10-YEAR NEW HOME LIMITED WARRANTY AGREEMENT

BACKED BY Liberty Mutual

LIMITED WARRANTY AGREEMENT
The Insurance Company Insuring
Performance Under This Agreement is:

LIBERTY MUTUAL
2200 Renaissance Boulevard
King of Prussia, PA 19004

QUALITY BUILDERS WARRANTY

QUALITY BUILDERS WARRANTY CORPORATION
3500 Market St, Ste 204
Camp Hill, PA 17011

New Jersey
QBW Form
300 NJ
06/26

QUALITY BUILDERS WARRANTY CORP.
3500 Market St, Ste 204 Camp Hill, PA 17011
1.800.334.9143

Congratulations and welcome to your newly built home.

We understand this may be one of the most significant, meaningful investments you will make, and an exciting milestone worth celebrating. You've chosen a Builder recognized for high-quality craftsmanship and exceptional service — an important decision that helps ensure your home and experience meet a high standard.

Your home is well protected by a reliable leader in the residential construction industry. This booklet outlines the protections that are provided with your home, *and we encourage you to read it carefully.*

This insurance-backed **limited** warranty provides protection for ten full years of homeownership. During the first two years, it works in conjunction with your Builder to support your home's performance, subject to the conditions and exclusions outlined herein. During the following eight years, your **limited** warranty provides continuing coverage against major structural defects.

This Agreement includes procedures for informal settlement of disputes, including arbitration. Certain defects are covered for periods of one or two years only.

Please note that QBW must receive a written notice of claim, via certified mail or another carrier that provides a receipt of delivery, within thirty days after the expiration of the applicable limited warranty period. For example, if the defect is one which is covered under the Builder's one-year limited warranty period, notice must be received by QBW within thirty days of the end of the first year, or the notice will not be honored. This notice must contain the following information:

(1) The enrollment number and effective date of the limited warranty;
(2) The Builder's name and address;
(3) Your name, address, and phone number;
(4) A specified description of the defect;
(5) The page and section number of this Agreement containing the applicable limited warranty standard(s); and
(6) A copy of your written notice to the Builder.

We encourage you to become familiar with the coverages, exclusions, and limitations of this Agreement.

For more information, email QBW at *info@qbwc.com* or call *800-334-9143*.

We wish you many years of enjoyment in your home.
Quality Builders Warranty Corporation

This new home warranty is governed by the "New Home Warranty and Builders' Registration Act" (P.L. 1977, c.467) and the "Regulation Governing New Home Warranties and Builders' Registrations" (N.J.A.C. 5:25-1.1 et. Seq.). For further information on the law and regulations, please visit the New Jersey Department of Community Affairs website: http://www.nj.gov/dca/codes/newhome_warranty/consumer_info.shtml or call 609-633-6366.

LIMITED WARRANTY AGREEMENT

I. Introduction

Quality Builders Warranty Corporation ("QBW") administers a program whereby homebuilders registered with QBW enroll homes they construct in the program and Purchasers of those homes are protected by a **limited** warranty against certain specified defects. Although Homeowners are responsible for the regular maintenance of the newly-constructed home, this program allows Builders to warrant that the new home will be free from specified deviations from the Warranty Standards set forth in Part V of this agreement and from structural defects as defined in Part II of this agreement.

NOTE: This Limited Warranty Agreement includes a procedure for informal settlement of disputes. Homeowners should read this entire Agreement carefully in order to understand the protection which it provides, the exclusions which are applicable to it, and the Warranty Standards according to which the Builder's and /or QBW's compliance will be measured. For additional information, contact QBW at 800-334-9143.

The following pages describe in detail the QBW **Limited** Warranty Agreement. Part II defines the transactional terms used in the agreement. Part Ill sets out the problems and defects not covered by this Agreement. Part IV highlights the protection provided by the Agreement, the rights and responsibilities of the parties, and other general terms and conditions that affect coverage under the Agreement.

Part V sets forth the technical Warranty Standards against which the Builder's compliance will be measured. Part VI details the procedure for filing complaints under the Agreement. Homeowners should carefully review the claims procedure, including the provision for informal settlement of disputes, in order to preserve their rights under this Agreement. Finally, this Agreement contains the Enrollment form to be completed by the parties who want to take advantage of the protection offered by QBW through this **Limited** Warranty Agreement.

Homeowners should note that this limited warranty is automatically transferable without cost to subsequent Purchasers of the home during the life of the Agreement. This limited warranty is non-cancellable by QBW or its Insurer.

II. Definitions

For the purpose of this agreement, and as used in this agreement, the following definitions shall apply:

A. Purchaser/Homeowner. Shall include the first person to whom the home is sold and any and all successors in title, lessees having a leasehold interest in the home of at least 50 years, and a mortgage in possession.

B. Builder. The person, corporation, partnership or other entity which is a participating member of QBW, who is a named insured under the Insurer's policy.

C. Insurer. The established insurance company which insures the performance of warranty obligations at the time this Agreement is executed.

D. Home. A single-family dwelling unit or a two-or-more unit structure which may be conveyed as a single unit. As used in the Agreement, the common elements which comprise the building in which a condominium unit is situated are also included in the definition of "Home."

E. Major Structural Defects.

1. Any actual damage to the load bearing portion of the home or damage to the home itself, damage due to subsidence, expansion or lateral movement of the soil (excluding movement caused by flood or earthquake) which affects its load bearing function and which vitally affects or is imminently likely to vitally affect use of the home for residential purposes.

   The load bearing portion of the home is defined as the framing members and the structural elements that transmit both dead and live loads 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. 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 house 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 crawl space after the first year of coverage.

2. A structural failure will not be considered a defect until it has been established as an actual or pending structural failure of some part of the load bearing system as defined in (1) 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.

F. Soil Movement. Subsidence, expansion or lateral movement of the soil, but excluding floods and earthquakes.

G. Fixtures, Appliances and Equipment. Shall mean and include, but not be limited to water heaters, pumps, refrigerators, compactors, garbage disposals, stoves, ranges, dishwashers, washers and dryers, bathtubs, sinks, commodes, faucets and valves, lights and fixtures, switches, outlets, circuit breakers, thermostats, furnaces and oil tanks, humidifiers, oil purifiers, ventilating fans, air conditioning material and similar items.

H. Electrical System. All wiring, electrical boxes, and connections up to the public utility connection.

I. Plumbing System. All pipes, supply and waste, and their fittings, including septic tanks and their pipe drain fields, on-site wells as well as gas supply lines and vent pipes.

J. Cooling, Ventilating and Heating Systems. All duct work, refrigerant lines, steam and water pipes, registers, convectors and dampers.

