



STRUCSURE
HOME WARRANTY

Express Limited Warranty

Coverage Booklet

For

One Year on Workmanship/Materials

Two Years on Delivery Portion of Systems

And

Ten Years on Major Structural Defect Coverage

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SECTION I: OVERVIEW OF THE EXPRESS LIMITED WARRANTY

Note: Nothing contained in this Warranty Coverage Booklet waives or lessens the Builder's obligations under Building and Performance Standards. The mandatory Limited and Statutory Warranties and Building and Performance Standards are included in this Warranty Coverage Booklet.

This Warranty is an Expressed Limited Warranty provided by your Builder. The Warranty of Habitability is solely the responsibility of the Builder. This Express Limited Warranty Program provides insurance-backed new Home Warranties for participating Member Builders.

There are two types of warranties that a Builder may purchase under the Program: 10-Year Major Structural Defect Coverage only, or: 1-Year Workmanship/Materials, 2-Year Delivery Portion of Systems and 10-Year Major Structural Defect Coverage. The type of coverage that will apply to Your Home depends upon which coverage was purchased by the Builder, and must be shown on the Home Enrollment Application. In accordance with the type of coverage purchased, this Warranty Coverage Booklet embodies the entire extent of the Express Limited Warranty.

You are responsible for the proper maintenance of Your new Home. Regular preventative maintenance is necessary to prolong the life of the Home. This Express Limited Warranty is not a maintenance agreement, service contract, or an insurance policy.

Please read this Warranty Coverage Booklet in its entirety so that You may fully understand the protection that it provides, the conditions, exceptions and exclusions, and Your responsibilities under this Warranty.

SECTION II: DEFINITIONS

The following words and terms when used in this booklet shall have the following meanings, unless the context clearly indicates otherwise.

Adverse effect: A tangible condition that substantially impairs the functionality of the habitable areas of the home.

Builder Responsibility: A statement of the corrective action required by the builder to repair the construction defect and any other damage resulting from making the required repair. Parties may agree to an alternative remedy.

Code: The International Residential Code or, if the context requires, the National Electrical Code.

Effective Date of Warranty: The warranty start date as indicated on the Home Enrollment Application.

Electrical Standard: a standard contained in the version of the National Electrical Code (NEC), as follows:

- ◆ for residential construction located in a municipality or the extraterritorial jurisdiction of a municipality, the version of the NEC applicable to electrical aspects of residential construction in the municipality under Texas Local Government Code §214.214 and which is effective on the date of commencement of construction of the home;
- ◆ for residential construction located in an unincorporated area not in the extraterritorial jurisdiction of a municipality, the version of the NEC applicable to electrical aspects of residential construction in the municipality that is the county seat of the county in which the construction is located and which is effective on the date of commencement of construction of the home; and
- ◆ for residential construction located in an unincorporated area in a county that does not contain an incorporated area, the version of the NEC that existed on May 1, 2001.

Excessive or excessively: a quantity, amount or degree that exceeds that which is normal, usual or reasonable under the circumstance.

Exclusion: items, conditions or situations not warranted or not covered by a performance standard.

Extreme Weather Condition(s): weather conditions in excess of or outside of the scope of the design criteria stated or assumed for the circumstance or locale in the Code.

Habitable Area: a living space, defined as the enclosed area in a home that is suitable for year-round residential use.

Home: The real property, improvements and appurtenances thereto for a single-family residential dwelling unit or duplex.

Homeowner Responsibility: an action required by the homeowner for proper maintenance or care of the home or the element or component of the home concerned. A homeowner's failure to substantially comply with stated homeowner responsibility creates exclusion to the warranty for the performance standard.

Insurer: Golden Insurance Company, A, Risk Retention Group, (GIC)

International Residential Code (IRC): substantial compliance with the non-electrical standards contained in the version of the IRC for One- and Two-Family Dwellings published by the International Code Council (ICC) as follows: (A) for residential construction located in a municipality or the extraterritorial jurisdiction of a municipality, the version of the IRC applicable to non-electrical aspects of residential construction in the municipality under Texas Local Government Code §214.212 and which is effective on the date of commencement of construction of the home; (B) for residential construction located in an unincorporated area not in the extraterritorial jurisdiction of a municipality, the version of the IRC applicable to non-electrical aspects of residential construction in the municipality that is the county seat of the county in which the construction is located and which is effective on the date of commencement of construction of the home; and (C) for residential construction located in an unincorporated area in a county that does not contain an incorporated area, the version of the IRC that existed on May 1, 2001.

Manufactured Product: a component of the home that was manufactured away from the site of the home and that was installed in the home without significant modifications to the product as manufactured. Manufactured products commonly installed in residential construction include but are not limited to dishwashers, cook tops, ovens, refrigerators, trash compactors, microwave ovens, kitchen vent fans, central air conditioning coils and compressors, furnace heat exchangers, water heaters, carpet, windows, doors, light fixtures, fireplace inserts, pipes and electrical wires. For purposes of this booklet, a manufactured product includes any component of a home for which the manufacturer provides a warranty, provided that the manufacturer permits transfer of the warranty to the homeowner.

Original Construction Elevations: actual elevations of the foundation taken prior to substantial completion of the residential construction project. Such actual elevations shall include elevations of porches and garages if those structures are part of a monolithic

foundation. To establish original construction elevations, elevations shall be taken at a rate of approximately one elevation per 100 square feet showing a reference point, subject to obstructions. Each elevation shall describe the floor. If no such actual elevations are taken then the foundation for the habitable areas of the home are presumed to be level +/- 0.75 inch (three-quarters of an inch) over the length of the foundation.

Performance Standard(s): the standard(s) to which a home or an element or component of a home constructed as a part of new home construction or a material improvement or interior renovation must perform.

Span: the distance between two supports.

