

your new home

workmanship, systems and structural warranty.



LONG LIVE HAPPY HOMES®



“Long live happy homes[®]” says it all.

It says we are in the business of promises kept...
and promises kept, make our customers happy.

It says we have protected over 5.5 million new and pre-owned homes.

It says we partner with thousands of the nation’s finest home builders,
service contractors and real estate professionals who consider our
protection the industry’s gold standard.

It says we relentlessly focus on reducing the financial risks
for our millions of customers.

It says a lot about promises kept.

The Buyer will receive a Certificate of Warranty within 30 days after the Builder/Seller took all steps required to make the express limited warranty effective. The Certificate of Warranty will identify the coverage selected by Your Builder/Seller and the Warranty Limits.

Once the Certificate of Warranty is received, please keep it with this warranty booklet.

You do not have a warranty without a valid Certificate of Warranty.

Register your warranty at www.2-10.com/homeowners.
Registration is not required for your warranty to be valid.



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BUILDER/SELLER'S EXPRESS LIMITED WARRANTY

SECTION I. YOUR WARRANTY BOOKLET AND CERTIFICATE OF WARRANTY COVERAGE.

This booklet and the **Certificate of Warranty Coverage** are very important legal documents that fully define the provisions of this express limited warranty, **and You** and **Your Builder/Seller's** rights and obligations. Therefore, it is important to keep this booklet and the **Certificate of Warranty Coverage** with other legal documents that are important to **You**.

Your warranty is not a policy of insurance, a maintenance agreement or a service contract. If **You** have a mortgage on **Your Home**, **Your** lender may insist that **You** have a Homeowners' insurance policy. This warranty is not a Homeowners' insurance policy and it will not satisfy the lender's requirement. As described in this booklet, coverage is limited to qualified defects. If the Builder/Seller has provided a private, additional warranty or guarantee, the Builder/Seller's obligations under that private warranty or guarantee are not covered by this express limited warranty or insured by the Warranty Insurer.

The provisions of this warranty may not be changed by **Your Builder/Seller** or by any other person. If any provision of this warranty is found to be unenforceable, the remaining provisions will remain in full force and effect.

A. TRANSFERRING YOUR BUILDER/SELLER'S EXPRESS LIMITED WARRANTY.

If **You** sell **Your Home** during the term of the express limited warranty, this warranty can be transferred to the next owner, and any subsequent owners. This means all of **Your** rights and obligations under this warranty, up to the remaining amount of the **Warranty Limit**, will transfer to each purchaser of **Your Home** or any person who otherwise obtains title to **Your Home**, including any mortgagee in possession, for the remaining term of the warranty.

When **You** sell **Your Home**, **You** agree to give this warranty booklet and the **Certificate of Warranty Coverage** to **Your** buyer in order to make it possible for the buyer to understand his or her rights and fulfill his or her obligations under the provisions of this express limited warranty.

If **You** are a successive owner of the **Home**, **You** may benefit from the coverage provided by this express limited warranty, but in return **You** are bound by all of the terms and conditions of this warranty including but not limited to the procedures that must be followed to make a claim and the obligation to participate in arbitration as set out in this warranty. To register the warranty in **Your** name please complete and mail the Successive Owner Transfer and Acceptance Form along with a check for \$20.00 to 2-10 HBW at the address shown on the form.

B. WORDS WITH SPECIAL MEANINGS.

Generally speaking, the words used in this warranty have their normal everyday meaning. In some cases, however, a word will be used as shorthand to describe specifically one of the key provisions contained in this express limited warranty. In those cases, the words will be capitalized, and the capitalized word will always have the same special meaning.

Most defined terms are described in this section, however, other sections of this warranty booklet may contain other defined terms. The words being given a special meaning in this section are as follows:

"Builder/Seller" means the **Home Builder/Seller** listed on the **Certificate of Warranty Coverage**, and is the person or company providing **You** with this express limited warranty.

"Certificate of Warranty Coverage" is the document issued by 2-10 HBW confirming that **Your Builder/Seller** took all steps required to make the express limited warranty on **Your Home** effective.

"Common Element" means any portion of a **Multi-Family Building** which is defined as a **Common Element** in either common interest ownership laws or in the declaration establishing such community. Unless excluded in Section VIII, **Common Elements** may include, without limitation, hallways, roofs, exterior finishes, and electrical, plumbing, and mechanical distribution systems.

"Common Element Date of Warranty" means the earlier of the date a certificate of occupancy is issued for the **Multi-Family Building** or the date a unit in the building is first occupied.

"Commercial Space" means any unit within a **Multi-Family Building** that is used primarily for a non-residential purpose, including, without limitation, club houses, retail space, and recreational facilities.

"Defect" means a failure to meet the Construction **Performance Guidelines** for workmanship and systems set forth in Section X of this warranty booklet.

"Effective Date of Warranty" means the date the express limited warranty goes into effect. That date will be the earliest of: (1) the closing date on which **You** purchased the **Home**, (2) the date title to the **Home** was transferred to **You** if title was transferred before **Your** closing date, or (3) the date anyone first began living in the **Home** if before **Your** closing date. **Homes With FHA/VA Financing**

Only – If **Your Certificate of Warranty** indicates **Your Home** has FHA/VA financing, the **Effective Date of Warranty** is the date of closing.

“Home” means the dwelling unit and garage (if any) or the **Commercial Space** (if any) located at the address shown on the **Certificate of Warranty Coverage**.

“Multi-Family Building” is a building in a common interest community that may consist of dwelling units, shared parking spaces, **Commercial Space(s)** and/or **Common Elements**.

“Performance Guidelines” mean the performance standard(s) the **Home** or element or component must satisfy.

“Structural Defect” is defined in Section IIB of this warranty booklet.

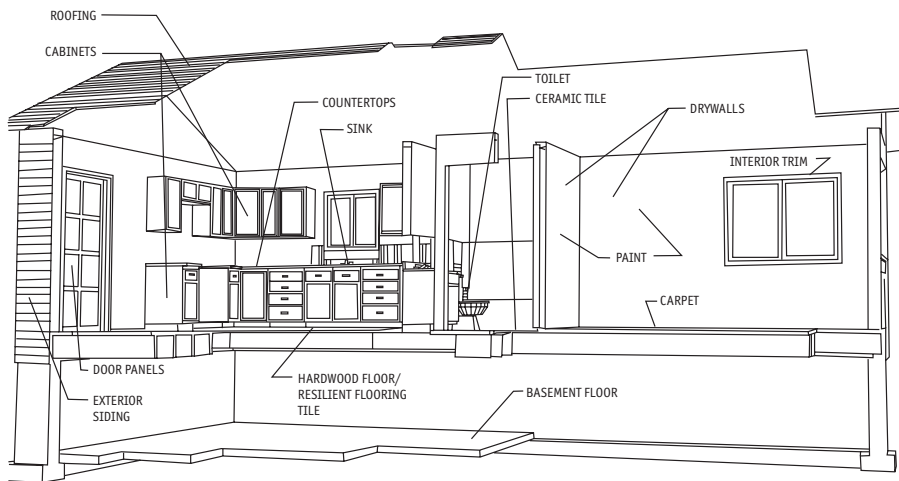
“You”, **“Your”**, and similar words means the person or persons who are the legal owners of the **Home** covered by this express limited warranty.

“Warranty Insurer” is the **Builder/Seller’s Warranty Insurer** as stated on **Your Certificate of Warranty Coverage**.

“Warranty Limit” is the aggregate financial obligation of the **Builder/Seller** for all claims under this warranty. The Warranty Limit is equal to the final sales price of the Home as identified on the Application for Home Enrollment when the final sales price includes the land. If the land was provided by You, the Warranty Limit is equal to the final sales price of the Home multiplied by a factor of 1.25 provided this calculation was performed on the Application For Home Enrollment.

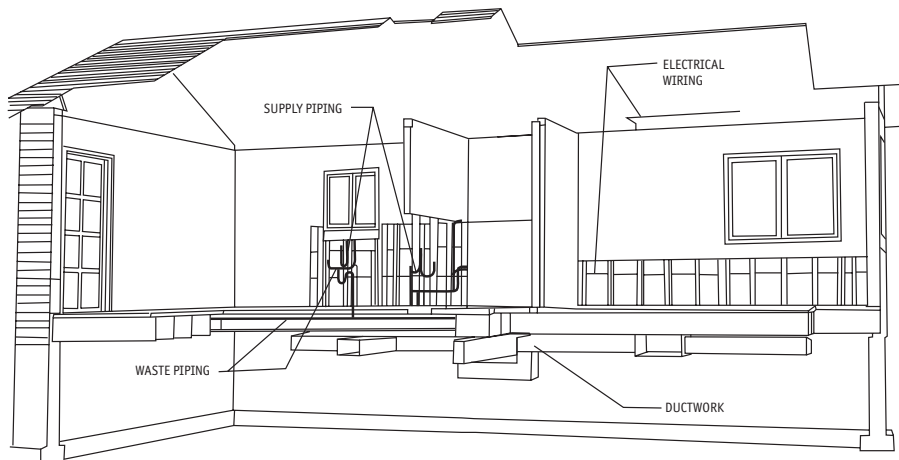
SECTION II. THE WARRANTIES PROVIDED BY YOUR BUILDER/SELLER.

A. ONE YEAR WORKMANSHIP AND TWO YEAR SYSTEMS DEFECT WARRANTY. Your **Builder/Seller** is providing a One Year Workmanship and Two Year Systems **Defect Warranty** for **Your Home**. This means that **Your Home** will be free from **Defects** in materials and workmanship for one year as defined in the Construction **Performance Guidelines** in Section X; and for two years **Your Home** will be free from **Defects** in the electrical, plumbing, and mechanical distribution system as stated in Section X. The Workmanship warranty shall expire one year from the **Effective Date of Warranty**; and the Systems Warranty will expire two years from the **Effective Date of Warranty**.



WORKMANSHIP

Examples of items typically covered under the one year workmanship warranty.



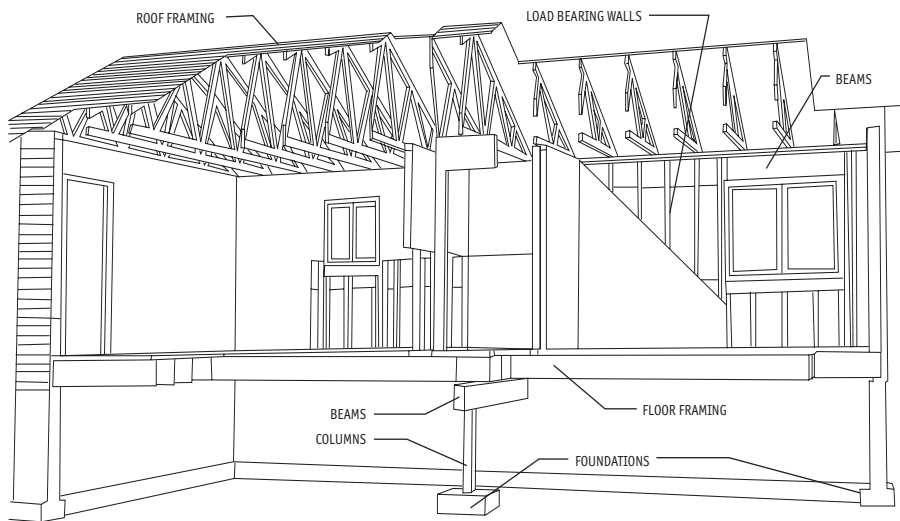
SYSTEMS

Examples of items typically covered under the two year systems warranty.

B. STRUCTURAL DEFECT WARRANTY. Your Builder/Seller is providing a **Structural Defect** warranty. This means that the **Builder/Seller** warrants that **Your Home** will be free from **Structural Defects** from the **Effective Date of Warranty** for ten years.

