

GHO HOMES

 A GREEN BRICK PARTNER

Express Limited Warranty Coverage Booklet

- RESIDENTIAL -

By accepting the provisions of this Express Limited Warranty, the Homeowner(s) agrees to resolve any claims, disputes, and controversies with the Builder through binding arbitration and not litigation.

The warranties established herein supersede all implied warranties.



StrucSure Home Warranty, LLC

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SAMPLE

SECTION 1: OVERVIEW OF THE EXPRESS LIMITED WARRANTY

Congratulations Homebuyer(s)! Your Builder is providing You with Express Limited Warranty protection as described in this booklet. StrucSure Home Warranty is the warranty Administrator. Under no circumstance or condition is StrucSure Home Warranty responsible for fulfilling the builder's obligations under this Express Limited Warranty.

This warranty booklet defines standards for the various components of a Home, the time period covered by this Express Limited Warranty, coverages and Exclusions, Homeowner responsibilities, and how to request warranty service.

For homes financed through FHA/VA or FmHA, You may receive from your builder a StrucSure Home Warranty Express Limited Warranty in addition to this Express Limited Warranty. If both warranties are provided to You, any request for warranty performance should first be filed with StrucSure Home Warranty. If unsatisfied after the warranty process is concluded with StrucSure, you may then make a request for warranty performance to your Builder. Please reference the "How to Request Warranty Performance" section in this booklet to understand how to submit a claim. Note that regardless of whether you file a request for warranty performance with StrucSure Home Warranty or your Builder, or both, You may not collect twice for the same defect and any monies paid will reduce the amount of coverage available under both warranties.

Your warranty will be effective upon closing on your new home with the Builder. You must sign the Home Enrollment Application (HEA) presented at closing so that StrucSure Home Warranty can identify you for warranty administration.

Please note that You may have been provided sample warranty booklets during the process of purchasing Your Home; however, Your actual warranty booklet is assigned at closing. After Your warranty goes into effect, You will be able to access information on Your warranty coverage and download Your warranty booklet and Certificate of Warranty Coverage via our Warranty Portal at <http://warranty.strucsure.com>. If You don't have Internet access, You can request Your warranty documents by mail.

Please read this warranty coverage booklet in its entirety so that You may fully understand the terms and conditions. Please contact StrucSure Home Warranty's customer service department at 1.877.806.8777 with questions or for more information.

- (1) This warranty is an Express Limited Warranty provided to You by Your Builder. This warranty coverage booklet embodies the entire extent of the Express Limited Warranty.
- (2) This Express Limited Warranty is not a maintenance agreement, service contract, or an insurance policy.
- (3) This document is not homeowner's insurance. There is no Builder Responsibility for any loss paid, covered claim, repair or the like if the same is available through any insurance or third-party warranty.
- (4) In this Express Limited Warranty, reference to a person includes entities and vice versa. Use of the singular includes the plural. Use of one gender includes the other gender. Words that are capitalized are defined in the Definitions section.
- (5) Coverage under this Express Limited Warranty is limited to Construction Defects which occur during the warranty term. Under this Express Limited Warranty, the coverage periods for residential construction are as follows:
 - (a) One (1) year for Workmanship/Materials,
 - (b) Two (2) years for Delivery Portion of Systems (plumbing, electrical, heating, and air-conditioning delivery systems),
 - (c) Ten (10) years for Major Structural Components of the Home, and
 - (d) Ten (10) Year Warranty of Habitability.
- (6) Throughout the Term of this Express Limited Warranty, Your Builder is the Warrantor.
- (7) The obligation of StrucSure Home Warranty under this warranty is solely to act as the warranty Administrator.
- (8) Repair or replacement is NOT intended to restore the Home to a like-new condition.
- (9) This Express Limited Warranty is limited to construction Defects and/or Deficiencies which occur during the Warranty Term as defined above. The existence of a construction Defect and/or Deficiency does not constitute a breach of this Express Limited Warranty.
- (10) Warranted Defects and/or Deficiencies must occur within the Warranty Term or the item(s) are not covered.
- (11) When a request for warranty performance is filed and the Defect and/or Deficiency cannot be observed under normal conditions, it is Your responsibility to substantiate that the need for warranty performance exists including any costs involved.
- (12) The warranty cannot go into effect until the signed Home Enrollment Application (HEA) has been accepted by SHW. By signing the HEA, the Home Purchaser(s) accepts the provisions of this Express Limited Warranty and agrees to resolve any claims, disputes, and controversies with the Builder, the Administrator, and/or the Insurer through binding arbitration and not litigation.
- (13) Coverage is limited to those items selected on the Home Enrollment Application (HEA), if applicable.
- (14) Neither repairs, payments, nor any other action or inaction of the parties will extend the warranty period.

- (15) This Express Limited Warranty is separate and apart from any contracts between You and Your Builder, including any sales agreements. It cannot be altered, affected or amended in any manner by any other agreement except only through a formal written agreement signed by the Builder, the Administrator, and You.
- (16) Any agreements, understandings, promises, negotiations, representations, or obligations implied by law, custom, practice, or other source that are not documented in this warranty, including representations about this warranty, are not covered by this warranty.
- (17) This Express Limited Warranty provides coverage only in excess of coverage provided by other warranties or insurances, whether collectible or not. This limited warranty does not take the place of the Builder's general liability insurance or Your Homeowner's insurance.
- (18) The Warrantor provides no warranties that extend beyond this document. All other warranties, express or implied, including, but not limited to, all implied warranties of fitness, merchantability, or habitability are disclaimed and excluded to the extent allowed by law. The warranties established herein supersede all implied warranties.
- (19) This warranty does not reimburse parties for their attorney's fees or costs except as set forth in this Express Limited Warranty Booklet.
- (20) This warranty does not cover special, incidental, indirect, or Consequential Damages other than:
- Cost to correct a Construction Defect and the resulting damage to the Home;
 - Cost of repair or replacement of furniture, carpet, or personal property damaged by the Construction Defect. Should replacement be necessary, the Builder's obligation is limited to replacement with items providing the same function and quality and that are readily available at the time the item is being replaced;
 - Cost of removal or replacement of those components of the Home that have to be removed or altered in order to repair or replace a Construction Defect;
 - The reasonable cost of the homeowner's alternative shelter and storage expenses where the Home is not habitable due to a Construction Defect or where the Home is rendered not habitable by the repair of the Construction Defect.
- Diminished fair market value is considered a consequential or incidental damage and is not covered under this Express Limited Warranty unless the Builder elects this remedy in lieu of the repair, replacement, or payment of a Construction Defect.
- (21) This Express Limited Warranty is binding on the Builder and You and Your heirs, executors, Administrators, successors and assigns. An assignment or transfer of benefits, rights, or sums payable under this warranty is prohibited except as expressly allowed in this Express Limited Warranty.
- (22) If any term, condition, or provision of this warranty is found to be void or a violation of law or public policy by a court of competent jurisdiction, it shall be deemed modified to the extent necessary so that it is no longer void or in violation of law or public policy. Any binding decisions that determine a part of the warranty is void, or in violation of law or public policy, will not serve to invalidate the enforceability of any other term, condition or provision of this warranty.
- (23) In order to carry out the responsibilities of the Warrantor and/or Warrantor's designees, the Warrantor and/or Warrantor's designees will require access to the home, the property, and Improvements. The Warrantor and/or Warrantor's designees shall be allowed full access during normal business operations for testing, inspection, and repairs. Refusal or delay of more than 30 calendar days upon verbal or written request of the Warrantor and/or Warrantor's designees will waive and void any responsibility, unless mutually agreed upon in writing by the parties.
- (24) If performance under this Express Limited Warranty is delayed by an event beyond a parties control, such performance will be excused until the delaying effects of the event are remedied. Such events include, but are not limited to, concealed or unkn own conditions such as soil conditions, unavoidable accidents or circumstances, encountering hazardous materials, damage caused by a utility company, acts of God or nature, acts of the common enemy, fire, war, riot civil commotion or sovereign conduct, material shortages or unusual material delivery delays, abnormal adverse weather conditions not reasonably anticipated, labor disputes, acts of terrorism, government action, and/or acts or omissions by You or a person or entity not a party to this Express Limited Warranty. Such delay shall operate to extend the time period for performance, but shall not act to extend the term(s) of warranty coverage(s).
- (25) If an element or component of a Home is not described particularly in this booklet, the element or component shall be constructed in accordance with the applicable written agreement. If there is no agreement, the element or component shall be constructed in accordance with the usual and customary residential construction practices, or practices for similar Improvements in the geographic region shall govern and the element or component shall perform for the purpose for which it is intended for the period of the applicable warranty.
- (26) When an inconsistency exists between the Code, manufacturer's instructions and specifications, the standard required by the United States Department of Housing and Urban Development for Federal Housing Administration or Veterans Administration programs, and/or ANSI/ASHRAE Standard (62.2-2003), the most restrictive requirement shall apply if reasonable under the circumstances.
- (27) This warranty shall be interpreted and enforced in accordance with the laws of the state in which the Home is located. Please note that individual state laws may provide additional limitations, Exclusions, and/or coverage.
- (28) This Express Limited Warranty is subject to change as required by various regulating bodies.

- (29) All Manufactured Products shall be installed by the Builder in accordance with the manufacturer's instructions and specifications. The Builder shall use only new Manufactured Products and parts unless otherwise agreed in writing by the parties. If the Builder does not install a Manufactured Product in accordance with the manufacturer's specifications or use newly-manufactured parts as required, the Builder shall take such action as is necessary to bring the variance within the standard. The Builder will assign to the Homeowner, without recourse, the manufacturer's warranty for all Manufactured Products that are covered by a manufacturer's warranty. Any rights that inure to the Homeowner provided under a manufacturer's warranty are the obligation of the manufacturer. The Builder does not assume any of the obligations of the manufacturer resulting from a manufacturer's warranty.
- (30) In no event shall there be Builder Responsibility for any Manufactured Product that was installed in accordance with the manufacturer's instructions and specifications. In no event shall there be Builder Responsibility for any denial of warranty claim or otherwise by the manufacturer.
- (31) Notwithstanding a Performance Standard stated in this Express Home Warranty, a specialty feature, which is work performed or material supplied incident to certain design elements shown on the construction plans and specifications and agreed to in writing by the Builder and the homeowner, shall be deemed to be compliant with the Performance Standards stated herein so long as all items are compliant with the Code.
- (32) This Express Limited Warranty is fully transferable along with Your rights and obligations to subsequent owners during the Warranty Term. There is no limit to the number of transfers during the Warranty Term or any cost as a result of such transfer(s). You agree to provide this Express Limited Warranty to any subsequent purchaser of Your Home as part of Your contract of sale.
- (33) All notices required under this Express Limited Warranty must be in writing, sent certified mail, return receipt requested.

SECTION 2: DEFINITIONS

Administrator: StrucSure Home Warranty, LLC is the Administrator of the StrucSure Home Warranty Program. StrucSure is not the Warrantor or co-Warrantor of the Home and is not responsible for fulfilling any Builder obligations under this warranty.

Arbitrator: The person selected to determine and enforce arbitration awards in the event of an Unresolved Warranty Issue. If You and the Administrator cannot agree on an independent arbitration service, then both parties agree to use American Arbitration Association (AAA) for the arbitration.

Builder: The person, corporation, partnership or other entity which is a member of the StrucSure Home Warranty Program and is listed on the StrucSure Home Warranty Home Enrollment Application (HEA). The Builder is the Warrantor in years one (1) for Workmanship/Materials, years one (1) and two (2) for Delivery Portions of Systems, 10 years for Major Structural Defects, and 10 years for habitability.

Builder Responsibility: A statement of the corrective action required by the Builder to repair the construction defect and any other damage resulting from making the required repair.

Certificate of Warranty Coverage: A certificate that is generated upon project completion, Homeowner acceptance, and receipt of the warranty fees. The certificate includes the Home Enrollment Application (HEA) number and the Effective Date of Warranty. The certificate can be accessed via StrucSure's warranty portal at <http://warranty.strucsure.com> or by phone (for those who don't have Internet access).

Code—The International Residential Code.

