

CONCEPT ONE HOME WARRANTY, LLC INSPECTION PERFORMED ONLY MECHANICAL SERVICE CONTRACT

This is an addendum to and subject to the terms of the Concept One Home Contract

Concept One Home Contract Number:

Street Address:

Seller of the residence:

Buyer of the residence:

TERMS: The contract is for one full year on a single family dwelling, multi-family available when stipulated. The contract is in force and effect only upon full collection of all payment due, and extends JULY 13, 2015 to the end of the same day in the following year.

MECHANICAL INSPECTION

I/We (client) have requested a limited visual inspection of the structure at the above address to be conducted by Concept One Home Warranty, (Concept One), or a subcontractor for my/our sole use and benefit. I/We warrant that I/We will read the following agreement carefully. I/We understand that I/We are bound by all the terms of this contract. I/We further warrant that I/We will read the entire inspection report when I/We receive it and promptly call Concept One with any questions I/We may have.

The scope of the inspection and report is a limited visual inspection of the general systems and components of the home to identify any system or component listed in the report which may be in need of immediate major repair. The inspection has been performed in compliance with generally accepted standards of practice, a copy of which is available upon request.

OUTSIDE SCOPE OF INSPECTION

Any area(s) that is not exposed to view, is concealed, or is inaccessible because of soil, wall, floors, carpets, ceilings, furnishings, or anything else is not included in this inspection. The inspection does not include any destructive testing or dismantling. Client agrees to assume all the risk for all conditions which are concealed from view at the time of the inspection. This is not a home warranty, guarantee, insurance policy or substitute for a real estate transfer disclosure, which may be required by law.

ADDENDUM TO INSPECTION AGREEMENT "CHINESE DRYWALL EXCLUSION": The Client specifically acknowledges that the Property Inspection will not, and is not, intended to detect, identify, disclose, or report on the presence of Chinese Drywall products or the actual or potential environmental concerns or hazards arising out of the existence of these products. Client agrees to hold the Company and Inspector harmless for any injury, health risk, or damage of any nature caused by or contributed to by these products. Furthermore, Client acknowledges that any discussions regarding the actual or potential presence of Chinese Drywall are informative in nature only and that the Property Inspection Company and/or Inspector do not hold the Company or themselves to be experts pertaining to the potential concerns associated with Chinese Drywall.

Whether or not they are concealed, the following **ARE OUTSIDE THE SCOPE OF THIS INSPECTION:**

Specific components noted as being excluded on the individual systems inspection forms;

Private water or private sewage systems;

Saunas, steam baths, or fixtures and equipment

Radio-controlled devices, automatic gates, elevators, lifts, dumbwaiters and thermostatic or time clock controls;

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Water softener/ purifier/ instant hot water systems or solar heating systems;
Furnace heat exchangers, freestanding appliances, security alarms, intercom systems, music systems or personal property;
In floor radiant heating, in slab plumbing, electrical wiring and all related components that are not visible;
Adequacy or efficiency of any item;
Building code or zoning ordinance violations;
Geological stability or soils condition;
Structural stability or engineering analysis;
Termites, pests or other wood destroying organisms;
Asbestos, radon, formaldehyde, leads, water or air quality, mold, electromagnetic radiation, Chinese Drywall or any environmental hazards;
Building value appraisal or cost estimates;
Conditions of detached buildings;
Pool or spas bodies and underground or hidden piping.

(Some of the above items may be included in this inspection for additional fees – check with Concept One)

Your inspector is a home inspection generalist and is not acting as a licensed engineer or expert in any craft or trade.

If your inspector recommends consulting other specialized experts, client must do so at client's expense.

