



Golden Members Association Membership Agreement

StrucSure Home Warranty
Express Limited Warranty Coverage Program

Insured By: Golden Insurance Company, A Risk Retention Group

Among: _____
Member Name (type or print)

Address

Golden Members Association (GBA)
StrucSure Home Warranty, L.L.C. (SHW)
6825 East Tennessee Avenue, Suite 410
Denver, CO 80224-1628 • 1.877.806.8777

and

Golden Insurance Company, A Risk Retention Group (GIC)
8390 E Crescent Parkway, Suite 200
Greenwood Village, CO 80111

StrucSure Home Warranty ("SHW"), Golden Builders Association ("GBA") (as administered by StrucSure Home Warranty), and Golden Insurance Company ("GIC") (a risk retention group), and the Member, intending to be legally bound and in consideration of the mutual promises set forth in this Agreement, the receipt and adequacy of which is hereby acknowledged, covenant and agree as follows:

A. Application, Membership and Terms

1. The Applicant hereby concurrently applies for Membership in the GBA, the StrucSure Home Warranty Member's Express Limited Warranty Coverage Program ("SHW Program"), and Golden Insurance Company (GIC). Member represents that all information supplied in the Member Application and any supplemental information is true and correct. Upon execution of this Agreement, GBA, GIC, and SHW will approve and accept Member to participate in the SHW Program, as a Member of GBA, and as a Member of GIC. Applicant's Membership in GIC becomes immediately activated upon Member's initial project enrollment in the SHW Program. Member, SHW, GBA, and GIC (hereinafter collectively referred to as the Parties) agree that GIC, as named on the Certificate of Insurance, is an express third-party beneficiary of the Member's obligations herein and SHW's rights under this Agreement.
2. Member agrees to abide with all rules applicable to the SHW Program as a Member of GBA. Upon acceptance, Member may represent themselves as participants in the SHW Program and may apply for coverage on each Member project.
3. The term of this Agreement shall be for twelve (12) months from the date of acceptance by SHW and will remain in effect until the last day of the twelfth month. Prior to the expiration of the term of this Agreement, Member may apply for re-registration. Upon approval by SHW, Member may continue as a participating Member for another year. Should Member not re-register, then the conditions in Section F regarding cancelled Membership shall apply.
4. Upon approval, Member is authorized to represent Membership in GBA and participation in the SHW Program to the public, by use of the SHW logo and marketing materials. Member shall not make any representations concerning GBA, SHW, or GIC that are not specifically expressed within the Express Limited Warranty Coverage Booklet, the Enrollment Application, and promotional material provided by or pre-approved by SHW. Member agrees to indemnify and hold harmless GBA, SHW, and GIC from any statement, act, or omission by Member which misrepresents any SHW promotional material, the SHW Program, the provisions of the Express Limited Warranty Coverage, or the applicable Enrollment Application.

5. Member shall remit a non-refundable initial registration fee in an amount specified by SHW and an annual re-registration fee for each subsequent one-year Membership.
6. SHW reserves the right to modify warranty coverage as it applies to future enrollments, and Member agrees to abide by all provisions of the applicable Express Limited Warranty Coverage Booklet provided to the Warranty beneficiary. The Warranty beneficiary is the person(s) or company whose name(s) appear on the project Enrollment Application.
7. Member shall have no liability for the corporate obligations of SHW, GBA, or GIC and shall not be subject to assessments by any of the foregoing.

B. Enrollments and Inspections

1. Member agrees to enroll projects in compliance with the enrollment procedures set forth by SHW. All enrollment requests must be filled out completely and must include any information requested by SHW. Member agrees that all projects to be enrolled in the SHW Program comply with all applicable federal, state, and local laws (including the locally adopted building codes), all applicable engineering or design professional specifications and recommendations, any Construction Quality Standards and/or Performance Standards shown within the applicable Express Limited Warranty Coverage Booklet, and any special requirements which may be established by SHW. If a project is not constructed in compliance with these standards, then Member shall assume full liability for the entire warranty period for any warranty claims that may arise. SHW may establish special standards, conditions, and tests, including requirements for escrow payments or other methods of protection with respect to some projects constructed in areas considered high risk by SHW, at SHW's sole discretion.
2. Subject to its sole discretion, SHW may choose not to enroll a project into the SHW Program. A Warranty shall not be provided if:
 - a. the Member fails to remain in good standing with GBA and SHW;
 - b. the Member is in a probationary or suspended status;
 - c. the project is not constructed in accordance with SHW Construction Quality Standards and/or Performance Standards;
 - d. the project was not enrolled in accordance with the procedures set forth herein; or
 - e. upon determination by SHW that such project presents an unreasonable risk exposure.

If SHW elects not to enroll a project, it shall provide notice to the Member, at Member's last known address. It is the Member's duty to notify the warranty beneficiary.