III. Exclusions

In addition to the non-load bearing elements excepted from the definition of Major Structural Defects, the following damages, losses, deficiencies or defects are not covered by this Agreement (in addition to those named on the Enrollment form of this Agreement):

A. Any portion of a covered home which is not completed by the warranty date; except that, after completion, such portions will be covered until the end of the warranty period specified for that portion, pursuant to the **Limited** Warranty Agreement. In all cases, the warranty period shall be deemed to have commenced on the warranty date.
B. Defects in outbuilding (except that outbuildings which contain the plumbing, electrical, heating, or cooling systems serving the home are covered), swimming pools and other recreational facilities, driveways, walkways, unattached patios, boundary walls, retaining walls which are not necessary for the home's structural stability, fences, landscaping (including sodding, seeding, shrubs, trees and plantings), offsite 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 the Builder or its employees, agents or subcontractors, or;
   2) Failure of anyone other than the Builder or its employees, agents or subcontractors to comply with the warranty requirement of manufacturers of appliances, equipment or fixtures, or;
   3) Failure to give notice to the Builder of any defect within the timeframe established under the **Limited** Warranty Agreement.
   4) Changes of the grading of the ground by anyone other than the Builder, or its 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 the Builder, or its employees, agents or subcontractors. The Builder shall, however, be responsible for any defects in or damage to any materials or work not installed by the Builder when the defect or damage is the direct consequence of defects in materials or work installed by the Builder 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; 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 non-residential purposes;
J. Changes, alterations, or additions made to the home by anyone after initial occupancy, except those performed by the Builder as its obligation under this program;
K. Any defect caused to a finished surface material or any work supplied by anyone other than the Builder/Warrantor, or its employees, agents, or subcontractors in that, it is determined the installer has accepted the Builder/Warrantor's surface to apply the finish material;
L. Any materials and/or workmanship furnished and installed by the Builder/Warrantor 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.

Other exclusions are included in the warranty standards to better define those standards and are identified by "Exclusion."

IV. General Terms and Conditions/Rights and Responsibilities

A. **Coverage Provided.** This Agreement provides the following protection, effective as of the date on the Enrollment form:
   1. During the first year of this Agreement, and subject to the terms and conditions listed herein, your Builder warrants your home against faulty workmanship and materials, defects in appliances, fixtures and equipment, defects in wiring, piping and duct work in the electrical, plumbing, heating, cooling, ventilating and mechanical systems, and Major Structural Defects (See Definition, Section ll-E) due to non-compliance with the **Limited** Warranty Standards.
   2. During the first and second years of this Agreement, and subject to the terms and conditions listed herein, your Builder warrants that your home's cooling, heating, and ventilating, electrical and plumbing systems will be free from defects due to non-compliance with the **Limited** Warranty Standards set forth in Section V of this document. Your Builder further warrants that your home will have no Major Structural Defects in that period. (See Definitions, Section ll-E). **Limited** Warranty coverage on appliance, fixture and equipment defects is for only one year, and in some cases up to two years if the defects are covered by a manufacturer's warranty. No warranty on appliances, fixtures or equipment shall exceed the length and scope of the warranty offered by the manufacturer.
   3. In years three through ten of this Agreement, QBW warrants that your home will be free from any Major Structural Defects as that term is defined in Section ll-E of this document.
   4. The Builder is the warrantor during the first two years of this Agreement. QBW through its Insurer provides insurance coverage insuring the Builder's performance hereunder during the first two years of this **Limited** Warranty and is the warrantor providing insurance protection, through its Insurer, against Major Structural Defects, as defined in Section II-E, during the third through tenth years of this Warranty. Quality Builders Warranty Corporation ("QBW") will administer the **limited** warranty program for participating Builders. The protection provided under the **limited** warranty program is automatically transferable to subsequent Purchasers during the ten year term of this Agreement.

B. **Rights and Responsibilities.** If any defect subject to the terms and conditions of this Agreement occurs and fails to meet the **Limited** Warranty Standards, within the first two years, your Builder will repair, replace or pay you the reasonable cost of repairing or replacing the defective item. If your Builder fails to perform, QBW will. QBW will repair or replace, or pay you the reasonable cost of repairing or replacing, the defect or item determined to cause a Major Structural Defect in years three through ten. In any case, actions to correct Major Structural Defects will be limited to those necessary to restore load bearing capacity or to repair any defects which make the home unlivable.

C. **General Conditions.** Notwithstanding your Builder's and/or QBW's responsibility to maintain the standards established by this Agreement, the following conditions will apply:
   1. The decision whether to repair or replace, or to pay the reasonable cost of repair or replacement, resides with the Builder or QBW. **(If the Builder or QBW is not afforded the first right to repair or resolve, or if Purchaser proceeds with repairs prior to using all steps of the Complaint and Claims procedure in section VI, and the Emergency Repairs in section VII if applicable, of this agreement, no warranty coverage will be effective on that item and no rights for any recovery or reimbursement shall be permitted. The choice of the method of repair resides with the Builder or QBW.)**

2. This Agreement is subject to certain deductibles. If your Builder or QBW performs its obligations under this Agreement, you agree that upon request you will assign the proceeds of any other insurance or warranty which you may own covering the same defect to your Builder or QBW, as the case may be. Such assignments shall not exceed the cost and expenses to your Builder or QBW to perform its obligations under this Agreement.
3. When your Builder or QBW completes its obligations under this Agreement, you agree to sign and deliver to your Builder or QBW a full and unconditional release of all legal obligations with respect to *that* defect.
4. Actions taken to cure defects hereunder will not extend specified periods of coverage.
5. The total liability of this **Limited** Warranty Agreement is limited to and shall not exceed the sales price of your home, as stated on the Enrollment form of this Agreement.
6. If your Builder does not fulfill its obligations for years one and two under this Agreement, QBW will be responsible for its obligations, subject to the deductible in Section lV-C-8, *infra.*
7. In years three through ten, or in years one and two, if the Builder fails to perform, the decision whether to repair or replace, or to pay you the reasonable cost of repairing or replacing, resides with QBW.
8. QBW's liability hereunder, for a Major Structural Defect claim in years three through ten, is subject to a one time deductible of $250.
9. Prior to the Builder or QBW paying you the reasonable cost of repairs, you must sign and deliver to the Builder or QBW a full and unconditional release of all legal obligations with respect to the defect. If QBW fulfills such obligations of the Builder, you must sign and deliver to QBW a full and unconditional release of all legal obligations of QBW with respect to the defect.
10. Other than the Expressed Warranties contained herein, there are no other warranties expressed or implied including Implied Warranty of Merchantability or Implied Warranty for Particular Purpose, which implied warranties are specifically excluded.

D. **Condominium Coverage.** If your claim involves a common element in a condominium, it may be made only by an authorized representative of the condominium association. Subject to that limitation, however, coverage will include common elements of the condominium structure used for the residence of the structure, such as hallways, meeting rooms or other spaces, and any part of the cooling, ventilating, heating, electrical or plumbing systems that service two or more residential units. Common elements will be covered for the same periods and to the same extent as comparable items which are part of individual homes. The deductible for a Major Structural Defect, in years three through ten, under condominium coverage is an aggregate $250 per claim affected by the common elements defect.