1. General Provisions: Concept One has engaged inspectors to carefully examine and test certain appliances, systems, and components of the residence, and warrants those which are checked off below to be free of major defects at the time this contract goes into effect. Concept One is in no way responsible for any inspector error, performance of task, delay in service or damage caused by the inspection company, or any other situation that might arise in regard to the inspector, inspection or inspection company, unless Concept One was contracted and the inspection provided by an employee or sub-contractor that has a signed agreement with Concept One to do its inspections only. Concept One is not responsible for the actions of independent contractors that sell the Concept One warranty, that are hired by buyer, seller or another interested party(s). For repairs, Concept One will employ a repairman or licensed contractor of its choice to repair or replace a warranted component or system of the residence if it becomes inoperable or suffers significant mechanical failure in the course of ordinary use and wear. We warrant for available replacement parts and labor only. We do not warrant the life or efficiency of any system/item. We do not warrant for any manufacturer's defects

If no inspection is done or Concept One has not been given the opportunity to read, study and analyze the building inspection that was done within the last 6 months by a qualified, experienced and by generally accepted inspection standards and practices, the pre-existing conditions will not be warranted. Pre-existing condition is when "component parts" were not in working order on the inspection date or when "operational failure" is due to a pre-existing condition. We do not warrant any systems, components and/or appliances that are not inspected for any due cause.

2. Systems, Components, and Appliances Covered by This Contract. This contract covers all the components and systems listed below that have been found to be free of significant defects at the initial inspection (or have been repaired and cleared by Concept One at re-inspection). Items covered are located on or within the main residential building "the residence" in this contract. If the specific items listed below have been inspected and been **found to be free of significant defect** they are warranted under the terms of this contract, and only to the extent that they may be visually inspected and tested for proper operation. This contract covers mechanical failure only.

- Water, gas, drain and waste vent lines within the perimeter of the foundation, which are accessible and visible.
- Doorbell: chimes/ button function.
- Kitchen sink - faucet operation, exposed drain function.
- In-sink disposal - mechanical function and leaking.

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- Stove/cooktop/range - burners and element functions.
- Oven - burners and element functions.
- Cooktop/range vent hood - motor operations.
- Built-in dishwasher - motor, pump.
- Built-in trash compactor - motor operations.
- Garage door opener, including motors, receiver boards, relays, switches and sensors, and drive trains.
- Circuit breaker panel - breaker function.
- Electrical switches and receptacles - basic function.
- Ceiling Fans – motor operation.
- Bathroom and Laundry exhaust fans – motor operation.
- Primary water heater (with an age of 11 years or less) - normal/reasonable function.
- Central or primary heating system covering only hydronic (steam or hot water) heating units; forced air heating units; heat pumps up to 5 tons per unit; blower fan motors; internal system controls and wall thermostats. \$1000.00 limit.
- Evaporative cooler ("swamp cooler") pumps, motors and electrical controls.
- Central or primary refrigerated air conditioning system, maximum 5-ton capacity, covering only condenser coils, evaporator coils, compressors, condenser fan motors, blower fan motors, internal system controls, wall thermostats. \$1000.00 limit.
- Central vacuum - motor function.
- Fireplace gas logs – Regulator function
- Plumbing/Bathroom - Water, gas, drain and waste vent **lines within the perimeter of the main foundation**, faucets, shower and/or tub valves, toilet tanks, bowls, and mechanisms within the toilet tank.
- Door hardware in houses no older than 20 years - knobs, dead bolt and locks.
- Window hardware - Locks and latches only warranted for available parts and labor only in houses no older than 20 years.

3. Service: Phone Concept One at 232-2000, 24 hours per day, 7 days per week.

A. This contract includes a service charge of \$50 that the contract holder must pay to each Concept One authorized contractor toward the covered portion of any claim. If the Concept One authorized contractor reports that a service call has been made for systems not covered in this contract, the contract holder agrees to pay the full charge to the contractor for any services provided.

B. When repair or replacement services covered by this contract are required, the contract holder must telephone Concept One at 232-2000 to request service. Telephone message service is available twenty-four hours a day, seven days a week.

Concept One shall provide services under this contract Monday through Friday, except holidays, during normal working hours. In case of an emergency as determined by Concept One, at any hour, as soon as conditions permit repair and as soon as the necessary parts, equipment, and labor can be obtained by the Concept One approved contractor. Our emergency number is 229-4863 and is available nights after 5pm, weekends and holidays.

