



STRUCSURE
HOME WARRANTY

Express Limited Warranty

COVERAGE BOOKLET

FOR:

TEN YEAR MAJOR STRUCTURAL DEFECT COVERAGE

AND

ONE YEAR WORKMANSHIP/MATERIALS

TWO YEAR DELIVERY PORTION OF SYSTEMS

STRUCSURE HOME WARRANTY, L.L.C.
11 W. HAMPDEN AVENUE, SUITE 201 ENGLEWOOD, CO 80110
PH 303.806.8688 FAX 303.806.9897

TABLE OF CONTENTS

SECTION	PAGE
SECTION I. OVERVIEW OF THE EXPRESS LIMITED WARRANTY	1
SECTION II. DEFINITIONS	1
SECTION III. MAJOR STRUCTURAL DEFECT COVERAGE(S)	2
SECTION IV. HOW TO REPORT A MAJOR STRUCTURAL DEFECT CLAIM	2
SECTION V. WORKMANSHIP AND DELIVERY PORTION OF SYSTEMS COVERAGE	2
SECTION VI. HOW TO REPORT A WORKMANSHIP OR DELIVERY PORTION OF SYSTEMS COVERAGE COMPLAINT	3
SECTION VII. MULTI-DWELLING UNIT COVERAGE	4
SECTION VIII. MEDIATION AND INSPECTION	4
SECTION IX. ARBITRATION	4
SECTION X. LIMIT OF LIABILITY	5
SECTION XI. CONDITIONS	6
SECTION XII. EXCLUSIONS	7
SECTION XIII. CONSTRUCTION QUALITY STANDARDS	9
ITEMS COVERED DURING THE FIRST-YEAR WARRANTY TERM:.....	9
1. SITE WORK	9
2. CONCRETE	9
3. MASONRY	10
4. CARPENTRY	11
5. THERMAL AND MOISTURE PROTECTION	12
6. DOORS AND WINDOWS	14
7. FINISHES	16
8. SPECIALTIES	19
9. EQUIPMENT	19
10. MECHANICAL SYSTEMS	19
11. HEATING, AIR CONDITIONING, AND DUCTWORK	20
12. ELECTRICAL SYSTEM	21
ITEMS COVERED DURING THE FIRST-AND SECOND-YEAR WARRANTY TERM	21
13. MECHANICAL SYSTEMS	21
14. ELECTRICAL	22
FIGURE 1A: TYPICAL FOOTING FOUNDATION	23
FIGURE 1B: PIER AND BEAM FLOOR FRAMING	23
FIGURE 2A: ROOF FRAMING	23
FIGURE 2B: WALL FRAMING	23

SECTION I. OVERVIEW OF THE EXPRESS LIMITED WARRANTY

Congratulations homebuyer(s)! Your Builder is a member of the StrucSure Home Warranty program and is providing You a home that includes Express Limited Warranty protection from StrucSure Home Warranty. This warranty is a contract between You and Your Builder. StrucSure Home Warranty is the warranty Administrator.

- 1) This Express Limited Warranty Program provides insurance-backed new Home Warranties for participating Member Builders. There are two types of warranties that a Builder may purchase under the Program: 10-Year Major Structural Defect Coverage only, or: 1-Year Workmanship/Materials, 2-Year Delivery Portion of Systems *and* 10-Year Major Structural Defect Coverage.
- 2) The type of coverage that will apply to Your Home depends upon which coverage was purchased by the Builder, and must be shown on the Home Enrollment Application. In accordance with the type of coverage purchased, this warranty coverage booklet embodies the entire extent of the Express Limited Warranty.
- 3) You are responsible for the proper maintenance of Your new Home. Regular preventative maintenance is necessary to prolong the life of the Home. This Express Limited Warranty is not a maintenance agreement, service contract, or an insurance policy. 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) Please read this warranty coverage booklet in its entirety so that You may fully understand the protection that it provides, the conditions, exclusions, and Your responsibilities under this warranty.

SECTION II. DEFINITIONS

Administrator: StrucSure Home Warranty, L.L.C. ("SHW"). SHW is the Administrator of the StrucSure Home Warranty Program, and performs certain warranty-related functions as described in this warranty coverage booklet.

Builder/Member: the builder/member as listed on the Home Enrollment Application.

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

Common Element: Any portion of the structure in which enrolled units are located which is defined as a common element in either the state condominium law or in Your Declaration of Condominium.

Construction Quality Standard: The standard(s) of quality as set forth in (Section XIII) the Construction Quality Standards of this warranty.

Deficiency: Failure to meet the Construction Quality Standards for workmanship and systems as set forth in this warranty.

Effective Date of Closing: The earliest of Your closing date, first title transfer or the date You or anyone else first occupied the Home if that was before closing.

