

Home Owners Warranty Corporation

**Insurance/Warranty
Documents**

SPECIMEN



SECTION I – BUILDER LIMITED WARRANTY

Identity of Warrantor. The Builder is the Warrantor under this Builder Limited Warranty (the “Limited Warranty”). Home Owners Warranty Corporation (“HOW”) developed the Program under which this Limited Warranty has been issued and administers the Program on behalf of participating Builders. The liability of the Builder for performance under this Limited Warranty is backed by an insurance policy. The Certificate of Enrollment (the ‘Certificate’) is the Home Owner’s proof of the Builder’s insurance coverage.

To Whom Given. This Limited Warranty is extended to you as the initial owner of the Home identified on the Certificate and is automatically transferred to subsequent owners for the unexpired portion of the two (2) year term of this Limited Warranty.

COVERAGE DURING FIRST YEAR

The Builder warrants that for one (1) year, beginning on the Limited Warranty Commencement Date stated on the Certificate, the Home will be free from defects due to noncompliance with the Approved Standards attached to this Limited Warranty.

COVERAGE DURING SECOND YEAR

The Builder warrants that during the second year after the Limited Warranty Commencement Date stated on the Certificate:

1. the electrical, plumbing, heating, cooling and ventilation systems of the Home (exclusive of appliances, fixtures and items of equipment) will be free from defects due to noncompliance with the Approved Standards attached to this Limited Warranty. Defects in appliances, fixtures and items of equipment are not covered during the second year of this Limited Warranty; and
2. the Home will be free from Major Structural Defects.

Consequential Damages. Consequential damages are not covered by this Limited Warranty. (Some states do not allow the exclusion or limitation of consequential damages, so this exclusion or limitation may not apply to you.)

Remedy. If a defect occurs in an item covered by this Limited Warranty, the Builder will repair, replace or pay the Home Owner the reasonable cost of repairing or replacing the defective item(s). If a Major Structural Defect occurs during the two (2) year term of this Limited Warranty, the Builder will repair, replace or pay the Home Owner the reasonable cost of repairing or replacing the defective item(s). Repair of a Major Structural Defect is limited (1) to the repair of damage to the load-bearing portions of the Home themselves which is necessary to restore their load-bearing function; and (2) to the repair of those items of the Home damaged by the Major Structural Defect which made the Home unsafe, unsanitary or otherwise unliveable. The Builder’s **total liability** for deficiencies under this Limited Warranty is limited to the purchase price of the Home as stated on the Certificate. The choice among repair, replacement or payment is solely that of the Builder.

The Builder has arranged for insurance through HOW Insurance Company (“Insurer”) to respond in the event of a default by the Builder under this Limited Warranty. The Insurer will pay all losses in excess of an aggregate \$250 during the two (2) year term of this Limited Warranty. This means that the Insurer will not be liable for the first \$250 of the cost of repairing or replacing the covered defect. This is an aggregate amount. If the loss on the initial claim is less than \$250, the remaining portion of the \$250 not used to offset the first claim will be applied to subsequent claims until the \$250 aggregate limit is reached.

Steps taken to correct defects shall not act to extend the time of this Limited Warranty.

Other Insurance or Warranties. In the event the Builder or Insurer repairs or replaces, or pays the reasonable cost of repairing or replacing any defect covered by this Limited Warranty which is covered by other insurance or warranties, the Home Owner must, upon request by the Builder or Insurer, assign the proceeds of such insurances or warranties to the Builder or Insurer to the extent of the cost to the Builder or Insurer of such repair, replacement or payment.

Other Rights. This Limited Warranty gives specific legal rights to the Home Owner. Other legal rights, which vary from state to state, may also be available. This Limited Warranty does not affect any rights the Home Owner or the Builder may have under any other express or implied warranty.

Exclusions

This Limited Warranty shall not extend to or include or be applicable to:

- A. Defects in outbuildings including, but not limited to detached garages and detached carports (except outbuildings which contain the plumbing, electrical, heating, cooling or ventilation systems serving the Home); site located swimming pools and other recreational facilities; driveways; walkways; patios; boundary walls; retaining walls; bulkheads; fences; landscaping (including sodding, seeding, shrubs, trees and plantings); off-site improvements, or any other improvements not a part of the Home itself;

- B. After the first year of coverage, concrete floors of basements and concrete floor of attached garages that are built separately from foundation walls or other structural elements of the Home;
- C. Damage to real property which is not part of the Home covered by this Limited Warranty and which is not included in the original purchase price stated on the Certificate;
- D. Any damage to the extent it is caused or made worse by:
 - 1. Negligence, improper maintenance or improper operation by anyone other than the Builder, its employees, agents or subcontractors; or
 - 2. Failure by the Home Owner or by anyone other than the Builder, its employees, agents or subcontractors to comply with the warranty requirements of manufacturers of appliance, fixtures or items of equipment; or
 - 3. Failure by the Home Owner to give notice to the Builder and HOW of any defects within a reasonable time; or
 - 4. Changes of the grading of the ground by anyone other than the Builder, its employees, agents or subcontractors; or
 - 5. Changes, alterations or additions made to the Home by anyone after the Limited Warranty Commencement Date stated on the Certificate; or
 - 6. Dampness or condensation due to the failure of the Home Owner to maintain adequate ventilation;
- E. Any loss or damage which the Home Owner has not taken timely action to minimize;
- F. Any defect in, or caused by, materials or work (including, but not limited to, items shown on any "Addendum to the Application for HOW Protection") supplied by anyone other than the Builder, its employees, agents or subcontractors;
- G. Normal wear and tear or normal deterioration;
- H. Loss or damage, not otherwise excluded under this Limited Warranty, which does not constitute a defect in the construction of the Home by the Builder, its employees, agents or subcontractors;
- I. Loss or damage caused by or resulting from accidents, riot and civil commotion, fire, explosion, smoke, water escape, falling objects, aircraft, vehicles, Acts of God, lightning, windstorm, hail, flood, mudslide, earthquake, volcanic eruption, wind-driven water and changes in the underground water table which are not reasonably foreseeable;
- J. Loss or damage caused by seepage of water unless such loss or damage is the direct result of a construction defect;
- K. Any damage caused by soil movement for which compensation is provided by legislation or which is covered by other insurance;
- L. Insect damage;
- M. Any loss or damage which arise while the Home is being used primarily for nonresidential purposes;
- N. Failure of the Builder to complete construction of the Home;
- O. Any condition which does not result in actual physical damage to the Home;
- P. Bodily injury or damage to personal property;
- Q. Loss or damage due to abnormal loading on floors by the Home Owner which exceeds design loads as mandated by codes;
- R. Costs of shelter, transportation, food, moving, storage, or other incidental expenses related to relocation during repair;
- S. Consequential damages (except where required by state law); and
- T. Any claim not filed in a manner set forth below in "Warranty Service."

WARRANTY SERVICE

Request for Warranty Service. The Home Owner with a warranty complaint should first send a clear and specific written complaint to the Builder and to HOW at the address shown on the Certificate. Ordinarily, the Builder will supply the warranty service provided under this Limited Warranty without the need for direct involvement by HOW.

Request for Warranty Performance. If it is believed that the Builder has not performed as provided in this Limited Warranty, requests may be submitted directly to HOW. Any such request should be made by completing and mailing the attached "Request for Performance" form, or by sending a letter specifically demanding such performance, identifying all parties, including the name of the Builder, the defect and the remedy sought to the address shown on the Certificate.

Time of Notice of Claim. Written notice of a defect in any item under this Limited Warranty must be received by HOW no later than 30 days after warranty coverage on that item expires. If such notice is not received by HOW by that deadline, any claims for the defects may be rejected.

NOTE: Even if the Home Owner has previously contacted the Builder, **HOW MUST RECEIVE WRITTEN NOTICE OF THE DEFECT IN ANY ITEM COVERED BY THIS LIMITED WARRANTY NO LATER THAN 30 DAYS AFTER THE COVERAGE ON THAT ITEM EXPIRES.** This is necessary to protect your rights to warranty performance under this Limited Warranty.