3. SHW provides a warranty and not insurance. This warranty does not replace General Liability Insurance or Homeowner's Insurance.
4. Model homes must be warranted by the end of the first year of use as a model home. Such warranty shall be issued to the Member and the unused portion shall automatically transfer to the first buyer. SHW shall supply Member with all applicable paperwork, including an Express Limited Warranty Coverage Booklet, for every project enrolled in accordance with SHW's enrollment procedures. Member shall be responsible for delivering the Express Limited Warranty Coverage Booklet and executed copy of the Enrollment Application to the warranty beneficiary (i.e., homeowner), as well as returning to SHW the Enrollment Application (executed by the warranty beneficiary) including any additional requested information within fifteen (15) days. SHW is under no obligation to provide warranty coverage on any project unless Member is in good standing and all SHW requirements have been met.
5. Member agrees to abide by and cooperate with all inspection requirements established by SHW. Member agrees to cooperate with all inspections performed by SHW-approved engineers, fee inspectors, and SHW staff inspectors. Subject to SHW's sole discretion, SHW may choose to accept inspections performed by private inspection agencies or governmental inspection departments. It is Member's responsibility to have projects inspected if necessary and to pay all inspection and certification fees as may be required. SHW reserves the right to inspect or cause to have inspected any project that Member proposes to enroll in the SHW Program.
6. If applicable, all fill materials placed by Member under and around the foundation of the enrolled project must be uniformly compacted throughout the complete depth of the fill to the density specified by Member's registered Professional Engineer. Fills must be free of all organic and metallic materials that deteriorate over time and in the presence of moisture. Member must have their registered Professional Geotechnical Engineer perform soil tests on all purchased land to confirm fills or suspected fills are uniformly compacted to the density as specified throughout the complete depth of the fill. Natural soil under any fill must have sufficient strength and density to support the load of the fill, without total consolidation exceeding that which may cause Major Structural Defect damage to the home. All design and testing results for fills under and around homes or remodeling projects to be enrolled in the SHW Program must be provided to SHW, and must demonstrate confirmation of placement and testing. Member is solely responsible for any structural damage that occurs to homes placed on fill or natural soils that do not meet the requirements herein. Member shall indemnify and hold SHW, GBA, and GIC harmless for any losses cause by settlement of fill or natural soils that fail to meet the above criteria.
7. For Members completing new construction:
 - a. Member must enroll all individual units in a multi-unit building, such as a duplex, townhouse, or condominium, for each unit therein to be eligible for coverage. Failure to enroll all units will void coverage as to the entire building. Condominiums must be evaluated and approved by SHW prior to enrollment. Condominium is defined as "two or more dwelling units constructed in such a manner that the structural framing on one unit relies on the construction of the adjacent unit; or where the HVAC, mechanical, plumbing or electrical systems are shared by two or more units and are contained within the

structure; or where two or more units share a common access to the building contained wholly within the building.” Stacked units are considered condominiums.

C. Subscription Agreement

1. Golden Insurance Company, a Risk Retention Group (“GIC” or for purposes of this section C “the Company”), is a Nevada stock captive insurance company that qualifies as a risk retention group pursuant to the Liability Risk Retention Act of 1986 (the “LRRRA”). The Company was organized in 2001 as a stock risk retention group under the laws of Nevada. Since 2001, the Company has successfully amended its business plan to provide comprehensive general liability insurance, excess liability insurance, and primary insurance coverage for its Members. The Company is registered as a risk retention group in numerous states.
2. Under the provisions of the LRRRA, all insured policyholders must also have an ownership interest in the risk retention group. Likewise, each entity with an ownership interest in a risk retention group must also be an insured policyholder of the risk retention group. Status as an insured policyholder of the Company is available to qualifying Members who become shareholders and provide, in connection with some insurance coverage, additional paid-in capital to the Company.
3. A single share of common stock representing the required ownership interest in the Company as a risk retention group has a par value of one cent (\$0.01). A required capital contribution to be allocated to additional paid-in capital is necessary for participation in the comprehensive general liability, excess liability, and primary liability re-insurance coverages as a Member. It is not anticipated that there will be any public or private market for the shares of the Company. Shares may not be sold, pledged, hypothecated, donated, or otherwise transferred, other than as a part of a sale of a Member’s business, whether or not for consideration, or by repurchase and redemption of the shares by the Company.
4. Pursuant to the LRRRA, shares offered hereby have not been registered under federal or state securities laws. THE SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION, OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS AGREEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.
5. This Agreement is intended solely to furnish information to prospective policyholders and is not construed as containing legal, business, or tax advice. Each prospective policyholder and its counsel and advisors should carefully review this Agreement in its entirety before deciding to participate as an insured of the Company.
6. No person has been authorized to give information or make representations other than those contained herein and, such information or representations if given or made, must not be relied upon by prospective policyholders. This Subscription Agreement contains summaries of various agreements, documents, statutes, rulings, and regulations. Such summaries do not purport to be complete and are qualified in their entirety by reference to the original agreements, documents, statutes, rulings and regulations mentioned herein and the definitions contained therein. To the extent not provided herein, such documents and any other information concerning the Company and participation as a policyholder of the Company therein will be provided to any prospective policyholder upon written request to the Company.
7. No person should become a shareholder and contribute capital or surplus to the Company without having first studied this entire Subscription Agreement carefully. Prospective common shareholders are not to construe the contents of this Subscription Agreement as legal, business, or tax advice. Each prospective shareholder interested in ownership should consult its own counsel and accountant as to legal, tax, and related matters concerning ownership. No offering literature or advertising in whatever form other than this Subscription Agreement shall be employed in the offering of common stock ownership in the Company.
8. **SUMMARY:** The following is a summary of certain information contained in this Agreement. This summary is qualified in its entirety by reference to the more detailed information appearing elsewhere in this Agreement or referred to herein.
 - a. **Background**

The Company was incorporated in Nevada in 2001 as a stock captive qualified risk retention group. The Company was initially organized to provide insurance coverage for Members offering ten year warranties on new homes. The initial capital of the Company was provided by StrucSure Home Warranty, LLC (“SHW”) operating as a warranty administrator to the Company and providing various additional services pursuant to the written agreement. In 2004, the principals of SHW organized a Cayman British West Indies captive insurance company to provide reinsurance coverage for the Company known as Four Points Re, SPC, Ltd (“Four Points”). Because Four Points is a Cayman domiciled captive insurance company, it is an unauthorized reinsurer in Nevada. To meet the requirements of Nevada’s insurance laws, Four Points issued a Letter of Credit to the Company in the amount of \$500,000 which is equal to the per occurrence and aggregate limit of its reinsurance. In connection with warranty and comprehensive general liability related coverages, Four Points provides primary reinsurance protection for the Company under a plan of operation submitted and approved by insurance regulators with the Nevada Department of Insurance.
 - b. **Risk Retention Group**