E. **General Terms Governing Interpretation and Operation.**
Certain generally applicable terms and conditions will govern the interpretation and operation of this Agreement. These terms and conditions are:
1. It is intended that the use of one gender herein includes all genders and the singular includes the plural.
2. This Agreement includes the entire agreement of the parties, and cannot be modified, altered or amended in any way except by a formal written instrument signed by all of the parties hereto.
3. This Agreement shall be interpreted and enforced in accordance with the laws of the state in which the home is located.
4. Should any provision of this Agreement be determined by a court of competent jurisdiction to be unenforceable, that determination will not affect the validity of the remaining provisions.
5. This Agreement is separate and apart from your contract with your Builder. It cannot be altered or amended in any way by any other agreement which you have. Contractual matters shall not involve QBW.
6. Your Builder must assign to you and provide you copies of all manufacturers' warranties on products included in the sales price of your home.
7. All notice required hereunder must be in writing and should be sent by certified mail, or another carrier that provides a receipt of delivery, postage prepaid, to the recipient at the respective address shown on this Agreement, or to whatever other address the party may designate in writing.
8. This Agreement is deemed to be binding on the Builder, QBW and the Insurer and the Purchaser, its heirs, executors, administrators, successors and assigns.
9. Whatever timely performance is called for hereunder, the time therefore may be extended to the extent performance is delayed by an event not caused by the conduct of the person obligated to perform. Such events include acts of God or the common enemy, or riot, civil commotion or sovereign conduct.

V. Warranty Standards

A. The applicability of these Warranty Standards is conditioned upon the Purchaser's proper maintenance of the home to prevent damage due to neglect, abnormal use or improper maintenance. Common elements will be covered for the same periods and to the same extent as comparable items which are part of individual homes.

B. The applicability of these Warranty Standards is conditioned upon the fact that your home is constructed in compliance with the local building codes as well as one of each group of the following model codes or the Minimum Property Standards of the U.S. Department of Housing and Urban Development:

One and Two Family Dwelling Code BOCA Basic Building Code Standard Building Code, Southern Building Code Congress Uniform Building Code National Building Code
BOCA Basic Mechanical Code Uniform Building Code, Volume II, Mechanical Standard Mechanical Code, Southern Building Code Congress
Electrical Code for One and Two Family Dwelling National Electrical Code
BOCA Basic Plumbing Code Uniform Plumbing Code Standard Plumbing Code, Southern Building Code Congress

C. The table below establishes the standards by which it will be determined whether your home has a problem or defect covered by this policy and whether it is the obligation of your Builder, QBW or its Insurer to correct these defects. Where specific standards and obligations are not set forth, the standards shall be the generally accepted industry practice for workmanship and materials.

WARRANTY STANDARDS AND COVERAGE FOR YEAR ONE

Possible Deficiency	Performance Standard	Builder/Warrantor Responsibility
(A) SITE WORK		
1. Grading: Settling of ground around foundation walls, utility trenches or other areas on the property where excavation and back fill have taken place that affect drainage away from the house.	Settling of ground around foundation, walls, utility trenches or other filled areas: which exceeds a maximum of six inches from finished grade established by the Builder/Warrantor.	If Builder/Warrantor has provided final grading, Builder shall fill settled areas affecting proper drainage, one time only, during the first year Warranty period. Builder/Warrantor is then responsible for removal and replacement of shrubs and other landscaping installed by the Builder/Warrantor affected by placement of the fill.

Possible Deficiency	Performance Standard	Builder/Warrantor Responsibility
2. Drainage: Improper grades and swales which cause standing water and affect the drainage in the immediate area surrounding the home.	Necessary grades and swales shall be established to provide proper drainage away from the house. 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.	Responsible for initially establishing the proper grades, swales and drainage away from the home. The owner is responsible for maintaining such grades and swales once properly established by the Builder/ Warrantor to prevent runoffs and erosion of the soil. 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. Soil erosion and runoff caused by failure of the owner to maintain the properly established grades, drainage structures and swales, stabilized soil, sodded, seeded and landscaped areas, are excluded from the Warranty.
3. Grassed or landscaped areas which are disturbed or damaged due to work on the property in correcting a deficiency.	Landscaped areas which are disturbed during repair work is a defect.	Restore grades, seed and landscape to meet original condition. Replacement of trees and large bushes which existed at the time the house was constructed or those added by the owner after occupancy or those which subsequently die are excluded from Warranty Coverage.
	(B) CONCRETE	
1. Cast-in place concrete: Basement or foundation wall cracks, other than expansion or control joints.	Non-structural cracks are not unusual in concrete foundation walls. Cracks one-eighth inch in width or greater are considered excessive.	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.
2. Cracking of basement floor.	Minor cracks in concrete basement floors are common. Cracks exceeding one quarter inch width or one quarter inch in vertical displacement is a deficiency.	Repair cracks exceeding maximum tolerance by surface patching or other methods, as required.
3. Cracking of attached garage floor slab.	Cracks in a garage floor slab in excess of one quarter inch in width or one quarter inch in vertical displacement is a deficiency.	Repair excessive cracks by chipping out and surface patching or other methods, as may be required.
4. Cracks in attached patio slab.	Cracks in excess of one quarter inch 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. Patio slabs which are poured separately, and abut the house are excluded from warranty coverage.	The Builder/Warrantor shall make repairs as required. Where cracks are caused by settlement or improper installation, Builder/Warrantor shall 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.
5. Cracks in concrete slab-on grade floors, with finish flooring.	Cracks which rupture or significantly impair the appearance or performance of the finish flooring material, is a deficiency.	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 floor material is in place. Repair or replace finish flooring.

Possible Deficiency	Performance Standard	Builder/Warrantor Responsibility
6. Uneven concrete floor slabs.	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 uneveness 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).	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.
7. Pitting, scaling or spalling of concrete work.	Concrete surfaces shall not disintegrate to the extent that the aggregate is exposed and loosened under normal conditions of weathering and use.	Take whatever corrective action is necessary to repair or replace defective concrete surfaces. Deterioration caused by salt, chemicals, implements used and other factors beyond Builder/Warrantor control are excluded from the Warranty.
8. Excessive powdering or chalking of concrete surfaces.	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.	Take whatever corrective action is necessary to treat, repair or resurface defective areas.
9. Separation of brick or masonry edging from concrete slab and step.	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.	Grout crack fully and reset loose masonry where required. Replacement of masonry material, if required, shall match the existing as close as possible.
10. Separation or movement of concrete slabs within the structure at construction and control joints.	None. Concrete slabs within the structure are designed to move at construction and control joints and is not a deficiency.	None. Homeowner's responsibility: Maintenance of joint material.
	(C) MASONRY	
1. Unit masonry (brick, block and stone): cracks in non-bearing or non-supporting walls.	Small shrinkage cracks are not unusual running through masonry and mortar joints. Cracks in excess of one-eighth inch in width is a deficiency.	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.
2. Cracks in bearing or supporting masonry walls.	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.	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.
3. Horizontal cracks in basement and foundation walls.	Horizontal cracks in the joints of masonry walls are not common but may occur. Cracks one-eighth inch or more in width are deficiencies.	The Builder/Warrantor shall repair cracks between one-eighth and three-sixteenths inch in width by pointing and patching. Cracks exceeding three-sixteenths inch shall be investigated by the Builder to determine the cause. Builder shall take the necessary steps to remove the cause and make repairs by pointing and patching, reinforcement or replacement of the defective courses.
4. Cracks in masonry walls or veneer above grade.	Small cracks are common in mortar joints of masonry construction. Cracks one-eighth inch or greater in width are deficiencies.	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. Builder/Warrantor is not responsible for color variations between existing and new mortar. However, it shall be made to match as close as possible.

