

BUILDER'S LIMITED WARRANTY

Administered by Professional Warranty Service Corporation



In accordance with regulations promulgated by the New Jersey Department of Community Affairs ("DCA"), Professional Warranty Service Corporation (PWC) administers the private alternate new home warranty security plan in which your **BUILDER** participates. If you have any questions about this new home warranty security plan, you may write to PWC at: P.O. Box 800, Annandale, VA 22003-0800 or phone 1-800-850-2799.

Questions about the DCA's regulations of private alternate new home warranty security plans may be mailed to the DCA at P.O. Box 805, Trenton, New Jersey, 08625-0805 (the address for hand delivered materials is: State of New Jersey, DCA, 101 South Broad Street, 2nd Floor, Trenton, New Jersey 08608) or you may phone: (609) 633-6366 fax: (609) 292-2839.

Enclosed with this **BUILDER'S LIMITED WARRANTY**, is a Builder's Limited Warranty Coverage Validation Form. The Builder's Limited Warranty Coverage Validation Form provides the dates on which the specific warranty coverage periods begin and expire. It is important that this form is retained with the **BUILDER'S LIMITED WARRANTY**.

Throughout this **BUILDER'S LIMITED WARRANTY** the words "**YOU**" and "**YOUR**" refer to the **HOMEOWNER**. The words "**WE**", "**US**", and "**OUR**" refer to the **BUILDER**. The other words and phrases which appear in boldface uppercase type also have special meaning. Refer to the Definitions section, so that **YOU** will understand the terminology applicable to this **BUILDER'S LIMITED WARRANTY**.

Liability under this **BUILDER'S LIMITED WARRANTY** is limited to the amount shown on the Builder's Limited Warranty Coverage Validation Form

Consequential damages to personal property are not covered under this **BUILDER'S LIMITED WARRANTY**. Consequential damages which are covered by this **BUILDER'S LIMITED WARRANTY** include only physical damage to the **HOME**, as originally constructed by the **BUILDER**, caused by a warranted **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT** or the repair of a warranted **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT**.

WE make no housing merchant implied warranty of habitability or any other warranties, express or implied, in connection with the sales contract or the warranted **HOME**, and all such warranties are excluded, except as expressly provided in this **BUILDER'S LIMITED WARRANTY**. There are no warranties which extend beyond the face of this **BUILDER'S LIMITED WARRANTY**.

Any claims, demands, disputes, controversies, and differences that may arise between **YOU** and **US** or **OUR** insurer, of whatever kind or nature, related to or arising from this **BUILDER'S LIMITED WARRANTY** may be resolved by binding arbitration. For information on the binding arbitration process see Section VII of this **BUILDER'S LIMITED WARRANTY** or contact **PWC** at the number noted above.

I. Coverage Limit

The amount shown on the Builder's Limited Warranty Coverage Validation Form is **OUR** limit of liability. It is the most **WE** will pay or expend for all covered **DEFICIENCIES** or **MAJOR STRUCTURAL DEFECTS** regardless of the number of claims made during the warranty period. Once **OUR** limit of liability has been paid, no further claims can be made against this **BUILDER'S LIMITED WARRANTY**.

II. Limited Warranty Coverage

Coverage under this **BUILDER'S LIMITED WARRANTY** changes over the course of the ten year term. Section A refers to coverage provided during the first year; Section B refers to coverage provided during the second year; and Section C refers to coverage provided during the third through tenth year.

Section A Coverage

Beginning on the **WARRANTY DATE - HOME** and **WARRANTY DATE - COMMON ELEMENTS**, **WE** warrant for one year that the construction of **YOUR HOME** (including **COMMON ELEMENTS**, if any) and the **HOME's** electrical, plumbing, heating, cooling and ventilation systems will conform to the **PERFORMANCE STANDARDS** as described in Section X below. The **HOME** also will be free from **MAJOR STRUCTURAL DEFECTS**. Additionally, **APPLIANCES, FIXTURES, AND ITEMS OF EQUIPMENT** will be free from **DEFICIENCIES** for one year or for the term of any manufacturer's written warranty, whichever is less. **DEFICIENCIES** during the first year of coverage on **APPLIANCES, FIXTURES, AND ITEMS OF EQUIPMENT** shall be corrected if the malfunction of the **APPLIANCES, FIXTURES, AND ITEMS OF EQUIPMENT** is due to damage during installation and/or improper installation. To be eligible for coverage **WE** must receive written notice of the **DEFICIENCY** or the **MAJOR STRUCTURAL DEFECT** no later than thirty (30) days after the expiration of the coverage.

Section B Coverage

During the second year following the **WARRANTY DATE - HOME** or **WARRANTY DATE - COMMON ELEMENTS**, **WE** warrant that **SYSTEMS** (including the **COMMON ELEMENTS**, if any, related thereto) will conform to the **PERFORMANCE STANDARDS**. The **HOME** also will be free from **MAJOR STRUCTURAL DEFECTS**. Coverage under Section B expires two years after the **WARRANTY DATE - HOME** or **WARRANTY DATE - COMMON ELEMENTS**, if applicable. To be eligible for coverage, **WE** must receive written notice of the **DEFICIENCY** in the **SYSTEMS** or the **MAJOR STRUCTURAL DEFECT** no later than thirty (30) days after the expiration of the coverage.

Section C Coverage

During the third through tenth years following the **WARRANTY DATE-HOME** or **WARRANTY DATE-COMMON ELEMENTS**, **WE** warrant the construction of **YOUR HOME** (including **COMMON ELEMENTS** related thereto) will be free from **MAJOR STRUCTURAL DEFECTS**. Coverage under Section C expires 10 years after the **WARRANTY DATE-HOME** or **WARRANTY DATE-COMMON ELEMENTS**. To be eligible for coverage **WE** must receive written notice of the **MAJOR STRUCTURAL DEFECT** no later than thirty (30) days after the expiration of the coverage.

III. OUR Coverage Obligations

All notices of **DEFICIENCIES, MAJOR STRUCTURAL DEFECTS**, and complaints under this **BUILDER'S LIMITED WARRANTY** must be made by **YOU** in writing. Telephonic or face-to-face discussion will not protect **YOUR** rights under this **BUILDER'S LIMITED WARRANTY**.

WE may be considered to have breached this **BUILDER'S LIMITED WARRANTY** only if **WE** fail to correct a **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT** in accordance with the terms and conditions of this **BUILDER'S LIMITED WARRANTY**.

DEFICIENCIES

In the event a **DEFICIENCY** occurs during the applicable coverage period, **WE** will, upon receiving written notice from **YOU**, inspect the **DEFICIENCY** to confirm coverage for the **DEFICIENCY** within a reasonable time after **WE** receive **YOUR** notice. Upon confirmation of a **DEFICIENCY**, **WE, OUR** insurer, or another third party designated by **US** will repair, replace or pay **YOU** the actual cost of repairing or replacing the **DEFICIENCY**. The decision to repair, replace, or to make payment to **YOU** is at **OUR** or **OUR** insurer's sole option.

MAJOR STRUCTURAL DEFECTS

In the event a **MAJOR STRUCTURAL DEFECT** occurs during the applicable coverage period, **WE, OUR** insurer, or another third party designated by **US** will, upon receiving written notice from **YOU**, inspect the **MAJOR STRUCTURAL DEFECT** to confirm coverage for the claimed defect within a reasonable time after **WE** receive **YOUR** notice. Upon confirmation of a **MAJOR STRUCTURAL DEFECT FAILURE**, **WE, OUR** insurer, or another third party designated by **US** will repair, replace or pay **YOU** the actual cost of repairing or replacing the **MAJOR STRUCTURAL DEFECT**. The decision to repair, replace, or to make payment to **YOU** is at **OUR** or **OUR** insurer's sole option.

When **WE, OUR** insurer, or another third party designated by **US** undertakes to repair or replace a **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT**, the repair or replacement shall be performed in compliance with any applicable building codes and good industry practice. If **WE** or **OUR** insurer elects to make a payment to **YOU** for the cost of repair or replacement of a **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT**, such a settlement shall be approved by the New Jersey Department of Community Affairs ("DCA") unless such payment offer is made as settlement pursuant to litigation.

IV. Coverage Limitations

When **WE** repair a **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT**, the repair will include the correction or replacement of only those surfaces, finishes and coverings that were damaged by the **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT** that were part of the **HOME** when title was first transferred by **US**.

WE will repair and replace surfaces, finishes and coverings that require removal or replacement in order for **US** to repair or replace **DEFICIENCIES** and **MAJOR STRUCTURAL DEFECTS**. The extent of **OUR** repair and replacement of these surfaces, finishes or coverings will be to approximately the same condition they were in prior to the **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT**, but not necessarily to a like new condition.

WE will only refinish those surfaces that were damaged by a **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT**.

When **WE** undertake repair on surfaces, finishes and coverings, **OUR** repair will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but **WE** cannot guarantee an exact match due to such factors as fading, aging and unavailability of the same materials.

V. Exclusions

This **BUILDER'S LIMITED WARRANTY** does not cover:

- A. Any portion of a covered **HOME** which is not completed on or before the Commencement Date of the **BUILDER'S LIMITED WARRANTY**; except that after completion, such portions will be covered by the **BUILDER'S LIMITED WARRANTY** until the expiration of the coverage term for that particular portion. Any item for the completion of which funds are being held in escrow shall be deemed to be an incompleteness rather than a defect. If such item exhibits a defect after the release of the escrowed funds, then it shall be included in the **BUILDER'S LIMITED WARRANTY**. In all cases, the warranty period shall be deemed to have commenced on the **BUILDER'S LIMITED WARRANTY** Commencement Date;
- B. Defects in outbuildings including, but not limited to, detached garages and detached carports (except outbuildings which contain the plumbing, electrical, heating, cooling or ventilation systems serving the **HOME**); site located swimming pools and other recreational facilities; driveways; walkways; unattached patios; boundary walls; retaining walls and bulkheads which are not necessary to the **HOME'S** structural stability; fences; landscaping (including sodding, seeding, shrubs, trees and plantings); off-site improvements; or any other improvements not a part of the **HOME** itself;
- C. Bodily injury, damage to personal property, or damage to real property which is not part of the **HOME**;
- D. Any damage to the extent it is caused or made worse by:
 - 1. Negligent or improper maintenance or improper operation by anyone other than **US**, **OUR** employees, agents or subcontractors; or
 - 2. Failure by anyone other than **US**, **OUR** employees, agents or subcontractors to comply with the warranty requirements of manufacturers of **APPLIANCES, FIXTURES AND ITEMS OF EQUIPMENT**; or
 - 3. Failure to give notice to **US** or **OUR** insurer of any defects not later than thirty (30) days after the **BUILDER'S LIMITED WARRANTY** coverage for the defect has expired; or
 - 4. Changes of the grading of the ground by anyone other than **US**, **OUR** employees, agents or subcontractors; or
 - 5. Failure to take timely action in emergent cases to minimize any loss or damage;
- E. Any defect in, or caused by, materials or work supplied by anyone other than **US**, **OUR** employees, agents or subcontractors. **WE** shall, however, be responsible for any defects in or damage to any materials or work not installed by **US** when the defect or damage is the direct consequence of defects in materials or work installed by **US** which is not in accordance with accepted industry standards;
- F. Normal wear and tear or normal deterioration in accordance with normal industry standards;
- G. Accidental loss or damage from acts of nature such as, but not limited to, radon gas, fire, explosion, smoke, water escape, changes which are not reasonably foreseeable in the level of the underground water table, glass

breakage, windstorm, hail lightning, falling trees, aircraft, vehicles, flood and earthquake. However, soil movement (from causes other than flood and earthquake) is not excluded;

- H. Insect damage;
- I. Any loss or damage which arises while the **HOME** is being used primarily for nonresidential purposes;
- J. Changes, alterations, or additions made to the **HOME** by anyone after initial occupancy, except those performed by **US** as **OUR** obligation under this **BUILDER'S LIMITED WARRANTY**;
- K. Any defect caused to a finished surface material or any work supplied by anyone other than **US**, **OUR** employees, agents or subcontractors in that, it is determined the installer has accepted **OUR** surface to apply the finish material;
- L. Any materials and/or workmanship furnished and installed by **US** that does not comply with the specifications in a sales agreement or contract which is not defective;
- M. Consequential damages to personal property are excluded, consequential damages to real property as a result of a defect or repair of a defect are covered;
- N. Other exclusions are included in the **PERFORMANCE STANDARDS** to better define those standards and are identified by the word "Exclusion".

VI. Procedure to Request US To Perform Under This BUILDER'S LIMITED WARRANTY

If **YOU** become aware of a **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT** that **YOU** believe is covered under this **BUILDER'S LIMITED WARRANTY**, **YOU** have the following responsibilities:

A. Notification

Notify **US** in writing as soon as it is reasonably possible, but in no event may **YOUR** written notice be received by **US** or postmarked later than thirty (30) days after the warranty for the **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT** expires. In order to establish a record of timely notification, written notice should always be sent by Certified Mail, return receipt requested.

