

WARRANTY SERVICE & RETURN POLICY

This document ("Agreement") sets forth the policies of Navien, Inc. ("Navien") with respect to the servicing and implementation of the limited warranty ("Limited Warranty") provided by Navien. The wholesaler or distributor ("Wholesaler") to whom products ("Products") were supplied by Navien hereby acknowledges and agrees to abide by the terms and conditions set forth herein and as further set forth under the "Customer Support" section of Navien's website at www.navien.com.

1. Limited Warranty: Navien provides a Limited Warranty for its Products, to the end user, for defects arising out of the manufacturing process. This Limited Warranty covers the heat exchanger, component parts and labor. A copy of the Limited Warranty is attached hereto and may be modified by Navien from time to time at its sole discretion. Buyer shall maintain the sole obligation to deliver the Limited Warranty and this Agreement to all installers ("Installers") to whom the Products are sold or distributed.

NOTICE TO INSTALLERS: BY ACCEPTING DELIVERY OF THE PRODUCTS, LIMITED WARRANTY AND AGREEMENT, INSTALLER HEREBY AGREES TO STRICTLY COMPLY WITH ALL TERMS, CONDITIONS AND PROCEDURES SET FORTH HEREIN.

2. Warranty Claim & Return Procedures: Warranty claims shall be processed as follows:
 - (a) To initiate a warranty claim, the homeowner or end user may contact the original installer, Navien, or a Navien service specialist identified on Navien's website. If the Installer is notified of the claim directly, Installer shall promptly inspect the Product and installation. If Installer determines in good faith that the warranty may apply, then Installer shall promptly call Navien Tech Support at 1-800-519-8794 and provide details of the nature of the claim including the end-user's name, telephone number, address; model and serial numbers, and date of installation. At the time Installer contacts Navien for a Return Goods Authorization (RGA) number, the Installer must be in front of the Product before removal for troubleshooting purposes with Navien's Tech Support.
 - (b) Upon approval, and pending Navien's right to inspect and further investigate the claim, an RGA number shall be provided to Installer. Navien reserves the right in its sole discretion to dispatch its own technician or other installer to complete the warranty repair.
 - (c) No later than two (2) weeks following the completion of the repair, Installer shall transmit a fully completed Labor Claim Supplement form, provided by Navien, as follows: By fax to (949) 420-0460 or by e-mail to claims@navien.com.
 - (d) The fee payable to Installer for approved warranty repairs shall be as specified by Navien. Installer has the sole obligation to obtain the approved fee amount from Navien prior to commencing any services. Commencement of work by Installer shall constitute Installer's unconditional acceptance of the fee specified by Navien.
 - (e) Within two (2) weeks from satisfaction of all Installer requirements, including Navien's receipt of the fully completed Claim Letter, Navien's verification with the end-user that the repair was satisfactorily completed, and Navien's receipt of the returned Product, Navien shall issue payment to Installer.

3. Return Procedures Through Wholesaler: Returns of Product shall be processed as follows:
 - (a) Installer shall submit the RGA number, issued by Navien and the serial number to the Wholesaler from whom Installer originally received the Product and will request the same model or part for replacement. The RGA number will start with a "U" for Product replacement and a "P" for part replacement.
 - (b) At Wholesaler's discretion, Wholesaler may transmit the RGA number and serial number to Navien for verification and approval. Navien shall not be responsible for any RGA number that is invalid or not authorized by Navien.
 - (c) Within four (4) days from receipt of the replacement Product from Wholesaler, Installer shall return the defective Product to Wholesaler. Wholesaler shall thereafter inform Navien of the receipt of the defective Product, obtain shipping information from Navien, and return the Product to Navien pursuant to Navien's shipping instructions.
 - (d) Installer shall obtain from Wholesaler, and Wholesaler shall provide to Installer, a receipt evidencing the date of return and serial number of the returned Product. In the event Wholesaler disclaims that it received the returned Product or parts from Installer and Installer is unable to produce to Navien the return receipt issued by Wholesaler, then Installer shall be solely liable for the cost of the replacement Product.
 - (e) Navien shall inspect the returned Product and confirm the existence of a manufacturing defect that the returned Product is the same as identified in the Claim Letter, and that Installer and Wholesaler have fully complied with all procedural requirements. Subject to such verification, a credit memo or payment shall be issued to the Wholesaler within seven (7) days of Navien's receipt of the Product and all required information. Installer's request for payment shall be directed solely to Navien. Wholesaler shall not seek reimbursement from Navien for any service fees it may pay to Installer.
 - (f) As CR, CC, NR and NP model Products are discontinued, Wholesaler shall provide NPE model replacement Products to Installer. When the replacement is due to a manufacturing defect (as expressly acknowledged by Navien), Navien shall issue a credit memo or payment to Wholesaler for the difference in Wholesaler's price for the NPE model supplied to Installer. When the replacement is due to any reason other than a manufacturing defect, then the end user and/or Installer shall be responsible for paying Wholesaler the increased price difference for the replacement Product.
4. Direct Returns by Installer: Return of Products must be handled through the Wholesaler as outlined above. In those limited or special circumstances where Navien authorizes a direct return based on Navien's sole determination that a wholesaler is not proximately located to the Installer or the Wholesaler does not maintain the necessary inventory, then Navien may authorize a direct return to Navien pursuant to the following terms and conditions:
 - (a) All procedures set forth herein must be followed and directed to Navien.
 - (b) In order to secure the return of the defective Product to Navien following Installer's receipt of the replacement Product, Installer shall provide to Navien a credit card number and authorization, other security, collateral or indemnification agreement to