A risk retention group is a privately-owned insurance company that complies with the Liability Risk Retention Act of 1986 (“LRRRA”), as amended. Under the provisions of the LRRRA, all insured policyholders must also have an ownership interest in the risk retention group. Likewise, each entity with an ownership interest in a risk retention group must also be an insured policyholder of the risk retention group. Policyholders in a risk retention group are required to be in the same, similar, or related lines of business to achieve a similarity of risks among policyholders. Pursuant to the LRRRA, risk retention groups are afforded certain statutory exemptions which conventional insurance companies do not receive. Risk retention groups

may only insure liability exposures. Property insurance coverage and workers' compensation and employers' liability insurance may not be offered by a risk retention group. The comprehensive general liability exposures of Members and Members engaged in the construction of housing are liability exposures that may be insured by a risk retention group.

c. The Offering

The Company is offering an ownership interest in the form of a common share to qualifying Members. Ownership of a single share of common stock by a Member creates the required ownership interest to allow the Company, as a risk retention group, to issue an insurance policy to the Member. No Member may hold more than a single share of the common stock of the Company. SHW, in exchange for providing the initial capital and surplus of the Company, owns 99% of the issued and outstanding shares of the Company. As an owner, SHW is an insured of the Company. The remaining 1% of the issued and outstanding shares is held by Member policyholders.

d. Risk Factors

The investment by policyholders is limited to one cent (\$0.01) in exchange for a single share of common stock plus a required capital contribution allocated to additional paid-in capital of the Company for certain coverages offered by the Company. The shares of the Company have no readily marketable investment value and will not gain such value by reason of capital contributions or accumulated earnings. Additional paid-in capital becomes an asset of the Company and may not be returned or refunded to policyholders except by determination of a validly appointed liquidator in the event of dissolution of the Company and then only to the extent of the percentage ownership of the policyholder in the Company. The following factors, among others, should be considered by prospective policyholders: the risk of underwriting losses; the lack of dividends; forfeiture of any capital contribution and forfeiture of a share of the earned surplus on termination of Membership; no assurance of renewal coverage; the potential loss or unavailability of reinsurance; and governmental regulation and possible changes in state or federal law.

e. Ownership of the Company: Dividends

An ownership interest in the Company is required of all Members who wish to obtain liability insurance coverage from the Company. It is not anticipated that policyholders will ever receive a dividend. Upon the dissolution and liquidation of the Company, the common stock shareholders of record will be entitled to a share of the equity capital of the Company limited to their respective ownership interest. Common stock shareholders are not assessable for additional capital beyond the required capital contribution for participation in the some of the liability insurance programs offered by the Company.

f. Eligibility

Participation as a policyholder of the Company is limited to qualified Members. There can be no assurance that a particular Member will meet or maintain eligibility or underwriting criteria to qualify for or continue as a policyholder of the Company.

g. Application Procedures

A Member wishing to participate as a policyholder must submit a completed Application and such additional information as may be requested by the Company or by its service providers.

h. Liability Risk Retention Act of 1986

The Company qualifies as risk retention group under the LRRRA. The LRRRA amended legislation originally enacted by Congress in 1981 to address the high cost or unavailability of product liability insurance and was intended to encourage alternatives to the conventional and traditional liability insurance markets. The LRRRA facilitates the formation of risk retention groups by removing significant obstacles posed by state insurance and securities laws and regulations and federal securities laws.

Pursuant to the LRRRA, a risk retention group is generally defined as a state chartered and licensed liability or casualty insurance company organized for the primary purpose of assuming and spreading the liability exposures of its owner policyholders. Three of the principal requirements of the LRRRA are: (i) each insured must be an owner of the Company; (ii) each owner must be provided insurance from the Company; and (iii) all policyholders must be exposed to similar or related risks by virtue of being engaged in similar or related trade or business activities.

As a risk retention group, the Company benefits from the provisions of the LRRRA limiting insurance regulation by states other than Nevada and granting exemptions from registration under state and certain federal securities laws. In particular, the LRRRA permits risk retention groups organized and approved under one state's insurance laws and regulations to operate nationally in each of the fifty states and the District of Columbia upon compliance with certain registration, notification, procedural, and other such requirements.

9. RISK FACTORS: The common shares offered herein will have no readily marketable investment value. No person or business entity should consider participation with the expectation of realizing any gain from such participation apart from the ability to obtain comprehensive general liability insurance coverage. Participation should be considered only after careful evaluation of the following risks and other factors set forth elsewhere in this Agreement.

a. Risk of Underwriting Losses

Liability insurance is characterized in general by fluctuations in claim experience, underwriting profitability, and loss. The following factors, among others, may have an adverse impact on the underwriting profitability, or loss, of the Company: (i) increased claims frequency, and increased loss severity on claims; (ii) the availability of reinsurance for the risks underwritten by the Company by Four Points or some other reinsurer which assists the Company in spreading its risk of loss; (iii) the lack of diversification of underwriting risks; and (iv) the common ownership and control of Four Points acting in its capacity as a reinsurer of the Company.

