

SUBSCRIPTION AGREEMENT  
CLASS "B" COMMON STOCK (\$50.00 PAR VALUE)  
**New Home Warranty Insurance Company, A Risk Retention Group**

New Home Warranty Insurance Company, A Risk Retention Group (the "Company") is domiciled in the District of Columbia and was licensed on June 15, 2010, as a risk retention group under the federal Liability Risk Retention Act (15 U.S.C., §3901, et seq.; 1981, as amended in 1986) ("LRRRA"). Under LRRRA, the members of a risk retention group must also be the owners and the insureds of the risk retention group. The builders/contractors that are members of the 2-10 Home Buyers Warranty program are the members of the Company; therefore, the undersigned builder/contractor ("Member Builder") must be a shareholder of the Company, must hold the share of the Company stock purchased hereunder until redemption, and abide by the terms of this Subscription Agreement in order to participate in the 2-10 Home Buyers Warranty program. Any Member Builder is eligible to become an insured owner of Company upon the satisfaction of all of the following conditions: (a) it must be engaged in an activity similar or related to construction of residential homes or light commercial buildings; (b) it must be exposed to liabilities similar to those of other insureds of the Company by virtue of being in a similar, related, or common business, trade, product, service, or operations; (c) it must qualify under the underwriting criteria of the Company for the issuance of a policy of insurance by Company; (d) and it must meet such other conditions as prescribed by the Company's Board of Directors which are not in violation of Section 3901 D of the Federal Liability Risk Retention Act.

Member Builder hereby irrevocably subscribes for and agrees to purchase One (1) share of the Class "B" Common Stock (the "Share") of the Company, for the sum of Fifty Dollars (\$50.00) in cash or equivalent ("Subscription Price"). This Subscription Agreement shall become binding when accepted by the Company and against payment of the sum of Fifty Dollars (\$50.00) in cash or equivalent. The Company shall evidence its acceptance by making an appropriate entry on the books and records of the Company and by mailing a written statement of acceptance to Member Builder. The Company's acceptance shall be effective as of the date of issuance. The Company has no obligation to accept any subscriptions for the Share. The Company may accept any subscription at any time and in any order received and may reject any subscription at any time and for any reason. If this subscription is rejected, this Subscription Agreement and the Subscription Price will be returned to the Member Builder.

The Share has not been registered under the federal *Securities Act* of 1933, the *Securities Exchange Act* of 1934, or any state securities laws, but is offered and sold to the Member Builder in reliance upon one or more exemptions from the registration requirements thereof, including without limitation, any exemption that may exist, under federal or state law with respect to risk retention groups. Consequently, such Share is restricted securities and may not be sold or otherwise disposed of by the undersigned in the absence of effective registration under applicable securities laws or the availability of exemption therefrom.

This Share is issued pursuant to the provisions of this offering for sale (the "Offering"), and are subject to all of the terms and conditions of this Offering, any further or additional terms, conditions or restrictions as may be set forth from time to time in the Articles of Incorporation and in the Bylaws of the Company. The Company may redeem this Share for the redemption price of Fifty Dollars (\$50.00) per Share at any time and for any reason and may alter, amend, modify, delete or revoke any of the terms, conditions, restrictions, impediments, characteristics or features of or concerning the Share issued under this Subscription Agreement, for any purpose without prior notice to Member Builder. **This Offering is not made for the purpose of raising additional capital, and significant additional capital will not be raised pursuant to the Offering.**

1. **NO INVESTMENT POTENTIAL.** As concerns the Member Builder, **THIS SHARE HAS NO INVESTMENT POTENTIAL.** As concerns the Company, the **MEMBER BUILDER SHALL HAVE NO LIABILITY FOR ANY DEBTS OR OBLIGATIONS OF THE COMPANY** solely by reason of Member Builder's status as shareholder of the Share under this Subscription Agreement. There have been no representations, guaranties or warranties made to the Member Builder by the Company, its agents or employees, or by any other person, expressly or by implication, that there will be any profit, appreciation, dividend or any other type of consideration or benefit to be realized as a result of stock ownership in the Company.