Structural Defect is defined as actual physical damage to the designated load-bearing elements of the **Home** caused by failure of such load-bearing elements which affects their load-bearing functions to the extent that **Your Home** becomes unsafe, unsanitary, or otherwise unlivable. This is coverage for catastrophic failure of load-bearing elements of **Your Home**. The designated load-bearing elements that are covered under the **Structural Defect** warranty are:

1. Footings and Foundation systems;
2. Beams;
3. Girders;
4. Lintels;
5. Masonry Arches;
6. Columns;
7. Load-bearing walls and partitions;
8. Roof framing systems; and
9. Floor systems.



STRUCTURE

Examples of items typically covered under the ten year structural warranty.

The remaining elements of **Your Home** are not load-bearing elements under this **Structural Defect** warranty. A non-exclusive list of some of the non-load-bearing elements in **Your Home** not covered by this **Structural Defect** warranty are:

1. Non-load-bearing partitions and walls;
2. Wall tile or paper, etc.;
3. Drywall and plaster;
4. Flooring and sub-flooring material;
5. Stucco, brick and stone veneer;
6. Any type of exterior siding;
7. Roof shingles, roof tiles, sheathing, and tar paper;
8. Heating, cooling, ventilating, plumbing, electrical and mechanical systems;
9. Appliances, fixtures or items of equipment;
10. Doors, trim, cabinets, hardware, insulation, paint, stains; and
11. Basement and other interior floating, ground-supported concrete slabs.

Homes With FHA/VA Financing Only – If **Your Certificate of Warranty** indicates **Your Home** has FHA/VA financing, add the following to the definition of designated load-bearing elements that are covered:

12. Roof sheathing only if **Your Home** has original FHA/VA financing still in effect; and
13. State of Colorado: Basement slabs for the first four years of the **Structural Defect** warranty period only if **Your Home** has original FHA/VA financing still in effect.

C. INDIANA RESIDENTS. If **Your Home** is located in the State of Indiana, **Your Home** will be free from **Defects** in materials and workmanship as defined in the Construction **Performance Guidelines** contained in Section X of this warranty booklet for a period of two years from the **Effective Date of Warranty**, and the roof on **Your Home** will be free from **Defects** in faulty workmanship or defective materials for a period of four years from the **Effective Date of Warranty**. All other provisions of this warranty remain the same.

SECTION III. THE OPTION TO REPAIR, REPLACE OR PAY FOR DEFECT AND/OR STRUCTURAL DEFECT.

A. PROVISIONS APPLICABLE TO DEFECT AND/OR STRUCTURAL DEFECT.

The **Builder/Seller** shall have the option to repair, replace or pay **You** the reasonable cost of repair of any **Defect**. The **Warranty Insurer** shall have the option to repair, replace or pay **You** the reasonable cost of repairing any **Structural Defect**. The design, method and manner of such repair shall be within the sole discretion of the **Builder/Seller** or **Warranty Insurer**, as applicable. At the time the **Builder** completes the repair, replacement or payment for the repair of any **Defect** or **Structural Defect**, **You** must:

1. Assign to the **Builder/Seller** or **Warranty Insurer** any rights **You** may have against any other person with respect to the **Defect** or **Structural Defect**. **You** must not do anything to prejudice these rights of subrogation.
2. Sign and deliver a full and unconditional release of the **Builder/Seller** or **Warranty Insurer**, in recordable form, of all legal obligations with respect to the warranted items and conditions arising from those items.

If an improvement, fixture or property not constructed by the **Builder/Seller** is damaged or requires removal during the repair, it is **Your** sole responsibility, and not the responsibility of the **Builder/Seller** or **Warranty Insurer**, to pay for the cost of repair or removal of such improvement, fixture or property. No repair shall extend the term of this express limited warranty as to any **Defect** or **Structural Defect**, including without limitation, the **Defect** or **Structural Defect** that was the subject of the repair.

Homes With FHA/VA Financing Only – In the case of cash payments regarding **Homes** with original FHA/VA financing still in effect, the **Warranty Insurer** is required to make payment to **You** and **Your** mortgagee. **You** must provide the name and address of **Your** mortgagee, the FHA/VA case number and the loan number (**Your** HUD settlement statement will have this information) when **You** file a claim with respect to a **Home** with a FHA/VA financed mortgage, in order for these obligations to be performed.

B. ADDITIONAL PROVISIONS APPLICABLE TO THE REPAIR OF STRUCTURAL DEFECT.

The repair of a **Structural Defect** is limited to:

1. The repair of damage to designated load-bearing portions of the **Home** which is necessary to restore their load-bearing ability;
2. The repair of designated non-load-bearing portions, items or systems of the **Home**, damaged by the **Structural Defect**, which make the **Home** unsafe, unsanitary, or otherwise unlivable (such as the repair of inoperable windows, doors and the restoration of functionality of damaged electrical, plumbing, heating, cooling, and ventilating systems); and
3. The repair and cosmetic correction of only those surfaces, finishes and coverings, original with the **Home**, damaged by the **Structural Defect**, or which require removal and replacement attendant to repair of the structural damage, or to repair other damage directly attributable to the **Structural Defect**.

Repairs of the **Structural Defect** are intended to restore the **Home** to approximately the condition just prior to the **Structural Defect**, but not necessarily to a like-new condition.

C. ACCESS TO YOUR HOME FOR INSPECTING AND MAKING REPAIRS.

In order to carry out the warranty responsibilities, the **Builder/Seller** or **Warranty Insurer** will require access to **Your Home**. If **Your Home** is in a **Multi-Family Building**, **You** agree (after reasonable notice) to allow access to, or within **Your Home** during normal business hours so repairs may be made to any adjacent unit or **Common Element**. If emergency repairs are necessary and **You** cannot be reached within a reasonable time period, **You** waive such notice. If **You** do not provide access to **Your Home** during normal business hours to inspect, repair, or conduct tests on **Your Home** as may be required to evaluate or repair a **Defect** or **Structural Defect**, **You** are relieving the **Builder/Seller** and **Warranty Insurer** of all responsibility to make repairs, replace or pay for any **Defect** or **Structural Defect** under this warranty.

In addition to the right to inspect **Your Home**, the **Builder/Seller** or **Warranty Insurer** shall have the right, in advance of any arbitration concerning **Your Home**, to re-inspect **Your Home** if the request for arbitration is made more than sixty (60) days after the last claim decision concerning the claim that is the subject of the arbitration.

D. THE LIMITS OF YOUR WARRANTY.

Every time **Your Builder/Seller** or **Warranty Insurer** pays a claim under this warranty, the amount of that payment is deducted from the **Warranty Limit**. When the **Warranty Limit** is exhausted, there is no longer warranty coverage for **Your Home**. A claim payment includes the cost to the **Builder/Seller** or **Warranty Insurer** of repairing a **Defect** or **Structural Defect** in **Your Home** covered under this warranty. However, a claim payment does not include the cost of investigating the claim.

The **Warranty Limit** for **Common Elements** in a **Multi-Family Building** is equal to the sum of the unexpired **Warranty Limits** for all **Homes** in the building which are enrolled in the 2-10 HBW Program. In the event that all **Homes** in the **Multi-Family Building** were not enrolled, the **Warranty Limit** for **Common Elements Defects** or **Common Elements Structural Defect** coverage shall be reduced pro-rata based upon the ratio of the original sale price of the non-enrolled **Homes** compared to the total original sales price of all **Homes** in the **Multi-Family Building**. If the claim payment is for a **Common Elements Defect** or **Common Elements Structural Defect**, the **Warranty Limit** on each **Home** in the **Multi-Family Building** still covered by an unexpired warranty shall be reduced pro-rata in the proportion which the **Common Elements** claim payment bears to the total original sales price of all enrolled **Homes**. Coverage for **Your**

Builder/Seller's express limited warranty shall be excess of any other valid and collectible insurance available to **You** or **Your Builder/Seller**, whether primary, pro-rata or excess, and whether or not collected.

E. EMERGENCY REPAIRS.

An emergency means a substantial risk of serious physical damage to the **Home** or a substantial risk of serious bodily injury to its occupants if a **Defect** or **Structural Defect** is not immediately repaired. If **You** have an emergency involving a **Defect** or a **Structural Defect**, **You** must contact **Your Builder/Seller** immediately, who is responsible for making emergency repairs or authorizing **You** to make emergency repairs. If **You** are unable to contact **Your Builder/Seller**, **You** must then (1) make minimal repairs necessary to avoid the emergency until authorization for more extensive repairs have been approved by **Your Builder/Seller**, (2) take any action reasonably necessary to limit additional damage, and (3) report the emergency to the **Builder/Seller** and 2-10 HBW on the next business day.

Except for authorized emergency repairs, do not repair or attempt to repair a claimed **Defect** or **Structural Defect** before the **Builder/Seller** and the Warranty Insurer have had an opportunity to inspect the **Defect** or **Structural Defect**. Any attempt to repair a claimed **Defect** or **Structural Defect**, other than an authorized emergency repair, will make it impossible to assess whether the **Defect** or **Structural Defect** was covered by this warranty, whether the repair was correct, cost-effective, necessary, and effective, or whether the problem could be resolved in another way. Unless an emergency **Defect** or **Structural Defect** repair is authorized, the **Builder/Seller** and/or the 2-10 HBW **Warranty Insurer** will have no responsibility to reimburse any costs due to repair, replacement, and expenses, including engineering and attorney's fees.

SECTION IV. REPORTING A WARRANTY CLAIM.

A. WORKMANSHIP AND SYSTEMS DEFECTS.

If **You** believe **Your Home** has a **Defect** that is covered under **Your Builder/Seller's** Workmanship or Systems Warranty that occurred during the applicable term of the warranties, **You** must take the steps described in this Section IV.

B. STRUCTURAL DEFECTS.

If **You** believe **Your Home** has a **Structural Defect** that is covered under **Your Builder/Seller's** Structural Warranty, **You** must take the steps described in Section IV.D.2. Notice of **Structural Defect** must be made by the Homeowner, except for Multi-Family Buildings, notice for each affected building must be made by the Homeowners' association or its designated representative, along with a copy of the **Certificate of Warranty Coverage** for each **Home** in the building.

C. NOTICE TO YOUR BUILDER/SELLER.

- 1. Workmanship and Systems Defect(s) must be reported to the Builder/Seller as soon as possible but no later than 15 days after the expiration of the applicable term of the warranty.** Send written notification to **Your Builder/Seller** listing completely the specific **Defect(s)** and the date the **Defect(s)** occurred. **The Defect will not be covered under this warranty if the Notice is received more than 15 days after the expiration of the warranty term. These time limits are a material condition of this warranty.** It is recommended (but not required) that **Your** letter be sent by certified mail, return receipt requested so **You** have a record of when **Your** letter was sent and received.

D. NOTICE TO 2-10 HBW.

- 1. WORKMANSHIP AND SYSTEMS DEFECTS MUST BE REPORTED TO 2-10 HBW AS SOON AS POSSIBLE BUT NO LATER THAN 15 DAYS AFTER THE EXPIRATION OF THE APPLICABLE TERM OF THE WARRANTY.** If covered repairs for the Workmanship or Systems **Defects** are not completed by **Your Builder/Seller** within sixty (60) days of the date **You** sent **Your** letter or before the expiration of the warranty term (whichever date comes earlier), **You** must complete the following three steps:
 - Complete the appropriate Notice of Complaint Form ("Notice"), which is found at the back of this warranty booklet.
 - Send one copy of the Notice to **Your Builder/Seller**.
 - Send one copy of the Notice to 2-10 HBW, and include:
 - A copy of **Your Certificate of Warranty Coverage**; and
 - A copy of all correspondence with **Your Builder/Seller** regarding the **Defect(s)** in question to:

**2-10 Home Buyers Warranty
Warranty Administration Department
10375 East Harvard Avenue, Suite 100
Denver, CO 80231
Phone: 855.429.2109**

We recommended (but do not require) that **You** send this notice by certified mail, return receipt requested, so **You** have a record of when the notice was sent and received. Include copies of **Your Certificate of Warranty Coverage** and all correspondence with **Your Builder/Seller** about the **Defect(s)** in question.

