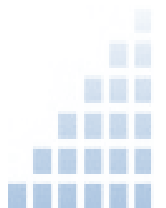




Foundation for Housing Warranty (HOW)

HOW provides supports quality and safety of houses



HOW is contributing improvement of performance of housing functions, consumer protection and development of small and medium-sized house builders.

1. Supports for implementation of defects warranty
2. Supports for housing defects, warranties, insurance, quality assessments, and inspections
3. Research on defects warranty from neutral stance

Business

Supports for implementation of defects warranty

1. Management of Housing Warranty Fund

- Taking risks at more than predetermined level for medium and small sized companies who are policy holders of housing defects liability insurance.

- Providing no interest rate loans to insurance corporations in the event of occurrence of excessive losses.

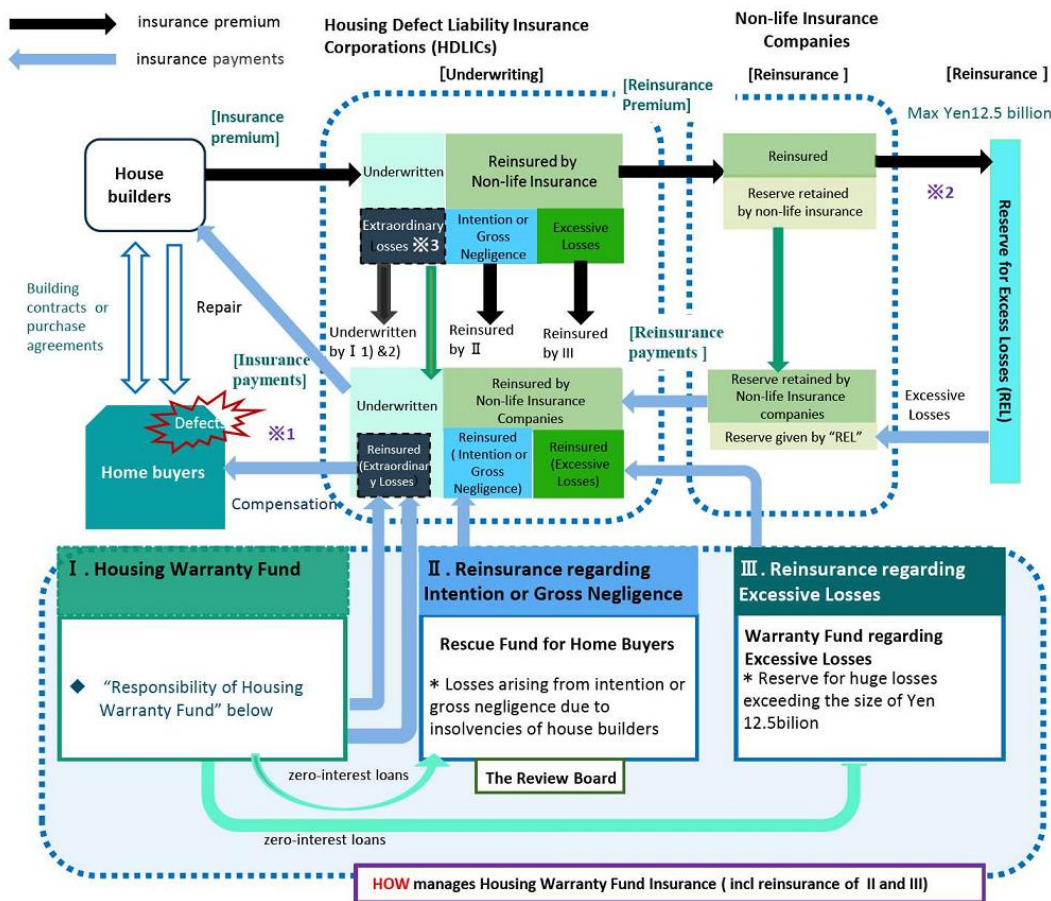
2. Reinsurance related to losses arising from intention or gross negligence

In case defects (normally exempt from insurance payments) are raising from intention or gross negligence of housing builders or suppliers and such defects are not cured during the reasonable time frame, HOW provides support to homeowners in order to obtain insurance payments for repair.

