

BUILDER'S LIMITED WARRANTY

Applicable to Homes Located in the State of Texas

Administered by Professional Warranty Service Corporation

This LIMITED WARRANTY is not a service agreement, nor is it a contract of insurance.

Throughout this BUILDER'S LIMITED WARRANTY, sometimes referred to as the "LIMITED WARRANTY", the words "YOU" and "YOUR" refer to the HOMEOWNER, including any subsequent owners, and HOMEOWNERS ASSOCIATION. The words "WE", "US" and "OUR" refer to the BUILDER. The other words and phrases which appear in uppercase font or italics font also have special meaning. Refer to the Section X. Definitions, so that YOU will understand the meaning of those words as used in this LIMITED WARRANTY.

This LIMITED WARRANTY is subject to terms, conditions, and limitations which affect YOUR rights as the HOMEOWNER and OUR obligations as the BUILDER/warrantor of the HOME. YOU should read it carefully and in its entirety in order to be informed of its coverage and required processes. **IN PARTICULAR, YOU SHOULD NOTE THAT THIS LIMITED WARRANTY INCLUDES AN AGREEMENT BETWEEN YOU AND US THAT YOU AND WE WILL RESOLVE DISPUTES RELATING TO OR ARISING OUT OF THIS LIMITED WARRANTY EXCLUSIVELY THROUGH BINDING ARBITRATION AND NOT THROUGH LITIGATION (SEE SECTION VIII FOR DISCUSSION OF THE BINDING ARBITRATION PROCESS). ARBITRATION IS A PROCESS IN WHICH PERSONS WITH A DISPUTE GIVE UP THEIR RIGHT TO FILE A LAWSUIT IN COURT AND, INSTEAD, AGREE TO SUBMIT THEIR DISPUTE TO A NEUTRAL THIRD PERSON (AN "ARBITRATOR") FOR DECISION AFTER PRESENTING THEIR CLAIMS AND DEFENSES IN AN INFORMAL PROCEEDING. THE DECISION OF THE ARBITRATOR, WHICH USUALLY FOLLOWS QUICKLY AFTER CLOSE OF THE PROCEEDING, IS THEN BINDING ON THE PARTIES. THIS AGREEMENT TO ARBITRATE MAY BE ENFORCED BY EITHER YOU OR US.** If YOUR HOME is financed through FHA, VA, or FmHA, YOU may elect to resolve disputes through the binding arbitration process described in this LIMITED WARRANTY, but YOU shall not be required to do so.

This LIMITED WARRANTY includes procedures and time limits YOU must observe in notifying US of a condition in YOUR HOME or the COMMON ELEMENTS which YOU believe may constitute a CONSTRUCTION DEFECT (see Section VII herein). If a CONSTRUCTION DEFECT exists, YOU must allow US the opportunity to correct it. WE will remedy it to conform to the Warranty Performance Standards that are a part of this LIMITED WARRANTY (see Section XI herein).

OUR liability, whether in contract, tort, statute, negligence or otherwise, is limited to the remedy provided in this LIMITED WARRANTY. Under no circumstances except those expressly provided herein shall WE be liable for any CONSEQUENTIAL OR INCIDENTAL DAMAGE, including without limitation any damages based on a claimed diminution in the value of the HOME. **TO THE EXTENT PERMITTED BY LAW, ALL EXPRESS OR IMPLIED WARRANTIES OTHER THAN THIS LIMITED WARRANTY AND THE TEN YEAR WARRANTY OF HABITABILITY INCLUDED HEREIN, INCLUDING ANY ORAL OR WRITTEN STATEMENT OR REPRESENTATION MADE BY US OR ANY OTHER PERSON, AND ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS, ARE HEREBY DISCLAIMED BY US AND ARE WAIVED BY YOU. THIS LIMITED WARRANTY IS PROVIDED BY US TO YOU IN LIEU OF ALL OTHER SUCH WARRANTIES.**

WE have contracted with Professional Warranty Service Corporation ("PWC") for certain administrative services relative to this LIMITED WARRANTY. But under no circumstances or conditions is PWC responsible for fulfilling OUR obligations under this LIMITED WARRANTY. PWC is not the warrantor or co-warrantor on the HOME.

If YOUR HOME is financed through FHA, VA, or FmHA, please note the HUD Addendum in Section XII.

This LIMITED WARRANTY is issued with a Builder's Limited Warranty Coverage Validation Form (the "Warranty Validation Form") which lists the commencement and expiration dates for OUR warranty on different components of YOUR HOME's construction. It is important that this form be retained with the LIMITED WARRANTY.

WITHIN APPROXIMATELY 6 WEEKS AFTER CLOSING, YOU SHOULD RECEIVE YOUR WARRANTY VALIDATION FORM FROM PWC. THE WARRANTY VALIDATION FORM IS MAILED TO YOU BY PWC AFTER PWC RECEIVES THE HOME ENROLLMENT

APPLICATION AND RELATED FEES FROM YOUR BUILDER. IF YOU HAVE NOT RECEIVED A WARRANTY VALIDATION FORM BY THE END OF THAT TIME PERIOD, FIRST CONTACT THE BUILDER TO VERIFY THAT THE BUILDER COMPLETED THE HOME ENROLLMENT PROCESS WITH PWC. IF THE BUILDER CONFIRMS THAT IT ENROLLED YOUR HOME WITH PWC, CONTACT PWC AT 1-800-850-2799 TO REPORT THAT YOU HAVE NOT RECEIVED YOUR WARRANTY VALIDATION FORM. THIS LIMITED WARRANTY IS NOT VALID UNLESS A WARRANTY VALIDATION FORM HAS BEEN ISSUED TO YOU FOR YOUR HOME.

If any provision of this LIMITED WARRANTY is determined to be unenforceable, such a determination will not affect the remaining provisions. If this LIMITED WARRANTY or any provision herein is determined to be unenforceable as to a HOMEOWNERS ASSOCIATION or a specific HOMEOWNER, such a determination will not affect the enforceability of this LIMITED WARRANTY or such provision as to any other HOMEOWNERS ASSOCIATION or any other HOMEOWNER. The issue of enforceability, as well as any other disputed issues, will be determined by binding arbitration as provided for in this LIMITED WARRANTY.

I. Limit of Liability

OUR obligation under this LIMITED WARRANTY is limited to the amount shown on the Warranty Validation Form. It is the purchase price for the HOME paid by the original purchaser and it is the maximum WE shall be obligated to expend or pay to fulfill all OUR obligations under this LIMITED WARRANTY throughout its ten year term. Once OUR limit of liability has been expended or paid, WE shall have no further obligation for performance under this LIMITED WARRANTY.

II. Warranty Periods

Coverage under this LIMITED WARRANTY applies only to CONSTRUCTION DEFECTS which occur during the applicable Section A, Section B, or Section C WARRANTY PERIODS indicated on the Warranty Validation Form and which are reported by YOU in accordance with the notification requirements of Section VII, Notice and Opportunity to Repair. Please note that warranty coverage changes over the course of the 10-year term of this LIMITED WARRANTY with certain construction components covered for one year, others for two years, and some for a full ten years.

Section A Coverage refers to a DEFICIENCY described in the ONE YEAR WARRANTY PERFORMANCE STANDARDS and to a DEFINED STRUCTURAL ELEMENT FAILURE described in the TEN YEAR MAJOR STRUCTURAL COMPONENTS WARRANTY STANDARDS in Section XI;

Section B Coverage refers to a DEFICIENCY described in the TWO YEAR WARRANTY PERFORMANCE STANDARDS and to a DEFINED STRUCTURAL ELEMENT FAILURE described in the TEN YEAR MAJOR STRUCTURAL COMPONENTS WARRANTY STANDARDS in Section XI;

Section C Coverage refers to a DEFINED STRUCTURAL ELEMENT described in the TEN YEAR MAJOR STRUCTURAL COMPONENTS WARRANTY STANDARDS in Section XI. Section C Coverage applies only to DEFINED STRUCTURAL ELEMENT FAILURES which first occur during the third through tenth year of the LIMITED WARRANTY.

The TEN YEAR WARRANTY OF HABITABILITY expires ten years from the WARRANTY PERIOD's commencement date as shown on the Warranty Validation Form.

In the case of each category of warranty coverage, the applicable warranty performance standards described in Section XI shall apply in determining whether a warranted CONSTRUCTION DEFECT exists. Please review the Warranty Performance Standards in Section XI before submitting a claim under this LIMITED WARRANTY.

To preserve a claim under this LIMITED WARRANTY YOU must notify US in writing of a CONSTRUCTION DEFECT within the time prescribed in Section VII, Notice and Opportunity to Repair.

This LIMITED WARRANTY applies only to OUR workmanship and materials actually used in construction of the HOME. A failure to complete construction of the HOME or any part of it is not a CONSTRUCTION DEFECT and is not covered by this LIMITED WARRANTY.

III. Our Warranty Obligations

Upon OUR receipt of timely written notice from YOU, WE, or a third party acting on OUR behalf, including our warranty insurer when investigating or adjusting a warranty claim on our behalf, will, where necessary, inspect, investigate and/or test (including destructive testing) to determine if a CONSTRUCTION DEFECT exists. Upon confirmation of a CONSTRUCTION DEFECT, WE, or a third party acting on OUR behalf, will (1) repair or replace the CONSTRUCTION DEFECT to conform to the applicable Warranty Performance Standard, (2) pay to YOU the reasonable cost necessary to have a qualified third party contractor remedy the CONSTRUCTION DEFECT to the applicable performance standard under this LIMITED WARRANTY, or (3) if the cost to repair is greater than the diminution in the current value of the HOME caused by the CONSTRUCTION DEFECT, WE may elect to pay YOU a sum equal to such diminution in value in lieu of repair. The decision to repair, replace, or to make payment to YOU is at OUR or OUR authorized representative's sole option. Additionally, WE reserve the right to choose the method and scope of repair WE believe appropriate to remedy any CONSTRUCTION DEFECT provided such method is reasonably consistent with common industry practice in the locale where the HOME is located.

In responding to a reported CONSTRUCTION DEFECT, WE will apply the Warranty Performance Standards applicable to the WARRANTY PERIOD to determine whether the condition of the HOME or COMMON ELEMENTS meets the expected level of performance described in the ONE YEAR WARRANTY PERFORMANCE STANDARDS, the TWO YEAR DELIVERY SYSTEMS WARRANTY PERFORMANCE STANDARDS, the TEN YEAR MAJOR STRUCTURAL COMPONENTS WARRANTY STANDARDS, or the standards applicable to the TEN YEAR WARRANTY OF HABITABILITY.

If a reported CONSTRUCTION DEFECT is not addressed in any of the warranty performance standards described above, WE will consider the usual and customary residential construction practices for the purpose intended for the applicable WARRANTY PERIOD, or whether the condition is not in substantial compliance with CODE.

IV. Homeowner Maintenance

Maintenance of the HOME and the COMMON ELEMENTS, including the lot on which the HOME or COMMON ELEMENTS are located, is essential to the proper functioning of the HOME or COMMON ELEMENTS. Maintenance is YOUR responsibility. YOUR ongoing maintenance responsibilities include, but are not limited to, periodic repainting and resealing of finished surfaces as necessary, caulking for the life of the HOME or COMMON ELEMENTS, regular maintenance of mechanical systems, regular replacement of HVAC filters, preservation of proper grading around the HOME or COMMON ELEMENTS, and clearing and cleaning drainage systems to allow for the proper drainage of water away from the HOME or COMMON ELEMENTS.

YOU must use and perform periodic maintenance on all MANUFACTURED PRODUCTS according to the manufacturer's instructions and specifications. The misuse, abuse, neglect or other failure to follow manufacturer's specifications with regard to MANUFACTURED PRODUCTS may void the manufacturer's warranty.

YOU should prevent landscaping materials or plants from contacting the exterior surface of the HOME or COMMON ELEMENTS and from interfering with the proper drainage of water away from the foundation. YOU should not alter the drainage pattern or grade of the land within ten feet of the foundation so that it impedes the drainage of water away from the HOME or COMMON ELEMENTS or violates the applicable CODE.

YOU should take action to prevent excessive moisture accumulation by:

- A. properly using ventilation equipment;
- B. preventing excessive temperature fluctuation within the HOME; and

- C. taking reasonable steps to avoid excessive dampness, humidity or condensation in the HOME or the COMMON ELEMENTS that may lead to damage.

YOU shall properly maintain each component of the HOME or COMMON ELEMENTS including proper cleaning, care and upkeep of the HOME or COMMON ELEMENTS. YOU shall use HOME or COMMON ELEMENTS components only for the purposes for which they are intended and shall not damage, misuse or abuse such components.

Upon observation of a condition which, if uncorrected, is likely cause damage to the HOME or the COMMON ELEMENTS, YOU should notify US immediately and take reasonable action necessary to prevent further immediate damage.

YOU are responsible for all CONSTRUCTION DEFECTS and damages caused by a lack of maintenance or improper maintenance. Such CONSTRUCTION DEFECTS and related damages are excluded from coverage under this LIMITED WARRANTY. In circumstances where a HOMEOWNERS ASSOCIATION is responsible for maintenance to any part of the HOME or COMMON ELEMENTS, the foregoing maintenance provisions shall also apply to the HOMEOWNERS ASSOCIATION. However, it remains YOUR responsibility to make sure that maintenance is performed as needed by either the HOMEOWNERS ASSOCIATION or YOU.

WE shall not be liable for any damage that is the result of a failure to perform reasonable maintenance or a failure to comply with any homeowner responsibility item stated in the warranty performance standards in Section XI of this LIMITED WARRANTY or any maintenance manual WE may have provided to YOU separate from this LIMITED WARRANTY.

WE may make a "Homeowner Maintenance Manual" or similar material available to YOU upon request. Whether from this document or others that are readily available to YOU, YOU must understand and perform the maintenance that the HOME and COMMON ELEMENTS require.

V. Coverage Limitations

Work done by US to repair a CONSTRUCTION DEFECT will include work necessary to restore components of the HOME or COMMON ELEMENTS that were part of OUR original construction, and which have to be removed or altered in order to correct the CONSTRUCTION DEFECT. Such restoration shall be limited to the condition and finish as originally constructed by US, subject to reasonable availability of like materials.

Surfaces, finishes and coverings that are damaged by a CONSTRUCTION DEFECT or that are damaged or removed incident to OUR repair of a CONSTRUCTION DEFECT and that were a part of the HOME as originally constructed by US will be finished or touched up to match the surrounding area as closely as practical. In connection with the repair of finish or surface material, such as paint, wallpaper, flooring or a hard surface, WE will match the standard and grade as closely as reasonably possible. WE will attempt to match the finish, but WE cannot be responsible for discontinued patterns or materials, color variations or shade variations. When the surface finish material must be replaced and the original material has been discontinued, WE will install replacement material substantially similar in appearance to the original material.