Common Elements: 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 that is shared between units. Common Elements may include, without limitation, hallways, roofs, exterior finishes, and electrical, plumbing, and mechanical distribution systems.

Consequential Damages: Any loss or injury other than:

- Cost to correct a Construction Defect and the resulting damage to the Home;
- Cost of repair or replacement of furniture, carpet, or personal property damaged by the Construction Defect. Should replacement be necessary, the Builder's obligation is limited to replacement with items providing the same function and quality and that are readily available at the time the item is being replaced;
- Cost of removal or replacement of those components of the Home that have to be removed or altered in order to repair or replace a Construction Defect;
- The reasonable cost of the homeowner's alternative shelter and storage expenses where the Home is not habitable due to a Construction Defect or where the Home is rendered not habitable by the repair of the Construction Defect.

Diminished fair market value is considered a consequential or incidental damage and is not covered under this Express Limited Warranty unless the Builder elects this remedy in lieu of the repair, replacement, or payment of a Construction Defect.

Construction Defect: An element or component of a Home that fails to conform to the performance standards and/or the 10-year Warranty of Habitability as defined in this Express Limited Warranty.

Construction Quality Standard: The standard(s) to which a Home or an element or component of a Home constructed as a part of new Home construction or a material Improvement or interior renovation must perform.

Date of Homeowner Acceptance: The date indicated on the Home Enrollment Application (HEA) whereby the Homeowner agrees that the Home is complete and there are no outstanding Defects and/or Deficiencies.

Defect/Deficiency: A condition of any item warranted by this Express Limited Warranty which exceeds the allowable tolerances or does not meet the Construction Quality Standards or Performance Standards.

In the event that an alleged defect is not contained in the Construction Quality Standards or Performance Standards Warranty, the usual and customary industry standards for similar improvements in the geographic region shall govern.

Delivery Portion of Systems: The electrical, plumbing, and mechanical distribution systems in Your Home.

Effective Date of Warranty: The date of closing, first title transfer, first date of occupancy, or the date the Certificate of Occupancy was issued for a single-family home (whichever occurred earlier). For multi-dwelling units such as condominiums, townhouses, and duplexes, the Effective Date of Warranty and Common Elements coverage is the date the first Certificate of Occupancy was issued for the building.

Excessive: A quantity, amount, or degree that exceeds that which is normal, usual, or reasonable under the circumstance.

Exclusion: Items, conditions, or situations not warranted or not covered under this warranty.

Express Limited Warranty: The Express Limited Warranty described by the terms and provisions contained within this warranty coverage booklet.

Extreme Weather Condition(s): Severe or unseasonal weather or weather phenomena that are at the extremes of the historical distribution. Weather conditions in excess of or outside of the scope of the design criteria stated or assumed for the circumstance or locale in the Code.

Home: The dwelling or property as identified by the address on the Home Enrollment Application (HEA).

Homeowner: The person(s) listed as the Homeowner(s) on the original Homeowner Enrollment Application (HEA), and who must hold legal title to the Home; or, any subsequent Homeowner who holds legal title to the Home.

Homeowner Responsibility: An action required by the Homeowner for proper maintenance or care of the Home or the element or component of the Home concerned. A Homeowner's failure to substantially comply with stated Homeowner responsibility creates an Exclusion to the warranty for the Construction Quality Standard or Performance Standard.

Improvement(s): Any labor, materials, or other work supplied by the Builder or its independent contractors or suppliers in performance of the contract documents or other written agreements including but not limited to design plans or specifications.

Major Structural Components: The load-bearing portions, and the integral connection between them, of the following elements of a home:

- (a) Load-bearing foundation systems and footings,
- (b) Load-bearing floor framing systems,
- (c) Load-bearing walls and partitions,
- (d) Load-bearing roof framing systems,
- (e) Load-bearing beams,
- (f) Load-bearing headers,
- (g) Load-bearing girders,
- (h) Load-bearing lintels (other than those supporting veneers),
- (i) Load-bearing columns (other than a column that is designed to be cosmetic), and
- (j) Load-bearing masonry arches (other than a masonry arch that is designed to be cosmetic).

Major Structural Defect (MSD): Please refer to the Major Structural Defect Coverage section in this warranty booklet for the definition of a Major Structural Defect.

Manufactured Product: A component of the Home that was manufactured away from the site of the Home and that was installed in the Home without significant modifications to the product as manufactured. Manufactured Products which are covered by a manufacturer's warranty include, but are not limited to, appliances, fixtures, and items of equipment (including attachments and appurtenances). This warranty does not cover systems Deficiencies that are caused by a failure of any Manufactured Product or failure to comply with manufacturer's warranty requirements. This includes air conditioning units, attic fans, boilers, burglar alarms, carbon monoxide detectors, ceiling fans, central vacuum systems, doorbell systems, dishwashers, dryers, electronic air cleaners, exhaust fans, fire alarms, freezers, furnaces, garage door openers, garbage disposals, gas and electric meters, heat exchangers, heat pumps, humidifiers, intercoms, interior sprinkler systems, microwave ovens, oil tanks, outside lights or motion lights not attached to the Home, ranges and range hoods, refrigerators, sewage pumps, smoke detectors, solar collectors, space heaters, sump pumps, thermostats, trash compactors, washers, water pumps, water softeners, water heaters, whirlpool bathtubs, whole house fans and similar items/appliances. For purposes of this booklet, a Manufactured Product includes any component of a Home for which the manufacturer provides a warranty, provided that the manufacturer permits transfer of the warranty to the Homeowner.

Performance Standard: The standard(s) to which a Home or an element or component of a Home constructed as a part of new Home construction, a material Improvement, or interior renovation must perform. Performance Standards are set forth in this warranty booklet.

Residential Code: The requirements specified in the text of the Residential Code officially adopted by the state, city, county (or parish) in which Your Home is located.

StrucSure Home Warranty (SHW): The Administrator of this Express Limited Warranty. StrucSure is not the Warrantor or co-Warrantor of the Home and is not responsible for fulfilling any Builder obligations under this warranty.

Ten Year Warranty of Habitability: For ten (10) years from the Effective Date of Warranty, Your Builder warrants that Your Home will be free from defects that have a direct adverse effect on the habitable areas of the Home and that must not have been discoverable by You within the applicable warranty periods.

Unresolved Warranty Issue: A request for performance under the warranty that has not been met by the Builder and/or his subcontractors.

Warranted Defect/Warranted Deficiencies: A condition of a warranted item that, according to the Construction Quality Standards and Performance Standards described in this Express Limited Warranty, requires action by the Builder.

Warrantor: The Builder.

Warranty Term: The period during which a Warranted Defect and/or Deficiency must first occur in order to be covered, and is that period which begins on the Effective Date of Warranty as defined above and ends one (1), two (2), or ten (10) years thereafter.

Workmanship/Materials: The standard and quality of a Builder's work or the skills used in construction. Materials are the items used for construction.

You/Your: You/Your means the person(s) listed as the Homeowner(s) on the original Home Enrollment Application (HEA), and who must hold legal title to the Home; or, any subsequent Homeowner(s) who holds legal title to the Home.

SECTION 3: LIMIT OF LIABILITY

- (1) Subject to the provisions of this warranty, the Builder's total aggregate limit of financial liability for all claims under this warranty is equal to the contract price of the Home listed on the Home Enrollment Application (HEA). This means that every time Your Builder pays for a repair, or pays a claim, those aggregate payments are deducted from the contract price of the Home listed on the HEA (the warranty limit). Once that total equals the contract price of the Home on the Home Enrollment Application (HEA), there is no further warranty coverage.
- (2) If at any time during the Warranty Term, the limit of liability has been reached, regardless of whether costs were incurred singularly or aggregately, the entire warranty is automatically and permanently terminated. Any rights You may have under this warranty are then automatically terminated.
- (3) The Builder may, where appropriate, make payment for any claim for \$10,000 or more jointly to You and Your Mortgagee as Your interests may appear. The Mortgagee is bound by the claim resolution reached with You.

SECTION 4: HOMEOWNER DUTIES & RESPONSIBILITIES

You have duties and responsibilities under the law and under this warranty. This warranty is expressly conditioned on Your full performance of duties (express or implied) relating to residential construction and the warranty. These duties include, but are not limited to:

- (1) You have a duty to work toward the mutual goal of achieving a successful project, to not cause any unreasonable delay in the start of the project, to not delay, hinder, or interfere with the performance of other parties, to not act arbitrarily with respect to requests for extensions of time, to perform all of the contractual obligations in good faith, and to not take any action that would prevent the Builder from pursuing Your rights and remedies against other parties responsible for Your loss.
- (2) You have a duty to make reasonable efforts to minimize or avoid losses.
 - (a) Upon observation of a circumstance that You cannot control and may cause damage to the Home or a Home component and/or may make the house uninhabitable, You shall take immediate and reasonable action to prevent it.
 - (b) You agree that only those repairs necessary to make the house habitable or mitigate further damage shall be performed. You agree that any and all repairs performed beyond such measures will not be covered by the warranty. Any unauthorized repairs made by You or someone under Your direction, other than those permitted in this paragraph, will not be reimbursed or compensated.
- (3) You are responsible for the proper maintenance of Your new Home. Regular preventative maintenance is necessary to prolong the life of the Home. Your obligation is to care for Your Home in such a way as to prevent or minimize damage to it. You should be aware that all new Homes go through a period of settlement and movement. During this period, Your Home may experience some minor material shrinkage, cracking, and other events which are normal and customary.
- (4) Maintenance of the Home and the lot on which the Home is located is essential to the proper functioning of the Home, and You are responsible for that maintenance. You are responsible for maintenance items described in this section and those

maintenance items identified separately in this warranty booklet. Additionally, You are responsible for ongoing maintenance responsibilities that affect the performance of the Home but that may not be expressly stated in this booklet. Such ongoing maintenance responsibilities include, but are not limited to:

- (a) Periodic repainting and resealing of finished surfaces as necessary,
 - (b) Caulking for the life of the Home,
 - (c) Regular maintenance of mechanical systems,
 - (d) Regular replacement of HVAC filters
 - (e) Cleaning and proper preservation of grading around the Home and drainage systems to allow for the proper drainage of water away from the Home, and
 - (f) Other standard and customary maintenance repairs.
- (5) You shall properly maintain each component of the Home including proper cleaning, care, and upkeep of the Home. You shall use Home components for the purposes for which they are intended and shall not damage, misuse, or abuse Home components.
- (6) You shall use and perform periodic maintenance on all Manufactured Products according to the manufacturer's instructions and specifications. The misuse, abuse, neglect or other failure to follow manufacturer's specifications with regard to Manufactured Products may void the manufacturer's warranty. The Builder has no responsibility for Manufactured Products.
- (7) You shall take measures to reduce/prevent swelling soil as it can cause damage by either expanding when moisture is added or shrinking when it dries out (which can cause uplift to concrete slabs and other property damage). Best practices include, but are not limited to: maintaining adequate runoff drainage slopes; cleaning gutters and downspouts; ensuring that lawns and gardens are not over watered; properly maintaining sprinkler systems; preventing landscaping materials or plants, trees, and/or shrubs from contacting the exterior surface of the Home and from interfering with the proper drainage of water away from the foundation; positive slopes in your yard; sealing old construction joints and cracks that develop over time; inspecting concrete and walls; and repairing cracks that are found as soon as possible.
- (8) You should not improperly alter the proper drainage pattern or grade of the soil within ten (10) feet of the foundation so that it negatively impacts the Home's performance or fails to comply with the Residential Code.
- (9) You shall take action to prevent Excessive moisture accumulation by properly using ventilation equipment, preventing Excessive temperature fluctuation, and taking any other action reasonably necessary to avoid Excessive moisture, dampness, humidity, or condensation in the Home that may lead to damage due to Excessive moisture or dryness.
- (10) You have an obligation to cooperate with the mediation, inspection, and investigation of any warranty request. Your warranty file may be closed should You fail to cooperate or respond to requests within thirty (30) days.

SECTION 5: EMERGENCY PROCEDURES

An emergency is a condition that if not immediately repaired may cause damage to the Home or a Home component, may cause danger to the Home's occupants, and/or may make the house uninhabitable.