If the written notice is postmarked more than thirty (30) days beyond the warranty expiration date, **WE** shall have no obligation to repair or replace the **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT**.

If the **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT** involves a **COMMON ELEMENT** written notice must be made by a designated representative of the condominium association.

B. Cooperate With US

YOU must give **US**, **OUR** employees, agents, subcontractors or insurers reasonable help in investigating, monitoring or correcting **DEFICIENCIES** or **MAJOR STRUCTURAL DEFECTS**. Help includes, but is not limited to, granting **US** reasonable access to **YOUR HOME**.

Within thirty days following **OUR** receipt of **YOUR** written notice, **WE** shall arrange with **YOU** a mutually agreeable time for **US** to inspect the **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT** described in **YOUR** notice. Upon completion of **OUR** inspection, but in no case later than thirty days from **OUR** receipt of **YOUR** written notice, **WE**

shall provide **YOU** with **OUR** written response to **YOUR** notice and inform **YOU** of the action **WE** intend to take to correct any **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT** found to exist and the estimated time by which corrective action is expected to be completed.

If **WE** fail to respond satisfactorily to **YOUR** written notice within the time allowed, **YOU** may contact **PWC**, the administrator of **OUR BUILDER' LIMITED WARRANTY**, at the address stated on the first page of this document.

If **YOU** fail to help **US**, **WE** will have no obligation to repair, replace or pay **YOU** for **DEFICIENCIES** or **MAJOR STRUCTURAL DEFECTS**.

C. Do Not Make Voluntary Payments

YOU agree not to make any voluntary payments or assume any obligations or incur any expenses for the remedy of a condition **YOU** believe is a **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT** without **OUR** prior written approval. **WE** will not reimburse **YOU** for costs incurred where **YOU** did not obtain **OUR** prior written approval.

However, **YOU** may incur reasonable expenses in making repairs in an **EMERGENCY CONDITION** without **OUR** prior written approval, provided the repairs are solely for the protection of the **HOME** from further damage, and provided **YOU** notify **US** as soon as possible, but in no event later than 5 days after the repairs were undertaken. To obtain reimbursement for repairs made during an **EMERGENCY CONDITION**, **YOU** must provide **US** with an accurate written record of the repair costs.

D. Sign A Release

When **WE** have completed repairing, replacing or paying you the cost of repairing or replacing, **DEFICIENCIES** or **MAJOR STRUCTURAL DEFECTS**, **YOU** must sign a full release of **OUR** obligation for the **DEFICIENCIES** or **MAJOR STRUCTURAL DEFECTS** **WE** corrected. The release shall be applicable to the **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT** corrected, and shall not prevent **YOU** from notifying **US** should **YOU** become aware of any subsequent **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT**.

E. If YOU Disagree With US

Binding Arbitration is available for resolving disputes between **YOU** and **US** that arise from or relate to this **BUILDER'S LIMITED WARRANTY**. The binding arbitration procedure is described in the following section.

VII. Binding Arbitration Procedure

WE have arranged with **OUR** insurer to stand behind **OUR** obligations to **YOU** under this **BUILDER'S LIMITED WARRANTY**. That insurance is applicable solely to the warranties made under this **BUILDER'S LIMITED WARRANTY** and solely to **OUR** obligations or **OUR** insurer's obligations, if acting in **OUR** stead, as they are stated in this **BUILDER'S LIMITED WARRANTY** or as they may be determined through binding arbitration as provided herein.

Any claims, demands, disputes, controversies, and differences that may arise between **YOU** and **US** or **OUR** insurer, of whatever kind or nature, related to or arising from this **BUILDER'S LIMITED WARRANTY** may be resolved by binding arbitration. Matters subject to binding arbitration include but are not limited to those in which **YOU**, **WE** or **OUR** insurer have been unable to agree as to:

- A. Whether a **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT** is covered by this **BUILDER'S LIMITED WARRANTY**;
- B. Whether a **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT** has been corrected in a manner that **YOU** believe this **BUILDER'S LIMITED WARRANTY** requires;

- C. Whether there has been a failure to respond to **YOUR** written notice of a **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT**;
- D. Whether any claim related to **COMMON ELEMENTS** has been properly addressed;
- E. Whether there has been a violation of consumer protection, unfair trade practice, or other statutes;
- F. The issues that should be submitted to binding arbitration;
- G. The timeliness of binding arbitration requests.

YOUR submission of any dispute under this **BUILDER'S LIMITED WARRANTY** to binding arbitration will constitute an election of remedy, as provided at Section 46:3B-9, New Jersey Statutes Annotated and Section 5:25-3.10, New Jersey Administrative Code, and will bar **YOU** from all other remedies as to the matters submitted to binding arbitration. Likewise, if **YOU** choose to pursue **YOUR** claim through other remedies which might be available, such election shall bar **YOU** from pursuing the same claim against this **BUILDER'S LIMITED WARRANTY** through the binding arbitration procedure provided herein. Other remedies shall mean the filing of a complaint, counterclaim, cross-claim, or third party complaint in any court which alleges, in particular, breach of this **BUILDER'S LIMITED WARRANTY** or, more generally, unworkmanlike construction.

Any binding arbitration proceeding will be conducted by an independent, nationally recognized, arbitration organization designated by **PWC** or **OUR** insurer. The rules and procedures followed will be those of the designated arbitration organization. A copy of the applicable rules and procedures will be delivered to **YOU** upon request.

The arbitration will determine **YOUR** and **OUR** or **OUR** insurer's rights and obligations under this **BUILDER'S LIMITED WARRANTY**. These rights and obligations include but are not limited to those provided to **YOU** or **US** by local, state or federal statutes in connection with this **BUILDER'S LIMITED WARRANTY**.

The award of the arbitrator will be final, binding and enforceable as to both **YOU** and **US** or **OUR** insurer, except as modified, or vacated in accordance with applicable rules and procedures of the designated arbitration organization, or, in their absence, the United States Arbitration Act (9 U.S.C. § 1 *et seq.*). The decision of the arbitrator is subject to clarification, revision and rescission based on mistakes, omissions or an ethical conflict, but is not appealable to another level of arbitration.

The costs and expenses of the arbitration organization conducting the arbitration will be paid by **US** or **OUR** insurer. The process for **YOU** to initiate arbitration is described below. **WE** will use the same process if **WE** initiate arbitration.

Step 1 **YOU** complete a Binding Arbitration Request Form and mail it to **PWC**. A Binding Arbitration Request Form is attached to this **BUILDER'S LIMITED WARRANTY**. **YOUR** Binding Arbitration Request Form must be received no later than 90 days after the coverage for the disputed item expires. Please Note that while **YOU** have 90 days to file for arbitration, this time period does not extend the warranty coverage period for **DEFICIENCIES** or **MAJOR STRUCTURAL DEFECTS**. **YOU** must still notify **US** of an alleged **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT** no later than 30 days after coverage for that item expires.

Step 2 **PWC** Will Arrange the Arbitration Proceeding. The Arbitrator or arbitration organization will notify **YOU** of the time, date and location of the arbitration hearing. Most often the hearing will be conducted at **YOUR HOME** or some other location that is agreeable to all the parties of the dispute. In scheduling the hearing the arbitrator will set a time and date that is reasonably convenient to all the parties.

Step 3 The Arbitration Hearing. The parties at the arbitration hearing will include the arbitrator, **YOU**, **US** and/or **OUR** insurer.

After evidence is presented by **YOU**, **US** or **OUR** insurer, an award will be rendered by the arbitrator. The award is final and binding on **YOU**, **US** and **OUR** insurer. The award will include a ruling on the existence of any claimed or alleged **DEFICIENCIES** or **MAJOR STRUCTURAL DEFECTS** as well as any other

disputed matters or issues related to this **BUILDER'S LIMITED WARRANTY**. The award will be prepared in narrative form, describing the matter claimed, and will reference and quote the applicable standard or section, including an explanation of the standard or section to the matter claimed. The time for completion will be specified in the arbitration award. However, delays caused by circumstances beyond **OUR** or **OUR** insurer's control shall be excused.

Step 4 **OUR Arbitration Performance Obligations.** Any corrective work required in connection with the award shall be performed in compliance with any applicable building codes and good industry practice and will address the underlying cause of the defect. Where required by the award, code official, and/or the nature of the work, **WE** will obtain design drawings by licensed design professionals. These plans are not subject to review or approval by **YOU**.

Step 5 **If WE Fail To Comply With The Award.** **YOU** should contact **PWC** at its mailing address specified in this **BUILDER'S LIMITED WARRANTY** if **YOU** feel **WE** have not complied with the arbitrator's award. Disputes as to compliance with an arbitrator's award shall be subject to review by the arbitrator. The arbitrator will determine whether **WE** have complied with the award. If the arbitrator determines that **WE** have not complied with the award, the arbitrator is authorized to make a determination on whether or not **WE** made a good faith effort to comply with the award and grant a one time only extension to allow us to fulfill the award. If **WE** fail to comply with the award, **PWC** will then be responsible for contacting **OUR** insurer to initiate the claim adjustment process.

TIME THAT HAS PASSED DUE TO REQUESTS BY ANY PARTY FOR "CLARIFICATION" OR "MODIFICATION" OF THE INITIAL AWARD WILL NOT BE ADDED FOLLOWING THE OUTCOME OF SAME UNLESS SPECIFIED BY THE ARBITRATOR.

VIII. General Conditions

A. Separation of this BUILDER'S LIMITED WARRANTY from the Contract of Sale

This **BUILDER'S LIMITED WARRANTY** is separate and independent of the contract between **YOU** and **US** for the construction and/or sale of **YOUR HOME**. The provisions of this **BUILDER'S LIMITED WARRANTY** shall in no way be restricted by anything contained in the construction and/or sales contract between **YOU** and **US**.

B. Transfer to Subsequent HOMEOWNERS

This **BUILDER'S LIMITED WARRANTY** will transfer to new owners of the **HOME** for the remainder of the warranty coverage period. **OUR** duties under this **BUILDER'S LIMITED WARRANTY** to the new **HOMEOWNER** will not exceed the limit of liability then remaining, if any.

C. Transfer of Manufacturer's Warranties

WE assign to **YOU** all the manufacturer's warranties on all **APPLIANCES, FIXTURES AND ITEMS OF EQUIPMENT** that **WE** installed in **YOUR HOME**. Should an appliance or item of equipment malfunction **YOU** must follow the procedures set forth in that manufacturer's warranty to correct the problem. **OUR** obligation under this **BUILDER'S LIMITED WARRANTY** is limited to the workmanlike installation of such **APPLIANCES, FIXTURES AND ITEMS OF EQUIPMENT**.

D. Recovery Rights

If **WE** repair, replace or pay **YOU** the cost to repair or replace a **DEFICIENCY** or **MAJOR STRUCTURAL DEFECT**, or other related damage to **YOUR HOME** covered by this **BUILDER'S LIMITED WARRANTY**, **WE** are entitled, to the extent of **OUR** payment, to take over **YOUR** related rights of recovery from other people and organizations, including but not limited to, other warranties and

insurance. **YOU** have an obligation not to make it harder for **US** to enforce these rights. **YOU** agree to sign any papers, deliver them to **US**, and do anything else that is necessary to help **US** exercise **OUR** rights.

E. **General Provisions**

1. If any of the terms or provisions of this **BUILDER'S LIMITED WARRANTY** conflict with the statutes of the state in which this **BUILDER'S LIMITED WARRANTY** is issued the warranty is amended to conform to such statute, except insofar as the terms and provisions are governed by the United States Arbitration Act.
2. If a court of competent jurisdiction deems any provision of this **BUILDER'S LIMITED WARRANTY** unenforceable, that determination will not affect the remaining provisions.
3. This **BUILDER'S LIMITED WARRANTY** is to be binding on **YOU** and **US** and, as respects the arbitration process, on **OUR** insurer. It is also binding on **YOUR** and **OUR** heirs, executors, administrators, successors, and assigns, subject to paragraph B of the **General Conditions**.
4. As may be appropriate, the use of the plural in this **BUILDER'S LIMITED WARRANTY** includes the singular, and the use of one gender includes all genders.

IX. Definitions

APPLIANCES, FIXTURES AND ITEMS OF EQUIPMENT means and includes, but is not limited to: furnaces, boilers, heat pumps, humidifiers, oil tanks and fittings, air purifiers, air handling equipment, ventilating fans, air conditioning equipment, water heaters, pumps, stoves, refrigerators, garbage disposals, compactors, dishwashers, automatic garage door openers, washers and dryers, plumbing fixtures and trim, faucets, fittings, motors, water treating equipment, ejectors, thermostats and controls, including any fitting attachments; electric receptacles, switches, lighting fixtures, and circuit breakers.

BUILDER means the individual, partnership, corporation or other entity which participates in the Warranty Program administered by the Professional Warranty Service Corporation and which provides **YOU** with this **BUILDER'S LIMITED WARRANTY**. Throughout this document the **BUILDER** is also referred to as "**WE**," "**US**" and "**OUR**."

BUILDER'S LIMITED WARRANTY means only this express warranty document provided to **YOU** by **US**.