Possible Deficiency	Performance Standard	Builder/Warrantor Responsibility
5. Cracking, settling, or heaving of stoops and steps.	Stoops and steps are not to settle or heave in excess of one inch in relation to the house 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 house or where an expansion strip has been installed.	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.
6. Standing water on stoops, steps, porches, and attached concrete patios.	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 above.	Take whatever corrective action is necessary to eliminate standing water.
7. Cracking or spalling of stucco and cement plaster.	Hairline cracks in stucco or cement plaster are common especially if applied directly to masonry back-up. Cracks greater than one-eighth inch in width or spalling of the finish surface is a deficiency.	Scrape out cracks and spalled areas. Fill with cement plaster or stucco to match finish and color as close as possible. Builder not responsible for failure to match color or texture, due to nature of the material.

(D) CARPENTRY (ROUGH-IN)

1. Floors squeak, due to improper installation or loose subfloors.	A large area of floor squeak which is noticeable, loud and objectionable is a defect. Squeak proof floor cannot be guaranteed, an isolated floor squeak is not a defect.	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 floor material to make the repair and reinstall or replace if damaged.
2. Uneven wood framed floors.	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).	Correct or repair to meet the allowances at the above standard.
3. Bowed stud walls or ceilings.	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 should not bow more than one-quarter inch within a 32 inch horizontal or vertical measurement.	Exterior and interior frame walls or ceilings bowed in excess of the allowable standard shall be corrected to meet the allowances of the standard.
4. Wood frame walls out of plumb.	Wood frame walls which are out of plumb more than three quarters inch in an eight foot vertical measurement is a deficiency.	Make necessary repairs to meet the allowance standard.
5. Warping, checking or splitting of wood framing.	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.	Where a problem exists and the surface material is affected, Builder shall repair, replace or stiffen the frame member as required.

Possible Deficiency	Performance Standard	Builder/Warrantor Responsibility
6. Exterior sheathing and subflooring which delaminates or swells.	Sheathing and subflooring when properly installed for its intended use and delaminates or swells on the side a finish material has been applied is a deficiency.	The Builder/Warrantor shall repair or replace subflooring or sheathing as required. Replacement of the finish materials when necessary shall be done to match the existing as closely as possible.
(E) CARPENTRY (FINISH)		
1. Unsatisfactory quality of finished exterior trim and workmanship.	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.	Repair open joints and touch up finish coating where required to match existing as close as possible. Caulk open joints between dissimilar materials.
2. Unsatisfactory quality of finished interior trim and workmanship.	Joints between moldings and adjacent surfaces which exceed 1/8 inch in width is a defect.	Repair defective joints and touch up finish coating where required to match as close as possible.
3. Surface defects in finished woodwork and millwork such as checks, splits, and hammer marks.	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.	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.
4. Exposed nail heads in woodwork.	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 wood work is a deficiency.	Fill nail holes where required and if necessary, touch up paint to match as close as possible. Nail holes do not have to be filled where the surface finish is not conducive or so designed to have nail holes filled because of the product.
(F) THERMAL AND MOISTURE PROTECTION		
1. Waterproofing: Leaks in basement or in foundation/crawlspace.	Leaks resulting in actual trickling of water through the walls or seeping through the floor are deficiencies. Leaks caused by landscaping improperly installed by owner, or failure by owner 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.	Take such action as is necessary to correct basement and crawlspace leaks, except where the cause is determined to be the result of owner negligence. Where a sump pit has been installed by the Builder/Warrantor in the affected area but the sump pump was not contracted for or installed by the Builder/Warrantor, no action is required until a properly sized pump is installed by the owner in an attempt to correct the condition. Should the condition continue to exist, then the Builder/Warrantor shall take necessary action to correct the problem.
2. Insulation: Insufficient insulation.	Insulation which is not installed around all habitable areas in accordance with established codes is a deficiency.	The Builder/Warrantor shall 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 the Homeowner if it is found that the standard has been met by the Builder.
3. Louvers and vents: Insufficient attic and crawlspace ventilation.	Attics and crawlspaces which are not properly vented causing moisture to accumulate resulting in damage to supporting members or insulation is a deficiency.	The Builder/Warrantor shall install properly sized louvers or vents to correct deficiency.

Possible Deficiency	Performance Standard	Builder/Warrantor Responsibility
4. Leaks due to snow or driven rain through louvers and vents.	Improperly installed louvers and vents that permit penetration of the elements under normal conditions is a deficiency. Properly installed louvers or vents may at times allow penetration of rain or snow under strong wind conditions and is not a deficiency.	Take necessary steps to eliminate penetration of rain or snow under normal conditions if it is determined the installation was improper.
5. Exterior siding: Delamination, splitting, joint separation or deterioration of exterior siding.	Exterior siding with joint separations or which delaminates, splits or deteriorates is a deficiency.	Repair/replace only the damaged siding. Siding to match the original as close as possible, however, the owner shall be aware that the new finish may not exactly match the original surface texture or color.
6. Damaged siding or broken shingles.	Damaged siding or broken shingles is a deficiency if documented on a pre-closing walk through inspection form. If no walk through report exists the deficiency shall be reported in writing within 30 days of occupancy.	The Builder/Warrantor shall replace or repair damaged siding if noted on a pre-closing walk through inspection form. If Builder/Warrantor does not perform a pre-closing walk through then the Builder/Warrantor will be responsible for the deficiency if reported by the owner.
7. Loose or fallen siding.	All siding which is not installed properly so as not to come loose or fall off is a deficiency.	Reinstall or replace siding and make it secure.
8. Roofing: Roof or flashing leaks.	Roof or flashing leaks that occur under normal weather conditions is a deficiency. Exclusion: Where cause is determined to result from severe weather conditions such as ice and snow build up, high winds and driven rains.	Correct any roof or flashing leaks which are verified to have occurred under normal weather conditions.
9. Lifted, curled or torn roof shingles.	Roof shingles which lift or curl during the first year of warranty coverage or tear loose during normal weather conditions is a deficiency.	Repair or replace lifted, curled or torn shingles.
10. Standing water on built-up roofs.	A properly pitched built-up roof is to drain water except for minor ponding. Standing or ponding water is not considered a deficiency. 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.	Repair all leaks due to or caused by standing water.
11. Sealants: Water or air leaks in exterior walls due to inadequate caulking.	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.	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. Owner responsibility: Maintain caulking once the condition is corrected.
12. Sheet metal: Gutters and downspouts leak.	Gutters and downspouts which leak is a deficiency. Gutters which are improperly pitched to drain water is a deficiency. Standing water in gutters is acceptable if it does not exceed one inch in depth.	Repair leaks and pitch gutters to drain properly to meet standard. Owner responsibility: Responsible to keep gutters and downspouts free from leaves and debris to prevent overflow.
(G) DOORS AND WINDOWS		
1. Warpage of interior or exterior doors.	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.	Repair or replace as may be required. New doors to be refinished to match the original as close as possible.