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

Golden Insurance Company (GIC): A Risk Retention Group which insures the Member Builder, and subject to the terms contained herein, provides insured warranty coverage for this warranty product. Golden Insurance Company is NOT the Builder's comprehensive general liability insurer.

Home: The residence as identified on the Home Enrollment Application. The Home may be a single-family detached dwelling, condominium, townhouse, duplex, manufactured Home or modular Home.

Insurer: See: Golden Insurance Company, A Risk Retention Group (GIC).

Major Structural Defect: Please refer to Section III. Coverage(s), for the definition of a Major Structural Defect.

Warranty Term: The period during which a warranted defect must first occur in order to be covered hereunder, and is that period which begins on the Effective Date of Closing as defined above and ends one, two, four, or ten years thereafter.

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

SECTION III. MAJOR STRUCTURAL DEFECT COVERAGE(S)

- 1) Major Structural Defects are warranted for a Ten-Year Warranty Term from the Effective Date of Closing. A Major Structural Defect ("MSD"), is defined as: Actual physical damage to one (or more) of the following 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 in effect at the time of this Express Limited Warranty.
- 2) The following are the designated load-bearing elements of the Home that are covered by this warranty, and may have Major Structural Defect potential:
 - a. Foundation systems and footings;
 - b. Load-bearing beams and girders;
 - c. Lintels (other than those supporting veneers);
 - d. Roof framing members (rafters and trusses);
 - e. Floor framing systems (joists and trusses);
 - f. Load bearing walls;
 - g. Load bearing columns;
- 3) The following are some examples of non-load bearing elements of the Home, and DO NOT have Major Structural Defect potential:
 - 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;
 - k. Basement and other interior floating, ground-supported concrete slabs;

SECTION IV. HOW TO REPORT A MAJOR STRUCTURAL DEFECT CLAIM

Notification of Structural Claim: Should a Major Structural Defect occur, You must notify the Administrator directly in writing. Fully describe in detail the nature of the structural deficiency and the date You first noticed the deficiency. Written notice must be made by certified mail, return receipt requested, and sent to: SHW, Attn: Warranty Service Division, 11 W. Hampden Avenue, Suite 201, Englewood, Colorado 80110. Written notice must be postmarked no later than the expiration of the applicable Warranty Term. You must include the \$250 claim processing fee made payable to Golden Insurance Company, A Risk Retention Group (GIC). (Note: If You are the original owner with the original FHA/VA financing still in effect, a \$250 fee will be collected following the acceptance of Your claim and the amount of the loss is determined).

One Year Workmanship/Materials Two Year Delivery Portion of Systems

SECTION V. WORKMANSHIP AND DELIVERY PORTION OF SYSTEMS COVERAGE

- 1) If Your Home Enrollment Application indicates Your Builder is providing one and two-year coverage, for one year from the Effective Date of Closing, Your Builder warrants that Your Home will be free from Deficiencies in materials and workmanship as defined in the Construction Quality Standards in Section XIII; and for two years from the Effective Date of Closing, Your Builder warrants that Your Home will be free from Deficiencies in the electrical, plumbing, and mechanical distribution systems to the extent stated in the Construction Quality Standards in Section XIII.

- 2) Additional provisions applicable only to Homes constructed in the States of California, Indiana and Kansas, Maryland and New York.

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

Indiana: If Your Builder has provided Workmanship and Delivery Portion of Systems Coverage, the same provisions as noted above apply, except that Workmanship Coverage has a Warranty Term of two years from the Effective Date of Closing. In addition, in accordance with the provisions stipulated within this warranty and the above paragraph, Your Builder warrants that the roof will be free from defects due to faulty workmanship or defective materials for four years from the Effective Date of Closing.

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

Maryland: Section IV and Section VI.1. does not apply to home in the State of Maryland.

New York: Except as expressly provided in this appendix, the warranties and rights listed herein are in addition to, and are not exclusive of, any warranties or rights listed in this Express Limited Warranty.

- 1) **Appliances and Items of Equipment** - Subject to other terms and conditions listed in this Express Limited Warranty, the exclusion concerning deficiencies in Appliances and Items of Equipment described in Section XII.18 of the Express Limited Warranty shall not apply during the first two (2) years of the warranty term wherever (a) such appliances and items of equipment are components of the cooling, ventilating, heating, electrical or plumbing systems; and (b) the deficiencies are in such fixtures, appliances or items of equipment are the result of defective installation by your Builder.
- 2) **Standards** – Section XIII – If the statues of the State of New York provide greater coverage than the provisions of this Express Limited Warranty, those provisions shall modify the warranty to allow for the greater coverage.
- 3) **Alternative Dispute Resolution** – When making a request for warranty performance pursuant to Section IX of this Express Limited Warranty, you have no obligation to submit to binding arbitration or any mediation process concerning your request. However, any unresolved warranty issues must be submitted to arbitration before a legal proceeding may be commenced. Further, if an owner resorts to litigation, the rights and obligations imposed by Section IX shall apply to such litigation. *Note: This provision does not exclude the right to proceed with judicial resolution of disputes on homes closed with FHA/VA insured mortgages.*

