

**EXHIBIT 3-A****City of Anywhere**

State \_\_\_\_\_



T1 P1\*\*\*\*\*AUTO\*\*5-DIGIT 26301

John Smith  
987 Main Street  
Anytown, ST 12345

Contact ID: 1234567

Re: Water Service Line Repair  
Coverage for [City] Homeowners**Reminder - Please disregard if you have already enrolled**

Dear [Customer Name]:

Did you know that necessary repairs to the water line that runs between your home and the public utility connection are the responsibility of the homeowner? These lines have been subjected to the same elements that have caused our public service lines to decay – age, ground shifting, root invasion, fluctuating temperatures and more.

As a [City Name] homeowner and city official, I understand the importance of water conservation and protecting the environment. While efforts are underway in many communities to improve public water and sewer systems, these fixes don't address the water line located on your property. Homeowners can spend from hundreds to upwards of \$3,500 to repair a broken or leaking water line on their property – and that can be hard on a budget.

This is why I am pleased to introduce a new voluntary service line repair program which provides repair coverage for your outside water line, up to \$4,000 per incident with no deductibles. The Service Line Warranties of America (SLWA) Water Line Warranty Program is the only service line protection program for homeowners [fully supported/endorsed] by [City Name] and endorsed by the National League of Cities. The program provides coverage 24 hours a day, 365 days a year.

SLWA, an independent organization, administers the program and is an accredited BBB organization with an A+ rating. SLWA has helped more than 60,000 homeowners across the country save over \$45 million in service line repair costs.

***Pay just \$0.00 per month – a savings of more than XX% on the standard price, or save even more with an annual payment of \$0.00 – a savings of more than XX%. Plus, we'll waive the 30-day waiting period, so you'll get immediate coverage! To receive these benefits, enroll by [DATE].***

Enroll in this optional program by returning the completed bottom portion of this letter in the enclosed envelope or call 1-800-000-000 to speak with an SLWA agent Monday through Friday 8:00 am to 6:00 pm. Or visit [www.slwofa.com](http://www.slwofa.com) where you can enroll online – and learn about other service line warranty products available in your area!

Sincerely,

City Official Name  
City Official Title

Complete warranty terms and conditions will be provided following enrollment. Program participation may be terminated at any time. You have 30 days from the date you enroll to receive a full refund. After 30 days, you will be reimbursed the pro rata share of any amount you paid for any portion of the warranty period subject to cancellation.



Cut here

[LETTERCD]

John Smith  
987 Main Street  
Anytown, ST 12345  
Contact ID: 1234567To enroll or to view the Terms and Conditions, please visit [www.slwofa.com](http://www.slwofa.com).**Please mark your selection:**

- ☐ Yes, please enroll me in the Water Line Warranty for just \$\_\_\_\_\_ per month.
- ☐ I want to save more. Enroll me in the Water Line Warranty for \$\_\_\_\_\_ per year.

I certify to the best of my knowledge that my line is in good working order.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_



**EXHIBIT 3-A**



# Frequently Asked Questions

## **PRODUCTS**

### What items are included as part of the warranty?

The external water and/or sewer line warranty covers the underground service line from the foundation of your home to the point where the line becomes the utility's responsibility. If any part of the line is broken and/or leaking, SLWA will repair or replace the line in order to restore the service (including clearing tree roots from the water or sewer line).

### What are the event caps for the warranty? What are the annual caps per household?

Coverage caps listed in the Terms & Conditions are per occurrence as follows:

- Water — \$4,000 plus an additional \$500 for public sidewalk cutting, if necessary
- Sewer — \$4,000 plus an additional \$4,000 for public street cutting, if necessary

There are no annual or lifetime caps for coverage. Unlike some other warranties available, we provide you with the full coverage per incident. We will pay up to your coverage amount each and every time you need us. We do not deduct prior repair expense from your coverage cap or limit the amount we will pay annually. All work is warranted for one year. It has been our experience that these coverage caps will more than adequately provide coverage 99.9% of the time. In the rare instance that the repair is greater than the coverage provided, we will work closely with the contractor to provide the homeowner the additional work at a discounted cost. (Please note – some cities require special coverage caps to reflect local conditions. Please contact USP to determine if such special caps are needed in your city.)