Structural Defect: non-compliance with the Performance Standards for Foundations and Major Structural Components of a Home (defined in Section VIII of this Express Limited Warranty), including actual physical damage to designated major structural components of the Home caused by failure of such major structural component which affects their load-bearing functions to the extent that the Home becomes unsafe, unsanitary or otherwise unlivable. The Structural Defect Limited Warranty coverage is not less than the coverage provided by regulations of the Department of Housing and Urban Development in effect at the time of issuance of this Express Limited Warranty. The following elements are the designated load-bearing major structural components:

1. Foundation Systems and Footings
2. Beams
3. Headers
4. Girders
5. Columns (other than a cosmetic designed column)
6. Load-bearing portions of walls and partitions
7. Roof Framing Systems, including ceiling framing
8. Floor Systems
9. Masonry Arches

The following are some examples of non-load bearing elements that are considered NOT to have Major Structural Defect potential:

1. Non-load bearing partitions and walls;
2. Wall tile or paper, etc.;
3. Plaster, laths, or drywall;
4. Flooring and sub-flooring materials;
5. Brick, stucco, stone or veneer;
6. Any type of exterior siding;
7. Roof shingles, tiles, sheathing and tar paper;
8. Heating, cooling, ventilating, plumbing, electrical and mechanical systems;
9. Appliances, fixtures or items of equipment;
10. Doors, trim, cabinets, hardware, insulation, paint, and stains;
11. Basement and other interior floating, ground-supported concrete slabs;

Substantial Completion: the latter of: (A) the stage of construction when a new home, addition, improvement, or alteration to an existing home is sufficiently complete that the home, addition, improvement or alteration can be occupied or used for its intended purpose; or (B) if required, the issuance of a final certificate of inspection or occupancy by the applicable governmental authority.

StrucSure Home Warranty (SHW): the administrator of this Express Limited Warranty. SHW is neither the Warrantor nor the Insurer.

Warranted Defect: A condition of a Warranted Item that, according to the Warranty Standards described in this Express Limited Warranty requires action by the Warrantor. Failure to complete construction of the Home or any portion of the Home, in whole or in part is not considered a Warranted Defect.

Warrantor: The Insurer (GIC) in years one through ten for Major Structural Components; the Builder in years one and two for workmanship and delivery portions of systems; **if coverage is provided** and Builder is unable to perform one and two year warranty obligations, the Insurer will perform Builder warranty obligations.

SECTION III: GENERAL PROVISIONS

(A) SCOPE

This Express Limited Warranty Book describes the minimum standards of performance for the various elements or components of a home as described. It also explains the dispute resolution process and the steps to follow for repair or replacement of those elements or components of a home that do not meet these standards during the applicable warranty period based upon the expected level of performance described in these standards for residential construction to which the standards apply. If an element or component of a home is not described particularly in this booklet, the element or component shall be constructed in accordance with any written agreement or, if there is no agreement, in accordance with usual and customary residential construction practices and the element or component shall perform for the purpose for which it is intended for the period of the applicable warranty. All home construction shall comply with applicable Codes.

(B) RESOLVING CONFLICTS AMONG STANDARDS

When an inconsistency exists between the Code, manufacturer's instructions and specifications, the standard required by the United States Department of Housing and Urban Development for Federal Housing Administration or Veterans Administration programs, ANSI/ASHRAE Standard (62.2-2003) the most restrictive requirement shall apply.

SECTION IV: GENERAL PROVISIONS APPLICABLE TO ALL RESIDENTIAL CONSTRUCTION FOR NEW HOMES, MATERIAL IMPROVEMENTS AND INTERIOR RENOVATIONS

(A) BUILDER RESPONSIBILITIES FOR COMPLIANCE WITH PERFORMANCE STANDARDS AND REPAIR OBLIGATIONS

- (1) **Builder's Work.** The builder is responsible for all work performed under the direction of the builder for the period of the applicable warranty. The builder is only responsible for construction defects about which the builder receives notice on or before the second anniversary of the date of discovery of the alleged construction defect but in no event later than thirty (30) days following the applicable warranty period stated in Section V. (A), unless otherwise expressly stated herein.
- (2) **Repair Condition.** In connection with a repair of a construction defect, any repairs performed by the builder will include those components of the home that have to be removed or altered in order to repair the construction defect. Repair shall be made so that the condition is returned to its condition as it existed at the time immediately preceding the construction defect.
- (3) **Finish.** Surfaces altered incident to any repair will be finished or touched up to match the surrounding area as closely as practical. In connection with the repair of finish or surface material, such as paint, wallpaper, flooring or a hard surface, the builder will match the standard and grade as closely as reasonably possible. Builder will attempt to match the finish, but will not be responsible for discontinued patterns or materials, color variations or shade variations. When the surface finish material must be replaced and the original material has been discontinued, the builder is responsible for installing replacement material substantially similar in appearance to the original material.
- (4) **Manufactured Products.** The builder shall install all manufactured products in accordance with the manufacturer's instructions and specifications.
 - (a) The builder shall use only new manufactured products and parts unless otherwise agreed in writing by the parties. If the builder did not install a manufactured product in accordance with the manufacturer's specifications or use newly manufactured parts as required, the builder shall take such action as is necessary to bring the variance within the standard.
 - (b) The homeowner shall notify the builder of a known construction defect not later than the second anniversary of the date of discovery of the construction defect or not later than thirty (30) days following the applicable warranty period.
- (5) **Specialty Feature.** Notwithstanding a performance standard stated in this booklet, a specialty feature, which is work performed or material supplied incident to certain design elements shown on the construction plans and specifications and agreed to in writing by the builder and the homeowner, shall be deemed to be compliant with the performance standards stated in this booklet so long as all items are compliant with the Code.

(B) EXCEPTIONS AND EXCLUSIONS FROM BUILDER'S RESPONSIBILITIES

- 1) Loss, damage or injury to land, person, animals, personal property, and improvements or structures, other than items in the Home identified in this Express Limited Warranty.
- 2) Violations of local or national building codes, standards or ordinances (except where specifically provided for in the Construction Performance Standards).
- 3) The builder is not responsible for repair, loss or damage to a component or that part of a component of a home caused by or made worse by any of the following:
 - a) Work performed or material supplied incident to construction, modification or repair to the home performed by anyone other than the builder or persons providing work or material at the direction of the builder.
 - b) The negligence, improper maintenance, misuse, abuse, failure to follow manufacturer's recommendations, failure to take reasonable action to mitigate damage, failure to take reasonable action to maintain the residence or other action or inaction of anyone other than the builder or persons providing work or material at the direction of the builder.
 - c) Failure of the homeowner to comply with the homeowner's responsibilities as set forth in subsection (C) of this section or as may be stated separately elsewhere in this booklet.
 - d) Alterations to the grade of the soil that are not in compliance with the Code or applicable governmental regulations; or improper alteration of the drainage pattern or grade of the soil by the Homeowner within 10 feet of the foundation so that it negatively impacts the Home's performance or fails to comply with the Code.
 - e) Normal wear and tear or normal deterioration to any component of the home.
 - f) Any modification or addition to the Home or the property under or around the Home, made after the Effective Date of Warranty.
 - g) A warranted defect that you repair without prior written authorization from the warrantor.
 - h) Sound transmission and sound proofing unless these components were part of the Home's construction.
 - i) Glass breakage unless the condition is the result of construction activities.
 - j) Acts of omission by you, your agents, employees, licensees, or invitees.
 - k) Accidents, riots, civil commotion, war, terrorism, vandalism, nuclear hazards, extreme weather conditions, acts of God or nature, fire, explosion, blasting, water escape, wind storm, hail, lightning, ice, snow, falling trees, aircraft, vehicles, boat,