In the case where WE determine that the HOME will be uninhabitable during repairs to remedy a CONSTRUCTION DEFECT, OUR repair shall include the reasonable cost of YOUR alternative shelter and necessary storage expenses until WE determine that the HOME is again habitable. Alternative shelter and storage costs must be pre-approved by US and WE shall not be liable for any such costs which have not been pre-authorized by US.

Unless such limitation is prohibited by law, actions taken to remedy CONSTRUCTION DEFECTS will not extend the WARRANTY PERIOD applicable to the CONSTRUCTION DEFECT or any applicable statutes of limitation or repose.

VI. Exclusions

WE shall not be liable under this LIMITED WARRANTY for any damages or losses that occur because YOU failed to allow US to make timely repairs. Additionally, if YOU make or pay for repairs without first notifying US of the problem and allowing US to investigate and repair as required by this LIMITED WARRANTY, then WE shall not be obligated to reimburse YOU for those repairs. Notwithstanding the preceding sentence, if an emergency situation occurs at a time when WE are not available to take YOUR call, and immediate repairs are necessary to protect the safety of occupants of the HOME or to prevent imminent serious damage to the HOME, YOU may make those necessary repairs and WE will reimburse YOU the reasonable cost of those repairs that would otherwise be OUR obligation under this LIMITED WARRANTY. YOU are still obligated to give US notice as soon as possible, even in an emergency situation.

Other exclusions for which WE shall not be liable under this LIMITED WARRANTY include damage or loss excused by, caused by or resulting from any of the following occurrences, conditions or events:

- A. Work performed or material supplied incident to construction, modification or repair to the HOME or COMMON ELEMENTS performed by anyone other than US or persons providing work or material at OUR direction;
- B. The negligence, improper maintenance, misuse, abuse, failure to follow manufacturer's recommendations, failure to take reasonable action to mitigate damage, failure to take reasonable action to maintain the residence or other action or inaction of anyone other than US or persons providing work or material at OUR direction;
- C. YOUR failure to comply with YOUR responsibilities as set forth in Section IV. Homeowner Maintenance or as may be stated separately elsewhere in this LIMITED WARRANTY, including those contained within the applicable performance standards;
- D. Alterations to the grade of the ground that are not in compliance with the CODE or applicable governmental regulations;
- E. Normal wear and tear or normal deterioration to any component of the HOME or the COMMON ELEMENTS;
- F. EXTREME WEATHER CONDITIONS, floods, or earthquake;
- G. Riot, civil commotion, war, terrorism, vandalism, aircraft, vehicle or boat;
- H. Fire, smoke or water damage unless such loss or damage is a direct result of a CONSTRUCTION DEFECT;
- I. Change in the underground water table that exerts pressure on, seeps, or leaks under the HOME or the COMMON ELEMENTS, sidewalk, driveway, foundation or other structure or causes subsidence or sinkholes;
- J. Erosion or accretion of soils unless such loss or damage is a direct result of a CONSTRUCTION DEFECT;
- K. Insects, birds, rodents, vermin or other wild or domestic animals unless such loss or damage is a direct result of a CONSTRUCTION DEFECT;
- L. The quality and potability of water unless caused by a CONSTRUCTION DEFECT;
- M. Use of the HOME primarily for other than residential purposes;
- N. Use for which the HOME or the COMMON ELEMENTS or the component of the HOME or COMMON ELEMENTS were not designed or intended;
- O. Use that exceeds the normal design loads prescribed by the CODE or the engineer of record;
- P. YOUR delay in reporting a known CONSTRUCTION DEFECT or failing to take reasonable action to prevent further damage to the HOME or the COMMON ELEMENTS;
- Q. Abuse or misuse of a HOME or COMMON ELEMENT component or MANUFACTURED PRODUCT; or
- R. The presence or actual or threatened discharge, dispersal, seepage, migration, release or escape of radon gas, formaldehyde or other POLLUTANTS or contaminants, or the presence or effect of mold, mildew, toxic material, or volatile organic compound or matter, unless such condition is a direct result of a CONSTRUCTION DEFECT.
- S. CONSEQUENTIAL OR INCIDENTAL DAMAGES, other than as expressly allowed in this LIMITED WARRANTY.

- T. Planted landscape materials including, but not limited to, seed, sod, shrubs and trees.
- U. Expiration of any limitations period applicable to the commencement of a civil action relating to or arising from this LIMITED WARRANTY as provided by law in the state where the home is located.

Further, this LIMITED WARRANTY does not cover and WE are not responsible for any CONSTRUCTION DEFECT which would not have occurred in the absence of one or more of the excluded occurrences, conditions or events listed above, where those exclusions acted concurrently or in any sequence with a CONSTRUCTION DEFECT to produce the loss or damage.

VII. Notice and Opportunity to Repair

OUR obligation to respond to a claim under this LIMITED WARRANTY begins after YOU have promptly notified OUR customer service department, in writing, of a condition in YOUR HOME which YOU believe requires OUR attention. YOUR notice should describe, in reasonable detail, why YOU believe a CONSTRUCTION DEFECT exists. YOUR notice should also inform US of how YOU prefer to be contacted for follow-up. In the event of a CONSTRUCTION DEFECT to a COMMON ELEMENT, notice must come from an authorized representative of the HOMEOWNERS ASSOCIATION.

To preserve a claim under this LIMITED WARRANTY, YOUR written notice must be postmarked or received by US no later than thirty (30) days following the expiration date for the applicable WARRANTY PERIOD shown on the Warranty Validation Form. Again, please be reminded that, as stated in Section II above, the warranty applicable to Section A, Section B, or Section C coverage expires one year, two years, or ten years, respectively, from the WARRANTY PERIOD's commencement date as shown on the Warranty Validation Form. The TEN YEAR WARRANTY OF HABITABILITY expires 10 years from the WARRANTY PERIOD's commencement date as shown on the Warranty Validation Form. Consequently, the time limit for reporting a DEFICIENCY warranted for just 1 year, for example, will expire 30 days following the expiration date for Section A Coverage. In order to establish a record of YOUR timely notification, WE recommend that written notice be sent via certified mail, return receipt requested, unless WE have instructed YOU in writing, to follow a different process for reporting warranty service requests to OUR staff.

We shall contact YOU promptly and, if necessary, arrange to inspect and test (including, when necessary, destructive testing) to determine the existence, cause, and scope of any CONSTRUCTION DEFECT reported to US. We require YOUR cooperation in allowing US and parties acting on OUR behalf reasonable weekday access to YOUR HOME for this purpose. If WE determine that a CONSTRUCTION DEFECT exists, WE shall arrange a schedule to remediate YOUR claim. YOU and WE shall agree upon a commencement date for repair work and WE shall diligently move to complete the work within a reasonable period of time, allowing for availability of necessary materials and scope of work to be performed.

These requirements for written notice and opportunity to cure are necessary pre-conditions to initiating any action relating to or arising out of OUR performance under this LIMITED WARRANTY.

OUR goal is to promptly respond to all warranty related requests and perform warranty service to YOUR satisfaction. If, at any time, YOU are not satisfied with OUR responsiveness to YOUR warranty service request, YOU should so inform PWC and PWC will facilitate communication between YOU and US in an effort to resolve any disagreement. YOU may contact PWC at the address in the Definitions section of this LIMITED WARRANTY.

Communication, mutual respect, and cooperation are all key to resolving claims under this LIMITED WARRANTY. WE pledge to do whatever is reasonable to assure that materials and workmanship used in constructing YOUR HOME conform to OUR construction standards and perform as required under applicable standards.

Surfaces, finishes and coverings in the HOME which require repair due to damage caused by a CONSTRUCTION DEFECT, or such damage caused in the course of OUR repair of a CONSTRUCTION DEFECT, shall be repaired and restored to approximately the same condition as existed prior to the CONSTRUCTION DEFECT, but not necessarily to a like new condition. When repairing or replacing surfaces,

finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to such factors as fading, aging and unavailability of the same materials.

Alternate shelter, storage expenses and lost business income (if the HOME was used as a principal place of business licensed and permitted to be operated from the HOME) during such time that WE determine that the HOME is uninhabitable during OUR work to repair a CONSTRUCTION DEFECT, shall be limited to those reasonable shelter, storage and other expenses expressly pre-approved by US or OUR designated representative.

Action taken by US to correct a CONSTRUCTION DEFECT shall not serve to extend the WARRANTY PERIOD.

In the event that WE offer and YOU accept a cash payment or other thing of value in lieu of OUR repairing a CONSTRUCTION DEFECT, then YOU must sign a release of any further obligation by US relating to the CONSTRUCTION DEFECT for which YOU received payment or other thing of value.

VIII. Disputes to be Resolved by Binding Arbitration

Following commencement of the WARRANTY PERIOD, the parties agree that any claim, controversy or dispute (hereafter collectively referred to as "dispute") between YOU and US, or parties acting on YOUR or OUR behalf, including PWC, OUR warranty insurer, and any successor or assign of either YOU or US, which relates to or arises from this LIMITED WARRANTY, and which is not time-barred by the expiration of any limitations period applicable to the commencement of a civil action relating to or arising from this LIMITED WARRANTY as provided by law in the state where the HOME is located, will be resolved solely by binding arbitration and not through litigation in court before a judge or jury. Notwithstanding the preceding sentence, YOU and WE may agree to use a small claims tribunal as an alternative to arbitration of a dispute if the amount in controversy is within the jurisdictional limits of the small claims tribunal. However, any appeal of a judgment from a small claims tribunal shall be resolved by binding arbitration.

Except where a dispute relates to COMMON ELEMENTS, arbitrations shall be limited to disputes relating to YOUR HOME only, and disputes, if any, relating to other homes may not be consolidated in any representative or class proceeding.

The arbitrator shall be authorized to provide all recognized legal and equitable remedies for any dispute submitted for arbitration except, as noted above, the arbitrator may not consolidate disputes relating to homes other than YOUR HOME and may not otherwise preside over any form of a representative or class proceeding.

This agreement to arbitrate is intended to inure to the benefit of, and be enforceable by, YOU or YOUR successors in title to the HOME during the WARRANTY PERIOD, and by US, OUR warranty insurer, and OUR contractor, subcontractors, agents, vendors, suppliers, design professionals, material men, and any of OUR direct or indirect subsidiaries or related entities alleged to be responsible for any CONSTRUCTION DEFECT. The parties contemplate the inclusion of such other parties in any arbitration of a dispute and agree that the inclusion of such other parties will not affect the enforceability of this arbitration agreement. In each case, the arbitrator shall have the exclusive authority to resolve:

- A. Any disagreement that a condition in the HOME or the COMMON ELEMENTS is a CONSTRUCTION DEFECT and is therefore covered by this LIMITED WARRANTY;
- B. Any disagreement as to whether a CONSTRUCTION DEFECT has been corrected in compliance with this LIMITED WARRANTY;
- C. Any alleged breach of this LIMITED WARRANTY;
- D. Any alleged violation of consumer protection, unfair trade practice, or any other statute which relates to or arises out of this LIMITED WARRANTY;
- E. Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and any other claims arising in equity or from common law which relates to or arises out of this LIMITED WARRANTY;
- F. Any dispute concerning the issues that should be submitted to binding arbitration;

- G. Any dispute concerning the timeliness of OUR performance and/or YOUR notifications under this LIMITED WARRANTY;
- H. Any dispute as to the payment or reimbursement of the arbitration filing fee;
- I. Any dispute relating to the interpretation, applicability, enforceability or formation of this agreement to arbitrate, including without limitation its revocability or voidability for any cause, and any defense relating to the enforcement of this agreement to arbitrate, including without limitation waiver, estoppel, or laches;
- J. Any other claim arising out of or relating to this LIMITED WARRANTY, including, but not limited to any claim based on any implied warranty or claim for negligence or strict liability not effectively waived by this LIMITED WARRANTY.

The arbitration shall be conducted by DeMars and Associates, Ltd. (www.demarsassociates.com), unless the parties mutually agree on an alternative reputable arbitration service prior to commencement of the arbitration process. The rules, fees and procedures of the arbitration service that are in effect at the time the request for arbitration is submitted will apply. Upon request, PWC will provide the requesting party with a copy of the arbitration service's rules and fees or instructions or how to request such information directly from the service. This arbitration agreement shall be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 – 16) in effect as of the commencement of the WARRANTY PERIOD, or as it may thereafter be amended, to the exclusion of any inconsistent state law, regulation or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

Except as otherwise provided herein, each party shall bear its own attorney's fees and all other costs (including expert's costs) for the arbitration. If the arbitration is to be conducted by DeMars and Associates, Ltd., the filing fee shall be Eighty Dollars (\$80.00), which shall be paid by the party initiating the request for arbitration. If YOU initiate an arbitration conducted by DeMars and Associates and YOU prevail on any claimed CONSTRUCTION DEFECT submitted for decision, the arbitration filing fee shall be refunded to YOU. Under no circumstances shall YOU be liable for other costs and expenses charged by DeMars and Associates to conduct the arbitration.

If the parties elect to use an arbitration service provider other than DeMars and Associates, the filing fee and other costs of the arbitration shall be allocated and paid as provided in the rules of the arbitration service selected by the parties. Based on the outcome of the arbitration, the arbitrator may, at his/her discretion and to the extent permitted by law, direct that WE reimburse YOU some or all of that portion of the arbitration filing fee YOU have paid. Contact PWC to determine the arbitration filing fee in effect at the time arbitration is being requested.

The process for initiating arbitration is described below.

- Step 1 The initiating party will complete a Binding Arbitration Request Form and mail it to PWC along with the appropriate portion of the arbitration-filing fee. A Binding Arbitration Request Form is attached to this LIMITED WARRANTY. If YOU initiate the request for arbitration, it must be postmarked or received by PWC during the WARRANTY PERIOD applicable to the CONSTRUCTION DEFECT or not later than thirty (30) days following the expiration of the applicable WARRANTY PERIOD.
- Step 2 PWC will gather information from the parties sufficient to inform the arbitration service of the nature of the dispute and forward that information to the arbitration service that will be conducting the arbitration. Either the arbitrator appointed by the arbitration service or a representative of the service will notify YOU and US of the time, date and location of the arbitration hearing. Most often the hearing will be conducted at the HOME or the site of the affected COMMON ELEMENTS or some other location that is agreeable to all parties to the dispute. The hearing shall be conducted in the county where the HOME or COMMON ELEMENTS are located. In scheduling the hearing, the arbitrator will set a time and date that is reasonably convenient to all the parties.
- Step 3 All persons who are parties to the arbitration, as well as representatives and witnesses, are entitled to attend hearings. At the request of either party, the arbitrator shall have authority to sequester witnesses during the hearing until they are called to testify.

