

EXHIBIT A

SUMMARY OF PLANS OF LIQUIDATION FOR HOW INSURANCE COMPANY, A RISK RETENTION GROUP, HOME OWNERS WARRANTY CORPORATION, AND HOME WARRANTY CORPORATION

THE HOWIC PLAN OF LIQUIDATION:

The Deputy Receiver shall be authorized to adopt a directive implementing the HOWIC Plan of Liquidation if, within three years of the date of entry of the Order, he files a written report with the Commission advising that: (i) the Deputy Receiver has obtained a "tax free liquidation" private letter ruling from the Internal Revenue Service, establishing that the liquidation of a solvent HOWIC, and transfer of its assets and any remaining liabilities into HWC would qualify as a liquidation for which no gain or loss would be recognized by HOWIC or HWC, and (ii) the Deputy Receiver has received an actuarial projection that HOWIC has sufficient assets to satisfy its liabilities and to declare a dividend to HWC sufficient to enable HWC to satisfy all of HWC's liabilities, including the refund of all vested capital contributions. If the Deputy Receiver does not issue a directive implementing the HOWIC Plan of Liquidation within three years of the date of the Order, the Deputy Receiver shall return to the Commission for further instruction. Pursuant to the HOWIC Plan of Liquidation, the Deputy Receiver shall:

1. Liquidate HOWIC and transfer its assets, along with any remaining liabilities, to HWC,
2. Issue a directive establishing a period for the filing of proofs of claims against the HOW Companies, beginning on the date of issuance of the directive and ending on a specified deadline (the "Bar Date"), and mail and publish notices of such Bar Date to all interested parties,
3. Pay the costs and expenses of the HOW Companies' administration, pursuant to VA. CODE ANN. §§ 38.2-1509(B)(1) and 38.2-1510,
4. Pay the claims of the HOW Companies' secured creditors, pursuant to VA. CODE ANN. § 38.2-1509.B.1(i),
5. Adjudicate, and pay in full, the claims of policyholders arising out of the HOW Companies' insurance contracts, pursuant to VA. CODE ANN. § 38.2-1509.B.1(ii),
6. Pay the HOW Companies' taxes, pursuant to VA. CODE ANN. § 38.2-1509.B.1(iii),
7. Pay wages of the HOW Companies' employees entitled to priority, pursuant to VA. CODE ANN. § 38.2-1509.B.1(iv),
8. Adjudicate, and pay in full, general creditor claims against the HOW Companies, pursuant to VA. CODE ANN. § 38.2-1509.B.1(v), and
9. Begin the liquidation of HOWIC in the year in which HOWIC makes its first distribution of assets to HWC (the "Distribution Year") and, under applicable tax rules, complete the liquidation of HOWIC by the end of the calendar year following the Distribution Year (the "Liquidation Period").

THE HOW/HWC PLAN OF LIQUIDATION:

Contingent upon the Deputy Receiver adopting the HOWIC Plan of Liquidation and completing the actual liquidating distributions from HOWIC to HWC pursuant thereto, the Deputy Receiver is authorized to issue a second directive adopting and implementing the HOW/HWC Plan of Liquidation, pursuant to which he shall:

1. Continue managing the HOW Companies' affairs until such time as they are liquidated and dissolved,
2. Pay the costs and expenses of the HOW Companies' administration, pursuant to VA. CODE ANN. §§ 38.2-1509(B)(1) and 38.2-1510,
3. Adjudicate, and pay in full, the claims of policyholders arising out of the HOW Companies' insurance contracts, pursuant to VA. CODE ANN. § 38.2-1509.B.1(ii),
4. Pay the HOW Companies' taxes, pursuant to VA. CODE ANN. § 38.2-1509.B.1(iii),
5. Pay wages of the HOW Companies' employees entitled to priority, pursuant to VA. CODE ANN. § 38.2-1509.B.1(iv),
6. Adjudicate, and pay in full, general creditor claims against the HOW Companies, including the refund of all vested capital contributions to Eligible Builders, pursuant to VA. CODE ANN. § 38.2-1509.B.1(v),
7. Take all steps necessary and appropriate to liquidate and dissolve HOW as soon as reasonably practicable,
8. Be authorized to cause any third party or contractor of the HOW Companies to assume remaining obligations and contingencies of HOWIC, HOW, or HWC, in exchange for reasonable consideration, to complete the liquidation and dissolution of such entities, and be authorized to obtain an independent opinion from an actuarial or accounting firm regarding the reasonableness of consideration paid for the assumption of HOWIC, HOW, or HWC obligations or contingencies,
9. Be authorized to maintain a \$10 million reserve for claims, costs, expenses, unknown claims, and contingencies, over and above any existing reserves for insurance/warranty claims, until final liquidation of HWC,
10. Return to the Commission for further instruction if the amount of Residual Assets were to be so small as to make a distribution to Builder Distributees impracticable,
11. After the final wind down of HOWIC is completed, be authorized to cause HWC to distribute any Residual Assets to those builders who were HOWIC insureds as of the date of the Commission's order placing HOWIC in receivership, with each such Builder Distributee receiving a share of any Residual Assets which is proportionate to the Builder Distributee's respective contribution to HWC's treasury, under the following conditions: (i) the Deputy Receiver adopts a directive implementing the HOWIC Plan of Liquidation, (ii) the Deputy Receiver completes the HOWIC Plan of Liquidation and distributes HOWIC's assets and remaining liabilities to HWC during the Liquidation Period, and (iii) after receipt of HOWIC's assets and

remaining liabilities, HWC first satisfies all liabilities of itself, HOW, and HOWIC before distributing any Residual Assets to the Builder Distributees,¹

12. In the event that he cannot find any person owed funds by the HOW Companies, including any Builder Distributee owed a distribution of Residual Assets, deliver such unclaimed funds to the custody of the State of that person's last known address, as shown by the HOW Companies' books and records, pursuant to the procedures established by that State's unclaimed property laws,
13. Be authorized to create a trust to hold any unclaimed funds if the applicable State unclaimed property laws did not permit him to deliver any such unclaimed funds to the relevant States prior to the date that HWC would cease to exist and the receivership would terminate, and
14. Dissolve HWC upon: (i) payment of its liabilities with all available assets, or (ii) distribution of Residual Assets.

¹The methodology for allocating Residual Assets among Builder Distributees is described in Exhibit "A-1" to the Application.

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