flood, mudslides, sinkholes, mine subsidence, faults, crevices, earthquake, shock waves or tremors occurring before, during or after a volcanic eruption.

- l) Smoke, water damage, erosion or accretion of soils, insects, birds, rodents, vermin or other wild or domestic animals, water in crawlspace, the quality and potability of water unless such loss or damage of the aforementioned items is a direct result of a construction defect.
 - m) Change in the underground water table that exerts pressure on, seeps, or leaks under the home, sidewalk, driveway, foundation or other structure or causes subsidence or sinkholes.
 - n) While the home is being used primarily for nonresidential purposes.
 - o) Use for which the home or the component of the home was not designed including but not limited to use that exceeds the normal design loads prescribed by the Code or the engineer of record.
 - p) Homeowner delay in reporting a known construction defect or failing to take reasonable action necessary to prevent further damage to the home.
 - q) Structurally attached decks, balconies, patios, porches, porch roofs, and porticos after the first year; swimming pools whether located in or outside of the Home.
- (2) No Actual Physical Damage. The builder shall not be responsible for any condition that does not result in actual physical damage to the home, including, but not limited to the presence of radon gas, formaldehyde or other pollutants or contaminants, or the presence or effect of mold, mildew, toxic material, or volatile organic compound, unless such condition is a direct result of a construction defect.
 - (3) The Builder's failure to finish any or all construction of the Home on or before the date the warranty takes effect, or damages arising from such failure. *Note: an incomplete item is not considered a Warranted Defect; however, the Builder may be obligated to complete such items under separate agreements.*
 - (4) Consequential damages: All damages or costs for which a remedy is not expressly provided for in this Warranty which includes, but is not limited to: costs of shelter, transportation, food, moving, storage or other incidental expenses, including those related to relocation during any work performed under this Warranty, loss of use, loss of wages, inconvenience, annoyance, and diminution in value of the Home.
 - (5) Any claim submitted to the Administrator after an unreasonable delay or later than thirty (30) days after the expiration of the applicable warranty period.

(C) HOMEOWNER'S RESPONSIBILITIES:

- (1) Home Maintenance. Maintenance of the home and the lot on which the home is located are essential to the proper functioning of the home. The homeowner is responsible for maintenance of the home and the lot on which it is located. The homeowner is responsible for maintenance items described in this paragraph and those maintenance items identified separately in the performance standards set forth in this Section. Additionally, the homeowner is responsible for ongoing maintenance responsibilities that affect the performance of the home but that may not be expressly stated in this booklet. Such ongoing maintenance responsibilities include, but are not limited to, periodic repainting and resealing of finished surfaces as necessary, caulking for the life of the home, regular maintenance of mechanical systems, regular replacement of HVAC filters, cleaning and proper preservation of grading around the home and drainage systems to allow for the proper drainage of water away from the home.
- (2) Manufactured Products. The homeowner shall use and perform periodic maintenance on all manufactured products according to the manufacturer's instructions and specifications. The misuse, abuse, neglect or other failure to follow manufacturer's specifications with regard to manufactured products may void the manufacturer's warranty.
- (3) Landscape Planting. The homeowner shall take measures to prevent landscaping materials or plants from contacting the exterior surface of the home and from interfering with the proper drainage of water away from the foundation. The homeowner should not improperly alter the proper drainage pattern or grade of the soil within ten feet of the foundation so that it negatively impacts the home's performance or fails to comply with the Code.
- (4) Humidity or Dryness in the Home. The homeowner should take the following actions to prevent excessive moisture accumulation by:
 - (a) properly using ventilation equipment;
 - (b) preventing excessive temperature fluctuation; and
 - (c) taking any other action reasonably necessary to avoid excessive moisture, dampness, humidity or condensation in the home that may lead to damage due to excessive moisture or dryness.

- (5) Proper Maintenance and Care of Home Components. The homeowner shall properly maintain each component of the home including proper cleaning, care and upkeep of the home. The homeowner shall use home components for the purposes for which they are intended and shall not damage, misuse or abuse home components.
- (6) Self-Help. Upon observation of a circumstance that may cause further damage to the home or a component of the home, the homeowner shall take reasonable action necessary to prevent further damage to the home.

SECTION V: LIMITED WARRANTIES

(A) WARRANTY PERIODS

The minimum warranty periods for residential construction and residential improvements are as follows:

- (1) one year for workmanship and materials;
- (2) two years for plumbing, electrical, heating, and air-conditioning delivery systems;
- (3) ten years for major structural components of the home

(B) MANUFACTURED PRODUCT WARRANTIES

The builder will assign to the homeowner, without recourse, the manufacturer's warranty for all manufactured products that are covered by a manufacturer's warranty. Any rights that inure to the homeowner provided under a manufacturer's warranty are the obligation of the manufacturer. The builder does not assume any of the obligations of the manufacturer resulting from a manufacturer's warranty, but agents to achieve compliance with the performance standard. If the manufacturer does not comply with the manufacturer's warranty within a reasonable period of time, the builder will make the affected condition comply with the performance standard and seek redress from the manufacturer.

(C) WORKMANSHIP AND MATERIALS WARRANTY AND PERFORMANCE STANDARDS

Workmanship and materials in residential construction or residential improvements are warranted to perform to the performance standards that are set forth for the period established in subsection (A) paragraph (1) of this section.