Following the arbitration hearing, a decision will be rendered by the arbitrator. The decision is final and binding on YOU and US. The arbitrator may, to the extent permitted by law, grant any remedy or relief

that the arbitrator deems just and equitable and within the scope of this LIMITED WARRANTY or other applicable agreements, including statutory remedies. The arbitrator first will determine whether any alleged CONSTRUCTION DEFECT exists and whether it is OUR responsibility to remedy it. Second, if the arbitrator finds US responsible for a CONSTRUCTION DEFECT, the arbitrator will determine, if it is contested, the scope of any necessary repairs or, if WE elect to make payment to YOU in lieu of performing repairs, the reasonable cost to have repairs performed by a third-party contractor, or the diminution in fair market value, if any, attributable to the uncorrected CONSTRUCTION DEFECT. Except where otherwise directed by the arbitrator's award, the decision to repair or to make payment to YOU is at OUR or OUR authorized representative's sole option. In addition, the arbitrator shall render a decision resolving any other claims, disputed matters or issues stated in the Binding Arbitration Request Form.

- Step 4 WE will comply with the arbitrator's decision within 60 days from the date of the award or such time as may be specified or allowed in the decision. However, delays caused by circumstances beyond OUR or OUR representative's control shall be excused.
- Step 5 If YOU believe WE have failed to comply with the arbitrator's award, YOU should contact PWC at its mailing address specified in this LIMITED WARRANTY. PWC will mediate this dispute and, if it cannot be resolved, YOU may request a compliance inspection arbitration to determine whether WE have performed as required under the original arbitration award. If it is determined that WE have not properly performed, WE will be obligated to immediately comply. The award of the arbitrator may be entered as a judgment in any court of competent jurisdiction and enforced as any other judgment entered in that court.

PWC's sole responsibility is to administer this LIMITED WARRANTY on OUR behalf and PWC assumes no obligations in connection with this LIMITED WARRANTY. Under no condition or circumstance is PWC responsible for fulfilling any of OUR obligations under this LIMITED WARRANTY.

IX. General Conditions

- A. No Alteration of this LIMITED WARRANTY by the Contract of Sale

Nothing in the contract of sale or any other agreements between YOU and US relating to the construction and/or sale of the HOME or transfer of the COMMON ELEMENTS shall restrict or expand this LIMITED WARRANTY in any way.

- B. Transfer to Subsequent HOMEOWNERS

This LIMITED WARRANTY will transfer to new owners of the HOME for the remainder of the WARRANTY PERIOD. YOU agree to provide this LIMITED WARRANTY to any subsequent purchaser of the HOME as a part of the contract of sale of the HOME. OUR duties under this LIMITED WARRANTY to the new HOMEOWNER will not exceed the limit of liability then remaining, if any.

- C. Transfer of Manufacturer's Warranties

Upon closing on YOUR purchase of the HOME, WE assign to YOU the manufacturers' warranties for all MANUFACTURED PRODUCTS that are covered by a manufacturer's warranty. WE do not assume any of the obligations of a manufacturer resulting from a manufacturer's warranty, but WE shall coordinate with the manufacturer, suppliers or agents to achieve compliance with the performance standard. If the manufacturer does not comply with the manufacturer's warranty within a reasonable period of time, WE will make the affected condition comply with the applicable performance standard and seek redress from the manufacturer.

WE shall install all MANUFACTURED PRODUCTS in accordance with the manufacturer's instructions and specifications. WE shall use only new MANUFACTURED PRODUCTS and parts unless otherwise agreed in writing. If WE do not install a MANUFACTURED PRODUCT in accordance with the

manufacturer's specifications or use newly manufactured parts as required, WE shall take such action as is necessary to bring the variance within the standard.

Should an appliance or item of equipment malfunction YOU must follow the procedures set forth in that manufacturer's warranty to correct the problem.

D. Recovery Rights

If WE or a third party designated by US or acting on OUR behalf repairs, replaces or pays YOU as to a CONSTRUCTION DEFECT, or other related damage to the HOME or the COMMON ELEMENTS covered by this LIMITED WARRANTY, WE are entitled, to the extent of the cost incurred in such remedy, to take over YOUR related rights of recovery from other persons and entities, 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 at OUR expense.

E. General Provisions

1. If any provision of this LIMITED WARRANTY is determined to be unenforceable, such provision shall be deemed severed and will not affect the remaining provisions of this LIMITED WARRANTY. If this LIMITED WARRANTY or any provision herein is determined to be unenforceable as to a HOMEOWNERS ASSOCIATION or a specific HOMEOWNER, such a determination will not affect the enforceability of this LIMITED WARRANTY or such provision as to any other HOMEOWNERS ASSOCIATION or any other HOMEOWNER. The issue of enforceability, as well as all other issues, will be determined by Binding Arbitration as provided for in this LIMITED WARRANTY.
2. This LIMITED WARRANTY, including its binding arbitration process, is binding on YOU and US. It is also binding on YOUR and OUR heirs, executors, administrators, successors, assigns, and all others making claims against this LIMITED WARRANTY by or through YOU, and on any transferee of the HOME as provided in paragraph B of the General Conditions.
3. As may be appropriate, the use of the plural in this LIMITED WARRANTY includes the singular, and the use of one gender includes all genders.

X. Definitions

ADVERSE EFFECT means a tangible condition that substantially impairs the functionality of the HABITABLE AREAS of the HOME.

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

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

CODE means the International Residential Code and the National Electrical Code, including any amendments thereto adopted by the local jurisdiction where the HOME is located or otherwise made applicable to the HOME by the Texas Local Government Code, the Federal Housing Administration, the Department of Veterans Affairs, U.S. Department of Housing and Urban Development, the American National Standards Institute, and the American Society of Heating, Refrigerating and Air-conditioning Engineers. In the event of a conflict between the warranty performance standards in Section XI of this LIMITED WARRANTY and the various CODES, the standard more favorable to the HOMEOWNER will apply.

COMMON ELEMENTS, for purposes of this BUILDER'S LIMITED WARRANTY, means the structure, components of enclosure, common areas, and any other part of a residential building which is not designated in condominium or housing cooperative governing documents for separate ownership or occupancy by a HOMEOWNER. Examples of COMMON ELEMENTS include a residential building's interior structural walls, the

building envelope which includes exterior walls, windows and doors, roof and foundation, and corridors, lobbies, vertical transportation elements, utility rooms, balconies or other spaces not designated for use and maintenance by a single HOMEOWNER within the building. SYSTEMS serving two or more HOMES, and the outbuildings that contain parts of such SYSTEMS are also included in this definition.

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or injury other than:

- A. OUR cost to correct a CONSTRUCTION DEFECT including the correction of those surfaces, finishes and coverings damaged by the CONSTRUCTION DEFECT;
- B. OUR costs of removal or replacement of those components of the HOME that have to be removed or altered in order to repair or replace a CONSTRUCTION DEFECT;
- C. The reasonable cost of the HOMEOWNER'S alternative shelter and storage expenses where WE have determined that the HOME is not habitable during OUR investigation or repair of a CONSTRUCTION DEFECT.

Diminished fair market value is considered "CONSEQUENTIAL OR INCIDENTAL DAMAGE" and is excluded under this LIMITED WARRANTY unless WE elect this remedy in lieu of the repair, replacement or other payment as to a CONSTRUCTION DEFECT.

CONSTRUCTION DEFECT(S) means that an element or component of the HOME and/or the COMMON ELEMENTS fails to conform to the:

- level of performance described in the ONE YEAR WARRANTY PERFORMANCE STANDARDS which are a part of this LIMITED WARRANTY; or
- level of performance described in the TWO YEAR DELIVERY SYSTEMS WARRANTY PERFORMANCE STANDARDS which are a part of this LIMITED WARRANTY; or
- level of performance described in the TEN YEAR MAJOR STRUCTURAL COMPONENTS WARRANTY PERFORMANCE STANDARDS which are a part of this LIMITED WARRANTY; or
- TEN YEAR WARRANTY OF HABITABILITY which is a part of this LIMITED WARRANTY.

A CONSTRUCTION DEFECT shall include and refer to both a DEFICIENCY and a DEFINED STRUCTURAL ELEMENT FAILURE, as those terms are defined below.

If a CONSTRUCTION DEFECT is alleged in any material or workmanship not specifically covered by the performance standards mentioned above, the sufficiency of such workmanship and material will be judged by:

- whether they are consistent with standards and practices of the home building industry so as to pass without objection in the applicable trade in the local jurisdiction where the HOME is located; or, if applicable,
- whether they are in substantial compliance with the International Residential Code (IRC) for all non-electrical work and the National Electrical Code (NEC) for all electrical work. The edition of the IRC and the NEC in effect at the time of commencement of construction on the HOME shall apply along with any amendments thereto adopted by the county or municipality having jurisdiction where the HOME is located.

DEFICIENCY means a defect in material or workmanship which exceeds the ONE YEAR or TWO YEAR WORKMANSHIP AND MATERIALS PERFORMANCE STANDARDS, but is not so severe as to be a DEFINED STRUCTURAL ELEMENT FAILURE.

DEFINED STRUCTURAL ELEMENT FAILURE means a defect in material or workmanship in a Major Structural Component of a HOME or COMMON ELEMENT exceeds the TEN YEAR MAJOR STRUCTURAL COMPONENTS PERFORMANCE STANDARDS. Major Structural Components are the footings and foundation system; beams; headers; girders, lintels; columns, other than columns installed as cosmetic features; load-bearing walls and partitions; roof framing systems, including ceiling framing; floor systems; and masonry arches.

EXTREME WEATHER CONDITION(S) means weather conditions in excess of or outside of the scope of the design criteria stated or assumed for the circumstance or locale in the CODE. It shall also mean flooding including surface water run-off, hurricanes, tropical storms, tornadoes, severe thunderstorms and windstorms producing damaging winds greater than 58 mph or sustained winds of 40 mph or greater lasting for one hour or longer, snowstorms, blizzards and ice storms.

HABITABLE AREA(S) means a living space, which is the enclosed area in a HOME that is suitable for year-round residential use.

HOME means a single family residence either attached or detached covered by this LIMITED WARRANTY or a condominium or cooperative unit in a multi-unit residential structure/building covered by this LIMITED WARRANTY.

HOMEOWNER means the first person(s) to whom a HOME (or a unit in a multi-unit residential structure/building) is sold, or for whom such HOME is constructed, for occupancy by such person or such person's family, and such person's(s') successors in title to the HOME, or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf, including any class representative or HOMEOWNERS ASSOCIATION making a claim in a representative capacity.

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the COMMON ELEMENTS.

MANUFACTURED PRODUCT means a component of the HOME or COMMON ELEMENTS that was manufactured away from the site of the HOME or COMMON ELEMENTS and that was installed in the HOME or the COMMON ELEMENTS without significant modifications to the product as manufactured and includes those items defined as a consumer product in the Magnuson-Moss Warranty Act (15 U.S.C. §. 2301, et seq.). Manufactured products commonly installed in residential construction include, but are not limited to, dishwashers, cook tops, ovens, refrigerators, trash compactors, microwave ovens, kitchen vent fans, central air conditioning coils and compressors, furnace heat exchangers, water heaters, carpet, windows, doors, light fixtures, fireplace inserts, pipes and electrical wires. For purposes of this LIMITED WARRANTY, a manufactured product includes any component of a HOME or the COMMON ELEMENTS for which the manufacturer provides a warranty, provided that the manufacturer permits transfer of the warranty to the HOMEOWNER.

ONE YEAR WORKMANSHIP AND MATERIALS PERFORMANCE STANDARDS means that workmanship and materials in residential construction are warranted to perform to the stated performance standards for one year from the earlier of the date of occupancy or transfer of title from the BUILDER to the initial HOMEOWNER. The performance standards are contained in Section XI of this document.

POLLUTANTS means all solid, liquid, or gaseous irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, odors, acids, alkalis, toxic chemicals, radon gas, and waste materials, including materials to be recycled.

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 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 delivery system - gas supply lines and fittings; water supply, waste and vent pipes and their fittings, exclusive of wax rings and sealants; 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 delivery system - all wiring, electrical boxes, switches, outlets, and connections up to the public utility connection.
- (c) Heating and air-conditioning delivery system - all duct-work; steam, water and refrigerant lines; and registers, connectors, radiation elements and dampers.

TEN YEAR MAJOR STRUCTURAL COMPONENTS WARRANTY PERFORMANCE STANDARDS means that the Major Structural Components in residential construction are warranted to perform to the stated performance

standards for ten years from the earlier of the date of occupancy or transfer of title from the BUILDER to the initial HOMEOWNER. Major Structural Components are the load-bearing portions of the following elements of a home: (A) Footings and Foundations; (B) Beams; (C) Headers; (D) Girders; (E) Lintels; (F) Columns, other than a column that is designed to be cosmetic; (G) Load-Bearing portions of walls and partitions; (H) Roof framing systems, including ceiling framing; (I) Floor systems; and (J) Masonry Arches. The performance standards are contained in Section XI of this document.

TEN YEAR WARRANTY OF HABITABILITY means OUR obligation to construct a HOME that is: (A) in compliance with all stated performance standards; and, (B) is safe, sanitary and fit for humans to inhabit. An alleged CONSTRUCTION DEFECT under the Warranty of Habitability must have a direct ADVERSE EFFECT on the HABITABLE AREAS of the HOME. This warranty applies to an alleged CONSTRUCTION DEFECT that would otherwise have been covered by the one year workmanship and materials warranty or the two year delivery systems warranty, but arose after the termination of those WARRANTY PERIODS, and the alleged CONSTRUCTION DEFECT must not have been discoverable by a reasonable or prudent inspection or examination of the HOME within the applicable WARRANTY PERIODS.

TWO YEAR DELIVERY SYSTEMS WARRANTY PERFORMANCE STANDARDS means that the plumbing, electrical, heating and air-conditioning delivery systems in residential construction are warranted to perform to the stated performance standards for two years from the earlier of the date of occupancy or transfer of title from the BUILDER to the initial HOMEOWNER. The performance standards are contained in Section XI of this document.

WARRANTY PERIOD(S) shall commence on the earlier of the date of occupancy or the date the title to the HOME is transferred to the first HOMEOWNER. Coverage under this LIMITED WARRANTY changes over the course of the ten-year term. The ONE YEAR WORKMANSHIP AND MATERIALS PERFORMANCE STANDARDS are applicable for one year from the earlier of the date of occupancy or the date the title to the HOME is transferred to the first HOMEOWNER. The TWO YEAR DELIVERY SYSTEMS PERFORMANCE STANDARDS are applicable for two years from the earlier of the date of occupancy or the date the title to the HOME is transferred to the first HOMEOWNER. The TEN YEAR MAJOR STRUCTURAL COMPONENTS PERFORMANCE STANDARDS and the TEN YEAR WARRANTY OF HABITABILITY are applicable for ten years from the earlier of the date of occupancy or the date the title to the HOME is transferred to the first HOMEOWNER. The dates the WARRANTY PERIOD begins and ends are indicated on the Warranty Validation Form which is attached to and made part of this LIMITED WARRANTY. Notwithstanding anything to the contrary set forth in this LIMITED WARRANTY, the WARRANTY PERIOD for the COMMON ELEMENTS of an individual structure/building commences on the date the title for the first HOME in the structure/building is transferred to the first HOMEOWNER.

WE, US, OUR means the BUILDER.

YOU, YOUR means the HOMEOWNER or the HOMEOWNERS ASSOCIATION.