COMMON ELEMENTS means the structure, components of enclosure, and any part of the **HOME**, as specified in the condominium documents as a **COMMON ELEMENT**. This may include, but is not limited to, corridors, lobbies, vertical transportation elements, rooms, balconies or other spaces that are for the common use of the residents of the **HOME**. **SYSTEMS** serving two or more **HOMES**, and the outbuildings that contain parts of such **SYSTEMS** are also included in this definition.

DEFICIENCY (IES) means defects in materials or workmanship used in constructing the **HOME**. The defects must fail to conform with the standards and tolerances described in the **PERFORMANCE STANDARDS** section of this **BUILDER'S LIMITED WARRANTY**. **OUR** failure to complete the **HOME** or any portion of the **HOME** does not constitute a **DEFICIENCY**.

DEFLECTION means the difference in elevation of high and low points along a diagonal, horizontal, or vertical plane caused by stress induced deformation of a load bearing member. **DEFLECTION** is measured from any two end points and a third reference point. The reference point may be located at any distance between the two end points.

EMERGENCY CONDITION means an event or situation that creates the imminent threat of damage to the **HOME** or the **COMMON ELEMENTS** related thereto, or results in an unsafe living condition due to **DEFICIENCIES** or **MAJOR STRUCTURAL DEFECTS** that **YOU** become aware of at a point in time other than **OUR** normal business hours and **YOU** were unable to obtain **OUR** prior written approval to initiate repairs to stabilize the condition or prevent further damage.

HOME means a single family residence either attached or detached or a condominium or cooperative unit in a multi-unit residential structure covered by this **BUILDER'S LIMITED WARRANTY**. If **YOUR HOME** carries an original FHA or VA- mortgage, the definition of **HOME** for purposes of determining **DEFICIENCIES** in workmanship and materials during the first year following the **WARRANTY DATE-HOME** shall include all items of equipment, material or workmanship supplied by **US** or **OUR** agents or subcontractors.

HOMEOWNER means the first person to whom a **HOME** (or unit in a multi-unit residential structure) is sold, or for whom such **HOME** is constructed, for occupancy by such person or such person's family, and such person's successors in title to the **HOME** and/or mortgagee in possession.

MAJOR STRUCTURAL DEFECT means the failure of:

(i) The load-bearing portion of a **HOME** which is defined as the framing members and structural elements that transmit both dead and live load of the home to the supporting ground. Examples of load bearing elements are roof rafters and trusses, ceiling and floor joists, bearing partitions, supporting beams, columns, basement and foundation walls, and footings.

(ii) A condition will be deemed a structural failure if it exceeds the **Warranty Tolerance** corresponding to the **Structural Elements** listed below. Alternatively, a structural failure may exist if it has been established by **US** or **OUR** insurer under the Uniform Construction Code in effect on the date that the Construction Permit under which the new **HOME** was constructed was issued as an actual or pending structural failure of some part of the load-bearing system as defined in (i), above. To be eligible, such defect does not have to render the **HOME** uninhabitable. However, it must be of such a serious nature that it vitally affects the use of the **HOME** for residential purposes.

Structural Element	Warranty Tolerance
A. Arches	
1. Masonry	Crack of 1/4 inch in width in arch, or settlement in span of arch of 1/2 inch.
B. Floor Systems	
1. Structural Concrete	Crack of 1/4 inch in width and 1/4 inch vertical displacement.
2. Joists	DEFLECTION of 1 inch in 15 feet.
3. Trusses	DEFLECTION of 1 inch in 10 feet.
C. Foundation	
1. Concrete Beams	Crack of 1/8 inch in width, or DEFLECTION of 1/4 inch in 30 inches.
2. Wood Beams: Built-up, Laminated or Solid	DEFLECTION of 1 inch in 10 feet.

3. Steel Beams	DEFLECTION of ½ inch in 8 feet.
4. Footings	Crack of ½ inch in width.
5. Concrete Walls	Crack of 1/4 inch in width and 1/4 inch vertical displacement, or out-of-plumb 1/4 inch in 12 inches measured from base of wall.
6. Masonry Walls	Crack of 3/8 inch in width, or out-of-plumb 1/4 inch in 12 inches measured from base of wall.
7. Concrete Columns	Bow of ½ inch in 8 feet, or out-of-plumb 1/4 inch in 12 inches measured from base of column.
8. Masonry Columns	Out-of-plumb 1/8 inch in 12 inches measured from base of column.
9. Steel Columns	Bow of 1 inch in 8 feet, or out-of-plumb 1/4 inch in 12 inches measured from base of column.
10. Wood Columns	Bow of 1 inch in 8 feet, or out-of-plumb 1/4 inch in 12 inches measured from base of column.
D. Lintels and Headers	
1. Concrete, Masonry, Steel, or Wood	DEFLECTION of 1 inch in 4 feet.
E. Roof Framing	
1. Ridge Beam	DEFLECTION of 1 inch in 10 feet.
2. Rafters Common, Jack, or Valley/HIP	DEFLECTION or bow of 1 inch in 10 feet.

3. Ceiling Joists	DEFLECTION of 3/4 inch in 10 feet.
4. Trusses	DEFLECTION of 1 inch in 10 feet.
F. Structural Beams and Girders	
1. Steel	DEFLECTION of 1/2 inch in 8 feet.
2. Wood Solid, Built-up, or Laminated	DEFLECTION of 1 inch in 10 feet.
G. Structural Columns	
1. Concrete	Bow of 1/2 inch in 8 feet or out-of-plumb 1/4 inch in 12 inches measured from base of column.
2. Masonry	Out-of-plumb 1/8 inch in 12 inches measured from base of column.
3. Steel	Bow of 1 inch in 8 feet, or out-of-plumb 1/4 inch in 12 inches measured from base of column.
4. Wood	Bow of 1 inch in 8 feet, or out-of-plumb 1/4 inch in 12 inches measured from base of column.
H. Load Bearing Walls and Partitions	
1. Studs	Bow or cup of 1 inch in 8 feet.
I. Roof and Floor Sheathing	Physical damage to roof or floor sheathing material as a result of a defect in the material or due to faulty workmanship in OUR installation of the sheathing and the defect or faulty workmanship renders the roof or floor sheathing material incapable of supporting design loads imposed. DEFLECTION of sheathing material which does not render the roof or floor sheathing material incapable of supporting design loads imposed is not a MAJOR STRUCTURAL DEFECT .

(iii) The following are excluded as major structural defects:

- (1) Changes by the owner to the established grade lines affecting basement and foundation walls;
- (2) Movement caused by flood or earthquake;
- (3) Actual or resultant damage caused by lightning, tornado, unnatural high winds or hurricanes;

- (4) Damage caused by additions or alterations to the home;
- (5) Improper loading over and above the design criteria for which that portion of the **HOME** was intended;
- (6) Resultant structural damage due to fire;
- (7) Changes in the water level which is caused by new development in the immediate area or can be directly traced to an act of nature;
- (8) Water seepage in basement or crawlspace after the first year of coverage.

(iv) In the case where a **MAJOR STRUCTURAL DEFECT** exists and the **HOME** is rendered uninhabitable, the repair of the defect shall include the reasonable cost of the **HOMEOWNER'S** alternative shelter until the **HOME** is made habitable.

PERFORMANCE STANDARDS means the standards and tolerances for materials and workmanship that are used in this **BUILDER'S LIMITED WARRANTY** to determine **OUR** responsibility for repairing **DEFICIENCIES** as identified on pages 15 through 34 of this document.

PWC means Professional Warranty Service Corporation which administers the warranty program in which **WE** participate. As such, **PWC** assumes no other liabilities in connection with this **BUILDER'S LIMITED WARRANTY**. The **PWC** mailing address is:

Professional Warranty Service Corporation
P.O. Box 800
Annandale, VA 22003-0800

SYSTEMS means the following:

- (a) Plumbing system - gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; and water, gas and sewer services piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system.
- (b) Electrical system - all wiring, electrical boxes, switches, outlets, and connections up to the public utility connection.
- (c) Heating, Cooling, and Ventilation system - all duct-work; steam, water and refrigerant lines; and registers, connectors, radiation elements and dampers.

WARRANTY DATE-COMMON ELEMENTS means the Warranty Date for the first **HOME** to transfer title or be used for residential purposes in a multi-unit residential building. If **YOUR HOME** carries an original FHA or VA mortgage the **WARRANTY DATE-COMMON ELEMENTS** means the Warranty Date for the first **HOME** to transfer title in a multi-unit residential building. The **WARRANTY DATE-COMMON ELEMENTS** may be different from the **WARRANTY DATE-HOME** of **YOUR HOME**. Contact **YOUR** condominium association to determine the date when coverage began on **YOUR COMMON ELEMENTS**.

WARRANTY DATE-HOME means the date the title for the **HOME** is transferred by **US** to the first **HOMEOWNER** or the date the **HOME** is first used for residential purposes, whichever occurs first. If **YOUR HOME** carries an original FHA or VA mortgage the **WARRANTY DATE-HOME** means the date the title for the **HOME** is transferred by **US** to the first **HOMEOWNER**.

WE, US, OUR means the **BUILDER**.

YOU, YOUR means the **HOMEOWNER**.

X. PERFORMANCE STANDARDS

(APPLICABLE ONLY TO YEARS ONE AND TWO AS INDICATED)

The following performance standards set minimum standards which prescribe the level for quality of materials and performances in workmanship for the construction of new **HOMES**. To the extent that detailed minimum performance standards for construction have not been enumerated in these **PERFORMANCE STANDARDS**, **WE** shall construct the **HOME** in accordance with good industry practice which assures quality of materials and workmanship. Likewise, the validity of any **HOMEOWNER'S** claims for defects for which a standard has not been enumerated here shall be determined on the basis of good industry practice which assures quality of materials and workmanship, and any conciliation or arbitration of such claims shall be conducted accordingly.

The **PERFORMANCE STANDARDS** list specific items with each separate area of coverage.

A. Rules concerning site work (applicable in first year only) are as follows:

1. Grading:
 - i. Possible **DEFICIENCY**: Settling of ground around foundation, utility trenches or other areas on the property where excavation and back fill have taken place that affect drainage away from the **HOME**.
 - (1) **PERFORMANCE STANDARD**: Settling of ground around foundation walls, utility trenches or other filled areas which exceeds a maximum of six inches from finished grade established by **US**.
 - (2) **OUR** responsibility: If **WE** have provided final grading, **WE** will fill settled areas affecting proper drainage, one time only, during the first year Warranty period. **WE** are then responsible for removal and replacement of shrubs and other landscaping installed by **US** affected by the placement of the fill.
2. Drainage:
 - i. Possible **DEFICIENCY**: Improper grades and swales which cause standing water and affects the drainage in the immediate area surrounding the **HOME**.
 - (1) **PERFORMANCE STANDARD**: Necessary grades and swales shall be established to provide proper drainage away from the **HOME**. Site drainage under this warranty is limited to those immediate grades and swales surrounding the **HOME**. Standing or ponding water within the immediate surrounding area of the **HOME** shall not remain for a period longer than 24 hours after a rain. Where swales are draining from adjoining properties or where a sump pump discharges, an extended period of 48 hours is to be allowed 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 is to be made while there is frost or snow or when the ground is saturated. If **YOUR HOME** carries an original FHA or VA mortgage the **PERFORMANCE STANDARD** is: **WE** will establish the proper grades and swales (sloped low areas) for water to properly drain away from the **HOME**. Where lot lines permit, the protective slope will be 6 inches in 10 feet around the foundation, with a 2% gradient to the street or property line. Water will not stand or pond in crawl spaces. **WE** will not make grading or ponding determinations while there is frost or snow on the ground, or while the ground is saturated or frozen.

- (2) Exclusion: Standing or ponding water on the property which does not directly affect the immediate area surrounding the foundation of the **HOME**, caused by unusual grade conditions, retainage of treed areas or sodding done by the **HOMEOWNER** is not considered a defect.
 - (3) **OUR** responsibility: Responsible for initially establishing the proper grades, swales and drainage away from the **HOME**.
 - (4) **YOUR** responsibility: **YOU** are responsible for maintaining such grades and swales once properly established by **US** to prevent runoffs and erosion of the soil.
 - (5) Exclusion: Soil erosion and runoff caused by **YOUR** failure to maintain the properly established grades, drainage structures and swales, stabilized soil, sodded, seeded and landscaped areas; are excluded from the Warranty.
- ii. Possible **DEFICIENCY**: Grassed or landscaped areas which are disturbed or damaged due to work on the property in correcting a **DEFICIENCY**.
 - (1) **PERFORMANCE STANDARD**: Landscaped areas which are disturbed during repair work is a defect.
 - (2) **OUR** responsibility: Restore grades, seed and landscape to meet original condition.
 - (3) Exclusion: Replacement of trees and large bushes which existed at the time the **HOME** was constructed or those added by **YOU** after occupancy or those which subsequently die are excluded from Warranty Coverage.

