

WATER HEATER TERMS AND CONDITIONS

OUR CUSTOMER SERVICE COMMITMENT

Under our rental water heater program, we will rent to you, on the terms outlined in this agreement, the water heater that has been installed by or on behalf of us (the "water heater") for an indefinite term, unless terminated earlier by you or us in accordance with this agreement. You will not be able to terminate this agreement until you have rented the water heater for at least a period of 84 months following the commencement of your rental agreement (the "Minimum Rental Term"), unless you buy the water heater from us in accordance with this agreement.



Our Customer Service Commitment Includes:

- Standard water heater installation plus repairs and/or replacement of the water heater.
- Customer Service Centre open 7 days a week, 24 hours a day, to handle customer inquiries and dispatching of service requirements.
- Reliable water heater service.
- Premium quality water heater products. We have the right to restrict provision of a rental water heater based on our program eligibility criteria.

Customer Responsibilities:

We will honour our Customer Service Commitment and, in return, you agree to the following terms:

- You agree to rent the water heater from the date it was installed at the installation address set out on the front page (the "premises") or, if you purchased the premises after the water heater was installed, from the date you purchased the premises.
- You agree to pay the Total Monthly Payment and other amounts when due, as well as interest on any late payments at a rate equal to 1.5% per month (or 19.6% per annum), compounded monthly. You will also pay our standard charge (currently \$25) each time your cheque, pre-authorized debit, or any other payment instrument you use to make a payment on your account is returned unpaid, dishonoured, or not processed for any reason.
- You agree that on January 1st of each year during the term of this agreement your Monthly Rental Payment will be increased by the greater of (i) 3.5% and (ii) the percentage increase (as determined by us) in the Consumer Price Index (All Items) for Ontario, published by Statistics Canada or any successor agency (or comparable index if such index is no longer published) for the 12-month period ending November 30th preceding such January 1st.
- You agree that we may change our interest rates, service charges, administrative fees, other charges or other terms of this agreement from time to time by announcing such changes to you in advance in writing.
- Your water heater rental bill will be sent by us to you on a quarterly basis or, if permitted by us, on a monthly basis. Your rental charges are due 15 days after the bill issue date on your bill. A bill may not be sent to you if we believe that you have a credit balance. Payments may be made through a financial institution in the manner of your choice (including paying at an automated teller machine, through telebanking or internet banking). Your payment may also be made by cheque or money order payable to Reliance Home Comfort and, as long as there is no interruption in postal service, sent by mail to P.O. Box 2305 STN A, Oshawa, Ontario, L1H 7V5. Your account number should be included on the front of your cheque or money order. Cash should not be sent through the mail. If you would like to pay your account by pre-authorized debit from your bank account, please contact us at 1-866-RELIANCE. If you do so, you will pay the Total Monthly Payment on approximately the same day each month (we may refer to this day as the "Payment Due Date").
- You agree to keep the water heater only at the premises and to maintain a convenient, safe, dry and heated location for the water heater, free of any combustible materials and obstructions for future servicing or removal. You agree to ensure the water heater is located in an area with sufficient drainage in the vicinity and that the drainage is open and unrestricted.
- We do not have any responsibility for wiring, plumbing, piping or venting in the premises. You will pay us our standard charges (which will be communicated to you prior to doing the work) for any additional wiring, plumbing, venting or piping required to upgrade such wiring, plumbing, venting or piping to meet applicable laws, codes or installation requirements. You will also pay us when billed our standard charges for repair (including flushing or de-liming) damage attributed to excessive or abnormal water quality conditions at the premises or repairs or extra service work necessary because the water heater was connected to other equipment or fixtures in the premises.
- You agree to supply and maintain water conditioning equipment as we may recommend to resolve water quality problems, such as smelly water, iron discoloration, calcium buildup, etc. Otherwise, charges may apply for future repairs or replacement of the water heater or the availability of a rental water heater may be restricted.
- You agree to restrict servicing of the water heater to only our authorized representatives.
- If you sell your premises, you will inform the purchaser that the water heater is rented pursuant to this agreement. You will be released from your obligations under this agreement, effective from the date of sale, so long as (i) the purchaser is notified in the agreement of purchase and sale that the water heater is rented and you have provided the purchaser with a copy of this agreement, (ii) you have notified us in advance of the purchaser's name and the intended date of sale, (iii) the purchaser agrees in writing or by conduct to rent the water heater in accordance with this agreement and (iv) you have paid us all other amounts owing under this agreement. You authorize us to respond to information requests relating to your account made by or on behalf of the purchaser.
- You agree that we are the owner of the water heater and that we are not transferring title to you. You agree to ensure that any of our identification or labelling is not removed from the water heater or covered in any manner. We may register, at your expense, our interest in the water heater against you and/or against title to the premises. To the extent permitted by law, you agree to waive any right to receive a copy of such registration and appoint us as your lawful attorney for the purpose of doing any such registrations. You agree that the water heater will remain personal property even though it may become affixed to the premises.
- You agree to be responsible for maintaining effective operation of any plumbing and pumping systems supplying water to the water heater during installation or servicing of the water heater.
- You agree to allow our authorized agents or employees to have access at all reasonable hours for the purposes of installing, servicing or removing the water heater. We will not be responsible for service if this access is denied or unavailable.
- You agree to keep the water heater free of all liens, security interests, mortgages and other claims.
- To set up a new account, you will pay our account set-up fee (currently \$35). You will pay such charges when billed by us.