The Company's underwriting profitability, if any, will be substantially dependent upon the premiums and the underwriting experience of the Company. Although it is anticipated that the premium charged by the Company will reflect the loss

experience of the Company, there can be no assurance that the premium rates and investment income will in fact be adequate if the frequency and severity of actual losses substantially exceed the levels estimated. Substantial losses could deplete the Company's assets with the result that: (i) the Company may not be able to pay claims; (ii) the Company may lose its Certificate of Authority to underwrite insurance in Nevada and other states; or (iii) reinsurance may not be available to the Company through Four Points or any other reinsurer.

b. No Distributions to Common Shareholders

The Company does not anticipate making any distribution or dividend to shareholders regardless of whether or not an operating profit is realized.

c. Lack of Liquidity

Common shares are not transferable independent of a transfer of the Member's business under any circumstances. No public or other market will develop for the Company's common shares. It is anticipated that there will be no refunds of capital or surplus or payments of any other nature made upon any common shareholder's termination of participation in the Company.

d. Dependence on Investment Returns

The Company will rely to a certain extent on investment income for its operating funds. The investment of the Company's funds will be under the control of the Board of Directors. Although the Company's investment philosophy will stress the diversification of risk and sufficient liquidity and meet Nevada's statutory restrictions for insurance company portfolios, the Company's investments will, nevertheless, be subject to normal market risks, as well as the risks inherent in the individual investments which are made by the Company.

e. Potential Unavailability of Additional Capital

Although it is anticipated that the initial capital contribution and required additional capital contributions for participation in the comprehensive general liability insurance program, together with premiums, interest and other income, will be sufficient to cover the liabilities of the Company, there can be no assurance that such additional funds will not be required. Should the Company need additional funds, there can be no assurance that such additional funds will be available or that they will be available on acceptable terms.

f. No Assurance of Premium Stability or Renewal of Policy

Future premiums are dependent, in part, on claim experience and the financial performance of the Company. Premiums are subject to change and may increase as a function of the needs of the Company. There can be no assurance any policy will be renewed upon expiration of the policy's term.

g. Potential Unavailability of Reinsurance

While the Company intends using Four Points as its primary reinsurer, there can no assurance of the continued ability of the Company to contract with Four Points to provide reinsurance to the Company. Market conditions have limited the availability of reinsurance for insurance companies providing the types of coverage offered by the Company. There is no assurance that reinsurance from Four Points or an unrelated reinsurer will continue to be available to the Company. The loss of reinsurance at a future date could have a materially adverse effect on the ability of the Company to sustain operations. Finally, in the event Four Points or any other reinsurer should fail to meet its obligations under a reinsurance agreement between themselves and the Company, the Company would remain liable for the full amount of the insured claims, thereby incurring unanticipated loss.

h. Regulation and Changes of Law

The Company will be subject to continuing regulation by the Nevada Department of Insurance, which has the authority to impose significant limitations on the Company's ability to do business. Furthermore, the operations of the Company may be affected by changes in applicable law, whether statutory or otherwise. There can be no assurance that the LRRRA, the relevant provisions of Nevada's insurance law, or other applicable laws will not be amended in the future. Such changes may adversely affect the Company's ability to provide the insurance coverage previously provided. The Company may be subject to additional regulation in certain situations by the insurance regulatory authorities in other states where participants undertake their construction activities or otherwise perform their services.

i. Unavailability of Insolvency Guaranty Funds

Under the LRRRA, states may neither require nor permit a risk retention group to participate in an insurance insolvency guaranty association; the Nevada insurance law also contains a similar provision. Thus, the Company will not be required or permitted to contribute funds to or receive the benefits of such an association. Accordingly, the benefits of participating in an insolvency guaranty association will not be available to the Company in the event of its insolvency.

j. Dependence on Others for Management

The Company contracts with independent managers for some of the operational functions of the Company.

10. THE COMPANY:

a. Organization

The Company is organized as a stock captive risk retention group under the insurance and relevant corporate laws of Nevada and qualifies as a risk retention group under the Liability Risk Retention Act of 1986.

b. Principle Place of Business

The Company maintains its principal and customary accounting and insurance records at:
Golden Insurance Company, A Risk Retention Group, a Nevada corporation
8390 E. Crescent Parkway, Suite 200 • Greenwood Village, CO 80111 • 303.388.5688

c. Ownership

The Company is organized as a stock captive risk retention group and is owned in its entirety by its shareholders whom are also its insured policyholders. The LRRRA and the Nevada insurance laws require that each policyholder must be an owner of the Company and that all owners of the Company also be insured policyholders. StrucSure, in exchange for providing the initial capital and surplus of the Company, owns 99% of the issued and outstanding shares of the Company. As an owner, StrucSure is an insured of the Company. The remaining 1% of the issued and outstanding shares is held by Member policyholders.

d. Investment Policy

The investment policy of the Company stresses diversification of risks and liquidity matched to anticipate claim activity. Although important, return on investment will not be given greater importance than liquidity. The provisions of Nevada's insurance laws limit investment by the Company to certain types of qualifying investments. Nevada's insurance laws further limit the proportional holding by the Company of any one type or category of qualifying investment.

e. Dividend Policy

Common shareholders of the Company should not anticipate any dividend or distribution by the Company. Nevada insurance laws may act to limit or place certain restrictions on the payment of dividends or other distributions to common shareholders.

f. Financial Reporting

As required by the insurance laws and regulations of Nevada, including generally accepted statutory insurance accounting practices, the Company establishes and maintains reserves to meet its obligations to policyholders which are carried on its books as liabilities. Reserves are calculated based upon advice by an independent actuarial firm retained by the Company. As required by the LRRRA, the Company files all required financial statements including a statement certified by an independent public accountant and a statement of opinion on loss and loss adjustment expense reserves made by a Member of the American Academy of Actuaries. Copies of the Company's annual financial statements are available to policyholders upon written request to the Company.