Dispute Settlement. Upon receiving the "Request for Performance" form, HOW will notify the Builder asking him to respond to the complaint. If the Builder disagrees with the complaint, HOW will arrange for informal dispute settlement between the Home Owner and the Builder by a neutral third party. The Builder will be bound by such third party decision upon HOW's receipt of your "Acceptance of Decision" form.

Under the Magnuson- Moss Warranty Act and under this Limited Warranty; suit may not be filed against the Builder until the claim has been submitted to informal dispute settlement and a decision has been reached or a waiting period of 40 days has been exceeded for a decision following the submission of a Request for Performance, whichever comes first. State or federal laws may permit filing of suit without waiting, despite this paragraph.

Acceptance of Decision. The Home Owner must sign and return to HOW at the address shown on the Certificate, within 45 days after the date of the decision, an "Acceptance of Decision" form by which the Home Owner agrees to accept the decision as to those matters decided **in favor of the Home Owner**. The Builder must perform as required in the decision. Neither the Builder nor the Insurer is responsible for damage caused or made worse by a delay in returning the "Acceptance of Decision" form to HOW.

The time allowed by the decision for performance by the Builder will be measured from the date the "Acceptance of Decision" form is received by HOW. The time for performance will be extended automatically if weather, strikes or other matters not within the control of the Builder interfere with the performance.

Right of Access. The Home Owner must provide the Builder with reasonable access to the property in order to perform repairs under this Limited Warranty.

Release. When the Builder or the Insurer finishes repairing or replacing the defect or pays the cost of doing so, a full release of all legal obligations with respect to the defect must be signed and delivered to the Builder or the Insurer.

Other Claimants. Any other person to whom this Limited Warranty is extended shall submit and pursue, by the same procedures, any claims that they may have.

HOW Not A Warrantor Nor Insurer. HOW is neither a warrantor nor insurer of this Limited Warranty. Only **HOW Insurance Company** (not HOW) is responsible for repairing or replacing defective items or paying the reasonable cost of such repair or replacement on the Builder's behalf.

INSURANCE CLAIM PROCESS

How To Make An Insurance Claim. If the Builder cooperates in the dispute settlement procedure but fails to perform within the time specified, **notify the Insurer**. The Insurer can be notified through HOW. The Insurer will perform the Builder's Limited Warranty obligations under the dispute settlement decision.

DEFINITIONS

Except as otherwise provided, the terms used in this Limited Warranty shall have the meanings assigned below:

- A. **"Appliances, Fixtures and Items of Equipment"** - Includes but is not limited to: furnaces, boilers, oil tanks and fittings, air purifiers, air handling equipment, ventilating fans, air conditioning equipment, water heaters, pumps, stoves, refrigerators, garbage disposals, compactors, dishwashers, automatic door openers, washers and dryers, bathtubs, sinks, toilets, faucets and fittings, lighting fixtures and circuit breakers. The Limited Warranty Coverage Term for appliances, fixtures and items of equipment (including their fittings, attachments, controls and appurtenances) is one year regardless of manufacturers warranties. However, this one year of coverage may be voided by Home Owner negligence or improper maintenance or service.
- B. **"Approved Standards"** - The locally applicable building codes, special standards developed by HOW, locally accepted building practices and performance standards which describe the Builder's obligation for specific defects under the Limited Warranty.
- C. **"Builder"** The person, corporation, partnership or other entity which is a participant in the Home Owners Warranty Program and provides this Limited Warranty.
- D. **"Builder Default"** - The liability resulting from Builder's failure to perform under the Limited Warranty as determined in dispute settlement or because of bankruptcy or insolvency.
- E. **"Home"** - A single family house, or a for sale multi-unit residential structure of 5 stories or less in which title to the individual units is transferred to owners under a condominium or cooperative regime.
- F. **"Insurer"** - HOW Insurance Company, Wilmington, Delaware.

G. **"Major Structural Defect"** - Actual physical damage to the following designed load-bearing portions of the Home caused by failure of such load-bearing portions which affects their load - bearing functions to the extent that the Home becomes unsafe, unsanitary or otherwise unliveable:

1. Foundation systems and footings;
2. Beams;
3. Girders;
4. Lintels;
5. Columns;
6. Walls and partitions;
7. Floor systems; and
8. Roof framing systems.

Damage to the following non-load bearing portions of the Home may be covered by this Limited Warranty, but do not constitute a Major Structural Defect:

1. Roofing and sheathing;
2. Drywall and plaster;
3. Exterior siding;
4. Brick, stone or stucco veneer;
5. Floor covering material;
6. Wall tile and other wall coverings;
7. Non - load bearing walls and partitions
8. Concrete floors in attached garages and basements that are built separately from foundation walls or other structural elements of the Home;
9. Electrical, plumbing, heating, cooling and ventilation systems;
10. Appliances, fixtures and items of equipment;
11. Paint;
12. Doors and windows;
13. Trim
14. Cabinets;
15. Hardware; and
16. Insulation.

H. **"Systems"** Exclusive of appliances, fixtures and items of equipment, include the following:

1. **Plumbing System** - Gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; water, gas and sewer service piping, and their extensions to the tie-in of a public utility connection, or on-site well and sewage disposal system.
2. **Electrical System** - All wiring, electrical boxes, switches, outlets and connections up to the public utility connection.
3. **Heating, Cooling and Ventilation Systems** - All duct-work, steam, water and refrigerant lines, registers, convectors, radiation elements and dampers.

Miscellaneous

Independence from the Contract of Sale. This Limited Warranty is independent of the contract between the Home Owner and the Builder for the construction and/or sale of the Home. Contract disputes which are not Limited Warranty disputes are not eligible for informal dispute settlement under this Limited Warranty. Nothing contained in the construction and/or sale contract or any other contract between the Home Owner and the Builder can restrict or override the provisions of this Limited Warranty. The Home Owner and the Builder may contract for additional standards or requirements, but such agreement between the Home Owner and the Builder will not be binding under this Limited Warranty.

Notice. All notices to the Builder, the Home Owner or to HOW must be sent by mail, postage prepaid, to the recipient(s) at the address shown on the Certificate or to whatever other address the recipient(s) may designate in writing.

General Provisions.

- A. Should any provision of this Limited Warranty be deemed unenforceable by a court of competent jurisdiction, that determination will not affect the enforceability of the remaining provisions.
- B. This Limited Warranty is to be binding on the Builder and the Home Owner, their heirs, executors, administrators, successors and assigns.
- C. Use of one gender in this Limited Warranty includes all other genders; and use of the plural includes the singular, as may be appropriate.
- D. This Limited Warranty is to be covered by and construed in accordance with the laws of the state in which the Home is located.

Amendments. This Limited Warranty cannot be changed or altered in any way.

REQUEST FOR PERFORMANCE UNDER THE LIMITED WARRANTY

DEAR HOME OWNER:

Before contacting HOW, send a clear and specific written request for warranty work to the Builder. Even if you have previously contacted the Builder, **HOW MUST RECEIVE WRITTEN NOTICE OF THE DEFECT IN ANY ITEM COVERED BY THIS LIMITED WARRANTY NO LATER THAN 30 DAYS AFTER THE COVERAGE ON THAT ITEM EXPIRES.*** This is necessary to protect your rights to warranty performance under this Limited Warranty.

If you have already asked the Builder to correct a defect that you think is covered by this Limited Warranty, and believe the Builder has not responded as required under this Limited Warranty, fill out this form and send it to HOW. Make sure to attach a copy of the written complaint that you previously sent to the Builder.

The information you need to fill out this form will be on the Certificate of Enrollment. 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: _____
Number and Street

City State Zip

Home Phone: _____ (Area Code) Number Business Phone: _____ (Area Code) Number

Enrollment Number: _____

Limited Warranty Commencement Date: _____

Builder's Name: _____

Address: _____
Number and Street

City State Zip

Phone Number: _____ (Area Code) Number

Builder HOW I.D. #: _____

Describe the defects which you think are covered by the Limited Warranty. Include when the defect first occurred or when you first noticed the defect. (Use additional sheets, if necessary).