If You have a warranty coverage emergency, You must contact Your Builder in order to receive authorization for any emergency repairs. If You are unable to contact Your Builder for emergency authorization, You must make minimal repairs until authorization for more extensive repairs has been approved by Your Builder. You must take action in order that further damage can be mitigated, and You must report the emergency to the Builder on the next business day.

SECTION 6: EXCLUSIONS

This warranty does NOT provide coverage for repair, loss, or damage resulting from or made worse by any of the items listed in this section unless caused by a construction defect. This warranty also does not cover any of the following item(s), cause(s), or condition(s), regardless of whether any of them acted alone, in sequence, or in concurrence with any other item(s), cause(s), or condition(s) to create the loss or damage unless caused by a construction defect.

- (1) Any request for warranty performance submitted after unreasonable delay or after the expiration of the applicable Warranty Term.
- (2) Any changes, modifications, additions, or Improvements made to the Home after the Effective Date of Warranty.
- (3) Homeowner delay in reporting a known construction Defect or Deficiency or failing to take reasonable action necessary to prevent further damage to the Home. Failure of the Homeowner to minimize or prevent loss or damage in a timely manner.
- (4) Any warranted Defects or Deficiencies You repair prior to receiving written authorization from the Builder unless it is an emergency. Please reference the Emergency Procedures section in this warranty booklet for more information.
- (5) Any loss, damage, Deficiency, cost, or expense which is caused, in whole or in part, by any peril or occurrence that is covered by Homeowner's insurance, from another warranty or insurance policy, or for which compensation is provided by state legislation and/or public funds.

- (6) Failure of the Homeowner to comply with the Homeowner's responsibilities and perform routine maintenance on the Home as set forth under the Homeowner Responsibilities section in this warranty booklet.
- (7) Any dampness or condensation due to Your failure to maintain guttering, caulking, flashing, or adequate ventilation.
- (8) Property and/or Improvements that have been subject to a foreclosure.
- (9) Green Building Compliance: Any and all green building requirements, standards, certifications or otherwise are controlled by those written standards applicable to and agreed upon between the Builder and the initial owner(s), if any, after which there is no warranty or guarantee related to or concerning any such green building requirements, standards, certifications or otherwise to any subsequent owner of the property and/or improvements.
- (10) Use for which the Home or the component of the Home was not designed.
- (11) Use that exceeds the normal design loads prescribed by the Code or the engineer of record.
- (12) Normal wear and tear or deterioration to any component of the Home. This includes, but is not limited to, the deterioration of concrete surfaces caused by salt, chemicals, implements, or any other any factors.
- (13) The negligence, improper maintenance, misuse, abuse, failure to follow manufacturer's recommendations, failure to take reasonable action to mitigate damage, failure to take reasonable action to maintain the residence, or other action or inaction of anyone other than the Builder or persons providing work or material at the direction of the Builder.
- (14) The negligence, abuse, misuse, improper operation or maintenance of the Home, a Home component, its systems, or a Manufactured Product.
- (15) Any modification or addition to the Home or the property under or around the Home made by You. Work performed or material supplied incident to construction, modification, or repair to the Home performed by anyone other than Your Builder or persons providing work or materials at the direction of the Builder.
- (16) Changes to the grading or drainage surrounding the Home made by anyone other than Your Builder or persons providing work at the direction of the Builder. This includes, but is not limited to, soil erosion or runoff caused by Your failure to maintain the Builder-established grades, changes in the grading caused by erosion, or changes in the level of the underground water table, drainage structures, devices or swales, stabilized soil, sodded, seeded or landscaped areas.
- (17) Alterations to, or the failure to maintain the grade of the soil that are not in compliance with the Code, applicable governmental regulations, or in compliance with an applicable drainage plan.
- (18) Sound transmission and sound proofing unless these components were part of the Home's construction.
- (19) Glass breakage unless the condition is the result of construction activities.
- (20) Unless Builder installed, wiring (to and between) communication devices from the source of power, whether connected to the Home or not. Such devices shall include, but may not be limited to, television cable, telephone systems, intercom systems, computer(s), and security systems. Sources of power shall include, but may not be limited to, service entrance conductors, switches, outlets, receptacles and junction boxes.
- (21) Any condition that does not result in actual physical damage to the home, including, but not limited to the presence of radon gas, formaldehyde or other pollutants or contaminants, or the presence or effect of mold, mildew, toxic material, or volatile organic compound, unless such condition is a direct result of a construction defect.
- (22) Acts of God or nature, war, nuclear hazards, contamination accidents, explosion, riot, civil commotion, terrorism, vandalism, malicious mischief, theft, burglary, power failure or shortage, electrical surge, Excessive or inadequate voltage, artificially-generated electrical currents, electrical wiring that is not to Code, blasting, steam or water escape, condensation, mud or mud slides, sinkholes, Extreme Weather Conditions, drought, windstorm, hail, lightning, ice, snow, blizzard, hurricane, tornado, tsunami, flood, earthquake, land shock waves or tremors occurring before, during, or after volcanic eruption or by any other external cause (whether sudden or gradual), mine subsidence, faults, fissures, crevices, falling trees or other objects, or accidents involving aircraft, vehicles, or boats.
- (23) Damage resulting directly or indirectly from Excessive or inadequate water pressure, flood, surface water, waves, tidal water, overflow of a body of water (whether wind driven or not), wetlands, springs, or aquifers. Water which backs up from sewers or drains, water below the surface of the ground (including water which exerts pressure on, seeps, or leaks under or through a Home, building, sidewalk, driveway, foundation, swimming pool, or other structure). Change in the underground water table that exerts pressure on, seeps, or leaks under the Home, sidewalk, driveway, foundation or other structure or causes subsidence or sinkholes.
- (24) Any loss or damage caused by buried debris, underground springs, mineshafts, uncontrolled fill, improperly compacted fill, or other anomalies.
- (25) Erosion or accretion of soils unless such loss or damage is a direct result of a construction Defect.
- (26) The quality and potability of water unless caused by a construction Defect.
- (27) Defects, Deficiencies, or destruction caused by micro-organisms, plants, fungus, decay, wet rot, dry rot, soft rot, or any other kind of rotting, mold, mildew, termites, insects, vermin, rodents, birds, wild or domestic animals, corrosion, rust, radon, radiation, formaldehyde, asbestos, any solid, liquid, or gaseous pollutant, contaminant, toxin, irritant, or carcinogenic substance, whether

organic or inorganic, or an electromagnetic field or emission. This Exclusion includes any claim of health risks or inhabitability as a result of Volatile Organic Compounds (VOC'S) or any of the foregoing items.

(28) Damage to real property which is not a part of Your Home, bodily damage, personal injury, or Consequential Damages and expenses. Consequential damages is defined as all damages or costs for which a remedy is not expressly provided for in this warranty, not including the following:

- 1) Cost to correct a Construction Defect and the resulting damage to the Home;
- 2) Cost of repair or replacement of furniture, carpet, or personal property damaged by the Construction Defect. Should replacement be necessary, the Builder's obligation is limited to replacement with items providing the same function and quality and that are readily available at the time the item is being replaced;
- 3) Cost of removal or replacement of those components of the Home that have to be removed or altered in order to repair or replace a Construction Defect;
- 4) The reasonable cost of the homeowner's alternative shelter and storage expenses where the Home is not habitable due to a Construction Defect or where the Home is rendered not habitable by the repair of the Construction Defect.

Diminished fair market value is considered a consequential or incidental damage and is not covered under this Express Limited Warranty unless the Builder elects this remedy in lieu of the repair, replacement, or payment of a Construction Defect.

(29) Loss, damage, or injury to land, person, animals, personal property, Improvements, and structures other than items in the Home as identified in this Express Limited Warranty.

(30) Manufactured Products including, but not limited to, appliances, fixtures, and items of equipment (including attachments and appurtenances). This warranty does not cover systems Deficiencies that are caused by a failure of any Manufactured Product or failure to comply with manufacturer's warranty requirements. This includes air conditioning units, attic fans, boilers, burglar alarms, carbon monoxide detectors, ceiling fans, central vacuum systems, doorbell systems, dishwashers, dryers, electronic air cleaners, exhaust fans, fire alarms, freezers, furnaces, garage door openers, garbage disposals, gas and electric meters, heat exchangers, heat pumps, humidifiers, intercoms, interior sprinkler systems, microwave ovens, oil tanks, outside lights or motion lights not attached to the Home, ranges and range hoods, refrigerators, sewage pumps, smoke detectors, solar collectors, space heaters, sump pumps, thermostats, trash compactors, washers, water pumps, water softeners, water heaters, whirlpool bathtubs, whole house fans, and similar items/appliances.

(31) Any Exclusions set forth under any Performance Standards and/or Construction Quality Standards in this warranty booklet.

(32) Fire, smoke, or water damage.

(33) Diminished value of the Home.

(34) Collusion with any other party with the intention to defraud the Builder.

(35) Acts of omission by You, Your agents, employees, licensees, or invitees.

SECTION 7: WORKMANSHIP/MATERIALS & DELIVERY PORTION OF SYSTEMS COVERAGE

For one (1) year from the Effective Date of Warranty, Your Builder warrants that Your Home will be free from Deficiencies in Workmanship and Materials as defined in the Performance Standards in Section 8. For two (2) years from the Effective Date of Warranty, Your Builder warrants that Your Home will be free from Deficiencies in the Delivery Portion of Systems (electrical, plumbing, and mechanical distribution systems) to the extent stated in the Performance Standards in Section 9.

SECTION 8: PERFORMANCE STANDARDS FOR HOME COMPONENTS UNDER THE ONE-YEAR WORKMANSHIP/MATERIALS WARRANTY

This section describes the Performance Standards for the various Workmanship and Materials elements or components of a Home as described. Unless otherwise stated under the various Performance Standards herein, if any such Performance Standard is not met, the Builder shall take such action as is necessary to bring the variance within the standard subject to the terms and conditions herein. The Builder will repair or replace those elements or components of a Home that do not meet these standards during the applicable warranty period.

1) SITE WORK

1.1 GRADING

OBSERVATION: Settling of the final grade ground around the foundation over utility trenches or other filled areas on the property where excavation and backfill have taken place that affect drainage away from Home.

DEFICIENCY: Settling of the final grade around foundations walls, utility trenches or other filled areas which exceeds a depth of six (6) inches from finished grade established by the Builder is a Deficiency.

BUILDER CORRECTION: If the Builder has provided final grading, the Builder shall fill settled areas affecting proper drainage one time only during the first-year warranty period. The Builder is then responsible for removal and resetting of shrubs and other landscaping (installed by the Builder) affected by replacement of the fill. Surface draining shall be diverted to a storm sewer

conveyance or other approved point of collection that does not create a hazard. Lots shall be graded to drain surface water away from foundation walls. The grade shall fall a minimum of six inches within the first 10 feet. Where lot lines, walls, slopes or other physical barriers prohibit six inches of fall within 10 feet, drains or swales shall be constructed to ensure drainage away from the structure. Impervious surfaces within 10 feet of the building foundation shall be sloped a minimum of two percent away from the building.

1.2 DRAINAGE

OBSERVATION: Inadequate surface drainage affecting the drainage in the immediate area surrounding the Home causing areas/pools of standing water.

DEFICIENCY: The Builder is responsible for establishing grades and swales in accordance with the local Building Code that will provide proper drainage away from the Home. Site drainage under this warranty is limited to grades/swales within ten (10) feet of the foundation. Standing or ponding water within such area(s) which remain for a period longer than 24 hours after a rain storm is a Deficiency. Where swales are draining from adjoining properties, or where a sump pump discharges a period of 48 hours, is acceptable for the 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 shall be made while there is frost or snow or when the ground is saturated. The Builder is not responsible for any changes to the grading made by any other party. Standing or pooling water on the property which does not directly affect the immediate area(s) surrounding the foundation of the Home, or which does affect the area but is caused by unusual grade conditions, retention of treed areas, sodding, planting, or any other work done by any party other than the Builder is not covered.

BUILDER CORRECTION: The Builder is responsible for initially establishing the proper grades, swales and drainage away from Home in conformance with the local Residential Code. Subject to the Exclusions, the Builder shall correct improper drainage to meet the criteria set forth above one time only during the first-year warranty period.

