

COMPLETION SERVICES, INC.
GUARANTEE CERTIFICATE

CERTIFICATE NO. C

DATE: _____

INSURER (Name and address of Insurer or Insurer representative who is entitled to the benefits of this Certificate): _____

FRANCHISEES OF PAUL DAVIS SYSTEMS COVERED: This Certificate covers insurance restoration work by Paul Davis Systems Franchisees in the following states or, if only one Franchisee is involved, the following Franchise Territory: _____

Name: _____

Address: _____

COMPLETION SERVICES, INC. will, if this Certificate is in good standing, (a) pay unpaid labor and material costs due under Insurance Restoration Contracts entered into by the Franchisees, (b) complete unfinished work under Insurance Restoration Contracts and (c) pay, where applicable, Excess Costs, all in accordance with the following terms and conditions:

1. Definitions

- (a) "Certificate" means this Guarantee Certificate.
- (b) "Claimant" means the Insurer.
- (c) "Company" means Completion Services, Inc., its successors and assigns.
- (d) "Excess Costs" shall have the meaning assigned to it under Paragraph 6.
- (e) "Franchise Territories" mean the geographical areas described in the Franchise agreements between the Franchisor and Franchisees located in the states described above and, if this Certificate covers only one Franchisee, mean the Franchise Territory described above.
- (f) "Franchisees" mean the owners and holders of franchise agreements issued by the Franchisor covering the Franchise Territories and shall include those Franchisees in the Franchise Territory whose franchise agreements are in good standing.
- (g) "Franchisor" means Paul W. Davis Systems Canada, LTD., its successors and assigns.
- (h) "Fund" means the job completion and guarantee fund to be used to pay unpaid labor and material costs due under Insurance Restoration Contracts, the cost of completing unfinished Insurance Restoration Contracts and, where applicable, Excess Costs, which Fund consists of monies contributed by all Persons who are Franchisees under franchise agreements with the Franchisor.
- (i) "Improvements" mean the buildings, residences or other improved structures located within the Franchise Territories which are owned or leased by the Property Owner.
- (j) "Insurance Restoration Contracts" mean contracts entered into between the Franchisees and Property Owners providing for the repair and restoration of improvements which are insured against loss or damage by the Insurer and which are covered by this Certificate.
- (k) "Insurer" means an insurance company which has issued a policy or policies covering damage to and loss of improvements described in an Insurance Restoration Contract and for whose benefit a Certificate has been issued and the term "insurer" shall, where the context so requires, include the duly authorized representative of the Insurer.
- (l) "Person" means any person, firm, corporation, partnership or other entity and shall also include Claimants.
- (m) "Property Owner" means the owner or lessee of improvements which are insured against loss by the Insurer.
- (n) "Standard Costs" means the reasonable and customary costs of services and material which an Insurer would pay, in the geographical area in which the improvements are located, under an Insurance Restoration Contract providing for services and material of substantially the same quality and workmanship as those furnished by the Franchisee under an Insurance Restoration Contract covered by this Certificate. Cost does not include cost of adjusting losses, legal fees or additional living expenses.

2. Unpaid Bills

- Payment for unpaid labor and material costs due and owing under any Insurance Restoration Contract covered by this Certificate shall be made upon compliance with the following:
 - (a) The Company shall receive proof satisfactory to it that the Insurance Restoration Contract was entered into by the Franchisee and is covered by this Certificate, that the Franchisee has defaulted on its obligations under the Insurance Restorations Contract, that this Certificate is current and in good standing and that, as a result of such default, laborers and materials have not been paid or repair or restoration work undertaken by the Franchisee is unfinished.
 - (b) All payments from the Fund shall be documented by the Claimant and such documentation shall be reasonably satisfactory to the Company.
 - (c) Payments shall be made to the Claimants, or to any one or more of them, as the Company shall determine, promptly after compliance with this paragraph.
 - (d) If the payment is a final payment, the Company shall be furnished with evidence satisfactory to it that no claims or liens under any mechanics lien law remain unsatisfied.

3. Unfinished Work

- The Company shall complete or cause to be completed all unfinished work under any Insurance Restoration Contract covered by this Certificate in accordance with the following provisions:
 - (a) The Company shall have received the proof called for by paragraph 2(a) above.
 - (b) At the time of takeover of an uncompleted Insurance Restoration Contract:
 - (i) The Company shall be entitled to receive and shall receive any sums then or thereafter due and owing by the Property Owner under such Insurance Restoration Contract; and
 - (ii) All sums for labor or material which are then unpaid shall be paid in accordance with Paragraph 2.
 - (c) The Company shall arrange for all work to be completed by subcontractors, suppliers or other vendors selected by it.
 - (d) Payments will be made from the Fund only upon presentation of invoices and requisitions submitted under and in accordance with written contracts, all of which shall be reasonably satisfactory to and approved by the Company.
 - (e) If the Property Owner executes a completed certificate for work done prior to the takeover or for work done by the Company after the takeover, such work shall be deemed satisfactorily completed.

