

# SAMPLE CONTRACT

## Sellers, Buyers, and Investors

**Blue Ribbon Home Warranty** ("Company") will repair or replace at Company's sole option, those systems and appliances that are covered by the terms and conditions of this contract, when they become inoperative due to normal wear and tear mechanical failure. Coverage is available for Homes, Condominiums, Town Houses, Duplexes, Triplexes, Fourplexes, Multi-Family Units, Investment Properties, Manufactured and Mobile Homes (manufactured after 1967). Coverage on lease options is available for lessee only. Limitations on coverage, terms and conditions are set forth in this contract.

**Seller Coverage** (not available on 12 Month Warranty): Begins after receipt and acceptance of application by Company and a confirmation number is issued. Seller coverage is at no additional charge. Seller will be responsible for all costs incurred by Company if warranty is canceled. Coverage continues for the term of the listing/selling period, maximum 9 months, or 60 days maximum if the property is under contract when the application is received, and confirmation number is issued. If necessary, Seller coverage may be extended for an additional prorated fee. **Note:** To be covered on the heating and/or cooling system during the listing/selling period, pre-inspection box must be checked on the application form (see application for details). Upon an approved inspection of furnace and/or cooling system and satisfactory results, as solely determined by Company, it is covered during the listing/selling period, subject to exclusions and limitations contained herein. Pre-inspection may not be available in some areas. If the property is under contract when the application is received, the Buyer or Investor inspection report will be used to determine the condition of the covered items.

**Buyer or Investor Coverage:** Begins day of closing as long as contract fee is received within 10 days after closing and contract is accepted by Company. Coverage continues for paid term listed on contract. Standard coverage is 14 months. Subject to exclusions and limitations contained herein.

### DECLARATION

1. Covered items must be in place and in good and safe working order at the start of coverage. Buyer and Investor shall provide Company with copy of inspection report performed at time of purchase. Approval of claims made under this contract is subject to receipt from Buyer or Investor of inspection. Failure to provide an inspection report does not void this contract and/or extend the period of coverage but may affect the processing of and/or payment of any claims made under this contract. Known defect or defects found at the time of the inspection are excluded from coverage until Company receives proof of completed repair.

a. If Seller, Buyer or Investor fails to obtain a qualified inspection report, as stated above, prior to submitting a claim under this Agreement, then Company may obtain the opinion of a qualified service technician, chosen solely by Company, to determine whether the claim is the result of a pre-existing condition. The opinion of the service technician shall be binding on all parties as to whether the claim is the result of a pre-existing and/or non-covered condition. Unknown pre-existing conditions will be covered if, at the time coverage began, the defects or malfunction would not have been known to the Seller, Buyer, Real Estate Agents or Home Inspector by visual inspection and by operating the system or appliance.

b. This contract only covers items within the perimeter of the main foundation (primary systems and appliances) and/or perimeter of the attached or detached garage and only covers one of each listed item, unless duplicate systems or duplicate appliances have been paid for. Unless an item is listed as being covered, it is excluded.

2. Additional Coverage may be added to contract within the first 30 days if items are in good and safe working order.

3. Company is not liable to perform routine maintenance without the addition of Preventive Maintenance Plan.

4. No warranty or guarantee given by any outside person, firm or corporation shall be binding on Company.

### COVERED SYSTEMS

#### SILVER PLAN

**Plumbing:** Leaks or breaks in water, waste, vent or gas lines, angle stops, risers, gate valves, shower and tub valves, toilet mechanisms, wax ring seal, stoppage in interior drain, waste and vent lines, permanently installed sump pumps, built-in bathtub whirlpool (drain and fill) motor and pump assemblies, garbage disposal and water heater. When necessary water heater replacement will be with like capacity up to 50 gallons. Excluded: Plumbing fixtures (faucets, sinks, toilets, tubs, showers, enclosures and base pans), urinals, power flush mechanisms, instant water dispens-

ers, electronic controls, touch controls, caulking and grouting, stoppage in incoming water lines, water flow restriction caused by chemical or excessive mineral deposits, insufficient or excessive water pressure, pressure regulators, on demand systems, main sewer line, water softener, septic tanks, sewage ejector pumps, circulating pumps, sprinkler systems, saunas, steam rooms, timers, collapsed pipes, polybutylene lines or abs (manufactured in the mid 1980s) plastic piping, tanks (oil, pressure, expansion, storage or sidearm unit, etc.), sedimentary buildup, hose bibs or blockages caused by foreign matter. Dedicated plumbing associated with excluded items is excluded.