I/we are notifying HOW that I/we asked the Builder to do work required under the Limited Warranty, and the Builder has not responded in the way required by the Limited Warranty.

Signature Date

Signature Date

*Certain items are covered only during the first year; others are covered for two (2) years. Refer to the Approved Standards for coverage periods.

SECTION II – BUILDER LIMITED WARRANTY APPROVED STANDARDS

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I. Introduction

The Builder has provided the Home with a two (2) year Limited Warranty. This Limited Warranty is extended to you as the initial home owner and automatically to subsequent owners of the Home identified on the Certificate of Enrollment for the unexpired term of the Limited Warranty.

Please Read This Carefully. The following is intended to acquaint you with the responsibilities of the Builder under this Limited Warranty. The Builder has agreed to construct the Home in accordance with locally applicable building codes, special standards developed by HOW, locally accepted building practices and Performance Standards. (Section III, below). Should a defect occur, the Performance Standards will be used to determine the Builder's obligation under this Limited Warranty. If a defect is not addressed in the Performance Standards, one of the following standards will be used to determine the Builder's warranty obligation:

- (a) Locally adopted codes; or
(b) Model codes covering building, mechanical, plumbing and electrical systems (Appendix A); or
(c) Codes of nearby jurisdictions; or
(d) Locally accepted building practices.

Also note that coverage on certain items varies within the two (2) year Limited Warranty period and some items rely on maintenance by the Home Owner to prevent damage and ensure proper functioning of your Home.

II. Home Owner's Responsibilities

Your Home requires an active maintenance effort on the Home Owner's part to reduce the likelihood of damage due to neglect, improper maintenance, or abnormal use. Various regional areas of the country have local maintenance problems. Home Owner responsibilities are included under specific topics in Section III, Performance Standards.

NOTE: Damage caused or made worse by Home Owner negligence, improper maintenance, improper maintenance and/or operation is not covered under this Builder Limited Warranty.

III. HOW Performance Standards — Topic Index

The Performance Standards list specific items (defects) within each separate area of coverage. The first section covers Workmanship and Materials; the second section covers Systems.

The Standards are expressed in terms of performance standards. For easy comprehension, the format is designed as follows:

- 1. Possible Deficiency - a brief statement, in simple terms, of problems that may be encountered.
2. Performance Standard - a performance standard relating to a specific deficiency.
3. Responsibility - a statement of the corrective action required of the Builder to repair the deficiency; or a statement of the Home Owner's maintenance responsibilities.

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WORKMANSHIP AND MATERIALS: FIRST YEAR ONLY

1. Site Work Coverage: 1st Year Only Area: Workmanship and Materials

A. Site Grading

- (1) **Possible Deficiency** Settling of ground around foundation, utility trenches or other areas.
- Performance Standard** Settling of ground around foundation walls, utility trenches or other filled areas shall not interfere with water drainage away from the Home.
- Responsibility** If the Builder has provided final grading: upon request by the Home Owner, Builder shall fill settled areas affecting proper drainage, one time only, during the first year of the Limited Warranty period. Home Owner shall be responsible for removal and replacement of shrubs or other landscaping affected by placement of such fill.

B. Site Drainage

- (1) **Possible Deficiency** Improper drainage of the site.
- Performance Standard** The necessary grades and swales shall have been established by the Builder to insure proper drainage away from the Home. Standing or ponding water shall not remain for extended periods in the immediate area after a rain (generally no more than 24 hours), except that in swales which drain other areas, or in areas where sump pumps discharge, a longer period can be anticipated (generally no more than 48 hours). The possibility of standing water after an unusually heavy rainfall should be anticipated. No grading determination shall be made while there is frost or snow on the ground, or while the ground is saturated.
- Responsibility** The Builder is responsible only for initially establishing the proper grades and swales. The Home Owner is responsible for maintaining such grades and swales once they have been properly established.

2. Concrete Coverage: 1st Year Only Area: Workmanship and Materials

A. Expansion and Contraction Joints

- (1) **Possible Deficiency** Separation or movement of concrete slabs within the structure at expansion and contraction joints.
- Performance Standard** Concrete slabs within the structure are designed to move at expansion and contraction joints.
- Responsibility** None.

B. Cast-In-Place Concrete

- (1) **Possible Deficiency** Basement or foundation wall cracks.
- Performance Standard** Shrinkage cracks are not unusual in concrete foundation walls. Such cracks greater than 1/8 inch in width shall be repaired.
- Responsibility** Builder will repair cracks in excess of 1/8 inch width.
- (2) **Possible Deficiency** Cracking of basement floor.
- Performance Standard** Minor cracks in concrete basement floors are normal. Cracks exceeding 3/16 inch in width or 1/8 inch in vertical displacement shall be repaired.
- Responsibility** Builder will repair cracks exceeding maximum tolerances by surface patching or other methods as required.
- (3) **Possible Deficiency** Cracking of slab in attached garage.
- Performance Standard** Cracks in garage slabs in excess of 1/4 inch in width or 1/4 inch in vertical displacement shall be repaired.
- Responsibility** Builder will repair cracks exceeding maximum tolerances by surface patching or other methods as required.
- (4) **Possible Deficiency** Uneven concrete floors/slabs.
- Performance Standard** Except for basement floors or where a floor or portion of floor has been designed for specific drainage purposes, concrete floors in rooms designed for habitability shall not have pits, depressions or areas of unevenness exceeding 1/4 inch in 32 inches.
- Responsibility** Builder will correct or repair to meet the Performance Standard.
- (5) **Possible Deficiency** Cracks in concrete slab-on-grade floors with finish flooring.
- Performance Standard** Cracks which rupture the finish flooring material shall be repaired.
- Responsibility** Builder will repair cracks, as necessary, so as not to be readily apparent when the finish flooring material is in place. (See also Performance Standard 7., "Finishes.")

(6)	Possible Deficiency	Pitting, scaling or spalling of concrete work covered by this Limited Warranty.
	Performance Standard	Concrete surfaces shall not disintegrate to the extent that the aggregate is exposed and loosened under normal conditions of weathering and use.
	Responsibility	Builder will take whatever corrective action necessary to repair or replace defective concrete surfaces. Builder is not responsible for deterioration caused by salt, chemicals, mechanical implements and other factors beyond its control.
(7)	Possible Deficiency	Settling, heaving, or separating of stoops, steps or garage floors.
	Performance Standard	Stoops, steps or garage floors shall not settle, heave or separate in excess of 1 inch from the house structures.
	Responsibility	Builder will take whatever corrective action is required to meet the Performance Standard.
(8)	Possible Deficiency	Standing water on stoops.
	Performance Standard	Water should drain from outdoor stoops and steps. The possibility of minor water standing on stoops for a short period after rain can be anticipated.
	Responsibility	Builder shall take corrective action to assure drainage of steps and stoops.

3. Masonry Coverage: 1st Year Only Area: Workmanship and Materials

A. Unit Masonry

(1)	Possible Deficiency	Basement or foundation wall cracks.
	Performance Standard	Small cracks not affecting structural stability are not unusual in mortar joints of masonry foundation walls. Cracks greater than 1/8 inch in width shall be repaired.
	Responsibility	Builder will repair cracks in excess of 1/8 inch by pointing or patching. These deficiencies shall be reported and repairs made during the first year of the Limited Warranty period.
(2)	Possible Deficiency	Cracks in masonry walls or veneer.
	Performance Standard	Small hairline cracks due to shrinkage are common in mortar joints in masonry construction. Cracks greater than 3/8 inch in width are considered excessive.
	Responsibility	Builder will repair cracks in excess of Performance Standard by pointing or patching. These repairs shall be made during the first year of the Limited Warranty period. Builder will not be responsible for color variation between old and new mortar.