Possible Deficiency	Performance Standard	Builder/Warrantor Responsibility
2. Door binds against jamb or head of door frame. Does not lock.	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.	Adjust door and keeper to operate freely.
3. Door Panels shrink and expose bare wood.	None. Door panels will shrink due to the nature of the material, exposing bare wood at the edges and is not a deficiency.	None.
4. Door panels split.	Door panels that have split to allow light to be visible through the door is a deficiency.	If light is visible, fill crack and finish panel to match as close 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.
5. Bottom of doors rub on carpet surface.	Where it is understood by Builder/Warrantor and Homeowner that carpet is planned to be installed as a floor finish, whether by the Builder/Warrantor or Homeowner, the bottom of the doors which rub or disturb the carpet is a deficiency. Where carpet is selected by the Homeowner having excessive high pile, the Homeowner is responsible for any additional door undercutting.	Undercut doors as required.
6. Excessive opening at the bottom of interior doors.	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.	Make necessary adjustment or replace door to meet the required tolerance.
7. Garage doors (attached garage): Garage doors fail to operate or fit properly.	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.	Make necessary adjustments to meet the manufacturer's installation tolerances. No adjustment is required when cause is determined to result from the owner's installation of an electric door opener.
8. Malfunctions of wood, plastic and metal windows.	Windows which do not operate in conformance with manufacturer's design standards is a deficiency.	Consult with manufacturer when necessary and make necessary adjustments for windows to operate and meet the Standard.
9. Double hung windows do not stay in place when open.	Double hung windows are permitted to move within a two inch tolerance, up or down when put in an open position. Any excessive movement exceeding the tolerance is a deficiency.	Adjust sash balances one time only during the first year warranty period. Instruct the owner on the method of adjustment for future repair.
10. Condensation or frost on window frames and glass.	None. Window glass and frames will collect condensation on the frame and glass surface when humidity and temperature differences are present. Condensation is usually the result of temperature/humidity conditions in the home.	None.
11. Hardware does not work properly, fails to lock or perform its intended purpose.	All hardware installed on doors and windows which does not operate properly is a deficiency.	The Builder/Warrantor shall adjust, repair or replace hardware as required.

Possible Deficiency	Performance Standard	Builder/Warrantor Responsibility
12. Storm doors and windows do not operate or fit properly.	Storm doors and windows when installed and do not operate or fit properly to provide the protection for which they are intended is considered a deficiency.	The Builder/Warrantor shall make necessary adjustments for proper fit and operation. Replace when adjustment can not be made.
13. Screen panels do not fit properly. Screen mesh is torn or damaged.	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. The owner shall be responsible to notify Builder/Warrantor 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.	The Builder/Warrantor shall 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 the Builder/Warrantor is responsible to repair deficiency when reported by owner.
14. Weatherstripping and seals: Drafts around doors and windows.	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.	The Builder/Warrantor shall adjust or correct poorly fitted windows or doors or poorly fitted weatherstripping.
15. Broken glass.	Broken glass is a deficiency if it is reported on a pre-closing walk through inspection report. Owner shall notify the Builder/ Warrantor within 30 days from warranty date if no pre-closing walk through inspection report exists.	The Builder/Warrantor shall replace if reported on a pre-closing walk through inspection report. If no report exists, the Builder/Warrantor shall replace if deficiency is reported by owner.
16. Clouding and condensation on inside surfaces of insulated glass.	Insulated glass which clouds up or has condensation on the inside surfaces of the glass is a deficiency.	The Builder/Warrantor shall replace glass in accordance with window and glass manufacturer's requirements.
	(H) FINISHES	
1. Cracks in plaster wall and ceiling surfaces.	Noticeable cracks in plaster wall and ceiling surfaces is a deficiency.	The Builder/Warrantor shall repair cracks and touch up paint to match as close 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: 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.	Slight defects such as occasional nail pops, seam lines and cracks are common 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. Depressions or slight mounds at nail heads are not considered deficiencies.	The Builder/Warrantor shall correct such defects to acceptable tolerance and repaint affected areas one time only to match as close 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.) cracks or becomes loose.	Ceramic tile, flagstone or similar hard surfaced sanitary flooring which crack or become loose is a defect. Cracking and loosening of flooring caused by the Owner's negligence is not a deficiency. Sub-floor and wallboard are required to be structurally sound, rigid and suitable to receive finish.	The Builder/Warrantor shall determine and correct the cause for the cracking or loosening of the finish material. Replace cracked material and reset loose flooring. The Builder/Warrantor is 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.

Possible Deficiency	Performance Standard	Builder/Warrantor Responsibility
4. Cracks appear in grouting of ceramic tile joints or at junctions with other material such as a bathtub or shower.	Cracks in grouting of ceramic tile joints are deficiencies. Regrouting of these cracks is a maintenance responsibility of the Homeowner within the life of the home after the first year of warranty. Open cracks or loose grouting, where the wall surface abuts the flashing lip at a tub or shower basin, are considered Owner's maintenance and any resultant damage to other finish surfaces due to leaks, etc. are not considered a deficiency.	The Builder/Warrantor shall repair grouting as necessary one time only within the first year of warranty.
5. Nail pops appear on the surface of resilient flooring.	Readily apparent nail pops are a deficiency.	The Builder/Warrantor shall correct nail pops that have caused damage to floor material and repair or replace damaged floor covering in the affected area. Builder/Warrantor is not responsible for discontinued patterns or color variations.
6. Depressions or ridges appear in the resilient flooring due to subfloor irregularities.	Readily apparent depressions or ridges exceeding one-eighth inch is a deficiency. The ridge or depression measurement is taken as 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.	The Builder/Warrantor shall take required corrective action to bring deficiency within acceptable tolerances so as to be not readily visible. Builder is not responsible for discontinued patterns or color variations in floor covering, owner neglect or abuse, nor installations performed by others.
7. Resilient flooring or base loses adhesion.	Resilient flooring or base that lifts, bubbles, or becomes unglued is a deficiency.	The Builder/Warrantor shall repair or replace resilient flooring or base as required. Builder is not responsible for discontinued patterns or color variation.
8. Seams or shrinkage gaps show at resilient flooring joints.	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.	Builder/Warrantor shall take required action to correct the cause of the deficiency. The Builder/Warrantor is not responsible for discontinued patterns or color variations of floor covering.
9. Plywood wallcovering: Variations in paneling color scratches or checks on the finished surface.	Plywood paneling pattern and color will often vary and this is not a deficiency. Scratches on the paneling surface are deficiencies if reported on a pre-closing walk through inspection report. The owner shall notify the Builder/Warrantor within 30 days of warranty date if no pre-closing walk through inspection report exists.	The Builder/Warrantor shall repair or replace damaged paneling when the deficiency has been reported on the pre-closing walk through inspection report. Builder is not responsible for discontinued panel or color variations. If damaged paneling cannot be replaced with new paneling to owner's satisfaction, the deficiency may be repaired within reasonable standard of good materials and workmanship.
10. Finished wood flooring: 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. The owner shall report such deficiencies to Builder/Warrantor within 30 days of the warranty date if there was no pre-closing walk through inspection. 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, Maple Flooring Manufacturer's Association.	The Builder/Warrantor shall 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, then the Builder/Warrantor shall correct if notified by the owner. For repairable deficiency, repair cracks, chips or dents by filling and refinishing to match the wood surface as close as possible. For non-repairable deficiencies replace and finish affected area to match remaining flooring as closely as possible.