B. Rule concerning landscaping (applicable in first year only) is as follows:

(This rule is applicable **only** to **HOMES** with original FHA or VA mortgages)

- 1. Landscaping:
 - i. Possible **DEFICIENCY**: Excessive deterioration of landscaping.
 - (1) **PERFORMANCE STANDARD**: Excessive deterioration of landscape items or materials provided by **US** as a result of defective materials or **OUR** workmanship is a defect.
 - (2) Exclusion: Loss of plantings due to **YOUR** failure to maintain them or loss due to weather conditions is not covered. Annuals are also not covered.
 - (3) **OUR** responsibility: **WE** will correct as required.
 - (4) **YOUR** responsibility: Plantings must be properly cared for by **YOU**.

C. Rules concerning concrete (applicable in first year only) are as follows:

- 1. Cast-in place concrete:
 - i. Possible **DEFICIENCY**: Basement or foundation wall cracks, other than expansion or control joints.
 - (1) **PERFORMANCE STANDARD**: Non-structural cracks are not unusual in concrete foundation walls. Cracks one eighth inch in width or greater are considered excessive.
 - (2) **OUR** responsibility: Repair non-structural cracks in excess of one eighth inch by surface patching. These repairs should be made toward the end of the first year of ownership to permit normal stabilizing of the **HOME** by settling.
 - ii Possible **DEFICIENCY**: Cracking of basement floor.
 - (1) **PERFORMANCE STANDARD**: Minor cracks in Concrete basement floors are common. Cracks exceeding one quarter inch width or one quarter inch in vertical displacement is a **DEFICIENCY**.
 - (2) **OUR** responsibility: Repair cracks exceeding maximum tolerance by surface patching or other methods, as required.

- iii. Possible **DEFICIENCY**: Cracking of attached garage floor slab.
 - (1) **PERFORMANCE STANDARD**: Cracks in garage floor slabs in excess of one quarter inch in width or one quarter inch in vertical displacement is a **DEFICIENCY**.
 - (2) **OUR** responsibility: Repair excessive cracks by chipping out and surface patching or other methods, as may be required.

- iv. Possible **DEFICIENCY**: Cracking of detached garage and/or outbuilding floor slabs. (Only applicable if **YOUR HOME** carries an original FHA or VA mortgage).
 - (1) **PERFORMANCE STANDARD**: Cracks in detached garage and/or outbuilding floor slabs in excess of one quarter inch in width or one quarter in vertical displacement is a **DEFICIENCY**.
 - (2) **OUR** responsibility: Repair excessive cracks by chipping out and surface patching or other methods, as may be required.

- v. Possible **DEFICIENCY**: Cracks in attached patio slab.
 - (1) **PERFORMANCE STANDARD**: Cracks in excess of one quarter inch (1/4") in width or one quarter inch in vertical displacement are defects. An "attached patio" is defined as a concrete patio slab on grade which is an integral part of the **HOME** being structurally supported by footings, block walls, or reinforced concrete and connected to the foundation.
 - (2) Exclusion: Patio slabs which are poured separately, and abut the **HOME** are excluded from warranty coverage. If **YOUR HOME** carries an original FHA or VA mortgage this exclusion does not apply and the **PERFORMANCE STANDARD** stated above will apply to separately poured patio slabs.
 - (3) **OUR** responsibility: **WE** will make repairs as required. Where cracks are caused by settlement or improper installation, **WE** will replace that portion which has settled and finish as close as possible to match the existing surface. Where a major portion of the patio has cracked, the entire slab shall be replaced.

- vi. Possible **DEFICIENCY**: Cracks in concrete slab-on grade floors, with finish flooring.
 - (1) **PERFORMANCE STANDARD**: Cracks which rupture or significantly impair the appearance or performance of the finish flooring material, is a **DEFICIENCY**.
 - (2) **OUR** responsibility: Determine the cause for the cracking and correct (remove and replace if required). Repair cracks as required, so as not to be apparent when the finish flooring material is in place. Repair or replace finish flooring. (See H. Rules Concerning Finishes, **PERFORMANCE STANDARDS**).

- vii. Possible **DEFICIENCY**: Uneven concrete floor slabs.
 - (1) **PERFORMANCE STANDARD**: Except for basement floors or where a floor or portion of floor has been designed for specific drainage purposes, concrete floors in rooms designed for habitability shall not have pits, depressions or area of unevenness exceeding 1/4 inch in 32 inches, or slopes in excess of 1/240 of room width or length (i.e., 10.0 wide room--not to exceed 1/2 inch out of level).
 - (2) **OUR** responsibility: Determine cause and repair/replace to meet the Standard. Where applicable, surface patching is an accepted method of repair. Reinstall or replace any finish flooring material as necessary.

- viii. Possible **DEFICIENCY**: Pitting, scaling or spalling of concrete work.
 - (1) **PERFORMANCE STANDARD**: Concrete surfaces shall not disintegrate to the extent that the aggregate is exposed and loosened under normal conditions of weathering and use is a **DEFICIENCY**.
 - (2) **OUR** responsibility: Take whatever corrective action is necessary to repair or replace defective concrete surfaces.

- (3) Exclusion: Deterioration caused by salt, chemicals, implements used and other factors beyond **OUR** control.
- ix. Possible **DEFICIENCY**: Excessive powdering or chalking of concrete surfaces.
 - (1) **PERFORMANCE STANDARD**: Excessive powdering or chalking of concrete surfaces is a **DEFICIENCY**, but should not be confused with normal surface dust that may accumulate for a short period after the **HOME** is occupied.
 - (2) **OUR** responsibility: Take whatever corrective action is necessary to treat, repair, or resurface defective areas.
- x. Possible **DEFICIENCY**: Separation of brick or masonry edging from concrete slab and step.
 - (1) **PERFORMANCE STANDARD**: It is common for the joint to crack between concrete and masonry due to the dissimilarity of the materials. Cracks in excess of one quarter inch is a **DEFICIENCY**.
 - (2) **OUR** responsibility: Grout crack fully and reset loose masonry where required. Replacement of masonry material, if required, shall match the existing as closely as possible.
- 2. Construction and control joints:
 - i. Possible **DEFICIENCY**: Separation or movement of concrete slabs within the structure at construction and control joints.
 - (1) **PERFORMANCE STANDARD**: None.
 - (2) Exclusion: Concrete slabs within the structure are designed to move at construction and control joints and is not a **DEFICIENCY**.
 - (3) **OUR** responsibility: None.
 - (4) **YOUR** responsibility: Maintenance of joint material.

D. Rules concerning masonry (applicable in first year only) are as follows:

- 1. Unit masonry (brick, block and stone):
 - i. Possible **DEFICIENCY**: Cracks in non-bearing or non-supporting walls.
 - (1) **PERFORMANCE STANDARD**: Small shrinkage cracks are not unusual running through masonry and mortar joints. Cracks in excess of one eighth inch (1/8") in width is a **DEFICIENCY**.
 - (2) **OUR** responsibility: 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.
 - ii. Possible **DEFICIENCY**: Cracks in bearing or supporting masonry walls.
 - (1) **PERFORMANCE STANDARD**: Vertical or diagonal cracks which do not affect the structural ability of masonry bearing walls are not unusual. Cracks in excess of one eighth inch in width are a **DEFICIENCY**.
 - (2) **OUR** responsibility: Repair shrinkage cracks in excess of 1/8 inch by pointing or patching. Where the structural integrity of the wall is affected, suitable repair or replacement shall be done to eliminate the condition.
 - iii. Possible **DEFICIENCY**: Horizontal cracks in basement and foundation walls.
 - (1) **PERFORMANCE STANDARD**: Horizontal cracks in the joints of masonry walls are not common but may occur. Cracks one eighth inch or more in width are **DEFICIENCIES**.
 - (2) **OUR** responsibility: **WE** will repair cracks between one eighth and three sixteenths inch in width by pointing and patching. Cracks exceeding three sixteenths inch shall be investigated by **US** to determine the cause. **WE** will take the necessary steps to remove the cause and make repairs by pointing and patching, reinforcement or replacement of the defective courses.

- iv. Possible **DEFICIENCY**: Cracks in masonry walls or veneer above grade.
 - (1) **PERFORMANCE STANDARD**: Small cracks are common in mortar joints of masonry construction. Cracks one eighth inch (1/8") or greater in width are **DEFICIENCIES**.
 - (2) **OUR responsibility**: Repair cracks and voids in excess of one eighth inch by surface pointing. These repairs should be made toward the end of the first year warranty period to permit the

HOME

to stabilize and normal settlement to occur. **WE** are not responsible for color variations between existing and new mortar. However, it shall be made to match as closely as possible.

- v. Possible **DEFICIENCY**: Cracking, settling, or heaving of stoops and steps.
 - (1) **PERFORMANCE STANDARD**: Stoops and steps are not to settle or heave in excess of one inch in relation to the **HOME** structure. Cracks, except hairline cracks less than one eighth inch, are not acceptable in concrete stoops. A separation of up to one half inch is permitted where the stoop or steps abut the **HOME** or where an expansion strip has been installed.
 - (2) **OUR responsibility**: Take whatever corrective action is required to meet acceptable standards. In a case where repair is made to the concrete surface, it is required that such repair match the adjoining surfaces as closely as possible or the entire area be resurfaced or replaced.
- vi. Possible **DEFICIENCY**: Standing water on stoops, steps, porches and attached concrete patios.
 - (1) **PERFORMANCE STANDARD**: Standing water is a **DEFICIENCY** if it is a hazard to individuals and/or causes damage to the **HOME**, or in cases where standing water exists due to settlement or heaving as defined under paragraph (d)1v. above.
 - (2) **OUR responsibility**: Take whatever corrective action is necessary to eliminate standing water.

2. Stucco and cement plaster:

- i. Possible **DEFICIENCY**: Cracking or spalling of stucco and cement plaster.
 - (1) **PERFORMANCE STANDARD**: Hairline cracks in stucco or cement plaster are common especially if applied directly to masonry back-up. Cracks greater than one eighth inch in width or spalling of the finish surface is a **DEFICIENCY**.
 - (2) **OUR responsibility**: Scrape out cracks and spalled areas. Fill with cement plaster or stucco to match finish and color as closely as possible.

NOTE: **WE** are not responsible for failure to match color or texture, due to nature of the material.

E. Rules concerning carpentry (applicable in first year only) are as follows:

1. Rough carpentry:

- i. Possible **DEFICIENCY**: Floors squeak, due to improper installation or loose subfloors.
 - (1) **PERFORMANCE STANDARD**: A large area of floor squeak which is noticeable, loud and objectionable is a defect.
 - (2) Exclusion: Squeak-proof cannot be guaranteed; an isolated floor squeak is not a defect.
 - (3) **OUR responsibility**: Correct the problem if caused by faulty construction within reasonable repair capability. Where a finished ceiling exists under the floor, the corrective work may be attempted from the floor side. Where necessary, remove the finish material to make the repair and reinstall or replace if damaged.
- ii. Possible **DEFICIENCY**: Uneven wood framed floors.
 - (1) **PERFORMANCE STANDARD**: Floors which are more than one quarter inch out of level within any 32 inch measurement is a **DEFICIENCY**. Floor slope within any room which exceeds one-two hundred fortieths of the room width or length is a **DEFICIENCY** (that is, 10'-0" wide room--not to exceed one half inch out of level.)
 - (2) **OUR responsibility**: Correct or repair to meet the allowances at the above standard.

- iii. Possible **DEFICIENCY**: Bowed stud walls or ceilings.
 - (1) **PERFORMANCE STANDARD**: All interior and exterior frame walls or ceilings have slight variations on the finish surfaces. Bowing should not be visible so as to detract from the finished surface. Walls or ceilings which are bowed more than one quarter inch within a 32-inch horizontal or vertical measurement are **DEFICIENCIES**.
 - (2) **OUR responsibility**: Exterior and interior frame walls or ceilings bowed in excess of the allowable standard shall be corrected to meet the allowances of the above standard.
 - iv. Possible **DEFICIENCY**: Wood frame walls out of plumb.
 - (1) **PERFORMANCE STANDARD**: Wood frame walls which are out of plumb more than three quarters inch in an eight foot vertical measurement is a **DEFICIENCY**.
 - (2) **OUR responsibility**: Make necessary repairs to meet the allowable Standard.
 - v. Possible **DEFICIENCY**: Minor warping, checking or splitting of wood framing is common as the wood dries out, and is not considered a **DEFICIENCY**. A condition which affects the integrity of the member or any applied surface material is a **DEFICIENCY**.
 - (1) **OUR responsibility**: Where a problem exists and the surface material is affected, **WE** will repair, replace, or stiffen the frame member as required.
 - vi. Possible **DEFICIENCY**: Exterior sheathing and subflooring which delaminates or swells.
 - (1) **PERFORMANCE STANDARD**: Sheathing and subflooring, when properly installed for its intended use, that delaminates or swells on the side on which a finish material has been applied is a **DEFICIENCY**.
 - (2) **OUR responsibility**: **WE** will repair or replace subflooring or sheathing as required. Replacement of the finish materials when necessary shall be done to match the existing materials as closely as possible.
2. Finish carpentry:
- i. Possible **DEFICIENCY**: Unsatisfactory quality of finished exterior trim and workmanship.
 - (1) **PERFORMANCE STANDARD**: Joints between exterior trim elements, and siding or masonry which are in excess of three-eighths inch is a **DEFICIENCY**. In all cases, the exterior trim abutting masonry and siding shall be capable of performing its function to exclude the elements.
 - (2) **OUR responsibility**: Repair open joints and touch up finish coating where required to match existing as closely as possible. Caulk open joints between dissimilar materials.
 - ii. Possible **DEFICIENCY**: Unsatisfactory quality of finished interior trim and workmanship.
 - (1) **PERFORMANCE STANDARD**: Joints between moldings and adjacent surfaces which exceed 1/8 inch in width is a **DEFICIENCY**.
 - (2) **OUR responsibility**: Repair defective joints and touch up finish coating where required to match as closely as possible.
 - iii. Possible **DEFICIENCY**: Surface defects in finished woodwork and millwork such as checks, splits, and hammer marks.
 - (1) **PERFORMANCE STANDARD**: Finished woodwork and millwork is to be smooth and without surface marks. Finished surfaces which fall beyond the limits of the Quality Standards of the Architectural Woodwork Institute is a **DEFICIENCY**.
 - (2) **OUR responsibility**: Correct repairable defects; sanding, filling, or puttying is acceptable to return the surface to its original condition. Replace material not repairable, refinish and restore to match surrounding surfaces as closely as possible.
 - iv. Possible **DEFICIENCY**: Exposed nail heads in woodwork.
 - (1) **PERFORMANCE STANDARD**: Material used to fill nail holes has a tendency to shrink and

- dry up after a period of time and is not considered a **DEFICIENCY**. Nail holes which have not been filled on finished painted woodwork is a **DEFICIENCY**.
- (2) Exclusion: 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.
 - (3) **OUR** responsibility: Fill nail holes where required and if necessary, touch up paint to match as closely as possible.