(D) DELIVERY SYSTEMS WARRANTY AND PERFORMANCE STANDARDS

Plumbing, electrical, heating and air-conditioning delivery systems in residential construction and residential improvements shall be warranted to perform to the performance standards that are set forth in this booklet for the minimum period established in subsection (A) paragraph (2) of this section.

(E) STRUCTURAL COMPONENTS WARRANTY AND PERFORMANCE STANDARDS

Major structural components in residential construction and residential improvements shall be warranted to perform to the performance standards set forth for the minimum period established in subsection (A) paragraph (3) of this section.

(F) EXCLUSIVE WARRANTIES

The warranties established herein supersede all implied warranties for new residential construction and are the only warranties provided by the Warrantor.

(G) WAIVER BY CONTRACT PROHIBITED

A contract between a builder and a homeowner may not waive or modify to lessen the warranty of habitability or the Limited Statutory Warranties and Building and Performance Standards.

SECTION VI: PERFORMANCE STANDARDS FOR COMPONENTS OF A HOME SUBJECT TO A MINIMUM WARRANTY OF ONE YEAR FOR WORKMANSHIP AND MATERIALS

If the performance standards set forth are not met, the builder shall take such action as is necessary to bring the variance within the standard.

(A) PERFORMANCE STANDARDS FOR FOUNDATIONS AND SLABS

- (1) Performance Standards for Raised Floor Foundations or Crawl Spaces.
 - (a) A crawl space shall be graded and drained properly to prevent surface run-off from accumulating deeper than two inches in areas 36 inches or larger in diameter. Exterior drainage around perimeter crawl space wall shall not allow water to accumulate within ten feet of the foundation for more than 24 hours after a rain except in a sump that drains other areas. The homeowner shall not modify improperly the existing grade or allow water from an irrigation system to cause water to accumulate excessively under the foundation. The homeowner shall not allow landscape plantings to interfere with proper drainage away from the foundation. The homeowner shall not use the crawl space for storage of any kind.
 - (b) Water shall not enter through the basement or crawl space wall or seep through the basement floor. The homeowner shall not modify improperly the existing grade or allow water from an irrigation system to cause water to accumulate excessively near the foundation. The homeowner shall not allow landscape plantings to interfere with proper drainage away from the foundation.
 - (c) Cracks in poured concrete foundation basement walls are not to exceed $\frac{1}{8}$ of an inch. Shrinkage cracks are common and to be expected.
 - (d) There should be no cracks larger than $\frac{1}{4}$ inch in the block or veneer wall. Shrinkage cracks are to be expected.

- (e) Cracks in the basement veneer or masonry walls are not to exceed $\frac{1}{4}$ of an inch in width. Small masonry mortar joints are common.
- (f) Builder will correct initial small leaks penetrating basement wall. Builder may first determine cause prior to repair. Leaks caused by improper landscaping methods by homeowner are excluded from this warranty.
- (g) Condensation on walls, joist, support columns and other components of the crawl space area due to lack of homeowner maintenance of adequate ventilation and moisture control is not a warranted item.

2) Performance Standards For Concrete Slab Foundations, Excluding Finished Concrete Floors.

- (a) Concrete floor slabs in living spaces that are not otherwise designed with a slope for drainage, such as a laundry room, shall not have excessive pits, depressions or unevenness equal to or exceeding $\frac{3}{8}$ of an inch in any 32 inches and shall not have separations or cracks that equal or exceed $\frac{1}{8}$ of an inch in width or $\frac{1}{16}$ of an inch in vertical displacement.
- (b) Concrete slabs shall not have protruding objects, such as a nail, rebar or wire mesh
- (c) A separation in an expansion joint in a concrete slab shall not equal or exceed $\frac{1}{4}$ of an inch vertically or one inch horizontally from an adjoining section.

(3) Performance Standards For Exterior Concrete Including Patios, Stem Walls, Driveways, Stairs Or Walkways:

- (a) Concrete corners or edges shall not be damaged excessively due to construction activities.
- (b) A crack in exterior concrete shall not cause vertical displacement equal to or in excess of $\frac{1}{4}$ of an inch or horizontal separation equal to or excess of $\frac{1}{4}$ of an inch. The homeowner shall not over-water surrounding soil or allow the surrounding soil to become excessively dry. The homeowner shall not allow heavy equipment to be placed on the concrete.
- (c) The finish on exterior concrete shall not be excessively smooth, so that the surface becomes slippery. A concrete surface that has been designed to be smooth is accepted from this performance standard.
- (d) Exterior concrete shall not contain a protruding object, such as a nail, rebar or wire mesh.
- (e) A separation in an expansion joint in an exterior concrete shall not equal or exceed $\frac{1}{2}$ of an inch vertically from an adjoining section or one inch horizontally, including joint material.
- (f) A separation in a control joint shall not equal or exceed $\frac{1}{4}$ of an inch vertically or $\frac{1}{2}$ of an inch horizontally from an adjoining section.
- (g) Concrete stair steepness and dimensions, such as tread width, riser height, landing size and stairway width shall comply with the Code.
- (h) Handrails shall remain securely attached to concrete stairs.
- (i) Concrete stairs or stoops shall not settle or heave in an amount equal to or exceeding $\frac{3}{8}$ of an inch. Concrete stairs or stoops shall not separate from the home in an amount equal to or exceeding one inch, including joint material.
- (j) A driveway will not have a negative slope unless due to site conditions, the lot is below the road. If a driveway has a negative slope due to site conditions, it shall have swales or drains properly installed to prevent water from entering into the garage.
- (k) Concrete floor slabs in detached garages, carports or porte-cocheres shall not have excessive pits, depressions, deterioration or unevenness. Separations or cracks in these slabs shall not equal or exceed $\frac{3}{16}$ of an inch in width, except at expansion joints, or $\frac{1}{8}$ of an inch in vertical displacement.

(B) PERFORMANCE STANDARDS FOR FRAMING

(1) Building and Performance Standard for Walls.

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

(f) An exterior moisture barrier shall not allow an accumulation of moisture inside the barrier. The homeowner shall not make penetrations through the exterior moisture barrier that permit the introduction of moisture inside the barrier.

(2) Performance Standards for Ceilings.

A ceiling shall not bow or have depressions that equal or exceed $\frac{1}{2}$ of an inch out of line within a 32-inch measurement as measured from the center of the bow or depression running parallel with a ceiling joist. (It is common for ceilings to have slight differences on the finished service).