Possible Deficiency	Performance Standard	Builder/Warrantor Responsibility
11. Painting: Knot and wood stains appear through paint on exterior.	Excessive knot and wood stains which bleed through the paint are considered deficiencies.	The Builder/Warrantor shall seal affected areas where excessive bleeding of knots and stains appear and touch up paint to match.
12. Exterior paint or stain peels, deteriorates or fades.	Exterior paints or stains that peel or deteriorate during the first year of ownership is a deficiency. 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.	Builder/Warrantor 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.
13. Painting required as corollary repair because of other work.	Necessary repair of a painted surface required under this warranty is to be refinished to match surrounding areas as closely as possible.	The Builder/Warrantor shall refinish repaired areas to meet the standard as required.
14. Mildew or fungus forms on painted or factory finished surfaces.	None. 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.	None.
15. Deterioration of varnish or lacquer finishes.	Natural finishes on interior woodwork which deteriorate during the first year of ownership is a deficiency. Varnish-type finishes used on the exterior will deteriorate rapidly and are not covered by the warranty.	The Builder/Warrantor shall refinish affected areas of natural finished interior woodwork, matching the color as closely as possible.
16. Interior paint coverage.	Interior paint not applied in a manner sufficient to visually cover wall, ceiling and trim surfaces is a deficiency.	The Builder/Warrantor shall repaint wall, ceiling or trim surfaces where inadequate paint has been applied. Where a large area is affected the entire surface shall be repainted.
17. Paint splatters and smears on finish surfaces.	Paint stains on porous surface which are excessive that detract from the finish and which cannot be removed by normal cleaning methods and are reported on a pre-closing walk through inspection report are considered deficiencies. The owner shall notify the Builder within 30 days of the warranty date if a pre-closing walk through inspection report was not completed. Minor paint splatter and smears on impervious surfaces which cannot be easily removed is considered as Homeowner maintenance and not a deficiency.	The Builder/Warrantor shall 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, the Builder/Warrantor shall correct if notified by the owner.
18. Peeling of wallcovering installed by Builder.	Peeling of wallcovering is a deficiency, unless it is due to owner's abuse or negligence.	The Builder/Warrantor shall repair or replace defective wallcovering.
19. Mismatching in wallcovering pattern.	Mismatched wallcovering pattern over a large area that severely detracts from its intended purpose due to poor workmanship is a deficiency.	The Builder/Warrantor shall remove mismatched wallcovering and replace. Builder/Warrantor is not responsible for discontinued patterns or variations in color.
20. Lumps and ridges and nail pops in wallboard which appear after owner has wallcovering installed by others.	None. Owner shall insure that the surface to receive wallcovering is suitable and assumes full responsibility should lumps, ridges, and nail pops occur at a later date.	None.

Possible Deficiency	Performance Standard	Builder/Warrantor Responsibility
21. Seams in carpet.	Seams in carpeting that separate due to improper installation is a deficiency. Carpeting material is not covered under the warranty.	The Builder/Warrantor shall correct to eliminate the separation.
22. Carpeting comes loose or excessive stretching occurs.	Wall to wall carpeting that comes loose is a deficiency. Stretching that may occur in the carpeting is subject to the quality and surface over which it is laid and is not a deficiency.	The Builder/Warrantor shall resecure loose carpeting one time during the first year of warranty coverage.
23. Spots on carpet, minor fading.	Spots or stains on the carpeting is a deficiency if reported on a pre-closing walk through inspection report. The owner shall notify the Builder/Warrantor within 30 days from the warranty date if no pre-closing walk through inspection report exists. Fading is not a deficiency, and Builder has no responsibility.	The Builder/Warrantor shall 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 walk through inspection report exists, the Builder/Warrantor shall correct when notified by owner.
(I) SPECIALTIES		
1. Fireplaces: Fireplace or chimney does not draw properly causing smoke to enter the house.	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 the owner substantiate the problem to the Builder/Warrantor by constructing a fire so the condition can be observed.	When determined the malfunction is based upon improper construction of the fireplace then take the necessary steps to correct the problem. Where it is determined that the fireplace is properly designed and constructed, but still malfunctions due to natural causes beyond the Builder's control, Builder is not responsible.
2. Chimney separation from structure to which it is attached.	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.	The Builder/Warrantor shall determine the cause of separation and correct. Caulking or grouting is acceptable up to one half inch displacement.
3. Built-in sauna and steam bath units: Refer to the pertinent section of these Standards for deficiencies that may exist in construction, materials, finish and equipment of a steam bath or sauna unit constructed on-site.	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.	The Builder/Warrantor shall make all necessary repairs or replacements including equipment covered under a manufacturer's warranty.
(J) KITCHEN CABINETS & VANITIES		
1. Kitchen or vanity cabinet doors and drawers malfunction.	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. The owner shall notify the Builder/Warrantor within 30 days of the warranty date if a pre-closing walk through inspection was not conducted.	The Builder/Warrantor shall repair or replace operating parts if a pre-closing walk through inspection report exists. If no report exists, the Builder/Warrantor shall correct if notified by the owner.