SECTION VI. HOW TO REPORT A WORKMANSHIP OR DELIVERY PORTION OF SYSTEMS COVERAGE COMPLAINT

Should a Deficiency occur during years 1 or 2, You must inform Your Builder in writing. Your request should clearly describe the Deficiency in detail. Request for performance to Your Builder does not constitute notice to the Administrator (or the Insurer) and does not extend the Warranty Term. Satisfactory action to Your request should occur within a reasonable amount of time. Should this fail to occur, written notice must be forwarded to SHW, Attn: Warranty Service Division, 11 W. Hampden Avenue, Suite 201, Englewood, Colorado 80110. The written notice should be sent certified mail, return receipt requested, and should describe each item in detail. Any written request for warranty performance must be postmarked no later than the expiration date of the applicable Warranty Term. Once Your written notice has been received, the Administrator will process Your request for warranty performance in accordance with the provisions of this warranty.

FIRST AND SECOND YEAR SERVICE FEE

- 1) Should the Builder default on their warranty obligations under the Workmanship and Delivery Portion of Systems coverage during years one (1) and two, (2) there is a \$250.00 processing fee payable by You. The processing fee should be made payable to GIC.
- 2) Paragraph 1 does not apply if Your Home is FHA/VA financed. Instead, You will be liable for a processing fee if the Builder defaults on their warranty obligations under this warranty, and subsequent investigations by the Insurer determine that the complaint or claim is covered. You will be subject to a \$250.00 processing fee for all complaints or claims filed by You during the first two years of warranty coverage for the Workmanship and Delivery Portion of Systems coverage.

SECTION VII. MULTI-DWELLING UNIT COVERAGE

- 1) Subject to all provisions of this warranty, this coverage applies only to multi-dwelling unit buildings, such as: condominiums, townhouses and duplexes. In addition to the Exclusions section of this warranty (See Section XI), clubhouses, recreational facilities, exterior structures, exterior walkways, decks, balconies, arches or any non-residential structure(s) that are a part of the multi-dwelling unit building (whether attached or not) are not covered by this warranty. All other provisions of this warranty apply to this coverage, except as noted below.
- 2) If Your Home is an individual residence located within a multi-dwelling unit building, then Workmanship/Systems Coverage (if selected by the Builder) applies only to the components of the unit that You individually own. Workmanship/Systems Coverage is the same as stated elsewhere within this warranty, except as noted in this coverage section.
- 3) The Common Elements of the multi-dwelling unit buildings are only covered by this warranty if all units are enrolled in the One Year Workmanship/Materials and Two Year Delivery Portion of Systems Program. Coverage of the Common Element begins on the date the Certificate of Occupancy was issued for the building containing Your unit and Common Element Deficiencies must be reported within the applicable Warranty Term. In addition, coverage will not be provided for common element exterior stairways and landings, unless they are constructed entirely of metal or concrete (or in any combination of these two materials).
- 4) Should a request for warranty performance involve common elements of a multi-dwelling unit building, then owners of each unit affected by the common elements in need of warranty performance shall be responsible for the processing fee of \$250.00 per unit in the building or \$5,000 per building, whichever is less during years one and two for each warranty performance request submitted.
- 5) Should notification of a structural claim involve common elements of a condominium, then an authorized representative of the condominium association must make the request. The processing fee is \$250.00 per unit in the building or \$5,000 per building, whichever is less for each warranty performance request submitted.

SECTION VIII. MEDIATION AND INSPECTION

Within thirty (30) days following the Administrator's receipt of appropriate notice of request for warranty performance, the Administrator may review and mediate your request by communicating with you, your 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 your Builder and you are at an impasse, then the Administrator will notify you that your request has become an Unresolved warranty issue. At any time following the receipt of appropriate notice of your request for warranty performance, the Administrator may schedule an inspection of the item. You must provide the Administrator reasonable access during normal business hours for any such inspection. The Administrator, at its discretion, may schedule a subsequent inspection to determine Builder compliance.

When a request for warranty performance is filed and the deficiency cannot be observed under normal conditions, it is your responsibility to substantiate that the need for warranty performance exists including any cost involved. If properly substantiated, you will be reimbursed by the Warrantor.