3. Reinsurance related to excessive losses

Providing financial assistance to insurance corporations in the event of occurring extraordinary losses exceeding Yen12.5billion reserve of non-life insurance companies.

The structure which supports Housing Defects Liability Insurance Scheme



- Notes:**
- ※1 Homebuyers get payments from HDLICs directly if insured companies become insolvent and cannot repair or fix defects for the reasonable time frame.
 - ※2 Reinsured premium are based on the size of risks taken by member of non-life insurance companies (only Type I insurance).
 - ※3 The reserve covers extraordinary losses arising from small and medium-sized companies.

◆ Responsibility of Housing Warranty Fund

- 1) Supports for HDLICs to make insurance payments to small & medium-sized companies for newly built houses
- 2) Supports for HDLICs to make insurance payments to small & medium-sized companies for existing houses
- 3) Making zero interest-rate loans to HDLICs in the case of shortage of Rescue Fund for Home Buyers (applicable for Type I and Type II insurance)
- 4) Making zero-interest loans to HDLICs in the event of losses exceeding Y12.5billion reserve (applicable only for Type I insurance).

* There exists difference between 1) and 2) in terms of the scope of extraordinary losses

* 3) & 4) are 10-year provisional measures starting from May 30, 2017

Type I insurance (Mandatory) for newly built houses if the buyer of the house is individual or companies which do not have real estate agency license.

Type II insurance (Voluntary) for newly built houses if the buyer is licensed real estate agent, etc.,

Supports for implementation of defects warranty

2006	Establishing Housing Warranty Fund (regarding defects warranty for medium and small sized companies)
2007	Expansion of Housing Warranty Fund (to cover extraordinary losses arising from intention and gross negligence)
2012	Transfer of business such as defects liability insurance and housing quality assurance scheme to Organization of Housing Warranty (OHW). HOW retained Housing Warranty Fund.
2017	Study committee for Housing Warranty Fund (for extraordinary losses arising from intention and gross negligence) was formed
2018	Commencement of reinsurance for intention and gross negligence (establishment of Rescue Fund for Home Buyers)
2020	Commencement of reinsurance for extraordinary losses other than intention or gross negligence
	The Review Board was formed to discuss intention and gross negligence issues
2021	Adding functions to Housing Warranty Fund in terms of reinsurance to cover catastrophic risks related to existing housing defects liability insurance

Supports for housing defects, warranties, insurance, quality assessments, and inspections

HOW, upon an appointment of MLIT*, are engaged in administrative assistance to provide subsidies to the nominated entities which conduct projects to improve the quality of housing stock. * : The Ministry of Infrastructure, Transportation and Tourism

1. Improving quality and maintenance of housing stock (Fiscal Year 2020~)

(1) Maintenance project for improving environment for better quality housing stocks.

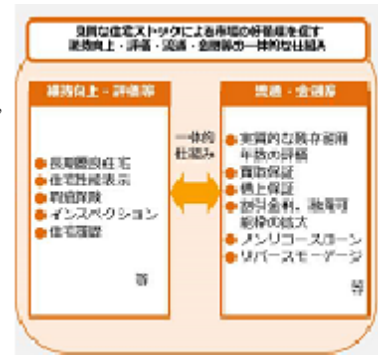
The projects is providing supports to nominated projects which enable existing houses to be valued fairly and properly by way of maintenance, remodeling, valuation system, distribution channel and finance.

(2) Maintenance projects for consultation regarding housing stocks

The projects is providing supports to nominated projects to conduct consultation services including disputes and natural disasters to reduce consumers' concern for existing houses and remodeling.

(3) Supports for players of housing stocks

The project is providing supports to various entities such as trade associations of remodeling, registration associations of "Anshin R" houses, qualified inspectors for existing houses, training institutes, trade associations as for human resources developments.



2. Promotion of rental housing for people who needs Special Assistance to secure housing (FY2022~)

The project is providing supports to increase the volume of existing houses specifically for people who need special assistance to secure homes.