11. **MANAGEMENT:** The affairs of the Company are directed by its Board of Directors, who in turn appointed the Officers of the Company pursuant to the applicable and relevant provisions of Nevada's corporate governance laws and the Company's Bylaws.

Corporate Administration - The Company relies upon the services of outside professionals who provide management and advisory services as independent Members. Some professional services are provided to the Company by SHW under separate agreements. Traditional insurance services and functions necessary for the management of the Company are provided by an independent organization known as Beecher Carlson with offices in Colorado. Services provided by Beecher Carlson include maintenance of all written records; maintenance of accounting records; preparation of periodic financial statements; disbursement of monies; reconciliation of accounts; assistance in the establishment and maintenance of underwriting standards; certain claim administration functions; advisory services with respect to reinsurance; and communication with insurance regulators as necessary.

12. **MEMBERSHIP:**

a. Membership Agreement

Each common shareholder will be required to execute a certain Master Membership Agreement setting forth the various restrictions and prohibitions on the transfer of common shares. The Master Membership Agreement also sets forth provisions on capital contributions, dispute resolution, and proxy provisions for participation in annual meetings of the shareholders, among other provisions.

The LRRRA requires all shareholders to be policyholders of the Company, and vice versa. Therefore, the shares of the Company cannot be transferred to any other entity. If a shareholder's insurance coverage provided by the Company is terminated, cancelled, or lapses for any reason, the shareholder's status as such will terminate automatically. Should this occur, shareholders are required to surrender their shares to the Company as provided in the Company's Bylaws and in the Master Membership Agreement.

The Company is required to redeem shares held by its shareholders who fail to maintain their eligibility as such, or their status as policyholders terminates for any reason whatsoever. The redemption price shall be one cent (\$0.01).

A shareholder's status as such automatically terminates upon the cancellation, termination, or lapse of the shareholder's policy of insurance for whatever reason. A shareholder may also voluntarily terminate their status as such, provided such termination is in accordance with the shareholder's policy of insurance, the Company's Articles of Incorporation, Bylaws, Master Membership Agreement, and/or applicable Nevada law.

b. Meetings of Shareholders

Shareholders may appoint GBA to vote shares in the Company at any annual or special meeting of the shareholders by revocable proxy. GBA is organized as a Colorado Nonprofit Unincorporated Association. The use of an underlying association to which all Members must belong was a condition of licensure required Nevada insurance regulators. GBA is administered by the officers of the Company. Any such proxy as described above will remain effective until the earlier of the date the shareholder no longer owns its shares in the Company or seven (7) years from the date of execution of the proxy, or such shorter or longer period as permitted under law.

c. Rights on Termination of Participation and Dissolution

It is possible that the Company could become financially impaired or insolvent. In this event, the Company would most likely be liquidated and/or dissolved by the Nevada Commissioner of Insurance pursuant to Nevada insurance law. Under Nevada's insurance law, and upon an order from the court, the Commissioner of Insurance, acting in the capacity as a

liquidator, would become vested with title to all of the Company's property, contracts, rights of action, and all books and records, by operation of law. This would include the Company's assets existing at the time of liquidation. In other words, if the Company were liquidated, the Company would effectively lose control over the operations of the Company and all books, records, property, assets, contracts, and rights of action once owned by the Company would be "owned" and controlled by the liquidator. The liquidator would then be required to take whatever action he/she deems necessary for the protection of the Company's policyholders, claimants, creditors, and the public in general, which would include but not be limited to, running off any remaining business of the Company, paying creditors, settling claims, and such other actions as are necessary.

13. REGULATION:

a. Insurance Regulation

The Company is subject to extensive regulation by Nevada insurance regulators. Such regulatory powers include: (i) the granting and revocation of a Certificate of Authority to provide comprehensive general liability coverage; (ii) setting standards of solvency that the Company must maintain; (iii) establishing paid in surplus and reserve requirements; (iv) determining the form and content of financial statements; (v) authorizing the types and amounts of investments the Company can make; and (vi) approving changes to the Company's leadership, ownership, and business plan. Applicable insurance law also requires the Company to file detailed annual reports, and its accounts are subject to examination by Nevada insurance regulators at any time. The Company also is subject to periodic financial and regulatory compliance examinations. The regulatory powers of the Nevada Insurance Department are primarily for the benefit of those who are insured by the Company. Failure to comply with applicable legal or regulatory standards could result in monetary penalties and/or the suspension or revocation of the Company's Certificate of Authority.

Pursuant to the LRRRA, the Company is largely exempt from regulation by the Department(s) of Insurance of states other than Nevada, the Company's state of domicile. There are certain exceptions in the LRRRA, however, that permit the departments of insurance of non-domiciliary states in which the Company operates to require the Company to comply with certain tax laws applicable to insurers, comply with certain registration and examination requirements, and comply with certain other state laws or regulatory requirements. However, and in the event of insolvency, policyholders of the Company will be unable to take advantage of the insurance guaranty funds of any state, including the guaranty fund of Nevada. If the Company seeks to do business in any other state, the Company will become subject to the insurance laws and regulations of such other state to the extent those laws or regulations are not preempted by the LRRRA.

b. Securities or Other Regulation

Under the LRRRA, ownership interests in a risk retention group are: (i) considered to be exempt securities for the purposes of Section 5 of the Securities Act of 1933 ("Securities Act") and for purposes of Section 12 of the Securities Exchange Act of 1934 ("Securities Exchange Act"); and (ii) considered to be securities for purposes of the provisions of Section 17 of the Securities Act and Section 10 of the Securities Exchange Act. The ownership interests of the Company will be exempt from federal securities law registration requirements but will be subject to the anti-fraud provisions of both the Securities Act and the Securities Exchange Act. With regard to state securities laws, the LRRRA provides that the ownership interests in a risk retention group are not "securities" for purposes of such state securities laws.