Certain words and terms when used in warranty standards described in Section XI below shall have the following meanings, unless the context clearly indicates otherwise.

- (1) *Builder Responsibility* -- A statement of the corrective action required by the builder to repair the construction defect and any other damage resulting from making the required repair. Parties may agree to an alternative remedy.
- (2) *Electrical Standard* -- a standard not expressly stated in the International Residential Code but contained in the version of the National Electrical Code (NEC) in effect at the time of commencement of construction of the HOME, including any amendments to the NEC adopted by or otherwise made applicable to a municipality or the extraterritorial jurisdiction or an unincorporated area not in the extraterritorial jurisdiction of a municipality, all in accordance with applicable provisions of the Texas Local Government Code.
- (3) *Excessive or excessively* -- a quantity, amount or degree that exceeds that which is normal, usual or reasonable under the circumstance.

- (4) *Exclusion* – items, conditions or situations not warranted or not covered by a performance standard.
- (5) *Extreme Weather Condition(s)* – weather conditions in excess of or outside of the scope of the design criteria stated or assumed for the circumstance or locale in the Code. It shall also mean flooding including surface water run-off, hurricanes, tropical storms, tornadoes, severe thunderstorms and windstorms producing damaging winds greater than 58 mph or sustained winds of 40 mph or greater lasting for one hour or longer, snowstorms, blizzards and ice storms.
- (6) *The International Residential Code (IRC)* -- substantial compliance with the non-electrical standards contained in the version of *the IRC for One- and Two-Family Dwellings* published by the International Code Council (ICC) and applicable in a municipality or the extraterritorial jurisdiction or an unincorporated area not in the extraterritorial jurisdiction of a municipality, all in accordance with applicable provisions of the Texas Local Government Code.
- (7) *Homeowner Responsibility* -- an action required by the homeowner for proper maintenance or care of the home or the element or component of the home concerned. A homeowner's failure to substantially comply with a stated homeowner responsibility creates an exclusion to the warranty for the performance standard.
- (8) *Original Construction Elevations* -- actual elevations of the foundation taken prior to substantial completion of the residential construction project. Such actual elevations shall include elevations of porches and garages if those structures are part of a monolithic foundation. To establish original construction elevations, elevations shall be taken at a rate of approximately one elevation per 100 square feet showing a reference point, subject to obstructions. Each elevation shall describe the floor. If no such actual elevations are taken then the foundation for the habitable areas of the home are presumed to be level +/- 0.75 inch (three-quarters of an inch) over the length of the foundation.
- (9) *Performance Standard(s)* -- the standard(s) to which a home or an element or component of a home's construction must conform.
- (10) *Span* -- the distance between two supports.
- (11) *Substantial Completion* -- the later of:
 - (A) the stage of construction when a new home, addition, improvement, or alteration to an existing home is sufficiently complete that the home, addition, improvement or alteration can be occupied or used for its intended purpose; or
 - (B) if required, the issuance of a final certificate of inspection or occupancy by the applicable governmental authority.

XI. Warranty Performance Standards

ONE YEAR WARRANTY PERFORMANCE STANDARDS

A. Performance Standards for Foundations and Slabs.

- (1) **Performance Standards for Raised Floor Foundations or Crawl Spaces.**
 - (a) A crawl space shall be graded and drained properly to prevent surface run-off from accumulating deeper than two inches in areas 36 inches or larger in diameter. Exterior drainage around perimeter crawl space wall shall not allow water to accumulate within ten feet of the foundation for more than 24 hours after a rain except in a sump that drains other areas.
 - (i) If the crawl space is not graded or does not drain in accordance with the performance standard stated in paragraph (a) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) The homeowner shall not modify improperly the existing grade or allow water from an irrigation system to cause water to accumulate excessively under the foundation. The homeowner shall not allow landscape plantings to interfere with proper drainage away from the foundation. The homeowner shall not use the crawl space for storage of any kind.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

- (b) Water shall not enter through the basement or crawl space wall or seep through the basement floor.
 - (i) If water enters the basement or crawl space wall or seeps through the basement floor, the builder shall take such action as is necessary to bring the variance within the standard stated in paragraph (b) of this subsection.
 - (ii) The homeowner shall not modify improperly the existing grade or allow water from an irrigation system to cause water to accumulate excessively near the foundation. The homeowner shall not allow landscape plantings to interfere with proper drainage away from the foundation.

(2) **Performance Standards for Concrete Slab Foundations, excluding Finished Concrete Floors.**

- (a) Concrete floor slabs in living spaces that are not otherwise designed with a slope for drainage, such as a laundry room, shall not have excessive pits, depressions or unevenness equal to or exceeding 3/8 of an inch in any 32 inches and shall not have separations or cracks that equal or exceed 1/8 of an inch in width or 1/16 of an inch in vertical displacement. If a concrete floor slab in a living space fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within that standard.
- (b) Concrete slabs shall not have protruding objects, such as a nail, rebar or wire mesh. If a concrete slab has a protruding object, the builder shall take such action as is necessary to bring the variance within the standard stated in this paragraph.
- (c) A separation in an expansion joint in a concrete slab shall not equal or exceed 1/4 of an inch vertically or one inch horizontally from an adjoining section. If an expansion joint in a concrete slab fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

(3) **Performance Standards for Exterior Concrete including Patios, Stem Walls, Driveways, Stairs or Walkways.**

- (a) Concrete corners or edges shall not be damaged excessively due to construction activities. If a concrete corner or edge is damaged excessively, the builder shall take such action as is necessary to bring the variance within the standard stated in this paragraph.
- (b) A crack in exterior concrete shall not cause vertical displacement equal to or in excess of 1/4 of an inch or horizontal separation equal to or excess of 1/4 of an inch.
 - (i) If an exterior concrete slab is cracked, separated or displaced beyond the standard of performance stated in paragraph (b) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) The homeowner shall not over-water surrounding soil or allow the surrounding soil to become excessively dry. The homeowner shall not allow heavy equipment to be placed on the concrete.
- (c) The finish on exterior concrete shall not be excessively smooth, so that the surface becomes slippery.
 - (i) If the finish on exterior concrete is excessively smooth so that the surface becomes slippery, the builder shall take such action as is necessary to bring the variance within the standard stated in paragraph (c) of this subsection.
 - (ii) A concrete surface that has been designed to be smooth is exempted from this performance standard.
- (d) Exterior concrete shall not contain a protruding object, such as a nail, rebar or wire mesh. If an exterior concrete surface has a protruding object, the builder shall take such action as is necessary to bring the variance within the standard stated in this paragraph.
- (e) A separation in an expansion joint in an exterior concrete shall not equal or exceed 1/2 of an inch vertically from an adjoining section or one inch horizontally, including joint material. If an expansion joint fails to perform in accordance with the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

- (f) A separation in a control joint shall not equal or exceed 1/4 of an inch vertically or 1/2 of an inch horizontally from an adjoining section. If a control joint fails to perform in accordance with the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (g) Concrete stair steepness and dimensions, such as tread width, riser height, landing size and stairway width shall comply with the Code. If the steepness and dimensions of concrete stairs do not comply with the Code, the builder shall take such action as is necessary to bring the variance within the standard for Code compliance.
- (h) Handrails shall remain securely attached to concrete stairs. If handrails are not firmly attached to the concrete stairs, the builder shall take such steps necessary as to attach the rails securely.
- (i) Concrete stairs or stoops shall not settle or heave in an amount equal to or exceeding 3/8 of an inch. Concrete stairs or stoops shall not separate from the home in an amount equal to or exceeding one inch, including joint material. If the stairs or stoops settle or heave or separate from the home in an amount equal to or exceeding the standard above builder shall take such action as is necessary to bring the variance within the standard stated in this paragraph.
- (j) A driveway will not have a negative slope unless due to site conditions, the lot is below the road. If a driveway has a negative slope due to site conditions, it shall have swales or drains properly installed to prevent water from entering into the garage. If a driveway has a negative slope that allows water to enter the garage in normal weather conditions, the builder shall take such action as is necessary to bring the variance within the standard stated in this paragraph.
- (k) Concrete floor slabs in detached garages, carports or porte-cocheres shall not have excessive pits, depressions, deterioration or unevenness. Separations or cracks in these slabs shall not equal or exceed 3/16 of an inch in width, except at expansion joints, or 1/8 of an inch in vertical displacement. If a concrete floor slab in a detached garage, carport or porte-cochere does not meet the standards stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (l) Plaster adhesive over concrete slab underpinning shall not flake off more than one square foot in one spot within 36 square inches or more than 3 feet over the entire surface of the home.

B. Performance Standards for Framing.

(1) Performance Standard for Walls.

- (a) Walls shall not bow or have depressions that equal or exceed 1/4 of an inch out of line within any 32-inch horizontal measurement as measured from the center of the bow or depression or 1/2 of an inch within any eight-foot vertical measurement. If a wall does not meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (b) Walls shall be level, plumb and square to all adjoining openings or other walls within 3/8 of an inch in any 32-inch measurement. If a wall does not meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (c) A crack in a beam or a post shall not equal or exceed 1/2 of an inch in width at any point along the length of the crack. If a crack in the beam or post fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (d) A non-structural post or beam shall not have a warp or twist equal or exceeding one inch in eight feet of length. Warping or twisting shall not damage beam pocket. If a non-structural post or beam fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

- (e) Exterior sheathing shall not delaminate or swell.
 - (i) If exterior sheathing delaminates or swells, the builder shall take such action as is necessary to bring the variance within the standard stated in paragraph (e) of this subsection.
 - (ii) The homeowner shall not make penetrations in the exterior finish of a wall that allow moisture to come in contact with the exterior sheathing.
- (f) An exterior moisture barrier shall not allow an accumulation of moisture inside the barrier.
 - (i) If an exterior moisture barrier allows an accumulation of moisture inside the barrier, the builder shall take such action as is necessary to bring the variance within the standard stated in paragraph (f) of this subsection.
 - (ii) The homeowner shall not make penetrations through the exterior moisture barrier that permit the introduction of moisture inside the barrier.

(2) **Performance Standards for Ceilings.**

A ceiling shall not bow or have depressions that equal or exceed 1/2 of an inch out of line within a 32-inch measurement as measured from the center of the bow or depression running parallel with a ceiling joist. If a ceiling has a bow or depression that is greater than the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.

(3) **Performance Standards for Sub-floors.**

- (a) Under normal residential use, the floor shall not make excessive squeaking or popping sounds. If the floor makes excessive squeaking and popping sounds under normal residential use, the builder shall take such action as is necessary to bring the variance within the standard stated in this paragraph.
- (b) Sub-floors shall not delaminate or swell to the extent that it causes observable physical damage to the floor covering or visually affects the appearance of the floor covering. Exposed structural flooring, where the structural flooring is used as the finished flooring, is excluded from the standard stated in this paragraph. If a sub-floor delaminates or swells to the extent that it affects the flooring covering as stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (c) Sub-flooring shall not have excessive humps, ridges, depressions or slope within any room that equals or exceeds 3/8 of an inch in any 32-inch direction. If the sub-flooring fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

(4) **Performance Standards for Stairs.**

- (a) Stair steepness and dimensions such as tread width, riser height, landing size and stairway width, shall comply with the Code. If stair steepness and dimensions do not comply with the Code, the builder shall take such action as is necessary to bring the variance within the standard stated in this paragraph.
- (b) Under normal residential use, stairs shall not make excessive squeaking or popping sounds. If stairs make excessive squeaking and popping sounds under normal residential use, the builder shall take such action as is necessary to bring the variance within the standard stated in this paragraph.

C. Performance Standards for Drywall.

(1) A drywall surface shall not have a bow or depression that equals or exceeds 1/4 of an inch out of line within any 32-inch horizontal measurement as measured from the center of the bow or depression or 1/2 of an inch within any eight-foot vertical measurement. If a drywall surface fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.

(2) A ceiling made of drywall shall not have bows or depressions that equal or exceed 1/2 of an inch out of line within a 32-inch measurement as measured from the center of the bow or depression running parallel with a ceiling joist or within 1/2 of an inch deviation from the plane of the ceiling within any eight-foot measurement. If a drywall ceiling fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

- (3) A drywall surface shall not have a crack such that any crack equals or exceeds 1/32 of an inch in width at any point along the length of the crack. If a drywall surface has a crack that exceeds the standard in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (4) Crowning at a drywall joint shall not equal or exceed 1/4 of an inch within a twelve-inch measurement centered over the drywall joint. If crowning at a drywall joint exceeds the standards stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard. Crowning occurs when a drywall joint is higher than the plane of the drywall board on each side.
- (5) A drywall surface shall not have surface imperfections such as blisters, cracked corner beads, seam lines, excess joint compound or trowel marks that are visible from a distance of six feet or more in normal light. If a drywall surface fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (6) A drywall surface shall not be out of level (horizontal), plumb (vertical) or square (perpendicular at a 90-degree angle) such that there are variations in those measurements to wall or surface edges at any opening, corner, sill, shelf, etc. shall not equal or exceed 3/8 of an inch in any 32-inch measurement along the wall or surface.
- (a) If a drywall surface fails to meet the standard stated in subsection (6) of this section, the builder shall take such action as is necessary to bring the variance within the standard.
- (b) This standard shall not apply to remodeling projects where existing conditions do not permit the builder to achieve the performance standard. At or about the time of discovery of such a preexisting condition, a remodeler shall notify the homeowner, in writing, of any existing condition that prevents achievement of the standard.
- (7) Nails or screws shall not be visible in a drywall surface from a distance of 6 feet under normal lighting conditions. If nails or screws are visible, the builder shall take such action as is necessary to bring the variance within the standard.

D. Performance Standards for Insulation.

- (1) Insulation shall be installed in the walls, ceilings and floors of a home in accordance with the building plan and specifications and the Code. If the insulation in walls, ceilings or floors is not in accordance with the building plans and specifications and the Code, the builder shall take such action as is necessary to bring the variance within the standard stated in this subsection.
- (2) Blown insulation in the attic shall not displace or settle so that it reduces the R-value below manufacturer's specifications, the building plans and the Code. If the blown insulation in the attic reduces, settles or is displaced to the extent that the R-value is below the manufacturer's specifications, the building plans and Code, the builder shall take such action as is necessary to bring the variance within the standard stated in this subsection.
- (3) A gap equal to or in excess of 1/4 of an inch between insulation batts or a gap between insulation batts and framing members is not permitted. If a gap equal to or greater than 1/4 of an inch occurs between insulation batts or a gap occurs between an insulation batt and a framing member, the builder shall take such action as is necessary to bring the variance within the standard stated in this subsection.
- (4) Insulation shall not cover or block a soffit vent to the extent that it blocks the free flow of air. If the insulation covers or blocks the soffit vent, the builder shall take such action as is necessary to bring the variance within the standard stated in this subsection.