- You agree to promptly inform us of (i) any change of your mailing address at least 30 days in advance of such change or (ii) if you have chosen to make your payments under this agreement by preauthorized debit, of any change in the bank account information provided to us. Notice of any such changes should be sent to us at P.O. Box 2305 STN A, Oshawa, Ontario, L1H 7V5 or call us at 1-866-RELIANCE or visit us at reliancehomecomfort.com.
- You agree that we may sell, assign, concurrently lease or otherwise dispose of, or grant a security interest in, all or part of our right, title and interest in the water heater or this agreement to anyone else (each, a "transferee"), without notice to you or your consent. To the extent not prohibited by law, you will not assert against any transferee any claims, defences, set-offs, deductions or counter-claims which you may now or in the future be entitled to assert against us. This Agreement is binding upon and will ensure to your respective heirs, personal representatives, successors and permitted assigns.
- If more than one customer is named on the front of your bill, you understand that each of you is individually liable, and all of you are collectively liable, for all obligations imposed on you by this agreement.


Termination of this Agreement:

- If you breach any term of this agreement, we may (i) terminate this agreement and require you to immediately pay us an amount equal to the then depreciated fair market retail value of the water heater, determined by us on a straight-line basis in accordance with Canadian generally accepted accounting principles (assuming, for the purposes of such determination, that the water heater is valued on an installed basis without regard to the cost of removal and has been maintained as required by this agreement), plus all other amounts owing under this agreement and (ii) enter the premises and remove the water heater.
- You may (so long as you are not in default under this agreement) terminate this agreement at any time after you have rented the water heater for at least the Minimum Rental Term. You agree to return the water heater to us in the same condition that it was delivered to you, normal wear and tear (reflecting its age, normal use and local water conditions and assuming that it has been maintained as required by this agreement) excepted. At your option, you may request us to remove the water heater or, at your own risk, have your own qualified contractor remove it. (For a list of qualified contractors in your area please call us at 1-866-RELIANCE.)
- If you choose to terminate this agreement or if we terminate this agreement because you have breached any term of this agreement, you will pay us the following: (i) if we remove the water heater, our drain and disconnect charge (currently \$125) or, if the water heater is drained and disconnected by your own qualified contractor but not returned to us, our water heater pick-up charge (currently \$65 for a gas water heater or \$125 for an electric water heater) plus (ii) an amount equal to the cost, as determined by us, if any, to repair the water heater to the same condition as when it was delivered to you, except for normal wear and tear, which costs include the cost necessary to: (a) repair any damage attributed to use of the water heater for purposes for which it was not intended; and (b) repair or replace, beyond normal wear and tear, (1) all missing, broken, scratched, dented or rusted exterior components and (2) all damage which would be covered by physical loss or damage insurance, whether or not such insurance is actually in force, (3) any damage that appears to us, acting reasonably, to have been intentionally, wilfully or negligently inflicted on the water heater and (4) any other mechanical damage or other condition that causes the water heater to operate in an improper, unsafe or unlawful manner or causes the water heater to fail any requirements of law. You will pay such charges when billed by us.
- You will not have to pay us any rental charges after you have returned the water heater and have paid us all other amounts owing by you under this agreement. We also retain the right to terminate this agreement at any time after giving you reasonable notice of our proposal to terminate this agreement. This termination right is in addition to the other termination right described above that arises only if you have breached any term of this agreement. If we choose to use this right of termination, you may elect to either (i) request us to disconnect and remove the water heater or (ii) buy the water heater at the same price and on the same terms that would apply if you had exercised your buy-out option. You must notify us in writing of your election no later than 30 days before the date we propose to terminate this agreement. Our standard removal charges (described above) will not apply if the water heater is disconnected and removed under this right.