### What is not covered?

- a) Damage to a line that is caused directly or indirectly by you, a third party, natural disasters, acts of God, or by any insurable causes
- b) Updating and/or moving lines where the flow is not impeded, in order to meet code or mandated separation of storm and sanitary drain lines
- c) Shared sewer line that provides service to multiple properties, detached houses, secondary buildings or branch lines, whether known or unknown; commercial properties, mobile homes, primary sanitary lines that are over 6 inches in diameter, lift stations or lift pumps, sump, trash or grinder pumps or storm sewer lines, repairing or replacing a meter(s)
- d) Any damage/cleanup to the inside of the home, including personal property, or replacement or "matching" of any floor covering or affected area. Restoration does not include landscaping services, such as replacing trees, sod or shrubs or repairing private paved and/or concrete surfaces, walkways leading to the home, or structures on your property.

### Who replaces landscaping if damaged?

USP will provide basic restoration to the site. This includes filling in the holes, mounding the trench (to allow for settling) and raking and seeding the affected area. Restoration does not include replacing trees or shrubs or repairing private paved/concrete surfaces. This is outlined in the terms & conditions sent to the customer.

### Doesn't Homeowner's Insurance cover this type of repair?

Typically, no. Most homeowner policies will pay to repair the damage created by failed utility lines but they generally do not pay to repair the actual broken pipes or lines. We encourage you to call your insurance company to determine your actual coverage.

## **EXHIBIT 3-A**

### What building codes will you adhere to?

If the line is broken and leaking, USP will repair or replace the leaking portion of the line according to the current code. However, USP is not responsible for bringing working lines up to code that are not in need of repair.

### How will customers know what is covered?

All customers receive a set of terms and conditions upon enrollment in a utility warranty program. They have 30 days from the date of enrollment to cancel and receive a full refund.

## **BENEFITS**

### How much will residents save by using this warranty program?

While costs of water line and sewer line repairs can vary, the average cost of repairing a broken water line or sewer line may range from \$1,200 to over \$3,500.

### Will this program cost the city any money?

Not a cent. USP pays for all marketing materials and program administration. Furthermore, USP will pay the city a royalty for every resident that participates in the program!

### What benefit does the city receive from endorsing these programs?

By endorsing the USP programs, the city is able to reduce resident's frustration over utility line failures by bringing them low-cost service options. 96% of survey respondents say that their image of the city is enhanced because the warranty program is offered as a service by the city. These programs also generate extra revenue for the city through the royalty that is paid by USP to the city. Finally our programs help to stimulate the local economy. USP only uses local contractors to complete the repairs, which helps to keep the dollars in the local community.

## **PROGRAM**

### How are our homeowners notified of the program?

USP mails each resident a campaign letter which outlines the cities' endorsement, followed by a reminder letter two weeks later to ensure the highest response rate. USP only solicits through direct mail — no telemarketing is ever employed. All homeowners will have the option to enroll in the program, regardless of the age of their residence.

### What cooperation will be needed from the city?

USP desires to enter into a co-branded marketing services agreement with each city. The agreement provides for the use of the city name/logo, in conjunction with USP's logo, on marketing materials sent to citizens. The city is endorsing USP as the service provider for the warranty program.

### When do you solicit residents?

Through the years, we have found the optimal times to invite citizens to participate are in the Spring and Fall of each year. USP will sell or rent the names of prospective customers or participants.

## **RESPONSIBILITIES**

### Who administers the program?

Utility Service Partners (USP) administers the program and is responsible for all aspects of the program including marketing, billing, customer service, and performing all repairs to local code.

### **EXHIBIT 3-A**

#### **What are the city's responsibilities?**

We ask each city to work with USP to provide the following; 1) a copy of the city seal, if available, for the solicitation letterhead 2) the city's return address for outer envelope (this ensures a high "open-rate") 3) the name, title and signature sample of the designated solicitation signor and 4) the appropriate zip codes of the city to allow USP to purchase a mailing list of the residents.

#### **Why does the city have to provide a city seal, address and signature?**

We have found that while the letter is written in such a manner as to leave no doubt that it is a USP program (the USP logo is on the enrollment form), the city address drives a very high "open-rate" and the city seal and signature lend credibility to the offer, thus driving a much higher enrollment rate.