(3) Performance Standards for Sub-floors.

(a) Under normal residential use, the floor shall not make excessive squeaking or popping sounds. It is common for squeaks to occur due to temperature, framing member shrinkage, humidity changes and other factors beyond the builder's control.

(b) Sub-floors shall not delaminate or swell to the extent that it causes observable physical damage to the floor covering or visually affects the appearance of the floor covering. Exposed structural flooring, where the structural flooring is used as the finished flooring, is excluded from the standard stated in this paragraph.

(c) Sub-flooring shall not have excessive humps, ridges, depressions or slope within any room that equals or exceeds $\frac{3}{8}$ of an inch in any 32-inch direction.

(4) Performance Standards for Stairs.

(a) Stair steepness and dimensions such as tread width, riser height, landing size and stairway width, shall comply with the Code.

(b) Under normal residential use, stairs shall not make excessive squeaking or popping sounds.

(C) PERFORMANCE STANDARDS FOR DRYWALL

(1) A drywall surface shall not have a bow or depression that equals or exceeds $\frac{1}{4}$ of an inch out of line within any 32-inch horizontal measurement as measured from the center of the bow or depression or $\frac{1}{2}$ of an inch within any eight-foot vertical measurement.

(2) A ceiling made of drywall shall not have bows or depressions that equal or exceed $\frac{1}{2}$ of an inch out of line within a 32-inch measurement as measured from the center of the bow or depression running parallel with a ceiling joist or within $\frac{1}{2}$ of an inch deviation from the plane of the ceiling within any eight-foot measurement.

(3) A drywall surface shall not have a crack such that any crack equals or exceeds $\frac{1}{32}$ of an inch in width at any point along the length of the crack.

(4) Crowning at a drywall joint shall not equal or exceed $\frac{1}{4}$ of an inch within a twelve-inch measurement centered over the drywall joint. Crowning occurs when a drywall joint is higher than the plane of the drywall board on each side.

(5) A drywall surface shall not have surface imperfections such as blisters, cracked corner beads, seam lines, excess joint compound or trowel marks that are visible from a distance of six feet or more in normal light.

(6) A drywall surface shall not be out of level (horizontal), plumb (vertical) or square (perpendicular at a 90-degree angle) such that there are variations in those measurements to wall or surface edges at any opening, corner, sill, shelf, etc. shall not equal or exceed $\frac{3}{8}$ of an inch in any 32-inch measurement along the wall or surface.

(7) Nails or screws shall not be visible in a drywall surface.

(D) PERFORMANCE STANDARDS FOR INSULATION

(1) Insulation shall be installed in the walls, ceilings and floors of a home in accordance with the building plan and specifications and the Code.

(2) Blown insulation in the attic shall not displace or settle so that it reduces the R-value below manufacturer's specifications, the building plans and the Code.

(3) A gap equal to or in excess of $\frac{1}{4}$ of an inch between insulation batts or a gap between insulation batts and framing members is not permitted.

(4) Insulation shall not cover or block a soffit vent to the extent that it blocks the free flow of air.

(E) PERFORMANCE STANDARDS FOR EXTERIOR SIDING AND TRIM

(1) Performance Standards for Exterior Siding.

(a) Exterior siding shall be equally spaced and properly aligned. Horizontal siding shall not equal or exceed $\frac{1}{2}$ of an inch off parallel with the bottom course or $\frac{1}{4}$ of an inch off parallel with the adjacent course from corner to corner.

(b) Siding shall not gap or bow. A siding end joint shall not have a gap that equals or exceeds $\frac{1}{4}$ of an inch in width. Siding end joint gaps shall be caulked. A bow in siding shall not equal or exceed $\frac{3}{8}$ of an inch out of line in a 32-inch measurement.

(c) Nails shall not protrude from the finished surface of siding but nail heads may be visible on some products where allowed by the manufacturer's specifications.

- (d) Siding shall not have a nail stain.
- (e) Siding and siding knots shall not become loose or fall off.
- (f) Siding shall not delaminate.
- (g) Siding shall not cup in an amount equal to or exceeding $\frac{1}{4}$ of an inch in a six-foot run.
- (h) Siding shall not have cracks or splits that equal or exceed $\frac{1}{8}$ inch in width.

(2) Performance Standards for Exterior Trim.

- (a) A joint between two trim pieces shall not have a separation at the joint equal to or exceeding $\frac{1}{4}$ inch in width and all trim joints shall be caulked.
- (b) Exterior trim and eave block shall not warp in an amount equal to or exceeding $\frac{1}{2}$ inch in an eight-foot run.
- (c) Exterior trim and eave block shall not cup in an amount equal to or in excess of a $\frac{1}{4}$ inch in a six-foot run.
- (d) Exterior trim and eave block shall not have cracks or splits equal to or in excess of $\frac{1}{8}$ inch in average width.
- (e) Trim shall not have nails that completely protrude through the finished surface of the trim but nail heads may be visible on some products. Some products specify that the nails be flush with the trim surface. When these products are used, visible nail heads are not considered protruding nails as long as they are painted over.
- (f) Trim shall not have a nail stain.

(F) PERFORMANCE STANDARDS FOR MASONRY INCLUDING BRICK, BLOCK AND STONE

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

(G) PERFORMANCE STANDARDS FOR STUCCO

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

(H) PERFORMANCE STANDARDS FOR ROOFS

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

(I) PERFORMANCE STANDARDS FOR DOORS AND WINDOWS

(1) Performance Standards for Both Doors and Windows.

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

(2) Performance Standards for Windows.

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

(3) Performance Standards for Doors.

- (a) A sliding door and door screen shall stay on track. The homeowner shall clean and lubricate sliding door or door screen hardware as necessary.
- (b) The spacing between an interior door bottom and original floor covering, except closet doors, shall not exceed 1.5 inches and shall be at least $\frac{1}{2}$ of an inch. The spacing between an interior closet door bottom and original floor covering shall not exceed two inches and shall be at least $\frac{1}{2}$ of an inch.
- (c) A door shall not delaminate.
- (d) A door panel shall not split so that light from the other side is visible.
- (e) A door shall open and close without binding.