F. Rules concerning thermal and moisture protection (applicable in first year only) are as follows:

1. Waterproofing:
 - i. Possible **DEFICIENCY**: Leaks in basement or in foundation/crawlspace.
 - (1) **PERFORMANCE STANDARD**: Leaks resulting in actual trickling or water through the walls or seeping through the floor are **DEFICIENCIES**.
 - (2) Exclusion: Leaks caused by landscaping improperly installed by **YOU**, or failure by **YOU** to maintain proper grades are excluded from the warranty. Dampness in basement and foundation walls or in concrete basement and crawlspace floors is often common to new construction and is not a **DEFICIENCY**.
 - (3) **OUR** responsibility: Take such action as is necessary to correct basement and crawlspace leaks, except where the cause is determined to be the result of **YOUR** negligence. Where a sump pit has been installed by **US**, no action is required until a properly-sized pump is installed by **YOU** in an attempt to correct the condition. Should the condition continue to exist, then **WE** will take necessary action to correct the problem.
2. Insulation:
 - i. Possible **DEFICIENCY**: Insufficient insulation.
 - (1) **PERFORMANCE STANDARD**: Insulation which is not installed around all habitable areas in accordance with established codes is a **DEFICIENCY**. If **YOUR HOME** carries an FHA or VA mortgage **WE** will insulate to CABO requirements.
 - (2) **OUR** responsibility: **WE** will install insulation of sufficient thickness and characteristics to meet the codes. In the case of dispute, cost for investigating the sufficiency of insulation and restoring areas to prior condition is to be borne by **YOU** if it is found that the standard has been met by **US**.
3. Louvers and vents:
 - i. Possible **DEFICIENCY**: Insufficient attic and crawlspace ventilation.
 - (1) **PERFORMANCE STANDARD**: Attics and crawlspaces which are not properly vented, causing moisture to accumulate resulting in damage to supporting members or insulation, is a **DEFICIENCY**.
 - (2) **OUR** responsibility: **WE** will install properly-sized louvers or vents to correct the **DEFICIENCY**.
 - ii. Possible **DEFICIENCY**: Leaks due to snow or driven rain through louvers and vents.
 - (1) **PERFORMANCE STANDARD**: Improperly installed louvers and vents that permit penetration of the elements under normal conditions is a **DEFICIENCY**.
 - (2) Exclusion: Properly installed louvers or vents may at times allow penetration of rain or snow under strong wind conditions and is not a **DEFICIENCY**.
 - (3) **OUR** responsibility: Take necessary steps to eliminate penetration of rain or snow under normal conditions if it is determined the installation was improper.
4. Exterior siding:
 - i. Possible **DEFICIENCY**: Delamination, splitting, joint separation or deterioration of exterior siding.
 - (1) **PERFORMANCE STANDARD**: Exterior siding with joint separations or which delaminates, splits or deteriorates is a **DEFICIENCY**.

- (2) **OUR** responsibility: Repair/replace only the damaged siding. Siding to match the original as closely as possible, however, **YOU** should be aware that the new finish may not exactly match the original surface texture or color.
 - ii. Possible **DEFICIENCY**: Damaged siding or broken shingles.
 - (1) **PERFORMANCE STANDARD**: Damaged siding or broken shingles is a **DEFICIENCY** if documented on a pre-closing walk through inspection report form.
 - (2) **OUR** responsibility: **WE** will replace or repair damaged siding if noted on a pre-closing walk through inspection report form. If **WE** do not perform a pre-closing walk through then **WE** will be responsible for the **DEFICIENCY** if reported by **YOU**.
 - (3) **YOUR** responsibility: If a pre-closing walk through inspection is performed, the **DEFICIENCY** should be reported on such report. If no walk through report exists, the **DEFICIENCY** shall be reported in writing within 30 days of occupancy.
 - iii. Possible **DEFICIENCY**: Loose or fallen siding.
 - (1) **PERFORMANCE STANDARD**: All siding which is not installed properly so as not to come loose or fall off is a **DEFICIENCY**.
 - (2) **OUR** responsibility: Reinstall or replace siding and make it secure.
5. Roofing:
- i. Possible **DEFICIENCY**: Roof or flashing leaks.
 - (1) **PERFORMANCE STANDARD**: Roof or flashing leaks that occur under normal weather conditions is a **DEFICIENCY**.
 - (2) Exclusion: Where cause is determined to result from severe weather conditions such as ice and snow build-up, high winds and driven rains.
 - (3) **OUR** responsibility: Correct any roof or flashing leaks which are verified to have occurred under normal weather conditions.
 - ii. Possible **DEFICIENCY**: Lifted, curled, or torn roof shingles.
 - (1) **PERFORMANCE STANDARD**: Roof shingles which lift or curl during the first year of warranty coverage or tear loose during normal weather conditions is a **DEFICIENCY**.
 - (2) Exclusion: Where cause is determined to be the result of an act of nature such as windstorm, hail, or ice or snow accumulation.
 - (3) **OUR** responsibility: Repair or replace lifted, curled or torn shingles.
 - iii. Possible **DEFICIENCY**: Standing water on built-up roofs.
 - (1) **PERFORMANCE STANDARD**: A properly pitched built-up roof is to drain water except for minor ponding. Dead flat roofs will retain a certain amount of water. Excessive ponding of water which causes leaking of the built-up roof is a **DEFICIENCY**.
 - (2) **OUR** responsibility: Repair all leaks due to or caused by standing water.
 - (3) Exclusion: Standing or ponding water is not considered a **DEFICIENCY**.
6. Sealants:
- i. Possible **DEFICIENCY**: Water or air leaks in exterior walls due to inadequate caulking.
 - (1) **PERFORMANCE STANDARD**: Joints and cracks in exterior wall surfaces and around openings which are not properly caulked to exclude the entry of water or excessive drafts is a **DEFICIENCY**.
 - (2) **OUR** responsibility: Repair and/or caulk joints or cracks in exterior wall surfaces as required to correct **DEFICIENCY** one time during the first year of the warranty period.
 - (3) **YOUR** responsibility: Maintain caulking once the condition is corrected.
7. Sheet metal:
- i. Possible **DEFICIENCY**: Gutters and downspouts leak.

- (1) **PERFORMANCE STANDARD:** Gutters and downspouts which leak is a **DEFICIENCY**. Gutters which are improperly pitched to drain water is a **DEFICIENCY**.
- (2) Exclusion: Standing water in gutters is acceptable if it does not exceed one inch (1") in depth.
- (3) **OUR** responsibility: Repair leaks and pitch gutters to drain properly to meet standard.
- (4) **YOUR** responsibility: Responsible to keep gutters and downspouts free from leaves and debris to prevent overflow.

G. Rules concerning doors and windows (applicable in first year only) are as follows:

1. Doors: interior and exterior
 - i. Possible **DEFICIENCY:** Warpage of interior or exterior doors.
 - (1) **PERFORMANCE STANDARD:** Interior and exterior doors that warp so as to prevent normal closing and fit is a **DEFICIENCY**. The maximum allowable warpage of an interior door is one quarter inch when measured from top to bottom vertically or diagonally.
 - (2) **OUR** responsibility: Repair or replace as may be required. New doors to be refinished to match the original as closely as possible.
 - ii. Possible **DEFICIENCY:** Door binds against jamb or head of door frame. Does not lock.
 - (1) **PERFORMANCE STANDARD:** Passage doors that do not open and close freely without binding against the door frame is a **DEFICIENCY**. Lock bolt is to fit the keeper to maintain a closed position.
 - (2) **OUR** responsibility: Adjust door and keeper to operate freely.
 - iii. Possible **DEFICIENCY:** Door panels shrink and expose bare wood.
 - (1) **PERFORMANCE STANDARD:** None.
 - (2) Exclusion: Door panels will shrink due to the nature of the material, exposing bare wood at the edges and is not a **DEFICIENCY**.
 - (3) **OUR** responsibility: None.
 - iv. Possible **DEFICIENCY:** Door panels split.
 - (1) **PERFORMANCE STANDARD:** Door panels that have split to allow light to be visible through the door is a **DEFICIENCY**.
 - (2) **OUR** responsibility: If light is visible, fill crack and finish panel to match as closely as possible. Correct one time during first year of warranty. If panel cannot be repaired to hide crack, the panel or the door itself shall be replaced and finished to match original.
 - v. Possible **DEFICIENCY:** Bottom of doors rub on carpet surface.
 - (1) **PERFORMANCE STANDARD:** Where it is understood by **US** and **YOU** that carpet is planned to be installed as a floor finish, whether by **US** or **YOU**, the bottom of the doors which rub or disturb the carpet is a **DEFICIENCY**.
 - (2) Exclusion: Where carpet is selected by **YOU** having excessively high pile, **YOU** are responsible for any additional door undercutting.
 - (3) **OUR** responsibility: Undercut doors as required.
 - vi. Possible **DEFICIENCY:** Excessive opening at the bottom of interior doors.
 - (1) **PERFORMANCE STANDARDS:** Passage doors from room to room that have an opening between the bottom of the door and the floor finish material in excess of one and one half inches is a **DEFICIENCY**. Closet doors having an opening in excess of two inches is a **DEFICIENCY**.
 - (2) **OUR** responsibility: Make necessary adjustment or replace door to meet the required tolerance.
2. Garage doors (attached garage):
 - i. Possible **DEFICIENCY:** Garage door fails to operate or fit properly.

- (1) Garage doors that do not operate and fit the door opening within the manufacturer's installation tolerances is a **DEFICIENCY**. Some entrance of the elements can be expected under heavy weather conditions and is not considered a **DEFICIENCY**.
 - (2) **OUR** responsibility: Make necessary adjustments to meet the manufacturer's installation tolerances.
 - (3) Exclusion: No adjustment is required when cause is determined to result from **YOUR** installation of an electric door opener.
3. Wood, plastic and metal windows:
- i. Possible **DEFICIENCY**: Malfunction of windows.
 - (1) **PERFORMANCE STANDARD**: Windows which do not operate in conformance with manufacturer's design standards is a **DEFICIENCY**.
 - (2) **OUR** responsibility: Consult with manufacturer when necessary and make necessary adjustments for windows to operate and meet the Standard.
 - ii. Possible **DEFICIENCY**: Double-hung windows do not stay in place when open.
 - (1) **PERFORMANCE STANDARD**: Double-hung windows are permitted to move within a two-inch tolerance, up or down, when put in an open position.
 - (2) **OUR** responsibility: Adjust sash balances one time only during the first year warranty period. Where possible, instruct **YOU** on the method of adjustment for future repair.
 - iii. Possible **DEFICIENCY**: Condensation or frost on window frames and glass.
 - (1) **PERFORMANCE STANDARD**: None.
 - (2) Exclusion: Window glass and frames will collect condensation on the frame and glass surface when humidity and temperature differences are present. Condensation is usually the result of temperature/humidity conditions in the **HOME**.
 - (3) **OUR** responsibility: None.
4. Hardware:
- i. Possible **DEFICIENCY**: Hardware does not work properly, fails to lock or perform its intended purpose.
 - (1) **PERFORMANCE STANDARD**: All hardware installed on doors and windows which does not operate properly is a **DEFICIENCY**.
 - (2) **OUR** responsibility: **WE** will adjust, repair or replace hardware as required.
5. Storm doors, windows, and screens:
- i. Possible **DEFICIENCY**: Storm doors and windows do not operate or fit properly.
 - (1) **PERFORMANCE STANDARD**: Storm doors and windows that, when installed, do not operate or fit properly to provide the protection for which they are intended are considered a **DEFICIENCY**.
 - (2) **OUR** responsibility: **WE** will make necessary adjustments for proper fit and operation. Replace when adjustment cannot be made.
 - ii. Possible **DEFICIENCY**: Screen panels do not fit properly. Screen mesh is torn or damaged.
 - (1) **PERFORMANCE STANDARD**: Rips or gouges in the screen mesh reported on a pre-closing walk-through inspection report or openings between the screen panel and frame are **DEFICIENCIES**.
 - (2) **OUR** responsibility: **WE** will repair or replace rips and gouges in the screen mesh if reported on the pre-closing walk-through inspection. The screen panels shall be adjusted to fit properly in frame one time only during the first year of warranty. If there is no pre-closing walk-through inspection **WE** are responsible to repair **DEFICIENCY** when reported by **YOU**.
 - (3) **YOUR** responsibility: **YOU** shall be responsible to notify **US** within 30 days from the warranty date or the date on which the screens are furnished if there was no pre-closing walk-through inspection.