SECTION IX. ARBITRATION

Any and all claims, disputes and controversies by or between the homeowner, the Builder, the Insurer and/or SHW, or any combination of the foregoing, arising from or related to this warranty, to the subject Home, to any 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, and breach of any alleged duty of good faith and fair dealing, shall be settled by binding arbitration. 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. Within twenty (20) days after the Administrator's receipt of your notice of

request for arbitration, any Unresolved warranty issue that you have with the Warrantor shall be submitted to an independent arbitration service upon which you and the Administrator agree. This binding arbitration is governed by the procedures of the Federal Arbitration Act, 9 U.S.C. 1 et. seq. Should you submit a request for arbitration, you must pay the arbitration fees prior to the issue being presented to the arbitration service. Following arbitration, the Arbitrator shall have the power to award the cost of this fee to any party or to split it among the parties to the arbitration. The arbitration shall be conducted in accordance with this Express Limited Warranty and the arbitration rules and regulations to the extent that they are not in conflict with the Federal Arbitration Act.

Since this Express Limited Warranty provides for mandatory binding arbitration of unresolved warranty issues, if any party commences litigation in violation of this Express Limited Warranty, such party shall reimburse the other parties to the litigation for their costs and expenses, including attorney fees, incurred in seeking dismissal of such litigation.

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 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 arbitral hereunder shall not be deemed a waiver of the right to enforce this arbitration agreement, and notwithstanding any provision of law to the contrary, shall not be asserted or accepted as a reason to delay, to refuse to participate in, or to refuse to enforce this arbitration agreement.

The arbitration hearing shall take place at the residence unless both the claimant and respondent agree to hold the arbitration at a different location.

The Insurer shall have the right, in advance of the arbitration proceeding, to re-inspect any Home 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 Insurer concerning such Home. No arbitration proceeding shall involve more than one single-family detached dwelling or more than one multi-dwelling unit building.

The parties expressly agree that this warranty and this arbitration agreement involve and concern interstate commerce and are governed by the provisions of the Federal Arbitration Act (9 U.S.C. § 1, et seq.) now in effect and as the same may from time to time be amended, to the exclusion of any different or inconsistent state of local law, ordinance or judicial rule; and to the extent that any state or local law, ordinance or judicial rule shall be inconsistent with the provision of the rules of the arbitration service under which the arbitration proceeding shall be conducted, the latter rules shall govern the conduct of the proceeding.

If any provision of this arbitration agreement shall be determined by the arbitrator or by any court to be unenforceable or to have been waived, the remaining provisions shall be deemed to be severable therefrom and enforceable according to their terms.

Note: This provision does not exclude the right to proceed with judicial resolution of disputes on homes closed with FHA/VA insured mortgages.

SECTION X. LIMIT OF LIABILITY

Subject to the provisions of this warranty, the Builder's total aggregate limit of financial liability under this warranty shall not exceed the original sales price of the Home, as shown on the Home Enrollment Application; the Insurer's obligations under this warranty are limited to its obligations that are explained herein. The Insurer's total aggregate limit of financial responsibility under this warranty shall not exceed the original sales price of the Home, as shown on the Home Enrollment Application.

The aggregate obligation of Your Builder and the Insurer for all claims under this warranty is equal to the price of the Home listed on the Home Enrollment Application (HEA.) This means that every time Your Builder or the Insurer pays a claim or pays for a repair, that payment is deducted from the sales price of the Home listed on the HEA, once the total of paid claims and repairs equal the sales price of the Home on the HEA, there is no

further warranty coverage. If the payment is made for the repair of a Common Element of a Condominium, the payment shall be deducted pro-rata from the sales price listed on the HEA for each unit in the building.

Neither repairs nor payments made under this warranty shall act to extend the Warranty Term. 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 thereby automatically terminated.

The Insurer's liability for warranty performance shall be limited to only those units of a multi-dwelling unit building which have been warranted by StrucSure Home Warranty, L.L.C. The limit of liability shall be pro-rated based upon the number of warranted units under this warranty.

SECTION XI. CONDITIONS

GENERAL CONDITIONS

This Express Limited Warranty is separate and apart from Your contract and or sales agreements with the Builder. It cannot be altered, affected or amended in any manner by any other agreement You may have, except only through a formal written agreement between the Builder, the Administrator, the Insurer and You. This warranty is binding on Builder, You, Your heirs, executors, administrators, successors and assignees. An assignment or transfer of benefits, rights or sums payable under this warranty are prohibited without the consent of the Insurer. 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 hereunder as a result of such succession(s).

The coverage provided by this warranty is in excess of coverage provided by other warranties or insurance, whether collectible or not.

You have an obligation to cooperate with the Builder, Administrator, and Insurer concerning the arbitration, inspection, investigation, and repair and claim settlement of Your complaint/claim. Your failure to cooperate may jeopardize warranty coverage.

EMERGENCY PROCEDURES

An emergency is a condition that if not immediately repaired may cause danger to the Home or its occupants.

If You have a One Year Workmanship or Two Year Systems warranty coverage emergency, You must contact Your Builder immediately. 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.

