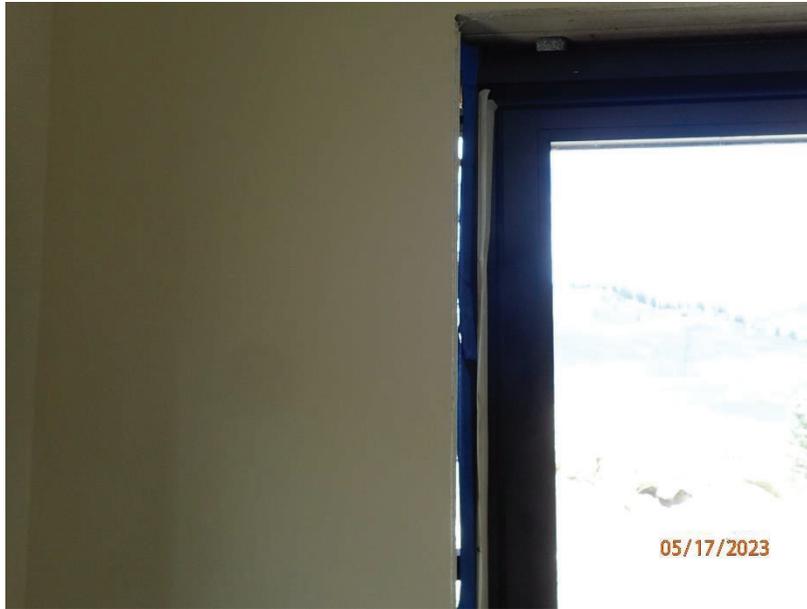




May 17, 2023, Disc OBS1, Photograph 160, DLC, 101 Mule Deer Court, broken window at clerestory.



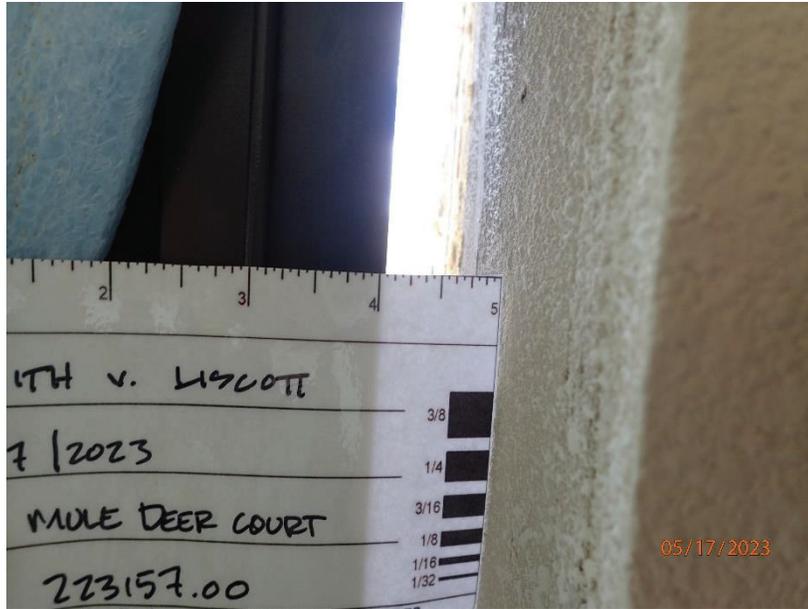
May 17, 2023, Disc OBS1, Photograph 161, DLC, 101 Mule Deer Court, replacement window.



May 17, 2023, Disc OBS1, Photograph 169, DLC, 101 Mule Deer Court, gap at window.



May 17, 2023, Disc OBS1, Photograph 170, DLC, 101 Mule Deer Court, gap at window.



May 17, 2023, Disc OBS1, Photograph 171, DLC, 101 Mule Deer Court, gap at window.



May 17, 2023, Disc OBS1, Photograph 172, DLC, 101 Mule Deer Court, water infiltration at broken window.

## 2. FAÇADE (EXTERIOR CLADDING AND SEALANTS) TYPE 3 – ADHERED MASONRY VENEER

Adhered masonry veneer is a moisture-managed cladding, requiring the necessary detailing and installation to provide functional moisture management behind the system.

### a. Adhered Masonry Veneer Not Constructed

At the time of the site observation, none of the exterior stone veneer material had been installed. If the costs for this work had been previously billed by Liscott and paid by the Owner, then Liscott is responsible to provide a full credit to the Owner for non-performed work.

## 3. ROOFING SYSTEM TYPE 1 – ASPHALT SHINGLES

### a. Non-Compliant or Incomplete Roofing

The finished roofing is called out on the Heritage Home drawings to be CertainTeed Landmark Premium asphalt shingles. At the time of the site observation, the roofing had been placed on the garage and on the main portion of the upper roof, with the exception of the dormer roofs.

Detail 4/S2.1 of the Heritage Homes drawings call for Grace Ice & Water Shield membrane underlayment across the entire roof surface. Destructive removal of the existing shingles was not performed to verify the installation of this material. However, it can be reasonably assumed that based on the condition of the dormer roofing installation, the roofing crews did not use the Grace Ice & Water Shield but, instead, used a felt type underlayment material.

There were also large areas of the dormer roofs where the OSB underlayment was still exposed. This OSB had been left exposed for such a long time that fibers were delaminating.

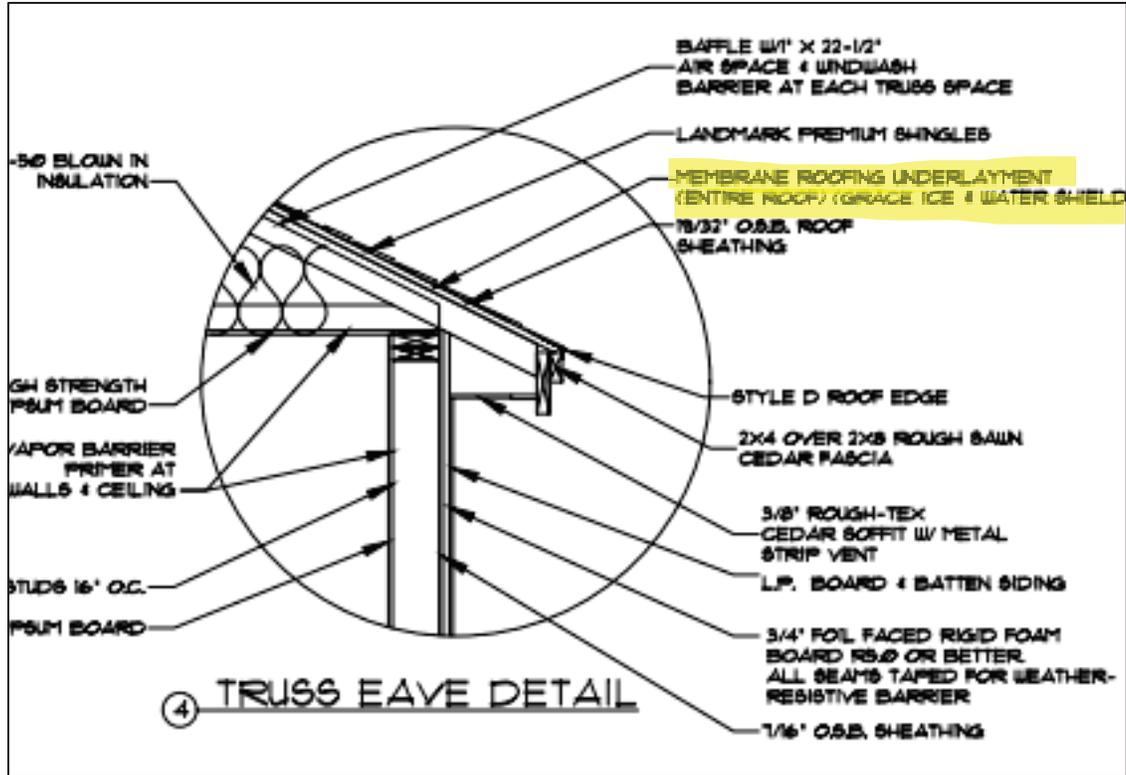
The roofs over the porches or other protruding appurtenances are called to be a corrugated rusted tin metal roofing system. None of these areas were present at the time of the site observation.