6. Weatherstripping and seals:
 - i. Possible **DEFICIENCY**: Drafts around doors and windows.
 - (1) **PERFORMANCE STANDARD**: Weatherstripping is required on all doors leading directly to the outside from a habitable area. Some infiltration is normally noticeable around doors and windows, especially during high winds. Excessive infiltration resulting from opening in poorly fitted doors or windows, or poorly fitted weatherstripping, is a **DEFICIENCY**.
 - (2) **OUR responsibility**: **WE** will adjust or correct poorly fitted windows or doors, or poorly fitted weatherstripping.

7. Glass and glazing:
 - i. Possible **DEFICIENCY**: Broken glass.
 - (1) **PERFORMANCE STANDARD**: Broken glass is a **DEFICIENCY** if it is reported on a pre-closing walk-through inspection report.
 - (2) **OUR responsibility**: **WE** will replace if reported on a pre-closing walk-through inspection report. If no report exists, **WE** will replace if **DEFICIENCY** is reported by **YOU**.
 - (3) **YOUR responsibility**: **YOU** shall notify **US** within 30 days from warranty date if no pre-closing walk-through inspection report exists.

 - ii. Possible **DEFICIENCY**: Clouding and condensation on inside surfaces of insulated glass.
 - (1) **PERFORMANCE STANDARD**: Insulated glass which clouds up or has condensation on the inside surfaces of the glass is a **DEFICIENCY**.
 - (2) **OUR responsibility**: **WE** will replace glass in accordance with window and glass manufacturer's requirements.

H. Rules concerning finishes (applicable in first year only) are as follows:

1. Lath and plaster:
 - i. Possible **DEFICIENCY**: Cracks in plaster wall and ceiling surfaces.
 - (1) **PERFORMANCE STANDARD**: Noticeable cracks in plaster wall and ceiling surfaces is a **DEFICIENCY**.
 - (2) **OUR responsibility**: **WE** will repair cracks and touch-up paint to match as closely as possible, one time only. Such conditions should be reported near the end of the first year warranty date to allow for normal movement in the **HOME**.

2. Gypsum wallboard:
 - i. Possible **DEFICIENCY**: Defects caused by poor workmanship such as cracks over door and window frames, over archways, blisters in tape, excess compound in joints, exposed corner beads, nail pops, or trowel marks.
 - (1) **PERFORMANCE STANDARD**: Slight defects such as occasional nail pops, seam lines and cracks are common to gypsum wallboard installations. Blisters in tape, cracks over door and window frames and over archways, excess compound in joints, trowel marks, nail popping and exposed corner beads are **DEFICIENCIES**. Nail pops are a defect only when there are signs of spackle compound cracking or falling away.
 - (2) **Exclusion**: Depressions or slight mounds at nail heads are not considered **DEFICIENCIES**.
 - (3) **OUR responsibility**: **WE** will correct such defects to acceptable tolerance and repaint affected areas one time only to match as closely as possible. Where excessive repair has been made the entire area shall be painted. Such conditions shall be reported near the end of the first year warranty date to allow for normal settlement of the **HOME**.

3. Hard surface flooring (flagstone, marble, quarry tile, slate, ceramic tile, etc.):
 - i. Possible **DEFICIENCY**: Flooring cracks or becomes loose.
 - (1) **PERFORMANCE STANDARD**: Ceramic tile, flagstone or similar hard surfaced sanitary flooring which crack or become loose is a defect. Subfloor and wallboard are required to be structurally sound, rigid and suitable to receive finish.

- (2) **OUR** responsibility: **WE** will determine and correct the cause for the cracking or loosening of the finish material. Replace cracked material and reset loose flooring.
 - (3) Exclusion: Cracking and loosening of flooring caused by **YOUR** negligence is not a **DEFICIENCY**.
 - (4) **WE** are not responsible for slight color and pattern variations or discontinued patterns of the manufacturer. It shall not be required to replace the entire finish when the new material consists of less than 25 percent of the finish area.
- ii. Possible **DEFICIENCY**: Cracks appear in grouting of ceramic tile joint or at junctions with other material such as a bathtub or shower.
 - (1) **PERFORMANCE STANDARD**: Cracks in grouting or ceramic tile joints are **DEFICIENCIES**. Regrouting of these cracks is **YOUR** maintenance responsibility during the life of the **HOME** after the first year of warranty.
 - (2) Exclusion: Open cracks or loose grouting, where the wall surface abuts the flashing lip at a tub or shower basin, are considered **YOUR** maintenance and any resultant damage to other finish surfaces due to leaks, etc. are not considered a **DEFICIENCY**.
 - (3) **OUR** responsibility: **WE** will repair grouting as necessary one time only within the first year of warranty.
4. Resilient flooring:
- i. Possible **DEFICIENCY**: Nail pops appear on the surface of resilient flooring.
 - (1) **PERFORMANCE STANDARD**: Readily apparent nail pops are a **DEFICIENCY**.
 - (2) Exclusion: Any defect caused to a finished surface material or any work supplied by anyone other than **US** or **OUR** employees, agents, or subcontractors where it is determined the installer has accepted **OUR** surface to apply the finish material.
 - (3) **OUR** responsibility: **WE** will correct nail pops that have caused damage to the floor material and repair or replace damaged floor covering in the affected areas.
 - (4) **WE** are not responsible for discontinued patterns or color variations.
 - ii. Possible **DEFICIENCY**: Depressions or ridges appear in the resilient flooring due to subfloor irregularities.
 - (1) **PERFORMANCE STANDARD**: Readily apparent depressions or ridges exceeding one eighth inch is a **DEFICIENCY**. The ridge or depression measurement is taken at the gap created at one end of a six-inch straight edge placed over the depression or ridge with three inches on one side of the defect held tightly to the floor.
 - (2) Exclusion: Any defect caused to a finished surface material or any work supplied by anyone other than **US** or **OUR** employees, agents, or subcontractors where it is determined the installer has accepted **OUR** surface to apply the finish material.
 - (3) **OUR** responsibility: **WE** will take required corrective action to bring **DEFICIENCY** within acceptable tolerances so as to be not readily visible. **WE** are not responsible for discontinued patterns or color variations in floor covering, **YOUR** neglect or abuse, nor installations performed by others.
 - iii. Possible **DEFICIENCY**: Resilient flooring or base loses adhesion.
 - (1) **PERFORMANCE STANDARD**: Resilient flooring or base that lifts, bubbles, or becomes unglued is a **DEFICIENCY**.
 - (2) Exclusion: Any defect caused to a finished surface material or any work supplied by anyone other than **US** or **OUR** employees, agents, or subcontractors where it is determined the installer has accepted **OUR** surface to apply the finish material.
 - (3) **OUR** responsibility: **WE** will repair or replace resilient flooring or base as required. **WE** are not responsible for discontinued patterns or color variation.
 - iv. Possible **DEFICIENCY**: Seams or shrinkage gaps show at resilient flooring joints.
 - (1) **PERFORMANCE STANDARD**: Gaps in excess of one eighth inch in width in resilient floor

covering joints is a **DEFICIENCY**. Where dissimilar materials abut, a gap in excess of three-sixteenths inch is a **DEFICIENCY**.

- (2) **OUR** responsibility: **WE** will take required action to correct the cause of the **DEFICIENCY**.
- (3) **WE** are not responsible for discontinued patterns or color variations of floor covering.

5. Plywood wall covering:

i. Possible **DEFICIENCY**: Variation in paneling color; scratches or checks on the finished surface.

- (1) **PERFORMANCE STANDARD**: Plywood paneling pattern and color will often vary and is not a **DEFICIENCY**. Scratches on the paneling surface are **DEFICIENCIES** if reported on a pre-closing walk-through inspection report.
- (2) **OUR** responsibility: **WE** will repair or replace damaged paneling when the **DEFICIENCY** has been reported on the pre-closing walk-through inspection report. **WE** are not responsible for discontinued panel or color variations. If no pre-closing walk-through was done, **WE** are responsible to repair damage if notified by **YOU**.
- (3) If damaged paneling cannot be replaced with new paneling to **YOUR** satisfaction, the **DEFICIENCY** may be repaired within reasonable standard of good materials and workmanship.
- (4) **YOU** shall notify **US** within 30 days of the warranty date if no pre-closing walk-through inspection report exists.

6. Finished wood flooring:

i. Possible **DEFICIENCY**: Dents, chips, knotpops, open joints or cracks in wood flooring. Dents and chips are **DEFICIENCIES** if reported on a pre-closing walk through inspection report.

- (1) **PERFORMANCE STANDARD**: Dents, chips, knotpops, open joints or cracks in floor boards of finished wood flooring which exceed the manufacturer's quality standards of the wood flooring grade are considered **DEFICIENCIES**. Manufacturer's grade quality standards shall be as defined by: Wood and Synthetic Flooring Institute, National Oak Flooring Association and Maple Flooring Manufacturer's Association.
- (2) **OUR** responsibility: **WE** will determine the cause for **DEFICIENCIES** and correct. Dents and chips are to be corrected if reported on a pre-closing walk-through inspection report. If the inspection was not conducted, **WE** will correct if notified by **YOU**. For a repairable **DEFICIENCY**, repair cracks, chips or dents by filling and refinishing to match the wood surface as closely as possible. For a non-repairable **DEFICIENCY**, replace and finish affected area to match remaining flooring as closely as possible.
- (3) **YOU** shall report such **DEFICIENCIES** to **US** within 30 days of the warranty date if there was no pre-closing walk-through inspection.

7. Painting:

i. Possible **DEFICIENCY**: Knot and wood stains appear through paint on exterior.

- (1) **PERFORMANCE STANDARD**: Excessive knot and wood stains which bleed through the paint are considered **DEFICIENCIES**.
- (2) **OUR** responsibility: **WE** will seal affected areas where excessive bleeding of knots and stains appear and touch-up paint to match.

ii. Possible **DEFICIENCY**: Exterior paint or stain peels, deteriorates or fades.

- (1) **PERFORMANCE STANDARD**: Exterior paints or stains that peel or deteriorate during the first year of ownership is a **DEFICIENCY**.
- (2) Exclusion: Fading, however, is normal and subject to the orientation of painted surfaces to the climatic conditions which may prevail in the area. Fading is not a **DEFICIENCY**.
- (3) **OUR** responsibility: Shall properly prepare and refinish affected areas, matching color as closely as possible. Where finish repairs affect the majority of the surface area, the whole area should be

refinished. The warranty on the newly repainted surfaces will not extend beyond the original warranty period.