A risk retention group is not considered to be an investment company for purposes of the Investment Company Act of 1940.

14. TAXATION:

a. Federal Taxation

As an insurance company, the Company's tax liability will be governed by Section 831 of the Internal Revenue Code. The Company will be subject to federal tax at rates up to 34% on its underwriting and investment income. In the event that the Company does not write a significant premium volume then its tax rates may be lower.

In calculating its income, the Company will be required to discount loss reserves to account for the time value of money. The Company will also be required to reduce its deduction for losses incurred by 15% of the sum of tax-exempt interest and the deduction for dividends received (if any). The Company will be allowed a tax deduction for reinsurance premiums paid by it. The Company will treat its receipt of paid-in capital as non-taxable contributions to capital and not as premiums includable in gross income.

The Company is further subject to tax in one or more states where it does business. In some states, the taxation of insurance companies is much like federal taxation (although at lower rates) and in other states, the Company will be taxed based on the amount of premiums written from that state.

b. State Premium Taxes

The Company may be required to pay taxes on premiums written in the states in which it does business. Nevada's premium tax is in lieu of all other Nevada taxes and is paid only to the extent that premium has not been taxed elsewhere. If premium written by the Company is taxed by another jurisdiction, it will not be taxed again by Nevada.

c. Deductibility of Premiums

The Company believes that premiums paid for liability insurance purchased from the Company should be deductible if the premiums are ordinary and necessary business expenses, and so long as the coverage offered by the Company qualifies as "insurance" for federal income tax purposes. The Internal Revenue Service ("IRS") has previously issued rulings regarding what factors constitute the necessary risk shifting and distribution to qualify for deductibility. It cannot be predicted how the IRS or the courts will view the issue of premium deductibility in the future.

D. Warranty Obligations

- 1. GENERAL WARRANTIES.** Should a Member fail or refuse to perform their warranty obligations under the SHW Program, then GIC shall perform the Member's warranty obligations in accordance with the applicable Express Limited Warranty Coverage Booklet. If GIC fulfills Member's obligations or if GIC or SHW incurs any loss, cost or expense, by reason of Member's failure to perform hereunder or by reason of a dispute between Member and the warranty beneficiary, then Member shall reimburse GIC or SHW. Member shall reimburse GIC or SHW, upon demand, and regardless of whether Member is held liable to the warranty beneficiary. The costs which Member may be required to reimburse include, but are not limited to, cost of materials, labor, architect fees, engineering fees, attorney's fees, expert fees, and incidental expenses including lodging, transportation, and related expenses and collection cost of such reimbursement. Additionally, Member shall indemnify and hold harmless GIC and SHW against any and all sums due GIC and/or SHW hereunder if such sums are not paid within thirty (30) days of demand by GIC or SHW. Member shall pay interest to SHW or GIC as appropriate, at the rate of eighteen percent (18%) per annum on all sums due to SHW or GIC if such sums are not paid within thirty (30) days of demand. Member agrees and understands that it assumes all responsibility as a self-employed, independent Member to obtain at its sole expense all insurance, including, without limitation, workers' compensation and comprehensive general liability insurance. The Warranty available does not replace General Liability or Homeowner's Insurance.

TEN YEAR STRUCTURAL WARRANTY. GIC is the insurer of the Member's ten-year structural defect warranty, provided that with respect to each warranted Home or project, Member has complied with its warranty obligations, and with the provisions of this Agreement. GIC, in its sole discretion, shall decide whether to repair, replace or pay cost of repair, including, the manner and method of any repairs. Insurer shall only be liable for the cost of those repairs related to Major Structural Defects which GIC (or its administrator) investigates, designs and approves in writing.