3. Model works to improve living environment to cope with hundreds year life (FY2022~)

The project is providing supports for advanced model works which improve living environment in the area of preventive care, advance of health, parenting, interactions with multi-generations.

Research on defects warranty from neutral stance

Research (Japan)

- Survey of defective warranty clauses in remodeling work contracts between contractors and consumers
- Impact on Housing Industry arising from the revision of civil code
- Leaflet titled "Key points of revised Civil Code related to housing industry".
- Study of Role of Housing Warranty Fund in the event of occurrence of extraordinary losses
- Risk Analysis of Housing Defects Liability Insurance

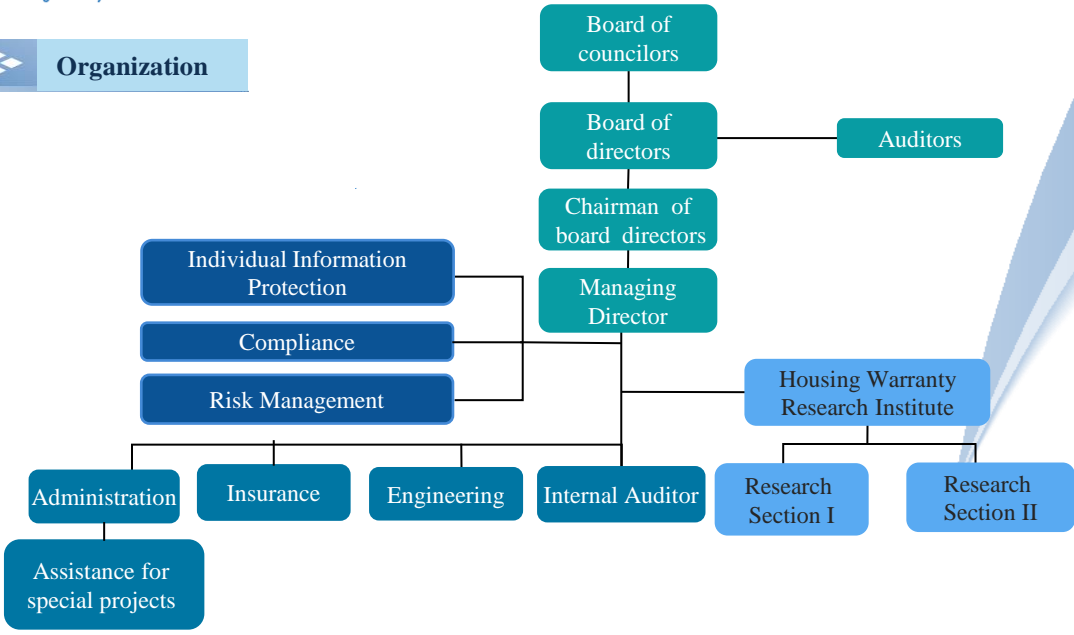


Research (Overseas)

- Housing & Home Warranty Programs World Research
- Workshop & Seminar with Agence Qualité Construction (France)
- Housing Warranty Scheme in Australia (Japanese only)



Organization



History

- 1980 Registration Organization for Warranted Houses was established as a voluntary organization.
- 1982 Establishment of Registration Organization for Warranted Houses (“ROWH”)
- 1999 ROWH changed its name to Organization for Housing Warranty (OHW)
- 2000 Change of governance in comply with Act on Assurance of Performance of Specified Housing Defect Warranty
- 2008 Commencement of Housing Defects Liability Insurance System to cope with implementation of the Act for Secure Execution of Defect Warranty Liability.
- 2012 OHW transferred business related to Housing Defects Liability Insurance and Housing Quality Assurance to Organization for Housing Warranty Ltd (OHW Ltd).
- 2013 OHW was reorganized as “General Foundation” and the name was changed to “Foundation for Housing Warranty (“HOW”)
- 2018 Commencement of underwriting reinsurance for losses arising from intention or gross negligence
- 2020 Commencement of underwriting reinsurance for catastrophic risks

Foundation for Housing Warranty

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