**Electrical:** Main panel, sub panels, breakers, switches, outlets, wiring, ground fault interrupters, junction boxes, exhaust fans, ceiling fans (excludes remote transmitter and light kits), doorbell and garage door opener. Excluded: Lighting fixtures, attic fans, intercom, burglar, smoke and fire alarms, chimes, low voltage lighting controls, garage door, springs, tracks, photo eye, transmitter, security touch pad and panels that have lost their UL listing. Dedicated electrical associated with excluded items is excluded.

**Appliances:** Oven, range, dishwasher, trash compactor, over the range microwave oven, central vacuum system (motor), refrigerator (including icemaker and dispensing equipment). **Note:** Built-in double oven will be covered as a typical oven if additional fee has not been paid and it is the only oven. Excluded: Clocks or self-cleaning mechanisms (unless it affects the function of the oven), timers, rotisserie, meat probes, interior lining, door glass, tubs, water reservoirs, refrigerator and refrigerator recapture, ceramic and glass stove tops, sensi-heat burners, refinishing or replacement of counter tops, cabinets, tile and floors, portable dishwashers, countertop microwave ovens, appliance knobs and handles, lights, tracks, removable baskets, lock and key assemblies, springs and hinges, multi-media displays or food spoilage.

**Heating Systems:** Gas, electrical, electrical perimeter heating, baseboard convectors, hot water system, burners, thermostats, motors, gas valves and relays. **Note:** Dual pack or Heat pump (air, water or ground geothermal) is covered if plan includes heating and cooling system coverage. Excluded: Heat exchanger not covered for the first 30 days (buyer and/or investor only) waived if Company approved inspection report has been turned in, portable units, wall units (that are not main source of heat to the home), filters, electronic air cleaners, humidifiers, registers, tanks (oil, pressure, expansion, storage or sidearm unit, etc.), circulating pumps, fill valves, backflow preventers, purging, steam systems, glycol filled systems, stoppages in water lines, water flow restrictions, chemical or mineral deposits, baseboard casings, fireplaces and key valves.

**Ductwork:** Sheet metal that has become detached at the registers or grills. Excluded: Flue ducts, vent dampers and power vent unit, zone damper systems, registers or grills, collapsed, crushed or improperly sized systems.

#### GOLD PLAN

Covers all Silver Plan items, plus washer, dryer, one cooling system (ducted air conditioner or evaporative cooler or whole house fan).

#### PLATINUM PLAN

Covers all Gold Plan items, plus Blue Ribbon Premier Upgrade, Preventive Maintenance Check and Cleaning, a second garage door opener, and three items from additional items list on application (items must be included in sale and in good working order when they are added). **Note:** Hot tub, pool or the combination, each count as two additional items.

#### NEW CONSTRUCTION PLAN

Covers all Gold Plan items that come with your new home, condominium, town house, manufactured home and mobile home. Coverage begins on the 2nd year of ownership and continues for 4 or 10 years thereafter. Brand new additional appliances can be added the first 30 days and coverage will begin the 2nd year and continues for 4 or 10 years thereafter. Excluded: Defects in the manufacturer's, builder's, contractor's or trade person's workmanship.

#### PLATINUM NEW CONSTRUCTION PLAN

Covers all Gold Plan items with your new home, plus Blue Ribbon Premier Upgrade, Preventive Maintenance Check and Cleaning, a second garage door opener and three items from additional items list on application. **Note:** Hot tub, pool or the combination, each count as two additional items (items must be included in sale and in good working order when they are added). Coverage begins on the 2nd year of ownership and continues for 4 or 10 years thereafter. Brand new additional appliances can be added the first 30 days and coverage will begin the 2nd year and continues for 4 or 10 years thereafter. Excluded: Defects in the manu-

facturer's, builder's, contractor's or trade person's workmanship.

### ADDITIONAL COVERAGE

Choose from additional items list on application for pricing or adding "Duplicate and/or Additional" items to a plan.