The Heritage Homes drawings also call for the drip edge material to be of a finished color that is to be determined. Liscott's roofing crews installed a bare or unprimed galvanized metal drip edge. This material will have to be removed and replaced with the remainder of the roofing work.

The General Contractor Agreement between Liscott Homes (Contractor) and Ben and Holly Smith (Owner), signed and dated December 19, 2020, states the following:

- *"6.) Warranty: Contractor warrants that all materials and equipment furnished under the Contract Agreement shall be new and in conformance with the Contract Documents."*

Based on these observations, it is CTETS's position that the shingle roofing, non-compliant underlayment, and damaged OSB sheathing will need to be removed to allow for installation of the membrane underlayment across the full surface of the roof surfaces. Full removal and replacement of the OSB sheathing down to the dormer framing is also required. Due to Liscott's failure to properly construct these items, it is CTETS's opinion that all costs associated with this work is the responsibility of Liscott.



Heritage Homes detail 4/S2.1 callout for full coverage Grace Ice & Water Shield.

**Example Photographs:**



May 17, 2023, Disc OBS1, Photograph 284, DLC, 101 Mule Deer Court, incomplete roofing at dormers. Missing drip edge metal.



May 17, 2023, Disc OBS1, Photograph 285, DLC, 101 Mule Deer Court, incorrect underlayment materials. Heritage Homes drawings call for full coverage Grace Ice & Water Shield.



May 17, 2023, Disc OBS1, Photograph 286, DLC, 101 Mule Deer Court, incomplete roofing at upper roof and dormer.



May 17, 2023, Disc OBS1, Photograph 289, DLC, 101 Mule Deer Court, exposed OSB at upper roof dormer. OSB is starting to swell and delaminate.



May 17, 2023, Disc OBS1, Photograph 290, DLC, 101 Mule Deer Court, exposed OSB at upper roof dormer. OSB is starting to swell and delaminate.

#### b. Incorrect Drip Edge Flashing

The Heritage Homes drawings also call for the drip edge material to be of a finished color that is to be determined. Liscott's roofing crews installed a bare or unprimed galvanized metal drip edge. This material will have to be removed and replaced with the remainder of the roofing work.

Photo 292, shown below, shows the correct or intended color for the drip edge metal.

REF	ITEM	DESCRIPTION	COLOR	MFR
△	SIDING	BOARD & BATTEN	PAPER KRAFT HG6W2507	L.P. SMARTSIDE
△	SIDING	BOARD & BATTEN	FIREWEED 6W6328	L.P. SMARTSIDE
△	SIDING	LAP SIDING	PAPER KRAFT HG6W2507	L.P. SMARTSIDE
△	SIDING	LAP SIDING	FIREWEED 6W6328	L.P. SMARTSIDE
△	CORNER TRIM	2X6/2X4 CEDAR	CHARWOOD 6W3542	N/A
△	DRIP EDGE	METAL	T.B.D.	ROLEX
△	SHINGLE	LANDMARK PREMIUM	T.B.D.	CERTAINTED
△	WINDOWS	VINYL	MIDNIGHT	GERKIN
△	EXTERIOR DOORS	CF9021C W/FC902181C		THERMA TRU
△	EXTERIOR DOORS	918-LE		THERMA TRU
△	GARAGE DOORS	T.B.D.	CHARWOOD 6W3542	T.B.D.
△	ON-SITE DOOR	T.B.D.	T.B.D.	T.B.D.
△	STONE	T.B.D.	T.B.D.	T.B.D.
△	METAL ROOF	CORRUGATED	RUSTED TIN	T.B.D.

NOTE: ALL VENT PIPES/FLUES THROUGH ROOF TO BE PAINTED O.S.B.O TO MATCH SIDING COLOR

Example Photographs:



May 17, 2023, Disc OBS1, Photograph 85, DLC, p101 Mule Deer Court, incorrect drip edge metal installed. Design call for a pre-finished material.

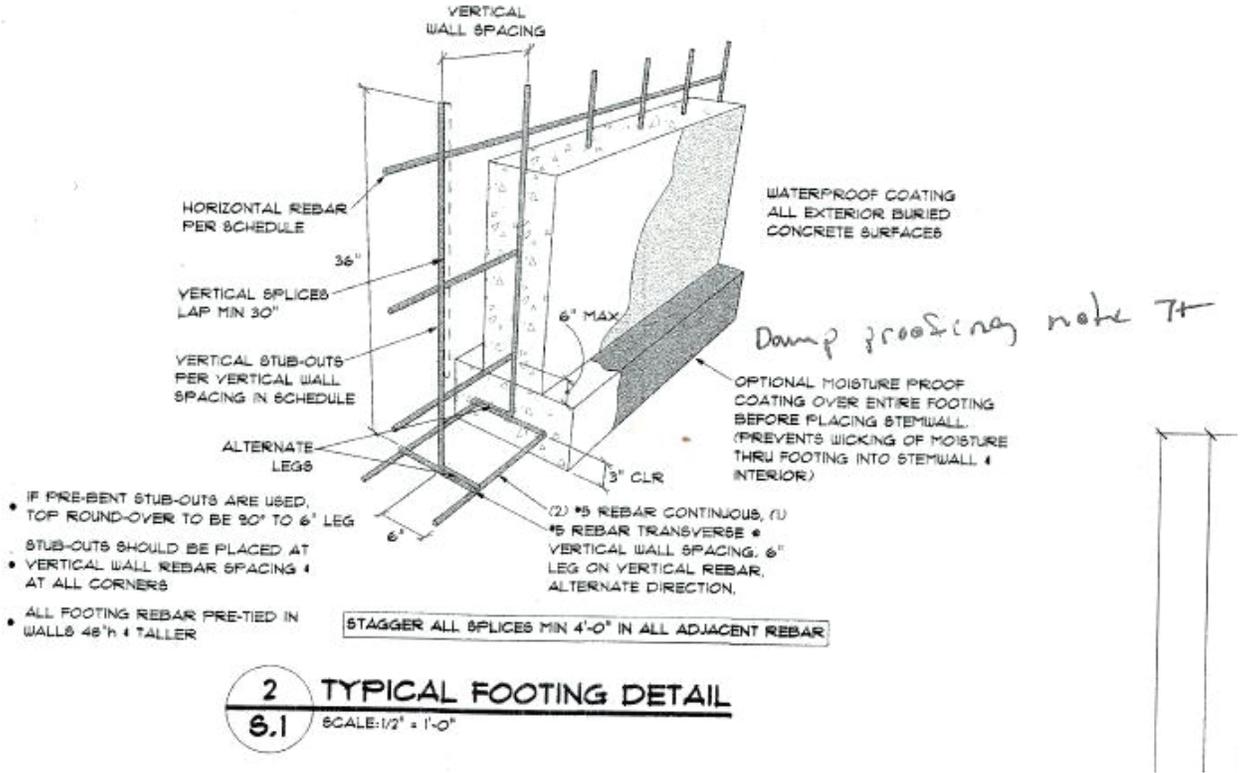


May 17, 2023, Disc OBS1, Photograph 292, DLC, 101 Mule Deer Court, correct color drip edge material installation.

#### 4. BELOW-GRADE FOUNDATION WATERPROOFING

The materials originally used for the foundation waterproofing were incorrect. The crews used a foundation damp proofing material instead of a waterproofing material. The damp proofing material does not perform or provide the same level of protection as would a waterproofing material. Further investigation is required to determine if there are any compatibility issues between the damp proofing and the waterproofing material. During the site observation, the Owners had paid for the application of a waterproofing material and will now incur additional costs to have the correct product installed. CTETS was not able to confirm the manufacturer of the product used for this application. At the time of the site observation, CTETS was not able to confirm the manufacturer of the product used for this application.

Sheet S.1 by Insight Engineering indicated that Waterproof Coating was required. The Summit County plan review noted damp proofing note 74. CTETS has not confirmed any information that modified the engineer's requirement for waterproofing.



It is CTETS’s opinion that this is due to a failure by Liscott to install the correct material initially; therefore, any costs associated with the installation of the correct material are the responsibility of Liscott.

**Example Photographs:**



May 17, 2023, Disc OBS1, Photograph 37, 101 Mule Deer Court, the incorrect waterproofing materials applied to the foundation walls.



