

**HOW INSURANCE COMPANY, A RISK RETENTION GROUP
HOME WARRANTY CORPORATION, AND
HOME OWNERS WARRANTY CORPORATION
IN RECEIVERSHIP**

P.O. Box 1557
Tucker, Georgia 30085-1557

ALFRED W. GROSS
DEPUTY RECEIVER

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July 7, 2008

TO: BUILDERS, HOME OWNERS, CREDITORS, AND PERSONS INTERESTED IN THE AFFAIRS OF HOW INSURANCE COMPANY, HOME OWNERS WARRANTY CORPORATION, OR HOME WARRANTY CORPORATION

RE: Notice of Claim Bar Date

This letter will provide you with important information regarding the liquidation of HOW Insurance Company, a Risk Retention Group (“HOWIC”), Home Owners Warranty Corporation, and Home Warranty Corporation, collectively the “HOW Companies.”

On June 13, 2005, the State Corporation Commission of the Commonwealth of Virginia entered its order approving plans of liquidation for the HOW Companies (the “Order Approving Plans of Liquidation”) which, among other things, authorized the Deputy Receiver in due course to establish a deadline (Bar Date) and procedure for the filing of claims against the HOW Companies. The Deputy Receiver has resolved a number of material issues in the receivership as the result of which he has concluded that it is now appropriate to set such a deadline.

Pursuant to the Order Approving Plans of Liquidation, the Deputy Receiver has selected January 12, 2009, as the deadline (the “Bar Date”) by which all claims against the HOW Companies (including contingent or unliquidated claims) must be filed. Claims that have previously been approved, resolved, or paid by the Deputy Receiver should not be re-filed with the Companies. A claim is deemed to have been “approved” or “resolved” only if it has been approved in writing by the Deputy Receiver, settled pursuant to a written settlement agreement between the Deputy Receiver and the claimant, or adjudicated by a final and binding determination of the State Corporation Commission, Circuit Court of Virginia, Supreme Court of Virginia, or other court of competent jurisdiction. Enclosed is a Proof of Claim form and instructions for filing your claim, if applicable, with the Deputy Receiver of the HOW Companies.

Late filed claims will be barred from sharing in the assets of the HOW Companies until timely approved claims are paid in full. On or before the Bar Date, claims against the assets of the HOW Companies (unless exempted from filing as described below) must be received by the Deputy Receiver at the Proof of Claim Department address as follows:

Proof of Claim Department
HOW Companies, in Receivership
P.O. Box 1557
Tucker, Georgia 30085-1557

You may also contact the HOW Companies by calling 1-800-433-7657, but due to the substantial number of such calls, you may be required to hold longer than normal until a service representative is available to speak with you. For this reason, we encourage you to contact us in writing at the above address with any questions, or to e-mail such questions to the following address: HOWarranty@us.crawco.com. We strive to address all inquiries in the order in which they are received by our office.

Only the following claims are exempt from the final Bar Date and should not be filed with the Deputy Receiver of the HOW Companies:

1. Claims that have previously been approved, resolved, or paid by the Deputy Receiver as described above. If a percentage of your claim has been previously paid by the HOW Companies but you believe that additional amounts are still due on the claim, you must still file an affidavit for an increased payment percentage. A copy of the form affidavit may be obtained by writing or calling the HOW Companies;

2. Proper administrative expense claims (*i.e.*, claims for payment of services rendered, or goods supplied, to the HOW Companies at the request of the Deputy Receiver after October 14, 1994);
3. Claims by builders for loss reserve deposits or release of letters of credit; and
4. Claims by builders for a share of the residual assets of the HOW Companies.

As described below, builders seeking the return of capital contributions made to the HOW Companies will be required to file claims for those amounts. However, builders need not submit claims for a share of the residual assets of the HOW Companies, since such distributions will be calculated automatically by the Deputy Receiver's representatives. At present, the amount of residual assets that can be distributed is unknown, and will not be fully known until the end of the liquidation process for the HOW Companies. The manner in which such distributions are calculated is governed by the terms of the Order Approving Plans of Liquidation.

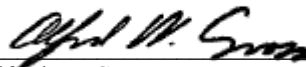
As further background, the HOW Companies were originally organized and owned by member builders who enrolled their newly built homes in the HOW insurance program so that such homes may receive warranty and major structural defect insurance coverage. When member builders originally registered to become member builders in the HOW insurance program, including renewals of such registrations, the member builders paid membership capital contributions to the HOW Companies. The capital contributions were separate from the insurance premiums paid for the enrolled homes. Claims by builders for return of builder capital contributions must be filed before the final Bar Date, and these claims are not exempt from the aforementioned claim Bar Date filing requirements.

All Builders who believe they have a right to receive all or part of the capital they have contributed to the HOW Companies **must** file a claim for the return of such capital by the Bar Date. Representatives of the Deputy Receiver will make efforts to notify all Builders who are not eligible for the return of builder capital contributions. Builders who disagree with such notification will be given an opportunity to file a claim with the Deputy Receiver but must do so before expiration of the Bar Date on January 12, 2009. However, regardless of whether a builder receives separate notice from the HOW Companies, the builder must file its capital contribution claim before the Bar Date to preserve the right to such claim against the HOW Companies.

As described in this notice, late filed claims will be barred from sharing in the assets of the HOW Companies until timely approved claims are fully paid, unless the claims are exempted from the claims Bar Date as explained above. Claim payments made by the Deputy Receiver that cannot be properly delivered and are not claimed before closure of the receivership, will be governed by applicable state laws governing the disposition of unclaimed property.

As an update, please note that as of December 31, 2007, HOWIC reported the following results: total assets of \$130,409,406, total liabilities of \$75,837,052, and total surplus as regards policyholders of \$54,572,357. Additional information about the receivership of the HOW Companies is available on the Companies' internet web site: www.howcorp.com. The Companies' web site includes a copy of the Order Approving Plans of Liquidation for the Companies. Thank you for your continued patience and understanding as we continue the final wind down of the HOW Companies.

Very truly yours,



Alfred W. Gross, Deputy Receiver

Enclosure