

The Consumers' Waterheater Income Fund owns a portfolio of 1.4 million installed rental water heaters and other assets, leased primarily in Ontario.

Benefits of Rental Water Heaters:

1. A rental water heater provides outstanding value and complete customer care.[†]
2. Peace of mind, hassle-free hot water with no extra maintenance or parts charges.[†]
3. A consumer essential; there is no substitute for hot water.
4. Access to a 24/7 emergency service phone number.

For 24-Hour Service, please call:

Toll Free: 1-866-860-5771

The Consumers'
Waterheater™ Income Fund

TERMS AND CONDITIONS

**Rental
Water
Heaters**

1-866-860-5771

The Consumers'
Waterheater™ Income Fund

[†] See Water Heater Rental Agreement Terms and Conditions.

[™] Direct Energy Marketing Limited is the registered owner of "Consumers' Waterheater" trademark and The Consumers' Waterheater Income Fund is a licensed user thereof.

Water Heater Rental Agreement Terms & Conditions

The water heater you rent from us is backed fully by Waterheater Operating Limited Partnership, a wholly owned subsidiary of The Consumers' Waterheater Income Fund (the "Fund"). Our commitment to you, our rental customer, is to provide a reliable, trouble-free water heater. In this agreement, "we", "our" and "us" means the Fund and/or any authorized service providers. Our commitment includes:

- Service and repair of the water heater with no service charges or parts replacement charges except in the following circumstances:
 - (i) if you (or a third party not authorized by us) damage the water heater or if repairs are necessary because of use for which the water heater was not intended;
 - (ii) unless you are paying our hard water rental rate, if the water heater requires de-liming, flushing or other repair due to water conditions (we cover only diagnostic work in these situations, hard water conditions are as determined by us);
 - (iii) where venting, piping, wiring, plumbing and/or electric service requiring cleaning, repair or replacement;
 - (iv) in the circumstances described below under "Customer Commitment"
 - (v) service charges or parts replacement related to the use of Load Control Devices, Peak Savings Relays, Load Timers, Anti-scalding and all other energy saving devices; or
 - (vi) if you fail to notify us as described below under "Duty to Maintain in safe operating condition"
- Our 24-hour/per-day, 7-days per-week emergency phone number is 1-866-860-5771.
- A rental arrangement that can be transferred to the next homeowner if you sell your home. (See details below.)
- A buy-out option under which you may elect to purchase your water heater at any time, for a price discounted to take into account the age of the water heater. (See details below.)
- A termination option allowing you to have your water heater removed. (See details below.)

Customer commitment

We will honour our commitment over the useful life of the water heater^{††}. In return, you agree that:

- You will pay your rental charges when due, together with interest on any late payments at interest rates we may set, acting reasonably. Rental charges will generally commence on the day the water heater is installed.
- Your rental charges will be included on your utility bill, or we may choose to bill you separately or with other third parties. Methods of payment will be set out on the bill you receive.
- You agree that we may change our rental rates from time to time by announcing rate changes in advance by letter, in bill inserts or by any other method permitted by law.
- You will use your water heater safely and responsibly, and in particular you will:
 - (i) ensure that no combustible, hazardous or flammable materials are used or stored in the same room or near the water heater;
 - (ii) ensure that the water heater is not confined in a location where it is difficult to service or remove or where there is inadequate ventilation;
 - (iii) ensure that the vents and openings are kept clear and clean and otherwise kept well maintained by you; and
 - (iv) provide us with access to the water heater whenever reasonably required for purposes of inspection, repair or removal.
- It is your responsibility to ensure that the water heater is located in an area with sufficient drainage in the vicinity, and that the drainage is open and unrestricted, and we will therefore not be responsible for damage caused if the water heater leaks.
- You will not permit anyone who has not been authorized by us to service, repair, modify, move or disconnect the water heater.
- You will be responsible for any damage to, or loss of, the water heater, including if caused by you or unauthorized third parties, unless caused by us, our authorized service provider or is otherwise part of our commitment described above. You will also be responsible for any damage to, or loss of, the water heater if caused by fire, flood, accident or other insurable risks.
- During the term of this agreement, the water heater remains our property, does not become a fixture and you will not tamper with any plate(s), tag(s) or sticker(s) identifying the water heater as rented equipment owned by us.
- If you sell your home, you will advise us in advance and you will advise the purchaser that the water heater is rented pursuant to this agreement. We will permit the purchaser to assume your rights and obligations under this agreement, effective from the date of sale, provided that (i) the purchaser is notified in the agreement of purchase and sale that the water heater is rented and is subject to these terms and conditions, and (ii) you advise us in advance of the purchaser's name and the intended date of sale. We may also accept performance of your obligations (including payment obligations) from other parties (such as tenants) but will not be required to do so.
- We may inquire about your credit history.
- You agree that we may terminate this agreement and, in addition to any other remedies we may have, we may remove the water heater if you fail to meet any of your commitments.
- At the end of the useful life^{††} of your water heater, you are not obligated to rent and we are not obligated to supply replacement equipment, unless we mutually agree at the time.