C. The contract holder will notify Concept One promptly when any of the appliances, systems, or components covered by this contract requires repair or replacement services. Concept One shall have no responsibility under this contract for claims that are not made to Concept One within thirty days of the malfunction of a warranted appliance, system, or component. Also not covered are problems that are discovered though an inspection that was not known by the homeowner or that was reported as a problem to Concept One prior to the inspection service being performed.

D. The option to repair or replace a warranted appliance, system, or component is solely that of Concept One.

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E. Concept One will put forth its best effort to provide replacement parts, components or systems of similar mechanical capability and efficiency of the original unit (where available). However, Concept One is not liable to provide exact match in color, type or brand. When replacement equipment of identical design or dimensions is not available, Concept One is responsible for the installation of the equipment but not for the cost of construction, carpentry or transitional work made necessary in order to accommodate the replacement equipment.

F. The contract holder agrees to make the premises available during normal business hours (local) for the Concept One authorized contractor to complete needed repairs requested by the contract holder. Contract holder agrees to pay Concept One, or its authorized contractor, for any service charge as a result of contract holder's failure to provide access or upon missed appointments. Concept One will not authorize overtime labor charges for non-emergency service situations. Concept One will make the final decision whether a particular service request is an emergency.

G. All repairs and replacements covered by this contract must be performed by a Concept One authorized contractor. Concept One is not responsible for expenses incurred by the contract holder without the express consent of Concept One. No reimbursement will be made for labor or materials not supplied by Concept One.

H. Should any systems, components or items covered by this contract be under other pre-existing warranties or guarantees, the pre-existing warranty, service contract or guarantee company should be notified by the homeowner so they may honor their contractual agreements. These pre-existing agreements supersede the Concept One Service Mechanical Contract. Concept One is not responsible for any repairs on any system, items or components that are covered by a pre-existing warranty, guarantee, service contract or any other agreement. Contract holder agrees to provide, in good faith, all information about warranty agreements to Concept One.

4. Exclusions. Only those items listed above in Section 2 are warranted. Concept One does not warrant any systems, components and/or appliances that are not inspected for any due cause. All other items are expressly excluded from this warranty, including by way of illustration but not limited to the following:

General-

- Normal cleaning and maintenance, replacement of filters and other expendable parts due to rust, corrosion. All services and maintenance normally performed by homeowner and any code required changes that are needed when repairing a warranty item.
- Concept One does not warrant for rust or corrosion related conditions on any component. We warrant for available replacement parts and labor for mechanical items.

Air Conditioner/Evaporative Cooler-

- Window air conditioning units; portable air conditioning units; gas air conditioning units; commercial grade systems; remote control units; structural components, panels and cabinetry; humidifiers; interconnecting freon lines (external of the equipment); condensate drain pans and lines; filters (including electronic, electrostatic, and deionizing filter systems); recharging, recapture or reclaiming of refrigerant; underground geothermal piping; water pumps and lines (external of the condenser unit); water cooling towers; heat recovery units; cleaning and maintenance; rust; conditions caused by rust; worn pads; broken or missing clips; worn belt; improper or damaged support stand or ducting; misadjusted floats, fans, casings and housings, pads and filters, water lines, and all damage and deterioration due to oxidation or corrosion.

Water Heater-

- Tank-less water heaters are not warranted. Expansion tanks and recirculating pumps are not warranted. Any unit that is 12 to 19 years old is warranted for available parts and labor only. Any unit that is 20 years or older is not warranted.

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Heating Systems-

- Fireplaces; gas log systems, including gas feed lines; units converted from coal to oil, coal to gas, oil to gas; structural components, panels and cabinetry; concrete encased hydronic heating coils and lines; wall mount or floor mount radiant heater, radiant heating coils built into floors, walls or ceilings; individual space heater units; free-standing or portable heating units; solar heating systems; expansion tanks, control valves, filters, including electronic, electrostatic, and deionizing filter systems; flues, chimneys and liners; fuel storage tanks; cleaning and maintenance.

Duct Work-

- All duct work accessible or inaccessible, registers, grills, diffusers, and dampers.