**Washer and/or Dryer:** All mechanical parts. Excluded: Plastic mini-tubs, soap dispensers, filter screens, knobs, dials, springs and hinges, venting or lint screens and damage to clothing.

**Ducted Air Conditioning System, Evaporative Cooler or Whole House Fan:** Compressors, condensers, motors, thermostats and refrigerant leaks. **Note:** Coverage on the cooling system is contingent upon receipt of Company approved inspection report done while unit is up and running. If Company approved inspection has not been performed, please call Company to schedule inspection (cost \$65). Inspections done May through October, weather permitting. Excluded: Refrigerant and refrigerant recapture, conversion, condenser casings, roof jacks, stands, registers, filters, electronic air cleaners, gas air conditioners, window and wall units that are not ducted. **Note:** If the Company determines that the air conditioning unit must be replaced, the Company will replace with comparable unit meeting current federal, state and/or local government efficiency standards.

**Roof:** Covers leaks only. Excluded: Patio, porches, decks, metal roofs, masonry (hardboard, omni board, woodruff) shingles or cermwood shakes, tiles, asphalt, flashing, skylights, or if roof has deteriorated to such an extent that it can't be fixed or needs to be replaced.

**Gas Fireplace:** Gas valve, pilot assembly, thermocouple and blower fan. Excluded: Manufactured logs, glass doors and remotes.

**Pool and/or Hot Tub (including Salt Water Pool):** All parts of the heating and pumping systems. Pool and/or hot tub (including exterior hot tub) are covered if they use common equipment. If they do not use common equipment, only one or the other is covered, unless an additional fee is paid. **Note:** Coverage on the hot tub and/or pool is contingent upon receipt of Company approved inspection report done while unit is up and running. If Company approved inspection has not been performed, please call Company to schedule inspection (cost \$65). Excluded: Pool sweep motors, lights, liners, filtration system, jets, control switches, computerized control boards and ozonator, fuel storage tanks, built-in or detachable cleaning equipment including pop-up heads, turbo valves or covers.

**Well Pump:** All parts of well pump used for main dwelling only. Well must be primary water source to residence. Excluded: Well casings, tanks (pressure, expansion, holding or storage, etc.), gauges, piping, control panels, electrical lines leading to or connecting pressure tanks and main dwelling or re-drilling of wells.

**Septic/Dry Refuse Tank (for domestic use only):** We will clear main line stoppages that can be cleared through an existing access. If the stoppage is due to septic backup, we will pump the septic tank once during the contract term. Excluded: Broken or collapsed sewer lines, roots, stoppages that prevent the effective use of any sewer machine cable, cost of finding or gaining access to septic tanks, cost of sewer line hookups, disposal of waste, chemical treatment of the septic tank and/or sewer lines, tanks or leach lines, cesspool, any mechanical pump or systems and excavation.

**Sewage Ejector Pump/Lift Station:** Failure of ejector pump if located within the main dwelling. Excluded: Sewer line and inaccessible pump.

**BLUE RIBBON PREMIER UPGRADE - (PUG) (included in Platinum Plan): Appliances:** rollers, racks, removable baskets, rotisseries, handle knobs, buckets, lights, lock and key assemblies and shelves. **Air conditioning:** window unit. **Garage Door:** hinges, springs and remote. **Plumbing:** main sewer line cleaning, faucets (chrome), shower heads and arms, toilet tank and bowl (2 pieces white), urinals, power flush mechanisms, hose bibs (excludes freezing), pressure regulators and hot water dispenser. **Heating system:** registers and grills. Maximum limit \$120 per system per contract period.

**PREVENTIVE MAINTENANCE CHECK AND CLEANING - (PMC)** (for Buyer or Investor only, included in Platinum Plan): At your request and with the payment of the co-pay per item, we will perform one preventive maintenance check per item during the term of this contract on any of the following covered items: kitchen appliances, laundry appliances, water heater, heating system, cooling system, and garage door opener. **Note:** Co-pay is not waived on renewals.

**SUPPLEMENTAL COVERAGE - (SHC): Additional coverage for boiler:** circulating pump and fill valve. **Tankless water heater:** all mechanical components. Code upgrades associated with necessary heating system, air conditioner and water heater replacement. **Power Vents.** Maximum limit: \$1400 per contract.