May 17, 2023, Disc OBS1, Photograph 38, 101 Mule Deer Court, the incorrect waterproofing materials were applied to the foundation walls.



May 17, 2023, Disc OBS1, Photograph 46, 101 Mule Deer Court, the incorrect waterproofing materials were applied to the north elevation foundation walls.



May 17, 2023, Disc OBS1, Photograph 74, 101 Mule Deer Court, the incorrect waterproofing materials were applied to the east elevation foundation walls.

#### D. INTERIOR CONSTRUCTION

The following non-compliant conditions were discovered during CTETS's preliminary observations:

##### 1. WALL SYSTEM

###### a. Drywall and Framing Out-of-Plumb

There are areas throughout the residence, but primarily along the midline of the structure, where the drywall framing and finish surface are out-of-plumb. This is all due to the out of levelness issues with structural supports and alignment of the modular unit. While work has been done to re-level the structure, there still exists issues with the framing and finished drywall.

To correct this work, it is CTETS's opinion that the drywall along the marriage line will have to be removed, the reframing re-worked, and the drywall potentially shimmed to achieve a plumb and square finished surface.

The General Contractor Agreement between Liscott Homes (Contractor) and Ben and Holly Smith (Owner), signed and dated December 19, 2020, states the following:

- "6.) *Warranty: Contractor warrants that all materials and equipment furnished under the Contract Agreement shall be new and in conformance with the Contract Documents.*"

It is CTETS's opinion that this is a result of the issues with the levelness of the structure as well as Liscott's failure to review the areas prior to the commencement of drywall installation to ensure that finished work would be constructed plumb and square. Any costs associated with the necessary repairs are the responsibility of Liscott.

**Example Photographs:**



May 17, 2023, Disc OSB1, Photograph 166, DLC, 101 Mule Deer Court, west side of column in kitchen area using a 2-foot electronic level.



May 17, 2023, Disc OSB1, Photograph 167, DLC, 101 Mule Deer Court, east side of column in kitchen area using a 2-foot electronic level.



Owner provided photo showing damage to the drywall at the column in the Living/Dining area.

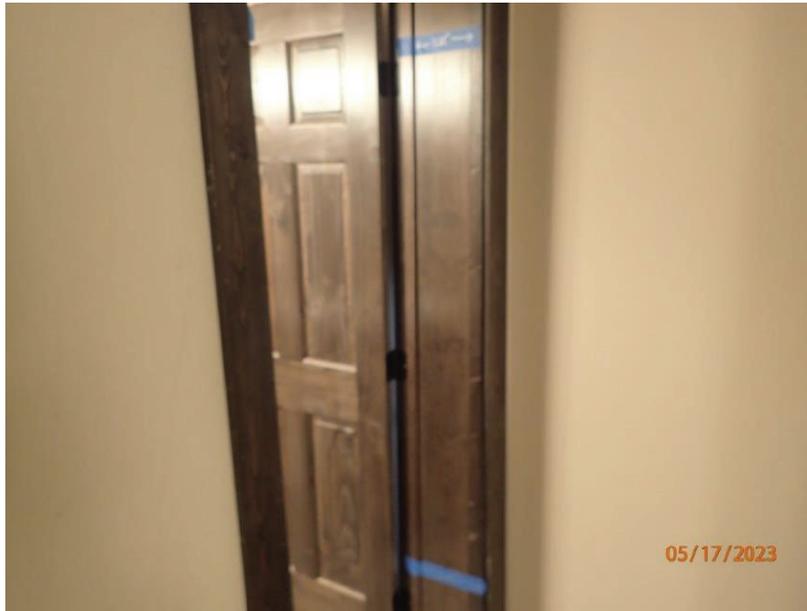
**b. Non-Compliant Door and Trim Installation**

Due to the issues with the levelness, the 2-inch gap between the unit, and mis-alignment issue with the structure, the doors along the marriage line of the modular unit have been poorly installed. In an attempt to compensate for these dimensional issues, Liscott has cut and installed tapered filler trim.

The following photos show the dimensional difference in the door system between the top and bottom in the overall height of the opening. Across all of the measurements taken at these opening the variance ranges anywhere from 3/4-inch to as much as 1-inch. This can also be seen in the width of the tapered filler trim pieces. These variances are present at all door openings along this marriage line.

As an example, the opening at bathroom #4 on the second floor and shown in photos 235, 236, 238, and 239 show the overall width of the opening 10-5/8-inches at the top and 11-5/8-inches at the bottom. The tapered shim at this opening measures 1-1/8-inches at the top and 2-1/8-inches at the bottom. The dimensions for all of the other openings can be seen in the rest of the photos taken at the other openings and noted on the site observation drawings included with this report.

**Example Photographs:**



May 17, 2023, Disc OSB1, Photograph 235, DLC, 101 Mule Deer Court, overall view at master bedroom closet.



May 17, 2023, Disc OBS1, Photograph 236, DLC, 101 Mule Deer Court, width dimension at top of door frame – approx. 10-5/8-inch.



May 17, 2023, Disc OBS1, Photograph 237, DLC, 101 Mule Deer Court, width dimension at bottom of door frame – approx. 11-1/8-inch.



May 17, 2023, Disc OBS1, Photograph 238, DLC, 101 Mule Deer Court, tapered wood filler at top of door frame – approx. 1-1/8-inch.



May 17, 2023, Disc OBS1, Photograph 239, DLC, 101 Mule Deer Court, tapered wood filler at bottom of door frame – approx. 2-1/8-inch.

**c. Cabinetry and Millwork Installation**

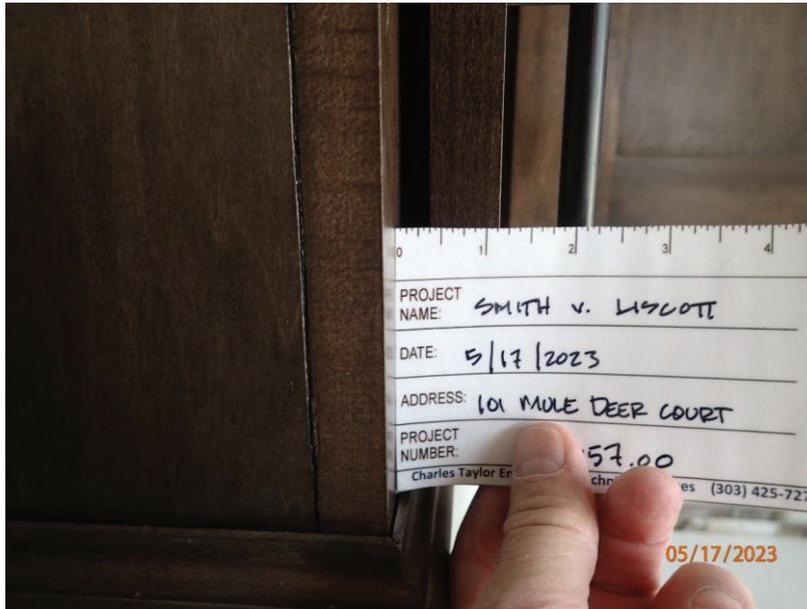
It is CTETS’s understanding that the cabinetry components came installed from the factory. It is reasonable to assume that these components were properly aligned and adjusted prior to leaving the factory. CTETS further understands that the interior spaces and these finished components were left exposed in an un-conditioned environment for several months. It is CTETS’s opinion that this has led to many of the cabinet doors becoming warped and the remaining doors and drawers requiring adjustment to properly close and function.

In addition to the misalignment and warping of the cabinet components, the base cabinet along the west wall of the kitchen has pulled away from the wall. This is a direct result of the issue related to Liscott not providing structural support and installation of the modular units.