E. Performance Standards for Exterior Siding and Trim.

- (1) **Performance Standards for Exterior Siding.**
- (a) Exterior siding shall be equally spaced and properly aligned. Horizontal siding shall not equal or exceed 1/2 of an inch off parallel with the bottom course or 1/4 of an inch off parallel with the

ONE YEAR WARRANTY PERFORMANCE STANDARDS

adjacent course from corner to corner. If siding is misaligned or unevenly spaced and fails to meet the performance standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

- (b) Siding shall not gap or bow. A siding end joint shall not have a gap that leaks or that equals or exceeds 1/4 of an inch in width. Siding end joint gaps shall be caulked. A bow in siding shall not equal or exceed 3/8 of an inch out of line in a 32-inch measurement. If siding has gaps or bows that exceed the standards stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (c) Nails shall not protrude from the finished surface of siding but nail heads may be visible on some products where allowed by the manufacturer's specifications. If a nail protrudes from the finished surface of siding, the builder shall take such action as is necessary to bring the variance within the standard stated in this paragraph.
- (d) Siding shall not have a nail stain. If siding has a nail stain, the builder shall take such action as is necessary to bring the variance within the standard stated in this paragraph.
- (e) Siding and siding knots shall not become loose or fall off. If siding or siding knots become loose or fall off, the builder shall take such action as is necessary to bring the variance within the standard stated in this paragraph.
- (f) Siding shall not delaminate. If siding fails to comply with the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (g) Siding shall not cup in an amount equal to or exceeding 1/4 of an inch in a six-foot run. If siding fails to comply with the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (h) Siding shall not have cracks or splits that equal or exceed 1/8 of an inch in width. If siding fails to comply with the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

(2) **Performance Standards for Exterior Trim.**

- (a) A joint between two trim pieces shall not have a separation that leaks or is equal to or exceeding 1/4 of an inch in width and all trim joints shall be caulked. If there is a separation at a trim joint that fails to comply with the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (b) Exterior trim and eave block shall not warp in an amount equal to or exceeding 1/2 of an inch in an eight-foot run. If exterior trim or eave block warps in excess of the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (c) Exterior trim and eave block shall not cup in an amount equal to or in excess of a 1/4 of an inch in a six-foot run. If exterior trim or eave block cups in excess of the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (d) Exterior trim and eave block shall not have cracks or splits equal to or in excess of 1/8 of an inch in average width. If exterior trim or eave block has cracks in excess of the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (e) Trim shall not have nails that completely protrude through the finished surface of the trim but nail heads may be visible on some products.
 - (i) If a nail protrudes from the finished surface of the trim, the builder shall take such action as is necessary to bring the variance within the standard within the standard stated in paragraph (5) of this subsection.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

- (ii) Some products specify that the nails be flush with the trim surface. When these products are used, visible nail heads are not considered protruding nails as long as they are painted over.
- (f) Trim shall not have a nail stain. If trim has a nail stain, the builder shall take such action as is necessary to bring the variance within the standard stated in this paragraph.

F. Performance Standards for Masonry including Brick, Block and Stone.

- (1) A masonry wall shall not bow in an amount equal to or in excess of one inch when measured from the base to the top of the wall.
 - (a) If a masonry wall fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (b) The standard set forth in this subsection does not apply to natural stone products.
- (2) A masonry unit or mortar shall not be broken or loose. If a masonry unit or mortar fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (3) A masonry mortar crack shall not equal or exceed 1/8 of an inch in width. If a crack in masonry mortar fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (4) A masonry unit or mortar shall not deteriorate. If a masonry unit or mortar fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (5) Masonry shall not have dirt, stain or debris on the surface due to construction activities. If masonry fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (6) A gap between masonry and adjacent material shall not equal or exceed 1/4 of an inch in average width and all such gaps shall be caulked. If a gap between masonry and adjacent material fails to meet the standards stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (7) Mortar shall not obstruct a functional opening, such as a vent, weep hole or plumbing cleanout.
 - (a) If the mortar obstructs a functional opening, the builder shall take such action as is necessary to bring the variance within the standard stated in this subsection.
 - (b) The homeowner shall not put any material into weep holes. Weep holes are an integral part of the wall drainage system and must remain unobstructed.

G. Performance Standards for Stucco.

- (1) **Stucco surfaces shall not be excessively bowed, uneven, or wavy.**
 - (a) If a stucco surface fails to perform as stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (b) This standard shall not apply to decorative finishes.
- (2) **Stucco shall not be broken or loose.** If stucco is broken or loose, the builder shall take such action as is necessary to bring the variance within the standard stated in this subsection.
- (3) **Stucco shall not have cracks that equal or exceed 1/8 of an inch in width at any point along the length of the crack.**
 - (a) If the stucco fails to perform as stated in subsection (3) of this section, the builder shall take such action as is necessary to bring the variance within the standard.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

- (b) The builder shall not be responsible for repairing cracks in stucco caused by the homeowner's actions, including the attachment of devices to the stucco surface, such as, but not limited to, patio covers, plant holders, awnings and hose racks.
- (4) **Stucco shall not deteriorate excessively.**
 - (a) If the stucco deteriorates excessively, the builder shall take such action as is necessary to bring the variance within the standard.
 - (b) The homeowner shall not allow water from irrigation systems to contact stucco finishes excessively.
- (5) **Stucco shall not have dirt, stain or debris on surface due to construction activities.** If the stucco fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (6) **Stucco surfaces shall not have imperfections that are visible from a distance of six feet under normal lighting conditions that disrupt the overall uniformity of the finished pattern.** If the stucco fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (7) **The lath shall not be exposed.** If the lath is exposed, the builder shall take such action as is necessary to bring the variance within the standard stated in this subsection.
- (8) **A separation between the stucco joints shall not equal or exceed 1/16 of an inch in width.** If a separation between the stucco joints occurs in excess of the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (9) **A separation between a stucco surface and adjacent material shall not equal or exceed 1/4 of an inch in width and all separations shall be caulked.** If a separation occurs between a stucco surface and adjacent material occurs in excess of the standard stated in this subsection or if such a separation is not caulked, the builder shall take such action as is necessary to bring the variance within the standard.
- (10) **Stucco shall not obstruct a functional opening, such as a vent, weep hole or plumbing cleanout.** If stucco obstructs a functional opening, the builder shall take such action as is necessary to bring the variance within the standard stated in this subsection.
- (11) **Stucco screed shall have a minimum clearance of at least 4 inches above the soil or landscape surface and at least 2 inches above any paved surface.** If the stucco screed clearance does not meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (12) **Exterior Installation Finish Systems (EIFS) stucco screed shall clear any paved or unpaved surface by 6 inches.** If the EIFS stucco screed clearance does not meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.

H. Performance Standards for Roofs.

- (1) **Flashing shall prevent water penetration.**
 - (a) If the flashing fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (b) The builder shall not be responsible for leaks caused by extreme weather.
- (2) **The roof shall not leak.**
 - (a) If the roof fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (b) The builder shall not be responsible for leaks caused by extreme weather.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

- (c) The homeowner shall perform periodic maintenance to prevent leaks due to build-up of debris, snow or ice. The homeowner shall take such action as is necessary to prevent downspouts and gutters from becoming clogged.
- (3) **A vent, louver or other installed attic opening shall not leak.**
 - (a) If a vent, louver or other installed attic opening fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (b) The builder shall not be responsible for leaks caused by extreme weather.
- (4) **A gutter or downspout shall not leak or retain standing water.** After cessation of rainfall, standing water in an unobstructed gutter shall not equal or exceed 1/2 of an inch in depth.
 - (a) If a gutter or downspout fails to meet the standard in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (b) The builder shall not be responsible for leaks caused by extreme weather conditions.
 - (c) The homeowner shall maintain and clean gutters and downspouts to prevent buildup of debris or other obstructions.
- (5) **Shingles, tiles, metal or other roofing materials shall not become loose or fall off in wind speeds less than those set forth in the manufacturer's specifications.** If the shingles, tiles, metal or other roofing materials fail to meet the standard in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (6) **A skylight shall not leak.** If a skylight fails to meet the standard in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (7) **Water shall drain from a built-up roof within two hours after cessation of rainfall.** The standard does not require that the roof dry completely within the time period. If the built-up roof fails to meet the standard in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (8) **A roof tile shall not be cracked or broken.** No shingle shall be broken so that it detracts from the overall appearance of the home. If roof tiles or shingles fail to meet the standard in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (9) **A pipe, vent, fireplace or other object designed to penetrate the roof shall not be located within the area of roof valley centerline without proper "cricketing" or other CODE-approved water diversion methods.** If a pipe, vent, fireplace or other object designed to penetrate the roof is not correctly located as provided in the performance standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (10) **The exterior moisture barrier of the roof shall not allow moisture penetration.**
 - (a) If the exterior moisture barrier fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (b) The homeowner shall not make penetrations through exterior moisture barrier of the roof.

I. Performance Standards for Doors and Windows.

- (1) **Performance Standards for Both Doors and Windows.**
 - (a) When closed, a door or window shall not allow excessive infiltration of air or dust. If a door or window fails to meet the performance standard stated in this paragraph the builder shall take such action as is necessary to bring the variance within the standard.
 - (b) When closed, a door or window shall not allow excessive accumulation of moisture inside the door or window.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

- (i) If a door or window fails to meet the performance standard stated in paragraph (b) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) The homeowner shall keep weep holes on windows and doors free of dirt buildup and debris, thereby allowing water to drain properly.
 - (iii) Most door and window assemblies are designed to open, close and weep moisture--allow condensation or minor penetration by the elements to drain outside.
- (c) Glass in doors and windows shall not be broken due to improper installation or construction activities. If glass in a window or door is broken due to improper installation or construction activities, the builder shall take such action as is necessary to bring the variance within the standard stated in this paragraph.
- (d) A screen in a door or window shall fit properly and shall not be torn or damaged due to construction activities. A screen shall not have a gap equal to or exceeding 1/4 of an inch between the screen frame and the window frame. If a screen in a door or window fails to meet the performance standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (e) There shall be no condensation between window and door panes in a sealed insulated glass unit.
- (i) If a window or door fails to meet the performance standard stated in paragraph (5) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) The homeowner shall not apply a tinted window film or coating to window or door panes in sealed insulated glass units.
- (f) A door or window latch or lock shall close securely and shall not be loose or rattle. If a door, window latch or lock fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (g) A door or window shall operate easily and smoothly and shall not require excessive pressure when opening or closing. If a door or window fails to meet the performance standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (h) A door or window shall be painted or stained according to the manufacturers' specifications. If a window or door fails to meet the performance standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

(2) **Performance Standards for Windows.**

A double hung window shall not move more than two inches when put in an open position. If a window fails to meet the performance standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.

(3) **Performance Standards for Doors.**

- (a) A sliding door and door screen shall stay on track.
 - (i) If a sliding door or door screen fails to perform to the standard stated in paragraph (a) of this subsection, builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) The homeowner shall clean and lubricate sliding door or door screen hardware as necessary.
- (b) The spacing between an interior door bottom and original floor covering, except closet doors, shall not exceed 1.5 inches and shall be at least 1/2 of an inch. The spacing between an interior closet door bottom and original floor covering shall not exceed two inches and shall be at least 1/2 of an inch. If the spacing between a door bottom and the original floor covering does not meet the performance standards stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

- (c) A door shall not delaminate. If a door becomes delaminated, a builder shall take such action as is necessary to bring the variance within the standard stated in this paragraph.
- (d) A door panel shall not split so that light from the other side is visible. If a door panel fails to meet the performance standards stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (e) A door shall open and close without binding. If a door fails to perform in accordance with the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (f) A door shall not warp to the extent that it becomes inoperable. A warp in a door panel shall not equal or exceed 1/4 of an inch from original dimension measured vertically, horizontally or diagonally from corner to corner. If a door fails to perform in accordance with the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (g) A storm door shall open and close properly and shall fit properly. If a door fails to perform in accordance with the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (h) When a door is placed in an open position, it shall remain in the position it was placed, unless the movement is caused by airflow. If a door fails to perform in accordance with the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (i) A metal door shall not be dented or scratched due to construction activities. If a metal door fails to comply with the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

(4) **Performance Standards for Garage Doors.**

- (a) A metal garage door shall not be dented or scratched due to construction activities. If a metal garage door fails to comply with the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (b) A garage door opener, if provided, shall operate properly in accordance with manufacturer's specifications.
 - (i) If a garage door opener fails to perform in accordance with the standard stated in paragraph (b) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) A homeowner shall maintain tracks, rollers and chains and shall not block or bump sensors to electric garage door openers.
- (c) A garage door shall not allow excessive water to enter the garage and the gap around the garage door shall not equal or exceed 1/2 of an inch in width. If a garage door allows excessive water to enter the garage or the gap around the garage door equals or exceeds 1/2 inch, the builder shall take such action as is necessary to bring the variance within the standard stated in this paragraph.
- (d) A garage door spring shall operate properly and shall not lose appreciable tension, break or be undersized. If a garage door spring fails to perform in accordance with the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (e) A garage door shall remain in place at any open position, operate smoothly and not be off track. If a garage door fails to perform in accordance with the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

J. Performance Standards for Interior Flooring.

(1) Performance Standards for Carpet, Vinyl Flooring and Wood Flooring.

Performance standards for ceramic tile, flagstone, marble, granite, slate, quarry tile other hard surface floors, except finished concrete floors, are located in subpart K. below.

(2) Performance Standards for Carpet.

- (a) Carpet shall not wrinkle and shall remain tight, lay flat and be securely fastened. If the carpet fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (b) Carpet seams may be visible but shall be smooth without a gap or overlap. If the carpet fails to meet the standards stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (c) Carpet shall not be stained or spotted due to construction activities. If the carpet fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

(3) Performance Standards for Finished Concrete Floor.

- (a) Cracking is an inherent characteristic of a cement product, and no matter how carefully concrete is installed, concrete surfaces will exhibit some cracks which are within industry-accepted tolerances. A finished slab, located in a living space that is not otherwise designed for drainage, shall not have pits, depressions or unevenness that equals or exceeds 3/8 of an inch in any 32 inches.
 - (i) If a finished concrete slab in a living space fails to meet the standard stated in paragraph (a) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) Finished concrete slabs in living spaces that are designed for drainage, such as a laundry room, are excepted from the standards stated in paragraph (a) of this subsection.
- (b) Finished concrete slabs in living spaces shall not have separations, including joints, and cracks that equal or exceed 1/8 of an inch in width or 1/16 of an inch in vertical displacement. If a finished concrete slab in a living space fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

(4) Performance Standards for Wood Flooring.