**TERMS OF COVERAGE**

Service: When service is needed, you must telephone Company directly within three days after the problem is discovered, 303.986.3900 or Toll Free 800.571.0475. Company accepts service calls 7 days a week, 24 hours a day.

**1. Service technicians** are chosen by Company, in its sole and absolute discretion. Seller, Buyer, Investor or their Tenant agree to pay the \$65 co-pay for each service call and are responsible for all charges if not covered. If technician is not available, the Company may authorize Seller, Buyer, Investor or their Tenant to contact a local technician. Company will reimburse for covered claims with a valid authorization code (minus co-pay) on invoices submitted within 30 days of claim. Seller, Buyer, Investor or their Tenant are responsible for any trip/fuel charges that may be assessed and for missed service calls. Payment should be made to the Company's service technician at the time the work is performed. Company will have no further responsibility under this contract and will not respond to any new request for service, when any previous bills are outstanding. Failure to pay such fees will result in suspension of coverage until the fees are paid. At that time, coverage will be reinstated, but the contract period will not be extended.

**2. Service Guarantee:** A service technician will respond within 24 hours of your placed service call to schedule an appointment or the co-pay may be waived. Seller, Buyer, Investor or their Tenant are required to be available for contact, service and to establish necessary appointments. **Limitations:** Weekends and holidays (weekends and holidays begin at 5 p.m. the previous day). Non-emergency repairs will be made during normal business hours. If you should request us to perform non-emergency service outside of normal business hours, you will be responsible for payment of additional fees, including overtime. Reasonable efforts will be made to expedite service in emergencies. Company will decide what constitutes an emergency.

**3. Any repair or replacement** of systems and appliances under this contract is warranted for 30 days. If such system or appliance fails for similar reasons after this time, an additional co-pay will be incurred by the Seller, Buyer, Investor or their Tenant to address the problem. Co-pays and charges will be paid by the Seller, Buyer, Investor or their Tenant in accordance with the service technician's usual rate schedule existing at the time that services are rendered. There may be an additional fee charged by the service technician to dispose of old system or appliance after completion of work.

**4. Any calls for service** must be made within the contract period.

**EXCLUSIONS AND LIMITATIONS OF LIABILITY**

1. The Company has the sole right to select the technician to perform service, is not liable for service performed without its approval and will not reimburse the policy owner for unauthorized repairs.

2. Company has the sole right to determine whether to correct a malfunction by repair or replacement. Parts and replacements will be with similar quality and efficiency, except as noted in contract. Company is not responsible for matching dimensions, brand or color of covered items or for repairs arising from manufacturer's recall of covered items or any items while still under an existing manufacturer's, distributor's or other warranty. Company is not responsible for the disposal of any items, including any haul-away fees.

3. This contract does not cover systems or appliances for repairs, upgrading or replacements required as a result of improper installation, inadequate wiring, capacity, lack of efficiency, overloads, power failures, missing parts, failure to clean or maintain, neglect, misuse, noise, rust or corrosion, parts not available, discontinued parts, fire, smoke, earthquake, storms, lightning, flood, water, freezing, roots, theft, accidents, war, riots, vandalism, settlement of earth, pest or pet damage, acts of God, conditions beyond Company's control and any problems caused in any fashion as a result of asbestos or other toxic materials.

4. Company will not upgrade or pay for additional cost or expenses that may be required to complete repairs due to, but not limited to, building or zoning code requirements or violations and connection or disconnection from public utilities. This includes city, county, state, federal and utility regulations and upgrades required by law and cost of permits, if required, at time of service.

5. If Seller, Buyer, Investor, Tenant or other service technician alters, installs, repairs or modifies any system or appliance covered by this contract or damages it in the course of any remodeling, installs, repair or misuse, Company is no longer obligated to provide coverage or service with regard to that item.

6. This contract does not cover systems or appliances that are underground, encased in concrete or otherwise inaccessible. Company will restore drywall to a rough finish when it is necessary to open walls to complete covered repairs. Company is not responsible for trim, texture, paint, wallpaper, tile, wood, carpet or the like which in any respect may be damaged as a result of the Company's attempts to repair or replace systems and appliances covered by this contract. Company is not responsible for the costs of finding, gaining or closing access to covered items or for additional charges to remove or install related or non-related equipment to make a covered repair or replacement.