4. Wood and Plastic Coverage: 1st Year Only Area: Workmanship and Materials

A. Rough Carpentry

(1)	Possible Deficiency	Floors squeak or subfloor appears loose.
	Performance Standard	Floor squeaks and loose subfloor are often temporary conditions common to new construction, and a squeak-proof floor cannot be guaranteed.
	Responsibility	Builder will correct the problem only if caused by an underlying construction defect.
(2)	Possible Deficiency	Uneven wood floors.
	Performance Standard	Floors shall not have more than 1/4 inch ridge or depression within any 32 inch measurement when measured parallel to the joists. Allowable floor and ceiling joist deflections are governed by the applicable building code.
	Responsibility	Builder will correct or repair to meet Performance Standard.
(3)	Possible Deficiency	Bowed walls.
	Performance Standard	All interior and exterior walls have slight variances on their finished surfaces. Bowing of walls should not detract from or blemish the wall's finished surface. Walls should not bow more than 1/4 inch out of line within any 32 inch horizontal or vertical measurement.
	Responsibility	Builder will repair to meet Performance Standard.
(4)	Possible Deficiency	Out-of plumb walls.
	Performance Standard	Walls should not be more than 1/4 inch out of plumb for any 32 inch vertical measurement.
	Responsibility	Builder will repair to meet the Performance Standard.

B. Finish Carpentry (Interior)

(1)	Possible Deficiency	Poor quality of interior trim workmanship.
	Performance Standard	Joints in moldings or joint between moldings and adjacent surface shall not result in open joints exceeding 1/8 inch in width.
	Responsibility	Builder will repair defective joints, as defined. Caulking is acceptable.

C. Finish Carpentry (Exterior)

(1) Possible Deficiency Poor quality of exterior trim workmanship

Performance Standard Joints between exterior trim elements, including siding and masonry, shall not result in open joints in excess of 3/8 inch. In all cases the exterior trim, masonry and siding shall be capable of performing its function to exclude the elements.

Responsibility Builder will repair open joints, as defined. Caulking is acceptable.

5. Thermal and Moisture Coverage: 1st Year Only Area: Workmanship and Materials

Protection

A. Waterproofing

(1) Possible Deficiency Leaks in basement

Performance Standard Leaks resulting in actual trickling of water shall be repaired. Leaks caused by improper landscaping or failure to maintain proper grades are not covered by this Limited Warranty. Dampness of the walls or floors may occur in new construction and is not considered a deficiency.

Responsibility Builder will take such action as necessary to correct basement leaks except where the cause is determined to result from Home Owner action or negligence.

B. Insulation

(1) Possible Deficiency Insufficient insulation.

Performance Standard Insulation shall be installed in accordance with applicable energy and building code requirements.

Responsibility Builder will install insulation in sufficient amounts to meet Performance Standard.

C. Louvers and Vents

(1) Possible Deficiency Leaks due to snow or rain driven into the attic through louvers or vents.

Performance Standard Attic vents and/or louvers must be provided for proper ventilation of the attic space of the structure.

Responsibility None.

D. Roofing and Siding

(1) Possible Deficiency Ice build-up on roof.

Performance Standard During prolonged cold spells, ice build-up is likely to occur at the eaves of a roof. This condition occurs when snow and ice accumulate and gutters and downspouts freeze up.

Responsibility Prevention of ice build-up on the roof is a Home Owner maintenance item.

(2) Possible Deficiency Roof or flashing leaks.

Performance Standard Roofs or flashing shall not leak under normally anticipated conditions, except where cause is determined to result from ice build-up or Home Owner action or negligence.

Responsibility Builder will repair any verified roof or flashing leaks not caused by ice build-up or Home Owner action or negligence.

(3) Possible Deficiency Standing water on flat roof.

Performance Standard Water shall drain from flat roof except for minor ponding immediately following rainfall or when the roof is specifically designed for water retention.

Responsibility Builder will take corrective action to assure proper drainage of roof.

(4) Possible Deficiency Delamination of veneer siding or joint separation.

Performance Standard All siding shall be installed according to the manufacturer's and industry's accepted standards. Separations and delaminations shall be repaired or replaced.

Responsibility Builder will repair or replace siding as needed unless caused by Home Owner's neglect to maintain siding properly. Repaired area may not match in color and/or texture. For surfaces requiring paint, Builder will paint only the new materials. The Home Owner can expect that the newly painted surface may not match original surface in color.

E. Sheet Metal

(1) Possible Deficiency Gutters and/or downspouts leak.

Performance Standard Gutters and downspouts shall not leak but gutters may overflow during heavy rain.

Responsibility Builder will repair leaks. It is a Home Owner responsibility to keep gutters and downspouts free of leaves and debris which could cause overflow.

(2) Possible Deficiency	Water standing in gutters.
Performance Standard	When gutter is unobstructed by debris, the water level shall not exceed one (1) inch in depth. Industry practice is to install gutters approximately level. Consequently, it is entirely possible that small amounts of water will stand in certain sections of gutter immediately after a rain.
Responsibility	Builder will correct to meet Performance Standard.

F. Sealants

(1) Possible Deficiency	Leaks in exterior walls due to inadequate caulking.
Performance Standard	Joints and cracks in exterior wall surfaces and around openings shall be properly caulked to exclude the entry of water.
Responsibility	Builder will repair and/or caulk joints or cracks in exterior wall surfaces as required to correct deficiencies once, during the first year of the Limited Warranty period. Even properly installed caulking will shrink and must be maintained during the life of the Home.

6. Doors and Windows Coverage: 1st Year Only Area: Workmanship and Materials

A. Wood and Plastic Doors

(1) Possible Deficiency	Warpage of exterior doors.
Performance Standard	Exterior doors will warp to some degree due to temperature differential on inside and outside surfaces. However, they shall not warp to the extent that they become inoperable or cease to be weather resistant or exceed National Woodwork Manufacturers Association Standards (1/4 inch, measured diagonally from corner to corner).
Responsibility	Builder will correct or replace and refinish defective doors, during the first year of the Limited Warranty period.
(2) Possible Deficiency	Warpage of interior passage and closet doors.
Performance Standard	Interior doors (full openings) shall not warp in excess of National Woodwork Manufacturers Association Standards (1/4 inch, measured diagonally from corner to corner).
Responsibility	Builder will correct or replace and refinish defective doors to match existing doors as nearly as possible, during the first year of the Limited Warranty period.
(3) Possible Deficiency	Shrinkage of insert panels show raw wood edges.
Performance Standard	Panels will shrink and expand and may expose unpainted surface.
Responsibility	None.
(4) Possible Deficiency	Split in door panel.
Performance Standard	Split panels shall not allow light to be visible through the door.
Responsibility	Builder will, if light is visible, fill split and match paint or stain as closely as possible, one time in first year of the Limited Warranty period.

B. Glass

(1) Possible Deficiency	Broken glass.
Performance Standard	None.
Responsibility	Broken glass not reported to the Builder prior to closing is the Home Owner's responsibility.

C. Garage Doors on Attached Garages

(1) Possible Deficiency	Garage doors fail to operate properly, under normal use.
Performance Standard	Garage doors shall operate properly.
Responsibility	Builder will correct or adjust garage doors as required, except where the cause is determined to result from Home Owner action or negligence.
(2) Possible Deficiency	Garage doors allow entrance of snow or water.
Performance Standard	Garage doors shall be installed as recommended by the manufacturer. Some entrance of the elements can be expected under abnormal conditions.
Responsibility	Builder will adjust or correct garage doors to meet manufacturer's recommendations.

D. Wood, Plastic and Metal Windows

(1) Possible Deficiency	Malfunction of windows.
Performance Standard	Windows shall operate with reasonable ease, as designed.
Responsibility	Builder will correct or repair as required.

(2) Possible Deficiency	Condensation and/or frost on windows.
Performance Standard	Windows will collect condensation on interior surfaces when extreme temperature differences and high humidity levels are present. Condensation is usually the result of climatic/humidity conditions, created by the Home Owner.
Responsibility	Unless directly attributed to faulty installation, window condensation is a result of conditions beyond the Builder's control. No corrective action required.

E. Weatherstripping and Seals

(1) Possible Deficiency	Air infiltration around doors and windows.
Performance Standard	Some infiltration is normally noticeable around doors and windows, especially during high winds. Poorly fitted weatherstripping shall be adjusted or replaced. It may be necessary for the Home Owner to have storm doors and windows installed to provide satisfactory solutions in high wind areas.
Responsibility	Builder will adjust or correct poorly fitted doors, windows and poorly fitted weatherstripping.