OBSERVATION: Grassed or landscaped areas which are disturbed or damaged due to work on the property as a result of work performed by the Builder in conjunction with the correction of a Deficiency.

DEFICIENCY: Landscaped areas, which are disturbed during repair work, are a Deficiency.

BUILDER CORRECTION: The Builder shall restore grades, sod, seeded and landscaped areas to their pre-damaged condition.

2) CONCRETE

2.1 CASTS-IN-PLACE CONCRETE

OBSERVATION: Basement or foundation wall cracks (other than expansion or control joints).

DEFICIENCY: Non-structural cracks are not unusual in concrete foundation walls. Cracks greater than 1/8 inch in width are a Deficiency.

BUILDER CORRECTION: The Builder shall repair non-structural cracks in excess of 1/8 inch by surface patching. Such repairs should be made toward the end of the first-year of the warranty coverage, in order to allow for the normal stabilizing of Home during settling.

OBSERVATION: Cracking of basement floor.

DEFICIENCY: Minor cracks in concrete basement floors are common. Cracks exceeding 1/4 inch in width or 1/4 inch in vertical displacement are Deficiencies.

BUILDER CORRECTION: The Builder shall repair cracks exceeding the maximum tolerance described above by surface patching or other methods, as required.

OBSERVATION: Cracking of attached garage floor slab or cracks in attached patio slab.

DEFICIENCY: Cracking of garage floor or patio slabs is not a Deficiency, since such items and damage are excluded from coverage under this warranty.

BUILDER CORRECTION: None required.

OBSERVATION: Cracks in concrete slab-on-grade floors, with Builder-installed finish flooring attached.

DEFICIENCY: Cracks that rupture or significantly impair the appearance or performance of the finished flooring material are Deficiencies.

BUILDER CORRECTION: The Builder shall repair cracks as required, so as not to be apparent when the finish flooring material is in place. The Builder shall repair or replace the finish flooring as required in order to meet this standard.

OBSERVATION: Uneven concrete floor slabs.

DEFICIENCY: Except for basement floors, garage floors, or flooring surface(s), which have been designed for specific drainage purposes, concrete floors in rooms finished by the Builder for habitability shall not have pits, depressions or areas of unevenness exceeding 1/4 inch in 32 inches.

BUILDER CORRECTION: The Builder shall repair or replace as necessary to meet the criteria noted above. Where applicable, surface skim coating is an acceptable method of repair. The Builder shall re-install or replace any finish flooring material as necessary.

OBSERVATION: Pitting or scaling of interior concrete work.

DEFICIENCY: Interior concrete surfaces that disintegrate to the extent that the aggregate is exposed and loosened under normal conditions of weathering and use are Deficiencies. This Deficiency does not apply to garage slabs or exterior concrete surfaces.

BUILDER CORRECTION: The Builder shall take whatever corrective action is necessary to repair or replace Defective concrete surfaces.

OBSERVATION: Excessive powdering or chalking of interior concrete surfaces.

DEFICIENCY: Excessive powdering or chalking of interior concrete surfaces are a Deficiency, but should not be mistaken for normal surface dust that may accumulate over a period of time after the Home is occupied.

BUILDER CORRECTION: The Builder shall take corrective action necessary to treat, repair or resurface Defective areas.

OBSERVATION: Cracking, settling or heaving of stoops and steps.

DEFICIENCY: Stoops, decks, porches, steps, etc. are excluded from coverage by this warranty.

BUILDER CORRECTION: None required.

2.2 CONSTRUCTION AND CONTROL JOINTS

OBSERVATION: Separation or movement of concrete slabs within the structure at construction and control joints.

DEFICIENCY: None. Concrete slabs within the structure are designed to move at construction control joints and are not Deficiencies.

BUILDER CORRECTION: None required.

3) MASONRY

3.1 UNIT MASONRY (BRICK, BLOCK AND STONE)

OBSERVATION: Cracks in non load-bearing or non load-supporting walls.

DEFICIENCY: Small shrinkage cracks running through masonry and mortar joints are not unusual. However, cracks in excess of 1/8 inch in width are Deficiencies.

BUILDER CORRECTION: The Builder shall repair non-structural shrinkage cracks in excess of 1/8 inch by pointing or patching. The repairs shall be made near the end of the first-year warranty period.

OBSERVATION: Cracks in bearing or supporting masonry walls.

DEFICIENCY: Vertical or diagonal cracks, which do not affect the structural ability of masonry bearing walls, are not unusual. Cracks in excess of 1/8 inch in width are Deficiencies.

BUILDER CORRECTION: The Builder shall repair shrinkage cracks in excess of 1/8 inch by pointing or patching.

OBSERVATION: Horizontal cracks in basement and foundation walls.

DEFICIENCY: Horizontal cracks in the joints of masonry walls are not common, but may occur. Cracks 1/4 inch or more in width are Deficiencies.

BUILDER CORRECTION: The Builder shall repair cracks between 1/8 and 3/16 inch in width by pointing and patching. Cracks exceeding 3/16 inch, shall be investigated by the Builder to determine the cause. The Builder shall take the necessary steps to remove the cause, and make subsequent repairs by pointing, patching, and reinforcement, or replacement of the Defective masonry courses, if necessary.

OBSERVATION: Cracks in the masonry/brick stone wall(s) or veneer(s) above grade.

DEFICIENCY: Small cracks are common in mortar joints of masonry construction. Cracks 1/8 inch or greater in width are Deficiencies.

BUILDER CORRECTION: The Builder shall repair cracks and voids exceeding 1/8 inch by surface pointing. These repairs should be made toward the end of the first-year of warranty coverage. The Builder is not responsible for color variations between existing and new mortar; however, an attempt should be made to match as closely as possible.

OBSERVATION: Separation of brick or masonry edging from concrete slab or step.

DEFICIENCY: It is common for joints between concrete and masonry to crack, due to the dissimilarity of the materials. However, cracks in excess of 1/4 inch are a Deficiency.

BUILDER CORRECTION: The Builder shall grout the crack(s) thoroughly and reset loose masonry where necessary. If replacement of masonry material is necessary, the Builder should attempt to match the exiting material as closely as possible.

OBSERVATION: Cracking or scaling of stucco and cement plaster.

DEFICIENCY: Hairline cracks in stucco or cement plaster are common, particularly when applied directly to masonry backing. Cracks greater than 1/8 inch in width, or scaling of the finished surface(s), are Deficiencies.

BUILDER CORRECTION: The Builder shall scrape out cracks and scaled areas and fill with cement plaster or stucco to match finish and color as closely as possible.

4) CARPENTRY

4.1 ROUGH CARPENTRY

OBSERVATION: Floors squeak as a result of loose or improperly installed sub-flooring.

DEFICIENCY: A floor squeak that is noticeable, loud and objectionable is a Deficiency. However, a completely squeak-proof floor is not assured by the Builder or this warranty.

BUILDER CORRECTION: The Builder shall correct the problem if the cause is due to faulty installation by re-securing any loose sub-flooring material (through any reasonable repair method) without removing the finished floor surface. Where the underside of the sub-flooring material is inaccessible to repair without necessitating the removal of the finished flooring, the corrective work may be attempted from the finished floor side. Nailing through a carpeted surface and countersinking the nail(s) is an acceptable method of repair.

OBSERVATION: Uneven wood-framed floors.

DEFICIENCY: Floors which are more than 1/4 inch out of level within any 32-inch measurement when measured parallel to the floor joists are a Deficiency. Floor slope within any one room that exceeds 1/240 of the room width or length is a Deficiency (e.g., 10'0" wide room not to exceed 1/2 inch out of level).

BUILDER CORRECTION: The Builder shall correct or repair to meet the tolerances of the above criteria.

OBSERVATION: Bowed stud walls or ceilings.

DEFICIENCY: All interior and exterior wood-framed walls or ceilings have slight variations in the finished surfaces. However, bowing should not be visible to the extent that it significantly detracts from the finished surface. Walls or ceilings that are bowed more than a 1/2 inch within a 36-inch horizontal or vertical measurement are Deficiencies.

BUILDER CORRECTION: Exterior and interior wood-framed walls or ceilings bowed in excess of the allowable standard shall be corrected by the Builder to meet the tolerance of the above criteria.

OBSERVATION: Wood-framed walls out of plumb.

DEFICIENCY: All wood-framed walls that are out of plumb more than one inch in an 8-foot vertical measurement.

BUILDER CORRECTION: The Builder shall take necessary repairs to meet the tolerance noted above.

OBSERVATION: Warping, checking or splitting of wood framing which materially affects its intended purpose.

DEFICIENCY: Minor warping, checking, or splitting of wood is common as the wood dries out and is not considered a Deficiency. However, if a condition exists which materially affects the structural integrity of the individual framing member or any Builder-applied surface material attached thereto, then that condition is a Deficiency.

BUILDER CORRECTION: Where a problem exists and the surface material is affected, the Builder shall repair, replace or stiffen the frame member as necessary.

OBSERVATION: Exterior sheathing and sub-flooring which delaminates or swells.

DEFICIENCY: Sheathing and sub-flooring delaminating or swelling on the side that the finish material has been applied is a Deficiency.

BUILDER CORRECTION: The Builder shall repair or replace sub-flooring or sheathing as required. Replacement of the finish materials, when necessary, shall be done to match the existing finish as closely as possible.

OBSERVATION: Wood frame walls out of square.

DEFICIENCY: 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 CORRECTION: The Builder shall make necessary modifications to any floor as necessary.

4.2 FINISH CARPENTRY

OBSERVATION: Unsatisfactory quality of finished exterior trim and Workmanship/Materials.

DEFICIENCY: Joints between exterior trim elements, and siding or masonry that are in excess of 3/8 inch are Deficiencies.

In all cases, the exterior trim abutting masonry siding shall be capable of performing its function to exclude the elements.

BUILDER CORRECTION: The Builder shall repair open joints and touch-up finish coating where required (matching existing as closely as possible). The Builder shall caulk open joints between dissimilar materials.

OBSERVATION: Unsatisfactory quality of finished interior trim and Workmanship/Materials.

DEFICIENCY: Joints between moldings and adjacent surfaces, which exceed 1/8 inch in width, are deficient.

BUILDER CORRECTION: The Builder shall repair Defective joints and touch-up finish coating where required (matching existing as closely as possible). Caulking is acceptable.

OBSERVATION: Surface Defects in finished woodwork and millwork such as checks, splits and hammer marks.

DEFICIENCY: Finished woodwork and millwork is to be smooth and without surface marks. Finished surfaces that do not meet what is reasonably expected within the residential construction industry are Deficiencies.

BUILDER CORRECTION: The Builder shall correct repairable Defects. Sanding, filing, or puttying is acceptable to return the surface to its original condition. The Builder shall replace material that is not repairable and will refinish and restore to match surrounding surfaces as closely as possible.

OBSERVATION: Exposed nail heads in woodwork.

DEFICIENCY: Material used to fill nail holes has a tendency to dry and shrink after a period of time, and is not considered a Deficiency. Nail holes in finished, painted woodwork that have not been filled are Deficiencies. 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.

BUILDER CORRECTION: The Builder shall fill nail holes where required and if necessary, touch-up paint, stain, or varnish to match as closely as possible.

5) THERMAL AND MOISTURE PROTECTION

5.1 WATERPROOFING

OBSERVATION: Leaks in basement or in foundation/crawlspace.

DEFICIENCY: Leaks resulting in actual trickling of water through the walls or seeping through the floor are Deficiencies. However, leaks resulting from improper landscaping installed by the Homeowner or failure of Homeowner to maintain proper grades that have been established by the Builder are not a Deficiency and are subject to Exclusions. Dampness in basement and foundation walls or in concrete basement and crawlspace floors is often common to new construction and is not a Deficiency.

BUILDER CORRECTION: The Builder will take the appropriate actions(s) required to correct basement and crawlspace leaks, except where the cause is determined to be the result of Homeowner negligence. Where the Builder has installed a sump pit in the affected

area but a sump pump was not installed or contracted for by the Homeowner, no action is required until the Homeowner attempts to correct the condition by installing a properly sized pump. Thereafter, should the condition continue to exist, the Builder will take action necessary to correct the problem.

5.2 INSULATION

OBSERVATION: Insufficient insulation.