WHAT 2-10 HBW WILL DO. Once 2-10 HBW has received **Your** Notice of **Defect**, it will again notify **Your Builder/Seller** of **Your Defect(s)**. If **You** and **Your Builder/Seller** still cannot resolve **Your** differences even with 2-10 HBW's conciliation help, then **You** and **Your Builder/Seller** must arbitrate **Your** dispute under the arbitration agreement set forth in this booklet. 2-10 HBW will provide a form for **You** to request arbitration after **You** have completed the procedure described above. If 2-10 HBW determines that **Your Builder/Seller** cannot or will not participate in arbitration, or **Your Builder/Seller** refused to pay or perform an arbitration award in **Your** favor, 2-10 HBW will notify **You** of that fact. **You** must then forward to 2-10 HBW at the address above, a one time \$250 claim deductible (check payable to the **Builder/Seller's Warranty Insurer** stated on **Your Certificate of Warranty Coverage**). Upon receipt, 2-10 HBW will forward the check and **Your** file to the **Builder/Seller's Warranty Insurer**, and the **Warranty Insurer** will adjust the claim.

Homes With FHA/VA Financing Only – If **You** are the original owner and **Your Home** has original FHA/VA financing still in effect, the \$250 deductible is collected after the claim is accepted and the amount of the loss is determined.

2. **Structural Defect(s) must be reported to 2-10 HBW as soon as possible but no later than thirty (30) days after the expiration of the applicable term of the Warranty.** Notice means that **You** must complete the following two steps:
 - a. Complete the appropriate Notice of Claim Form ("Notice"), which is found at the back of this warranty booklet.
 - b. Send one copy of the Notice to 2-10 HBW, and include:
 1. A copy of **Your Certificate of Warranty Coverage**; pay a \$250 claim investigation fee payable to the **Warranty Insurer** stated on the **Certificate of Warranty Coverage**; and
 2. A copy of all correspondence with **Your Builder/Seller** regarding the **Structural Defect(s)** in question to:
2-10 Home Buyers Warranty
Warranty Administration Department
10375 East Harvard Avenue, Suite 100
Denver, CO 80231
Phone: 855.429.2109

We recommended (but do not require) that **You** send this notice by certified mail, return receipt requested, so **You** have a record of when the notice was sent and received.

Homes With FHA/VA Financing Only – If **You** are the original owner and **Your Home** has original FHA/VA financing still in effect, **You** do not have to send the \$250 claim fee investigation fee with **Your** Notice of Claim Form. The \$250 fee will be collected after the claim is accepted and the amount of the loss is determined.

WHAT 2-10 HBW WILL DO. Upon receipt of the items identified in D.2 above, 2-10 HBW will forward the check and **Your** file to the **Warranty Insurer**, and the **Warranty Insurer** will adjust the claim.

E. MULTI-FAMILY BUILDINGS.

1. Coverage of the **Common Elements** begins on the date the Certificate of Occupancy was issued for the building containing **Your** unit, and **Common Elements Structural Defects** must be reported within the applicable Warranty Term for such defects. Claims pertaining to **Common Elements** must be filed by **Your** condominium association ("Association") or representative designated by the Association using one Notice of Claim form for each affected building. The Notice of Claim form must list each unit of the building and a **Certificate of Warranty Coverage** must be attached for each unit of the building. Under the ten year **Structural Defect** warranty coverage, the maximum claim investigation fee is \$250 per unit in the building or \$5000 per building, whichever is less.

SECTION V. THE EFFECT OF THIS WARRANTY ON YOUR LEGAL RIGHTS.

You have accepted this express limited warranty provided in this warranty booklet. All other implied warranties, including oral or written statements or representations made by **Your Builder/Seller** or any implied warranty of habitability, merchantability or fitness, are disclaimed by **Your Builder/Seller** and waived by **You** to the extent possible under the laws of **Your** state. **You** may have other remedies as provided under the law of the state where the **Home** is located.

***California:** The protection provided under this Warranty is not in limitation of, but is in addition to any other rights provided to **You** under California law.

***Kansas:** **You** have not waived the implied warranties and the Warranty is not **Your** exclusive remedy. **You** may have other remedies as provided to **You** under Kansas law.

***Florida:** Units located in **Multi-Family Buildings** may have additional statutory protection under Florida law.

***Oregon:** Units located in **Multi-Family Buildings** may have additional statutory protection under Oregon law.

SECTION VI. ARBITRATION OF DISPUTES.*

To expedite the resolution of any and all claims, disputes and controversies by or between the Homeowner, the Builder/Seller, 2-10 HBW, as administrator, the Warranty Insurer or any combination of the foregoing, arising from or related to this Warranty, the Warranty Insurance Policy or the 2-10 HBW Program, Claims shall be settled by binding arbitration. Agreeing to arbitration means You are waiving Your right to a jury trial, class action or consolidation.

Any party shall be entitled to recover reasonable attorney's fees and costs incurred in enforcing this arbitration agreement. The decision of the arbitrator shall be final and binding and may be entered as a judgment in any State or Federal court of competent jurisdiction.

A. SELECTING AN ARBITRATION SERVICE.

The arbitration shall be conducted by DeMars & Associates, Ltd. or by Construction Dispute Resolution Services, LLC, or by any mutually agreeable arbitration services, pursuant to the applicable rules in effect at the time of the arbitration. The choice of the arbitration service shall be that of the Homeowner, or if the Homeowner is not involved, the party who initiates the arbitration shall choose the arbitration service. No arbitration proceeding shall involve more than one single-family detached dwelling or more than one Multi-Family Building. Whenever possible, the arbitration shall be held in the Home. The arbitrator shall render an award in accordance with the substantive law in the state in which the Home is located. The decision of the arbitrator shall be final and binding and may be entered as a judgment in any State or Federal court of competent jurisdiction.

B. DISPUTES CONCERNING THE APPLICATION OF THIS ARBITRATION AGREEMENT.

The parties expressly agree that this arbitration agreement involves and concerns interstate commerce and interpretation of this arbitration agreement shall be governed by the Federal Arbitration Act (9 U.S.C. § 1, et seq.) ("FAA"), to the exclusion of any different or inconsistent state or local law, ordinance or judicial rule. This arbitration agreement is a self-executing arbitration agreement. Any disputes concerning the interpretation or enforceability of this arbitration agreement, including without limitation, its revocability or voidability for any cause, the scope of arbitrable issues, and any defense based upon waiver, estoppel or laches, shall be decided by the arbitrator.

C. COST OF ARBITRATION.

All administrative fees of the arbitration service and fees of the arbitrator shall be allocated to the parties as provided in the rules of the arbitration service, subject to the discretion of the arbitrator to reallocate such fees in the interests of justice.

D. FOR WARRANTIES ISSUED IN CALIFORNIA: For 2-10 HBW warranties issued on Homes located within the State of California, the arbitration provisions are amended as follows. The FAA shall govern the enforceability of this arbitration agreement, to the exclusion of any state law (statutory or judicial). Arbitration shall not be stayed or denied enforcement pursuant to California Code of Civil Procedure § 1281.2(c). An arbitration service or arbitrator conducting an arbitration must satisfy the disclosure requirements mandated under the California Arbitration Act. The arbitrator shall not have the power to commit errors of law or legal reasoning. California procedural and substantive laws and the California Arbitration Act relating to the process of modifying, confirming, or vacating an arbitration award shall be the governing law with respect to the finality of any resulting arbitration award. Any award pursuant to this arbitration agreement will be subject to judicial vacatur if the award manifests legal errors. The arbitrator shall prepare in writing and provide to the parties an award including factual findings and the reasons on which his decision is based. A party may apply to such court for an order confirming, modifying or vacating the award, and upon the court's review of (a) whether the findings of fact rendered by the arbitrator are supported by substantial evidence and (b) whether, as a matter of law based on such findings of fact, a judgment shall be entered in favor of either party consistent with such review.

E. FOR WARRANTIES ISSUED IN NEVADA: The Federal Arbitration Act (9 U.S.C. §§ 1-16) shall govern the enforceability of this arbitration agreement, to the exclusion of any state law (statutory or judicial). An arbitration service or arbitrator conducting an arbitration must satisfy the disclosure requirements mandated under the Nevada Uniform Arbitration Act. The arbitrator shall not have the power to commit errors of law or legal reasoning. Nevada procedural and substantive laws and the Nevada Uniform arbitration Act relating to the process of modifying, confirming, or vacating an arbitration award shall be the governing law with respect to the finality of any resulting arbitration award. Any award pursuant to this arbitration agreement will be subject to vacated or modified pursuant to NRS Section 38.241 and 38.242. The arbitrator

shall prepare in writing and provide to the parties an award including factual findings and the reasons on which his decision is based. A party may apply to such court for an order confirming, modifying or vacating the award, and upon the court's review of (a) whether the findings of fact rendered by the arbitrator are supported by substantial evidence and (b) whether, as a matter of law based on such findings of fact, a judgment shall be entered in favor of either party consistent with such review.

***Homes With FHA/VA Financing Only – If You are the original owner and Your Home has original FHA/VA financing still in effect, in lieu of any right to have a claim resolved in a judicial proceeding, You may, at Your election, submit to arbitration all claims, disputes and controversies by or between You, the Builder/Seller, the Warranty Insurer and/or 2-10 HBW, arising from or related to the warranty. In addition, 2-10 HBW and/or the Warranty Insurer will offer pre-arbitration conciliation at no cost to You.**

SECTION VII. YOUR RESPONSIBILITIES UNDER THIS EXPRESS LIMITED WARRANTY.

You are responsible for proper maintenance of **Your Home** including maintaining **Builder/Seller**-set grades around the **Home**, planting trees and shrubs at the proper distance from the **Home**, and conforming to generally accepted landscape practices for **Your** region. **Your Builder/Seller** is not responsible for problems that arise if **You** do not meet these responsibilities. Also, all new **Homes** go through a period of settlement and movement, and **Your Home** may experience some minor material shrinkage, cracking and other events which are normal and customary. Examples include small cracks in drywall and paint; and separation where dissimilar materials meet each other — for example, where moldings meet sheetrock, or where tile grout meets a sink. In most cases, paint and caulking is all that is necessary to conceal these types of blemishes that result from the natural expansion and contraction of construction material. Because these events are normal and customary, they are not a **Defect** or **Structural Defect** that are covered by this express limited warranty.

SECTION VIII. EXCLUSIONS.

This Warranty does not provide coverage for any of the following items which are specifically excluded.