- (f) A door shall not warp to the extent that it becomes inoperable. A warp in a door panel shall not equal or exceed $\frac{1}{4}$ of an inch from original dimension measured vertically, horizontally or diagonally from corner to corner. (Changes in climate will cause doors to contract and expand).
 - (g) A storm door shall open and close properly and shall fit properly.
 - (h) When a door is placed in an open position, it shall remain in the position it was placed, unless the movement is caused by airflow.
 - (i) A metal door shall not be dented or scratched due to construction activities.
- (4) Performance Standards for Garage Doors.
- (a) A metal garage door shall not be dented or scratched due to construction activities.
 - (b) A garage door opener, if provided, shall operate properly in accordance with manufacturer's specifications. A homeowner shall maintain tracks, rollers and chains and shall not block or bump sensors to electric garage door openers. (If homeowner installs a garage door opener, homeowner is responsible).
 - (c) A garage door shall not allow excessive water to enter the garage and the gap around the garage door shall not equal or exceed $\frac{1}{2}$ of an inch in width.
 - (d) A garage door spring shall operate properly and shall not lose appreciable tension, break or be undersized.
 - (e) A garage door shall remain in place at any open position, operate smoothly and not be off track.

(J) PERFORMANCE STANDARDS FOR INTERIOR FLOORING

- (1) Performance Standards for Carpet, Vinyl Flooring and Wood Flooring. Performance standards for ceramic tile, flagstone, marble, granite, slate, quarry tile other hard surface floors, except finished concrete floors, are located in Section K of this booklet.
- (2) Performance Standards for Carpet.
- (a) Carpet shall not wrinkle and shall remain tight, lay flat and be securely fastened. (It is common for new carpet to stretch).
 - (b) Carpet seams shall be smooth without a gap or overlap.
 - (c) Carpet shall not be stained or spotted due to construction activities.
- (3) Performance Standards for Finished Concrete Floor.
- (a) A finished slab, located in a living space that is not otherwise designed for drainage, shall not have pits, depressions or unevenness that equals or exceeds $\frac{3}{8}$ of an inch in any 32 inches. Finished concrete slabs in living spaces that are designed for drainage, such as a laundry room, are excepted from the standards.
 - (b) Finished concrete slabs in living spaces shall not have separations, including joints, and cracks that equal or exceed $\frac{1}{8}$ of an inch in width or $\frac{1}{16}$ of an inch in vertical displacement.
- (4) Performance Standards for Wood Flooring.
- a) Wood flooring shall not have excessive humps, depressions or unevenness that equals or exceeds $\frac{3}{8}$ of an inch in any 32-inch direction within any room.
 - b) Wood flooring shall remain securely attached to the foundation or sub-floor unless the wood flooring is designed to be installed without nails, glue, adhesives or fasteners.
 - c) Wood flooring shall not have open joints and separations that equal or exceed $\frac{1}{8}$ of an inch. These standards do not apply to non-hardwood species that contain greater moisture and may shrink after installation or structural floors that are designed to serve as the finished floor. If the floor is designed as a structural finish floor, the builder must provide a written explanation of the characteristics of that floor to the homeowner prior to the execution of the contract. (It is common for humidity changes to cause wood to contract and expand).
 - d) Strips of floorboards shall not cup in an amount that equals or exceeds $\frac{1}{16}$ of an inch in height in a three-inch distance when measured perpendicular to the length of the board. This standard does not apply to non-hardwood species that typically shrink after installation or structural floors that are designed to serve as the finished floor. If the floor is designed as a structural finish floor, the builder must provide a written explanation of the characteristics of that floor to the homeowner.
 - e) Unless installed as a specialty feature, wood flooring shall not have excessive shade changes or discoloration due to the construction activities of the builder.
 - f) Unless installed as a specialty feature, wood flooring shall not be stained, spotted or scratched due to construction activities of the builder.

(5) Performance Standards for Vinyl Flooring.

- (a) Vinyl flooring shall be installed square to the most visible wall and shall not vary by $\frac{1}{4}$ of an inch in any six-foot run.
- (b) The seam alignment in vinyl flooring shall not vary such that the pattern is out of alignment in an amount that equals or exceeds $\frac{1}{8}$ of an inch.
- (c) Vinyl flooring shall remain securely attached to the foundation or sub-floor.
- (d) A vinyl floor shall not have a depression that equals or exceeds $\frac{1}{2}$ of an inch in any six-foot run.
- (e) A vinyl floor shall not have a ridge that equals or exceeds $\frac{1}{2}$ of an inch when measured as provided in this paragraph. The ridge measurement shall be made by measuring the gap created when a six-foot straight edge is placed tightly three inches on each side of the defect and the gap is measured between the floor and the straight edge at the other end.
- (f) Vinyl floor shall not be discolored, stained or spotted due to the construction activities of the builder.
- (g) Vinyl flooring shall not be scratched, gouged, cut or torn due to construction activities.
- (h) Debris, sub-floor seams, nails and/or screws shall not be detectable under the vinyl floor from a distance of three feet or more in normal light.
- (i) Sub-flooring shall not cause vinyl flooring to rupture.
- (j) A seam in vinyl flooring shall not have a separation that equals or exceeds $\frac{1}{16}$ of an inch in width. Where dissimilar materials abut, there shall not be a gap equal to or greater than $\frac{1}{8}$ of an inch.

(K) PERFORMANCE STANDARDS FOR HARD SURFACES, INCLUDING CERAMIC TILE, FLAGSTONE, MARBLE, GRANITE, SLATE, QUARRY TILE, FINISHED CONCRETE OR OTHER HARD SURFACES

(1) Performance Standards for Hard Surfaces Generally.

- (a) A hard surface shall not break or crack due to construction activities.
- (b) A hard surface shall remain secured to the substrate.
- (c) A surface imperfection in floor hard surface shall not be visible from a distance of three feet or more in normal light. A surface imperfection in non-floor hard surface shall not be visible from a distance of two feet or more in normal light.
- (d) Color variations between field hard surfaces and trim hard surfaces should not vary excessively due to construction activities. Natural products such as flagstone, marble, granite, slate and other quarry tile will have color variation.
- (e) Hard surface areas shall not leak.
- (f) The surfaces of two adjacent hard surfaces shall not vary in an amount equal to or exceeding $\frac{1}{16}$ of an inch displacement at a joint, with the exception of transition trim pieces.
- (g) Hard surface layout or grout line shall not be excessively irregular. Natural products such as flagstone, marble, granite, slate, and other quarry tile will have size variations that may create irregular layouts or grout lines.
- (h) Hard surface countertops shall be level to within $\frac{1}{4}$ of an inch in any six-foot measurement.