DEFICIENCY: Insulation that is not installed around all habitable areas in accordance with established local industry standards is a Deficiency.

BUILDER CORRECTION: The Builder shall install insulation of sufficient thickness and characteristics to meet the local industry standards. In the event of a dispute regarding the insulation, the cost for investigating the sufficiency of insulation and restoring areas to prior condition shall be borne by the Homeowner, if it is discovered that the standard had been met by the Builder.

OBSERVATION: Sound transmission between rooms, floor levels, adjoining condominium units in a building, or from the street into the Home.

DEFICIENCY: None. No coverage.

BUILDER CORRECTION: None. No coverage is provided for soundproofing.

5.3 LOUVERS AND VENTS

OBSERVATION: The attic or crawlspace is insufficiently ventilated.

DEFICIENCY: Attic and crawlspace areas that are not ventilated as required by the locally applicable Residential Code are a Deficiency. Ventilation will also be considered deficient if damage occurs to framing members or insulation as a result of excessive moisture accumulation. The Builder is not responsible for any action taken by the Homeowner which interferes with proper ventilation.

BUILDER CORRECTION: The Builder shall install properly-sized louvers, vents, or use other locally acceptable methods in order to correct the Deficiency.

OBSERVATION: Leaks due to snow or wind driven rain through louvers and vents.

DEFICIENCY: Improperly installed louvers and vents that permit penetration of the elements under normal conditions are Deficiencies. Properly installed louvers or vents may at times allow penetration of rain or snow under strong wind conditions, and are not Deficiencies.

BUILDER CORRECTION: The Builder shall take necessary steps to eliminate penetration of rain or snow under normal conditions if it is determined the installation was improper.

5.4 EXTERIOR SIDING

OBSERVATION: Delaminating, splitting, or deterioration of exterior siding.

DEFICIENCY: Exterior siding that delaminates, splits or deteriorates is a Deficiency.

BUILDER CORRECTION: The Builder shall repair or replace only the damaged siding. A reasonable attempt should be made to match the replaced or repaired siding as closely as possible to the original existing siding; however, the Homeowner should be aware that the new finish may not exactly match the original surface finish, and the Builder is not responsible for such variation. The Builder is not responsible for action taken by the Homeowner whom accelerates or causes damage to the siding, such as repeated use of sprinklers, which continually wets the siding.

OBSERVATION: Loose or fallen siding.

DEFICIENCY: Any improperly installed exterior siding, which loosens, falls off, or separates from the framing of the structure, is a Deficiency.

BUILDER CORRECTION: The Builder shall properly re-secure or spot replace deficient siding if necessary, in order and make it secure. If replacement is required, the Builder shall replace only the affected area, and attempt to match as closely as reasonably practicable.

OBSERVATION: Siding is bowed.

DEFICIENCY: Bows exceeding 1/2 inch in 32-inches are Deficiencies.

BUILDER CORRECTION: The Builder shall repair bowed siding to meet the standard. If replacement of siding is required, the Builder shall match original material as closely as possible; however, the Homeowner should be aware that the new finish may not exactly match the original surface finish, and the Builder is not responsible for such variation.

OBSERVATION: Nails have stained siding.

DEFICIENCY: Nail stains exceeding 1/2 inch in length and visible from a distance of twenty (20) feet are Deficiencies.

BUILDER CORRECTION: The Builder shall either remove stains or paint or stain the affected area. The Builder shall match the color and finish as closely as possible; however, the Homeowner should be aware that the new finish may not exactly match the original surface finish, and the Builder is not responsible for such variation. Where paint or stain touch up affects the majority of the wall surface, the whole area shall be refinished.

5.5 ROOFING

OBSERVATION: Roof or flashing leaks.

DEFICIENCY: Roof or flashing leaks under normal weather conditions are Deficiencies; however, when the cause of the leak is determined to result from severe weather conditions such as ice or snow build-up, high winds or wind-driven rain, such leaks are not Deficiencies.

BUILDER CORRECTION: The Builder shall correct any roof or flashing leaks that are verified to have occurred under normal weather conditions.

OBSERVATION: Lifted, curled or torn roof shingles.

DEFICIENCY: Roof shingles which lift or curl during the first-year of warranty coverage or tear loose during normal weather conditions are Deficiencies; however, accidental loss or damage from acts of nature such as, but not limited to fire, explosion, smoke, water escape, windstorms, hurricane, tornado, hail, lightning, falling trees, aircraft, vehicles, flood and earthquake is not a Deficiency.

BUILDER CORRECTION: The Builder shall repair or replace lifted, curled or torn shingles.

OBSERVATION: Standing water on built-up roofs.

DEFICIENCY: A properly pitched built-up roof should allow for the drainage of water, except for minor ponding. Dead flat roofs will retain a certain amount of water; however, excessive ponding of water that causes leaking of the built-up roof is a Deficiency.

BUILDER CORRECTION: The Builder shall repair all leaks due to or caused by standing water.

5.6 SEALANTS

OBSERVATION: Water or air leaks in exterior walls due to inadequate caulking.

DEFICIENCY: Joints and cracks in exterior wall surfaces and around openings which are not properly caulked to exclude the entry of water or excessive drafts are Deficiencies.

BUILDER CORRECTION: The Builder shall repair and or caulk joints or cracks in exterior wall surfaces as required, correcting the Deficiency one time during the first-year of warranty coverage. The Homeowner is responsible for maintaining the caulking once the condition is corrected.

5.7 SHEET METAL

OBSERVATION: Gutters and downspouts leak.

DEFICIENCY: Gutters and downspouts which leak are a Deficiency. Gutters that are improperly pitched to drain water are Deficiencies; however, standing water in gutters is acceptable if it does not exceed one (1) inch in depth. The Homeowner is responsible for maintenance and keeping the gutters/downspouts/extensions/drains free from leaves and debris to prevent overflow.

BUILDER CORRECTION: Repair leaks, and if necessary, properly re-pitch gutters to drain adequately.

1) DOORS AND WINDOWS

6.1 INTERIOR AND EXTERIOR DOORS

OBSERVATION: Warping of interior or exterior doors.

DEFICIENCY: Interior and exterior doors that warp to the extent that the warping prevents normal operation, closing or fit are deficient. The maximum allowable warping of an interior door is 1/4 inch when measured from top to bottom, either vertically or diagonally.

BUILDER CORRECTION: The Builder will repair or replace as may be required. New doors should be refinished to match the original as closely as possible.

OBSERVATION: Door panels shrink and expose bare wood.

DEFICIENCY: Door panels will shrink due to the nature of the material. Exposing of the bare wood at the edges is not a Deficiency.

BUILDER CORRECTION: None required.

OBSERVATION: Door panels split.

DEFICIENCY: Door panels that have split to the extent that light is visible through the door are Deficiencies.

BUILDER CORRECTION: If light is visible, the Builder shall fill the crack and re-finish the panel to match as closely as possible. The Builder will make corrections one time only during the first-year of warranty coverage. If the panel cannot be repaired to conceal the crack, the panel or the door itself shall be replaced and finished to match the original as closely as possible.

OBSERVATION: Bottom of door(s) rubs on Builder-installed wall-to-wall carpeted surface(s).

DEFICIENCY: The bottom(s) of doors that rub or drag on the carpet are Deficiencies. However, when the carpet selected by the Homeowner has excessively high pile, the Homeowner is responsible for any additional door undercutting.

BUILDER CORRECTION: The Builder shall undercut doors as required.

OBSERVATION: Excessive opening at the bottoms of interior doors.

DEFICIENCY: Passage doors from room to room that have openings between the bottom of the door and the Builder-installed finished flooring material in excess of 1 1/2 inch, are a Deficiency. Closet doors having an opening in excess of 2 inches are a Deficiency.

BUILDER CORRECTION: The Builder shall make necessary adjustments or replace the door to meet the required tolerance.

OBSERVATION: Door binds against either the jamb or head of frame or does not lock.

DEFICIENCY: Passage doors that do not open and close freely without binding against the doorframe are Deficiencies. Doors that do not lock as intended are a Deficiency.

BUILDER CORRECTION: The Builder shall adjust door(s) and keeper(s) to operate freely and meet the standard.

6.2 GARAGE DOORS (ATTACHED GARAGE)

OBSERVATION: Garage door fails to operate or fit properly.

DEFICIENCY: Garage doors that do not operate and fit the door opening within the manufacturer's installation tolerances are Deficiencies. Some infiltration of the elements can be expected under heavy weather conditions and is not considered a Deficiency.

BUILDER CORRECTION: The Builder shall take necessary adjustments to meet the manufacturer's installation tolerances. No adjustment is required when the cause is determined to result from anyone other than the Builder's or Builder's subcontractors' installation of an electric door opener.

6.3 WOOD, PLASTIC AND METAL WINDOWS

OBSERVATION: Malfunction of windows.

DEFICIENCY: Windows that do not operate in conformance with manufacturer's design standards are deficient.

BUILDER CORRECTION: The Builder shall consult with the manufacturer when necessary and make required adjustments so that the windows operate in accordance with the standard.

OBSERVATION: Double hung windows do not stay in place when open.

DEFICIENCY: 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.

BUILDER CORRECTION: The Builder shall adjust sash balances one time only during the first-year of warranty coverage. Where possible, the Builders shall instruct the Homeowner on the method of adjustment for future use.

OBSERVATION: Condensation or frost on window frames or glass panes.

DEFICIENCY: None. 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.

BUILDER CORRECTION: None required.

6.4 HARDWARE

OBSERVATION: Hardware that does not work properly, fails to lock, or perform its intended purpose.

DEFICIENCY: Any Builder-installed hardware on doors and windows that do not operate properly are a Deficiency.

BUILDER CORRECTION: The Builder shall adjust, repair, or replace hardware as required.

6.5 STORM DOORS, WINDOWS AND SCREENS

OBSERVATION: Storm doors, storm windows or screens do not operate or fit properly.

DEFICIENCY: Installed storm doors, windows and screens when installed do not operate or fit properly to provide the protection for which they are intended, are considered Deficiencies. Missing screens are not a Deficiency.

BUILDER CORRECTION: The Builder shall make necessary adjustments to ensure proper fit and operation. The Builder shall replace the storm doors, storm windows or screens when adjustment(s) cannot be made.

6.6 WEATHERSTRIPPING AND SEALS

OBSERVATION: Drafts around doors and windows.

DEFICIENCY: Weather stripping is required on all doors leading directly from a habitable area to the exterior (outside) of the Home. Some infiltration is normally noticeable around doors and windows, especially during high winds. Excessive infiltration resulting from openings in poorly fitted doors and windows or poorly fitted weather stripping is a Deficiency.

BUILDER CORRECTION: The Builder shall adjust or correct poorly-fitted windows or doors or poorly-fitted weather stripping.

6.7 GLASS AND GLAZING

OBSERVATION: Clouding and condensation on inside surfaces of insulated glass.

DEFICIENCY: Insulated glass, which clouds up or has condensation on the inside surfaces of the glass, is a Deficiency.

BUILDER CORRECTION: The Builder shall replace glass in accordance with window and glass manufacturer's requirements.

7) FINISHES

7.1 LATH AND PLASTER

OBSERVATION: Cracks in plaster wall or ceiling surfaces.

DEFICIENCY: Noticeable cracks in plastered wall and ceiling surfaces of more than 1/8 inch are Deficiencies. However, hairline cracks are not uncommon and are not a Deficiency.

BUILDER CORRECTION: The Builder shall repair cracks that are greater than 1/8 inch in width and touch up paint to match as closely as possible one time only during the first-year of warranty coverage. Such conditions should be reported toward the end of the first year of warranty coverage to allow for normal movement of the Home.

7.2 GYPSUM WALLBOARD

OBSERVATION: Drywall cracks over door/window frames or archways, blisters in tape, excess compound in joints, exposed corner beads, nail pops, or trowel marks.

DEFICIENCY: Slight Defects, such as occasional nail pops, seam lines and cracks are common to gypsum wallboard installation. Blisters in tape, cracks over door and window frames and over archways, excess compound in joints, trowel marks, excessive nail popping and exposed corner bead are Deficiencies. Nail pops are a Deficiency only when there are signs of spackling compound cracking or falling away. Depressions or slight mounds at nail heads are not considered Deficiencies.

