

PARTICIPATION AGREEMENT: TYPE 1 CLAIM

This Participation Agreement is entered into between Connecticut Foundation Solutions Indemnity Company, Inc. (“CFSIC”) and _____ (“Homeowner”) on this ____ day of _____, 20___. (Please Note that if the Dwelling pertains to a condominium or condominiums, the “Homeowner” to this Participation Agreement must be the condominium association, or other legal entity with respect to both, that is responsible for the Dwelling’s foundation, or foundations to the extent multiple condominiums are represented, and that by signing this Participation Agreement, that party represents that it has the legal authority to speak and act for the affected owners of the condominium units and to enter into this Participation Agreement.)

WHEREAS, Homeowner has filed an application for a Type 1 (foundation replacement) claim with CFSIC regarding a crumbling foundation at Homeowner’s eligible residential dwelling located at: _____ (the “Dwelling”);

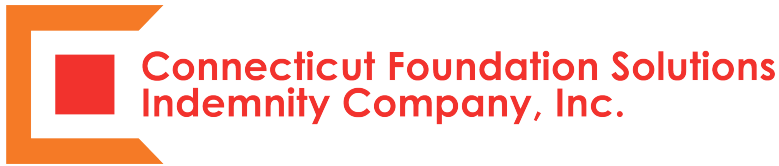
WHEREAS, CFSIC has determined, based on the information provided by the Homeowner, without independent verification, that Homeowner has met the claim eligibility requirements for a Type 1 claim for eligible expenses regarding the Dwelling’s crumbling foundation, and has been assigned CFSIC claim number _____;

WHEREAS, Homeowner has entered into the contract (the “Construction Contract”) attached hereto with the contractor (the “Contractor”) identified therein that is intended to replace the foundation of the Dwelling; and

WHEREAS, Homeowner has agreed to participate in the program established by CFSIC to provide financial assistance to certain homeowners affected by crumbling foundations, and CFSIC has agreed under that program to provide funds to pay for a portion of the cost to replace Homeowner’s foundation, provided Homeowner agrees, by Homeowner’s signature below, to all of the terms and conditions of this Participation Agreement.

Accordingly, CFSIC and Homeowner agree as follows:

1. Homeowner hereby certifies that the application filed with CFSIC for the Type 1 claim (the “Application”) completed by Homeowner, and all information submitted by Homeowner in connection with the Application is true, accurate, and complete in all respects. Homeowner also understands that the terms and conditions of Homeowner’s Application are a material part of this Participation Agreement and that the terms and conditions of that Application are incorporated herein.
2. Homeowner hereby certifies that the copy of the Construction Contract attached to this Participation Agreement is true, accurate, and complete.

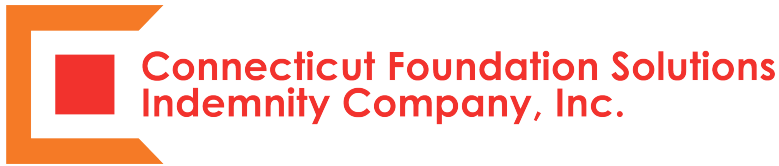


3. Homeowner understands and acknowledges that payments made by CFSIC may be offset by any claim payments or settlements made by a homeowner's insurer or other source of insurance, whether such insurer claim payments or settlements were made pursuant to a claim process or as the result of litigation between or among Homeowner, acting individually or as part of a group, and an insurer. The exception to this will be any separate claim payment made by CFSIC at the request of an insurer collaborating with the CFSIC program, to the extent such collaboration exists.

4. Homeowner acknowledges and agrees that with respect to a Homeowner's Type 1 claim, in no event will the total of CFSIC's payments exceed the lesser of \$ _____ (which constitutes the total of the eligible replacement expenses identified in the Construction Contract attached hereto) or \$175,000 per residential building, in accordance with CFSIC's Underwriting and Claims Management Guidelines ("the Guidelines") and all of the terms, conditions, and limitations of the Guidelines.