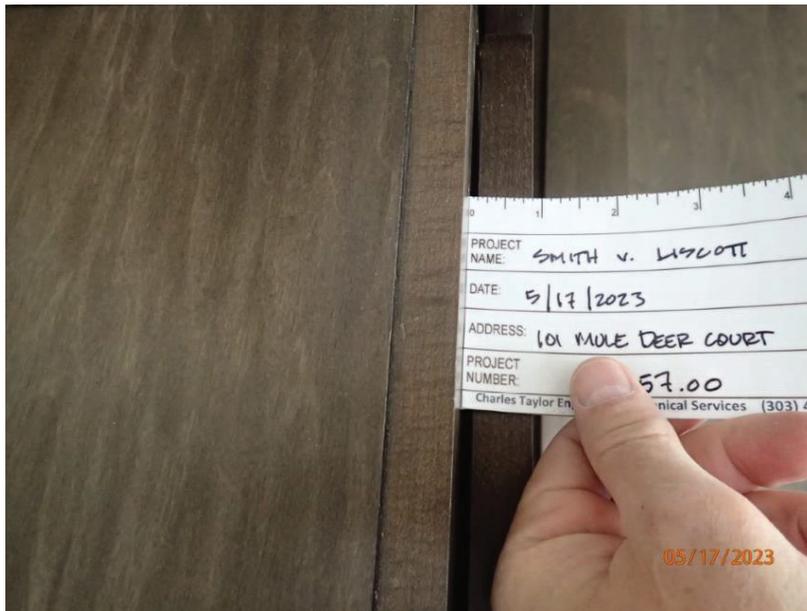
It is CTETS’s opinion that Liscott failed to provide proper environmental conditions which resulted in the noted damage to the finish components; therefore, any costs required to adjust, repair, or replace the affected components is the responsibility of Liscott.

The following photos are examples of the warped, mis-aligned, and damaged cabinetry components. All other locations can be seen in the photos taken at the other locations and noted on the site observation drawings included with this report.

**Example Photographs:**



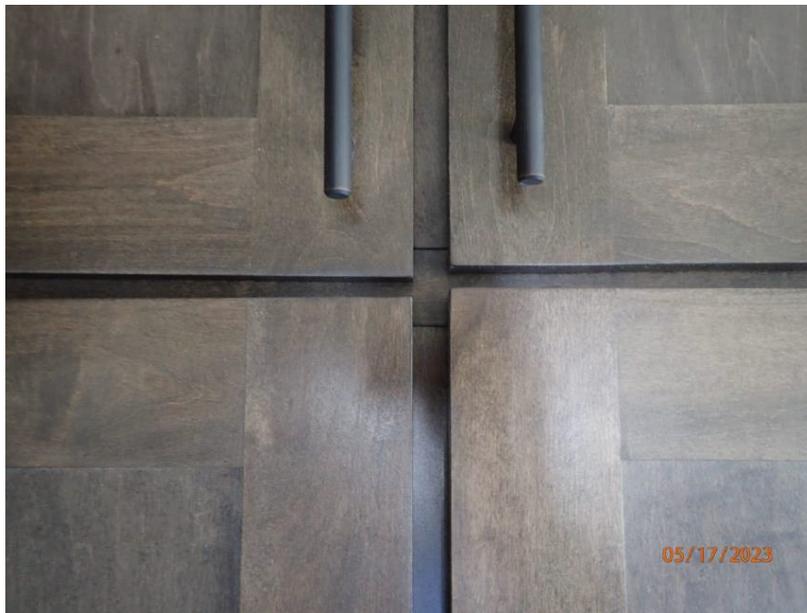
May 17, 2023, Disc OBS1, Photograph 151, DLC, 101 Mule Deer Court, warped kitchen cabinet door at bottom – gap 3/8-inch.



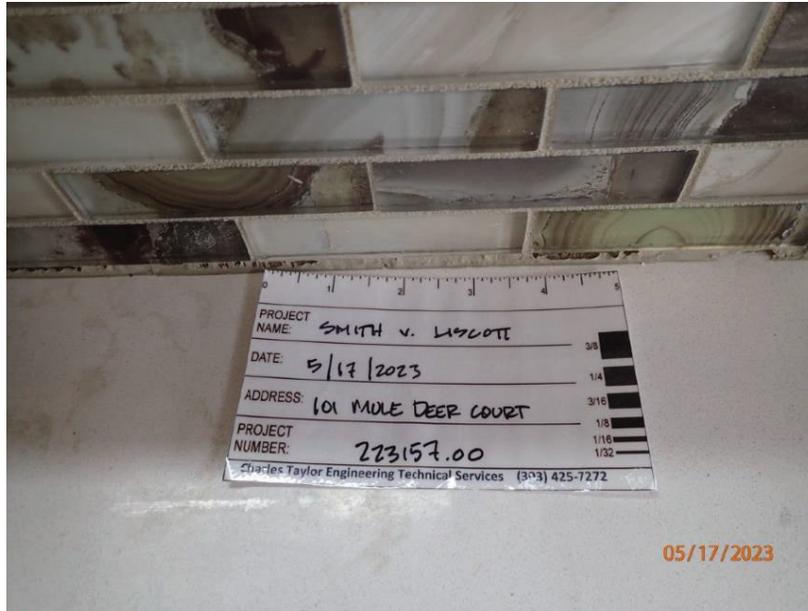
May 17, 2023, Disc OBS1, Photograph 152, DLC, 101 Mule Deer Court, warped kitchen cabinet door at top – gap 1/8-inch.



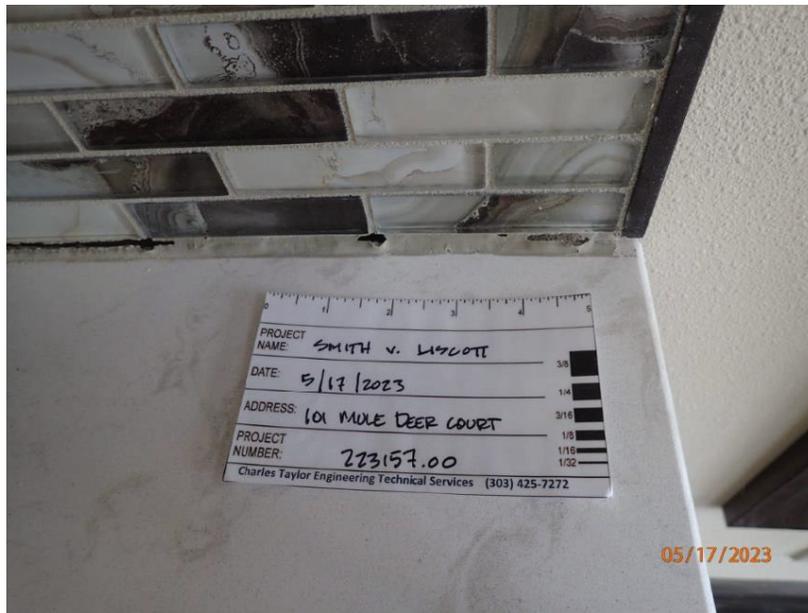
May 17, 2023, Disc OBS1, Photograph 153, DLC, 101 Mule Deer Court, mis-aligned kitchen cabinet doors.



May 17, 2023, Disc OBS1, Photograph 154, DLC, 101 Mule Deer Court, mis-aligned kitchen cabinet doors.



May 17, 2023, Disc OBS1, Photograph 155, DLC, 101 Mule Deer Court, base cabinet pulled away from west kitchen wall.



May 17, 2023, Disc OBS1, Photograph 156, DLC, 101 Mule Deer Court, base cabinet pulled away from west kitchen wall.



May 17, 2023, Disc OBS1, Photograph 268, DLC, 101 Mule Deer Court, overall view into master bathroom.



May 17, 2023, Disc OBS1, Photograph 269, DLC, 101 Mule Deer Court, warped cabinet door at bottom - 1/8-inch.



May 17, 2023, Disc OBS1, Photograph 270, DLC, 101 Mule Deer Court, warped cabinet door top – 13/16-inch.