- iii. Possible **DEFICIENCY**: Painting required as corollary repair because of other work.
 - (1) **PERFORMANCE STANDARD**: Necessary repair of a painted surface required under this warranty is to be refinished to match surrounding areas as closely as possible.
 - (2) **OUR** responsibility: **WE** will refinish repaired areas to meet the standard as required.
- iv. Possible **DEFICIENCY**: Mildew or fungus forms on painted or factory finished surfaces.
 - (1) **PERFORMANCE STANDARD**: None.
 - (2) Exclusion: Mildew or fungus that forms on a painted or factory-finished surface when the structure is subject to various exposures (that is, ocean, lake, riverfront, heavily wooded areas or mountains) is not a **DEFICIENCY**.
 - (3) **OUR** responsibility: None.
- v. Possible **DEFICIENCY**: Deterioration of varnish or lacquer finishes.
 - (1) **PERFORMANCE STANDARD**: Natural finishes on interior woodwork which deteriorate during the first year of ownership is a **DEFICIENCY**.
 - (2) Exclusion: Varnish-type finishes used on the exterior will deteriorate rapidly and are not covered by the warranty.
 - (3) **OUR** responsibility: **WE** will refinish affected areas of natural finished interior woodwork, matching the color as closely as possible.
- vi. Possible **DEFICIENCY**: Interior paint coverage.
 - (1) **PERFORMANCE STANDARD**: Interior paint not applied in a manner sufficient to visually cover wall, ceiling and trim surfaces is a **DEFICIENCY**.
 - (2) **OUR** responsibility: **WE** will repaint wall, ceiling or trim surfaces where inadequate paint has been applied. Where a large area is affected, the entire surface shall be repainted.
- vii. Possible **DEFICIENCY**: Paint splatters and smears on finish surfaces.
 - (1) **PERFORMANCE STANDARD**: Paint stains on porous surfaces which are excessive, that detract from the finish, which cannot be removed by normal cleaning methods and are reported on a pre-closing walk-through inspection report are considered **DEFICIENCIES**.
 - (2) Exclusion: Minor paint splatter and smears on impervious surfaces which cannot be easily removed is considered as **YOUR** maintenance and not a **DEFICIENCY**.
 - (3) **OUR** responsibility: **WE** will remove paint stains without affecting the finish of the material, or replace the damaged surface if stain cannot be removed if reported on a pre-closing walk-through inspection report. If no such inspection was done, **WE** will correct if notified by **YOU**.
 - (4) **YOU** shall notify **US** within 30 days of the warranty date if a pre-closing walk-through inspection report was not completed.
- 8. Wall covering:
 - i. Possible **DEFICIENCY**: Peeling of wall covering installed by **US**.
 - (1) **PERFORMANCE STANDARD**: Peeling of wall covering is a **DEFICIENCY**, unless it is due to **YOUR** abuse or negligence.
 - (2) Exclusion: Any defect caused to a finished surface material or any work supplied by anyone other than **US** or **OUR** employees, agents, or subcontractors where it is determined the installer has accepted **OUR** surface to apply the finish material.
 - (3) **OUR** responsibility: **WE** will repair or replace defective wall covering.
 - ii. Possible **DEFICIENCY**: Mismatching in wall covering pattern.
 - (1) **PERFORMANCE STANDARD**: Mismatched wall covering pattern over a large area that severely detracts from its intended purpose due to poor workmanship is a **DEFICIENCY**.

- (2) **OUR** responsibility: **WE** will remove mismatched wall covering and replace. **WE** are not responsible for discontinued patterns or variations in color.
 - iii. Possible **DEFICIENCY**: Lumps and ridges and nail pops in wallboard which appear after wall covering installed by others.
 - (1) **PERFORMANCE STANDARD**: None.
 - (2) Exclusion: **YOU** shall insure that the surface to receive wall covering is suitable and assume full responsibility should lumps, ridges and nail pops occur at a later date.
 - (3) **OUR** responsibility: None.
9. Carpeting:
- i. Possible **DEFICIENCY**: Seams in carpet.
 - (1) **PERFORMANCE STANDARD**: Seams in carpeting that separate due to improper installation is a **DEFICIENCY**.
 - (2) Exclusion: Carpeting material is not covered under the warranty.
 - (3) **OUR** responsibility: **WE** will correct to eliminate the separation.
 - ii. Possible **DEFICIENCY**: Carpeting comes loose or excessive stretching occurs.
 - (1) **PERFORMANCE STANDARD**: Wall to wall carpeting that comes loose is a **DEFICIENCY**.
 - (2) Exclusion: Stretching that may occur in the carpeting is subject to the quality and surface over which it is laid and not a **DEFICIENCY**.
 - (3) **OUR** responsibility: **WE** will resecure loose carpeting one time during the first year of warranty coverage.
 - iii. Possible Deficiency: Spots on carpet, minor fading.
 - (1) **PERFORMANCE STANDARD**: Spots or stains on the carpeting is a **DEFICIENCY** if reported on a pre-closing walk-through inspection report.
 - (2) **OUR** responsibility: **WE** will remove spots and stains on a one-time basis if reported on a pre-closing walk-through inspection report. Replace when excessive spots and stains cannot be removed. If no pre-closing inspection report exists, **WE** will correct when notified by **YOU**.
 - (3) Exclusion: Fading is not a **DEFICIENCY**, and **WE** have no responsibility.
 - (4) **YOU** shall notify **US** within 30 days from the warranty date if no pre-closing walk-through inspection report exists.

I. Rules concerning specialties (applicable in first year only) are as follows:

- 1. Fireplaces:
 - i. Possible **DEFICIENCY**: Fireplace or chimney does not draw properly causing smoke to enter the house.
 - (1) **PERFORMANCE STANDARD**: 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 geographic location of the fireplace or its relationship to adjoining walls and roof may be the cause of 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 that **YOU** substantiate the problem to **US** by constructing a fire so the condition can be observed.
 - (2) **OUR** responsibility: When determined the malfunction is based upon improper construction of the fireplace then **WE** shall take the necessary steps to correct the problem.
 - (3) Exclusion: Where it is determined that the fireplace is properly designed and constructed, but still malfunctions due to natural causes beyond **OUR** control, **WE** are not responsible.
 - ii. Possible **DEFICIENCY**: Chimney separation from structure to which it is attached.
 - (1) **PERFORMANCE STANDARD**: Newly built fireplaces will often incur slight amounts of

separation. Separation which exceeds one half inch from the main structure in any 10-foot vertical measurement is a **DEFICIENCY**.

- (2) **OUR** responsibility: **WE** will determine the cause of separation and correct. Caulking or grouting is acceptable up to one half inch displacement.

2. Built-in sauna and steam bath units:

- i. Possible **DEFICIENCY**: Refer to the pertinent section of these **STANDARDS** for **DEFICIENCIES** that may exist is construction, materials, finish, and equipment of a steam bath or sauna unit constructed on-site.
 - (1) **PERFORMANCE STANDARD**: Built-in equipment such as sauna and steam bath units are to be constructed and must operate properly under the same applicable standard for finishes and mechanical and electrical equipment involved. Any **DEFICIENCIES** in finish materials or equipment referred to in these standards are considered **DEFICIENCIES**.
 - (2) **OUR** responsibility: **WE** will make all necessary repairs or replacements including equipment covered under a manufacturer's warranty.

J. Rules concerning kitchen cabinets and vanities (applicable in first year only) are as follows:

- i. Possible **DEFICIENCY**: Kitchen or vanity cabinet doors and drawers malfunction.
 - (1) **PERFORMANCE STANDARD**: Cabinet doors, drawers, and other operating parts that do not function as designed are **DEFICIENCIES** if they are reported on a pre-closing walk-through inspection report.
 - (2) **OUR** responsibility: **WE** will repair or replace operating parts if a pre-closing report exists. If no report exists, **WE** will correct if notified by **YOU**.
 - (3) **YOU** shall notify **US** within 30 days of the warranty date if a pre-closing walk-through inspection was not conducted.
- ii. Possible **DEFICIENCY**: Surface cracks, delaminations and chips in high pressure laminates of vanity and kitchen cabinet countertops.
 - (1) **PERFORMANCE STANDARD**: Countertops fabricated with high pressure laminate coverings that delaminate, have chips, scratches, or surface cracks or joints between sheets exceeding one sixteenth inch are considered **DEFICIENCIES** if reported on a pre-closing walk-through inspection report.
 - (2) **OUR** responsibility: **WE** will repair or replace laminated surface covering having chips, cracks, scratches or joints exceeding the allowable width if reported on a pre-closing inspection report. If a pre-closing inspection report was not performed, **WE** will correct when notified by **YOU**.
 - (3) **YOU** shall notify **US** within 30 days of the warranty date if a pre-closing walk-through inspection report does not exist.
- iii. Possible **DEFICIENCY**: Warping of kitchen and vanity cabinet doors and drawer fronts.
 - (1) **PERFORMANCE STANDARD**: Warpage that exceeds one quarter inch (1/4") as measured from the face of the cabinet frame to the further most point of warpage on the drawer or door front in a closed position is a **DEFICIENCY**.
 - (2) **OUR** responsibility: **WE** will correct or replace door or drawer front as required.
- iv. Possible **DEFICIENCY**: Gaps between cabinets, ceiling and walls.
 - (1) **PERFORMANCE STANDARD**: Counter top, splash, base and wall cabinets are to be securely mounted. Gaps in excess of one quarter inch (1/4") between wall and ceiling surfaces is a **DEFICIENCY**.
 - (2) **OUR** responsibility: **WE** will make necessary adjustments of cabinets and top or close gap by means of molding suitable to match the cabinet or counter top finish; or other acceptable means.

K. Rules concerning mechanical systems (applicable in first or second year as indicated) are as follows:

1. Septic tank systems:

- i. Possible **DEFICIENCY**: Septic system fails to operate properly.
 - (1) **PERFORMANCE STANDARD**: Septic system is to be capable of properly handling normal flow of household effluent. It is, however, possible that due to freezing, soil saturation, changes in the ground water table or excessive use of plumbing or appliances, an overflow can occur. Periodic pumping of the septic tank is considered **YOUR** maintenance responsibility, and a normal need for pumping is not a **DEFICIENCY**.
 - (2) **OUR** responsibility: **WE** will take corrective action as required, if it is determined that malfunction is due to improper design or construction or **OUR** failure to establish proper surface drainage of the septic field. **WE** are not responsible for malfunctions which occur through **YOUR** negligence or abuse. **WE** are also not responsible for malfunctions which occur due to acts of nature such as freezing and unforeseeable changes in the ground water table.
 - (3) Exclusion: The following are considered **YOUR** negligence or abuse as an exclusion under the warranty:
 - (A) Excessive use of water such as overuse of washing machine and dishwasher; including their simultaneous use.
 - (B) Connection of sump pump, roof drains or backwash from water conditioner, to the system.
 - (C) Placing of non-biodegradable items in the system.
 - (D) Addition of any harsh chemicals, greases or cleaning agents; and excessive amounts of bleaches or drain cleaners.
 - (E) Use of a food waste disposer not supplied by **US**.
 - (F) Placement of impervious surfaces over the disposal area.
 - (G) Allowing vehicles to drive or park over the disposal area.
 - (H) Failure to periodically pump out the septic tank, when required.
 - (4) Note: coverage is for first two years of warranty.

2. Plumbing:

- i. Possible **DEFICIENCY**: Plumbing pipes freeze.
 - (1) **PERFORMANCE STANDARD**: Drain, waste and water pipes are to be adequately protected to prevent freezing during normally anticipated cold weather. Freezing of pipes is a **DEFICIENCY** covered only during the first year of the warranty.
 - (2) **OUR** responsibility: **WE** will correct the condition responsible for pipes freezing, and repair piping damaged by freezing.
 - (3) **YOU** are responsible for maintaining suitable temperatures in the **HOME** to prevent pipes from freezing. **HOMES** which are periodically occupied such as summer **HOMES**, or where there will be no occupancy for an extended period of time must be properly winterized or periodically checked to insure a reasonable temperature is maintained. Leaks occurring due to **YOUR** neglect and resultant damage are not **OUR** responsibility.
- ii. Possible **DEFICIENCY**: Leakage from any piping.
 - (1) **PERFORMANCE STANDARD**: Leaks in any sanitary soil, waste, vent and water piping are **DEFICIENCIES** and are covered during the first and second year of the warranty.
 - (2) Exclusion: Condensation on piping does not constitute leakage, and is not a **DEFICIENCY** except where pipe insulation is required.
 - (3) **OUR** responsibility: **WE** will make necessary repairs to eliminate leakage.
- iii. Possible **DEFICIENCY**: Faucet or valve leak.
 - (1) **PERFORMANCE STANDARD**: A valve or faucet leak due to material or workmanship is a **DEFICIENCY** and covered only during the first year of the warranty.
 - (2) Exclusion: Leakage caused by worn or defective washers or seals are **YOUR** maintenance responsibility.
 - (3) **OUR** responsibility: **WE** will repair or replace the leaking faucet or valve.

- iv. Possible **DEFICIENCY**: Defective plumbing fixtures, appliances or trim fittings.
 - (1) **PERFORMANCE STANDARD**: Fixtures, appliances or fittings are to be judged according to the manufacturer's standards as to use and operation and are covered only during the first year of the warranty.
 - (2) **OUR responsibility**: **WE** will replace or repair any fixture or fitting which is outside of acceptable standards as defined by the manufacturer.

 - v. Possible **DEFICIENCY**: Stopped up sanitary sewers, fixtures and sanitary drains are **DEFICIENCIES**.
 - (1) **PERFORMANCE STANDARD**: Sanitary sewer, fixtures, and sanitary drains should operate and drain properly and are covered during the first and second year of the warranty.
 - (2) **OUR responsibility**: Where defective construction is shown to be the cause, **We** will make necessary repairs.
 - (3) **Exclusion**: **YOU** shall assume repair costs for sewers, fixtures, and drains which are clogged through **YOUR** negligence.
 - (4) **NOTE**: **OUR** responsibility for defective sewer lines extends to the property line on which the **HOME** is constructed.