- Notwithstanding anything to the contrary, we will have the right to terminate this agreement prior to installation of the water heater if we determine in our sole discretion that non-standard work, materials or labour (e.g. chimney liners, etc.) would be required to achieve code compliant installation of the water heater.
- You may (so long as you are not in default under this agreement) buy the rental water heater on an "as is, where is basis", without any recourse, representation, warranty or condition from us (express, implied, statutory or otherwise, except for those which are given by statute and which you cannot waive), by letting us know in writing not later than 30 days before the date you want to buy the water heater. The price at which you may buy the water heater will be equal to the depreciated fair market retail value of the water heater as at the date you buy the water heater (as determined by us on a straight-line basis in accordance with Canadian generally accepted accounting principles and assuming, for the purpose of such determination, that the water heater is valued on an installed basis without regard to the cost of removal and has been maintained as required by this agreement) plus all other amounts owing under this agreement. If you exercise this option and pay all amounts owing under this agreement, title to the water heater will be transferred to you and this agreement will terminate.
- Any return of your water heater must occur in accordance with the return processes and procedures as set by us from time to time. We may in our sole discretion refuse to deal with any agent or delegate you appoint to comply with any such processes and procedures.

Liability:

- We are not the manufacturer of the water heater and we make no representations, warranties or conditions as to the performance of the water heater, except for those which are given by statute and which you cannot waive. We will not be liable for any loss, damage or injury of any type (including as a result of any water leakage) arising out of or related to this agreement or caused or contributed to in any way by the use and operation of the water heater or any indirect, incidental, special or consequential damages, even if reasonably foreseeable.
- If we are unable to perform any of our obligations under this agreement because of circumstances or events beyond our control, we shall be excused from the performance of such obligations for the duration of such circumstances or events and we shall not be liable to you for such failure to perform. We may use agents and service providers that are located outside of Canada to process applications, information and transactions. In the event that an agent or a service provider cannot or will not process any transaction in connection with your application or your account, by reason that the agent or service provider may violate any law, regulation, rule or internal policy applicable to it, or otherwise suffer legal and/or reputational risks, then we may be unable to complete the transaction or activate your account. In such event, neither we, nor our agent or service provider will be liable in respect of any such incomplete transaction or inactivated account.
- You will indemnify us from any loss or damage to the water heater for any reason (other than normal wear and tear) and all claims, losses and costs that we may suffer or pay or may be required to pay, including legal expenses, in connection with the water heater, this agreement or the use and operation of the water heater, including any claims against us for any injury or death to individuals or damage to property.
- You will pay, when due, all taxes and other charges imposed by any governmental authority on or in connection with this agreement, the payments made under it, or the water heater. Notwithstanding anything to the contrary, we may change the Total Monthly Payment to reflect any increase or decrease in such taxes or charges for whatever reason.
- All of your obligations under this agreement will survive the termination of this agreement to the extent required for their full observance and performance.