#### **Will we get a lot of calls from citizens when they get the letter?**

A press release provided by USP and issued prior to the first mailing will help alleviate citizen concerns, which should result in nominal calls to city hall.

### **CUSTOMER SERVICE**

#### **What is the claims process?**

Program participants call a toll-free USP number to file a claim. USP selects the contractor, who is required to contact the customer within one hour of receiving the job to schedule a time to begin the repairs. Typically, repairs are completed within 24 hours. Emergencies receive priority handling.

#### **Will a citizen have a long hold time when reporting a claim?**

No. Repair calls receive the highest priority and are answered 24/7. Repair calls are connected to a live agent through a voice recognition unit (VRU).

#### **Will the customer always get a live operator when they call?**

Yes. Customers are directed to select to speak with either a service or claims agent and will then be directed to a live Agent.

### **CONTRACTORS**

#### **Who performs the repair work?**

USP retains local, professional plumbers to perform all the service line repair work.

#### **How selective are you when choosing contractors to conduct repairs?**

USP only selects contractors who share our commitment to excellence in customer service. Scorecards are maintained for each contractor, tracking the customer satisfaction rating for work performed. Customer feedback is shared with our contractors and any contractor with a low customer satisfaction rating is removed from the network.

**EXHIBIT 3-A**



Case Study

## **A PARTNERSHIP WITH BECKLEY, WEST VIRGINIA**

Beckley, West Virginia is a city with a population of 20,000 residents located in southern West Virginia and is the central hub of Raleigh County. Like many cities in the country, Beckley is looking to create an environmentally conscious community while, at the same time, dealing with important budget issues.

In June 2009, Beckley hosted a workshop, sponsored by Utility Service Partners, Inc., discussing "Bottom Line Green." 'Green' has become a new buzzword today, and everyone is making a claim that their program or product is good for the environment.

### **Can a utility line warranty program contribute to a cleaner planet?**

Leaking water pipes waste millions of gallons of treated water each year. Wasted drinking water has to be recaptured and retreated by the local municipal water system. Leaking sewer lines pollute ground water and acres of land. The re-treating of water can waste energy and resources, contributing to increased carbon emissions and lost revenue for the city. And citizens become frustrated when they learn that they are responsible for repairing — and paying for — broken or leaking pipes.

USP's program offers cities a solution that ensures timely repairs to broken homeowner water and sewer lines, thereby conserving water resources and minimizing waste water pollution. For a small monthly fee paid by the homeowner, USP offers around the clock repair service, with access to a live representative and prompt service performed by local, certified technicians. A cleaner planet, a happier citizen.

### **Is the program difficult to implement?**

Beckley Mayor Emmett Pugh was intrigued. *"The mayor approached us right after the session and asked for more information. He wanted to know more about how this kind of a program could benefit the city"*, said Brad Carmichael, Vice President, Business Development.

Were there strings attached? How much would it cost the city to implement? Would the city have to find the manpower to help get the program off of the ground? The answer is No.

No strings attached. No cost to the city to implement. USP covers all of the costs to promote the utility line warranty program to the local citizens. In terms of city involvement, USP simply needs a few pieces of information, including the city seal, return address and the official's signature for the communication. It's that simple. USP's solution is designed for fast turnaround with little impact to city government.

**EXHIBIT 3-A**



### EXHIBIT 3-A

Mayor Pugh was pleased with the company's approach. *"Working with USP is really easy. They take care of everything — marketing, billing, and customer service. All we had to do was review and approve the letter to customers."*

By October 2009, Beckley had contracted with USP to offer the utility line warranty programs to its citizens, and the first marketing campaign, a sewer line warranty offer, was mailed to Beckley households the following spring.

The program was a tremendous success. *"We were delighted with the response from our citizens."* Mayor Pugh commented on the results of the first campaign. *"Providing a service to our residents which helps them avoid costly repairs, that's something they really appreciate".*

The Service Line Warranty program is a timely solution for cities like Beckley, West Virginia and many others across the United States. By sharing in a portion of the revenues collected from this program, cities can relieve some of the strain caused by shrinking revenues and increasing costs. The program also offers cities the opportunity to enhance their image by providing an additional service that benefits their residents.

**EXHIBIT 3-A**