If You have a Ten Year Structural Defect warranty coverage emergency, You must contact SHW at 877.806.8777 in order to receive authorization for any emergency repairs. If You are unable to contact SHW, You must make the minimal repairs until authorization for more extensive repairs has been approved, You must take action in order that further damage can be mitigated and You must report the emergency to SHW on the next business day.

REPAIRS AND PAYMENTS

- 1) Actions taken to repair Deficiencies will not extend the periods of coverage provided in the Warranty Term(s).
- 2) The Builder, SHW and the Insurer are not responsible for exact color, texture or finish matches when replacing or repairing materials, repainting areas, or when items or materials have been discontinued.
- 3) During years 1 and 2, if a Workmanship/Systems Complaint qualifies for coverage, the Builder has the right to choose to repair, replace or pay You the reasonable cost of repair or replacement of any covered items. If the Builder fails to meet warranty obligations under this coverage portion, then the Insurer assumes this right.
- 4) If a Major Structural Defect claim qualifies for coverage, the Insurer has the right to choose to repair, replace or pay the reasonable cost of repair or replacement of any covered MSD.

- 5) Any events which cause a delay in the performance of the warranty obligations of the Builder, SHW or the Insurer, and which is beyond the control of the Builder, SHW, or the Insurer, shall excuse the Builder, SHW and Insurer from performing, until the effects causing the delay are remedied.
- 6) The right to repair or replace is solely that of the Builder and the Insurer (as applicable), and the decision to make payment in lieu of implementing the covered repairs is solely that of the Builder or Insurer (as applicable). Replacement does not mean an obligation to purchase Your Home in the event of a complaint or claim nor under any other circumstance.
- 7) If requested to do so, You must sign and deliver to the Builder, Administrator and Insurer, a full and unconditional release, in recordable form, of all legal remedies and rights to recovery (including subrogation rights) with respect to the warranted Deficiencies, and any condition arising from the warranted items, prior to payment for the reasonable cost of repair or replacement, or once the repair or replacement has been made. 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 to the Builder or Insurer (as applicable). You shall do nothing to prejudice these rights of subrogation.
- 8) 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 **MSD**, which make the Home unsafe, unsanitary, or otherwise unlivable; and c) the repair and cosmetic correction of only those surfaces, finishes and coverings, (original with the Home) damaged by the **MSD**; or which require removal and replacement to repair the **MSD**, or to repair other covered damage directly attributable to the **MSD**. Repair or replacement is NOT intended to restore the Home to a like-new condition.
- 9) All decisions concerning the repair of Major Structural Defects, 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 Insurer.

SECTION XII. EXCLUSIONS

This warranty does NOT provide coverage for any of the following items causes or conditions, regardless of whether any of these item(s), cause(s) or condition(s) acted alone, in sequence or in concurrence with any other item(s), cause(s) or condition(s) whatsoever to create the loss or damage:

- 1) Changes to the grading or drainage surrounding the Home made by anyone other than Your Builder. This includes, but is not limited to: Soil erosion or runoff caused by failure of You 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.
- 2) Warranted Deficiencies You repair prior to receiving written authorization from SHW, and any request for warranty performance submitted to SHW after unreasonable delay or after the expiration of the applicable Warranty Term. Wear, tear, and deterioration. This includes, but is not limited to: the deterioration of interior concrete surfaces caused by salt, chemicals, implements or other factors beyond the Builder's control.
- 3) Violations of local or national building codes, standards or ordinances (except where specifically provided for in the Construction Quality Standards). Failure of the Builder to complete construction, or to construct the Home in compliance with the original plans and specifications, or to perform any washing, or cleaning of any kind. Fraudulently enrolled homes.
- 4) Swimming pools, recreational facilities, garage slabs, driveways, patios, or porches and stoops which are not a load-bearing and structurally attached integral component of the Home; decks and balconies not bolted to or cantilevered from the main structure of the Home; boundary and or retaining walls, bulkheads, fences, landscaping, sod, seeding, shrubs, trees and plantings; subsurface drainage systems (other than footer drains), lawn sprinkler systems, off-site improvements, including streets, sidewalks, adjacent property and the like; or any other improvements not part of the Home itself. Changes, modifications, remodeling, additions or improvements made to the Home after the Effective Date of Closing. Detached garages, carports or outbuildings (except those which contain plumbing, electrical, heating, cooling or ventilation systems serving the Home, and then only to the extent where Deficiencies would affect these systems).
- 5) Acts of God or nature, fire, explosion, riot, civil commotion, terrorism, vandalism, malicious mischief, blasting, smoke, water damage, steam or water escape, windstorm, hail, lightning, ice, snow, falling trees or other

objects, hurricane, tornado, aircraft, vehicles, flood, mud or mud slides, sinkholes, mine subsidence, faults, fissures, crevices, earthquake, land shock waves or tremors occurring before, during, or after volcanic eruption, or by any other external cause, whether sudden or gradual; damage resulting directly or indirectly from: flood, surface water, waves, tidal water, overflow of a body of water, (whether wind driven or not), water which backs up from sewers or drains, water below the surface of the ground (including water which exerts pressure on or leaks through a building, sidewalk, driveway, foundation, swimming pool, or other structure) wetlands, springs or aquifers quality or potability of water.