2. **WARRANTY PROGRAM PARTICIPATION.** Member Builder must be a shareholder of the Company to participate in the 2-10 Home Buyers Warranty program. Member Builder shall have no right to obtain or continue to obtain insurance coverage as provided by the Company merely by virtue of ownership of a Share of the Company stock. Member Builder further acknowledges that a breach of this Subscription Agreement, or Member Builder's failure to hold the Share purchased hereunder until redemption by the Company shall: (i) constitute a breach of the Member Builder Proposal and Agreement between Member Builder, 2-10 Home Buyers Warranty and the Company; and (ii) result in the termination of Member Builder's participation in the 2-10 Home Buyers Warranty program and membership in the Company risk retention group.

3. **NO MARKET FOR SHARE.** There is no public or other market for the Share and no such market shall develop as a result of this Offering. The Share is redeemable only by the Company and the Company controls the redemption and resale of the Share as provided herein. Member Builder shall not have, nor shall Member Builder ever acquire, control over the operations of the Company by reason of Member Builder's ownership of Class "B" Common Stock and, as provided in the Articles of Incorporation and the Bylaws of the Company, only five percent (5%) of all outstanding ownership and voting rights of the Company shall appertain to all Class "B" Shares in the aggregate, regardless of the number of Class "B" Shares outstanding at any time. The Shares are issued without certificates. A written statement of information shall be provided to the registered owner of each Class "B" Share upon the issuance thereof.

4. **VOTING RIGHTS.** All Member builders holding Class B Shares shall have one (1) voter per share.

5. **RESTRICTIONS AGAINST TRANSFER.** Member Builder shall not grant, bargain, convey, sell, pledge, assign, hypothecate or otherwise encumber or dispose of the Share hereunder issued unless such sale, pledge, assignment, hypothecation, encumbrance or other legal or equitable transfer: (i) is to a permitted transferee under LRRRA; (ii) is to a permitted transferee under the provisions of the *District of Columbia Business Corporations Act*, the Articles of Incorporation and Bylaws of the Company, this or any other Subscription Agreement made or entered into in respect of this or any of the Shares of Class "B" Common Stock, and any other restriction imposed upon same at any time to the Company; and (iii) has been previously approved in writing by the board of directors of the Company. The Company will establish transfer and redemption procedures for the Share for the purpose of preserving the Company's status as a risk retention group, which procedures may be changed from time to time by the Company and Member Builder shall comply with and abide with said procedures.

a. **Redemption of Share.** As determined in the Company's sole discretion the Share owned by Member Builder may be called for redemption and redeemed by the Company upon: (i) the failure of a Member Builder to qualify for and obtain insurance coverage from the Company within a reasonable time as determined by the Board of Directors of the Company; (ii) the expiration of all insurance coverage issued by the Company naming the Member Builder as the insured; (iii) a Member Builder becoming an insurance company; (iv) the voluntary or involuntary termination of the Member Builder's right to enroll homes in the 2-10 Home Buyers Warranty program; or (v) a determination by the board of directors of the Company, in its sole discretion, that a redemption is necessary to preserve or reinstate the Company's status as a risk retention group ("Redemption Events").

b. **Redemption Terms, Price, Payment.** Within sixty (60) days after the occurrence of any of the foregoing Redemption Events, the Company shall notify the Member Builder, in writing, of such redemption. In accordance with the provisions of the *District of Columbia Business Corporation Act*, any Share called for redemption shall not be entitled to vote on any matter and shall not be deemed to be outstanding on and after the date on which written notice of redemption has been mailed to the holder of the redeemed stock, and a sum sufficient to redeem such stock has been deposited with a bank or trust company with irrevocable instruction and authority to pay the holder of the stock the required consideration therefor upon request of such holder. **THE REDEMPTION PRICE FOR EACH SHARE OF CLASS "B" COMMON STOCK SHALL BE FIFTY DOLLARS (\$50.00) PER SHARE AND EACH SHAREHOLDER SHALL RECEIVE FIFTY DOLLARS (\$50.00) PER SHARE FROM THE COMPANY UPON THE REDEMPTION AND CANCELLATION OF THEIR SHARE.** Any check mailed or delivered by the Company to a Class "B" shareholder in payment of the redemption price of Fifty Dollars (\$50.00) per Share will not be honored unless cashed or deposited within 120 days after the date of the check. If such check is returned by the postal authorities as undeliverable, or if such check is not cashed, deposited or otherwise negotiated by the Member Builder within 120 days from the date of the check, the check will be voided and the redemption price will be deposited by the Company into an escrow account. Upon the Member Builder informing the Company of an address of the Member Builder to which a check is deliverable,