5. Homeowner acknowledges that Homeowner has read, understands, and agrees to the terms of the applicable Type 1 claim application submitted by Homeowner to CFSIC, as well as all terms and conditions of the Guidelines. Homeowner further understands and agrees that the following items **are not** eligible for payment by CFSIC:

- (a) replacement of drywall and/or other finishing wall features, including re-framing;
- (b) removal/replacement of porches or decks;
- (c) removal/replacement of gutters;
- (d) removal/replacement of landscaping features such as driveways, walkways, paths, shrubs, lawns, trees, gardens, or other plantings or garden structures;
- (e) any work done to outbuildings, sheds, or barns;
- (f) swimming pools, whether in-ground or above-ground, or any ponds or water features;
- (g) moving or relocation expense;
- (h) temporary housing expense;
- (i) meals, transportation, mileage, and incidentals;

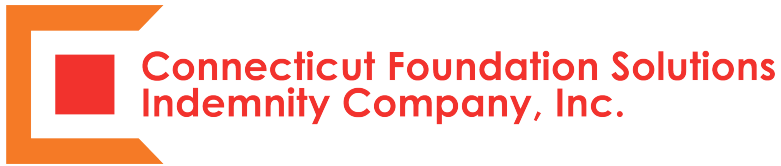


- (j) loss of wages or income or revenue associated with any work or any business, whether such business is home-based or not;
- (k) any liability incurred by the homeowner or any other person on a direct, indirect, or consequential basis.

6. Homeowner understands that CFSIC has agreed to pay Contractor a deposit of \$ _____, which is 10% of the total amount of the value of the Construction Contract attached hereto but subject at all times to a maximum deposit of no more than \$17,500. Homeowner understands that CFSIC's remaining total payments to Contractor will not exceed \$ _____ ("CFSIC's Maximum Payments"). For Type 1 claims, Homeowner understands and agrees that all payments made by CFSIC under this Participation Agreement will be remitted directly to the Contractor.

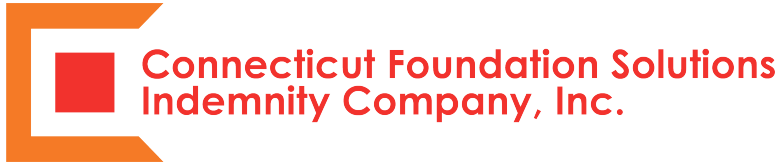
7. Homeowner understands and agrees that Homeowner is responsible for any and all costs in excess of CFSIC's Maximum Payments and represents to CFSIC that Homeowner currently has, or will have, the ability to pay for all costs in excess of CFSIC's Maximum Payments when such payments are due. Homeowner further understands and agrees that, with respect to any and all construction progress payments made by CFSIC to Contractor for the eligible concrete work outlined in the attached Construction Contract, CFSIC will not pay its share of any progress payment until and unless Contractor first provides evidence of the prepayment by Homeowner of Homeowner's applicable share of such progress payment and Homeowner represents that it currently has, or will have, the ability to pay for Homeowner's applicable share of progress payments when such payments are due.

8. Homeowner acknowledges and agrees that the Construction Contract for replacement of Homeowner's foundation is solely between Homeowner and Contractor, that CFSIC is not a party to the Construction Contract and has no responsibility whatsoever under it, nor will Homeowner have any recourse against CFSIC for any problems or issues that may arise under the Construction Contract including with respect to the Contractor's work. It is Homeowner's sole responsibility to review and be satisfied with Contractor's work and with the terms and conditions of the Construction Contract. CFSIC's sole function is to provide economic assistance to the Homeowner and that, otherwise, CFSIC has no role or responsibility whatsoever in any way, directly or indirectly, with respect to a Type 1 claim.



9. RELEASE. Homeowner, for himself/herself, and his/her successors and assigns, does hereby forever release, remise, discharge, and give up any and all manner of action and actions, cause and causes of action, suits, debts, dues, sums of money, accounts, reckoning, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims and demands whatsoever in law or in equity, which against Connecticut Foundation Solutions Indemnity Company, Inc. Homeowner ever had, now has, or which Homeowner and/or its successors and/or assigns hereafter can, shall, or may have, including, without limitation, any claims or demands arising out of, or in any way related to, this Participation Agreement or Homeowner's Application.

[signature page follows]



IN WITNESS WHEREOF, the parties hereto have signed and delivered this Participation Agreement on the date set forth above.

In the Presence of:

HOMEOWNER:

Witness

(By signing, you acknowledge that you are in agreement with the numbers entered on this Participation Agreement, which are derived from a construction contract to which you have agreed.)

In the Presence of:

**CONNECTICUT FOUNDATION
SOLUTIONS INDEMNITY COMPANY,
INC.**

Witness

By: _____

Name: _____

Title: _____

Date: _____