1. Damage to land and other real property that was not part of **Your Home**, or any property that was not included in the purchase price stated on the **Certificate of Warranty Coverage**;
2. Damage to or **Defects** in swimming pools, tennis courts and other exterior recreational facilities; driveways; boundary walls, retaining walls and bulkheads (except where boundary walls, retaining walls and bulkheads are necessary for the structural stability of the **Home**); fences; landscaping (including sod, seeding, shrubs, trees, and plantings); sprinkler systems, patios, decks, and porches, outbuildings, detached carports, or any other appurtenant structure or attachment to the dwelling; or other additions or improvements not a part of **Your Home**;
3. Loss or damage which arises while **Your Home** is being used primarily for nonresidential purposes;
4. Changes in the level of underground water table which were not reasonably foreseeable at the time of construction of **Your Home**;
5. Failure of **Your Builder/Seller** to complete construction or construction which is noncompliant with plans and specifications; violations of local or national building codes, ordinances or standards;
6. Any condition which has not resulted in actual physical damage to **Your Home**;
7. Any loss or damage that is caused or made worse by any of the following causes, whether acting alone or in sequence or concurrence with any other cause or causes whatsoever, including without limitation:
 - a. Negligence, improper maintenance, defective material or work supplied by, or improper operation by, anyone other than **Your Builder/Seller** or its employees, agents or subcontractors, including failure to comply with the warranty requirements of manufacturers of appliances, equipment or fixtures;
 - b. **Your** failure to give prompt and proper notice to 2-10 HBW and **Your Builder/Seller** of any **Defect** or **Structural Defect**;
 - c. Change of the grading of the ground that does not comply with accepted grading practices, or failure to maintain the original grade;
 - d. Riot or civil commotion, war, vandalism, hurricane, tornado or other windstorm, fire, explosion, blasting, smoke, water escape, tidal wave, flood, hail, snow, ice storm, lightning, falling trees or other objects, aircraft, vehicles, mudslide, landslide, avalanche, earthquake, volcanic eruption, sinkholes or geological phenomena involving subsurface slope instability;
 - e. Abuse or use of **Your Home**, or any part thereof, beyond the reasonable capacity of such part for such use;
 - f. Microorganisms, fungus, decay, wet rot, dry rot, soft rot, rotting of any kind, mold, mildew, vermin, termites, insects, rodents, birds, wild or domestic animals, plants, corrosion, rust, radon, radiation, formaldehyde, asbestos, any solid, liquid or gaseous pollutant, contaminant, toxin, irritant or carcinogenic substance, whether organic or inorganic, and electromagnetic field or emission, including any claim of health risk or uninhabitability based on any of the foregoing*;
 - g. **Your** failure to minimize or mitigate any defect, condition, loss or damage as soon as practicable;
8. Any loss or damage caused by buried debris, underground springs, sinkholes, mineshafts or other anomalies which were not reasonably foreseeable in a building site **You** provided;

9. Loss caused, in whole or in part, by any peril or occurrence for which compensation is provided by state legislation or public funds;
10. Costs of shelter, transportation, food, moving, storage, or other incidental expenses related to relocation during repair, or any other costs due to loss of use, inconvenience, or annoyance;
11. Diminished market value of **Your Home****;
12. Any and all consequential loss or damage, including without limitation, any damage to property not covered by this warranty, any damage to personal property, any damage to property which **You** do not own, any bodily injury or personal injury of any kind, including physical or mental pain and suffering and emotional distress, and any medical or hospital expenses, or lost profits;
13. Any and all exclusions set forth in Section X (Construction **Performance Guidelines**);
14. Any **Defect** or **Structural Defect** first occurring after the applicable term of the Warranty expires.
15. **Defects** or **Structural Defects** that first occur or **You** knew about prior to the **Effective Date of Warranty** such as “walk-through” or “punch list” items.

***Homes With FHA/VA Financing Only** – If **You** are the original owner and **Your Home** has original FHA/VA financing still in effect, termite damage shall be covered for one year from the **Effective Date of Warranty**;

****Homes With FHA/VA Financing Only** – If **You** are the original owner and **Your Home** has original FHA/VA financing still in effect, “Diminished market value of the **Your Home**” is deleted.

SECTION IX. MANUFACTURERS AND OTHER SIMILAR WARRANTIES.

Your warranty does not apply to any manufactured item such as appliances, fixtures, equipment (except as specifically defined in the Construction **Performance Guidelines**) or any other item which is covered by a manufacturer’s warranty, nor does it cover defects in any systems that are caused by failure of any such manufactured item.

Appliances and items of equipment not covered by this Limited Warranty include but are not limited to; air conditioning units, attic fans, boilers, burglar alarms, carbon monoxide detectors, ceiling fans, central vacuum systems, chimes, dishwashers, dryers, electric meters, electronic air cleaners, exhaust fans, fire alarms, freezers, furnaces, garage door openers, garbage disposals, gas meters, gas or electric grills, heat exchangers, heat pumps, humidifiers, intercoms, outside lights or motion lights not attached to the **Home**, range hoods, ranges, refrigerators, sewage pumps, smoke detectors, solar panels, space heaters, sump pumps, thermostats, trash compactors, washers, water pumps, water softeners, water heaters, whirlpool baths, and whole-house fans. This warranty does not affect or limit in any way any manufacturer’s warranty.

SECTION X. CONSTRUCTION PERFORMANCE GUIDELINES.

The following Construction **Performance Guidelines** apply only to the One Year Workmanship and Two Year Systems Warranty. The Construction **Performance Guidelines** are standards that **Your Builder/Seller’s** construction should meet. Noncompliance with these construction guidelines calls for corrective action by **Your Builder/Seller**. **Builder/Seller** will try to its best ability to match and replace with **Your** original choice of colors and materials, except where **You** custom-ordered the items. **Builder/Seller** cannot be responsible for discontinued items, changes in dye lots, colors or patterns, or items ordered outside of the original construction, or normal wear and deterioration.

It is virtually impossible to develop Construction **Performance Guidelines** for each possible deficiency. Therefore, the construction industry and 2-10 HBW have attempted to identify the most common actual physical damage deficiencies that occur and also who has responsibility for the guideline, **Your Builder/Seller**, or **You**. Where a specific Construction **Performance Guideline** has not been specified, the guidelines found in the publication Residential Construction **Performance Guidelines** 4th Edition-Contractor Reference, National Association of Home Builders (NAHB), will apply. Copies of this publication may be special ordered through most book retailers, or purchased directly from the NAHB Bookstore by calling 1-800-223-2665. The NAHB Bookstore may also be reached online at www.BuilderBooks.com. If an item is not covered in that publication, locally accepted trade practices of the construction industry will be used.

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| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
|---|--|---|---|
| 1. Site Work | | | |
| 1.1 Grading | | | |
| Settling of ground around foundation, utility trenches or other areas on the property where excavation and backfill have taken place that affect drainage away from Home. | Settling of ground around foundation walls, utility trenches or other filled areas that exceeds a maximum of six inches from finished grade established by Builder/Seller. | If Builder/Seller has provided final grading, Builder/Seller shall fill settled areas affecting proper drainage, one time only, during the first year Warranty Term. You are responsible for removal and replacement of shrubs and other landscaping affected by placement of the fill. | |
| <hr/> | | | |
| 1.2 Drainage | | | |
| Improper surface drainage. | Necessary grades and swales shall be established to provide proper drainage away from the Home. Site drainage, under the Limited Warranty, is limited to grades within 10-feet and swales within 20-feet of the foundation of the Home. Standing or ponding water shall not remain in these areas for a period longer than 24-hours after a rain, except in swales that drain from adjoining properties or where a sump pump discharges. In these areas an extended period of 48-hours is to be allowed for water to dissipate. The possibility of standing water after an unusually heavy rainfall should be anticipated and is not to be considered a deficiency. No grading determination is to be made while there is frost or snow or when the ground is saturated. | Builder/Seller is only responsible for initially establishing the proper grades, swales and drainage away from Home. You are responsible for maintaining such grades and swales once constructed by the Builder/Seller. Builder/Seller is not responsible for drainage deficiencies attributable to grading requirements imposed by state, county, or local governing agencies. | Standing or ponding water outside of defined swales and beyond 10-feet from the foundation of the Home, or that is within 10-feet but is caused by unusual grade conditions, or retention of tree areas, is not considered a deficiency. Standing or ponding water caused by changes in the grade or placement of sod, fencing, or any other obstructions by You are excluded from Limited Warranty coverage. |
| Soil Erosion | NONE. NO COVERAGE. | NONE. Builder/Seller is not responsible for soil erosion due to acts of God, weather conditions, property alterations by the homeowner, construction on adjacent properties, utility company's work or other conditions beyond the Builder/Seller's control. | Soil erosion and runoff caused by failure of You to maintain the properly established grades, drainage structures and swales; stabilized soil, sodded, seeded and landscaped areas; are excluded from Limited Warranty coverage. |
| Grassed or landscaped areas, which are disturbed or damaged due to work performed by Builder/Seller on the property in correcting a deficiency. | Landscaped areas that are disturbed during repair work are deficiencies. | Restore grades, seed and landscape to meet original condition. Builder/Seller is not responsible for grassed or landscaped areas which are damaged by others, including any work performed by public or private utility companies. | Replacement of trees and large bushes that existed at the time Home was constructed or those added by You after occupancy or those that subsequently die are excluded from Limited Warranty coverage. |

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
|---|--|---|--|
| 2. Foundation and Concrete | | | |
| 2.1 Cast-In Place Concrete | | | |
| Basement or foundation wall cracks, other than expansion or control joints. | Concrete cracks greater than 1/4-inch in width, or which allow exterior water to leak into basement, are deficiencies. | Repair non-structural cracks by surface patching. These repairs should be made toward the end of the first year of Limited Warranty coverage to permit normal stabilizing of the Home by settling. | Shrinkage cracks are not unusual and are inherent in the concrete curing process. |
| Cracking of basement floor. | Minor cracks in concrete basement floors are common. Cracks exceeding 1/4-inch in width or 3/16-inch in vertical displacement are deficiencies. | Repair cracks exceeding maximum tolerance by surface patching or other methods, as required. | |
| Cracking of attached garage floor slab. | Cracks in concrete garage floor greater than 3/16-inch in width or 3/16-inch in vertical displacement are deficiencies. | Builder/Seller shall repair excessive cracks in the slab by filling, chipping out and surface patching, or other suitable method to meet the Construction Performance Guideline. Repaired area may not match the existing floor in color and texture. | Builder/Seller is not responsible for cracking or deterioration caused by the storage of unusually heavy equipment or placement of excessive loads that exceed the weight of a typical automobile or light truck, or by other factors beyond the Builder/Seller's control. Movement and the resulting cracking may be minimized by good drainage, proper installation of landscaping and suitable maintenance. |
| Cracks in attached patio slab and sidewalks. | Cracks (outside of control joints) that exceed 1/4 inch in width or 1/4 inch in vertical displacement are deficiencies. | Builder/Seller shall repair affected areas to eliminate cracks that exceed the Construction Performance Guidelines. The repaired area may not match the existing area in color and texture. | |
| Cracks in concrete slab-on-grade floors, with finish flooring. | Cracks that rupture or significantly impair the appearance or performance of the finish flooring material are deficiencies. | Repair cracks as required so as not to be apparent when the finish flooring material is in place. Repair or replace finish flooring. | |
| Uneven concrete floor slabs. | Except for basement floors or where a floor or a portion of floor has been designed for specific drainage purposes, concrete floors in rooms finished for habitability by Builder/Seller shall not have pits, depressions or area or unevenness exceeding 3/8-inch in 32-inches. | Repair/replace to meet the Construction Performance Guidelines. Where applicable, surface patching is an accepted method of repair. Reinstall or replace any finish flooring material as necessary. | |
| Interior concrete work is pitting, scaling, or spalling. | Interior concrete surfaces that disintegrate to the extent that aggregate is exposed and loosened under normal conditions of use are deficiencies. | Builder/Seller shall take whatever corrective action is necessary to repair or replace defective concrete surfaces. | Builder/Seller is not responsible for deterioration caused by salt, chemicals, mechanical implements, or other factors beyond the Builder/Seller's control. |