the Company will immediately pay the redemption price to the Member Builder. If no such notification is received by the Company within five (5) years after the date of the initial check representing payment of the redemption price, the Company will transfer such funds from the escrow account to the District of Columbia Treasurer – Unclaimed Property Division. Member Builder nominates and appoints the Company or its designee as its attorney-in-fact, to make or cause to be made the appropriate entry on the books of the Company to retire said redeemed Share immediately upon the tender of payment for by the Company.

**6. MEMBER BUILDER’S WARRANTIES.**

- a. Member Builder warrants that it is not owned, in whole or in part, directly or indirectly, by a warranty company, service contract company or an insurance company, and shall notify the Company immediately in writing, if Member Builder’s ownership while owning any Share.
- b. Member Builder warrants that the Subscription Agreement, all of the information provided by the Member Builder to the Company, including responses and information contained in this Subscription Agreement are complete, true and accurate in all respects as of the date of issuance of the Share by the Company, and shall survive such delivery, Member Builder’s admission as a shareholder of the Company, and any investigation made by any party relying on the same or any acceptance or rejection of this subscription. If any information provided by Member Builder in connection herewith becomes inaccurate or incomplete, Member Builder shall notify the Company immediately of such inaccuracy or incompleteness.
- c. Member Builder warrants said Share is subscribed solely for Member Builder’s own account and is not purchased with a view to, or in connection with, any resale, distribution, subdivision, fractionalization, or other distribution thereof.
- d. Member Builder warrants that this Subscription Agreement is irrevocable and may not be canceled, terminated or revoked by Member Builder except upon the written consent of the Company. Such subscription shall survive the death or legal disability of Member Builder, and shall be binding upon its heirs, executors, administrators, legal representatives, successors, and permitted assigns. Member Builder warrants that Member Builder, or the individual signing this Subscription Agreement on Member Builder’s behalf, represents and warrants that (s)he is duly authorized to execute and deliver this Subscription Agreement on behalf of Member Builder.

**7. ADDITIONAL TERMS AND CONDITIONS.**

- a. All notices or other communications given or made hereunder shall be in writing and shall be delivered by hand or sent via United States mail and/or by registered or certified mail, return receipt requested, postage prepaid, to Member Builder at the address set forth on the Member Builder Application form provided by Member Builder to the Company; and by Member Builder to the Company at 10375 East Harvard Avenue, Suite 100, Denver, Colorado 80231.
- b. If any provision of this Subscription Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable, and this Subscription Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision never comprised a part hereof; and the remaining provisions hereof shall remain in full force and effect, and shall not be affected by the illegal, invalid or unenforceable provision or by its severance here from. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Subscription Agreement, a provision as similar in its terms to such illegal, invalid or unenforceable provision as may be legal, valid and enforceable.
- c. Member Builder shall execute any and all further documents necessary or advisable, in the sole discretion of the Company, in connection with Member Builder becoming and remaining a shareholder of the Company.

**THE UNDERSIGNED HAS READ AND UNDERSTANDS  
THE FOREGOING SUBSCRIPTION AGREEMENT.**

\_\_\_\_\_  
Member Builder Number

\_\_\_\_\_  
**Print or Type:** Name of Member Builder Entity  
(Name must match Member Builder's registration documents)

\_\_\_\_\_  
Date

\_\_\_\_\_  
**Signature** of Member Builder or Authorized Representative

\_\_\_\_\_  
**Print or Type:** Name & Title of Member Builder or Authorized Representative

Please specify the form of your business:

- |  |  |
|--|--|
| <input type="checkbox"/> Corporation               | <input type="checkbox"/> Limited Partnership           |
| <input type="checkbox"/> General Partnership       | <input type="checkbox"/> Sole Proprietorship           |
| <input type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Limited Liability Partnership |
| <input type="checkbox"/> Other (explain) _____     |  |