Possible Deficiency	Performance Standard	Builder/Warrantor Responsibility
2. Surface cracks, delaminations and chips in high pressure laminates of vanity and kitchen cabinet countertops.	Countertops fabricated with high pressure laminated coverings that delaminate, have chips, scratches, or surface cracks or joints between sheets exceed one sixteenth inch are considered deficiencies if reported on a pre-closing walk through inspection report. The owner shall notify the Builder/ Warrantor within 30 days of the warranty date if a pre-closing report does not exist.	The Builder/Warrantor shall repair or replace laminated surface covering having chips, cracks, scratches or joints exceeding the allowable width if reported on a pre-closing report. If a pre-closing walk through inspection report was not performed, the Builder/Warrantor shall correct when notified by the owner.
3. Warping of kitchen and vanity cabinet doors and drawer fronts.	Warpage that exceeds one quarter inch 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.	The Builder/Warrantor shall correct or replace door or drawer front as required.
4. Gaps between cabinets, ceiling and walls.	Countertops, splash, base and wall cabinets are to be securely mounted. Gaps in excess of one quarter inch between wall and ceiling surfaces is a deficiency.	The Builder/Warrantor shall make necessary adjustment of cabinets and top or close gap by means of moulding suitable to match the cabinet or counter top finish; or other acceptable means.
	(K) MECHANICAL SYSTEMS	
1. Plumbing: Plumbing pipes freeze.	Drain, waste and water pipes are to be adequately protected to prevent freezing during normally anticipated cold weather. Freezing of pipes is a deficiency and covered only during the first year of the warranty.	The Builder/Warrantor shall correct the condition responsible for pipes freezing, and repair piping damaged by freezing. The owner is responsible to maintain 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 owner's neglect and resultant damage are not the Builder's responsibility.
2. Faucet or valve leak.	A valve or faucet leak due to material or workmanship is a deficiency. Leakage caused by worn or defective washers or seal are a Homeowner maintenance item.	The Builder/Warrantor shall repair or replace the leaking faucet or valve.
3. Defective plumbing fixtures, appliances or trim fittings.	Fixtures, appliances or fittings are to be judged according to the manufacturers standards as to use and operation.	The Builder/Warrantor shall replace or repair any fixture or fitting which is outside of acceptable standards as defined by the manufacturer.
4. Chipped or damaged plumbing fixtures and appliances.	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. The owner shall notify Builder/Warrantor within 30 days of warranty date if no pre-closing walk through inspection was performed.	The Builder/Warrantor shall repair any chips or cracks if included in the pre-closing walk through inspection report. If repair cannot be made, the fixture or appliance is to be replaced to match the original. If a pre-closing walk through inspection was not performed, the Builder/Warrantor shall correct if notified by owner. 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.

Possible Deficiency	Performance Standard	Builder/Warrantor Responsibility
5. Staining of plumbing fixtures due to high iron content in water.	High iron content in the water supply system will cause staining of plumbing fixtures.	None. Maintenance and treatment of the water is the Homeowner's responsibility.
6. Drinking water supply is not potable.	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 still may be considered potable. In order to make this determination, the owner 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 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 owner and Builder and cannot be considered a deficiency.	The Builder/Warrantor shall supply potable drinking water. Water which becomes non-potable after certification by a source beyond the control of the Builder shall be excluded from coverage.
7. Water supply system fails to deliver water; or pressure is low. 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.	All service connections to municipal water main or private water supply are the Builder/Warrantor's responsibility when installed by him.	The Builder/Warrantor shall repair as required, 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 its control, then the Builder is not responsible.
8. Noisy water pipes.	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. Noises due to water flow and pipe expansion are not considered deficiencies.	The Builder/Warrantor shall correct to eliminate "water hammer."
9. Inadequate heat.	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. 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.	The Builder/Warrantor shall 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.

Possible Deficiency	Performance Standard	Builder/Warrantor Responsibility
10. Inadequate cooling.	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 of 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. The cooling cycle outdoor design temperature established by ASHRAE provides for a maximum of 12 degree temperature differential between the outdoor and the indoor temperature. There may be periods when the outdoor 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.	Builder/Warrantor shall correct cooling system to meet the above temperature requirements during the first year of the warranty.
11. Condensate lines clog-up.	Condensate lines will clog under normal conditions.	The Builder/Warrantor shall provide clean and unobstructed lines on warranty date. Continued operation of drain line is Homeowner maintenance item.
12. Improper mechanical operation of evaporative cooling system.	Equipment that does not function properly at temperature standard set is a deficiency.	The Builder/Warrantor shall correct and adjust so that blower and water system operate as designed.

(L) ELECTRICAL SYSTEMS

1. Switches and receptacles: Fuses blow, or circuit breakers kick out.	Fuses and circuit breakers which deactivate under normal usage, when reset or replaced is a deficiency.	The Builder/Warrantor shall check wiring and replace wiring or breaker if it does not perform adequately or is defective.
2. Drafts from Electrical outlets.	The electrical junction box on exterior walls may produce a slight airflow whereby the cold air can be drawn through the outlet into a room. This problem is normal in new home construction.	None.
3. Malfunction of electrical outlets, switches or fixtures.	All switches, fixtures and outlets which do not operate as intended are considered deficiencies.	The Builder/Warrantor shall repair or replace defective switches, fixtures and outlets.

WARRANTY STANDARDS AND COVERAGE FOR YEARS ONE AND TWO ONLY

Possible Deficiency	Performance Standard	Builder/Warrantor Responsibility
1. Ductwork and heating piping not insulated in uninsulated areas.	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.	The Builder/Warrantor shall install required insulation.
2. Ductwork noisy.	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.	The Builder/Warrantor shall take necessary steps to eliminate noise in the ductwork.

Possible Deficiency	Performance Standard	Builder/Warrantor Responsibility
3. Ductwork separates, becomes un-attached.	Ductwork that is not intact or securely fastened is a deficiency.	The Builder/Warrantor shall reattach and resecure all separated or unattached duct-work.
4. Leakage from any piping.	Leaks in any sanitary soil, waste vent and water piping are deficiencies and are covered during the first and second year of the warranty. Condensation on piping does not constitute leakage, and is not a deficiency, except where pipe insulation is required.	The Builder/Warrantor shall make neces-sary repairs to eliminate leakage.
5. Stopped up sanitary sewers, fixtures and sanitary drains are deficiencies.	Sanitary sewer, fixtures and sanitary drains should operate and drain properly and are covered during the first and second year of the warranty.	Where defective construction is shown to be the cause, the Builder shall make necessary repairs. Sewers, fixtures, and drains which are clogged through the owner's negligence, the owner shall assume repair costs. Builder responsibility for defective sewer lines extends to the property line on which the home is constructed.
6. Refrigerant lines leak.	Refrigerant lines that develop leaks during normal operation are deficiencies during the first year and second year of the warranty.	The Builder/Warrantor shall repair leaking lines and recharge unit as required.
7. Electrical conductors: Failure of wiring to carry its designed circuit load to switches and receptacles.	Wiring that is not capable of carrying the designed load, for normal residential use to switches and receptacles and equipment is a deficiency.	The Builder/Warrantor shall check wiring and replace wiring if it fails to carry the design load.
8. Service and distribution: Ground fault interrupter trips frequently.	Ground fault interrupters are sensitive safety devices installed into the electrical system to provide protection against elec-trical 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.	The Builder/Warrantor shall replace the device if defective.
9. Septic tank systems: Septic system fails to operate properly.	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 groundwater table or excessive use of plumbing or appliances, an overflow can occur. Periodic pumping of the septic tank is considered Homeowner maintenance, and a normal need for pumping is not a deficiency.	The Builder/Warrantor shall take corrective action as required, if it is determined that malfunction is due to improper design or construction. Builder is not responsible for malfunctions which occur through owner negligence or abuse. Builder is also not responsible for malfunctions which occur due to acts of nature such as freezing and changes in the ground water table.