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
|---|---|--|--|
| Efflorescence is present on surface of basement floor. | NONE. NO COVERAGE. | NONE. This is a normal condition. | |
| Separation of brick or masonry edging from concrete slab or step. | It is common for the joint to crack between concrete and masonry due to the dissimilarity of the materials. Cracks in excess of 1/4-inch are a deficiency. | Grout crack fully and reset loose masonry where required. Replacement of masonry material, if required, shall match the existing as closely as possible. | |
| Cracking, settling or heaving of stoops and steps. | Stoops and steps that have settled, heaved, or separated in excess of 1-inch from Home are a deficiency. | Builder/Seller will make a reasonable and cost effective effort to meet the Construction Performance Guideline. | |
| 2.2 Construction and Control Joints | | | |
| Separation or movement of concrete slabs within the structure at construction and control joints. | NONE. NO COVERAGE. | NONE. | Concrete slabs within the structure are designed to move at construction and control joints and are not deficiencies. You are responsible for maintenance of joint material. |
| 3. Masonry | | | |
| 3.1 Unit Masonry (Brick, Block and Stone) | | | |
| Cracks in masonry, brick, or stone veneer. | Small hairline cracks resulting from shrinkage are common in mortar joints of masonry construction. Cracks greater than 1/4-inch in width or are visible from a distance in excess of 20-feet are deficiencies. | Builder/Seller will repair cracks that exceed 1/4-inch by tuck pointing and patching. These repairs should be made toward the end of the first year of Limited Warranty coverage to permit Home to stabilize and normal settlement to occur. Builder/Seller is not responsible for color variations between existing and new mortar. | |
| Cracks in concrete block basement walls. | Small shrinkage cracks that do not affect the structural ability of masonry foundation walls are not unusual. Cracks 1/4-inch or greater in width are deficiencies. | Builder/Seller shall investigate to determine cause. Builder/Seller shall take the necessary steps to remove the cause and make repairs by pointing and patching, reinforcement or replacement of the defective courses. | |
| Concrete block basement wall is bowed. | Block concrete walls shall not bow in excess of 1-inch in 8 feet when measured from the base to the top of the wall. | Builder/Seller shall repair basement walls that are bowed in excess of 1-inch in 8 feet. | |
| 3.2 Stucco & Cement Plaster | | | |
| Cracking or spalling of stucco and cement plaster. | Hairline cracks in stucco or cement plaster are common especially if applied directly to masonry back-up. Cracks greater than 1/8 inch in width or spalling of the finish surfaces are deficiencies. | Scrape out cracks and spalled areas, one time only during the first year warranty term. Fill with cement plaster or stucco to match finish and color as close as possible. | Builder/Seller is not responsible for failure to match color or texture, due to nature of material. |

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
|---|---|---|--|
| Separation of coating from base on exterior stucco wall. | The coating shall not separate from the base on an exterior stucco wall. | Builder/Seller shall repair areas where the coating has separated from the base. | Builder/Seller is not responsible for failure to match color or texture due to the nature of the material. |
| 4. Carpentry and Framing | | | |
| 4.1 Plywood and Joists | | | |
| | Loud and objectionable squeaks caused by improper installation or loose subfloor are deficiencies, but a totally squeakproof floor cannot be guaranteed. | Builder/Seller will refasten any loose subfloor or take other corrective action to reduce squeaking to the extent possible within reasonable repair capability without removing floor and ceiling finishes. | Floor squeaks may occur when a subfloor that has come loose from the joists is deflected by the weight of a person and rubs against the nails that hold it in place. Squeaks may also occur when one joist is deflected while the other members remain stationary. Because the Construction Performance Guidelines requires the Builder/Seller to make a reasonable attempt to eliminate squeaks without requiring removal of floor and ceiling finishes, nailing loose subflooring with casing nails into the carpet surface and countersinking the head is an acceptable practice. |
| Uneven wood framed floors. | Wood floors shall not have more than a 1/4-inch ridge or depression within any 32-inch measurement. | Correct or repair to meet the Construction Performance Guidelines. | |
| Bowed stud walls or ceilings. | All interior and exterior frame walls or ceilings have slight variations on the finish surfaces. Walls or ceilings that are bowed more than 1/2-inch within a 32-inch horizontal measurement; or 1/2-inch within any 8-foot vertical measurement, are deficiencies. | Exterior and interior frame walls or ceilings bowed in excess of the allowable standard shall be corrected to meet the allowances of the Construction Performance Guidelines. | |
| Wood frame walls out of plumb. | Wood frame walls that are more than 3/8-inch out of plumb for any 32-inch vertical measurement are a deficiency. | Make necessary repairs to meet the Construction Performance Guidelines. | |
| Wood beam or post is split. | Beams or posts, especially those 2 1/2-inches or greater in thickness, will sometimes split as they dry subsequent to construction. Splits exceeding 3/8-inch in width and more than 4 inches in length are deficiencies. | Builder/Seller shall repair or replace as required. Filling splits is acceptable to have structural members meet the guideline. | Some characteristics of drying wood are beyond the control of the builder and cannot be prevented. |
| Exterior sheathing and subflooring which delaminates or swells. | Sheathing and subflooring delaminating or swelling on the side that the finish material has been applied is a deficiency. | Builder/Seller shall repair or replace subflooring or sheathing as required. Replacement of the finish materials, when necessary, shall be done to match the existing finish as closely as possible. | |

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
|---|--|---|---|
| Wood floor is out of square. | The diagonal of a triangle with sides of 12-feet and 16-feet along the edges of the floor shall be 20-feet plus or minus 1/2-inch. | Builder/Seller shall make necessary modifications to any floor not complying with the Construction Performance Guidelines. | |
| 4.2 Finish Carpentry | | | |
| Unsatisfactory quality of finished exterior trim and workmanship. | Joints between exterior trim elements and siding or masonry, which are in excess of 1/4-inch, are deficiencies. In all cases, the exterior trim abutting masonry siding shall be capable of performing its function to exclude the elements. | Repair open joints and touch up finish coating where required to match existing as closely as possible. Caulk open joints between dissimilar materials. | |
| Unsatisfactory quality of finished interior trim and workmanship. | Joints between moldings and adjacent surfaces that exceed 1/8-inch in width are deficiencies. | Repair defective joints and touch up finish coating where required to match as closely as possible. Caulking is acceptable. | |
| Interior trim is split. | Splits, cracks, and checking greater than 1/8-inch in width are deficiencies. | Builder/Seller will repair the affected area to meet the Construction Performance Guideline, one time only within the first year of Limited Warranty coverage. Refinished or replaced areas may not match surrounding surfaces exactly. | |
| Hammer marks visible on interior trim. | Hammer marks on interior trim shall not be readily visible from a distance of 6 feet under normal lighting conditions. | Builder/Seller shall fill hammer marks and refinish or replace affected trim to meet the Construction Performance Guidelines. Refinished or replaced areas may not match surrounding areas exactly. | |
| Exposed nail heads in woodwork. | Setting nails and filling nail holes are considered part of painting and finishing. After painting or finishing, nails and nail holes shall not be readily visible from a distance of 6 feet under normal lighting conditions. | Fill nail holes where required and if necessary, touch up paint, stain, or varnish to match as closely as possible. | Nail holes do not have to be filled where the surface finish is not conducive or so designed to have nail holes filled because of the product. Nail holes in base and trim in unfinished rooms or closets do not have to be filled. |

5. Thermal and Moisture Protection

5.1 Waterproofing

Leaks in basement or in foundation/crawl space.

Leaks resulting in actual trickling of water through the walls or seeping through the floor are deficiencies.

Take such action as is necessary to correct basement and crawl space leaks, except where the cause is determined to be the result of Your negligence. Where a sump pit has been installed by Builder/Seller in the affected area but the sump pump was not contracted for or installed by Builder/Seller, no action is required until a properly sized pump is installed by You in an attempt to correct the condition. Should the condition continue to exist, then Builder/Seller shall take necessary action to correct the problem.

Leaks caused by landscaping improperly installed by You or failure by You to maintain proper grades are excluded from Limited Warranty coverage. Dampness in basement and foundation walls or in concrete basement and crawl space floors is often common to new construction and is not a deficiency.

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
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| <p>5.2 Insulation Insufficient insulation.</p> <p>Sound transmission between rooms, floor levels, adjoining condominium units in a building, or from the street into Home.</p> | <p>Insulation that is not installed around all habitable areas in accordance with established local industry standards is a deficiency.</p> <p>NONE. NO COVERAGE.</p> | <p>Builder/Seller shall install insulation of sufficient thickness and characteristics to meet the local industry standards. In the case of dispute, cost for investigating the sufficiency of insulation and restoring areas to prior condition is to be borne by You if it is found that the standard has been met by Builder/Seller.</p> <p>NONE. NO COVERAGE.</p> | <p>NO COVERAGE is provided for soundproofing.</p> |
| <p>5.3 Ventilation and Moisture Control Water accumulates in a vented crawl space.</p> <p>Condensation is evident on the vented crawl space surfaces.</p> <p>Inadequate ventilation or moisture control in attics or roofs.</p> <p>Attic vents or louvers leak.</p> <p>Bath or kitchen exhaust fans improperly vented into attic.</p> | <p>Crawl spaces should be graded and proper exterior foundation drains installed as required by the prevailing building codes to prevent water from accumulating.</p> <p>Builder/Seller will install the ventilation and vapor barrier required by the prevailing building code.</p> <p>Attics or roofs shall have adequate ventilation to remove moisture, or other approved method of moisture control. Ventilation or other moisture control methods shall be considered inadequate if there is damage to supporting members or insulation due to moisture accumulation.</p> <p>Attic vents and louvers shall not leak.</p> <p>Bath or kitchen exhaust fans that are vented into attics causing moisture to accumulate resulting in damage to supporting members or insulation, are deficiencies.</p> | <p>Builder/Seller shall take corrective measures to meet the Construction Performance Guideline.</p> <p>Builder/Seller shall take correction actions to meet the Construction Performance Guideline. If the crawl space is ventilated as required by applicable building codes, then no corrective action is required by the Builder/Seller.</p> <p>Builder/Seller shall investigate to determine cause, and make necessary repairs. Corrective action may include the installation of properly sized louvers, vents, vapor retarder, or other locally approved method of moisture control.</p> <p>Builder/Seller shall repair or replace the roof vents as necessary to meet the Construction Performance Guidelines.</p> <p>Builder/Seller shall vent exhaust fans to the outside to correct deficiencies.</p> | <p>Builder is not responsible for water accumulation caused by failure by You to maintain the properly established grades, drainage structures, and swales.</p> <p>Builder is not responsible for temporary conditions that cause condensation that cannot be eliminated by ventilation and a vapor barrier.</p> <p>You are responsible for keeping existing vents unobstructed.</p> <p>Locally approved and properly constructed "hot roof" or other alternative roof designs may not require ventilation, and where there is no evidence of moisture damage to supporting members or insulation, are not deficiencies.</p> <p>Infiltration of wind-driven rain and snow are not considered leaks and are beyond the control of the Builder/Seller.</p> |

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
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| <p>5.4 Sealants Water or air leaks in exterior walls due to inadequate caulking.</p> | <p>Joints and cracks in exterior wall surfaces and around openings that are not properly caulked to exclude the entry of water or excessive drafts are a deficiency.</p> | <p>Repair and/or caulk joints in exterior wall surfaces as required to correct deficiency one time only during the first year of Limited Warranty coverage.</p> | <p>You must maintain caulking once the condition is corrected.</p> |
| <p>5.5 Exterior Siding Delamination or splitting of exterior siding</p> <p>Loose or fallen siding.</p> <p>Siding is bowed.</p> <p>Nails have stained siding.</p> | <p>Exterior siding that delaminates or splits wider than 1/8-inch and longer than 1 inch are deficiencies.</p> <p>All siding that is not installed properly, which causes same to come loose or fall off, is a deficiency.</p> <p>Bows exceeding 1/2-inch in 32-inches are deficiencies.</p> <p>Nail stains exceeding 1/2-inch in length and visible from a distance of 20-feet are deficiencies.</p> | <p>Repair/replace only the damaged siding. Siding to match the original as closely as possible, however, You should be aware that the new finish may not exactly match the original surface texture or color.</p> <p>Reinstall or replace siding and make it secure.</p> <p>Builder/Seller will repair bowed siding to meet standard. If replacement of siding is required, Builder/Seller will match original material as closely as possible. You should be aware that the new finish may not exactly match the original surface texture or color.</p> <p>Builder/Seller shall correct by either removing stains, painting, or staining the affected area. Builder/Seller shall match color and finish as closely as possible. Where paint or stain touch up affects the majority of the wall surface, the whole area shall be refinished.</p> | <p>Delaminated or split siding due to Your actions or neglect, such as delamination caused by sprinkler system repeatedly wetting siding, is not a deficiency.</p> <p>Loose or fallen siding due to Your actions or neglect, such as leaning heavy objects against siding, impact, or sprinkler systems repeatedly wetting siding, is not a deficiency.</p> <p>Bowed siding due to Your actions or neglect, such as bowing caused by sprinkler system repeatedly wetting siding, is not a deficiency.</p> <p>“Natural weathering” or semitransparent stains are excluded from coverage.</p> |
| <p>5.6 Roofing Roof or flashing leaks.</p> | <p>Roof or flashing leaks that occur under normal weather conditions are deficiencies.</p> | <p>Correct any roof or flashing leaks that are verified to have occurred under normal weather conditions.</p> | <p>Where cause of leaks is determined to result from severe weather conditions such as ice and snow build-up, high winds and driven rains, such leaks are not deficiencies.</p> |