7. Finishes Coverage: 1st Year Only Area: Workmanship and Materials

A. Lath and Plaster

(1) Possible Deficiency	Cracks in interior wall and ceiling surfaces.
Performance Standard	Hairline cracks are not unusual in interior wall and ceiling surfaces. Cracks greater than 1/8 inch in width shall be repaired.
Responsibility	Builder will repair cracks exceeding 1/8 inch in width as required one time only, during the first year of the Limited Warranty period. (See also Performance Standard 7.F., "Painting.")

B. Gypsum Wallboard

(1) Possible Deficiency	Defects which appear during first year of the Limited Warranty such as nail pops, blisters in tape, or other blemishes.
Performance Standard	Slight "imperfections" such as nail pops, seam lines and cracks not exceeding 1/8 inch in width are common in gypsum wallboard installations and are considered acceptable.
Responsibility	Builder will repair only cracks exceeding 1/8 inch in width, one time only, during the first year of the Limited Warranty period. (See also Performance Standard 7.F., "Painting.")

C. Ceramic Tile

(1) Possible Deficiency	Ceramic tile cracks or becomes loose.
Performance Standard	Ceramic tile shall not crack or become loose.
Responsibility	Builder will replace cracked tiles and re-secure loose tiles unless the defects were caused by the Home Owner action or negligence. Builder will not be responsible for discontinued patterns or color variations in ceramic tile.
(2) Possible Deficiency	Cracks appear in grouting of ceramic tile joints or at junctions with other materials such as a bathtub.
Performance Standard	Cracks in grouting of ceramic tile joints are commonly due to normal shrinkage conditions.
Responsibility	Builder will repair grouting if necessary one time only, during the first year of the Limited Warranty period. Builder will not be responsible for color variations or discontinued colored grout. Regrouting of these cracks is a maintenance responsibility of the Home Owner within the life of the Home.

D. Finished Wood Flooring

(1) Possible Deficiency	Cracks developing between floor boards.
Performance Standard	Cracks in excess of 1/8 inch in width shall be corrected.
Responsibility	Builder will repair cracks in excess of 1/8 inch within the first year of the Limited Warranty period, by filling or replacing, at Builder's option.

E. Resilient Flooring

(1) Possible Deficiency	Nail pops appear on the surface of resilient flooring.
Performance Standard	Readily apparent nail pops shall be repaired.
Responsibility	Builder will correct nail pops which have broken the surface. Builder will repair or replace, at Builder's sole option, resilient floor covering in the affected area with similar material. Builder will not be responsible for discontinued patterns or color variations in the floor covering.

(2)	Possible Deficiency	Depressions or ridges appear in the resilient flooring due to subfloor irregularities.
	Performance Standard	Readily apparent depressions or ridges exceeding 1/8 inch shall be repaired. The ridge or depression measurement is taken as the gap created at one end of a six-inch straightedge placed over the depression or ridge with three inches of the straightedge on one side of the defect, held tightly to the floor.
	Responsibility	Builder will take corrective action as necessary, to bring the defect within acceptable tolerance so that the affected area is not readily visible. Builder will not be responsible for discontinued patterns or color variations in floor covering.
(3)	Possible Deficiency	Resilient flooring loses adhesion.
	Performance Standard	Resilient flooring shall not lift, bubble or become unglued.
	Responsibility	Builder will repair or replace, at Builder's sole option, the affected resilient flooring as required. Builder will not be responsible for discontinued patterns or color variation of floor covering, or for problems caused by Home Owner neglect or abuse.
(4)	Possible Deficiency	Seams or shrinkage gaps show at resilient flooring joints.
	Performance Standard	Gaps shall not exceed 1/16 inch in width in resilient floor covering joints. Where dissimilar materials abut, a gap not to exceed 1/8 inch is permissible.
	Responsibility	Builder will repair or replace, at Builder's sole option, the affected resilient flooring as required. Builder will not be responsible for discontinued patterns or color variation of floor covering, or for problems caused by Home Owner neglect or abuse.

F. Painting

(1)	Possible Deficiency	Exterior paint or stain peels, deteriorates or fades.
	Performance Standard	Exterior paints or stains should not fail during the first year of the Limited Warranty period. However, fading is normal and the degree is dependent on climatic conditions.
	Responsibility	If paint or stain is defective, Builder will properly prepare and refinish affected areas, matching color as close as possible. Where finish deterioration affects the majority of the wall area, the whole area will be refinished.
(2)	Possible Deficiency	Painting required as corollary repair because of other work.
	Performance Standard	Repairs required under this Limited Warranty shall be finished to match surrounding areas as closely as practicable.
	Responsibility	Builder will finish repair areas as indicated.
(3)	Possible Deficiency	Deterioration of varnish or lacquer finishes.
	Performance Standard	Natural finishes on interior woodwork shall not deteriorate during the first year of the Limited Warranty period. However, varnish type finishes used on the exterior will deteriorate rapidly and are not covered by the Limited Warranty.
	Responsibility	Builder will retouch affected areas of natural finish interior woodwork, matching the color as closely as possible.
(4)	Possible Deficiency	Mildew or fungus on painted surfaces.
	Performance Standard	Mildew or fungus will form on a painted surface if the structure is subject to abnormal exposures (i.e., rainfall, ocean, lake or river front).
	Responsibility	Mildew or fungus formation is a condition the Builder cannot control and is a Home Owner maintenance item unless it is a result of noncompliance with other sections of the Performance Standard.

G. Wall Covering

(1)	Possible Deficiency	Peeling of wall covering.
	Performance Standard	Peeling of wall covering shall not occur.
	Responsibility	Builder will repair or replace defective wall covering applications.
(2)	Possible Deficiency	Edge mismatching in pattern of wall covering.
	Performance Standard	None.
	Responsibility	None.

H. Carpeting

(1)	Possible Deficiency	Open carpet seams.
	Performance Standard	Carpet seams will show. However, no visible gap is acceptable.
	Responsibility	Builder will correct.

(2) Possible Deficiency	Carpeting becomes loose, seams separate or stretching occurs.
Performance Standard	Wall to wall carpeting, installed as the primary floor covering, when stretched and secured properly shall not come up, become loose, or separate from its point of attachment.
Responsibility	Builder will re-stretch or re-secure carpeting as needed, if original installation was performed by Builder.
(3) Possible Deficiency	Spots on carpet, minor fading.
Performance Standard	Exposure to light may cause spots on carpet and/or minor fading.
Responsibility	None.

I. Special Coatings

(1) Possible Deficiency	Cracks in exterior stucco wall surfaces.
Performance Standard	Cracks are not unusual in exterior stucco wall surfaces. Cracks greater than 1/8 inch in width shall be repaired.
Responsibility	Builder will repair cracks exceeding 1/8 inch in width, one time only, during the first year of the Limited Warranty period.

8. Specialties Coverage: 1st Year Only Area: Workmanship and Materials

A. Louvers and Vents

(1) Possible Deficiency	Inadequate ventilation of attics and crawl spaces.
Performance Standard	Attic and crawl spaces shall be ventilated as required by the approved building code.
Responsibility	The Builder shall provide for adequate ventilation. Builder will not be responsible for alterations to the original system.

B. Fireplaces

(1) Possible Deficiency	Fireplace or chimney does not draw properly.
Performance Standard	A properly designed and constructed fireplace and chimney shall function properly. It is normal to expect that high winds can cause temporary negative draft situations. Similar negative draft situations can also be caused by obstructions such as large branches of trees too close to the chimney. Some homes may need to have a window opened slightly to create an effective draft, if they have been insulated and weatherproofed to meet high energy conservation criteria.
Responsibility	Builder will determine the cause of malfunction and correct, if the problem is one of design or construction of the fireplace.
(2) Possible Deficiency	Chimney separation from structure to which it is attached.
Performance Standard	Newly built fireplaces will often incur slight amounts of separation. Separation shall not exceed 1/2 inch from the main structure in any 10 foot vertical measurement.
Responsibility	Builder will determine the cause of separation and correct if standard is not met. Caulking is acceptable.
(3) Possible Deficiency	Firebox paint changed by fire.
Performance Standard	None.
Responsibility	None. Heat from fires will alter finish.
(4) Possible Deficiency	Cracked firebrick and mortar joints.
Performance Standard	None.
Responsibility	None. Heat and flames from "roaring" fires will cause cracking.