BUILDER CORRECTION: The Builder shall correct such Defects to the acceptable tolerance and repaint areas to match as closely as possible one time only during the first-year of warranty coverage. Such conditions should be corrected toward the end of the first-year of warranty coverage to allow for normal settlement of the Home.

7.3 HARD SURFACE FLOORING (FLAGSTONE, MARBLE, QUARRY/CERAMIC TILE, ETC.)

OBSERVATION: Flooring cracks or becomes loose.

DEFICIENCY: Ceramic tile, flagstone, or similar hard-surfaced sanitary flooring that cracks or becomes loose is a Deficiency. Sub-flooring and wallboard are required to be sufficiently secure, rigid, and suitable enough to receive the finish. Cracking and loosening of flooring caused by Homeowner negligence is not a Deficiency. The Builder is not responsible for slight color and pattern variation or discontinued patterns of the manufacturer. The Builder is not required to replace the entire finish when the replacement material consists of less than 25 percent of the finished area.

BUILDER CORRECTION: The Builder shall replace, reset, or correct the cracked or loose finish material.

OBSERVATION: Cracks appear in grouting of ceramic tile joints or at junctions with other building components such as, but not limited to, a bathtub, shower, or a countertop.

DEFICIENCY: Cracks in grouting of ceramic tile joints are Deficiencies. Re-grouting of these cracks is a maintenance responsibility of the Homeowner after the Builder has re-grouted once. Open cracks or loose grouting where the wall surface abuts the flashing lip at a tub, shower basin or countertop are considered Homeowner maintenance and any resultant damage to other finish surfaces due to leaks, etc. are not considered Deficiencies.

BUILDER CORRECTION: The Builder shall repair grouting as necessary one time only during the first year of warranty coverage.

7.4 RESILIENT FLOORING

OBSERVATION: Nail pops appear on the surface of resilient flooring.

DEFICIENCY: Readily apparent nail pops are a Deficiency.

BUILDER CORRECTION: The Builder shall correct nail pops that have caused damage to the flooring material by repairing, or if necessary, replacing damaged floor coverings in the affected area. The Builder is not responsible for discontinued patterns or color variations.

OBSERVATION: Depressions or ridges appear in the resilient flooring due to sub-floor irregularities.

DEFICIENCY: Readily apparent depressions or ridges exceeding 1/8 inch are a Deficiency. The ridge (or depression) measurement is taken with the gap at one end of a six-inch straightedge when the straightedge is centered directly over the depression or ridge, and while the opposite three-inch length of the straightedge is held tightly to the floor.

BUILDER CORRECTION: The Builder shall take required action to bring the Deficiency within acceptable tolerances so as to be not readily visible. The Builder is not responsible for discontinued patterns or color variations in the floor covering. The Builder is also not responsible for Homeowner neglect or abuse, or installations performed by others.

OBSERVATION: Resilient flooring or base loses adhesion.

DEFICIENCY: Resilient flooring or base that lifts, bubbles, or becomes unglued is a Deficiency.

BUILDER CORRECTION: The Builder shall repair or replace resilient flooring or base as required. The Builder is not responsible for discontinued patterns or color variations.

OBSERVATION: Seams or shrinkage gaps show at resilient flooring joints.

DEFICIENCY: Gaps in excess of 1/8 inch in width in resilient floor covering joints are a Deficiency. Where dissimilar materials abut, a gap in excess of 3/16 inch is Deficiency.

BUILDER CORRECTION: Builder shall take required action to correct the causes of the Deficiency. The Builder is not responsible for discontinued patterns or color variations of floor covering.

7.5 FINISHED WOOD FLOORING

OBSERVATION: Knot pops, open joints or cracks in finished wood flooring.

DEFICIENCY: Knot pops, open joints or cracks in floor boards of finished wood flooring which exceed the manufacturer's performance specifications.

BUILDER CORRECTION: The Builder shall repair by filling and refinishing to match the wood surface as closely as possible. For non-repairable Deficiencies, the Builder shall replace and finish the affected area to match the remaining flooring as closely as possible.

7.6 PAINTING

OBSERVATION: Knot and wood stains appear through paint on exterior.

DEFICIENCY: Excessive knot and wood stains that bleed through the paint are considered a Deficiency.

BUILDER CORRECTION: The Builder shall seal the immediately-affected areas where excessive bleeding of knots and stains appear and touch-up paint to match as closely as possible.

OBSERVATION: Exterior paint or stain peels or deteriorates.

DEFICIENCY: Exterior paints or stains that peel or deteriorate during the first-year of ownership are Deficiencies. However, fading is normal and often subject to the orientation of painted surfaces to the climactic conditions that may prevail in the area. Fading is not a Deficiency.

BUILDER CORRECTION: The Builder shall properly prepare and refinish affected areas, matching color as closely as possible. Where finished repairs affect the majority of the surface areas, the whole area should be refinished. The warranty on the newly-repainted surfaces will not extend beyond the original warranty period. The Builder is not responsible for fading.

OBSERVATION: Painting required as corollary repair because of other work.

DEFICIENCY: Where repairs required by this warranty are made to a painted surface, that surface shall be repainted and refinished to match surrounding areas as closely as possible.

BUILDER CORRECTION: The Builder shall repaint (and when necessary, refinish) only the immediately affected area to meet this standard.

OBSERVATION: Deterioration of varnish or lacquer finishes.

DEFICIENCY: Natural finish on interior woodwork that deteriorates during the first-year of the warranty coverage is a Deficiency. Varnish type finishes on exterior building components could deteriorate rapidly and are not considered a Deficiency.

BUILDER CORRECTION: The Builder shall refinish areas of natural finished interior woodwork, matching color as closely as possible.

OBSERVATION: Interior paint coverage.

DEFICIENCY: Interior paint not applied in a manner sufficient to visually cover wall, ceiling or trim surfaces is a Deficiency.

BUILDER CORRECTION: Builder shall repaint wall, ceiling or trim surfaces where inadequate paint has been applied. Where a fifty (50) percent or greater portion of the surface is affected, the entire surface shall be repainted from break line to break line.

OBSERVATION: Paint splatters or paint smears on finish surfaces.

DEFICIENCY: Paint stains on porous surfaces that are excessive and which cannot be removed by normal cleaning methods detract from the finish and are considered Deficiencies. Minor paint splatter or smear that can be easily removed from impervious surfaces is considered Homeowner maintenance and are not Deficiencies.

BUILDER CORRECTION: The Builder shall remove paint stains without affecting the finish of the material or replace the damaged surface if stain cannot be removed.

OBSERVATION: Mildew or fungus develops on painted or factory-finished surfaces.

DEFICIENCY: None. Mildew or fungus that forms on painted or factory-finished surfaces that is subject to various exposures such as, but not limited to, ocean, lake, riverfront, and heavily-wooded areas or mountains is not a Deficiency.

BUILDER CORRECTION: None required.

7.7 WALL COVERING

OBSERVATION: Peeling of wall covering installed by Builder.

DEFICIENCY: Peeling of wall covering is a Deficiency, unless it is due to the Homeowner's abuse or negligence.

BUILDER CORRECTION: The Builder shall repair or replace Defective wall covering.

OBSERVATION: Mismatching in wall covering pattern.

DEFICIENCY: Mismatching wall covering patterns over a large area that severely detracts from its intended purpose due to poor Workmanship/Materials is a Deficiency.

BUILDER CORRECTION: The Builder shall remove mismatched wall covering and replace them. The Builder is not responsible for discontinued patterns or variations in color.

OBSERVATION: Lumps, ridges, or nail pops in the wallboard which appear after the Homeowner has wall covering installed by others.

DEFICIENCY: None. The Homeowner shall insure that the surface to receive wall covering is suitable and assumes full responsibility should lumps, ridges and nail pops occur at a later date.

BUILDER CORRECTION: None required.

7.8 CARPETING

OBSERVATION: Seams in carpet.

DEFICIENCY: Seams in carpeting that separate due to improper installation are Deficiencies.

BUILDER CORRECTION: The Builder shall correct the seams to eliminate the separation.

OBSERVATION: Carpeting comes loose or excessive stretching occurs.

DEFICIENCY: Wall-to-wall carpeting that comes loose is a Deficiency; however, stretching that may occur in the carpeting is subject to the quality and surface over which it is laid, and is not a Deficiency.

BUILDER CORRECTION: The Builder shall re-secure loose carpeting one time during the first year of warranty coverage.

EXCLUDED: Carpet and carpeting materials are not covered by this warranty; however, the removal, re-setting, or re-stretching of carpet for the purpose of complying with the provisions of the Workmanship/Materials Coverage section of this warranty, or incidental to covered Major Structural Defects is covered.

8) SPECIALTIES

8.1 FIREPLACES

OBSERVATION: Fireplace on chimney does not draw properly causing smoke to enter the Home.

DEFICIENCY: A properly-designed and constructed fireplace or chimney is to function as intended. It is normal to expect that high winds can cause temporary negative draft situations. Similarly, negative draft situations can also be caused by obstructions such as large branches of trees too close to the chimney. In addition, the physical location of the fireplace or its relationship to adjoining walls and roof may cause negative draft conditions. 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 problem to the Builder by constructing a fire so the condition can be observed.

BUILDER CORRECTION: When it is determined that the malfunction is based upon improper performance of the fireplace, the Builder shall make the necessary steps to correct the problem. When it is determined that the fireplace is properly designed and constructed, but continues to malfunction due to natural causes beyond the Builder's control, the Builder is not responsible.

OBSERVATION: Chimney separation from the structure to which it is attached.

DEFICIENCY: Newly-built fireplaces will often incur a slight amount of separation. A separation which exceeds 1/2 inch from the main structure in any ten-foot vertical measurement is a Deficiency.

BUILDER CORRECTION: The Builder shall make correction(s) to meet rise tolerance. Caulking or grouting is acceptable, up to a 1/2 inch of displacement.

9) EQUIPMENT

9.1 KITCHEN CABINETS AND VANITIES

OBSERVATION: Kitchen or vanity cabinet doors or drawers malfunction.

DEFICIENCY: Cabinet doors, drawers and other operating parts that do not function as designed are Deficiencies.

BUILDER CORRECTION: The Builder shall repair or replace operating parts.

OBSERVATION: Surface cracks and de-laminating in high-pressure laminate cabinet countertops.

DEFICIENCY: 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 CORRECTION: The Builder shall repair or replace the laminated surface covering having cracks or joints exceeding the allowable widths.

OBSERVATION: Warping of kitchen or vanity cabinet doors and drawer fronts.

DEFICIENCY: Warping that exceeds 1/4 inch as measured from the face of the cabinet frame to the furthestmost point of warping on the drawer or door front in a closed position is a Deficiency.

BUILDER CORRECTION: The Builder shall correct or replace doors or drawer fronts as required.

OBSERVATION: Gaps between cabinets, ceiling and walls.

DEFICIENCY: Countertops, splashboards, base and wall cabinets are to be securely mounted. Gaps in excess of 1/4 inch between wall or ceiling surfaces are a Deficiency.

BUILDER CORRECTION: The Builder shall make necessary adjustments of cabinets and counter tops or close gaps by means of molding suitable to match the cabinet or counter top finish as closely as possible or by other reasonable means.

10) MECHANICAL SYSTEMS

10.1 PLUMBING

OBSERVATION: Faucet or valve leak.

DEFICIENCY: A valve or faucet leak due to Workmanship/Materials is a Deficiency and is covered only during the first-year of the warranty; however, leaks caused by worn or Defective washers or seals are a Homeowner maintenance item and are not considered a Deficiency.

BUILDER CORRECTION: The Builder shall repair or replace the leaking faucet or valve.

OBSERVATION: Defective plumbing fixtures, appliances or trim fittings.

DEFICIENCY: Fixtures, appliances, or fittings are to be judged according to the manufacture's standards regarding use and operation and are covered only during the first-year of the warranty.

BUILDER CORRECTION: The Builder shall replace or repair any fixture or fitting which is outside of acceptable standards as defined by the manufacturer.

10.2 WATER SUPPLY

OBSERVATION: Staining of plumbing fixtures due to high iron content in the water supply.