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
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| Roof shingles have blown off. | Shingles shall not blow off in winds less than the manufacturer's standards or specifications. | Builder/Seller will replace shingles that blow off in winds less than the manufacturer's standards or specifications only if improper installation is shown to be the cause. | Shingles that blow off in winds less than the manufacturer's standards or specifications due to a manufacturing defect in the shingles are the manufacturer's responsibility. Shingles that blow off in hurricanes, tornadoes, hailstorms, or winds, including gusts greater than 60 miles per hour, are not deficiencies. You should consult shingle manufacturer's warranty for specifications, standards, and manufacturer's warranty responsibility if shingles blow off in higher wind speeds. |
| Defective shingles. | NONE. NO COVERAGE. | NONE. | Manufacturing defects in shingles are not covered under the Limited Warranty. You should consult shingle manufacturer's warranty for specifications, standards, and manufacturer's warranty responsibility. |
| Standing water on built-up roofs. | Water shall drain from a flat or low pitched roof within 24-hours of a rainfall. | Builder/Seller will take corrective action to assure proper drainage of the roof. | Minor ponding or standing of water is not considered a deficiency. |
| 5.7 Sheet Metal | | | |
| Gutters and downspouts leak. | Gutters and downspouts that leak are deficiencies. | Repair leaks in gutters and downspouts. | |
| Water remains in gutters after a rain. | Small amounts of water may remain in some sections of gutter for a short time after a rain. Standing water in gutters shall not exceed 1/2-inch in depth. | Builder/Seller will repair gutters to assure proper drainage. | You are responsible for keeping gutters and downspouts free from debris that would obstruct drainage. |
| 6. Doors and Windows | | | |
| 6.1 Doors: Interior and Exterior | | | |
| Warpage of interior or exterior doors. | Interior and exterior doors that warp so as to prevent normal closing and fit are deficiencies. The maximum allowable warpage of an interior door is 1/4-inch when measured from corner to corner. | Repair or replace as may be required. New doors to be refinished to match the original as closely as possible. | |
| Door binds against jamb or head of frame or does not lock. | Passage doors that do not open and close freely without binding against the doorframe are deficiencies. Lock bolt is to fit the keeper to maintain a closed position. | Adjust door and keeper to operate freely. | Wood doors may stick during occasional periods of high humidity. |
| Door panels shrink and expose bare wood. | NONE. | NONE. | Door panels will shrink due to the nature of the material, exposing bare wood at the edges and are not deficiencies. |

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
|--|--|--|---|
| <p>Door panels split.</p> <p>Bottom of doors drag on carpet surface.</p> <p>Excessive opening at the bottom of interior doors.</p> | <p>Door panels that have split to allow light to be visible through the door are deficiencies.</p> <p>Where it is understood by Builder/Seller and You carpet is planned to be installed as floor finish by Builder/Seller, the bottom of the doors which drag on the carpet are deficiencies.</p> <p>Passage doors from room to room that have openings between the bottom of the door and the floor finish material in excess of 1 1/2-inches are deficiencies. Closet doors having an opening in excess of 2-inches are deficiencies.</p> | <p>If light is visible, fill crack and finish panel to match as closely as possible. Correct one time only during first year of Limited Warranty coverage.</p> <p>Undercut doors as required.</p> <p>Make necessary adjustment or replace door to meet the required tolerance.</p> | <p>Where carpet is selected by You having excessive high pile, You are responsible for any additional door undercutting.</p> |
| <hr/> | | | |
| <p>6.2 Garage Doors</p> <p>Garage door fails to operate or fit properly.</p> | <p>Garage door fails to operate or Garage doors that do not operate and fit the door opening within the manufacturer's installation tolerances are deficiencies. Some entrance of the elements can be expected under heavy weather conditions and is not considered a deficiency.</p> | <p>Make necessary adjustments to meet the manufacturer's installation tolerances.</p> | <p>No adjustment is required when cause is determined to result from anyone but Builder/Seller's or Builder/Seller's subcontractors' installation of an electric door opener.</p> |
| <hr/> | | | |
| <p>6.3 Wood, Plastic and Metal Windows Interior and Exterior</p> | | | |
| <p>Window is difficult to open or close.</p> <p>Double hung windows do not stay in place when open.</p> | <p>Windows should require no greater operating force than that described in the manufacturer's specifications.</p> <p>Double hung windows are permitted to move within a two inch tolerance, up or down when put in an open position. Any excessive movement exceeding the tolerance is a deficiency.</p> | <p>Builder/Seller shall correct or repair as required to meet manufacturer's specifications.</p> <p>Adjust sash balances one time only during the first year of Limited Warranty coverage. Where possible, Builder/Seller will instruct You on the method of adjustment for future repair.</p> | |
| <p>Condensation or frost on window frames and glass.</p> | <p>NONE.</p> | <p>NONE.</p> | <p>Window glass and frames will collect condensation on the frame and glass surface when humidity and temperature differences are present. Condensation is usually the result of temperature/humidity conditions in the Home.</p> |

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| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
|---|---|---|---|
| 6.4 Hardware A doorknob, deadbolt, or lockset does not operate smoothly. | A doorknob, deadbolt, or lockset should not stick or bind during operation. | Builder/Seller will adjust, repair, or replace knobs that are not damaged by abuse, one time only during the first year Warranty Term. | |
| 6.5 Storm Doors, Windows and Screens Storm doors, windows and screens do not operate or fit properly. | Storm doors, windows and screens, when installed, which do not operate or fit properly to provide the protection for which they are intended, are considered deficiencies. | Builder/Seller shall make necessary adjustments for proper fit and operation. Replace when adjustment cannot be made. | Missing screens, rips or gouges in the screen mesh are not covered by this Limited Warranty. |
| 6.6 Weatherstripping and Seals Drafts around doors and windows. | Some infiltration is usually noticeable around doors and windows, especially during high winds. No daylight shall be visible around frame when window or exterior door is closed. | Builder/Seller shall repair to meet Construction Performance Guidelines. | In high wind areas, You may need to have storm windows and doors installed to eliminate drafts. |
| 6.7 Glass and Glazing Clouding and condensation on inside surfaces of insulated glass. | Insulated glass that clouds up or has condensation on the inside surfaces of the glass is a deficiency. | Builder/Seller shall replace glass in accordance with window and glass manufacturer's requirements. | Glass breakage is excluded. |
| 7. Finishes | | | |
| 7.1 Lath and Plaster Cracks in plaster wall and ceiling surfaces. | Hairline cracks are not unusual. Cracks in plaster wall and ceiling surfaces exceeding 1/16-inch in width are deficiencies. | Builder/Seller shall repair cracks that are greater than 1/16-inch in width and touch up paint to match as closely as possible, one time only. Such conditions should be reported near the end of the first year of Limited Warranty coverage to allow for normal movement in Home. | |
| 7.2 Drywall Drywall cracks. | Hairline cracks are not unusual. Cracks in interior gypsum board or other drywall materials exceeding 1/16-inch in width are deficiencies. | Builder/Seller shall repair cracks that are greater than 1/16-inch in width and touch up paint to match as closely as possible, one time only. Such conditions should be reported near the end of the first year of Limited Warranty coverage to allow for normal movement in Home. | |
| Nail pops, blisters, or other blemish is visible on finished wall or ceiling. | Nail pops and blisters that are readily visible from a distance of 6 feet under normal lighting conditions are deficiencies. | Builder/Seller will repair such blemishes, and touch up paint to match as closely as possible, one time only. Such conditions should be reported near the end of the first year of Limited Warranty coverage to allow for normal settlement of the Home. | Depressions or slight mounds at nail heads are not considered deficiencies. Builder/Seller is not responsible for nail pops or blisters that are not visible, such as those covered by wallpaper. |

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
|--|---|--|--|
| Cracked corner bead, excess joint compound, trowel marks, or blisters in tape joints. | Cracked or exposed corner bead, trowel marks, excess joint compound, or blisters in drywall tape, are deficiencies. | Builder/Seller will repair to meet Construction Performance Guidelines, and touch up paint to match as closely as possible, one time only. Such conditions should be reported near the end of the first year of Limited Warranty coverage to allow for normal settlement of the Home. | |
| 7.3 Hard Surfaces | | | |
| Flagstone, Marble, Quarry Tile, Slate, or other hard surface flooring is broken or loose. | Tile, flagstone, or similar hard surfaced sanitary flooring that cracks or becomes loose is a deficiency. Subfloor and wallboard are required to be structurally sound, rigid, and suitable to receive finish. | Builder/Seller shall replace cracked tiles, marble, or stone and resecure loose tiles, marble, or stone flooring. | Cracking and loosening of flooring caused by Your negligence is not a deficiency. Builder/Seller is not responsible for color and pattern variations or discontinued patterns of the manufacturer. |
| Cracks appear in grouting of ceramic tile joints or at junctions with other material such as a bathtub, shower, or countertop. | Cracks in grouting of ceramic tile joints in excess of 1/16-inch are deficiencies. Regrouting of these cracks is Your maintenance responsibility after the Builder/Seller has regouted once. | Builder/Seller shall repair grouting as necessary one time only within the first year of Limited Warranty coverage. | Open cracks or loose grouting, where the wall surface abuts the flashing lip at a tub, shower basin, or countertop are considered Your maintenance and any resultant damage to other finish surfaces due to leaks, etc. are not considered deficiencies. |
| 7.4 Resilient Flooring | | | |
| Nail pops appear on the surface of resilient flooring. | Readily apparent nail pops are deficiencies. | Builder/Seller shall correct nail pops that have caused damage to the floor material and repair or replace damaged floor covering in the affected area. Builder/Seller is not responsible for discontinued patterns or color variations. | |
| Depressions or ridges appear in the resilient flooring due to subfloor irregularities. | Readily apparent depressions or ridges exceeding 1/8-inch are a deficiency. The ridge or depression measurement is taken as the gap created at one end of a 6-inch straight edge placed over the depression or ridge with 3-inches on one side of the deficiency held tightly to the floor. | Builder/Seller shall take required action to bring the deficiency within acceptable tolerances so as to be not readily visible. Builder/Seller is not responsible for discontinued patterns or color variations in the floor covering, Your neglect or abuse, nor installations performed by others. | |
| Resilient flooring or base loses adhesion. | Resilient flooring or base that lifts, bubbles, or becomes unglued is a deficiency. | Builder/Seller shall repair or replace resilient flooring or base as required. Builder/Seller is not responsible for discontinued patterns or color variations. | |
| Seams or shrinkage gaps show at resilient flooring joints. | Gaps in excess of 1/32-inch in width in resilient floor covering joints are deficiencies. Where dissimilar materials abut, a gap in excess of 1/16-inch is a deficiency. | Builder/Seller shall repair or replace the resilient flooring to meet the Construction Performance Guidelines. Builder/Seller is not responsible for discontinued patterns or color variations of floor covering. Proper repair can be affected by sealing gap with seam sealer. | |