E. Arbitration

- 1. Any and all claims, disputes and controversies by or between the Parties, Member or any combination thereof, arising from or related to this Membership Agreement, the SHW Warranty Program, including without limitation any unresolved complaint or claim made by a homeowner under an SHW warranty, any claim of breach of contract, and any allegations involving negligent or intentional misrepresentation or nondisclosure in the inducement, negligent execution or performance of any contract (including this arbitration agreement), breach of any alleged duty of good faith and fair dealing, and violation of any consumer protection law shall be resolved through binding arbitration. This arbitration agreement extends to and includes any dispute over whether a project was properly or actually enrolled in the SHW Warranty Program. Agreeing to arbitration means the Parties, including the Member, are waiving their right to a trial by a judge and/or a jury.**
- 2. To begin the arbitration process, the Member must give SHW written notice of its request for arbitration of the claim, dispute, or controversy at issue ("Unresolved Issue"). Within twenty (20) days after SHW's receipt of Member's notice of request for arbitration, any Unresolved Issue between or among the Parties shall be submitted to an independent arbitration service upon which Member and SHW agree. If Member and SHW cannot agree on an independent arbitration service, then both parties agree to use Construction Dispute Resolution Services (CDRS) for the arbitration. This binding arbitration is governed by the procedures of the Federal Arbitration Act, 9 U.S.C. 1 et. seq., as amended (FAA), and any rules of the independent arbitration service employed by the parties to the arbitration. Should any conflict exist between the FAA and the rules of the independent arbitration service selected, the FAA shall control. Member understands that should Member submit a request for arbitration, Member will be required to pay all arbitration fees to the independent arbitration service prior to the issue being presented to the Arbitrator. Member and SHW agree that the Arbitrator shall have the power to award the cost of any/all arbitration fees to any party or to split these fees among the parties to the arbitration.**
- 3. Since this Membership Agreement and the Express Limited Warranties require mandatory binding arbitration of Unresolved Issues, if any of the Parties commence litigation in violation of these agreements, such party shall reimburse the other parties named in the litigation for their costs and expenses, including reasonable attorney's fees, incurred in responding to and requesting dismissal or stay of such litigation. The parties to this Membership Agreement intend that no party to any arbitration hereunder may make a claim for punitive damages as part of the arbitration proceeding and that the Arbitrator shall not have the authority to award punitive damages to any party hereto.**
- 4. This arbitration agreement shall inure to the benefit of, and be enforceable by, the Member's subcontractors, agents, vendors, suppliers, design professionals, insurers, and any other person alleged to be responsible for any deficiencies or defects in or to the subject project. Any party shall be entitled to recover reasonable attorney's fees and costs incurred in enforcing this arbitration agreement. The decision of the Arbitrator shall be final and binding and may be entered as a judgment in any State or Federal court of competent jurisdiction.**
- 5. This arbitration agreement shall be deemed to be a self-executing arbitration agreement. Any disputes concerning the interpretation or the enforceability of this arbitration agreement, including without limitation, its revocability or voidability for any cause, the scope of arbitral issues, and any defense based upon waiver, estoppel or laches, shall be decided by the arbitrator.**
- 6. The initiation of or participation by any party in any judicial proceeding concerning this arbitration agreement or any matter arbitrable hereunder shall not be deemed a waiver of the right to enforce this arbitration agreement, and notwithstanding any applicable rule of law to the contrary, shall not be asserted or accepted as a reason for delay, to refusal to participate in, or to refusal to enforce this arbitration agreement.**
- 7. The arbitration hearing shall take place at or near the subject location unless both the claimant(s) and respondent(s) agree to hold the arbitration at a different location.**

8. SHW and GIC shall have the right, in advance of the arbitration proceeding, to re-inspect any project which is the subject of the arbitration proceeding if the request for arbitration was made more than sixty (60) days following the last claim decision of GIC or its administrator concerning such project. If applicable, no arbitration proceeding shall involve more than one single-family detached dwelling or more than one multi-dwelling unit building.
9. The Parties expressly agree that the subject warranty and this arbitration agreement involve and concern interstate commerce and are governed by the FAA and the rules of the independent arbitration service selected by the parties to the arbitration to the exclusion of any contrary or inconsistent state of local laws, ordinances, or judicial rules.
10. It is the responsibility of the parties to provide the Arbitrator with any information they would like the Arbitrator to review prior to arbitration.
11. If any provision of this arbitration agreement shall be determined by the arbitrator or by any court to be unenforceable or to have been waived, the remaining provisions shall be deemed to be severable and enforceable according to their terms. The duty to arbitrate hereunder survives the termination of this Membership Agreement and any relevant Express Limited Warranties.

F. Cancellation or Suspension of Membership

1. SHW may suspend or terminate Member's registration and Membership in the SHW Program and GBA, as well as the registration or Membership of any person or organization controlling, controlled by, or under common control with Member, if, in the opinion of SHW, Member:
 - a. Provided false information in connection with its application for initial registration or re-registration;
 - b. Failed to inform SHW of any: (i) adverse change in financial strength which could impair the ability of the Member to meet its obligations; or (ii) change in control of the Member. As used within this paragraph, "change in control" means a change in ownership, legal or beneficial, of 51% or more of the voting shares/interests in Member, whether by withdrawal, sale, or by operation of law (including, but not limited to a merger, consolidation, or re-organization), unless such change in control is a transfer to an affiliate. As used within this paragraph, affiliate means any corporation or entity which controls, is controlled by, or is under common control with Member, or with any entity that controls Member.
 - c. Does not construct project in conformance with any applicable Construction Quality Standards or Performance Standards;
 - d. Exhibits a lack of professional competence or unethical conduct with customers;
 - e. Fails to have required inspections or proof of inspection certification as required by SHW;
 - f. Fails to respond to a notification of a claim in accordance with the applicable Express Limited Warranty Coverage Booklet in a timely fashion;
 - g. Fails to enroll projects in a timely fashion;
 - h. Represents that an improperly enrolled or unregistered project is covered by the Express Limited Warranty;
 - i. Fails to cooperate in the arbitration process, fails to comply with a voluntary agreement with the homeowner or a decision rendered by the arbitration service, or fails to comply with a complaint or claim decision made by GIC or;
 - j. Otherwise fails to comply with the terms and conditions of this Agreement or the procedures of the SHW Program.
2. Member agrees to indemnify and hold GIC, SHW, and GBA harmless from any claims or damages which are proximately caused by any of the foregoing acts or omissions by Member.
3. Member may terminate this Agreement after the first year by giving written notice to SHW.
4. Should SHW believe there is reason to terminate Member's Membership in the SHW Program, it may immediately terminate Applicant's Membership giving written notice. No project constructed by the terminated Member may be enrolled during any period of termination, nor may Member represent Membership in the SHW Program during such time.
5. Upon SHW's cancellation or termination of an Applicant's Membership for cause, SHW shall have the right, at its option, to cancel or terminate the Membership of any other "affiliated Member" in which the terminated Member has an ownership interest of at least ten percent (10%) or in which the principals of the terminated Member serve as officers or directors.
6. No termination hereunder by GIC, SHW, or Member shall in any way affect or impair the rights and obligations of SHW, GIC, or Member under this Agreement with respect to any project enrolled in the SHW Program prior to termination, provided that as of the date of termination:
 - a. All applicable enrollment forms and inspection documents have been received and processed by SHW; and
 - b. Full warranty payment has been received by SHW.
7. Termination of Member's participation in the SHW Program or that of an "affiliated Member" automatically terminates Membership in GBA and Member shall have no rights with respect thereto other than rights set forth in paragraphs E.3 and E.4 hereof regarding projects enrolled prior to the termination date. Member acknowledges that shares shall be redeemable. All shares owned by Member shall be called for redemption and shall be redeemed by GIC upon the expiration of all insurance coverage issued by GIC for Member under the SHW Program as is necessary to maintain GIC's qualified status as a risk retention group under the Liability Risk Retention Act of 1986 (as amended). Shares called for redemption shall not be entitled to vote on any matter and shall not be deemed to be outstanding shares on and after the date on which written notice of redemption has been mailed to Member and such funds sufficient to redeem shares have been issued or deposited in an