- (a) Wood flooring shall not have excessive humps, depressions or unevenness that equals or exceeds 3/8 of an inch in any 32-inch direction within any room. If wood flooring fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (b) Wood flooring shall remain securely attached to the foundation or sub-floor unless the wood flooring is designed to be installed without nails, glue, adhesives or fasteners. If wood flooring fails to meet the standards of this, the builder shall take such action as is necessary to bring the variance within the standard.
- (c) Wood flooring shall not have open joints and separations that equal or exceed 1/8 of an inch.
 - (i) If wood flooring fails to meet the standards of paragraph (c) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) These standards do not apply to non-hardwood species that contain greater moisture and may shrink after installation or structural floors that are designed to serve as the finished floor. If the floor is designed as a structural finish floor, the builder must provide a written explanation of the characteristics of that floor to the homeowner prior to the execution of the contract.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

- (d) Strips of floorboards shall not cup in an amount that equals or exceeds 1/16 of an inch in height in a three-inch distance when measured perpendicular to the length of the board.
 - (i) If the wood flooring fails to meet the standard stated in paragraph (d) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) This standard does not apply to non-hardwood species that typically shrink after installation or structural floors that are designed to serve as the finished floor. If the floor is designed as a structural finish floor, the builder must provide a written explanation of the characteristics of that floor to the homeowner.
- (e) Unless installed as a specialty feature, wood flooring shall not have excessive shade changes or discoloration due to the construction activities of the builder. If the wood floor fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (f) Unless installed as a specialty feature, wood flooring shall not be stained, spotted or scratched due to construction activities of the builder. If wood flooring fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

(5) **Performance Standards for Vinyl Flooring.**

- (a) Vinyl flooring shall be installed square to the most visible wall and shall not vary by 1/4 of an inch in any six-foot run. If the vinyl flooring fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (b) The seam alignment in vinyl flooring shall not vary such that the pattern is out of alignment in an amount that equals or exceeds 1/8 of an inch. If the vinyl flooring fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (c) Vinyl flooring shall remain securely attached to the foundation or sub-floor. If the vinyl flooring fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (d) A vinyl floor shall not have a depression that equals or exceeds 1/2 of an inch in any six-foot run. If a vinyl floor has a depression that exceeds the standard stated in this paragraph and the depression is due to construction activities, the builder shall take such action as is necessary to bring the variance within the standard.
- (e) A vinyl floor shall not have a ridge that equals or exceeds 1/2 of an inch when measured as provided in this paragraph. The ridge measurement shall be made by measuring the gap created when a six-foot straight edge is placed tightly three inches on each side of the defect and the gap is measured between the floor and the straight edge at the other end. If a vinyl floor has a ridge that fails to comply with the standard stated in this paragraph and the ridge is due to construction activities, the builder shall take such action as is necessary to bring the variance within the standard.
- (f) Vinyl floor shall not be discolored, stained or spotted due to the construction activities of the builder. If the vinyl floor fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (g) Vinyl flooring shall not be scratched, gouged, cut or torn due to construction activities. If the vinyl flooring fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (h) Debris, sub-floor seams, nails and/or screws shall not be detectable under the vinyl floor from a distance of three feet or more in normal light. If the vinyl flooring fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

- (i) Sub-flooring shall not cause vinyl flooring to rupture. If vinyl flooring fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (j) A seam in vinyl flooring shall not have a separation that equals or exceeds 1/16 of an inch in width. Where dissimilar materials abut, there shall not be a gap equal to or greater than 1/8 of an inch. If vinyl flooring fails to meet the standards stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

K. Performance Standards for Hard Surfaces, including Ceramic Tile, Flagstone, Marble, Granite, Slate, Quarry Tile, Finished Concrete or Other Hard Surfaces.

(1) Performance Standards for Hard Surfaces Generally.

- (a) A hard surface shall not break or crack due to construction activities. If a hard surface is cracked or broken due to construction activities, the builder shall take such action as is necessary to bring the variance within the standard.
- (b) A hard surface shall remain secured to the substrate. If a hard surface fails to perform in accordance with the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (c) A surface imperfection in floor hard surface shall not be visible from a distance of three feet or more in normal light. A surface imperfection in non-floor hard surface shall not be visible from a distance of two feet or more in normal light. If a hard surface fails to meet the standards stated in this paragraph due to construction activities, the builder shall take such action as is necessary to bring the variance within the standard.
- (d) Color variations between field hard surfaces and trim hard surfaces should not vary excessively due to construction activities.
 - (i) If color variations between field and trim hard surfaces are excessive and are due to construction activities, the builder shall take such action as is necessary to bring the variance within the standard stated in paragraph (d) of this subsection.
 - (ii) Natural products such as flagstone, marble, granite, slate and other quarry tile will have color variation.
- (e) Hard surface areas shall not leak. If a hard surface area fails to perform in accordance with the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (f) The surfaces of two adjacent hard surfaces shall not vary in an amount equal to or exceeding 1/16 of an inch displacement at a joint, with the exception of transition trim pieces. If a joint between two hard surfaces fails to meet the performance standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (g) Hard surface layout or grout line shall not be excessively irregular.
 - (i) If hard surface layouts or grout lines fail to meet the performance standard stated in paragraph (g) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) Natural products such as flagstone, marble, granite, slate, and other quarry tile will have size variations that may create irregular layouts or grout lines.
- (h) Hard surface countertops shall be level to within 1/4 of an inch in any six-foot measurement. If a hard surface countertop is not level to within the standards stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (i) Hard surface floors located in a living space that is not otherwise designed for drainage, shall not have pits, depressions, or unevenness that equals or exceeds 3/8 of an inch in any 32 inches.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

- (i) If a finished hard surface floor located in a living space fails to meet the standard stated in paragraph (a) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (ii) Finished hard surface floors located in living spaces that are designed for drainage, such as a laundry room, are excepted from the standards stated in paragraph (i) of this subsection.

(2) **Performance Standards for Grout.**

- (a) Grout shall not exhibit cracks greater than 1/16 of an inch in width.. If grout fails to meet the performance standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (b) Grout shall not change shade or discolor excessively due to construction activities. If grout fails to perform to the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

(3) **Performance Standards for Concrete Countertops.**

- (a) A concrete countertop shall not have excessive pits, depressions, or unevenness that equal or exceed 1/8 of an inch in any 32-inch measurement. If a concrete countertop fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (b) A concrete countertop shall not have separations or cracks equal to or exceeding 1/16 of an inch in width or 1/64 of an inch in vertical displacement. If a concrete countertop fails to meet the standards stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (c) A finished concrete countertop shall not be stained, spotted or scratched due to construction activities. If a concrete countertop fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (d) A concrete countertop shall not have a chipped edge that extends beyond 1/16 of an inch from the edge of the countertop due to construction activities. If a concrete countertop fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (e) A concrete countertop shall not change shade or discolor excessively due to construction activities. If a concrete countertop fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

L. Performance Standards for Painting, Stain and Wall Coverings.

(1) **Performance Standards for Caulking. Interior caulking shall not deteriorate or crack excessively.**

If the interior caulking fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

(2) **Performance Standards for Painting and Stain.**

- (a) Paint or stain shall not have excessive color, shade or sheen variation.
 - (i) If the paint or stain fails to meet the standard stated in paragraph (a) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) This standard shall not apply to stained woodwork.
- (b) Paint shall cover all intended surfaces so that unpainted areas shall not show through paint when viewed from a distance of six feet in normal light. If the painting fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

- (c) Interior paint or stain shall not deteriorate. If paint or stain fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (d) Exterior paint or stain shall not deteriorate excessively. If paint or stain fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (e) Paint over-spray shall not exist on any surface for which it was not intended. If the paint is sprayed onto a surface for which it was not intended, the builder shall take such action as is necessary to bring the variance within the standard stated in this paragraph.
- (f) Interior varnish, polyurethane or lacquer finish shall not deteriorate. If an interior finish fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard. If an interior finish fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (g) Exterior varnish, polyurethane or lacquer finishes shall not deteriorate excessively.
 - (i) If an exterior finish fails to meet the standard stated in paragraph (g) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) Exterior varnish, polyurethane or lacquer finishes that are subject to direct sunlight are excluded from this standard.
- (h) Interior painted, varnished or finished surface shall not be scratched, dented, nicked or gouged due to construction activities. If interior painted, varnished or finished surfaces fail to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (i) A paint product shall perform as represented by the manufacturer to meet manufacturer's specifications for washability and/or scrubability. If the paint product fails to meet the standards of this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

(3) **Performance Standards for Wall Coverings.**

- (a) A wall covering shall be properly secured to the wall surface and shall not peel or bubble. If a wall covering fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (b) Pattern repeats in wall coverings shall match. Wall coverings shall be installed square to the most visible wall. Pattern repeats shall not vary in an amount equal to or exceeding 1/4 of an inch in any six-foot run. If the wall covering fails to meet the standards stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (c) A wall covering seam shall not separate or gap. If the wall covering fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (d) Lumps or ridges in a wall covering shall not be detectable from a distance of six feet or more in normal light. If the appearance of the wall covering fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (e) Wall coverings shall not be discolored, stained or spotted due to construction activities. If a wall covering fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

- (f) Wall coverings shall not be scratched, gouged, cut or torn due to construction activities. If a wall covering fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (g) Wall coverings shall perform as represented by the manufacturer to meet manufacturer's specifications for washability and/or scrubability. If a wall covering fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

M. Performance Standards for Plumbing.

(1) Performance Standards for Plumbing Accessories.

- (a) A fixture surface shall not have a chip, crack, dent or scratch due to construction activities. If a fixture fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (b) A fixture shall not have tarnish, blemishes or stains unless installed as a specialty feature.
 - (i) If a fixture fails to meet the standard stated in paragraph (b) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) Fixture finishes that are tarnished, blemished or stained due to high iron, manganese or other mineral content in water are excluded from this standard.
- (c) A fixture or fixture fastener shall not corrode.
 - (i) If a fixture or fixture fastener fails to meet the standards of paragraph (c) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) A builder is not responsible for corrosion caused by factors beyond the manufacturer's or the builder's control, including the homeowner's use of corrosive chemicals or cleaners or corrosion caused by water content.
- (d) A decorative gas appliance shall be installed in accordance with manufacturer's specifications and when so installed shall function in accordance with manufacturer's representations. If a decorative gas appliance fails to meet the standards stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (e) Fixtures shall be secure and not loose.
 - (i) If a fixture fails to meet the standard stated in paragraph (e) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) The homeowner shall not exert excessive force on a fixture.
- (f) A fixture stopper shall operate properly and shall retain water in accordance with the manufacturer's specifications. If a fixture stopper fails to meet the standards stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (g) The toilet equipment shall not allow water to run continuously.
 - (i) If the toilet equipment fails to meet the standard stated in paragraph (g) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) If toilet equipment allows water to run continuously, the homeowner shall shut off the water supply or take such action as is necessary to avoid damage to the home.
- (h) A toilet shall be installed and perform in accordance with the manufacturer's specifications.
 - (i) If a toilet fails to meet the standard stated in paragraph (h) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (i) In the event of water spillage, the homeowner shall shut off the water supply and take such action as is necessary to avoid damage to the home.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

- (i) A tub or shower pan shall not crack. If a tub or shower pan fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
 - (j) A tub or shower pan shall not squeak excessively. If a tub or shower pan fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
 - (k) A water heater shall be installed and secured according to the manufacturer's specifications and the Code. If a water heater fails to meet the standards stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
 - (l) A waste disposal unit shall be installed and operate according to the manufacturer's specifications. If a waste disposal unit fails to meet the standards stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
 - (m) A faucet or fixture shall not drip or leak. This standard does not include drips or leaks due to debris or minerals from the water source, unless it is due to construction activities. If a faucet or fixture fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
 - (n) A sump pump shall be installed in accordance with the manufacturer's specifications and shall operate properly when so installed. If a sump pump fails to meet the standards stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (2) **Performance Standards for Pipes and Vents.**
- (a) A sewer gas odor originating from the plumbing system shall not be detectable inside the home under conditions of normal residential use.
 - (i) If a sewer gas odor is detected inside the home under conditions of normal residential use, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) The homeowner shall keep plumbing traps filled with water.
 - (b) A vent stack shall be free from blockage and shall allow odor to exit the home. If a vent stack fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
 - (c) A water pipe shall not make excessive noise such as banging or hammering repeatedly.
 - (i) If a water pipe fails to meet the standard stated in paragraph (c) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) A water pipe subject to expansion or contraction of the pipe as warm or cool water flows through the pipe may cause a "ticking" sound temporarily. The standard stated in paragraph (c) of this subsection does not require a builder to remove all noise attributable to water flow and pipe expansion.

N. Performance Standards for Heating, Cooling and Ventilation.

- (1) **Performance Standards for Heating and Cooling.**
- (a) A condensation line shall not be obstructed due to construction activities.
 - (i) If a condensation line fails to meet the standard stated in paragraph (a) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) The homeowner shall periodically check for the free flow of condensate (water) from the line and clear the line when necessary.
 - (b) A drip pan and drain line shall be installed under a horizontal air handler as per the Code.
 - (i) If a drip pan and drain line fails to meet the standard stated in paragraph (b) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

- (ii) The homeowner shall periodically check for the free flow of condensate (water) from the line and clear the line when necessary.
- (c) Insulation shall completely encase the refrigerant line according to Code.
 - (i) If the refrigerant line insulation fails to meet the standard stated in paragraph (c) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) The homeowner shall ensure that insulation on the refrigerant line is not damaged or cut due to home maintenance or landscape work.
- (d) An exterior compressor unit shall be installed on a stable pad that supports the unit and is no more than one inch out of level. The bottom of the exterior compressor unit support shall not be below ground level.
 - (i) If an exterior compressor unit pad or support fails to meet the standards stated in paragraph (d) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) The homeowner shall ensure that settlement of the exterior compressor unit pad does not occur due to home maintenance, landscape work or excessive water from irrigation.
- (2) **Performance Standards for Venting.**
 - (a) An appliance shall be vented according to the manufacturer's specifications. If an appliance is not vented in accordance with the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
 - (b) Back draft dampers shall be installed and function according to the manufacturer's specifications. If back draft dampers fail to meet the standards stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (3) **Performance Standards for Ductwork.**
 - (a) Ductwork shall not make excessive noise.
 - (i) If the ductwork fails to meet the standard stated in of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) The flow of air, including its velocity, or the expansion of ductwork from heating and cooling may cause "ticking" or "crackling" sounds. Such noises are not a CONSTRUCTION DEFECT and do not require correction by the builder.
 - (iii) The homeowner shall not place any object on the ductwork.

O. Performance Standards for Electrical Systems and Fixtures.

- (1) Excessive air infiltration shall not occur around electrical system components or fixtures. If electrical system components or fixtures fail to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (2) A fixture or trim plate shall not be chipped, cracked, dented or scratched due to construction activities. If a fixture or trim plate fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (3) A fixture or trim plate finish shall not be tarnished, blemished or stained due to construction activities. If a fixture or trim fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (4) A fixture, electrical box or trim plate shall be installed in accordance with the Code and shall be plumb and level. If a fixture, electrical box or trim plate fails to meet the standards stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (5) Fixtures, such as lights, fans and appliances shall operate properly when installed in accordance with the manufacturer's specifications. The builder shall take such action as is necessary to bring the variance within the standard stated in this subsection.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

- (6) A smoke detector shall operate according to the manufacturer's specifications and shall be installed in accordance with the Code. If a smoke detector fails to meet the standards stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (7) An exhaust fan shall operate within the manufacturer's specified noise level. If an exhaust fan fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.