Exclusion: The following are considered owner 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 Builder.
(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.

VI. COMPLAINT AND CLAIMS PROCEDURE

A. **Step One.** Upon discovery of some fault or defect, in the first or second year which you believe is covered by this agreement, you must first send a clear and specific **written** notice to your Builder. You must make your home available for inspection and repairs during normal working hours. **Notice to your Builder does <u>not</u> constitute notice to QBW.** If you have a complaint as the result of a Major Structural Defect occurring during the third through tenth years of this Agreement, notice must be sent to QBW ***(not the Builder).***

B. **Step Two.** If, after receiving notice, your Builder does not correct the item(s) within a reasonable time, or if you have a Major Structural Defect complaint occurring during the third through tenth years of this Agreement, you must send written notice of your complaint to QBW by certified mail or another carrier that provides a receipt of delivery. Note that QBW must receive written notice of any complaint no more than thirty (30) days after the expiration of the applicable warranty period. If your complaint is received by QBW after thirty (30) days from the expiration of the warranty on the item, it will ***not*** be honored. **Notice to your Builder *does <u>not</u>* constitute notice to QBW. Telephone discussions will not be considered notice and will not protect your rights.** The written notice to QBW of any complaint must include: your warranty number and effective date, your name, address and telephone number, Builder name and address, as well as a description of the defect and the warranty standard which applies specifying the page and section of the warranty, all previous written correspondence to the Builder pertaining to defects, and any substantiating information to demonstrate that the defect exists.

C. **Step Three.** QBW will review the information submitted and contact your Builder as needed to attempt to resolve any outstanding warranty claims. If necessary, QBW reserves the right to view the site conditions claimed to exist by the Homeowner at any time so long as it does not delay the Complaint and Claims Procedure process. After review, QBW will report to the Homeowner, and Builder if applicable, whether the defect is covered under the **Limited** Warranty Agreement.

Where a claimed defect is filed that cannot be observed or determined under normal conditions, it is the Homeowner's responsibility to substantiate that the condition does exist upon request of the Builder or QBW. Any cost involved shall be paid by the owner, and if properly substantiated, reimbursement shall be made by your Builder or QBW, whichever is liable for the claim.

D. **Step Four.** If you disagree with QBW's determination, unresolved disputes on warranty items shall be submitted for arbitration by QBW to Construction Arbitration Program, administered by DeMars & Associates Limited (CAP-Home), or such other arbitration service as may be designated by QBW, for the resolution in accordance with the rules and regulations for home warranty disputes of CAP-Home or such other service. The Builder will pay the cost of the arbitration. If the Arbitrator determines that the claim, filed by the Homeowner was frivolous, the Arbitrator has the authority to assess the cost of the arbitration against the Homeowner. Examples of frivolous claims are ones involving excluded items under the warranty, or where warranty coverage has clearly expired.

Arbitration Awards will be prepared in narrative form and will fully describe the matter claimed, referencing and quote the applicable standard, explain the application of the standard to the matter claimed and specify that the corrective work must address the underlying cause of the defect such that a lasting repair is effectuated. The standard of repair will be that the Builders address the underlying cause of the defect. The method of repair is in the discretion of the Builder and/or QBW, subject to code compliance, warranty standard compliance and good-workmanship. The Award will specify the date by which corrective work will be completed. The Arbitration Award and other guidance provided to Builders and/or QBW should make it clear that submissions for building permits to effect repairs will require, when called for by either the arbitrator, the code official and/or the nature of the repair, preparation of design drawings by a licensed design professional. Those plans are not subject to review or approval by the Homeowner. Judgment upon the final award rendered in arbitration may be entered in any court having jurisdiction.

Arbitration is binding. The decision of the Arbitrator is subject to clarification, revision and rescission based on mistakes, omissions or ethical conflicts, but is not appealable to another level of Arbitration. Any party making such requests should submit such requests to the Arbitration Service together with the applicable fee charged by the Arbitration Service for such request. When timely performance is called for hereunder, the Homeowner must comply with all applicable time periods. Failure to comply in a timely manner will limit the rights of the Homeowner or relieve the Builder or QBW of its obligations under this agreement.

ARBITRATION AWARD, PERFORMANCE & DISPUTE

Award. If the Arbitrator decides items exceed warranty standards, your Builder or QBW will then perform as required by the decision. The time allowed for performance will be measured from the date QBW receives a copy of the Award. Sixty (60) days will be the standard time for compliance, weather conditions permitting. Periods may be extended if exigent circumstances arise such as unavailability of materials, seasonal sensitive repairs, delays caused by any permitting process… etc.

Right of Access. You must provide the Builder, or if applicable, QBW, with reasonable weekday access during normal business hours in order to perform its obligations under this Agreement. Failure by you to provide or restrict such access to the Builder or QBW may relieve the Builder or QBW of its obligations under this Agreement.

Conclusion of Repairs. Upon the conclusion of repairs by the Builder or QBW, the Homeowner may request a Compliance Arbitration if they contend that the Builder's repair efforts do not bring the defect within warranty standards. The Homeowner must pay the cost of the Compliance Arbitration. The same person performing the initial arbitration should conduct the Compliance Arbitration unless it is not possible or feasible. The Compliance Arbitrator will be authorized to make a finding of default or to make a finding that the Builder has made a good-faith effort to comply and may be granted a one-time only extension to repair the items. The Homeowner shall be reimbursed the cost of the compliance arbitration fee if the arbitrator finds in any part in favor of the Homeowner.

VII. Remedy Exclusive

Pursuant to New Home Warranty and Builder's Registration Act (P.L. 1977, c.467) the filing of a claim against the warranty specified by this subchapter shall constitute the election of a remedy and shall bar the owner from all other remedies. Nothing herein shall be deemed to limit the owner's right to elect other remedies except that such election shall bar the owner from pursuing the same claim under the **limited** warranty specified in this agreement and in accordance with the procedures related hereto. For the purpose of this section, election of other remedies shall mean the filing of a complaint, counter-claim, cross-claim or third party complaint in any court that alleges matters covered by the **limited** warranty in particular or unworkmanlike construction in general.

EMERGENCY REPAIRS

In the case of an emergency, the Homeowner must contact the Builder immediately. If the Homeowner is unable to contact the Builder, then the Homeowner must contact QBW at 800-334-9143 in order to receive authorization to make any emergency repairs. If neither the Builder nor QBW is available for emergency authorization, then the Homeowner must make minimal repairs to mitigate further damage until the Builder/QBW can arrange for more extensive repairs. The Homeowner must report the emergency repairs to the Builder or QBW on the next business day. ANY UNAUTHORIZED REPAIRS WILL NOT BE REIMBURSED UNLESS THE ABOVE PROCEDURES HAVE BEEN FOLLOWED.

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