DEFICIENCY: High iron content in the water supply system will cause staining of plumbing fixtures and is not considered a Deficiency.

BUILDER CORRECTION: None required. Maintenance and treatment of the water is the Homeowner's responsibility.

OBSERVATION: Noisy water pipes.

DEFICIENCY: Some noise can be expected from the water pipe system due to the flow of water; however, the pipes should not omit a pounding noise "water hammer" in the supply system. Such sound is a Deficiency and is covered only during the first-year of the warranty. Common noises due to water flow and pipe expansion are not considered Deficiencies.

BUILDER CORRECTION: The Builder shall correct to eliminate "water hammer."

11) HEATING, AIR CONDITIONING, AND DUCTWORK

11.1 HEATING

OBSERVATION: Inadequate heat.

DEFICIENCY: A heating system that fails to produce an inside temperature of at least 70 degrees Fahrenheit when measured at the center of the room at a height of five feet above the floor under local outdoor winter design conditions is a Deficiency. However, there may be periods when the outdoor temperature falls below the design temperature, thereby lowering the temperature in the Home. The physical orientation of the Home and location of each room will also create a temperature differential particularly when the heating system is controlled by a single thermostat serving one or more floor levels. The Homeowner is responsible for balancing and maintaining vents, returns and dampers as necessary.

BUILDER CORRECTION: The Builder shall correct the heating system in order to meet the winter design tolerance noted above during the first-year of warranty coverage.

11.2 AIR CONDITIONING

Please note that the costs of parts and/or labor may be the responsibility of the Builder depending on the Manufacturer's product agreement.

OBSERVATION: Inadequate cooling.

DEFICIENCY: A Builder-installed air conditioning system that fails to maintain a temperature of 78 degrees Fahrenheit when measured in the center of each room at height of five feet about the floor, under local outdoor summer design conditions is a Deficiency. **NOTE FOR AIR CONDITIONING:** There may be periods when the outdoor temperature rises above the design temperature, thereby raising the temperature in the Home. The physical orientation of the Home and location of each room will also create a temperature differential particularly when the air conditioning system is controlled by a single thermostat serving one or more floor levels. The Homeowner is responsible for balancing and maintaining vents, returns and dampers as necessary.

BUILDER CORRECTION: The Builder shall correct the cooling system in order to meet the summer design tolerance noted above during the first-year of warranty coverage.

OBSERVATION: Condensation lines clog up.

DEFICIENCY: Condensation lines will clog under normal conditions.

BUILDER CORRECTION: The Builder is responsible only for providing clean and unobstructed lines at the time of the Effective Date of Warranty. Continued proper operation of drain lines is a Homeowner maintenance responsibility.

OBSERVATION: Improper mechanical operation of the evaporative cooling system.

DEFICIENCY: Equipment that does not function properly at temperature standards set is a Deficiency.

BUILDER CORRECTION: The Builder shall correct and adjust so that blower and water system operate as designed during the first year of warranty coverage.

11.3 DUCTWORK

OBSERVATION: Ductwork and heating piping not insulated in a non-insulated area.

DEFICIENCY: Non-insulated ductwork and heating pipes that are installed within non-insulated areas such as crawlspaces, garages or attics is a Deficiency. Basements are not "insulated areas" and no insulation is required unless otherwise required by local Residential Codes.

BUILDER CORRECTION: The Builder shall install the required insulation.

OBSERVATION: Ductwork noisy.

DEFICIENCY: Noise in the ductwork may occur for a brief period when heating or cooling begins to function and is not considered a Deficiency; however, noise emanating from ductwork which occurs for prolonged periods of time during its normal operation is a Deficiency.

BUILDER CORRECTION: The Builder shall make necessary steps to eliminate noise in the ductwork.

12) ELECTRICAL SYSTEM

12.1 SWITCHES AND RECP/TACLES

OBSERVATION: Fuses blow or circuit breakers kick out.

DEFICIENCY: Fuses and circuit breakers that deactivate under normal usage when reset or replaced are Deficiencies during the first year of warranty coverage.

BUILDER CORRECTION: The Builder shall check wiring and replace the wiring or breaker if it does not perform adequately or is Defective.

OBSERVATION: Drafts from electrical outlets.

DEFICIENCY: The electrical junction box on exterior walls may produce a slight airflow whereby the cold air can be drawn through the outlet into a room. This problem is normal in new Home construction and is not considered a Deficiency.

BUILDER CORRECTION: None required.

OBSERVATION: Malfunction of electrical outlets, switches or fixtures.

DEFICIENCY: Electrical outlets, switches or fixtures that do not operate as intended are considered Deficiencies only during the first year of the warranty coverage.

BUILDER CORRECTION: The Builder shall repair or replace Defective outlets, switches or fixtures as necessary.

12.2 SERVICE AND DISTRIBUTION

OBSERVATION: Ground fault interrupter trips frequently.

DEFICIENCY: 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 CORRECTION: The Builder shall replace the device (if Defective) during the first year of the warranty.

SECTION 9: PERFORMANCE STANDARDS FOR ELECTRICAL, PLUMBING, AND MECHANICAL DISTRIBUTION SYSTEMS UNDER THE TWO-YEAR DELIVERY PORTION OF SYSTEMS WARRANTY:

This section describes the Performance Standards for the various Delivery Portion of Systems in a Home as described. Unless otherwise stated under the various Performance Standards herein, if any such Performance Standard is not met, the Builder shall take such action as is necessary to bring the variance within the standard subject to the terms and conditions herein. The Builder will repair or replace those elements or components of a Home that do not meet these standards during the applicable warranty period.

1) MECHANICAL SYSTEMS

1.1 WATER SUPPLY SYSTEM

OBSERVATION: Water supply system fails to deliver water or pressure is low.

DEFICIENCY: Builder installed on-site service connections to municipal water main or private water supply that fail to deliver water are deficient. Low water pressure is defined as follows: The cold water system supply pressure at any one single fixture is drastically reduced when the cold water supply at any one other single fixture is in simultaneous use. Water supply systems that fail this standard are deficient.

BUILDER CORRECTION: The Builder shall repair as required if failure to supply water is the result of a Deficiency in workmanship or materials. The Builder is not responsible for conditions that disrupt or eliminate the sources of water supply that are beyond his control.

1.2 SEPTIC TANK SYSTEM

OBSERVATION: Septic system(s) fail(s) to operate properly.

DEFICIENCY: A septic system that is not capable of properly handling the normal flow of household effluent is a Deficiency; however, it is possible that due to freezing, soil saturation, changes its ground water table, or excessive use of plumbing or appliances, an overflow can occur, and such conditions are user Deficiency. Periodic pumping of the septic tank is considered Homeowner maintenance and a normal need for pumping is not a Deficiency. This includes, but is not limited to:

- (a) Excessive use of water such as overuse of a washing machine or 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 any harsh chemicals, greases, cleaning agents, or excessive amount(s) of bleaches or drain cleaners,
- (e) Use of a food waste disposal not supplied by Builder,
- (f) Placement of impervious surfaces over the disposal area,
- (g) Allowing vehicles to drive or park over the disposal areas, and
- (h) Failure to periodically pump out the septic tank when required.

BUILDER CORRECTION: The Builder shall take corrective action as required if it is determined that the malfunction is due to Defect in workmanship, materials or installation. The Builder is not responsible for malfunctions that occur through negligence, abuse, or malfunctions that occur due to acts of nature such as freezing, soil saturation, changes in the ground water table, or excessive use.

1.3 PLUMBING

OBSERVATION: Plumbing pipes freeze and burst.

DEFICIENCY: Drain, waste, vent, and water supply pipes shall be adequately protected to prevent freezing during normally anticipated cold weather conditions in accordance with the applicable Building Code; however, the Homeowner is responsible for maintaining suitable temperature in the Home to prevent pipes from freezing and bursting. Homes which are occupied only periodically, or where there will be no occupancy for an extended period of time, must be properly winterized to ensure that a reasonable temperature is maintained. Leaks occurring due to the Homeowner's neglect are not a Deficiency and are not the Builder's responsibility.

BUILDER CORRECTION: The Builder shall correct plumbing conditions that do not meet the applicable Residential Code.

OBSERVATION: Leakage from any piping.

DEFICIENCY: Leaks in drain, waste, vent and water supply piping are Deficiencies. Condensation on piping does not constitute leakage, and is not a Deficiency, except where pipe insulation is required by the local Building Code.

BUILDER CORRECTION: Builder shall make necessary repairs to eliminate leakage.

OBSERVATION: Stopped up sanitary sewers, fixtures and sanitary drains.

DEFICIENCY: Sanitary sewer, fixtures and sanitary drains that do not operate or drain properly are a Deficiency; however, sewers, fixtures and drains that become clogged as a result of the Homeowner's negligence, abuse, or misuse are not Deficiencies.

BUILDER CORRECTION: Where Defective construction is shown to be the cause, the Builder shall make necessary repairs. The Builders responsibility for Defective sewer lines extends only to the limit of the property line upon which Home is constructed.

1.4 HEATING AND AIR CONDITIONING

Please note that the costs of parts and/or labor may be the responsibility of the Builder depending on the Manufacturer's product agreement.

OBSERVATION: Refrigerant line leak.

DEFICIENCY: Builder-installed refrigerant lines that develop leaks during normal operations are a Deficiency.

BUILDER CORRECTION: The Builder shall repair leaking lines and recharge the unit as required.

OBSERVATION: Ductwork separates or becomes unattached.

DEFICIENCY: Ductwork that separates or that is not securely attached is Deficiency.

BUILDER CORRECTION: The Builder shall re-secure and re-attach separated or unattached ductwork.

2) ELECTRICAL

2.1 ELECTRICAL CONDUCTORS

OBSERVATION: Failure of the wiring to carry its designated circuit load to switches and receptacles.

DEFICIENCY: Wiring that is not capable of carrying the designated load during normal residential use to switches, receptacles or equipment is a Deficiency.

BUILDER CORRECTION: The Builder shall check wiring and replace wiring if it fails to carry the designed load.

SECTION 10: PERFORMANCE STANDARDS FOR MAJOR STRUCTURAL COMPONENTS UNDER THE 10-YEAR STRUCTURAL DEFECT WARRANTY

This section describes the Performance Standards for the various Major Structural Components of a Home as described. The Builder will repair or replace those elements or components of a Home that do not meet these standards during the applicable warranty period.

All decisions concerning the repair of a Major Structural Defect, including, but not limited to, development and choice of a repair design (or "plan"), method of repair, execution of repairs, replacement of covered Defective items, as well as all matters pertaining to the repair or replacement of all covered damage, belong to the sole discretion of the Builder.

- (1) A Major Structural Defect is defined as actual physical damage to one or more of the below-designated load-bearing elements of the Home caused by failure of such load-bearing elements which affect(s) their load-bearing function(s) to the extent that the Home becomes unsafe, unsanitary, or otherwise unlivable. This definition is identical as defined in the regulations of the Department of Housing and Urban Development (HUD) in effect at the time of this Express Limited Warranty.
- (2) This is coverage for catastrophic failure of load-bearing elements of Your Home.
- (3) The following are the designated load-bearing elements of the Home that are covered by this warranty and qualify for Major Structural Defect Coverage:
 - (a) Load-bearing foundation systems and footings,
 - (b) Load-bearing floor framing systems,
 - (c) Load-bearing walls and partitions,
 - (d) Load-bearing roof framing systems,
 - (e) Load-bearing beams,
 - (f) Load-bearing headers,
 - (g) Load-bearing girders,
 - (h) Load-bearing lintels (other than those supporting veneers),
 - (i) Load-bearing columns (other than a column that is designed to be cosmetic), and
 - (j) Load-bearing masonry arches (other than a masonry arch that is designed to be cosmetic).
- (4) The following are some examples of non-load bearing elements of the Home, and **DO NOT** qualify for Major Structural Defect Coverage:
 - (a) Non load-bearing partitions and walls,
 - (b) Wall tile or paper, etc.,
 - (c) Plaster, laths, or drywall,
 - (d) Flooring and sub-flooring materials,
 - (e) Brick, stucco, stone, or veneer,
 - (f) Any type of exterior siding,
 - (g) Roof shingles, tiles, sheathing, and tar paper,

- (h) Heating, cooling, ventilating, plumbing, electrical, and mechanical systems,
 - (i) Appliances, fixtures, or items of equipment,
 - (j) Doors, trim, cabinets, hardware, insulation, paint, and stains, and/or
 - (k) Basement and other interior floating, ground-supported concrete slabs.
- (5) Subject to all provisions of this warranty, the repair of a Major Structural Defect is limited to:
- (a) The repair of damage to the designated load-bearing element(s) which is necessary to restore its load-bearing ability.
 - (b) The repair of the non-load bearing portions, items, or systems of the Home, damaged by the Major Structural Defect, which make the Home unsafe, unsanitary, or otherwise unlivable.
 - (c) The repair, removal, and replacement of only those surfaces, finishes, and coverings, (original with the Home) damaged by the Major Structural Defect.
 - (d) Repair or replacement is NOT intended to restore the Home to a like-new condition.
- (6) All decisions concerning the repair of a Major Structural Defect, including, but not limited to, development and choice of a repair design (or "plan"), method of repair, execution of repairs, replacement of covered Defective items, as well as all matters pertaining to the repair or replacement of all covered damage, belong to the sole discretion of the Warrantor.