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
|--|--|--|---|
| <p>7.5 Finished Wood Flooring Cupping, open joints, or separations in wood flooring.</p> | <p>Open joints or separations between floorboards of finished wood flooring shall not exceed 1/8-inch in width. Cups in strip floorboards shall not exceed 1/16-inch in height in a 3-inch maximum distance when measured perpendicular to the length of the board.</p> | <p>Builder/Seller shall determine the cause and if the result of a deficiency in workmanship or material, correct one time only. For repairable deficiencies, repair cracks by filling and refinishing to match the wood surface as closely as possible. For non-repairable deficiencies, replace and finish affected area to match remaining flooring as closely as possible.</p> | <p>Wood floors are subject to shrinkage and swell due to seasonal variations in the humidity level of Home. While boards may be installed tight together, gaps or separations may appear during heating seasons or periods of low humidity. Gaps or separations that close during non-heating seasons are not considered deficiencies. You should be familiar with the recommended care and maintenance requirements of their wood floor. Repeated wetting and drying, or wet mopping may damage wood finishes. Dimples or scratches can be caused by moving furniture or dropping heavy objects, and certain high heel style shoes may cause indentations. These conditions are not covered by the Limited Warranty.</p> |
| <p>7.6 Painting Knot and wood stains appear through paint on exterior.</p> <p>Exterior paint or stain peels or deteriorates.</p> <p>Painting required as corollary repair because of other work.</p> <p>Mildew or fungus forms on painted or factory finished surfaces.</p> | <p>Excessive knot and wood stains that bleed through the paint are considered deficiencies.</p> <p>Exterior paints or stains that peel or deteriorate during the first year of ownership are deficiencies.</p> <p>Necessary repair of a painted surface under this Limited Warranty is to be refinished to match surrounding areas as closely as possible.</p> <p>NONE. NO COVERAGE.</p> | <p>Builder/Seller shall seal affected areas where excessive bleeding of knots and stains appear, one time only during the first Warranty Term. Builder/Seller will touch-up paint to match as closely as possible.</p> <p>Builder/Seller shall properly prepare and refinish affected areas, matching color as closely as possible. Where finish repairs affect the majority of the surface areas, the whole area should be refinished. The Limited Warranty on the newly repainted surfaces will not extend beyond the original Warranty Term.</p> <p>Builder/Seller shall refinish repaired areas to meet the standard as required.</p> <p>NONE.</p> | <p>Fading, however, is normal and subject to the orientation of painted surfaces to the climactic conditions which may prevail in the area. Fading is not a deficiency.</p> <p>Mildew or fungus that forms on a painted or factory finished surface when the surface is subject to various exposures (e.g.: ocean, lake, riverfront, heavily wooded areas or mountains) is not a deficiency.</p> |

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| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
|---|---|---|---|
| Deterioration of varnish or lacquer finishes. | Natural finish on interior woodwork that deteriorates during the first year of Limited Warranty coverage is a deficiency. | Builder/Seller shall refinish affected areas of natural finished interior woodwork, matching the color as closely as possible. | Varnish-type finishes used on exterior surfaces will deteriorate rapidly and are not covered by the Limited Warranty. |
| Interior paint coverage. | Wall, ceiling, and trim surfaces that are painted shall not show through new paint when viewed from a distance of 6-feet under normal lighting conditions. | Builder/Seller shall repaint wall, ceiling or trim surfaces where inadequate paint has been applied. Where the majority of the wall or ceiling surface is affected the entire area will be painted from breakline to breakline. Builder/Seller is not required to repaint an entire room unless all walls and ceiling have been affected. | |
| Paint splatters and smears on finish surfaces. | Paint splatters on walls, woodwork, or other surfaces which are excessive, shall not be readily visible when viewed from a distance of 6-feet under normal lighting conditions. | Builder/Seller shall remove paint splatters without affecting the finish of the material, or replace the damaged surface if paint cannot be removed. | Minor paint splatter and smears on impervious surfaces that can be easily removed by normal cleaning methods are considered to be Your maintenance and are not deficiencies. |
| 7.7 Wall Covering | | | |
| Peeling of wallcovering installed by Builder/Seller. | Peeling of wallcovering is a deficiency, unless it is due to Your abuse or negligence. | Builder/Seller shall repair or replace defective wallcovering. | Wallpaper applied in high moisture areas is exempt from this Guideline because the problem results from conditions beyond the builder's control. |
| Pattern in wallcovering is mismatched at the edges. | Pattern in wallcovering shall match at the edges. | Builder/Seller shall remove mismatched wallcovering and replace. Builder/Seller is not responsible for discontinued or variations in color. | Defects in the wallcovering patterns are the manufacturer's responsibility, and excluded from Limited Warranty coverage. |
| Lumps and ridges and nail pops in wallboard that appear after the Homeowner has wallcovering installed by others. | NONE. NO COVERAGE. | NONE. . | You shall insure that the surface to receive wallcovering is suitable and assumes full responsibility should lumps, ridges, and nail pops occur at a later date. |
| 7.8 Carpeting | | | |
| Carpet does not meet at the seams. | It is not unusual for carpet seams to show. However, a visible gap or overlapping at the seam due to improper installation is a deficiency. | Builder/Seller shall correct to eliminate visible gap or overlapping at the seam. | Carpet material is not covered under the Warranty. |
| Color variations in carpet. | NONE. NO COVERAGE. | NONE. | Colors may vary by dye lot, and from one end to another in the same roll. Side to side shading may show at most if not all seams, even where the same dye lot is used. Carpet material is not covered under the Limited Warranty. You should consult carpet manufacturer's warranty for specifications, standards, and manufacturer's warranty responsibility for color variations. |

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| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
|---|---|---|-----------|
| Carpeting loosens, or the carpet stretches. | When stretched and secured properly, wall-to-wall carpeting installed as the primary floor covering shall not come up, loosen, or separate from the points of attachment. | Builder/Seller will restretch or resecure carpeting to meet Construction Performance Guidelines one time only during the first year of Limited Warranty coverage. | |

8. Specialties

8.1 Fireplaces

Fireplace or chimney does not draw properly causing smoke to enter home.

A properly designed and constructed fireplace or chimney shall function correctly. High winds can cause temporary negative or down drafts. Negative drafts can also be caused by obstructions such as tree branches, steep hillsides, adjoining homes, and interior furnaces. In some cases, it may be necessary to open a window slightly to create an effective draft. Since negative draft conditions could be temporary, it is necessary for the homeowner to substantiate the problems to the Builder/Seller by constructing a fire so the condition can be observed.

When determined the malfunction is based upon improper construction of the fireplace, the Builder/Seller shall take the necessary steps to correct the problem, one time only during the first year Warranty Term.

When it is determined that the fireplace is properly designed and constructed, but still malfunctions due to natural causes beyond Builder/Seller's control, Builder/Seller is not responsible.

Chimney separation from structure to which it is attached.

Newly built fireplaces will often incur slight amounts of separation. Separation that exceeds 1/2-inch from the main structure in any 10-foot vertical measurement is a deficiency.

Builder/Seller shall correct. Caulking or grouting is acceptable unless the cause of the separation is due to structural failure of the chimney foundation. In that case, caulking is unacceptable.

Cracks in masonry hearth or facing.

Small hairline cracks in mortar joints resulting from shrinkage are not unusual. Heat and flames from normal fires can cause cracking.

NONE.

Heat and flames from normal fires can cause cracking of firebrick and mortar joints. This should be expected, and is not covered by the Limited Warranty.

9. Cabinets and Vanities

9.1 Kitchen Cabinets and Vanities

Kitchen and vanity cabinet doors and drawers bind.

Cabinet doors and drawers shall open and close with reasonable ease.

Builder/Seller shall adjust or replace doors and drawers as necessary to meet Construction Performance Guidelines.

Warping of kitchen and vanity cabinet doors and drawer fronts.

Warpage that exceeds 1/4-inch as measured from the face of the cabinet frame to the furthest point of warpage on the drawer or door front in a closed position is a deficiency.

Builder/Seller shall correct or replace door or drawer front as required.

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| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
|--|---|---|--|
| Gaps between cabinets, ceiling and walls. | Countertops, splash boards, base and wall cabinets are to be securely mounted. Gaps in excess of 1/4-inch between wall and ceiling surfaces are a deficiency. | Builder/Seller shall make necessary adjustment of cabinets and countertop or close gap by means of moulding suitable to match the cabinet or countertop finish, or as closely as possible; or other acceptable means. | |
| 9.2 Countertops Surface cracks and delaminations in high pressure laminates of vanity and kitchen cabinet countertops. | Countertops fabricated with high pressure laminate coverings that delaminate or have surface cracks or joints exceeding 1/16-inch between sheets are considered deficiencies. | Builder/Seller shall repair or replace laminated surface covering having cracks or joints exceeding the allowable width. | |
| 10. Mechanical | | | |
| 10.1 Plumbing Faucet or valve leak. | A valve or faucet leak due to material or workmanship is a deficiency and is covered only during the first year of the Warranty. | Builder/Seller shall repair or replace the leaking faucet or valve. | Leakage caused by worn or defective washers or seals are Your maintenance item. |
| Defective plumbing fixtures, appliances or trim fittings. | Fixtures, appliances, or fittings shall comply with their manufacturer's standards as to use and operation. | NONE. | Defective plumbing fixtures, appliances, and trim fittings are covered under their manufacturer's warranty. |
| 10.2 Water Supply Staining of plumbing fixtures due to high iron, manganese, or other mineral content in water. | NONE. NO COVERAGE. | NONE. High iron and manganese content in the water supply system will cause staining of plumbing fixtures. | Maintenance and treatment of the water is Your responsibility. |
| Noisy water pipes. | Some noise can be expected from the water pipe system, due to the flow of water. However, the supply pipes should not make the pounding noise called "water hammer". "Water hammer" is a deficiency covered only during the first year of the Warranty. | Builder/Seller shall correct to eliminate "water hammer." | Noises due to water flow and pipe expansion are not considered deficiencies. |
| 10.3 Heating and Air Conditioning Inadequate heat. | A heating system shall be capable of producing an inside temperature of at least 70-degrees Fahrenheit as measured in the center of the room at a height of five feet above the floor under local outdoor winter design conditions. NOTE FOR HEATING: There may be periods when the outdoor temperature falls below the design temperature, thereby lowering the temperature in Home. | Builder/Seller shall correct heating system as required to provide the required temperatures if a deficiency exists. | Orientation of Home and location of room will also provide a temperature differential, especially when the heating system is controlled by a single thermostat for one or more floor levels. You are responsible for balancing dampers and registers and for making other necessary minor adjustments. |

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
|--|---|---|---|
| Inadequate cooling. | When air conditioning is provided, the cooling system is to be capable of maintaining a temperature of 78-degrees Fahrenheit as measured in the center of each room at height of five feet above the floor, under local outdoor summer design conditions. NOTE FOR AIR CONDITIONING: In the case of outside temperatures exceeding 95-degrees Fahrenheit, the system shall keep the inside temperature 15-degrees cooler than the outside temperature. National, state, or local requirements shall supersede this guideline where such requirements have been adopted by the local governing agency. | Correct cooling system to meet the Construction Performance Guidelines during the first year of Limited Warranty coverage. | Orientation of Home and location of room will also provide a temperature differential, especially when the air conditioning system is controlled by a single thermostat for one or more levels. You are responsible for balancing dampers and registers and for making other necessary minor adjustments. |
| Ductwork and heating piping not insulated in uninsulated area. | Ductwork and heating pipes that are run in uninsulated crawl spaces, garages or attics are to be insulated. Basements are not "uninsulated areas", and no insulation is required. | Builder/Seller shall install required insulation. | |
| Condensate lines clog up. | NONE. NO COVERAGE. | Builder/Seller shall provide clean and unobstructed lines on Effective Date of Warranty. | Condensate lines will clog under normal conditions. You are responsible for continued operation of drain lines. |
| Improper mechanical operation of evaporative cooling system. | Equipment that does not function properly at temperature standard set is a deficiency. | Builder/Seller shall correct and adjust so that blower and water system operate as designed during the first year of Limited Warranty coverage. | |
| Ductwork makes noises. | NONE. NO COVERAGE. | NONE. | When metal is heated, it expands, and when cooled, it contracts. The resulting "ticking" or "crackling" sounds generally are to be expected and are not deficiencies. |
| Ductwork makes excessively loud noises known as "oil canning". | The stiffening of the ductwork and the gauge of metal used shall be such that ducts do not "oil can". The booming noise caused by oil canning is a deficiency. | Builder/Seller shall take the necessary steps to eliminate noise caused by oil canning. | |