appropriate financial institution or trust company with irrevocable instruction to pay Member the required funds as determined under the provisions in Section C, upon request of the Member.

8. Should SHW believe there is reason to suspend Member's Membership in GBA and hereunder, it may immediately suspend Member, by giving written notice and reason for such suspension. The suspended Member may not enroll any projects, nor may Member represent Membership in the SHW Program.

G. Additional Provisions

1. No Obligation to Defend. Member agrees to notify SHW and/or GIC if a legal proceeding has been commenced against the Member with respect to Member's warranty obligations. However, under the terms of this agreement, neither SHW nor GIC shall, under any circumstances, be obligated to defend or pay for the cost of defense of any lawsuit or arbitration proceeding initiated against the Member, by a Homeowner, or any other person, whether or not such lawsuit or arbitration proceeding relates to the warranty coverage provided under the SHW Program.
2. Member will indemnify and hold GBA, GIC, and SHW harmless from and against all claims and liability for losses, damages and expenses which they may sustain, incur, pay or be liable for by reason of any investigation, settlement, arbitration or litigation of any claim or action which may be raised, made or brought due to mold, fraudulently enrolled projects, or the use of fire retardant plywood.
3. All claims relating to the warranty coverage are intended to be settled by final and binding arbitration in accordance with the terms of the applicable Express Limited Warranty Coverage Booklet. Member acknowledges neither GBA, SHW, nor GIC have any responsibility for the defense of lawsuits or claims involving such asserted rights, or indemnification of loss sustained therein by Member. Member acknowledges neither GBA, SHW, nor GIC provide for the legal defense of any lawsuit brought by any Homeowner, successor, or assigns of the Homeowner or any other person against Member.
4. Member may not assign this Agreement without written consent of GBA, SHW, and GIC.
5. This Agreement is binding on the parties, their heirs, executors, administrators, successors, and assigns.
6. Failure of any party to insist upon compliance with any provision of this Agreement shall not constitute a waiver of the provision.
7. All notices required hereunder must be in writing and sent by certified mail, postage prepaid, or other such form of notice deemed acceptable by SHW to the recipient at the respective address shown herein or to whatever other address the party may designate in writing. Member must inform SHW of any change of address in writing.
8. Member acknowledges that SHW is an administrator and not a warrantor or insurer. Member agrees to indemnify SHW and hold SHW harmless from any loss or expense, including attorney's fees, if Member should ever claim otherwise.
9. Should arbitration or other legal action arise between the parties involving this Agreement, the other party shall reimburse the substantially prevailing party for reasonable attorney and expert witness fees. Should any provision of this Agreement be determined to be unenforceable by a court of competent jurisdiction, then that determination will not affect the validity of the remaining provisions.
10. Should a claim on a warranted project be made against Member, SHW, GBA or GIC, Member agrees to assign any rights it may have against supplier, manufacturers, subcontractors, or other people or entities for work performed or not performed in connection with such claim.
11. Events, such as, but not limited to: acts of nature or the public enemy, war, terrorism, riot, civil commotion, or government conduct, not caused by an entity obligated to timely performance, shall operate to extend the time period for such performance, but shall not act to extend the term(s) of warranty coverage(s).
12. Escrowed monies held by the Homeowner shall be considered separate and apart from, and cannot affect the terms of this Agreement or any warranty issued under the SHW Program.
13. This Agreement does not create an agency. Member is not an agent of SHW, GBA, or GIC, and Member and its employees are not authorized to hold themselves out as agents of SHW, GBA, or GIC. Member and its employees have no authority to bind or obligate SHW, GBA, or GIC. Member agrees to indemnify and hold SHW and GIC harmless against any and all expenses incurred and losses suffered, including, but not limited to, attorney fees by any of them as a result of Member's violation of this provision.
14. This Agreement, when properly executed, binds all parties, their successors, assigns and legal representatives to meet their obligations as previously stated herein for all projects enrolled by Member in the SHW Program.
15. This Agreement contains the entire understanding of the parties with respect to the SHW Program, and cannot be altered or amended in any way except by formal written instrument signed by all parties.
16. The obligations of GIC hereunder are secondary to any other applicable warranties and insurance such as casualty and property coverage.
17. The parties agree to be bound by their facsimile signatures.

MEMBER: _____
(Type or Print)

BY: _____
Signature Date of Execution

For: STRUCSURE HOME WARRANTY, L.L.C.:

BY: _____
Signature Date of Acceptance

For: GOLDEN MEMBERS ASSOCIATION:

BY: _____
Signature Date of Acceptance

For: GOLDEN INSURANCE COMPANY, A RISK RETENTION GROUP:

BY: _____
Signature Date of Acceptance

