d. A manufacturer's improper design, improper materials or formulations, a defective manufacturing process, or other manufacturing defects.

### **General Limitations of Liability**

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

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

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

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10. In the event you threaten to harm or actually harm the safety or well-being of: (i) SHA; (ii) any employee of SHA; (iii) a Service Contractor; or (iv) any property of SHA or the Service Contractor, you will be in breach of this contract.

In the event you breach this or any other obligation under this contract, SHA may refuse to provide service to you and may cancel this contract.

## J. SHARED SYSTEMS AND APPLIANCES

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1. If this contract is for a duplex, triplex, or fourplex dwelling, then all units within the dwelling must be covered by one SHA contract for coverage to apply to shared systems and appliances.
2. If this contract is for a multi-unit dwelling other than those specified in Section J.1, then only items contained within the confines of each individual unit are covered. Shared systems and appliances are not covered.
3. Except as otherwise provided in this Section, shared systems and appliances are not covered.

## K. RENEWAL

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SHA may, in its sole discretion, elect to renew this contract for a one year contract term, unless otherwise approved by SHA. In the event we elect to renew your contract, you will be notified of the terms within 60 days prior to expiration of your contract. Unless you notify SHA prior to expiration of your contract, your contract will be automatically renewed and you will be charged applicable Plan Fees.

## L. CANCELLATION

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1. This contract may be cancelled by SHA for the following reasons: (a) nonpayment of contract fees or other breach of this contract by the customer; (b) fraud or misrepresentation by the customer and/or customer representative of facts material to SHA's issuance of this contract; or (c) a change in laws or regulations that has a material effect on the business of SHA or SHA's ability to fulfill its obligations under this contract.
2. The customer may cancel this contract at any time and for any reason.
3. If the customer or SHA cancels the contract within the first 30 days following the beginning of the contract term:
  - (a) if SHA has not provided any services, the customer will receive a full refund of all contract fees paid;
  - (b) if SHA has provided services and the amount of the service costs incurred by SHA is less than the contract fees paid, the customer will receive a refund of the contract fees paid, less the service costs incurred by SHA;
  - (c) If SHA has provided services and the amount of the service costs incurred by SHA is greater than the contract fees paid, the customer shall pay SHA the lesser of (i) the amount by which the service costs incurred by SHA exceeds the contract fees paid; or (ii) the amount by which the annual rate listed on the Contract Agreement pages exceeds the contract fees paid.

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**4. If the customer or SHA cancels the contract after the 30th day following the beginning of the contract term:**

- (a) if SHA has not provided any services, the customer will receive a pro rata refund of the contract fees paid for the unexpired term;
- (b) if SHA has provided services and the amount of the service costs incurred by SHA is less than the contract fees paid, the customer will receive a pro rata refund of the contract fees paid for the unexpired term, less the service costs incurred by SHA;
- (c) If SHA has provided services and the amount of the service costs incurred by SHA is greater than the contract fees paid, the customer shall pay SHA the lesser of (i) the amount by which the service costs incurred by SHA exceeds the contract fees paid; or (ii) the amount by which the annual rate listed on the Contract Agreement pages exceeds the contract fees paid; and
- (d) Additionally, customer shall be responsible for an administrative fee of the lesser of (i) your Plan Fee for one month of coverage under this contract or (ii) such amount as is permitted by law.

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

## M. MISCELLANEOUS

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1. The obligations of SHA under your Agreement are backed by the full faith and credit of SHA.

**2. MANDATORY ARBITRATION.** Unless you make written application to SHA and SHA agrees in writing to allow you to bring a small claims lawsuit against SHA solely in your individual capacity, any claim, dispute or controversy, regarding any contract, tort, statute, or otherwise ("Claim"), arising out of or relating to this agreement or the relationships among the parties hereto shall be resolved by one arbitrator through binding arbitration administered by the American Arbitration Association ("AAA"), under the AAA Commercial or Consumer, as applicable, Rules in effect at the time the Claim is filed ("AAA Rules"). Copies of the AAA Rules and forms can be located at [www.adr.org](http://www.adr.org), or by calling 1-800-778-7879. The arbitrator's decision shall be final, binding, and non-appealable. Judgment upon the award may be entered and enforced in any court having jurisdiction. This clause is made pursuant to a transaction involving interstate commerce and shall be governed by the Federal Arbitration Act. Neither party shall sue the other party other than as provided herein or for enforcement of this clause or of the arbitrator's award; any such suit may be brought only in Federal District Court for the District or, if any such court lacks jurisdiction, in any state court that has jurisdiction. The arbitrator, and not any federal, state, or local court, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, unconscionability, arbitrability, enforceability or formation of this Agreement including any claim that all or any part of the Agreement is void or voidable. However, the preceding sentence shall not apply to the clause entitled "Class Action Waiver."

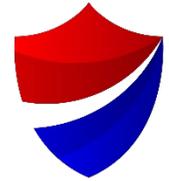
**3. CLASS ACTION WAIVER.** Any Claim must be brought in the parties' individual capacity, and not as a plaintiff or class member in any purported class, collective, representative, multiple plaintiff, or similar proceeding ("Class Action"). The parties expressly waive any ability to maintain any Class 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. THE PARTIES UNDERSTAND THAT THEY

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**SMARTHOME  
ASSURANCE**

WOULD HAVE HAD A RIGHT TO LITIGATE THROUGH A COURT, TO HAVE A JUDGE OR JURY DECIDE THEIR CASE AND TO BE PARTY TO A CLASS OR REPRESENTATIVE ACTION, HOWEVER, THEY UNDERSTAND AND CHOOSE TO HAVE ANY CLAIMS DECIDED INDIVIDUALLY, THROUGH ARBITRATION.

# Sample Contract