9. Equipment Coverage: 1st Year Only Area: Workmanship and Materials

A. Residential Equipment

(1) Possible Deficiency	Surface cracks, joint delaminations and chips in high pressure laminates on vanity and kitchen cabinet countertops.
Performance Standard	Countertops fabricated with high pressure laminate coverings shall not delaminate.
Responsibility	Builder will replace delaminated coverings to meet specified criteria. Builder will not be responsible for chips and cracks noted following first occupancy.
(2) Possible Deficiency	Kitchen cabinet malfunctions.
Performance Standard	Warpage not to exceed 1/4 inch as measured from face frame to point of furthest warpage with door or drawer front in closed position.
Responsibility	Builder will correct or replace doors or drawer fronts.

(3) Possible Deficiency	Gaps between cabinets, ceiling or walls.
Performance Standard	Acceptable tolerance 1/4 inch in width.
Responsibility	Builder will correct to meet Performance Standard.

10. Plumbing Coverage: 1st Year Only Area: Workmanship and Materials

A. Water Supply System

(1) Possible Deficiency	Plumbing pipes freeze and burst.
Performance Standard	Drain, waste and vent, and water pipes shall be adequately protected, as required by applicable code, during normally anticipated cold weather, and as defined in accordance with ASHRAE design temperatures, to prevent freezing.
Responsibility	Builder will correct situations not meeting the code. It is the Home Owner's responsibility to drain or otherwise protect lines and exterior faucets exposed to freezing temperatures.

B. Plumbing System

(1) Possible Deficiency	Faucet or valve leak.
Performance Standard	No valve or faucet shall leak due to defects in workmanship and materials.
Responsibility	Builder will repair or replace the leaking faucet or valve.
(2) Possible Deficiency	Defective plumbing fixtures, appliances or trim fittings.
Performance Standard	Fixtures, appliances or fittings shall comply with their manufacturer's standards.
Responsibility	Builder will replace any defective fixture or fitting which does not meet acceptable standards, as defined by the manufacturer.
(3) Possible Deficiency	Noisy water pipes.
Performance Standard	There will be some noise emitting from the water pipe system, due to the flow of water. However, water hammer shall be eliminated.
Responsibility	Builder cannot remove all noises due to water flow and pipe expansion. Builder will correct to eliminate "water hammer."
(4) Possible Deficiency	Cracking or chipping of porcelain or fiberglass surfaces.
Performance Standard	Chips and cracks on surfaces of bathtubs and kitchen sinks can occur when surface is hit with sharp or heavy objects.
Responsibility	Builder will not be responsible for repairs unless damage has been reported to Builder prior to first occupancy.

11. Heating and Cooling Coverage: 1st Year Only Area: Workmanship and Materials

A. Heating

(1) Possible Deficiency	Inadequate heating.
Performance Standard	Heating system shall be capable of producing an inside temperature of 70 ⁰ F, as measured in the center of each room at a height of 5 feet above the floor, under local outdoor winter design conditions as specified in ASHRAE handbook. Federal, state or local energy codes shall supersede this standard where such codes have been locally adopted.
Responsibility	Builder will correct heating system to provide the required temperatures. However, the Home Owner shall be responsible for balancing dampers, registers and other minor adjustments.

B. Refrigeration

(1) Possible Deficiency	Inadequate cooling.
Performance Standard	Where air-conditioning is provided, the cooling system shall be capable of maintaining a temperature of 78 ⁰ F, as measured in the center of each room at a height of 5 feet above the floor, under local outdoor summer design conditions as specified in ASHRAE handbook. In the case of outside temperatures exceeding 95 ⁰ F, a differential of 15 ⁰ F from the outside temperature will be maintained. Federal, state, or local energy codes shall supersede this standard where such codes have been locally adopted.
Responsibility	Builder will correct cooling system to meet temperature conditions, in accordance with specifications.

C. Condensation Lines

(1) Possible Deficiency	Condensation lines clog up
Performance Standard	None.
Responsibility	Condensation lines will clog eventually under normal use. This is a Home Owner maintenance item. Builder shall provide unobstructed condensation lines at time of first occupancy.

D. Evaporative Cooling		
(1) Possible Deficiency		Improper mechanical operation.
Performance Standard		Equipment shall function properly at temperature standard set.
Responsibility		Builder will correct and adjust so that blower and water system operate as designed.

12. Ventilation	Coverage: 1st Year Only	Area: Workmanship and Materials
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A. Air Distribution		
(1) Possible Deficiency		Noisy ductwork.
Performance Standard		When metal is heated it expands and when cooled it contracts. The result is "ticking" or "crackling" which is generally to be expected.
Responsibility		None.
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(2) Possible Deficiency		Oilcanning.
Performance Standard		The stiffening of the ductwork and the gauge of the metal used shall be such that ducts do not "oilcan." The booming noise caused by "oilcanning" is not acceptable.
Responsibility		Builder will correct to eliminate this sound.

13. Electrical	Coverage: 1st Year Only	Area: Workmanship and Materials
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A. Electrical Conductors, Fuses and Circuit Breakers		
(1) Possible Deficiency		Fuses blow or circuit breakers (excluding ground fault interruptors) "kick out."
Performance Standard		Fuses and circuit breakers shall not activate under normal usage.
Responsibility		Builder will check wiring circuits for conformity with local, state, or approved national electrical code requirements. Builder will correct circuitry not conforming to code specifications.
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B. Outlets, Switches and Fixtures		
(1) Possible Deficiency		Drafts from electrical outlets.
Performance Standard		Electical junction boxes on exterior walls may produce air flow whereby the cold air can be drawn through the outlet into a room. The problem is normal in new home construction.
Responsibility		None.
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(2) Possible Deficiency		Malfunction of electrical outlets, switches or fixtures.
Performance Standard		All switches, fixtures and outlets shall operate as intended.
Responsibility		Builder will repair or replace defective switches, fixtures and outlets.
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C. Service and Distribution		
(1) Possible Deficiency		Ground fault interruptor trips frequently.
Performance Standard		Ground fault interruptors are sensitive safety devices installed into the electrical system to provide protection against electrical shock. These sensitive devices can be tripped very easily.
Responsibility		Builder shall install ground fault interruptor in accordance with approved electrical code. Tripping is to be expected and is not covered, unless due to a construction defect.

SYSTEMS: FIRST AND SECOND YEARS

14. Plumbing System	Coverage: 1st and 2nd Years	Area: Systems
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A. Water Supply		
(1) Possible Deficiency		Water supply system fails to deliver water.
Performance Standard		All on-site service connections to municipal water main and private wate supply shall be the Builder's responsibility. Private systems shall be designed and installed in accordance with all approved building, plumbing and health codes.
Responsibility		Builder will repair if failure is the result of defective workmanship or materials. If conditions beyond Builder's control disrupt or eliminate the sources of the supply, the Builder has no responsibility.
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B. Septic Tank System		
Possible deficiency		Septic system fails to operate properly.
Performance Standard		Septic system shall function adequately during all seasons, under climatic conditions normal or reasonably anticipated (based on local records) for the location of the home. Septic system shall be designed and installed to comply with applicable, HOW-Approved Code Requirements.
Responsibility		Builder will repair, or otherwise correct, a malfunctioning or non operating system, if failure is caused by inadequate design, faulty installation, or other cause relating to actions of the builder or contractors or subcontractors under the builder's control. Builder will not be responsible for system malfunction or damage which is caused by owner negligence, lack of system maintenance, or other causes attributable to actions of the owner or owner's contractors, not under the control of the builder; including, but not necessarily limited to; the addition of fixtures, items of equipment, appliances or other sources of waste or water to the plumbing system served by the septic system; and damage, or changes, to the septic system installation or surrounding soil conditions critical to the system's functioning.