(2) Performance Standards for Grout.

- (a) Grout shall not crack or deteriorate.
- (b) Grout shall not change shade or discolor excessively due to construction activities.

(3) Performance Standards for Concrete Countertops.

- (a) A concrete countertop shall not have excessive pits, depressions, or unevenness that equal or exceed $\frac{1}{8}$ of an inch in any 32-inch measurement.
- (b) A concrete countertop shall not have separations or cracks equal to or exceeding $\frac{1}{16}$ of an inch in width or $\frac{1}{64}$ of an inch in vertical displacement.
- (c) A finished concrete countertop shall not be stained, spotted or scratched due to construction activities.
- (d) A concrete countertop shall not have a chipped edge that extends beyond $\frac{1}{16}$ of an inch from the edge of the countertop due to construction activities.
- (e) A concrete countertop shall not change shade or discolor excessively due to construction activities.

(L) PERFORMANCE STANDARDS FOR PAINTING, STAIN AND WALL COVERINGS

(1) Performance Standards for Caulking.

Interior caulking shall not deteriorate or crack excessively. (Shrinkage and corrosion is common; homeowner must maintain).

(2) Performance Standards for Painting and Stain.

- (a) Paint or stain shall not have excessive color, shade or sheen variation. This standard shall not apply to stained woodwork.
- (b) Paint shall cover all intended surfaces so that unpainted areas shall not show through paint when viewed from a distance of six feet in normal light.
- (c) Interior paint or stain shall not deteriorate.
- (d) Exterior paint or stain shall not deteriorate excessively.
- (e) Paint over-spray shall not exist on any surface for which it was not intended.
- (f) Interior varnish, polyurethane or lacquer finish shall not deteriorate.
- (g) Exterior varnish, polyurethane or lacquer finishes shall not deteriorate excessively. Exterior varnish, polyurethane or lacquer finishes that are subject to direct sunlight are excluded from this standard.
- (h) Interior painted, varnished or finished surface shall not be scratched, dented, nicked or gouged due to construction activities.
- (i) A paint product shall perform as represented by the manufacturer to meet manufacturer's specifications for washability and/or scrubability.

(3) Performance Standards for Wall Coverings.

- (a) A wall covering shall be properly secured to the wall surface and shall not peel or bubble.
- (b) Pattern repeats in wall coverings shall match. Wall coverings shall be installed square to the most visible wall. Pattern repeats shall not vary in an amount equal to or exceeding $\frac{1}{4}$ of an inch in any six-foot run.
- (c) A wall covering seam shall not separate or gap.
- (d) Lumps or ridges in a wall covering shall not be detectable from a distance of six feet or more in normal light.
- (e) Wall coverings shall not be discolored, stained or spotted due to construction activities.
- (f) Wall coverings shall not be scratched, gouged, cut or torn due to construction activities.
- (g) Wall coverings shall perform as represented by the manufacturer to meet manufacturer's specifications for washability and/or scrubability.

(M) PERFORMANCE STANDARDS FOR PLUMBING

(2) Performance Standards for Plumbing Accessories.

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

(n) A sump pump shall be installed in accordance with the manufacturer's specifications and shall operate properly when so installed.

(3) Performance Standards for Pipes and Vents.

(a) A sewer gas odor originating from the plumbing system shall not be detectable inside the home under conditions of normal residential use. The homeowner shall keep plumbing traps filled with water.

(b) A vent stack shall be free from blockage and shall allow odor to exit the home.

(c) A water pipe shall not make excessive noise such as banging or hammering repeatedly. A water pipe subject to expansion or contraction of the pipe as warm or cool water flows through the pipe may cause a "ticking" sound temporarily. The standard does not require a builder to remove all noise attributable to water flow and pipe expansion.

(N) PERFORMANCE STANDARDS FOR HEATING, COOLING AND VENTILATION

(1) Performance Standards for Heating and Cooling.

(a) A condensation line shall not be obstructed due to construction activities. The homeowner shall periodically check for the free flow of condensate (water) from the line and clear the line when necessary.

(b) A drip pan and drain line shall be installed under a horizontal air handler as per the Code. The homeowner shall periodically check for the free flow of condensate (water) from the line and clear the line when necessary.

(c) Insulation shall completely encase the refrigerant line according to Code. The homeowner shall ensure that insulation on the refrigerant line is not damaged or cut due to home maintenance or landscape work.

(d) An exterior compressor unit shall be installed on a stable pad that supports the unit and is no more than one inch out of level. The bottom of the exterior compressor unit support shall not be below ground level. The homeowner shall ensure that settlement of the exterior compressor unit pad does not occur due to home maintenance, landscape work or excessive water from irrigation.

(2) Performance Standards for Venting.

(a) An appliance shall be vented according to the manufacturer's specifications.

(b) Back draft dampers shall be installed and function according to the manufacturer's specifications.

(3) Performance Standards for Ductwork.

(a) Ductwork shall not make excessive noise. The flow of air, including its velocity, or the expansion of ductwork from heating and cooling may cause "ticking" or "crackling" sounds.

(b) The homeowner shall not place any object on the ductwork.

(O) PERFORMANCE STANDARDS FOR ELECTRICAL SYSTEMS AND FIXTURES

(1) Excessive air infiltration shall not occur around electrical system components or fixtures.

(2) A fixture or trim plate shall not be chipped, cracked, dented or scratched due to construction activities.

(3) A fixture or trim plate finish shall not be tarnished, blemished or stained due to construction activities.

(4) A fixture, electrical box or trim plate shall be installed in accordance with the Code and shall be plumb and level.

(5) Fixtures, such as lights, fans and appliances shall operate properly when installed in accordance with the manufacturer's specifications.

(6) A smoke detector shall operate according to the manufacturer's specifications and shall be installed in accordance with the Code.

(7) An exhaust fan shall operate within the manufacturer's specified noise level.

(P) PERFORMANCE STANDARDS FOR INTERIOR TRIM

(1) Performance Standards for Trim.