 - vi. Possible **DEFICIENCY**: Chipped or damaged plumbing fixtures and appliances.
 - (1) **PERFORMANCE STANDARD**: Chips, cracks, or other such damage to plumbing fixtures and appliances are **DEFICIENCIES** if they are included in a pre-closing walk-through inspection report.
 - (2) **OUR responsibility**: **WE** will repair any chips or cracks if included in the pre-closing inspection report. If repair cannot be made, the fixture or appliance is to be replaced to match the original. If a pre-closing inspection was not performed, **WE** will correct if notified by **YOU**.
 - (3) **YOU** shall notify **US** within 30 days of warranty date if no pre-closing walk-through inspection was performed.
 - (4) **Exclusion**: Where a fixture is built into surrounding wall areas such as a tub or shower basin which requires repair, replacement is not covered under the warranty except where the **DEFICIENCY** causes the fixture to be unusable.
3. Water supply:
- i. Possible **DEFICIENCY**: Staining of plumbing fixtures due to high iron content in water.
 - (1) **PERFORMANCE STANDARD**: High iron content in the water supply system will cause staining of plumbing fixtures.
 - (2) **OUR responsibility**: None. Maintenance and treatment of the water is **YOUR** responsibility.

 - ii. Possible **DEFICIENCY**: Drinking water supply is not potable.
 - (1) **PERFORMANCE STANDARD**: All water must be free from contamination that would affect its potability. Potable water is defined as water fit for human consumption. In many cases, well water tests will show contamination that exceeds the recommended amounts permitted under applicable Federal and State standards. However, it may still be considered potable. In order to make this determination, **YOU** must provide written documentation from an independent testing laboratory or a board of health providing such service stating that the water is unfit for human consumption. Water test reports furnished by a commercial water treatment company cannot be used to make such a determination. Water is considered potable when a certificate of compliance is issued by the local/county board of health. Any recommendation for treatment of the water by the local/county board of health is contractual between **YOU** and **US** and cannot be considered a **DEFICIENCY**.
 - (2) **Exclusion**: Water which becomes non-potable after certification by a source beyond **OUR** control shall be excluded from coverage.
 - (3) **OUR responsibility**: **WE** will supply potable drinking water during the first year of the warranty.

 - iii. Possible **DEFICIENCY**: Water supply system fails to deliver water; or pressure is low.
 - (1) **PERFORMANCE STANDARD**: All service connections to municipal water main or private water supply are **OUR** responsibility when installed by **US**.

- (2) **NOTE:** Low water pressure is defined as follows: Use of the cold water supply at any one single fixture drastically reduces the cold water supply at any one other single fixture.
 - (3) **OUR responsibility:** **WE** will repair as required during the first year of the warranty if failure to supply water is the result of **DEFICIENCY** in workmanship or materials. If conditions exist which disrupt or eliminate the sources of water supply that are beyond **OUR** control, then **WE** are not responsible.
- iv. Possible **DEFICIENCY:** Noisy water pipes.
- (1) **PERFORMANCE STANDARD:** Some noise can be expected from the water pipe system, due to the flow of water. Water hammer in the supply system is a **DEFICIENCY** and is covered only during the first year of the warranty.
 - (2) **OUR responsibility:** **WE** will correct to eliminate "water hammer."
 - (3) **Exclusion:** Noises due to water flow and pipe expansion are not considered **DEFICIENCIES**.
4. Heating and air conditioning:
- i. Possible **DEFICIENCY:** Inadequate heat.
 - (1) **PERFORMANCE STANDARD:** A heating system shall be capable of producing an inside temperature of 70 degrees Fahrenheit as measured in the center of the room at a height of five feet above the floor, under local outdoor winter design conditions as specified in the latest edition of the New Jersey U.C.C. Energy Subcode and ASHRAE Handbook in effect at the time the **HOME** was constructed.
 - (2) **Note for heating:** The outdoor design temperature established by ASHRAE varies geographically throughout the State of New Jersey. There may be periods when the outdoor temperature falls below the design temperature, thereby lowering the temperature in the **HOME**. Orientation of the **HOME** and location of rooms will also provide a temperature differential, especially when the heating system is controlled by a single thermostat for one or more floor levels.
 - (3) **OUR responsibility:** **WE** will correct heating system as required to provide the required temperatures. Balance dampers, registers and make minor adjustments one time only, during the first year of the warranty.
 - ii. Possible **DEFICIENCY:** Inadequate cooling.
 - (1) **PERFORMANCE STANDARD:** Where air conditioning is provided, the cooling system is to be capable of maintaining a temperature of 78 degrees Fahrenheit as measured in the center of each room at height five feet above the floor, under local outdoor summer design conditions as specified in the latest edition of the New Jersey U.C.C. Energy Subcode and ASHRAE Handbook in effect at the time the **HOME** was constructed.
 - (2) **Note for Air Conditioning:** The cooling cycle outdoor design temperature established by ASHRAE provides for a maximum of 12 degree temperature differential between the outdoor and the indoor temperatures. There may be periods when the outdoor temperature rises above the design temperature, thereby raising the temperature in the **HOME**. Orientation of the **HOME** and location of rooms will also provide a temperature differential, especially when the air conditioning system is controlled by a single thermostat for one or more floor levels.
 - (3) **OUR responsibility:** Correct cooling system to meet the above temperature requirements during the first year of the warranty.
 - iii. Possible **DEFICIENCY:** Ductwork and heating piping not insulated in uninsulated areas.
 - (1) **PERFORMANCE STANDARD:** Ductwork and heating pipes that are run in uninsulated crawlspaces, garages, or attics are to be insulated. Basements are not "uninsulated areas," and no insulation is required.
 - (2) **OUR responsibility:** **WE** will install required insulation during the first year of the warranty.

- iv. Possible **DEFICIENCY**: Refrigerant lines leak.
 - (1) **PERFORMANCE STANDARD**: Refrigerant lines that develop leaks during normal operation are **DEFICIENCIES** during first year and second year of the warranty.
 - (2) **OUR** responsibility: **WE** will repair leaking lines and recharge unit as required.
- v. Possible **DEFICIENCY**: Condensate lines clog up.
 - (1) **PERFORMANCE STANDARD**: Condensate lines will clog under normal conditions.
 - (2) **OUR** responsibility: **WE** will provide clean and unobstructed lines on warranty date.
 - (3) **YOUR** responsibility: Continued operation of the drain line is **YOUR** responsibility.
- vi. Possible **DEFICIENCY**: Improper mechanical operation of evaporative cooling system.
 - (1) **PERFORMANCE STANDARD**: Equipment that does not function properly at temperature standard set is a **DEFICIENCY**.
 - (2) **OUR** responsibility: **WE** will correct and adjust so that blower and water system operate as designed during the first year of the warranty.
- vii. Possible **DEFICIENCY**: Ductwork noisy.
 - (1) **PERFORMANCE STANDARD**: Noise in ductwork may occur for a brief period when the heating or cooling begins to function and is not considered a **DEFICIENCY**. Continued noise in the ductwork during its normal operation is a **DEFICIENCY**.
 - (2) **OUR** responsibility: **WE** will take necessary steps to eliminate noise in the ductwork during the first year of the warranty.
- viii. Possible **DEFICIENCY**: Ductwork separates, becomes unattached.
 - (1) **PERFORMANCE STANDARD**: Ductwork that is not intact or securely fastened is a **DEFICIENCY** during the first year of the warranty.
 - (2) **OUR** responsibility: **WE** will reattach and resecure all separated or unattached ductwork.

L. Rules concerning electrical systems (applicable in year one or two as indicated) are as follows:

- 1. Electrical conductors:
 - i. Possible **DEFICIENCY**: Failure of wiring to carry its designed circuit load to switches and receptacles.
 - (1) **PERFORMANCE STANDARD**: Wiring that is not capable of carrying the designed load, for normal residential use to switches, receptacles and equipment is a **DEFICIENCY** during the first and second year of the warranty.
 - (2) **OUR** responsibility: **WE** will check wiring and replace wiring if it fails to carry the design load.
- 2. Switches and receptacles:
 - i. Possible **DEFICIENCY**: Fuses blow or circuit breakers kick out.
 - (1) **PERFORMANCE STANDARD**: Fuses and circuit breakers which deactivate under normal usage, when reset or replaced, during the first year of the warranty is a **DEFICIENCY**.
 - (2) **OUR** responsibility: **WE** will check wiring and replace wiring or breaker if it does not perform adequately or is defective.
 - ii. Possible **DEFICIENCY**: Drafts from electrical outlets.
 - (1) **PERFORMANCE STANDARD**: The electrical junction box on exterior walls may produce a slight air flow whereby the cold air can be drawn through the outlet into a room. This problem is normal in new home construction.
 - (2) **OUR** responsibility: None.
 - iii. Possible **DEFICIENCY**: Malfunction of electrical outlets, switches or fixtures.
 - (1) **PERFORMANCE STANDARD**: All switches, fixtures and outlets which do not operate as intended are considered **DEFICIENCIES** only during the first year of the warranty.

- (2) **OUR** responsibility: **WE** will repair or replace defective switches, fixtures and outlets.
- 3. Service and distribution:
 - i. Possible **DEFICIENCY**: Ground fault interrupter trips frequently.
 - (1) **PERFORMANCE STANDARD**: 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 interrupters are required on outlets located in the kitchen, bath and powder rooms along with all exterior outlets. Ground fault outlets which do not operate as intended are considered **DEFICIENCIES** during the first year of the warranty.
 - (2) **OUR** responsibility: **WE** will replace the device if defective.

BINDING ARBITRATION REQUEST FORM

Dear Homeowner:

Prior to requesting Professional Warranty Service Corporation (PWC) to begin a binding arbitration procedure for your claimed Builder's Limited Warranty deficiencies, you should have sent your builder a clear and specific written request to correct those deficiencies. If you have already requested your builder in writing to correct a deficiency that you think is covered by the Builder's Limited Warranty, and believe the builder has not properly responded, fill out this form and send it to PWC. Be sure to attach a copy of the written complaint that you previously sent to the builder.

The information you need to fill out this form can be found on the Builder's Limited Warranty Coverage Validation Form. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Your name: _____

Address: _____

_____ City State Zip Code

Home Phone: () _____ Business Phone: () _____

Builder's Limited Warranty #: _____ Warranty Date-Home: _____

Builder I.D. #: _____ FHA/VA Case Number: _____

Insured Builder's Name: _____

Address: _____

_____ City State Zip Code

Describe the deficiencies which you think are covered by the Builder's Limited Warranty. Include when the deficiency first occurred or when you first noticed the deficiency. (Use additional sheets, if necessary).

I/We are hereby requesting PWC to initiate an arbitration to determine the builder's obligations with respect to the existence of alleged deficiencies under the Builder's Limited Warranty and under applicable federal, state, and local law regarding the Builder's Limited Warranty. I/We understand that the arbitration award shall be final and binding on all parties and shall limit our ability to initiate a lawsuit against the builder and/or PWC or the Builder's Limited Warranty insurer.

_____ Signature Date

INSTRUCTIONS: Send this Binding Arbitration request form to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P.O. BOX 800
ANNANDALE, VA 22003-0800

PWC Form No. 301
12/94

SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND ASSIGNMENT

Any coverage remaining under the BUILDER'S LIMITED WARRANTY applicable to the home as specified on the Builder's Limited Warranty Coverage Validation Form is transferred to the subsequent homeowner. Any obligations under the BUILDER'S LIMITED WARRANTY to any subsequent homeowner shall not exceed the limit of liability remaining at the time of transfer, if any.

The undersigned home buyer hereby acknowledge and agree:

- I/we acknowledge that I have reviewed and understand the BUILDER'S LIMITED WARRANTY document (PWC 107 N J)
- I/we understand and acknowledge that Professional Warranty Service Corporation ("PWC") is not the warrantor of the BUILDER'S LIMITED WARRANTY.
- I/we understand that I/we am responsible for the maintenance of the home including maintenance of the grade of the land surrounding the home, and that the builder shall not be responsible for any damage to the home which is the result of my/our failure to maintain the home.
- I/we understand that the BUILDER'S LIMITED WARRANTY provides that, in the event of any dispute(s) under or in any way relating to the BUILDER'S LIMITED WARRANTY, I/we may elect to submit such dispute(s) to binding arbitration. If disputed claims are submitted to arbitration, the decision of the arbitrator(s) shall be binding upon the parties to the arbitration. Arbitrations shall be conducted and enforced in accordance with the arbitration rules and procedures applicable to the arbitration organization hearing the dispute or, where those rules are silent, the United States Arbitration Act (9 U.S.C. § 1 et. seq.).
- If they have not been provided to us by the seller of the home, I/we understand that I/we may obtain a copy of the BUILDER'S LIMITED WARRANTY and the rules and procedures for binding arbitration by writing to Professional Warranty Service Corporation or by telephoning 1-800-850-2799.

Signature of subsequent Home Buyer(s): _____ Date: _____

Print name: _____

Signature: _____ Date: _____

Print name: _____

Address of Home: _____

Builder's Limited Warranty Coverage Validation Number: _____

INSTRUCTIONS: Sign, fill in Limited Warranty # in the space provided (this number is provided on the Builder's Limited Warranty Coverage Validation Form), and provide a telephone number where you can be reached.

Mail this form and a photocopy of the settlement/closing documents indicating transfer of title to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P.O. BOX 800
ANNANDALE, VA 22003-0800

PWC Form No. 302
12/94