Duty to Maintain

- As the user of the appliance you are required under law to ensure that the equipment is maintained in a safe operating condition.* In the event that a service or repair is required please call 1-866-860-5771.

Personal information about you

We collect personal information about you in order to establish and manage our and our authorized service provider's, business relationship with you. Other than our authorized service providers, we won't knowingly share this information with third parties without your permission, other than a party that we transfer or assign this agreement to. You may contact us if you would like more information about how we use personal information.

Your privacy is important to us. As a current customer, we're committed to offering you more value in the future. So every once in a while we or an authorized service provider will mail or call you about some of the following:

- Tips to help you run your home or place of business more efficiently and reliably.
- Special money-saving offers available to the Fund's customers.
- News about products and services that will ensure you get the most out of your home or place of business.

Your buy-out option

- You may purchase your rental water heater at any time for the applicable age reduced price. You may exercise your buy-out option by calling our toll free number 1-866-860-5771.
- When you exercise your buy-out option, you accept the water heater in "as-is" condition and you assume responsibility for the water heater and its repair and maintenance. You also agree to pay the buy-out price, plus any applicable taxes, when invoiced by the Fund.
- Once we receive payment of the buy-out price, this agreement will end and you will have no further obligation to pay rent and we will have no further obligation to you.

Your termination option

- You may terminate your rental water heater agreement and return the water heater to us at any time by calling our toll free number 1-866-860-5771. If you terminate the rental water heater agreement during the useful life^{††} of your water heater and do not exercise your buy-out option, you agree to arrange for the safe return of the water heater to us by calling us to arrange for our service provider to disconnect and/or retrieve the water heater or alternatively you may return the water heater to a location designated by the Fund. Call 1-866-860-5771 to make such arrangements.
- The customer can have a qualified third party disconnect the water heater and transport it to a location designated by the Fund. If you choose to disconnect and/or return the water heater yourself or through a third party, you do so at your own risk and you agree that you will accept responsibility for all damages or claims resulting from the disconnection, removal and return of the water heater. The customer must contact the Fund at 1-866-860-5771 prior to disconnecting and removing the water heater.
- In the event the customer chooses to have the Fund disconnect and/or retrieve the water heater, currently a \$75 Removal fee will be charged for our service provider to disconnect and remove the water heater.
- Your rental (including your obligation to make rental payments for subsequent months) ends upon the return of the water heater in reasonable condition reflecting its age, normal use and local conditions. (If we fail to retrieve the water heater within two weeks of your request, we will not charge for subsequent months.)

Limitation on liability

We are responsible for damages solely to the extent caused by willful or negligent act or omission by us or our authorized service providers, but in any event, we are not liable for consequential, indirect or economic losses.

Entire agreement

You hereby authorize the Fund to disclose your personal information including your name, address, telephone number, mail address, account number to our authorized service providers, for the purposes of providing installation and repair services for the rental water heater, and managing your account.

You understand that this agreement contains all our commitments and promises in connection with the rental water heater.

How to Contact Us

The Consumers' Waterheater Income Fund
1-866-860-5771
80 Allstate Parkway
Markham, Ontario
L3R 6H3

^{††}Useful life of the rental water heater ends when the Fund or its authorized service provider deems that the rental water heater cannot be reasonably repaired.

* Ontario regulation 212/01 Section 15

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