C. Piping

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| (1) Possible Deficiency | Leakage from any piping. |
| Performance Standard | No leaks of any kind shall exist in any soil, waste, vent or water pipe. Condensation on piping does not constitute leakage, and is not covered. |
| Responsibility | Builder will make repairs to eliminate leakage. |
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| (2) Possible Deficiency | Stopped up sewers, fixtures and drains. |
| Performance Standard | Sewers, fixtures and drains shall operate properly. |
| Responsibility | Builder will not be responsible for sewers, fixtures and drains which are clogged through the Home Owner negligence. If a problem occurs, the Home Owner should consult Builder for a proper course of action. Where defective construction is shown to be the cause, Builder will assume the cost of the repair; where Home Owner negligence is shown to be the cause, the Home Owner shall assume all repair costs. |
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| (3) Possible Deficiency | Refrigerant lines leak. |
| Performance Standard | Refrigerant lines shall not develop leaks during normal operation. |
| Responsibility | Builder will repair leaking refrigerant lines and re-charge unit, unless damage was caused by the Home Owner. |

15. Ventilation System	Coverage: 1st and 2nd Years	Area: Systems
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A. Air Distribution

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| (1) Possible Deficiency | Ductwork separates or becomes unattached. |
| Performance Standard | Ductwork shall remain intact and securely fastened. |
| Responsibility | Builder will re-attach and re-secure all separated or unattached ductwork. |

16. Electrical System	Coverage: 1st and 2nd Years	Area: Systems
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A. Wiring

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| (1) Possible Deficiency | Failure of wiring to carry its designed load. |
| Performance Standard | Wiring should be capable of carrying the designed load for normal residential use. |
| Responsibility | Builder will check wiring for conformity with local, state, or approved national electrical code requirements. Builder will repair wiring not conforming to code specifications. |

Appendix A – Model Codes

Building Codes

- BOCA Basic Building Code, Building Officials & Code Administrators International, Inc.
- National Building Code, American Insurance Association
- Standard Building Code, Southern Building Code Congress
- Uniform Building Code, International Conference of Building Officials
- One and Two Family Dwelling Code, Under the Nationally Recognized Model Codes

- Standard Mechanical Code, Southern Building Code Congress

Plumbing Codes

- Standard Plumbing Code, Southern Building Code Congress
- Uniform Plumbing Code, International Association of Plumbing & Mechanical Officials
- BOCA Basic Plumbing Code, Building Officials & Code Administrators International, Inc.

Electrical Codes

- Mechanical Codes
 - Uniform Building Code, Volume II, Mechanical, International Conference of Building Officials
 - BOCA Basic Mechanical Code Building Officials & Code Administrators International, Inc.
- Electrical Codes
 - Electrical Code for One and Two Family Dwelling, National Fire Protection Association
 - National Electrical Code, National Fire Protection Association

SECTION III – BUILDER LIMITED WARRANTY AND MAJOR STRUCTURAL DEFECT COVERAGE

This Builder Limited Warranty and Major Structural Defect Coverage (“Coverage”) is issued pursuant to the Builder’s insurance coverage obtained as a member of the Homer Owners Warranty Program and all of the endorsements attached to the Certificate of Enrolment (“Certificate”). This Coverage provides certain insurance benefits to the Home Owner as described below.

I. What is Covered

A. DEFAULT BY THE BUILDER IN PERFORMANCE OF ITS OBLIGATIONS UNDER THE BUILDER LIMITED WARRANTY.

In the event of a covered loss due to a Builder default, the Insurer will repair or replace the defective item(s) or will pay the Home Owner the reasonable cost of such repair or replacement on behalf of the Builder.

The Insurer’s liability under the Builder’s Limited Warranty Coverage is limited to what is provided under Article III of this Coverage. The choice as to repair, replacement or payment is solely that of the Insurer.

B. MAJOR STRUCTURAL DEFECT WHICH FIRST OCCURS DURING THE TERM OF THE MAJOR STRUCTURAL DEFECT COVERAGE AS STATED ON THE CERTIFICATE.

Repair of a Major Structural Defect is limited (1) to the repair of damage to the load-bearing portions of the Home themselves which are necessary to restore their load-bearing ability; and (2) to the repair of those items of the Home damaged by the Major Structural Defect which make the Home unsafe, unsanitary or otherwise unliveable. In the event a Major Structural Defect occurs during the term of Major Structural Defect Coverage, the Insurer will repair or replace the defective item(s) as described above or will pay the Home Owner the reasonable cost of such repair or replacement.

The Insurer’s liability is limited to what is provided in Article III of this Coverage. The choice as to repair, replacement or payment is solely that of the Insurer.

II. Coverage Terms

A. Coverage for Builder Default on the Limited Warranty shall become effective on the Limited Warranty Commencement Date stated on the Certificate. This Coverage shall terminate two (2) years from its Commencement Date.

B. Coverage for Major Structural Defects shall become effective on the Commencement Date stated on the Certificate. This Coverage shall terminate eight (8) years from its Commencement Date.

C. Termination of all Coverage shall occur automatically without further action on the part of HOW, the Insurer, Builder or Home Owner. **No claim will be honored following termination of the applicable coverage unless the Insurer has received notice, in writing, of the existence of a defect no later than thirty (30) days after the applicable coverage on the item expires.**

III. Limits of Liability

Limited Warranty Default Coverage. If a defect occurs which is covered under the Limited Warranty Default Coverage, the Insurer’s limit of liability shall not exceed the purchase price of the Home as stated on the Certificate, reduced by the sum of all Insurer payments for previous losses on that Home, if any. The Insurer will not be liable for the first \$250 of the cost of repairing or replacing covered defects. This is an aggregate amount. If the loss on the initial claim is less than \$250, the remaining portion of the \$250 not used to offset the first claim will be applicable to subsequent claims until the \$250 aggregate limit is reached. Steps taken by the Insurer to correct defects shall not act to extend the time of this Coverage.

Major Structural Defect Coverage. If a major structural defect, as defined, occurs during the Major Structural Defect term, the Insurer’s limit of liability shall not exceed the purchase price of the Home as stated on the Certificate, reduced by the sum of all Insurer payments, if any. For each occurrence the Insurer will pay losses in excess of the first \$250 of loss. Steps taken to correct defects shall not act to extend the time of this Coverage.

IV. Exclusions

The Coverage evidenced by the Certificate shall not extend to or include or be applicable to:

- A. Defects in outbuildings including but not limited to detached garages and detached carports (except outbuildings containing the plumbing, electrical, heating, cooling or ventilation systems serving the Home); site located swimming pools and other recreational facilities; driveways; walkways; patios; boundary walls; retaining walls; bulkheads; fences; landscaping (including sodding, seeding, shrubs, trees and plantings;) off site improvements, or any other improvements not a part of the Home itself;
- B. After the first year of coverage, concrete floors of basements and concrete floors of attached garages that are built separately from foundation walls or other structural elements of the Home;
- C. Damage to real property which is not part of the Home covered by the Limited Warranty and which is not included in the original purchase price stated on the Certificate;