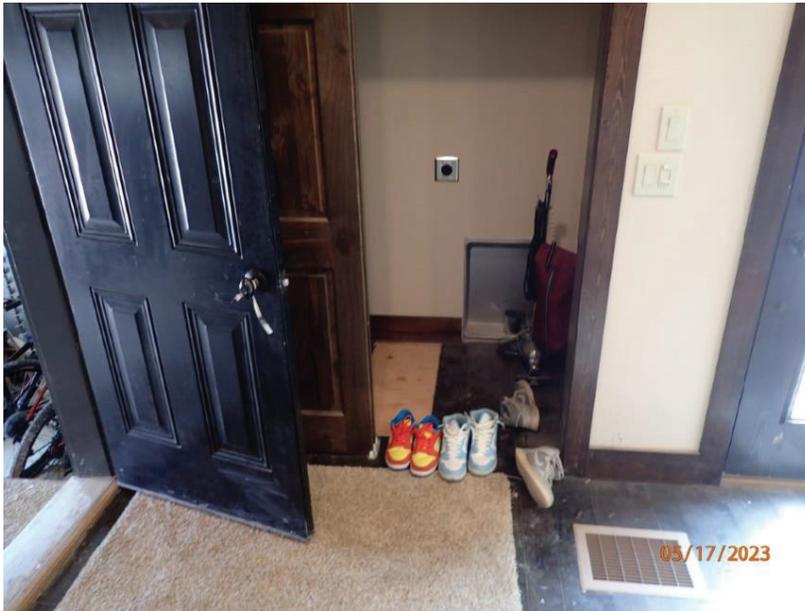
**d. Hole in Laundry Room Floor**

The finished flooring in the laundry room was removed, and a hole was cut through the sub-flooring to access the water supply line that had been installed in an unconditioned space below this floor location. These water lines are installed in an unconditioned space and are not protected against freezing.

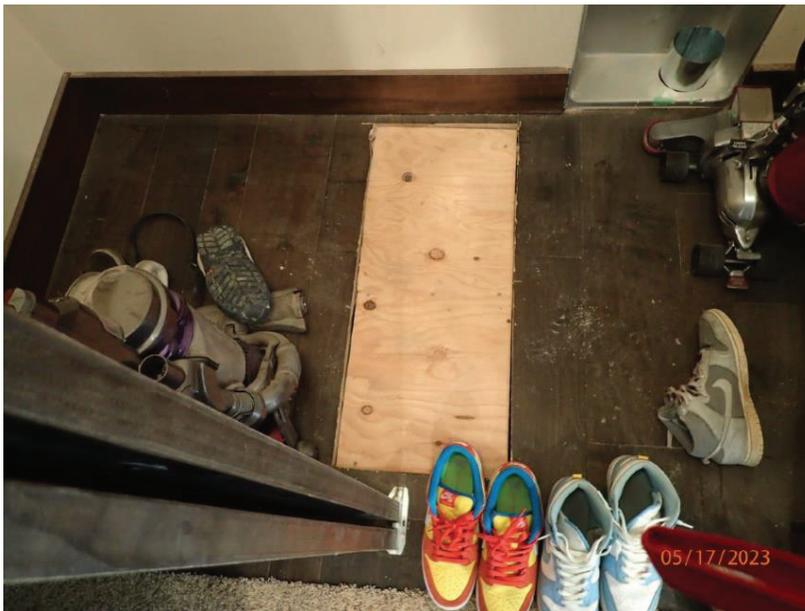
The General Contractor Agreement between Liscott Homes (Contractor) and Ben and Holly Smith (Owner), signed and dated December 19, 2020, states the following:

- “6.) Warranty: Contractor warrants that all materials and equipment furnished under the Contract Agreement shall be new and in conformance with the Contract Documents.”

**Example Photographs:**



May 17, 2023, Disc OBS1, Photograph 215, DLC, 101 Mule Deer Court, view looking toward the laundry room at the south side of the kitchen.



May 17, 2023, Disc OBS1, Photograph 216, DLC, 101 Mule Deer Court, area where flooring was removed as hole cut in the floor to access the water lines.

## 2. FLOOR SYSTEM

### a. Damaged Flooring Due to Improper or Missing Protection

Laminate flooring materials have been installed in multiple areas. At the time of the site observation, any protective coverings that may have been installed have been removed.

There are several areas that show signs of damage to the surface finish, as well as scratches or other abrasive markings. CTETS that the Ramboard protective materials had been previously installed by Liscott but had been removed prior to the initial walk-through. Even with the Ramboard, the construction equipment, scaffolding and work crew foot traffic damaged the finished flooring surface below. The flooring is also showing signs of warping and peeling of the surface finish. During a visual review, noticeable signs of waviness in the surface are present, which appears to be due to uneven sub-flooring or from being exposed to an uncontrolled environment for a long period of time.

The General Contractor Agreement between Liscott Homes (Contractor) and Ben and Holly Smith (Owner), signed and dated December 19, 2020, states the following:

- *"6.) Warranty: Contractor warrants that all materials and equipment furnished under the Contract Agreement shall be new and in conformance with the Contract Documents."*

It is CTETS's opinion that this damage or other issues with the flooring is the result of Liscott's failure to install and maintain proper protective material to protect against damage and the subsequent work of other trades. Any costs to remove and replace or repair the flooring is the responsibility of Liscott.

#### Example Photographs:



Owner provided photo showing damage to the finished flooring surface due to Liscott's failure to maintain proper protection during construction.



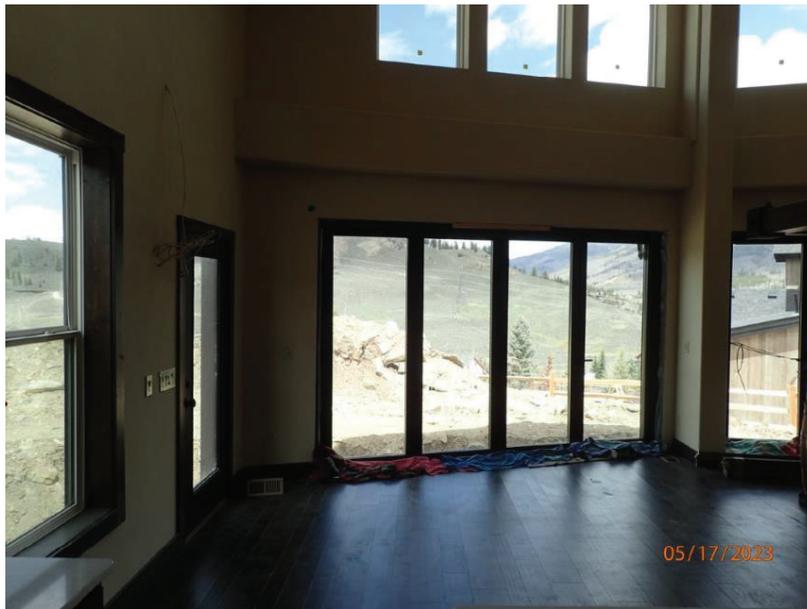
Owner provided photo showing damage to the finished flooring surface due to Liscott's failure to maintain proper protection during construction.



May 17, 2023, Disc OBS1, Photograph 212, DLC, 101 Mule Deer Court, unprotected finish flooring in the kitchen.



May 17, 2023, Disc OBS1, Photograph 172, DLC, 101 Mule Deer Court, unprotected finish flooring in the living/ dining room area. The blue tape marks locations of damage. The damage is related to the misaligned, and non-level foundation used to set the modular units.



May 17, 2023, Disc OBS1, Photograph 157, DLC, 101 Mule Deer Court, unprotected finish flooring in the living/dining room area. The surface has an uneven appearance due to being in an uncontrolled environment.

**E. MECHANICAL, ELECTRICAL, PLUMBING (MEP)**

The following non-compliant conditions were discovered during CTETS’s preliminary observations:

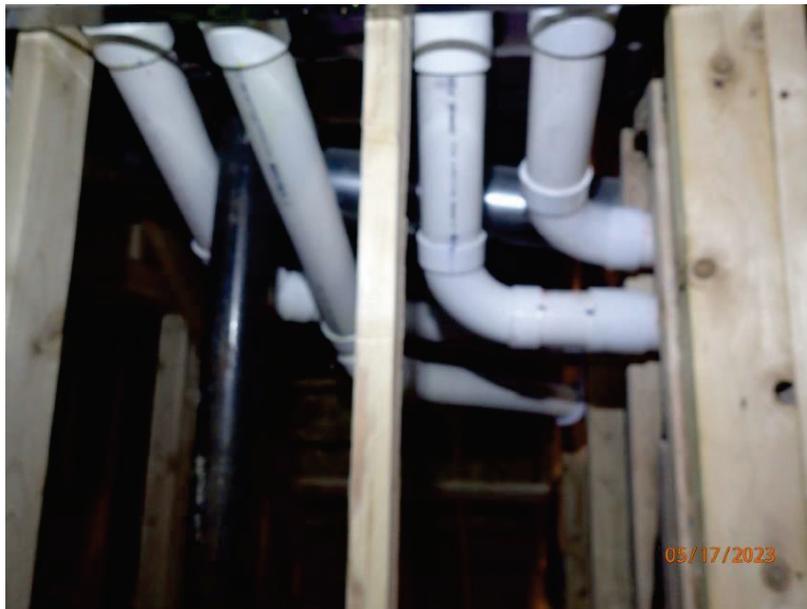
**1. MECHANICAL**

**a. Furnace Venting and Piping Location**

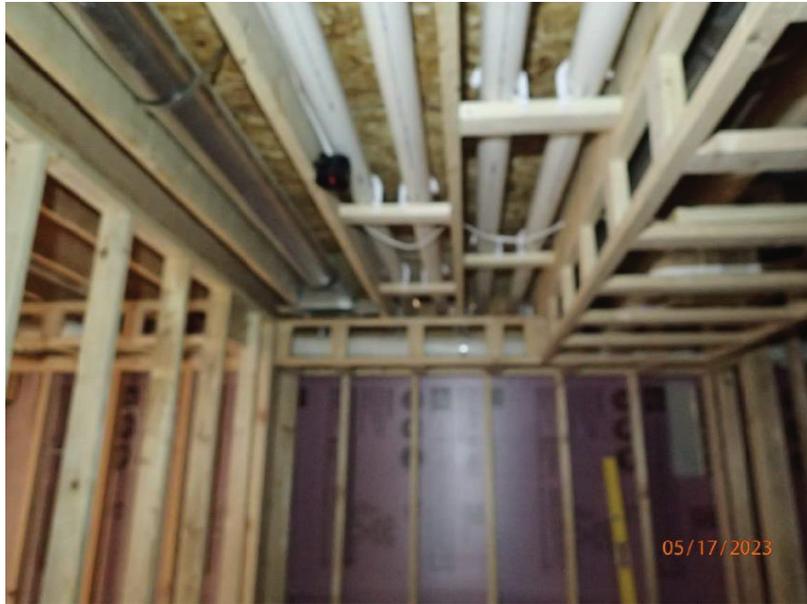
The original installation of the furnace vent piping was routed out through the south elevation exterior wall. This location placed the exterior vent piping below and in close proximity to the window above. The Owners had to pay additional funds to an HVAC contractor to remove this improper piping and re-route it to exit out the west elevation of the residence as shown in the photo below.

It is CTETS’s opinion that this required rework is a direct result of Liscott’s failure to properly manage the work to ensure that the vent piping was installed in compliance with the applicable codes so not to create a hazardous condition. The cost to perform this re-routing work is the responsibility of Liscott.

**Example Photographs:**



May 17, 2023, Disc OBS1, Photograph 138, DLC, 101 Mule Deer Court, re-routed furnace vent piping.



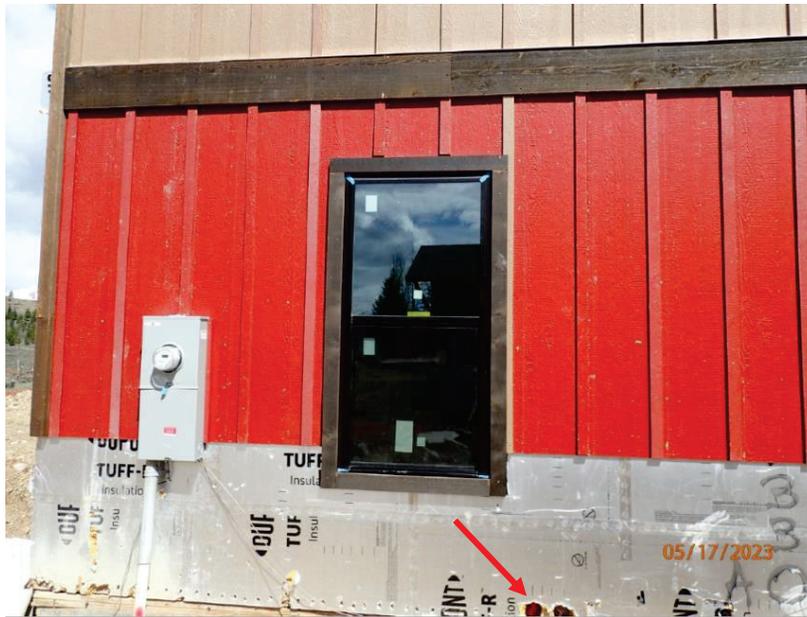
May 17, 2023, Disc OBS1, Photograph 139, DLC, 101 Mule Deer Court, re-routed furnace vent piping directed to the west elevation.



May 17, 2023, Disc OBS1, Photograph 36, DLC, 101 Mule Deer Court, re-routed furnace vent piping at the west elevation.



May 17, 2023, Disc OBS1, Photograph 25, DLC, 101 Mule Deer Court, previous location of the furnace vent piping at south elevation.



May 17, 2023, Disc OBS1, Photograph 26, DLC, 101 Mule Deer Court, previous vent piping location in close proximity to the window above.

## 2. ELECTRICAL

### a. Homeowner Installation of Light Fixtures

At the time of the site observation, the Owners stated that they had taken it upon themselves to install interior light fixtures throughout residence. Outside of the ceiling fans and can lights, which were installed at the factory by Heritage, all other fixtures were to be installed by Liscott.

Since Liscott did not perform these installations, the Owner installed the fixtures themselves. The exterior fixtures and associated junction boxes have yet to be installed, even though this has been paid to Liscott to have done this work. Because of this failure by Liscott, the Owners had to hire a licensed electrician to review the electrical throughout the residence to verify and correct all the Liscott electrical installation mistakes.

It is CTETS’s understanding that the fixture had been provided by Liscott. The costs for the materials and installation of the fixtures had been previously billed for by Liscott and paid in the associated bank draw, yet the installation work had not been performed by Liscott or its contractors.

The Owners also noted during the site observation that they have photos of an electrician performing electrical work on the home who had not been authorized by the Owners to do so and who also was not shown on the building permit. A photo of this electrician’s van is included below.

It is CTETS’s opinion that any costs associated with these installations or a reasonable cost for the Owner to perform this work should be credited back to the Owners.

**Example Photographs:**



May 17, 2023, Disc OBS1, Photograph 210, DLC, 101 Mule Deer Court, pendant light fixture above the kitchen island installed by Owners.



May 17, 2023, Disc OBS1, Photograph 231, DLC, 101 Mule Deer Court, ceiling fan and light fixture installed by Heritage Homes.



May 17, 2023, Disc OBS1, Photograph 243, DLC, 101 Mule Deer Court, bathroom vanity light fixture installed by the Owners.



May 17, 2023, Disc OBS1, Photograph 200, DLC, 101 Mule Deer Court, ceiling fan and light fixture installed by Heritage Homes.



Owner provided photograph showing that the electrician used on the site by Liscott was not the electrician noted on the permit.

**b. Required Re-Wiring to Correct Improper Installation**

During the discussions with the Owners, during the site observation, it was noted by the Owners that they had to hire an electrical contractor to perform re-wiring or correct the existing wiring throughout the basement for work that was part of the Liscott scope of work. The Owners noted that the majority of the wiring performed by Liscott or its contractors did not meet the requirements of the applicable electrical codes and did not pass the initial inspections.

It is CTETS's opinion that Liscott failed to provide proper management or site supervision to ensure the electrical work performed as part of its scope was in accordance with the applicable codes and industry standards. Therefore, any costs for the correct work performed by the Owner's electrical contractor are the responsibility of Liscott.

**Example Photographs:**

CTETS was not provided any photo documentation or the previous installation performed by Liscott or its contractor.

**3. PLUMBING**

**a. Incomplete Installation of Sump Pump**

At the time of the site observation, it was noted that the sump pit and associated underground piping had been installed at the residence. At the time of the site observation, the sump pump had not been installed and properly piped to discharge to the exterior of the residence. The sump pit is installed and plumbed to receive water from the foundation drain, but no other work was performed in this area. This is an item of work that needs to be completed as part of the original scope of work. The CTL Thompson report prepared for Liscott required proper perimeter drainage.

## SUBSURFACE DRAINAGE

Water from snow melt, precipitation and surface irrigation of lawns and landscaping frequently flows through relatively permeable backfill placed adjacent to a residence, and collects on the surface of less permeable soils occurring at the bottom of foundation excavations. This process can cause wet or moist basement conditions after construction. To reduce the likelihood water pressure will develop outside foundation walls and the risk of accumulation of water at basement level, we recommend a foundation drain be installed. The drain should be installed along the entire basement perimeter. The foundation drain will not prevent moist conditions in the basement.

