

National Home Service Contract Association

Annual Regular Board Meeting
Hotel Santa Fe & Hacienda Spa
Santa Fe, New Mexico
Wednesday, June 8, 2022
8:00 AM MST

Member roll call:

2-10 Home Buyers Warranty	Jacqui Crockett, Lindsay Iten
AFC Home Club	Randy Reis
American Home Protect	Corinne Maples, Ashley Altick
America's Preferred Home Warranty	Phil West, Brendan Morgan
Fidelity National Home Warranty	Lorna Mello
First American Home Warranty	Andy Hand, Zach Zaharek
Guard Home Warranty	Sergey Spisovskiy, Mikhail Koval
HomeGuard Home Warranty	Robert Hessling
NRG Services	Heather Cone
Old Republic Home Protection	Jim Mullery, Frank Caballero

Indicated in advance will be absent:

America's Preferred Home Warranty	Rodney Martin
Choice Home Warranty	Jim Mostofi, Brian Tretter
Cinch Home Services	Sloane Levy
Universal Home Protection	James Imhoff

Zoom call attendees:

Fidelity National Home Warranty	Adrienne Giacalone
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Staff:

Pierce Haley, NHSCA Executive Director & Counsel
Art Chartrand, NHSCA "Of Counsel"
Joy Moore, NHSCA Administrative Staff
Travis Moore, NHSCA Sr. Legislative & Regulatory Counsel
Randy Whitehead, NHSCA Advisory Council Chairperson

Call to Order - NHSCA President, Andy Hand

The handouts for the meeting were emailed to members. The sections outlined in these minutes correspond with the handouts.

Art Chartrand thanked Lindsay Iten with 2-10 HBW for being such a valuable resource to the organization over the years.

Roll Call

Anti-Trust Statement

The NHSCA anti-trust statement, which was adopted on March 4, 2004 was read to the board members in attendance.

Welcome

Hand welcomed members and reminded everyone about the inaugural home warranty conference that will take place on Thursday, June 9 & Friday, June 10 at the hotel Santa Fe. He thanked all involved with special thanks to Randy Whitehead with NSA, Kristin Hurst with Encompass and Michael Werner with Home X. Hand noted the industry has been challenged with many variables in the last two years, but also noted there have been some new

opportunities that have evolved since the pandemic to grow and to create better experiences for the consumers.

RESPRO Update - Section 2

Ken Trepeta with RESPRO was not available to attend the meeting. He hopes to return next year. The RESPRO slides were distributed to all members prior to the meeting by Haley. Hand suggested Trepeta be invited to one of our regular monthly meetings because of so many changes taking place in the real estate market.

Treasurer's Report - Mullery - Section 3

The balance in the general fund account is \$114,569. A vast improvement from last year. The state assessment balances total \$198,343 with a total of \$90,522 in reserves and \$107,821 available for state lobbying efforts. A motion to approve the treasurer's report was made by West and second by Mello. The motion passed unanimously.

Assessments

Pursuant to Article VI – Section 2, Paragraph 4 in the bylaws, all national and regional members were assessed \$15k in January 2022. This amount was determined by taking the last 5 years of total assessments divided by 5. As a reminder, this bylaw was adopted due to companies wanting to set an annual budget up front for state assessments. Total assessment in 2022 is \$150,000 with \$140,000 received. The New Jersey allocation so far is \$30,100.

NHSCA Proposed Budget

Mullery noted the current projected income is \$243,000 from our provider members and affiliate membership and the good news is, there will be additional income this year from the home warranty conference. So, if the net gain from the conference is what is projected, we will be in the black next year instead of the red. As membership grows and expenses remain where they are now, we will be in good shape financially in 2023.

Monthly Call Summaries – Section 4

The summaries for February, March, April, and May monthly calls are in the electronic handouts emailed to members.

Membership – Section 5

OnPoint Warranty Solutions, LLC applied for membership as a local member. Haley asked for any discussion before voting to approve them. Cone asked for further clarification on membership levels. A motion was made by Reis and seconded by Crockett to approve OnPoint's membership application. The motion was approved unanimously.

Reis asked what the process is to accept members and asked what has changed in the last year. Moore noted there are several requirements in the bylaws that are in place this year that were voted on last year. Paragraph (d) in our bylaws outlines what needs to be certified in writing. Haley will contact Smith and request the following to be certified in writing.

Bylaw Article 11 - Section 2

General member shall meet the definition of an eligible member and:

(d) shall initially certify in writing the following by its principal officer or CEO:

- i. That it will comply with the NHSCA published code of ethics;
- ii. that it has registered or been licensed in the states where required by law;

- iii. that it is aware of its sales tax obligations where required.
- iv. that it has posted their required financial security, bond, CLIP, or reserves as required by law or filed its appropriate exemption therefrom; and
- v. that it is not under indictment, suspension, revocation or formal disciplinary action by any state or government. If so it shall provide a full written explanation and planned dispensation acceptable to the NHSCA Board of Directors.