11. Electrical Components

11.1 Switches and Receptacles

| | | | |
|---|--|--|--|
| Fuses blow, or circuit breakers kick out. | Fuses and circuit breakers that deactivate under normal usage, when reset or replaced are deficiencies during the first year of Limited Warranty coverage. | Builder/Seller shall check all wiring and replace wiring or breaker if it does not perform adequately or is defective. | |
| Drafts from electrical outlets. | NONE. NO COVERAGE. | NONE. | The electrical junction box on exterior walls may produce a slight air flow whereby the cold air can be drawn through the outlet into a room. This problem is normal in new Home construction. |

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
|--|---|--|--|
| Malfunction of electrical outlets, switches, or fixtures. | All switches, fixtures and outlets which do not operate as intended are considered deficiencies only during the first year of Limited Warranty coverage. | Builder/Seller shall repair or replace defective switches, fixtures and outlets. | |
| Light fixture tarnishes. | NONE. NO COVERAGE. | NONE. | Finishes on light fixtures may be covered under their manufacturer's warranty. |
| <hr/> | | | |
| <p>11.2 Service and Distribution Ground fault interrupter trips frequently.</p> | Ground fault interrupters are sensitive safety devices installed into the electrical system to provide protection against electrical shock. These devices are sensitive and can be tripped very easily. Ground fault outlets that do not operate as intended are considered deficiencies. | Builder/Seller shall replace the device if defective during the first year of Limited Warranty coverage. | |

ITEMS COVERED UNDER THE 2-YEAR SYSTEMS COVERAGE

| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
|---|---|--|---|
| 12. Mechanical Systems | | | |
| <p>12.1 Septic Tank Systems Septic systems fail to operate properly.</p> | Septic system should be capable of properly handling normal flow of household effluent. | Builder/Seller shall take corrective action if it is determined that malfunction is due to a deficiency in workmanship, materials, or failure to construct system in accordance with state, county, or local requirements. Builder/Seller is not responsible for malfunctions or limitations in the operation of the system attributable to design restrictions imposed by state, county, or local governing agencies. Builder/Seller is also not responsible for malfunctions which occur or are caused by conditions beyond Builder/Seller's control, including Your negligence, abuse, freezing, soil saturation, changes in ground water table, or other acts of nature. | You are responsible for periodic pumping of the septic tank and a normal need for pumping is not a deficiency. The following are considered Your negligence or abuse as exclusion under the Limited Warranty: a.) excessive use of water such as overuse of washing machine and dishwasher, including their simultaneous use; b.) connection of sump pump, roof drains or backwash from water conditioner, to the system c.) placing of non-biodegradable items in the system; d.) addition of harsh chemicals, greases or cleaning agents, and excessive amounts of bleaches or drain cleaners; e.) use of a food waste disposer not supplied by Builder/Seller; f.) placement of impervious surfaces over the disposal area; g.) allowing vehicles to drive or park over the disposal area; h.) failure to periodically pump out the septic tank when required. Sewage pumps are excluded under the Limited Warranty. |

ITEMS COVERED UNDER THE 2-YEAR SYSTEMS COVERAGE

| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
|---|---|---|---|
| 12.2 Plumbing | | | |
| <p>Water in plumbing pipes freezes, and the pipes burst.</p> | <p>Drain, waste, vent, and water pipes shall be adequately protected to prevent freezing and bursting during normally anticipated cold weather.</p> | <p>Builder/Seller shall correct conditions not meeting Construction Performance Guidelines.</p> | <p>Burst pipes due to Your neglect and resultant damage are not Builder/Seller's responsibility. You are responsible for draining exterior faucets, and maintaining suitable temperature in the Home to prevent water in pipes from freezing. During periods when the outdoor temperature falls below the design temperature, You are responsible for draining or otherwise protecting pipes. Homes which are periodically occupied, such as summer homes, or where there will be no occupancy for an extended period of time, must be properly winterized or periodically checked to insure that a reasonable temperature is maintained.</p> |
| <p>Leakage from any piping.</p> | <p>Leaks in any waste, vent and water piping are deficiencies.</p> | <p>Builder/Seller shall make necessary repairs to eliminate leakage.</p> | <p>Condensation on piping does not constitute leakage, and is not a deficiency, except where pipe insulation is required.</p> |
| <p>Sanitary sewers, fixtures, waste or drain lines are clogged.</p> | <p>The Builder/Seller is not responsible for sewers, fixtures, or drains that are clogged because of Your actions or negligence. Sanitary sewers, fixtures, waste or drain lines that do not operate or drain properly due to improper construction are deficiencies.</p> | <p>When defective construction is shown to be the cause, Builder/Seller shall make necessary repairs.</p> <p>If Your actions or negligence is the cause, You are responsible for correcting the problem. You are liable for the entire cost of any sewer and drain cleaning service provided by Builder/Seller where clogged drains are caused by Your actions or negligence.</p> | <p>Builder/Seller is not responsible for sewer lines that extend beyond the property lines on which the Home is constructed.</p> |
| 12.3 Water Supply | | | |
| <p>Water supply system fails to deliver water.</p> | <p>All service connections to municipal water main or private water supply are Builder/Seller's responsibility when installed by Builder/Seller.</p> | <p>Builder/Seller shall repair as required if failure to supply water is the result of deficiency in workmanship or materials.</p> | <p>If conditions exist which disrupt or eliminate the sources of water supply that are beyond Builder/Seller's control, then Builder/Seller is not responsible.</p> |
| 12.4 Heating and Air Conditioning | | | |
| <p>Refrigerant lines leak.</p> | <p>Builder/Seller-installed refrigerant lines or ground loop pipes that develop leaks during normal operation are deficiencies.</p> | <p>Builder/Seller shall repair leaking lines and recharge the unit as required.</p> | <p>Leaks due to Your actions or negligence are excluded.</p> |
| <p>Ductwork separates, becomes unattached.</p> | <p>Ductwork that is not intact or securely fastened is a deficiency.</p> | <p>Builder/Seller shall reattach and resecure all separated or unattached ductwork.</p> | |

ITEMS COVERED UNDER THE 2-YEAR SYSTEMS COVERAGE

| DEFICIENCY | CONSTRUCTION PERFORMANCE GUIDELINES | BUILDER/SELLER/WARRANTOR RESPONSIBILITY | EXCLUSION |
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13. Electrical Systems

13.1 Electrical Conductors

Failure of wiring to carry its designed load.

Wiring that is not capable of carrying the designated load, for normal residential use to switches, receptacles, and equipment, is a deficiency.

Builder/Seller shall check wiring and replace if it fails to carry the design load.



NOTICE OF CLAIM FORM
FOR STRUCTURAL CLAIMS ONLY

Please read the 2-10 Home Buyers Warranty® Booklet, section IV, page 5, for filing instructions and pertinent information.

Name: _____

Address Of Claim: _____
Street City State Zip

Home Phone: _____ Business Phone: _____

Email Address: _____

Effective Date Of Warranty: _____ Certificate of Warranty Coverage #: _____
(Date of Closing or First Occupancy)

Please note that the 2-10 Home Buyers Warranty® Program provides Limited Structural Defect Warranty Coverage which is subject to exclusions and conditions. You are encouraged to review the Structural Coverage provisions of your Warranty Booklet.

Please answer the following questions:

- 1. Have you reviewed the Definition of a Structural Defect in your Warranty Booklet? Yes [] No []
2. Do you believe that you have actual physical damage to one or more of the listed load bearing portions of your home? Yes [] No []
3. Have you reviewed the list of non-load-bearing elements which would not qualify as a Structural Defect under this coverage? Yes [] No []
4. Do you feel that your home is unsafe, unsanitary or otherwise unlivable as a result of the defect? Yes [] No []

Nature of Defect (Be specific; If available, enclose photographs; attach separate sheet if necessary)

Date Defect First Observed: _____

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder (Builder/Seller) or claimant (Homeowner) for the purpose of defrauding or attempting to defraud the policyholder (Builder/Seller) or claimant (Homeowner) with regard to a settlement or award payable from insurance proceeds shall be reported to the insurance commissioner or your state. By filing this Notice of Complaint you agree to resolve any disputes using arbitration as described on pages 6 and 7 of the Booklet.

CHECK ONE (if applicable): 1) [] FHA 2) [] VA 3) [] RHS
CASE #: _____
If you are the original owner, and your Home has FHA/VA financing, please provide the following:
Name of Mortgage Company: _____
Address of Mortgage Company: _____

Homeowner Signature: _____ Date: _____

Homeowner Signature: _____ Date: _____



MAIL TO:
2-10 Home Buyers Warranty
10375 East Harvard Ave., Suite 100 | Denver, CO 80231 | 855.429.2109

NOTICE OF COMPLAINT FORM FOR WORKMANSHIP & SYSTEMS COVERAGE

Please read the 2-10 Home Buyers Warranty® Booklet, section IV, page 5, for filing instructions and pertinent information. If your previous written attempts to resolve your problems with the Builder/Seller have failed, then this form is to be sent to your Builder/Seller, with a copy to the HBW Warranty Administration Office. This form must be received by your Builder/Seller and HBW no later than fifteen (15) days after the expiration of the applicable warranty term. We recommend certified mail, return receipt.

Name: _____

Address of Complaint: _____

Home Phone: _____ Business Phone: _____

Email Address: _____

Effective Date of Warranty: _____ Certificate of Warranty Coverage #: _____

Nature of Defect (*Be Specific*):

Date Defect First Observed: _____ Date First Reported to Builder/Seller: _____

Attach any copies of relevant correspondence between you and your Builder/Seller involving this matter. Please provide any correspondence that indicates that your Builder/Seller has failed to perform his/her warranty obligations, and a copy of the Certificate of Warranty Coverage. By filing this Notice of Complaint you agree to resolve any disputes using arbitration as described on pages 6 and 7 of the Booklet.

Homeowner Signature: _____

Homeowner Signature: _____

Date: _____

CHECK ONE (IF APPLICABLE): 1) FHA 2) VA 3) RHS
CASE #: _____
Attach any copies of relevant correspondence between you and your Builder/Seller involving this matter. Please provide any correspondence that indicates that your Builder/Seller has failed to perform his/her warranty obligations, and a copy of the Certificate of Warranty Coverage.



**SUCCESSIVE HOMEOWNER
TRANSFER AND ACCEPTANCE**

As the successive homeowner of the home located at _____(Home)
I/We accept any coverage remaining on the 2-10 HBW Warranty provided by the Builder/Seller that first sold the newly constructed Home. I/
We have reviewed and agreed to all the terms in the 2-10 HBW warranty booklet.

I/We understand that Home Buyers Warranty Corporation (2-10 HBW) is not the warrantor of the Builder/Seller's 2-10 HBW warranty, but
rather provides services to administer the warranty.

I/We agree to the Binding Arbitration process for resolving warranty disputes between us, the Builder/Seller and/or the Warranty Insurer.

Signature(s) of successive Home Buyer(s):

SIGN

PRINT

SIGN

PRINT

PHONE

EMAIL

DATE

In order to process this request, please mail this form and a check in the amount of \$20 payable to 2-10 HBW to:

2-10 Home Buyers Warranty Corporation
Warranty Administration Department
10375 East Harvard Avenue, Suite 100
Denver, CO 80231



For more information, call 855.429.2109
or visit 2-10.com

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