Electrical-

- Conditions of inadequate wiring capacity; fuse panel; circuit overload; conditions caused by power failure or surge; lighting fixtures; intercom or speaker systems; telephone systems; burglar, fire and smoke alarms; low voltage lighting systems; direct current (DC) wiring and systems; attic, bathroom vent or whole house exhaust fans; timers; utility meter pans; load control devices; transmitters; batteries; frequency interference.

Plumbing-

- Conditions of insufficient or excessive water pressure; pressure regulating devices; hot water re-circulating pumps, water flow restriction due to rust, scale, minerals and other deposits, water heater percolation; all plumbing in or under the foundation or slab, (concrete encased); all piping and plumbing located outside the perimeter of the foundation; septic tanks and systems in or outside of the home; sewage ejector pumps, sump pumps, jet pumps; water softeners; holding and pressure tanks; solar systems; recirculating pumps, color or purity of the water; water filters, water purification systems; shower enclosures; shower base pans; bath tubs; sinks; laundry tubs; toilet lids and seats; bidets; caulking and/or grouting; the repair and finish of any walls, floors or ceiling where it is necessary to break through to effect repairs; water damage; lawn sprinkler systems; wells and well pumps, swimming pools, spas, and their respective plumbing and mechanical components, outside hose faucets. heaters. We do not clean out main drains because they go outside the perimeter of the foundation.

Central Vacuum-

- Lines, outlet covers, blockage, control switches, hoses or tools.

Appliances-

- Secondary appliances; refrigerators, washers, dryers, structural components; commercial units; timers and clocks, rotisserie and meat probes; removable baskets and racks; lock and key assemblies; dents, scratches, and cosmetic repairs; refinishing or replacement of counter tops; cabinet parts or cabinets, knobs, racks, filters and exterior trim; icemakers, crushers, dispensers; gaskets; light bulbs and fixtures; microwaves; exact temperature settings, liners; seals, hoses-adjustments for better operation, no code requirement changes, appliances over 20 years of age will be warranted for available parts and labor only.

Doors/Windows

- Doors/Windows-rolling track; door/window structural damage, damaged glass, glazing. Doors or windows in houses 20 years or older are not warranted, regardless of the actual age of the doors and windows.

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5. Limitations to Concept One's Liability.

A. This contract does not cover upgrading or making modifications to systems, components, or appliances for any reason, including their lack of capacity, failure to meet building codes, zoning requirements, utility regulations, or failure to comply with local, state or federal law. Additional costs charged by the Concept One authorized contractor for system upgrades or recapture of freon gas to comply with federal law are not covered under the warranty contract and are the responsibility of the contract holder.

B. Concept One is not responsible for consequential or secondary damages resulting from the mechanical failure of any component, system, item or appliance or due to conditions beyond Concept One's control such as, but not limited to, unavailability of materials or labor.

C. In the event it is necessary to open walls, floors or ceilings to perform a covered service, Concept One is not responsible for restoring openings.

D. This contract does not cover repairs or replacements as a result of improper installation, neglect or misuse, pet damage, pest damage, power failure or surge, fire, flood, smoke, lightning, freeze, earthquake, storm, theft, accidents, war, riots, vandalism or acts of God.

E. In the case that Concept One is repairing a warranted system or appliance and the needed part can not be located, Concept One will contribute the cost of the part and the labor to install that part in the system or appliance toward the actual cost of repair or replacement but will not cover the full cost of repair if it exceeds the cost of the part and labor cost.

F. Concept One is not responsible for damage that results from a Concept One authorized contractor's service or delay in service.

G. If this contract covers a condominium unit; repairs and replacements will be limited to the systems, components or items solely used by and located within such unit (unless specified otherwise in Basic Coverage). No common area systems, components or items shared by non-warranted units will be covered by this contract.

H. Should any building or zoning permits be necessary, the contract holder shall be responsible to bear these costs. The contract holder will also be responsible for the costs for handling of asbestos, Freon recovery, and fees associated with the removal and disposal of old equipment or hazardous materials.