P. Performance Standards for Interior Trim.

(1) Performance Standards for Trim.

- (a) An interior trim joint separation shall not equal or exceed 1/8 inch in width or shall not separate from adjacent surfaces equal to or in excess of 1/8 inch and all joints shall be caulked or puttied. If an interior trim joint fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (b) The interior trim shall not have surface damage, such as scratches, chips, dents, gouges, splits, cracks, warping or cupping that is visible from a distance of six feet or more in normal light due to construction activities. If the interior trim fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (c) A hammer mark on trim shall not be visible from a distance of six feet or more when viewed in normal light. If the interior trim fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (d) A nail or nail hole in interior trim shall not be visible from a distance of six feet or more when viewed in normal light. If the interior trim fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

- (2) **Performance Standards for Shelving.** Shelving, rods and end supports shall be installed in accordance with the measurements stated in this subsection. The length of a closet rod shall not be shorter than the actual distance between the end supports in an amount equal to or exceeding 1/4 of an inch and shall be supported by stud-mounted brackets no more than four feet apart. The length of a shelf shall not be shorter than the actual distance between the supporting walls by an amount equal to or exceeding 1/4 of an inch and shall be supported by stud-mounted brackets no more than four feet apart. End supports shall be securely mounted. If the closet rods, shelving or end supports fail to meet the standards stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.

- (3) **Performance Standard for Cabinet Doors.** Cabinet doors shall open and close with reasonable ease. Cabinet doors shall be even and shall not warp more than 1/4 inch when measured from the face to the point of the furthestmost point of the door or drawer front when closed. Some warping, cupping, bowing or twisting is normally caused by surface temperature and humidity changes.

Q. Performance Standards for Mirrors, Interior Glass and Shower Doors.

- (1) A mirror, interior glass or shower door shall not be loose and shall be securely mounted or attached to the supporting surface. Fixtures, such as towel bars or door handles, shall be securely mounted. If a mirror, interior glass, shower door, fixture or component fails to meet the standards stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (2) A mirror, interior glass or shower door shall not be damaged due to construction activities. If a mirror, interior glass or shower door fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (3) A shower door shall not leak. If a shower door fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

- (4) Imperfections in a mirror or shower door shall not be visible from a distance of two feet or more when viewed in normal light. If a mirror or shower door fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (5) When opening and closing, a shower door shall operate easily and smoothly without requiring excessive pressure. If a shower door fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.

R. Performance Standards for Hardware and Ironwork.

(1) Performance Standards for Hardware.

- (a) Hardware finishes shall not be tarnished, blemished, corroded or stained due to construction activities, unless the finish is installed as a specialty feature.
 - (i) If the hardware finish fails to meet the standard stated in paragraph (a) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) The builder is not responsible for tarnished, blemished, or stained hardware finishes that have been damaged by factors that are beyond the manufacturer's or the builder's control such as the homeowner's use of abrasive pads or cleaners, harsh chemicals, alcohol, organic solvents or deterioration caused by exposure to outdoor elements such as salt air or humidity.
- (b) Hardware shall function properly, without catching, binding or requiring excessive force to operate. If hardware fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (c) Hardware shall not be scratched, chipped, cracked or dented due to construction activities. If hardware fails to meet the standards stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (d) Hardware shall be installed securely and shall not be loose.
 - (i) If hardware fails to meet the standards stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) The homeowner shall not exert excessive force on hardware.

(2) Performance Standards for Interior Ironwork.

- (a) Interior ironwork shall not rust.
- (b) If interior ironwork fails to meet the standard stated in paragraph (a) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (c) The builder is not responsible for ironwork finishes that rust due to factors that are beyond the manufacturer's or the builder's control such as the homeowner's use of abrasive pads or cleaners, harsh chemicals, alcohol, organic solvents or deterioration caused by exposure to humidity.

S. Performance Standards for Countertops and Backsplashes.

(1) Performance Standards for Countertops and Backsplashes Generally.

- (a) A countertop or backsplash shall be secured to substrate in accordance with manufacturer's specifications. If countertop or backsplash materials are not secured to the substrate in accordance with the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (b) For non-laminate countertops and backsplashes, the joints between countertop surfaces, between the countertop surface and the backsplash or side-splash and between adjoining

ONE YEAR WARRANTY PERFORMANCE STANDARDS

backsplash panels may be visible, but shall not separate. If joints between non-laminate surfaces fail to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

- (c) Countertops shall be level to within 1/4 of an inch in any six-foot measurement. If a countertop surface fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (d) A countertop surface or edge shall not be damaged, broken, chipped or cracked due to construction activities. If a countertop surface or edge fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (e) A countertop shall not bow or warp in an amount equal to or exceeding 1/16 of an inch per lineal foot. If a countertop fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (f) Counter and vanity top material should not delaminate. If a countertop fails to meet the standard stated in this paragraph, the builder will take such action as is necessary to bring the variance within the standard.

(2) **Performance Standards for Laminate Countertops and Backsplashes.**

- (a) Laminate countertops and backsplashes shall not delaminate and shall remain securely attached to the substrate. Delamination is the separation of the finish surface veneer from the substrate material. If a countertop fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (b) A seam in a laminate countertop or backsplash may be visible but shall not be separated or displaced. If a laminate countertop or backsplash fails to meet the standard stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (c) A surface imperfection in a laminate countertop or a backsplash shall not be visible from a distance of three feet or more when viewed in normal light due to construction activities. If a laminate surface fails to meet the standards stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

T. Performance Standards for Fireplaces.

(1) **A refractory panel shall not crack or separate.**

- (a) If the fireplace refractory panel fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (b) The homeowner shall not use synthetic logs or other materials if not approved by the manufacturer.

(2) **A fireplace door shall operate properly.** Fireplace doors shall meet evenly and shall not be out of alignment from one another in an amount equal to or exceeding 1/8 of an inch in any direction. If a fireplace door fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.

(3) **A fireplace shall not have a gas leak.** If a fireplace has a gas leak, the builder shall take such action as is necessary to bring the variance within the standard stated in this subsection.

(4) **Gas logs shall be positioned in accordance with the manufacturer's specifications.**

- (a) If a gas log fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

- (b) The homeowner shall not incorrectly reposition or relocate the logs after the original placement. The homeowner shall not place the logs in a manner that does not allow the flame to flow through the logs according to the manufacturer's specifications.
- (5) **A crack in masonry hearth or facing shall not be equal to or exceed 1/4 of an inch in width.** If the masonry hearth or facing of the fireplace fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (6) **A fireplace or chimney shall draw properly.** If a fireplace or chimney fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (7) **A firebox shall not have excessive water infiltration under normal Weather conditions.** If a firebox fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (8) **A fireplace fan shall not exceed the noise level established by the manufacturer's specifications.** If a fireplace fan fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.

U. Performance Standards for Irrigation Systems.

- (1) **An irrigation system shall not leak, break or clog due to construction activities.** If an irrigation system fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (2) **An irrigation system shall be installed such that sprinkler coverage shall be complete and water shall not spray an unintended area due to construction activities.** If an irrigation system fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (3) **The irrigation system control shall operate in accordance with manufacturer's specifications.**
 - (a) If an irrigation system fails to operate in accordance with manufacturer's specifications, the builder shall take such action as is necessary to bring the variance within the standard stated in this subsection.
 - (b) The builder shall provide the homeowner with instructions on the operation of the irrigation system at closing.

V. Performance Standards for Fencing.

- (1) **A fence shall not fall over and shall not lean in excess of two inches out of plumb due to construction activities.** If the fencing fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (2) **A wood fence board shall not be broken due to construction activities.** Wood fence board shall not become detached from the fence due to construction activities of the builder. If the fencing fails to meet the standards stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (3) **A masonry unit or mortar in a fence shall not be broken or loose.** A crack in a masonry unit shall not occur. A crack in the mortar shall not equal or exceed 1/8 of an inch in width. If a masonry unit or mortar in a fence fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
- (4) **A masonry wall shall have adequate weep holes in the lowest course as required by the CODE to allow seepage to pass through the wall.** If a masonry retaining wall fails to meet the standards of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.

ONE YEAR WARRANTY PERFORMANCE STANDARDS

W. Performance Standards for Yard Grading.

- (1) Yards shall have grades and swales that provide for proper drainage away from the home in accordance with the Code or other governmental regulations.
 - (a) If the grades or swales fail to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (b) The homeowner shall maintain the drainage pattern and protect the grading contours from erosion, blockage, over-saturation or any other changes. The possibility of standing water, not immediately adjacent to the foundation but in the yard, after prolonged or an unusually heavy rainfall event should be anticipated by the homeowner.
- (2) **Settling or sinking of soil shall not interfere with the drainage patterns of the lot or have a vertical depth of six inches or more.** If the soil fails to meet the standard stated in this subsection, the builder shall take such action as is necessary to bring the variance within the standard.

X. Performance Standards for Pest Control.

Eave returns, truss blocks, attic vents and roof vent openings shall not allow rodents, birds, and other similar pests into home or attic space. If an eave return, truss block, attic vent or roof vent opening allows rodents, birds, and other similar pests into home or attic space, the builder shall take such action as is necessary to bring the variance within the standard stated in this section.

Y. Performance Standards for Electrical Delivery Systems.

(1) Performance Standards for Electrical Wiring.

- (a) Electrical wiring installed inside the home shall be installed in accordance with the Code and any other applicable electrical standards and shall function properly from the point of demarcation, as determined by the respective utility.
 - (i) If electrical wiring inside the home is not functioning properly or is not installed in accordance with the Code and any other applicable electrical standards, the builder shall take such action as is necessary to bring the wiring to the standard of performance required in paragraph (a) of this subsection.
 - (ii) The builder shall not be responsible for utility improvements from the meter/demarcation point to the utility poles or the transformer.
- (b) Electrical wiring shall be capable of carrying the designated load as set forth in the Code.
 - (i) If the electrical wiring fails to carry design load, the builder shall take such action as is necessary to bring the variance within the standard set forth in paragraph (b) of this subsection.
 - (ii) All electrical equipment shall be used for the purposes and/or capacities for which it was designed and in accordance with manufacturer's specifications.

(2) Performance Standards for the Electrical Panel, Breakers and Fuses.

- (a) The electrical panel and breakers shall have sufficient capacity to provide electrical service to the home during normal residential usage.
 - (i) If the electrical panel or breakers do not have sufficient capacity to provide electrical service to the home during normal residential usage, the builder shall take such action as is necessary to bring the variance within the standard set forth in paragraph (a) of this subsection.
 - (ii) The builder is not responsible for electrical service interruptions caused by external conditions such as power surges, circuit overloads and electrical shorts.
- (b) The electrical panel and breakers shall have sufficient capacity to provide electrical service to the home during normal residential usage such that a circuit breaker shall not trip and fuses shall not blow repeatedly under normal residential electric usage.
 - (i) If a circuit breaker repeatedly trips or fuses repeatedly blow under normal residential electric usage, the builder shall take such action as is necessary to bring the variance within the standard set forth in paragraph (b) of this subsection.
 - (ii) The builder is not responsible for circuit breaker trips or blown fuses that have functioned as designed to protect the home from external conditions such as power surges, circuit overloads and shorts.

(3) Performance Standards for Electric Outlets with Ground Fault Interrupters.

- (a) Electrical outlets with ground fault interrupters shall be installed and operate in accordance with the Code and manufacturer's specifications.
 - (i) If ground fault interrupters trip repeatedly under normal residential usage, the builder shall take such action as is necessary to ensure that the electrical outlets with ground fault interrupters are installed in accordance with the Code and manufacturer's instructions and specifications and that they operate properly during normal residential electrical usage.
 - (ii) The homeowner shall not plug appliances that require constant electrical flow, such as refrigerators and freezers, into an outlet with a ground fault interrupter.

(4) Performance Standards for Fixtures, Outlets, Doorbells and Switches.

- (a) An outlet, doorbell or switch shall be installed in accordance with the manufacturer's specifications and the Code and shall operate properly when installed in accordance with the manufacturer's specifications and the Code. If an outlet, doorbell or switch is not installed in accordance with the manufacturer's specifications and the Code or does not operate properly when so installed, the builder shall take such action as is necessary to bring the variance within the standard stated in this subsection.

TWO YEAR DELIVERY SYSTEMS WARRANTY PERFORMANCE STANDARDS

- (b) A fixture, electrical box or trim plate shall be installed in accordance with the Code and manufacturer's specifications and shall be properly secured to the supporting surface. If a fixture, electrical box or trim plate is not installed in accordance with the Code and manufacturer's specifications or is not properly secured to the supporting surface, builder shall take such action as is necessary to bring the variance within the standard state in this subsection.
 - (c) A light shall not dim, flicker or burn out repeatedly under normal circumstances. A lighting circuit shall meet the Code. If a light or a lighting circuit fails to meet the standards stated in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.
- (5) **Performance Standards for Wiring or Outlets for Cable Television, Telephone, Ethernet or Other Services.**
- (a) Wiring or outlets for cable television, telephone, ethernet or other services shall be installed in accordance with the Code and any applicable manufacturer's specifications.
 - (i) If wiring or outlets for cable television, telephone, ethernet or other services are not installed in accordance with the Code or any applicable manufacturer's specifications, the builder shall take such action as is necessary to bring the variance within the standard set forth in paragraph (a) of this subsection.
 - (ii) A builder is not responsible for the failure of wiring or other utility service connectors or conduits that begin before the point at which the service enters the home.
 - (b) Wiring or outlets for cable television, telephone, ethernet or other services inside the home or on the home side of the meter/demarcation point shall function properly when installed in accordance with the performance standard in paragraph (a) of this subsection.
 - (i) If wiring or outlets for cable television, telephone, ethernet or other services are not functioning, the builder shall take such action as is necessary to bring the variance within the standard set forth in paragraph (a) of this subsection.
 - (ii) A builder is not responsible for the failure of wiring or other utility service connectors or conduits that begin before the point at which the service enters the home.

Z. Performance Standards for Plumbing Delivery Systems.

- (1) **Performance Standards for Pipes including Water and Gas Pipes, Sewer and Drain Lines, Fittings and Valves but not including pipes included in a Landscape Irrigation System.**
- (a) Pipes shall be installed and insulated in accordance with the Code and manufacturer's specifications.
 - (i) If a water pipe bursts, the builder shall take such action as is necessary to bring the variance within the standard stated in paragraph (a) of this subsection.
 - (ii) The homeowner is responsible for insulating and protecting exterior pipes and hose bibs from freezing weather and for maintaining a reasonable temperature in the home during periods of extremely cold weather. The homeowner is responsible for maintaining a reasonable internal temperature in a home regardless of whether the home is occupied or unoccupied and for periodically checking to ensure that a reasonable internal temperature is maintained.
 - (b) A water pipe shall not leak.
 - (i) If a water pipe is leaking, the builder shall take such action as is necessary to bring the variance within the performance standard stated in paragraph (b) of this subsection.
 - (ii) The homeowner shall shut off water supply immediately if such is required to prevent further damage to the home.
 - (c) A gas pipe shall not leak, including natural gas, propane or butane gas.
 - (i) If a gas pipe is leaking, a builder shall take such action as is necessary to bring the variance within the standard stated in paragraph (c) of this subsection.