- 6) Any loss or damage caused by buried debris, underground springs, sinkholes, mineshafts, uncontrolled fill or other anomalies.
- 7) Negligence, abuse, misuse, improper operation or maintenance of the Home or its systems, or any work performed by anyone other than Your Builder or its employees, agents or subcontractors.
- 8) Micro-organisms, fungus, decay, wet rot, dry rot, soft rot, rotting of any kind, mold mildew, vermin, termites, insects, rodents, birds, wild or domestic animals, plants, corrosion, rust, radon, radiation, formaldehyde, asbestos, any solid, liquid or gaseous pollutant, contaminant, toxin, irritant or carcinogenic substance, whether organic or inorganic, and electromagnetic field or emission, including any claim of health risk or inhabitability based on any of the foregoing.
- 9) Damage to real property which is not a part of Your Home, glass breakage, bodily damage or personal injury or consequential damages and expenses, (consequential damages defined as: all damages or costs for which a remedy is not expressly provided for in this warranty which includes, but is not limited to: costs of shelter, transportation, food, moving, storage or other incidental expenses, including those related to relocation during any work performed under this warranty, loss of use, loss of wages, inconvenience, annoyance, and diminution in value of the Home; any and all consequential loss or damage to personal property, and damage to property which You do not own, including physical or mental pain and suffering and emotional distress, and any medical or hospital expenses, or lost profits).
- 10) Any loss or damage that occurs while the Home is being used primarily for any nonresidential purpose; any condition which has not resulted in actual physical damage to Your Home; Your failure to give prompt and proper notice to SHW and your Builder of any Deficiency; Your failure to minimize or mitigate any Deficiency, condition, loss or damage as soon as practicable.
- 11) After the expiration of the first-year warranty coverage term resulting from, or made worse by all components of structurally attached balconies, decks, porches and patios, porch roofs and porticos; elements constructed separate from foundation walls or other structural elements of the Home such as, but not limited to chimneys and concrete floors of basements and attached garages.
- 12) Dampness or condensation due to Your failure to maintain guttering, caulking, flashing or adequate ventilation.
- 13) 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 and 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.
- 14) Any condition or Deficiency You were aware of prior to the Effective Date of Closing, whether appearing on a "walk through" or "punch" list or not.
- 15) Structural slab foundation systems that may have experienced movement but are within design performance criteria.
- 16) Any loss, damage, deficiency, cost or expense which is caused, in whole or in part, by any peril or occurrence which is covered by homeowners insurance, other insurance, or for which compensation is provided by state legislation, or public funds.
- 17) Damage to or deficiency in water supply systems, sewage disposal systems, septic systems, leach fields, sewer systems and drains (except on Homes with the original FHA financing).
- 18) Manufactured items which are covered by a manufacturer's warranty, including but not limited to, appliances, fixtures, items of equipment, including attachments and appurtenances; neither does this warranty cover systems deficiencies that are caused by a failure of any manufactured item or failure to comply with manufacturer's warranty requirements. For example, air conditioning units, attic fans, boilers, burglar alarms, carbon monoxide detectors, ceiling fans, central vacuum systems, door bell 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,

19) Any and all exclusions set forth in Section XIII (Construction Quality Standards).

SECTION XIII. CONSTRUCTION QUALITY STANDARDS

ITEMS COVERED DURING THE FIRST-YEAR WARRANTY TERM:

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 inches from finished grade established by the Builder, is a deficiency.

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

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 Home. Site drainage under this warranty is limited to grades/swales within 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 building 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 Builder in conjunction with the correction of a deficiency.

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

BUILDER CORRECTION: Restore grades, sod, seeded and landscaped areas to their pre-damaged condition.

2. CONCRETE

2.1 CAST-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: 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: 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 no coverage is provided and such items and damage are excluded under Section XI Exclusions #4 of 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: Repair cracks as required, so as not to be apparent when the finish flooring material is in place. Repair or replace the finish flooring as may be required in order to meet this standard.

OBSERVATION: Uneven concrete floor slabs.

DEFICIENCY: Except for basement 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: Repair or replace as necessary to meet the criteria noted above. Where applicable, surface skim coating is an acceptable method of repair. Reinstall 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: 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: Take corrective action necessary to treat, repair or resurface defective areas.