4. Warranty Repairs

- (a) Franchisee or Company shall be contacted by claimant and given the right to correct warranty problems prior to another contractor being brought in.

5. Limitations on Payments

- Payments from the Fund shall be limited to:
 - (a) Unpaid labor and material costs due under Insurance Restoration Contracts upon compliance with Paragraph 2 hereof;
 - (b) The cost of completing Insurance Restoration Contracts upon compliance with Paragraph 3 hereof; and
 - (c) Where applicable, those Excess Costs which comply with Paragraph 7 and which the Company, in good faith, determines to be due and owing to an Insurer.

6. Restrictions

- (a) Payments under all Certificates issued by the Company shall be limited to assets comprising the Fund and neither the Company, the Franchisor or any Person affiliated with them shall have any personal liability hereunder.
- (b) This Certificate is for the exclusive benefit of the Company and the Insurer and no Person (including, without limitation, the Property Owner) shall acquire any rights hereunder by reason of the issuance and delivery of this Certificate.
- (c) The Company shall have no liability to any Person (including, without limitation, the Property Owner) for any claim, loss, damages, recoveries, punitive damages, consequential damages or any other losses not specifically payable hereunder.
- (d) No Insurance Restoration Contract for an amount in excess of \$50,000 shall be covered by this Certificate; provided, however, that a Certificate covering an Insurance Restoration Contract for an amount in excess of such limit may be issued upon written approval by the Company.
- (e) The liability of the Company under this Certificate shall be limited to Insurance Restoration Contracts which are in default by Franchisees located in the Franchise Territories and which have been entered into by Franchisees on whose behalf a Certificate has been issued and whose Certificates are in good standing.
- (f) Nothing contained herein shall limit or restrict the right of the Company to recover from the Franchisees any sums paid from the Fund under this Certificate.

- (g) No payment shall be made hereunder and no performance of unfinished work shall be undertaken hereunder unless:
 - (i) The Person seeking payment or performance shall make written demand on the Company within one (1) year after the occurrence of the facts giving rise to the right of payment or performance; and
 - (ii) such facts arose after the date of issuance of this Certificate, and
 - (iii) the Franchise has been paid in full for work completed.

7. Excess Costs

If the Insurer determines in good faith, after all work under an Insurance Restoration Contract covered by this Certificate has been fully completed, that the sums paid by it thereunder were for work required by the contract, and the sums were determined to be consistent with fair market value for said work, and the sums were in excess of original estimated costs, then the Insurer may seek payment from the Fund of such excess costs under the Certificate upon receipt by the Company of properly documented proof of all payments made by the Insurer under such Insurance Restoration Contract and proof, reasonably satisfactory to the Company, that such payments were in excess of original estimated costs.

8. Arbitration

Any difference or dispute between the Company and a Claimant about payment or non-payment on any transaction under this Certificate, shall be settled by an arbitration (in accordance with the commercial arbitration rules of the Arbitrations' Institute of Canada, Inc.) which shall be the sole and exclusive way of settling all such disputes and differences hereunder. No suit or proceeding of any nature shall be brought by the Company or a Claimant in any court respecting any right, duty or obligation created by or under this Certificate.

9. Miscellaneous

The rights of Franchisees to the Fund are subordinate to the rights of the Insurer and the Company as set forth herein. The obligations of the Company herein shall expire on the first to occur of: (a) the termination of the Franchisee's franchise agreement with Franchisor and receipt by the Insurer of written notice of such termination from the company; (b) receipt by the Insurer of written notice from the company that the Fund is exhausted; or (c) the expiration of one (1) year from the date hereof. The Company may renew this Certificate for successive one (1) year periods by written notification to the Insurer received prior to the expiration of the first or any renewal period and failure to renew the same by the Company shall be deemed conclusive evidence of termination of this Certificate. This Certificate shall be deemed "in good standing" if it has been duly executed by the Company; covers Franchisees whose franchise agreements with the Franchisor are current and in good standing; specifies an Insurer; and has not been terminated as provided in this paragraph. This Certificate shall not be modified or amended except by an instrument in writing signed by the Company and appended hereto.

IN WITNESS WHEREOF the Company has hereunder set its hand and seal on the date specified above.

ATTEST:

COMPLETION SERVICES, INC.

BY _____

Its Secretary

Its President