TWO YEAR DELIVERY SYSTEMS WARRANTY PERFORMANCE STANDARDS

- (ii) If a gas pipe is leaking, the homeowner shall shut off the source of the gas if the homeowner can do so safely.
- (d) Water pressure shall not exceed 80 pounds per square inch in any part of the water supply system located inside the home. Minimum static pressure at the building entrance for either public or private water service shall be 40 pounds per square inch in any part of the water supply system
 - (i) This standard assumes the public or community water supply reaches the home side of the meter at 40 pounds per square inch. The builder is not responsible for water pressure variations originating from the water supply source.
 - (ii) If the water pressure is excessively high, the builder shall take such action as is necessary to bring the variance within the standard stated in paragraph (d) of this subsection.
- (e) A sewer, drain, or waste pipe shall not become clogged or stopped up due to construction activities.
 - (i) The builder shall take such action as is necessary to unclog a sewer, drain or waste pipe that is clogged or stopped up due to construction activities.
 - (ii) The homeowner shall shut off water supply immediately if such is required to prevent damage to the home.

(2) **Performance Standards for Individual Wastewater Treatment SYSTEMS.**

A wastewater treatment system should be capable of properly handling normal flow of household effluent in accordance with the Texas Commission on Environmental Quality requirements.

- (a) The builder shall take such action as is necessary for the wastewater treatment system to perform within the standard stated in this subsection.
- (b) The builder is not responsible for:
 - (i) system malfunctions or damage due to the addition of a fixture, equipment, appliance or other source of waste or water into the septic system by a person other than the builder or a person working at the builder's direction; or
 - (ii) malfunctions or limitations in the operation of the system attributed to a design restriction imposed by state, county or local governing agencies; or
 - (iii) malfunctions caused by freezing, soil saturation, soil conditions, changes in ground water table or any other acts of nature.

AA. Performance Standards for Heating, Air Conditioning and Ventilation Delivery Systems.

- (1) **A refrigerant line shall not leak.**
 - (a) If a refrigerant line leaks, the builder shall take such action as is necessary to bring the variance within the standard stated in subsection (1) of this section.
 - (ii) Condensation on a refrigerant line is not a leak.
- (2) **Performance Standards for Heating and Cooling Functions.**
 - (a) A heating system shall produce an inside temperature of at least 68-degrees Fahrenheit as measured two feet from the outside wall of a room at a height of three feet above the floor under local outdoor winter design conditions as specified in the Code.
 - (i) If a heating system fails to perform to the standard stated in paragraph (a) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) Temperatures may vary up to 4-degrees Fahrenheit between rooms but no less than the standard set forth above in paragraph (1) of this subsection. The homeowner's changes made to the size or configuration of the home, the heating system or the ductwork shall negate the builder's responsibility to take measures to meet this performance standard.

TWO YEAR DELIVERY SYSTEMS WARRANTY PERFORMANCE STANDARDS

- (b) An air-conditioner system shall produce an inside temperature of at most 78-degrees Fahrenheit as measured in the center of a room at height of five feet above the floor, under local outdoor summer design conditions as specified in the Code.
 - (i) If the air-conditioner system fails to perform to the standard stated in paragraph (b) of this subsection, the builder shall take such action as is necessary to bring the variance within the standard.
 - (ii) This standard does not apply to evaporative or other alternative cooling systems or if the homeowner makes changes to the size or configuration of the home, the air-conditioning system or the ductwork. Internal temperatures may vary up to 4-degrees Fahrenheit between rooms but no more than the standard set forth above in paragraph (b) of this subsection.
- (c) A thermostat reading shall not differ by more than 4-degrees Fahrenheit from the actual room temperature taken at a height of five feet above the floor in the center of the room where the thermostat is located. The stated performance standard is related to the accuracy of the thermostat and not to the performance standard of the room temperature. If the thermostat reading differs more than 4-degrees Fahrenheit from the actual room temperature taken at a height of five feet above the floor in the center of the room where the thermostat is located, the builder shall take such action as is necessary to bring the variance within the standard.
- (d) Heating and cooling equipment shall be installed and secured according to the manufacturer's instructions and specification and shall not move excessively. If the heating or cooling equipment is not installed and secured in accordance with manufacturer's instructions and specifications or moves excessively, the builder shall take such action as is necessary to properly install and secure the equipment.

(3) **Performance Standards for Vents, Grills or Registers.**

- (a) A vent, grill or register shall operate easily and smoothly when applying normal operating pressure. If a vent, grill or register does not operate easily and smoothly when applying normal pressure when adjusting, the builder shall repair the vent, grill or register so that it operates with ease of use when applying normal operating pressure.
- (b) A vent, grill or register shall be installed in accordance with the Code and manufacturer's instructions and specifications and shall be secured to the underlying surface. If a vent, grill or register is not installed and secured in accordance with the performance standard in this paragraph, the builder shall take such action as is necessary to bring the variance within the standard.

(4) **Performance Standards for Ductwork.**

- (a) Ductwork shall be insulated in unconditioned areas according to Code. If ductwork is not insulated in unconditioned areas in accordance with the Code, the builder shall take such action as is necessary to bring the variance within the standard stated in this paragraph.
- (b) Ductwork shall be secured according to the manufacturer's instructions and specifications and it shall not move excessively. If the ductwork is not secured according to the manufacturer's instructions and specifications or moves excessively, the builder shall take such action as is necessary to bring the variance within the standard stated in this paragraph.
- (c) Ductwork shall be sealed and shall not separate or leak in excess of the standards set by the Code. If the ductwork is not sealed, is separated or leaks in excess of the standards set by the Code, the builder shall take such action as is necessary to bring the variance within the standard stated in this paragraph.

BB. Performance Standards for Major Structural Components.

(1) Performance Standards for Slab Foundations.

- (a) Slab foundations should not move differentially after they are constructed, such that a tilt or deflection in the slab in excess of the standards defined below arises from post-construction movement. The protocol and standards for evaluating slab foundations shall follow the “Guidelines for the Evaluation and Repair of Residential Foundations” as published by the Texas Section of the American Society of Civil Engineers and in effect at the time of the home’s construction (hereinafter referred to as the “ASCE Guidelines”) with the following modifications:
 - (i) Overall deflection from the original construction elevations shall be no greater than the overall length over which the deflection occurs divided by 360 (L/360) and must not have more than one associated symptom of distress, as described in Section 5 of the ASCE Guidelines, that results in actual observable physical damage to the home.
 - (ii) The slab shall not deflect after construction in a tilting mode in excess of one percent from the original construction elevations resulting in actual observable physical damage to the components of the home.
- (b) If measurements and associated symptoms of distress show that a slab foundation does not meet the deflection or tilt standards stated in paragraph (a) of this subsection, a third-party inspector’s recommendation shall be based on the appropriate remedial measures as described in Section 7 of the ASCE Guidelines.

(2) Performance Standards for Major Structural Components of a HOME other than Slab Foundations.

- (a) Floor over pier and beam foundations.
 - (i) A floor over pier and beam foundation shall not deflect more than L/360 from its original construction elevations and have that movement create actual observable physical damage to the components of the home identifiable in Section 5.3 of the ASCE Guidelines.
 - (ii) If a floor over pier and beam foundation deflects more than L/360 from its original construction elevation and the movement has created actual observable physical damage to the components of a home identifiable in Section 5.3 of the ASCE Guidelines, a third-party inspector’s recommendation shall be based on applicable remedial measures as described in Section 7 of the ASCE Guidelines.
- (b) Structural components.
 - (i) A defined structural component shall not crack, bow, become distorted or deteriorate, such that it compromises the structural integrity of a home or the performance of a structural system of the home resulting in actual observable physical damage to a component of the home.
 - (ii) If a structural component of a home cracks, bows, is distorted or deteriorates such that it results in actual observable physical damage to a component of the home, the builder shall take such action as is necessary to repair, reinforce or replace such structural component to restore the structural integrity of the home or the performance of the affected structural system.
- (c) Deflected structural components.
 - (i) A structural component shall not deflect more than the ratios allowed by the Code.
 - (ii) If a structural component of the home is deflected more than the ratios allowed by the Code, the builder shall repair, reinforce or replace such structural component to restore the structural integrity of the home or the performance of the affected structural system.
- (d) Damaged structural components.
 - (i) A structural component shall not be so damaged that it compromises the structural integrity or performance of the affected structural system.
 - (ii) If a structural component is so damaged that it compromises the structural integrity or performance of a structural system of the home, the builder shall take such action as is

TEN YEAR MAJOR STRUCTURAL COMPONENTS WARRANTY PERFORMANCE STANDARDS

necessary to repair, reinforce or replace such structural component to restore the structural integrity of the home or the performance of the affected structural system.

- (e) Separated structural components.
 - (i) A structural component shall not separate from a supporting member more than 3/4 of an inch or such that it compromises the structural integrity or performance of the system.
 - (ii) If a structural component is separated from a supporting member more than 3/4 of an inch or separated such that it compromises the structural integrity or performance of a structural system of the home, the builder shall take such action as necessary to repair, reinforce or replace such structural component to re-establish the connection between the structural component and the supporting member and to restore the structural integrity of the home and the performance of the affected structural system.

- (f) Non-performing structural components.
 - (i) A structural component shall function as required by the Code.
 - (i) If a structural component does not function as required by the Code, the builder shall take such action as is necessary to bring the variance within the standard stated in subparagraph (i) of this paragraph.

XII. HUD Addendum

(Applicable to original FHA/VA/FmHA financed homes only)

1. The following language is added to Section III.

Notwithstanding anything to the contrary contained in this Builder's Limited Warranty, a malfunction in appliances and equipment installed by US and sold to YOU with the HOME shall be corrected by US if the malfunction is due to damage during installation and/or improper installation by US during the applicable coverage period, WE shall provide a remedy as described in this LIMITED WARRANTY for any DEFICIENCY or DEFINED STRUCTURAL ELEMENT FAILURE provided WE receive proper notice of same as required under this LIMITED WARRANTY. OUR remedy shall restore or pay for the cost to restore the affected component(s) of the HOME as originally constructed by US to a standard not less than described in the applicable Warranty Performance Standards stated in the LIMITED WARRANTY. If a particular defect is not included among the Warranty Performance Standards or if a Performance Standard can be shown to be less stringent than that typically followed in local trade practices, then the standard consistent with locally acceptable trade practices for similarly priced housing shall apply.

If WE elect to pay YOU the reasonable cost to have a CONSTRUCTION DEFECT repaired by a third party, (i) YOU shall have ten (10) days to respond to the offer to make payment; (ii) If the offer of payment exceeds \$5000.00, the offer must be made pursuant to a binding bid by an independent third-party contractor who YOU may contract with directly to repair the CONSTRUCTION DEFECT, except where: (a) the payment offer is made in settlement of an arbitration or legal action; or (b) YOU are represented by legal counsel; or (c) the payment offer has been reviewed on site by a HUD-approved fee inspector. Any such payment will be made jointly to YOU and YOUR mortgagee.

2. The following is added to the definition of DEFINED STRUCTURAL ELEMENT FAILURE in Section X.

Major Structural Components shall also include roof and floor sheathing.

3. The following is added to the end of the first paragraph in Section VIII.

If YOUR HOME carries an FHA or VA mortgage, YOU may, but YOU are not required to submit disputes relating to or arising out of this LIMITED WARRANTY ("warranty claims") to the binding arbitration process available here. However, if YOU elect to pursue a warranty claim to final resolution through other options which might be available, such election shall bar YOU from arbitrating the same warranty claim through the process described in the LIMITED WARRANTY

BINDING ARBITRATION REQUEST FORM

Dear Homeowner or HOA Representative:

Prior to requesting binding arbitration under the terms of the BUILDER'S LIMITED WARRANTY, you should have sent your builder a clear and specific written request outlining the situation or condition that you consider to be a CONSTRUCTION DEFECT. If you have taken this step and believe the builder has not properly responded in accordance with its obligations under the BUILDER'S LIMITED WARRANTY, you should complete this form and send it to PWC along with the arbitration-filing fee. Be sure to attach a copy of all pertinent correspondence between you and your builder relative to the issue.

The information you need to fill out this form can be found on the Builder's Limited Warranty 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

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

Limited Warranty #:_____ Date Warranty Period began:_____

Builder's Name:_____

Address: _____

Describe the dispute that YOU wish to submit to binding arbitration. If the dispute is relative to a CONSTRUCTION DEFECT please include information on when the CONSTRUCTION DEFECT(s) first occurred or when YOU first noticed the CONSTRUCTION DEFECT. Attach additional sheets, if necessary.

I/WE, as owners of the HOME or as the authorized representative of the HOMEOWNERS ASSOCIATION, request that PWC initiate a binding arbitration to resolve the dispute described above.

Signature Date

Signature Date

Check here if signing on behalf of HOMEOWNERS ASSOCIATION:

INSTRUCTIONS: Photocopy this form and complete the fields.

Obtain the required arbitration-filing fee by contacting PWC at 1-800/850-2799.

Send this Binding Arbitration Request Form and the arbitration-filing fee to:

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

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SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND TRANSFER

Any coverage remaining under the BUILDER'S LIMITED WARRANTY applicable to the home specified on the Limited Warranty 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(s) hereby acknowledge and agree:

I/we acknowledge that I have reviewed, understand and agree to all the terms of the BUILDER'S LIMITED WARRANTY document (PWC Form No. 117TX Rev. 12/2012).

I/we understand and acknowledge that the Builder of the home is the warrantor and 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 defect or damage to the home which is the result of my/our failure to maintain the home.

I/we acknowledge and agree to the Binding Arbitration Procedure contained in the HOME BUILDER'S LIMITED WARRANTY.

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

_____ Date: _____

Print above name(s): _____

Re-issuance of the Limited Warranty Validation Form with the name(s) of the new Home Buyer(s) is not necessary for you to receive the coverage remaining under the HOME BUILDER'S LIMITED WARRANTY. Upon receipt of this signed form, PWC will update its records to reflect the name(s) of the new homeowner(s). If you want PWC to issue another Limited Warranty Validation Form with your name(s) on the form, please check the box below and send a check in the amount of \$20.00 made payable to "PWC" with your submission of this form.

YES, re-issue the Limited Warranty Validation Form in the above name(s) (check box) Initial _____

Address of Home: _____

Limited Warranty No.: _____

INSTRUCTIONS: Photocopy this form. Provide information requested, sign, fill in Limited Warranty # in the space provided (this number is provided on the Limited Warranty Validation Form), and provide a telephone number where you can be reached (_____) _____. If you want the Limited Warranty Validation Form reissued in your name, enclose your check to PWC in the amount of \$20.00 (check box above and initial). To reach PWC by phone, call: 1-800/850-2799.

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

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

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