SECTION 11: 10-YEAR WARRANTY OF HABITABILITY

The Ten (10) Year Warranty of Habitability is the Builder's obligation to construct a home that is in compliance with all stated performance standards. An alleged construction defect under the Warranty of Habitability must have a direct adverse effect on the habitable areas of the home. This warranty applies to an alleged construction defect that would otherwise have been covered by the one year workmanship and materials warranty or the two year delivery systems warranty, but arose after the termination of those warranty periods, and the alleged construction defect must not have been discoverable by a reasonable or prudent inspection or examination of the home within the applicable warranty periods.

SECTION 12: HOW TO REQUEST WARRANTY PERFORMANCE

If You believe Your Home has a Defect and/or Deficiency covered under this warranty, You must notify the Builder upon discovery of the Defect and/or Deficiency in writing as provided below. Your written request for warranty performance must be received before the expiration of the applicable warranty. Warranted Defects and Deficiencies must occur within the Warranty Term to be covered.

- 1) If a Warranted Defect and/or Deficiency occurs, You must notify the Builder in writing.
- 2) The Builder will investigate and respond to Your request within thirty (30) days of receipt to determine whether the Defects and/or Deficiencies described are covered under this Express Limited Warranty. You must provide the Builder a reasonable opportunity to inspect Your Home (both the interior and/or exterior as necessary) during normal business hours if the Builder requests such an opportunity.
- 3) The Builder will advise You in writing as to whether Your Defect and/or Deficiency is covered by this Express Limited Warranty. If it is, the Builder will repair, replace, or make payment as described in this Express Limited Warranty. If You added Improvements which were not part of the Builder's original construction work, You are responsible for removal and/or repair of these items. Warranty repairs will be made during normal business hours.
- 4) If You believe the builder has not met their warranty obligations to You under this Express Limited Warranty, You must provide the Administrator (StrucSure Home Warranty) with written notice that You would like to request informal mediation.
- 5) Such notice must be received no later than sixty (60) days after the expiration of the applicable warranty period or the request will be rejected. *Note that the first thirty (30) days is time for the Builder to respond to Your initial notification, and the second thirty (30) days is time for You to notify the Administrator (StrucSure Home Warranty, LLC) of the Builder's lack of response.*
- 6) Once Your written notice has been received, the Administrator (StrucSure Home Warranty, LLC) will process Your request for mediation in accordance with the provisions of this warranty.
- 7) You have an obligation to cooperate with the Builder and the Administrator (StrucSure Home Warranty, LLC) concerning Your request for mediation. Your failure to cooperate may jeopardize Your warranty coverage.
- 8) In connection with the investigation and determination of your claim, You may be sent a series of recommendations to be implemented. Failure to implement the recommendations may result in a denial of a future claim for benefits if the failure to implement the recommendations caused or contributed to a Defect in the Home.

SECTION 13: CONDITIONS OF WARRANTY PERFORMANCE

- (1) Actions taken to repair Defects and/or Deficiencies will not extend the periods of coverage provided in the Warranty Term(s).

- (2) If a request for warranty performance qualifies for coverage, the Builder has the right to choose to repair, replace, pay the reasonable cost of the repair or replacement, or pay the diminished fair market value of the Home caused by the covered defect.
- (3) Any events which cause a delay in the performance of the warranty obligations of the Builder and which are beyond the control of the Builder shall excuse the from performing until the effects causing the delay are remedied.
- (4) The right to repair, replace, or pay the diminished fair market value belongs solely to the Builder and the decision to make payment in lieu of implementing the covered repairs is solely that of the Builder. Replacement does not mean an obligation to purchase Your Home in the event of a claim nor under any other circumstance.
- (5) If the Builder repairs, replaces, or makes payment to You, the Builder shall be subrogated to all Your rights of recovery against any person or entity. You must sign and deliver to the Builder a full and unconditional release, in recordable form, of all legal obligations and rights to recovery (including subrogation rights) with respect to the Warranted Defects and/or Deficiencies, and any condition arising from the warranted items. This must occur prior to payment for the reasonable cost of repair, replacement, or payment. You must execute and deliver any and all instruments and documents, and take any and all other actions necessary to secure such rights including, but not limited to, assignment of proceeds of any other insurance or other warranties. You shall do nothing to prejudice these rights of subrogation.
- (6) The Builder is not responsible for exact color, texture or finish matches when replacing or repairing materials, repainting areas, or when items or materials have been discontinued. Surfaces altered incident to any repair will be finished or touched up to match the surrounding area as closely as practical. In connection with the repair of finish or surface material, such as paint, wallpaper, flooring or a hard surface, the Builder will match the standard and grade as closely as reasonably possible. The Builder will attempt to match the finish, but will not be responsible for discontinued patterns or materials, color variations, or shade variations. When the surface finish material must be replaced and the original material has been discontinued, the Builder is responsible for installing replacement material substantially similar in appearance to the original material. Repair or replacement is NOT intended to restore the Home to a like-new condition. Imperfections and variations may exist and should be expected.
- (7) In connection with a repair of a construction defect, any repairs performed by the Builder will include those components of the home that have to be removed or altered in order to repair the construction defect. Any repair will be finished or touched up to match the surrounding area as closely as practical but not necessarily to a like-new condition. Imperfections and variations may exist and should be expected. A repair or action bringing a variance within the standard under this warranty shall not cause the period of the applicable warranty to be extended.

SECTION 14: MEDIATION AND INSPECTION

Within thirty (30) days following the Administrator's receipt of request for mediation, the Administrator will review and mediate Your request by communicating with You, the Builder, and any other individuals or entities who the Administrator believes possess pertinent information.

If, after thirty (30) days, the Administrator has not been able to successfully mediate Your request, or at any earlier time when the Administrator believes that You and Your Builder are at an impasse, then the Administrator will notify You that Your request has become an Unresolved Warranty Issue and that You may proceed to arbitration.

You have an obligation to cooperate with the mediation of Your warranty request. Your warranty file may be closed should You fail to cooperate or respond to requests within thirty (30) days.

SECTION 15: ARBITRATION

The parties to this Express Limited Warranty intend and agree that any and all claims, disputes and controversies by or between the Homeowner, the Builder, the Administrator, or any combination of the foregoing, arising out of or related to this Express Limited Warranty, any alleged Defect and/or Deficiency in or to the subject Home or the real property on which the subject Home is situated, or the sale of the subject Home by the Builder, including, without limitation, any claim of breach of contract, negligent or intentional misrepresentation, or nondisclosure in the inducement, execution, or performance of any contract, including this arbitration agreement, or breach of any alleged duty of good faith and fair dealing, shall be settled by binding arbitration in a manner consistent with this arbitration agreement. Agreeing to arbitration means You are waiving Your right to a trial by a judge and/or a jury.

You must begin the arbitration process by giving the Administrator written notice of Your request for arbitration of an Unresolved Warranty Issue. After the Administrator's receipt of Your notice of request for arbitration, any Unresolved Warranty Issue that You have with the Builder or Administrator shall be submitted to an independent arbitration service mutually agreed upon by You, the Administrator, and the Builder. If You, the Administrator, and the Builder cannot agree on an independent arbitration service, then all parties agree to use American Arbitration Association (AAA) for the arbitration. This binding arbitration is governed by the procedures of the Federal Arbitration Act, 9 U.S.C. 1 et seq., as amended (FAA), and any rules of the independent arbitration service employed by the parties to the arbitration. Should any conflict exist between the FAA and the rules of the independent arbitration service selected, the FAA shall control.

You understand that should You submit a request for 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.

Since this Express Limited Warranty requires mandatory binding arbitration of Unresolved Warranty Issues, if any party hereto commences litigation in violation of this Express Limited Warranty, such party shall reimburse the other parties named in the litigation for their costs and expenses, including reasonable attorney fees and expert fees, incurred in responding to and/or requesting dismissal or stay of such litigation. The parties to this Express Limited Warranty intend that no party to any arbitration hereunder may make a claim for punitive damages as part of the arbitration proceeding and that the Arbitrator shall not have the authority to award punitive damages to any party hereto.

This arbitration agreement shall inure to the benefit of, and be enforceable by the Builder's subcontractors, agents, vendors, suppliers, design professionals, Insurers, and any other person alleged to be responsible for any Defects and/or Deficiencies in or to the subject Home or the real property on which the subject Home is situated. 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.

This arbitration agreement shall be deemed to be a self-executing arbitration agreement. Any disputes concerning the Interpretation or the enforceability of this arbitration agreement, including, without limitation, its revocability or voidability for any cause, the scope of arbitration issues, and any defense based upon waiver, estoppel or laches, shall be decided by the Arbitrator.

The Initiation of or participation by any party in any judicial proceeding concerning this arbitration agreement or any matter arbitrable hereunder shall not be deemed a waiver of the right to enforce this arbitration agreement, and, notwithstanding any applicable rule of law to the contrary, shall not be asserted or accepted as a reason for delay, refusal to participate in, or refusal to enforce this arbitration agreement.

The arbitration hearing shall take place at or near the residence covered by the Express Limited Warranty unless both You and the Builder mutually agree to hold the arbitration at a different location.

The Builder or Administrator shall have the right, in advance of the arbitration proceeding, to inspect any Home (both the interior and/or exterior as necessary) which is the subject to the arbitration proceeding if the request for arbitration was made more than sixty (60) days following the last claim decision of the Builder or Administrator concerning such Home. No arbitration proceeding shall involve more than one single-family detached dwelling.

The parties expressly agree that this Express Limited Warranty and this arbitration agreement touch and concern Interstate commerce and are governed by the provisions of the FAA and the rules of the independent arbitration service selected by the parties to the arbitration to the Exclusion of any contrary or inconsistent state of local laws, ordinances, or judicial rules. The parties further agree that either can initiate the arbitration process.

If any provision of this arbitration agreement shall be determined by the Arbitrator or by any court to be unenforceable or waived, the remaining provisions shall be deemed to be severable and enforceable according to their terms. The duty to arbitrate hereunder survives the termination of this Express Limited Warranty.

SECTION 16: ENFORCEMENT OF ARBITRATION AWARD

The Arbitrator will determine the amount of time all awards must be completed within. Deadlines may be extended depending on special circumstances (for example, inclement weather). In such circumstances, the Builder will complete such repairs, replacement, or payment as soon as reasonably possible.

- (1) If the independent Arbitrator makes an award in favor of the Homeowner concerning a dispute under this warranty, then the arbitrating parties will receive notice of the award and the Builder will either: a) complete the repair(s) awarded, or b) complete a full payment for the cost of the repair(s) to the Homeowner.
- (2) If You believe the Builder has failed to comply with the award, please contact the Administrator (StrucSure Home Warranty) to mediate the dispute. If the dispute cannot be resolved, a compliance inspection arbitration is available to help determine whether the Builder has performed duties as per the original arbitration award. If it is determined that the Builder has not properly performed, they will be obligated to comply immediately. The award of the arbitrator may be entered as a judgment in any court of competent jurisdiction and enforced as any other judgment entered in that court.

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