Recruitment

Hand noted that HomeServe USA is considering returning as a member. He reporting the association is continuing to attempt to recruit Frontdoor, ARW, Priority Home Warranty, Achosa, AIG, Super HW, Centricity, Armadillo, Silverback, IBEX, Elevate, Home Service Club and American Water Resources. A one-on-one call from a NHSCA member to these companies is the most valuable tool for recruitment.

Hand will follow-up with Silverback Home Warranty following the meeting. Haley will reach out to Priority Home Warranty since they were approved for membership in Nov. 2021, but later requested to delay until Q2 2022. Moore noted they have been invoiced for Q2 dues, but no response.

There was discussion on whether the bylaws should be revisited in regard to the definition of the membership levels, i.e. national, regional and local. Hand noted this may be a topic for the fall for further review.

Hand noted our home warranty conference has generated interest in the association. Whitehead recommended Haley attend the Warranty Innovations Conference and Warranty Chain Management Conference to target new members for the association. He will give Haley the contact information.

Market Data – Section 6

There was discussion on how to address the type of data the association wants to collect. Hand suggested the dialog continue in September at the next monthly meeting. This is important dialog in regards to recruiting some of the big players in the industry.

Legislative Update – Moore (See Moore update emailed to members on 6/7/22)

AZ R20-6-407 – An oral hearing has been scheduled for June 14, 2022. We have submitted comments, but do not expect any major substantive changes at this point. Comment letter is attached along with the current rule proposal.

NJ A1559/S902 – We continue to push back on the disclosure requirement when using the term “warranty.” The bill was amended on the floor to change the disclosure language slightly. The bill now states that a service contract provider may use the term “warranty” if any **“contract or agreement, any product description made available to a consumer, and any advertisement and related materials in which that term is used”** includes the following disclosure: **“The product being offered is a service contract and is separate and distinct from any product or service warranty which may be provided by the home builder or manufacturer.”**

We still believe this language is completely unnecessary and unduly burdensome to include in all consumer facing materials. We are working every angle we can to remove this requirement.

TX TDLR – The Texas Commission of Licensing and Regulation met May 24 to discuss the proposed amended rule governing residential service contracts. We submitted a comment letter

asking for clarification on section 77.70(k) which would require reporting of any “affiliations” within 30 days. The department agreed this was not clear and has struck the section from the final rule. The rule will be effective June 15.

The Commission also released their strategic plan which includes a legislative initiative to restore the confidentiality provisions inadvertently left out in the transition from TREC to TDRL.

NHSCA Website/Analytics - Section 8

Hand reminded members everyone should have a user ID and password to access the member log in area of the website. Contact the NHSCA office if anyone has questions regarding access.

Hand noted the home warranty conference has generated new interest in website views. Since the association is in a recruiting membership push Hand recommended the membership and accreditation pages of the website be revisited. It should be clear on the website why a home warranty company should join the association. Chartrand noted technology is changing and a new home page should be implemented within this next year.

It was recommended a post home warranty conference article be written to post on the website and include a push for membership opportunities. Posting articles on the website appears to drive traffic the most according to the NHSCA analytics Hand shared.

Altick suggested we add a group page for everyone to “like” on LinkedIn. She agreed to figure out how to do that and report back.

Chartrand reminded members the alias URL address for the NHSCA is EZPZhome.org. It is easier to remember than homeservicecontract.org He noted members should also be using the accredited logo on their websites and marketing materials.

NFP Organizational Liability Coverage – Section 9

NFP Coverage is in effect for 2022-2023 offered by State Farm. The Declaration Page is available if anyone wants a copy. All board of directors are covered. The cost has remained the same as last year at \$1403.

IRS Form 990

An extension has been filed by API Partners for the preparation of the IRS 990 form.

National Meeting

Locations to pursue are Park City, Utah and Nashville, TN.

SCIC

SCIC has hired a new executive director, Tom Keepers who will managing the three trade associations under one entity named PPAN. Moore, Haley and Keepers will all continue to build a relationship.

New Business

Hessling voiced to the members his concern about Inflation in the home warranty space. He asked members if they thought there is a way for the association to help customers understand the value of a home service contract. Crockett suggested the association add this topic to the next monthly meeting in September.

Accreditation

Chartrand reminded members the process for a NHSCA member to become accredited is to apply. The application is online on the NHSCA website. Chartrand Legal Management charges \$7500 to accredit a member and will continue to conduct the accreditation process for the NHSCA as needed. You must be accredited **to be voted** in as a board member. This does not apply to members who are automatically on the board by way of market share based on data submitted to the NHSCA.

A heartfelt “Thank you” from the NHSCA

Be it resolved and adopted this date the following resolution:

The National Home Service Contract Association recognizes and would like to officially thank Randy Whitehead, John Sessions, and Kristin Hurst for all the time, effort, and expenses involved in achieving the first successful NHSCA Home Warranty Conference. A job well done. Adopted June 8, 2022.

Next monthly Zoom call is Thursday, September 1, 2022, at 3 pm Central Time.

Motion to Adjourn by Mello and second by Maples.