7. Sellers, Buyers and Investors only remedy for damages from liability claim against the Company, regardless of the form of action, shall not exceed the reasonable market cost for repair or replacement of item in dispute and shall not include consequential, secondary, special, punitive or other damages.

8. Company is not responsible to repair or replace systems and appliances classified by the manufacturer as "commercial" or commercial equipment modified for domestic use, or residential properties used in a commercial venture.

9. Common systems, appliances, areas and facilities are not covered unless the plan is for an approved duplex, triplex or fourplex property and owned by the party named in this contract. Units of five or more must be covered individually.

10. Solar systems, equipment and components, including solar heating and hot water systems and holding tanks, are not covered.

11. Electronic or computerized management and appliance management systems are not covered.

12. Maximum coverage shall be up to \$2000 for each gas, electrical and hot water heating system, heat pump, dual pack, air conditioner or evaporative cooler, \$1600 for electrical system, hot tub or pool, \$1000 for each water heater, \$750 for each refrigerator, \$250 for each icemaker (icemaker repairs also count towards refrigerator maximum), \$250 for hood, kitchen or bathroom exhaust fans, \$600 for each sewage ejector pump, garage door opener, kitchen or laundry appliance, \$1500 for each built-in double oven (double coverage not available on built-in double oven), \$1000 for each gas fireplace, \$800 for each whirlpool tub, \$1200 for each well pump, \$500 for septic system pumping, \$350 for roof leaks, \$250 for lead or galvanized piping, per contract term and \$120 for each ceiling fan or drain cleaning. Company reserves the right to

issue cash back on any item covered by contract in lieu of repair or replacement. Cash reimbursements are based on our negotiated rates with our suppliers for repairs or replacements. Accounts receivable and outstanding balances may be deducted from any claims over \$100. An administrative fee, up to 8%, will be charged on all monthly billings. Cash reimbursement transactions are valid for 90 days.

13. Foundation or structural elements, including but not limited to walls, concrete, beams or similar structural components and cosmetic defects or design flaws are not covered by this warranty.

14. This contract may be governed by the provisions of the "Colorado Consumer Protection Act" or the "Unfair Practices Act", Articles 1 and 2 of Title 6, C.R.S. and the homeowner may have a right to civil action under such laws, including obtaining the recourse or penalties specified in such laws. The losing party in any legal dispute involving this contract shall pay the prevailing party's court costs and attorney fees.

15. Please see **Declarations, Covered Systems and Additional Coverage** sections for additional limitations.

**CANCELLATION AND TRANSFER**

1. Company may declare this contract void:

i. in the event of fraud or of material misrepresentation by Seller, Buyer, Investor, Real Estate Agent or Representatives of any fact or circumstance relating to the systems or appliances covered by this contract

ii. premium, co-pay or accounts receivable not paid. Accounts receivable may be turned over to collections if not paid within 60 days.

iii. in the event of a threat to harm, or actual harm to the safety or well being of Company, any employee of Company, a service contractor, or any property of Company or a service contractor.

2. This warranty policy is transferable, agreement remains with the property and may be extended for an additional fee.

3. Seller, Buyer or Investor may cancel this policy upon 10 days written notice to Company and shall be entitled to a pro rata refund of the paid contract fee for the unexpired term, less an administrative fee (10% of the contract price) and any service costs incurred by Company.

**RENEWALS**

1. Upon receipt of payment, Company may elect to renew this contract at Company's option, contract owner will be notified by mail and contracts are for 12 months of coverage.

2. Fourth term of coverage will be provided free, upon property owner's request, as long as Company has paid no claims for three consecutive terms. New Construction Plans excluded.

3. Seller, Buyer and Investor acknowledge that each party or parties have read, understand and agree to the terms and conditions of this contract and acknowledge receipt of an exact copy of this contract.

By \_\_\_\_\_  
WARRANTY RECIPIENT

DATE

By *Terri Lane* \_\_\_\_\_  
PRESIDENT DATE

**BLUE RIBBON HOME WARRANTY INCORPORATED**

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