I. Concept One is not liable for charges incurred for that portion of a covered claim needed to gain access to a system or component that has inadequate capacity or space for serviceability such as, but not limited to, concrete encased items, permanently installed fixtures and walls.

J. This contract has a maximum total cumulative limit of \$4000.

6. Termination and Voidability.

A. If the contract holder fails to pay the deductible charge to the Concept One authorized contractor, Concept One shall have no further responsibility under the contract until the deductible charge is paid, or, at Concept One's option, the contract will be terminated.

B. If the contract holder authorizes or performs any alterations, installations, repairs or modifications to any system, component or appliance covered by this contract or damages it in the course of remodeling or repair, Concept One will no longer be obligated to warrant it.

C. Concept One coverage is limited to residential use of the covered residence. Coverage ends if property is used for any commercial purpose.

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D. Concept One may declare this contract void in the event of material misrepresentation by applicant or contract holder of any fact or circumstance relative to the systems, components, or appliances covered by this contract.

7. **Condominiums, Mobile Homes, Multiple Units, New Construction.**

A. Mobile homes constructed within ten years of the proposed effective date of the warranty are eligible for coverage, provided they are permanently secured and the land is included in the sale. Mobile homes that are located in a sub-division operated similar to a condominium, where maintenance is provided, etc., are also eligible for coverage.

B. Systems, components, or appliances in common areas or shared by non warranted units of condominiums, mobile homes and multi-unit dwellings are not covered by this contract.

C. The Mechanical Service Contract is available on multi-unit dwellings; however, coverage is restricted to the owner-occupied unit only. All other tenant- occupied units are not covered under the Mechanical Service Contract.

8. ARBITRATION: Any dispute concerning the interpretation of this Mechanical Service Contract agreement of arising from this inspection and report, except one for inspection fee payment shall be resolved informally between the parties or by arbitration conducted in accordance with the rules of the recognized Arbitration Association except that the parties shall select an arbitrator who is familiar with the home inspection industry. The arbitrator shall conduct summary judgment motions and enforce full discovery rights as a court would as provided in civil proceeding by legal code.

9. DISPUTES: Client understands and agrees that any claim for failure to accurately report the visually discernible conditions at the Subject Property, as limited herein above, shall be made in writing and reported to Concept One within ten business days of discovery. Client further agrees that, with the exception of emergency conditions, Client or Client's agents, employees or independent contractors will make no alterations, modifications or repairs to the claimed discrepancy prior to a reinspection by the inspector. Client understands and agrees that any failure to notify the inspector as stated above shall constitute a waiver of any and all claims for said failure to accurately report the condition in question.

10. USE BY OTHERS: Client attests that the client has requested this inspection for client's own use only and will not disclose any part of the inspection report to any other person with these exceptions ONLY: one copy may be provided to the current seller(s) of the property for their use as part of this transaction only, and one copy may be provided to the real estate agent representing client and/or bank or other lender for use on client's transaction only.

11. ATTORNEYS FEES: The prevailing party in any dispute arising out of this agreement, the inspection, or report(s) shall be awarded all attorneys' fees, arbitration and other costs.

12. SEVERABILITY: Client and inspector agree that should a Court of Competent Jurisdiction determine and declare that any portion of this contract is void, voidable or unenforceable, the remaining provisions and portions shall remain in full force and effect.

13. ADDENDA: 1 Page (s) of Addenda is/are included with and is a part of this contract as follows: Roof Warranty.

LIMITATIONS ON LIABILITY

INSPECTOR'S LIABILITY FOR MISTAKES OR OMISSIONS IN THIS INSPECTION REPORT IS LIMITED TO A REFUND OF THE FEE PAID FOR THIS INSPECTION AND REPORT. THE LIABILITY OF INSPECTOR'S PRINCIPALS, AGENTS, AND EMPLOYEES IS ALSO LIMITED TO THE

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FEE PAID. THIS LIMITATION APPLIES TO ANYONE WHO IS DAMAGED OR HAS TO PAY EXPENSE OF ANY KIND BECAUSE OF MISTAKES OR OMISSION IN THIS INSPECTION AND REPORT. THIS LIABILITY LIMITATION IS BINDING ON THE CLIENT AND CLIENT'S SPOUSES, HEIRS, PRINCIPALS, ASSIGNS AND ANYONE ELSE WHO MAY OTHERWISE CLAIM THROUGH CLIENT. CLIENT ASSUMES THE RISK OF ALL LOSSES GREATER THAN THE FEE PAID FOR THE INSPECTION. CLIENT AGREES TO IMMEDIATELY ACCEPT A REFUND OF THE FEE AS FULL SETTLEMENT OF ANY AND ALL CLAIMS WHICH MAY EVER ARISE FROM THIS INSPECTION.