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

DEFICIENCY: Please refer to Section XII, Exclusions, #4. 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: Repair non-structural shrinkage cracks in excess of 1/8 inch by pointing or patching. 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: 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: 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. 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: 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. 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: Grout the crack(s) thoroughly and reset loose masonry where necessary. If replacement of masonry material is necessary, 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: Scrape out cracks and scaled areas. 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: Builder will 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 (that is, 10'0" wide room not to exceed 1/2 inch out of level).

BUILDER CORRECTION: 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 to meet the tolerance of the above criteria.

OBSERVATION: Wood-framed walls out of plumb.

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

BUILDER CORRECTION: Make 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: 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: Builder shall make necessary modifications to any floor not complying with the Construction Quality Standards.

4.2 FINISH CARPENTRY

OBSERVATION: Unsatisfactory quality of finished exterior trim and workmanship.

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: Repair open joint and touch-up finish coating where required matching existing as closely as possible. Caulk open joint between dissimilar materials.

OBSERVATION: Unsatisfactory quality of finished interior trim and workmanship.

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

BUILDER CORRECTION: Repair defective joints and touch-up finish coating where required, match 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: Correct repairable defects. Sanding, filing, or puttying is acceptable to return the surface to its original condition. Replace material that is not repairable, 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: 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 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: 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 Builder has installed 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 shall 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: 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 building 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: 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: 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: 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 texture or color, 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: Properly re-secure or spot replace deficient siding if necessary, in order and make it secure. If replacement is required, 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: Builder will repair bowed siding to meet standard. If replacement of siding is required, Builder will match original material as closely as possible. You should be aware that the new finish may not exactly match the original surface texture or color.

OBSERVATION: Nails have stained siding.

DEFICIENCY: Nail stains exceeding 1/2 inch in length and visible from a distance of 20-feet are deficiencies.

BUILDER CORRECTION: Builder shall correct by either removing stains or painting or staining the affected area. Builder shall match color and finish as closely as possible. Where paint or stain touch up affects the majority of the wall surface, the whole area shall be refinished.

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: 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 deficiency.

BUILDER CORRECTION: 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: 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: Repair and or caulk joints or cracks in exterior wall surfaces, as required, correcting 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 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.

6. 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: 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, fill the crack and re-finish panel to match as closely as possible. Correct 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 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: 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: Make necessary adjustments or replace 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: 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: Make 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: Consult with the manufacturer when necessary; make required adjustments so that the windows will 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: Adjust sash balances one time only during the first-year of warranty coverage. Where possible, 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 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: 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: Storm doors, windows and screens, when installed, which do not operate or fit properly to provide the protection for which they are intended, are considered deficiencies. Missing screens are not a deficiency.

BUILDER CORRECTION: Builder shall make necessary adjustment to ensure proper fit and operation. Replace when adjustment(s) can not be made.

6.6 WEATHERSTRIPPING AND SEALS

OBSERVATION: Drafts around doors and windows.

DEFICIENCY: Weatherstripping 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 weatherstripping, is a deficiency.

BUILDER CORRECTION: Builder shall adjust or correct poorly fitted windows or doors, or poorly fitted weatherstripping.

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: 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: 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. 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, archways, or 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: Builder shall correct such defects to acceptable tolerance and repaint areas one time only, to match as closely as possible. Such conditions should be corrected toward the end of the first-year of warranty coverage, in order to allow for normal settlement to 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: 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: Builder shall repair grouting as necessary one time only during the first-year of the 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: Builder shall correct nail pops that have caused damage to the flooring material by repairing, or if necessary, replacement of damaged floor covering in the affected area. 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 6-inch straightedge, when the straightedge is centered directly over the depression or ridge, and while the opposite 3-inch length of the straightedge is held tightly to the floor.

BUILDER CORRECTION: 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, homeowner neglect or abuse, nor 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: Builder shall repair or replace resilient flooring or base as required. 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: Repair by filling and refinishing to match the wood surface as closely as possible. For non-repairable deficiencies, 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: 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: Builder shall properly prepare and refinish affected areas, matching color as closely as possible. Where finish repairs affect the majority of the surface areas, the whole area should be refinished. The warranty on the newly repainted surfaces will not extend beyond the original warranty period. 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: 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 will deteriorate rapidly and are not considered a deficiency.

BUILDER CORRECTION: 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 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 detract from the finish and which cannot be removed by normal cleaning methods, 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: 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, 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: Builder shall repair or replace defective wall covering.

OBSERVATION: Mismatching in wall covering pattern.

DEFICIENCY: Mismatching wall covering pattern over a large area that severely detracts from its intended purpose (due to poor workmanship), is a deficiency.

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

OBSERVATION: Lumps, ridges, or nail pops in wallboard, which appear after 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. Please refer to Section XI, Exclusions, #7.

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: Builder shall correct 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: 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 Coverage section of this warranty, or incidental to covered Major Structural Defect Repairs 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 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 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 slight amount of separation. A separation which exceeds 1/2 inch from the main structure in any 10-foot vertical measurement is a deficiency.