secure the value of the replacement Product provided to Installer. Upon returning the defective Product to Navien, Installer shall be solely obligated to obtain a receipt from Navien evidencing the return of the defective Product. Upon Navien's notification to Installer that the defective Product has not been received, Installer shall be obligated to pay for the replacement Product, at the wholesale sales price, unless Installer can produce the receipt obtained from Navien.

- (c) Within four (4) days from receipt of the replacement Product, Installer shall return the defective Product or parts to Navien. Where a direct return has been authorized, the Product or parts must not be returned to the Wholesaler. Installer shall obtain shipping information from Navien, and must return the Product to Navien strictly using the return shipping label which will be included in the box containing the new replacement Product.
5. Denial of Labor Claim: Installer's claim of payment for labor and services rendered may be denied entirely or reduced in the event Installer fails to strictly comply with the requirements set forth in this Agreement and for other applicable reasons including the following:
- (a) If any repair or replacement services are rendered for which payment is requested prior to receiving Navien's prior authorization as evidenced by an RGA number.
 - (b) If the Installer's claim for payment exceeds the fee or rate specified by Navien, Navien shall only be obligated to pay the rate or fee previously specified by Navien, and Installer shall not look to any other party, including the wholesaler or end-user, for such additional payments. The commencement of work by Installer shall constitute Installer's unequivocal and unconditional acceptance of the fee or rate designated by Navien and Installer's acknowledgment and agreement to Navien's designated fee or rate.
 - (c) If Installer fails to provide all required information including the end-user's name, address and telephone number, model and serial number, date of original installation; if such required information and/or documents are not submitted when requested; or if Installer is not in front of the Product at the time the RGA number is requested from Navien.
 - (d) If the repair or replacement was not properly completed, if the end-user is dissatisfied with the repair, and/or a discrepancy is identified between the repair identified in the Claim Letter and the repair that was actually performed.
 - (e) If a follow up repair call involves the same problem which Installer had previously repaired within the preceding three (3) month period.
 - (f) If the Limited Warranty is void or not applicable for any reason.
 - (g) If Installer's request for payment for labor and services rendered is received by Navien more than two (2) weeks after the repair or replacement service was completed.
 - (h) If it is determined by Navien that the claim for payment of labor and services rendered was not for services directly necessary to replace or repair the defective Product such as for maintenance of the Product.

6. Other Terms and Conditions: Buyer and Installer hereby agree to the following additional terms and conditions which shall apply to both direct returns and returns through the Wholesaler:
- (a) Wholesaler should not settle any warranty claims directly with Installer as all warranty claims and claims for payment of service fees must be submitted by Installer directly to Navien and settled directly between Installer and Navien.
 - (b) At the time Installer contacts Navien for an RGA number, the Installer must be in front of the Product before removal for troubleshooting purposes with Navien's Tech Support.
 - (c) Installer shall endeavor to obtain and maintain Navien Service Parts Kits in order to complete repairs in a cost efficient and timely manner.
 - (d) Installer shall diligently recommend and advise end-users to submit completed warranty registration cards to Navien in order to avoid delay in processing warranty claims and possible grounds for denial of the warranty.
 - (e) The warranty period for an installation in new construction shall commence from the date the end-user obtains title to the property from the developer or builder and not the date of installation.
 - (f) Navien shall not be obligated to pay for any expenses or fees to either Wholesaler or Installer which are incurred as a result of its non-compliance with the terms, conditions and procedures set forth herein including but not limited to shipping fees paid to a carrier not authorized by Navien in excess of Navien's authorized shipping rates.
 - (g) In the event Navien, in its sole discretion, elects to accept the return of Products without Wholesaler or Installer's full compliance with all required procedures set forth herein, then a twenty (20%) percent restocking charge plus shipping fees shall be paid by the non-compliant party. The restocking fee shall also apply if a part is being exchanged and the RGA number issued begins with a "P."
 - (h) All warranty claims, and communications regarding warranty processing and procedures, must be directed to Navien and not to the Wholesaler. Installer shall not demand payment for its warranty repair services to anyone other than Navien. Wholesaler shall not advance or pay any warranty repair fees invoiced by Installer to Wholesaler, and Wholesaler shall not receive any reimbursement from Navien for any payments made directly to Installer.