I HAVE READ, UNDERSTAND AND AGREE TO ALL OF THE TERMS AND CONDITION OF THIS CONTRACT AND AGREE TO PAY FEE.

10. Addenda. 1 Page(s) of Addenda is included with and is a part of this contract.

Concept One Home Warranty

4374 Alexander Blvd. NE
Albuquerque, NM 87111
505-232-2000

Upon receipt of payment to our office the service contract becomes in place for a one-year term from the date of closing. No signatures are needed to bind the parties to this service contract.

THIS CONTRACT MAY BE RENEWED UPON APPROVAL OR INSPECTION BY CONCEPT ONE.

This binding contract proceeds over all other previous Concept One Home Service Contracts.

REVISED 7-8-15

CONCEPT ONE HOME SERVICE CONTRACT – ADDENDUM #1 ROOF CONTRACT

This is an addendum to and subject to the terms of the Concept One Mechanical Service Contract.

This addendum covers the roof as described below for the main residential building at the following property:

Concept One Home Contract Number:

Street Address:

Seller of the residence:

Buyer of the residence:

The coverage is for one full year, and applies to covered repairs which are reported to Concept One by the owner during that time. The contract is in full force and effect only upon full collection of all payments due, and extends from JULY 13, 2015 through the end of the same day in the following year.

The contract covers only roof leaks that occur during the term of the coverage that do not result from natural or human-caused damage such as but not limited to high winds, hail, or roof alterations done by persons other than those authorized or employed by Concept One. The coverage is limited to leak repairs only up to a contract maximum of \$500.00 per covered roof with a \$50.00 plus tax deductible per occurrence. This contract applies to the heated living area only.

Roof Warranty Claim and Repair Procedures. The \$50.00 plus tax deductible must be paid directly to the contractor at time of repairs. The remaining balance will be forwarded to Concept One for payment to the

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contractor. If the deductible is not paid to the contractor at the time of repairs, the roof contract will be null and void.

Contract Limits and Exclusions. Required repairs performed to meet contract coverage or repair work conducted during the contract period that are not done by authorized Concept One repair technicians are specifically excluded from coverage. No consequential damages are covered, including but not limited to, damage to roof decking, structural members, ceilings, carpets, floor coverings or personal property. This contract will not cover roof replacement in part or in whole. This contract will not cover walls/parapet/stucco repair, purchaser decks, replacement, common or shared walls. Foam-covered, slate, clay tile, asbestos roofs tile are not covered. Any roof that is covered by decking or structures preventing visible inspection are not covered. Cement tile material are covered but not the underlayment material. Example: Paper or decking under this type of roof. This is due to the inability to inspect and evaluate this material. This roof contract does not cover leaking chimneys, air conditioners, evaporative coolers, or other appliances or installations. Any roof that is designated as approaching the end of its useful life is not covered. Any roof with excessive ponding or poor drainage is not covered. Such a roof may be covered, by specific approval of Concept One, for an extra fee of \$150.00, but must have roofing no older than five years of age. Ponding or poor drainage need not be noted on the inspection report in order to be excluded from coverage. Homeowner is obligated to notify Concept One promptly if the roofer is not responsive in a timely manner. No consequential damages are covered, including but not limited to, damage to the skylight(s), improper installation, improper repair, wrong size, cracking, fogging, etc. This contract will not cover replacement. Upon receipt of payment to our office the contract becomes in place for a one-year term from the date of closing. No signatures are needed for the activation of said contract.

REVISED 7-8-15