- D. Any damage to the extent it is caused or made worse by:
 - 1. Negligence, improper maintenance or improper operation by anyone other than the Builder, its employees, agents or subcontractors; or
 - 2. Failure by the Home Owner or anyone other than the Builder, its employees, agents or subcontractors to comply with the warranty requirements of manufacturers of appliances, fixtures or items of equipment; or
 - 3. Failure by the Home Owner to give notice to the Builder and to HOW of any defect within a reasonable time; or
 - 4. Changes of the grading of the ground by anyone other than the Builder, its employees, agents or subcontractors; or
 - 5. Changes, alterations or additions made to the Home by anyone after the Limited Warranty Commencement Date stated on the Certificate; or
 - 6. Dampness or condensation due to the failure of the Home Owner to maintain adequate ventilation;
- E. Any loss or damage which the Home Owner has not taken timely action to minimize;
- F. Any defect in, or caused by, materials or work (including, but not limited to, items shown on any "Addendum to the Application for HOW Protection") supplied by anyone other than the Builder, its employees, agents or subcontractors;
- G. Normal wear and tear or normal deterioration;
- H. Loss or damage, not otherwise excluded under this Limited Warranty, which does not constitute a defect in the construction of the Home by the Builder, its employees, agents or subcontractors;
- I. Loss or damage resulting from accidents, riot and civil commotion, fire, explosion, smoke, water escape, falling objects, aircraft, vehicles, Acts of God, lightning, windstorm, hail, flood, mudslide, earthquake, volcanic eruption, wind-driven water and changes in the underground water table which are not reasonably foreseeable;
- J. Loss or damage caused by seepage of water unless such loss or damage is the direct result of a construction defect;
- K. Any damage caused by soil movement for which compensation is provided by legislation or which is covered by other insurance;
- L. Insect damage;
- M. Any loss or damage which arise while the Home is being used primarily for nonresidential purposes;
- N. Failure of the Builder to complete construction of the Home;
- O. Any condition which does not result in actual physical damage to the Home;
- P. Bodily injury or damage to personal property;
- Q. Loss or damage due to abnormal loading on floors by the Home Owner which exceeds design loads as mandated by codes;
- R. Costs of shelter, transportation, food, moving, storage, or other incidental expenses related to relocation during repair;
- S. Consequential damages (except where required by state law); and
- T. Any claim not filed in a manner set forth below in "How To Make A Claim."

V. How To Make A Claim

- A. All claims under this Coverage must be pursued through the Insurer. Do not pursue such claims through the Builder. Notice to the Insurer must be given in writing and sent by certified mail to HOW at the address shown on the Certificate. Notice to HOW shall be deemed notice to the Insurer. **Notice to the Builder shall not constitute notice to the Insurer.**
- B. Should the Builder default on a Limited Warranty item or a Major Structural Defect occur during the applicable Coverage Term, the Home Owner must notify the Insurer in writing of the claim. **THE NOTICE FULLY DESCRIBING THE WARRANTY DEFECT OR MAJOR STRUCTURAL DEFECT MUST BE RECEIVED BY HOW NO LATER THAN THIRTY (30) DAYS AFTER THE EXPIRATION OF THE APPLICABLE COVERAGE TERM.** Claims received by HOW more than thirty (30) days after the expiration of the applicable Coverage Term are not covered and maybe rejected.
- C. Upon satisfaction of a claim, the Home Owner shall give the Insurer a full and unconditional release with respect to the claim. The Home Owner shall cooperate fully with the Insurer in any attempt by the Insurer to obtain reimbursement from the Builder or others.

VI. Definitions

Except as otherwise provided, the terms used in this Coverage shall have the meanings assigned below:

- A. **"Builder"** - The person, corporation, partnership or other entity which is a participant in the Home Owners Warranty Program and which obtained this Coverage.
- B. **"Builder Default"** - The liability resulting from the Builder's failure to perform under the Limited Warranty as determined in dispute settlement or because of bankruptcy or insolvency.
- C. **"Home"** - A single family house or a for sale multi-unit residential structure of 5 stories or less in which title to the individual units is transferred to owners under a condominium or cooperative regime.

- D. **“Insurer”** - HOW Insurance Company, Wilmington, Delaware.
- E. **“Major Structural Defect”** - Actual physical damage to the following designated load bearing portions of the Home caused by failure of such load-bearing portions which affects their load-bearing functions to the extent that the Home becomes unsafe, unsanitary or otherwise unliveable:
 - 1. Foundation systems footings;
 - 2. Beams;
 - 3. Girders;
 - 4. Lintels;
 - 5. Columns;
 - 6. Walls and partitions;
 - 7. Floor systems; and
 - 8. Roof framing systems.

Damage to the following non-load bearing portions of the Home may be covered by the Limited Warranty, but do not constitute a Major Structural Defect:

- 1. Roofing and sheathing;
- 2. Drywall and plaster;
- 3. Exterior siding;
- 4. Brick, stone or stucco veneer;
- 5. Floor covering material;
- 6. Wall tile and other wall coverings;
- 7. Non-load bearing walls and partitions;
- 8. Concrete floors in attached garages and basements that are built separately from foundation walls or other structural elements of the Home;
- 9. Electrical, plumbing, heating, cooling, and ventilation systems;
- 10. Appliance, fixtures and items of equipment;
- 11. Paint;
- 12. Doors and windows;
- 13. Trim;
- 14. Cabinets;
- 15. Hardware; and
- 16. Insulation.

VII. Other Insurance

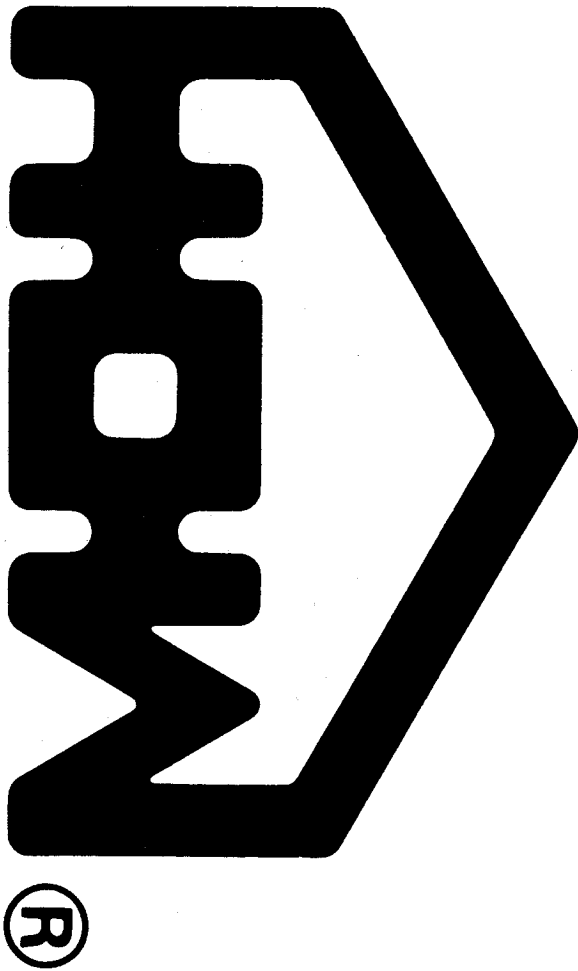
The Coverage evidenced by the Certificate is excess insurance coverage. This means that if a loss occurs which is not otherwise expressly excluded under this Coverage and the loss is attributable to a peril which is specifically covered by other insurance carried by the Builder or the Home Owner, and applicable to the Home or its construction, the Insurer will not be liable for the loss except for that portion of the loss which is in excess of the amount due from such other insurance (whether collected or not) and the amount of such loss which is uncollectable from such other insurance because of the application of a deductible.

VIII. Resale

Each successor in title to the Home, including any mortgagee in possession, is automatically entitled to the benefits of this Coverage under the Certificate for its unexpired term. There is no limit to the number of such successions during the term of this Coverage.

IX. General

- A. If the Insurer’s performance of any of its obligations is delayed by any event not resulting from the Insurer’s own conduct, the Insurer will be excused from performing until the effects of that event are remedied. Examples of such are Acts of God or the common enemy, war, riot, civil commotion, sovereign conduct or acts of persons who are not parties to this Coverage.
- B. All notices required under this Coverage must be sent to HOW at the address shown on the Certificate of Enrollment. Such notice under this Coverage shall be deemed notice to the Insurer. **Notice to the Builder shall not constitute notice to the Insurer.**
- C. **No** change in this Coverage will be valid unless in the form of an endorsement attached to the Certificate and approved by an executive officer of the Insurer.
- D. Use of one gender will include all other genders; and use of the singular will include plural, as may be appropriate.
- E. Should any provision of this Coverage be deemed unenforceable by a court of competent jurisdiction, that determination will not affect the enforceability of the remaining provisions.



HOME OWNERS WARRANTY CORPORATION

P.O. Box 152087, Irving, Texas 75015-2087