Your Consent Regarding Information:



You consent to our collection, use and disclosure of your personal information as described in this paragraph. We may collect and use personal information provided by you for the purposes of verifying your identity (including for regulatory compliance purposes), your creditworthiness (including by obtaining and using credit reports). Birth dates, Social Insurance Numbers or other personal identifiers, if provided, may be used to verify your identity, including matching credit records. We may collect credit, financial and related personal information for these purposes from you, your product dealer, our affiliates, credit bureaus and credit reporting agencies, and from references you may have provided to us. You consent to the disclosure of such information by these parties to us. You agree that we may, from time to time, use the above information and other personal information collected or compiled by us in connection with this agreement (including account status and payment history) (collectively, the "information") for the purposes of opening, administering, servicing and enforcing this agreement, collecting amounts owing to us, verifying and evaluating your current and ongoing creditworthiness and financial status, responding to your inquiries and otherwise communicating with you regarding your account. For the purpose of maintaining your credit history and providing credit references, we may from time to time disclose credit-related information to credit bureaus, credit reporting agencies and to your current or future creditors. If you have provided your banking information, we may use and exchange it with your and our financial institutions for payment processing purposes. We may otherwise use your information and disclose your information to third parties as necessary: to register security interests; to enforce security, this agreement and otherwise collect amounts owing to us; for the purposes of detecting and preventing fraud; in connection with audits; and generally for the purposes of meeting legal, regulatory, risk management and security requirements. We may use and disclose your information to assignees, prospective assignees and other third parties that are connected with the proposed or actual financing, insuring, sale, securitization, assignment or other disposal of all or part of our business or assets (including this agreement and/or amounts owing to us) for the purposes of permitting a prospective assignee to evaluate your creditworthiness and otherwise determine whether to proceed or continue with the transaction, fulfilling any reporting or audit requirements to such parties, and/or completing the transaction. Our successors and assigns may collect, use and disclose your information for substantially the same purposes as described in this paragraph. We may use agents and service providers (including affiliates acting in that capacity) to collect, use, store and/or process personal information on our behalf, and your information may be transferred to these entities for the purposes described in this paragraph. Our agents and service providers may be located in foreign jurisdictions and, if so, your personal information may be transferred and processed outside of Canada. Your personal information may be subject to legal requirements in foreign jurisdictions that are applicable to our agents and service providers, for example, legal requirements to disclose information to government authorities in those jurisdictions, and the privacy protections applicable to your personal information may not be the same as those available in Canada. In addition to the purposes set out above, we and our affiliates may use your contact information to provide you with occasional information about other products and services offered by us or our affiliates. However, you may refuse consent for this purpose by contacting us within thirty days after you receive this agreement at 1-866-RELIANCE, and we will not use your information for this purpose until a reasonable period of time has passed after we have sent this agreement to you. You may at any time thereafter withdraw consent to our use of personal information for this purpose by calling the above number (please allow a reasonable time for us to process your request). You may request access and correction of your information, subject to applicable legal restrictions, or make other inquiries regarding your personal information by writing to us at P.O. Box 2305 STN A, Oshawa, Ontario, L1H 7V5, Attention: Privacy Matters. You consent to the collection, use and disclosure of your personal information as may be further described in our Privacy Policy, available at <http://www.reliancehomecomfort.com>, and which we may amend from time to time, and as otherwise permitted or required by law. The consents provided above shall be valid for so long as required to fulfill the purposes described in this paragraph.