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

OBSERVATION: Warping to 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: Builder shall correct or replace door or drawer front 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: Builder shall make necessary adjustment of cabinets and counter top or close gap(s) 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 material or workmanship 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: 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: 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 a 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: Builder shall correct to eliminate "water hammer."

11. HEATING, AIR CONDITIONING, AND DUCTWORK

11.1 HEATING

OBSERVATION: Inadequate heat.

DEFICIENCY: A hearing 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, provided that a deficiency exists.

11.2 AIR CONDITIONING

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 Closing. 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 temperatures standard set is a deficiency.

BUILDER CORRECTION: 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 building code.

BUILDER CORRECTION: Builder shall install the required insulation.

OBSERVATION: Ductwork noisy.

DEFICIENCY: Noise in 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: Builder shall make necessary steps to eliminate noise in the ductwork.

12. ELECTRICAL SYSTEM

12.1 SWITCHES AND RECPTACLES

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: Builder shall check wiring and replace 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: Switches, fixtures and outlets that do not operate as intended are considered deficiencies only during the first-year of the warranty coverage.

BUILDER CORRECTION: Builder shall repair or replace defective switches, fixtures and outlets 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: Builder shall replace the device (if defective) during the first-year of the warranty.

ITEMS COVERED DURING THE FIRST-AND SECOND-YEAR WARRANTY TERM

13. MECHANICAL SYSTEMS

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

13.2 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; h) Failure to periodically pump out the septic tank when required.

BUILDER CORRECTION: Builder shall take corrective action as required if it is determined that 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 ground water table, or excessive use.

13.3 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 building 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, 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.

13.4 HEATING AND AIR CONDITIONING

OBSERVATION: Refrigerant line leak.

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

BUILDER CORRECTION: 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 deficient.

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

14. ELECTRICAL

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

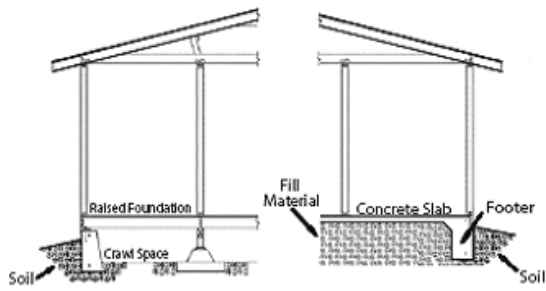


FIGURE 1A: TYPICAL FOOTING FOUNDATION

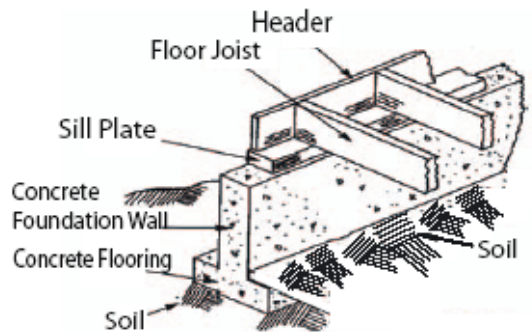


FIGURE 1B: PIER AND BEAM FLOOR FRAMING

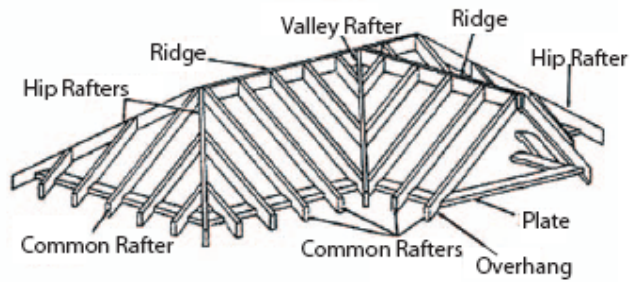


FIGURE 2A: ROOF FRAMING

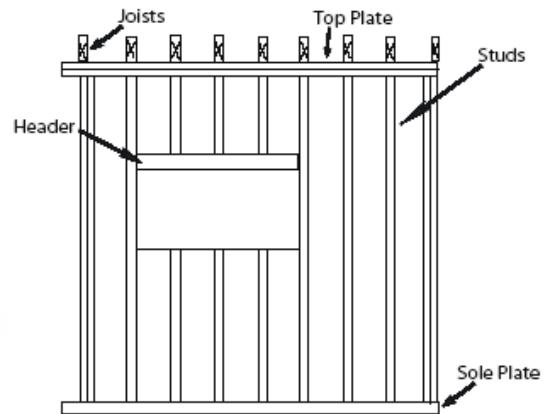


FIGURE 2B: WALL FRAMING



STRUCSURE
HOME WARRANTY

STRUCSURE HOME WARRANTY LLC
11 WEST HAMPDEN AVENUE, SUITE 201
ENGLEWOOD, CO 80110

www.strucsure.com