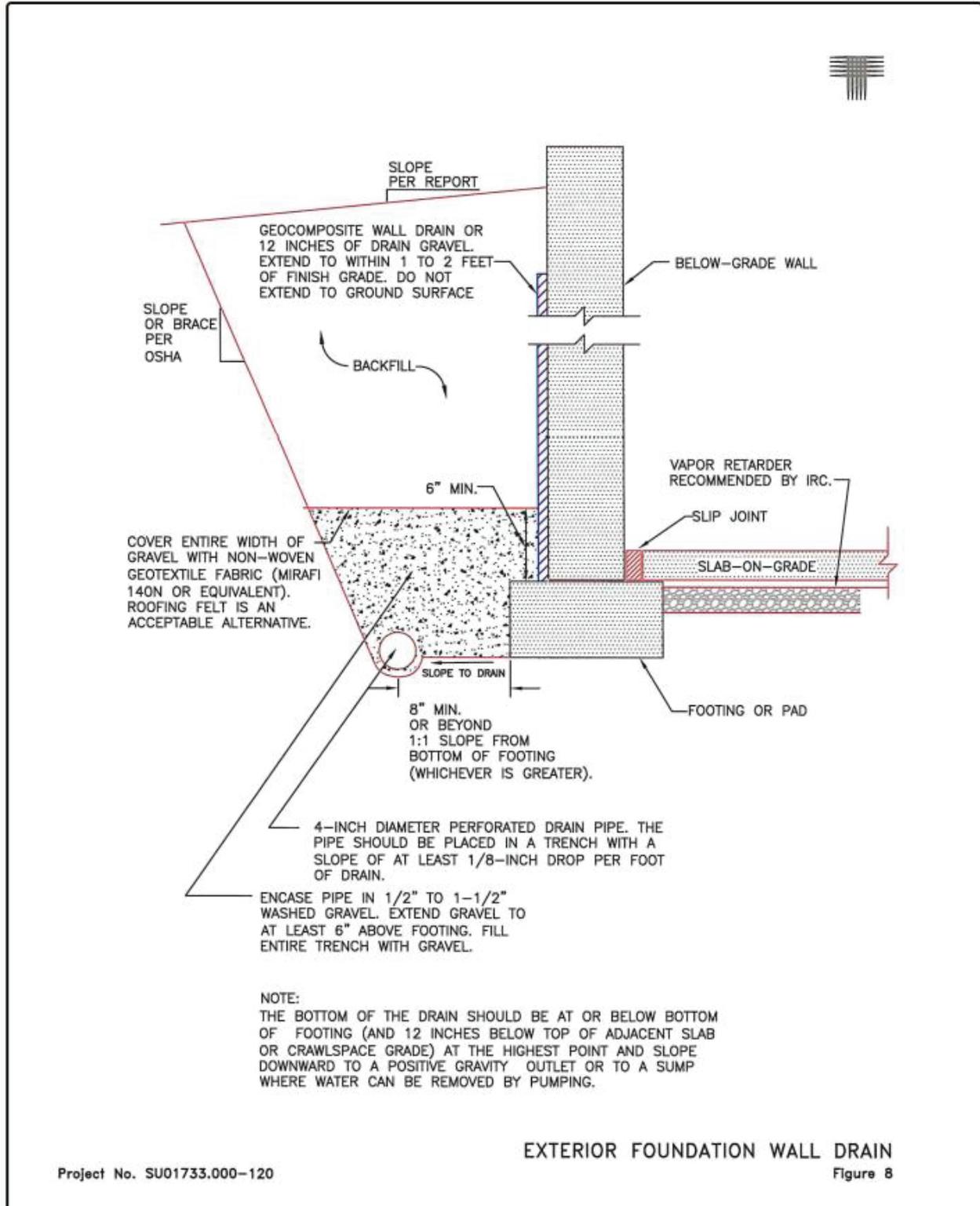
The drain should consist of a 4-inch diameter, perforated or slotted pipe encased in free-draining gravel, and a geocomposite drain board or clean gravel layer extending to within 2 feet of exterior grade, adjacent to the walls. The drain should lead to a positive gravity outlet or sump where water can be removed by pumping. Sump pumps and gravity outlet locations must be maintained by the homeowner. A typical foundation drain detail for basement construction is presented on Figure 8.

## CONCRETE

Concrete in contact with soil can be subject to sulfate attack. We measured the water-soluble sulfate concentration in a sample taken from the site at less than 0.01 percent. For this level of sulfate concentration, ACI 332-08 *Code Requirements for Residential Concrete* indicates there are no special requirements for sulfate resistance.

LISCOTT CUSTOM HOMES, LTD.  
PROPOSED RESIDENCE  
LOT 5, BLOCK 16, WHISPERING PINES RANCH SUB #8  
CTL | THOMPSON PROJECT NO. SU01733.000-120  
C:\Users\briggeler\AppData\Local\Box\Box Ed\Documents\DD1R3fme+YwHJzVwXGvg==\SU01733.000 - 120 - R1.docx

10



The General Contractor Agreement between Liscott Homes (Contractor) and Ben and Holly Smith (Owner), signed and dated December 19, 2020, states the following:

- “6.) *Warranty: Contractor warrants that all materials and equipment furnished under the Contract Agreement shall be new and in conformance with the Contract Documents.*”

It is CTETS’s opinion that any cost associated with the completion of the sump pump installation and piping is the responsibility of Liscott. CTETS also understands, from conversations with the Owners, that Liscott had previously built for this work and been paid in the subsequent bank draw. Therefore, the monies previously paid to Liscott should be credited back to the Owners.

**Example Photographs:**



May 17, 2023, Disc OBS1, Photograph 135, DLC, 101 Mule Deer Court, sump pit location in the basement mechanical room.



May 17, 2023, Disc OBS1, Photograph 136, DLC, 101 Mule Deer Court, sump pit location in the basement mechanical room. Pump has not been installed.

**b. Damaged Gas Service Line**

During the site visit, the Homeowners noted that during the course of construction, Liscott had taken it upon themselves to excavate at other locations on the project without any authorization from the Owners to perform this additional work<sup>9</sup>. During this excavation, Liscott dug into and damaged a gas supply line adjacent to the street. This gas leak raised a response from the local fire department and gas company.

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<sup>9</sup> Bates Number SMITH\_000246, April 11, 2023 email communication from Ben Smith to Charles Klug.

On Tuesday, April 11, 2023 at 08:17:44 AM MDT, Ben Smith <ben@firesmithtools.com> wrote:

Hi Charles,

Our attorney (Mike Harrison, CC'd on this email) is out of the office until the 17th. In the mean time I did see Rob's response yesterday. A few things to note...

-The hold harmless was for potential damage to the county right of way during sewer lateral installation only. No damage occurred.

- A day or two after the sewer lateral was installed, Rob and John took it upon themselves to dig at other locations on the job site. This is when Rob hit the gas line. They were not authorized by us to do any additional work on the site outside of the sewer installation. In fact, we weren't even aware they chose to dig until Holly arrived on site to see the fire department and Xcel crews on site dealing with the cut gas line.

Ben Smith  
President  
FireSmith Manufacturing Co.  
[www.fire-smith.com](http://www.fire-smith.com)  
402-304-3685

On 4/10/2023 2:54 PM, Charles Klug wrote:

CLIENT: XCEL ENERGY

CLAIM NUMBER: 107167758

DAMAGE LOCATION: 101 Mule Deer Ct , Dillon CO

DAMAGE DATE: 12/15/2021

AMOUNT: \$5,652.69

No potholing Liscott Custom Homes did not protect our clients gas line ! used BACKOE

Ticket No: B134300060

Good afternoon ,

We will be sending this claim to our legal department for our client's demand payment .

Screen capture of correspondence regarding the damage to the gas line.

As shown in the correspondence above, the costs from Xcel Energy to perform this repair work is \$5,652.69. CTETS understands that Liscott has denied any responsibility for this damage, and the associated costs to make the required repairs.

CTETS disagrees that Liscott is not responsible for the cost of these repairs when Liscott took it upon themselves to excavate in other areas without performing the necessary potholing to locate the gas line or any other utilities. Therefore, it is CTETS's opinion that, due to Liscott's failure to perform the potholing, Liscott is responsible for the costs of the repairs to the gas line as noted above.



2

SMITH\_000245

Screen capture of Bates Number SMITH\_000245 showing the open excavation made by Liscott.

**c. Settlement of Gas Line Due to Improper Backfill and Compaction**

The gas line is showing indications of settlement where it enters the structure through the foundation wall. This appears to be the direct result of the settlement of the backfill materials previously placed by Liscott. Without proper support, the gas line could become further damaged and disconnected, resulting in a potential for a gas leak that would create a life safety condition for the occupants of the residence.

The corrective work required to remedy this condition includes removal of the weight from the overlying soils, re-alignment of the piping, and properly supporting both the gas line and meter assemblies from further settlement and potential damage. The costs to repair or remediate this work is the responsibility of Liscott due to its failure to properly install the backfill and properly support the meter and gas line.

**Example Photographs:**



May 17, 2023, Disc OBS1, Photograph 23, DLC, 101 Mule Deer Court, gas meter at south elevation of the residence in poorly placed backfill zone.



May 17, 2023, Disc OBS1, Photograph 24, DLC, 101 Mule Deer Court, gas line entry at south elevation of the residence. Line is being pulled down by pressure from the poorly compacted backfill material.





Owner provided photograph showing no coordinated drain or drywell was placed prior to the casting of the garage foundation.



The garage was finished without any drain system.



Garage floor formed and reinforcing placed without any drains or associated piping installed (Bates Number Smith\_000438).

It is CTETS’s opinion that the missing drain and piping installation is the result of Liscott’s failure to provide full-time qualified site supervision and proper management to ensure that the work was completed as required. Therefore, it is CTETS’s position that Liscott is responsible for the costs required to remove the concrete, install and tie-in the piping, install the drains, and replace the concrete.

**F. MISCELLANEOUS**

The following non-compliant conditions were discovered during CTETS’s preliminary observations:

**1. MISCELLANEOUS ITEMS**

**a. Incomplete Radon System and Exhaust Piping**

At the time of the site observation, it was noted that the radon system was not complete. The fan had not been installed, the pit had not been dug, and piping installed by Heritage was not properly connected and vented to the exterior of the residence by Liscott. The radon exhaust piping is currently terminated in the attic but was never installed through the roof by Liscott.

The General Contractor Agreement between Liscott Homes (Contractor) and Ben and Holly Smith (Owner), signed and dated December 19, 2020, states the following:

- *“6.) Warranty: Contractor warrants that all materials and equipment furnished under the Contract Agreement shall be new and in conformance with the Contract Documents.”*

This failure to complete this work is and any costs associated with its completion is the responsibility of Liscott.

**Example Photograph:**

May 17, 2023, Disc OBS1, Photograph 135, DLC, 101 Mule Deer Court, radon system location in the basement. Owners paid to have the vent piping tied in at the basement ceiling.

**b. Missing Garage Doors Openers**

At the time of the site visit, it was noted that the garage door openers have not been installed. The Owner stated that this item had been previously billed by Liscott and paid for by the Owners.

The General Contractor Agreement between Liscott Homes (Contractor) and Ben and Holly Smith (Owner), signed and dated December 19, 2020, states the following:

- *“6.) Warranty: Contractor warrants that all materials and equipment furnished under the Contract Agreement shall be new and in conformance with the Contract Documents.”*

At this point, it is CTETS’s opinion that Liscott should be responsible for a full refund of these costs.



May 17, 2023, Disc OBS1, 101, DLC, 101 Mule Deer Court, garage door openers have not been installed. These were paid for by the Owners.



May 17, 2023, Disc OBS1, Photograph 102, DLC, 101 Mule Deer Court, garage door openers have not been installed. These were paid for by the Owners and have not been delivered by Liscott.

## GENERAL RECOMMENDATIONS FOR REPAIRS

All comments made are based on conditions noted at the time of the site observation. CTETS does not accept any responsibility for unknown or unknowable conditions within the existing site or structures that are typically encountered during the rehabilitation process. The repair recommendations herein are conceptual and are intended for cost estimating purposes only. They are intended to provide repairs in conformance with the applicable building code and industry standard of care. These repairs are not intended for construction or for use on this project or extensions of the project unless completed, adapted, stamped, or acknowledged by CTETS. Any and all designs, repair recommendations, or work provided herein is an instrument of service of CTETS. Instruments of service are intended to work in a full system property/fully integrated system approach and should not be used individually without adaptation and completion by or from CTETS. Any unauthorized use of instruments of service shall be at the sole risk of the user and CTETS shall not be liable in any way for such use. The intent of the following is that all repairs will be provided in whole. It will be necessary for qualified design professionals to perform additional work to prepare proper construction documents, details, calculations, and specifications suitable for construction of the repairs described herein.

Proper engineering and design of the systems will be required including site observations. CTETS estimates those fees as 12-percent of the construction total. This should be added to the unburdened costs of demolition and reconstruction.

The following provides a general description of the scope of the necessary repairs to bring this home into general compliance with the code, site requirements, and owner expectations. A detailed scope will have to be designed, reviewed, and permitted for this site. This scope will provide the necessary information to develop an opinion of probable cost as detailed below.

### Interior

- Demolish the entire interior and salvage components that can be reused and reinstalled.
- Determine if units must be de-stacked in order to correct deficiencies.
  - Declad all units including roof and vertical walls.
  - Remove and set aside trusses and rafters.
  - Unzip all units.
  - Unstack units and set aside for reuse.
- Reinstall fixtures and finishes that can be salvaged such as toilets, cabinets (that will need to be reworked), lights, and HVAC equipment.
- Install new products, such as flooring, drywall, paint, finishes, and fixtures, to proper standards.

### Foundation and Exterior

- The foundation should be excavated.
- Reestablish walls to be plumb.
- Epoxy inject all cracks (which are approximately 24-feet per wall).

- Install counterforts along walls. See General Note on the Structural Plan, noted, but not shown on the plan view.
- Install new foundation drain along exterior walls to drywall, daylight, or sump pump.
- Correct waterproofing. See note on damp proofing from Summit.
- Reinstall backfill to rough grade.
- Level top of foundation with re-plumbed walls. This most likely can be completed with a grout package a new retrofit anchor bolts, both Simpson Products.
- Reinstall and rezip modulars.
- Install new WRB, flashings, and components of the moisture-managed system.
- Install new siding, trim, and adhered masonry veneer.
- Fine grade.
- Perform proper landscaping to the area.

**Limitations of Liability:**

All comments made are based on conditions seen at the time of these visual observations and review of provided documentation. CTETS does not accept any responsibility for unknown or unknowable conditions within the existing site or structures. In addition, if the professional services of the consultant do not extend to the repair phase, then, by acceptance of this report, it is agreed that the owner will defend, indemnify, and hold harmless CTETS from any claim or suit whatsoever. CTETS agrees to be responsible for its own or its employees' negligent acts, errors, or omissions.

Sincerely,

**Charles Taylor Engineering Technical Services**

Darwin L. Coopridier  
Practice Leader – Engineering and Construction



Digitally signed  
by Edward L.  
Fronapfel  
Date: 2023.06.09  
16:33:30 -06'00'

Edward L. Fronapfel, MSCE, PE, D-IBFES, DFE, MAE, CBIE, CFCC, CBCP, EDI, PTI1, NACHI, HCR-R-II, F.NAFE, F.ASCE  
Chief Executive Officer, SBSA, LLC  
Senior Advisor - Litigation Support, CTETS

DLC:ELF:JHM:mb

Attachments: Observation Photographs  
References  
Opinion of Probable Cost

[https://charlestaylorplc.sharepoint.com/sites/SBSA-Audrey/Shared Documents/2023/22315700/030 - Reporting/01 Reports and Attachments/Smith v. Liscott Construction and Contract Forensic Review.docx](https://charlestaylorplc.sharepoint.com/sites/SBSA-Audrey/Shared%20Documents/2023/22315700/030%20-%20Reporting/01%20Reports%20and%20Attachments/Smith%20v.%20Liscott%20Construction%20and%20Contract%20Forensic%20Review.docx)