(a) An interior trim joint separation shall not equal or exceed $\frac{1}{8}$ of an inch in width and all joints shall be caulked or puttied.

(b) The interior trim shall not have surface damage, such as scratches, chips, dents, gouges, splits, cracks, warping or cupping that is visible from a distance of six feet or more in normal light due to construction activities.

(c) A hammer mark on trim shall not be visible from a distance of six feet or more when viewed in normal light.

(d) A nail or nail hole in interior trim shall not be visible from a distance of six feet or more when viewed in normal light.

(2) Performance Standards for Shelving.

Shelving, rods and end supports shall be installed in accordance with the measurements stated in this subsection. The length of a closet rod shall not be shorter than the actual distance between the end supports in an amount equal to or exceeding $\frac{1}{4}$ of an inch and shall be supported by stud-mounted brackets no more than four feet apart. The length of a shelf shall not be shorter than the actual distance between the supporting walls by an amount equal to or exceeding $\frac{1}{4}$ of an inch and shall be supported by stud-mounted brackets no more than four feet apart. End supports shall be securely mounted.

(Q) PERFORMANCE STANDARDS FOR MIRRORS, INTERIOR GLASS AND SHOWER DOORS

- (1) A mirror, interior glass or shower door shall not be loose and shall be securely mounted or attached to the supporting surface. Fixtures, such as towel bars or door handles, shall be securely mounted.
- (2) A mirror, interior glass or shower door shall not be damaged due to construction activities.
- (3) A shower door shall not leak.
- (4) Imperfections in a mirror or shower door shall not be visible from a distance of two feet or more when viewed in normal light.
- (5) When opening and closing, a shower door shall operate easily and smoothly without requiring excessive pressure.

(R) PERFORMANCE STANDARDS FOR HARDWARE AND IRONWORK

- (1) Performance Standards for Hardware.
 - (a) Hardware finishes shall not be tarnished, blemished, corroded or stained due to construction activities, unless the finish is installed as a specialty feature. The builder is not responsible for tarnished, blemished, or stained hardware finishes that have been damaged by factors that are beyond the manufacturer's or the builder's control such as the homeowner's use of abrasive pads or cleaners, harsh chemicals, alcohol, organic solvents or deterioration caused by exposure to outdoor elements such as salt air or humidity.
 - (b) Hardware shall function properly, without catching, binding or requiring excessive force to operate
 - (c) Hardware shall not be scratched, chipped, cracked or dented due to construction activities.
 - (d) Hardware shall be installed securely and shall not be loose. The homeowner shall not exert excessive force on hardware.
- (2) Performance Standards for Interior Ironwork.

Interior ironwork shall not rust. The builder is not responsible for ironwork finishes that rust due to factors that are beyond the manufacturer's or the builder's control such as the homeowner's use of abrasive pads or cleaners, harsh chemicals, alcohol, organic solvents or deterioration caused by exposure to humidity.

(S) PERFORMANCE STANDARDS FOR COUNTERTOPS AND BACKSPLASHES

- (1) Performance Standards for Countertops and Backsplashes Generally.
 - (a) A countertop or backsplash shall be secured to substrate in accordance with manufacturer's specifications.
 - (b) For non-laminate countertops and backsplashes, the joints between countertop surfaces, between the countertop surface and the backsplash or side-splash and between adjoining backsplash panels may be visible, but shall not separate.
 - (c) Countertops shall be level to within $\frac{1}{4}$ of an inch in any six-foot measurement.
 - (d) A countertop surface or edge shall not be damaged, broken, chipped or cracked due to construction activities.
 - (e) A countertop shall not bow or warp in an amount equal to or exceeding $\frac{1}{16}$ of an inch per lineal foot.
- (2) Performance Standards for Laminate Countertops and Backsplashes.
 - (a) Laminate countertops and backsplashes shall not delaminate and shall remain securely attached to the substrate. Delamination is the separation of the finish surface veneer from the substrate material.
 - (b) A seam in a laminate countertop or backsplash may be visible but shall not be separated or displaced.
 - (c) A surface imperfection in a laminate countertop or a backsplash shall not be visible from a distance of three feet or more when viewed in normal light due to construction activities.

(T) PERFORMANCE STANDARDS FOR FIREPLACES

- (1) A refractory panel shall not crack or separate. The homeowner shall not use synthetic logs or other materials if not approved by the manufacturer.
- (2) A fireplace door shall operate properly. Fireplace doors shall meet evenly and shall not be out of alignment from one another in an amount equal to or exceeding $\frac{1}{8}$ of an inch in any direction.
- (3) A fireplace shall not have a gas leak.
- (4) Gas logs shall be positioned in accordance with the manufacturer's specifications. The homeowner shall not incorrectly reposition or relocate the logs after the original placement. The homeowner shall not place the logs in a manner that does not allow the flame to flow through the logs according to the manufacturer's specifications.
- (5) A crack in masonry hearth or facing shall not be equal to or exceed $\frac{1}{4}$ of an inch in width.
- (6) A fireplace or chimney shall draw properly.
- (7) A firebox shall not have excessive water infiltration under normal weather conditions.
- (8) A fireplace fan shall not exceed the noise level established by the manufacturer's specifications.

(U) PERFORMANCE STANDARDS FOR IRRIGATION SYSTEMS

- (1) An irrigation system shall not leak, break or clog due to construction activities.
- (2) An irrigation system shall be installed such that sprinkler coverage shall be complete and water shall not spray an unintended area due to construction activities.
- (3) The irrigation system control shall operate in accordance with manufacturer's specifications. The builder shall provide the homeowner with instructions on the operation of the irrigation system at closing.

(V) PERFORMANCE STANDARDS FOR FENCING

- (1) A fence shall not fall over and shall not lean in excess of two inches out of plumb due to construction activities.
- (2) A wood fence board shall not be broken due to construction activities. Wood fence board shall not become detached from the fence due to construction activities of the builder.
- (3) A masonry unit or mortar in a fence shall not be broken or loose. A crack in a masonry unit shall not occur. A crack in the mortar shall not equal or exceed $\frac{1}{8}$ of an inch in width.
- (4) A masonry wall shall have adequate weep holes in the lowest course as required by the Code to allow seepage to pass through the wall.

(W) PERFORMANCE STANDARDS FOR YARD GRADING

- (1) Yards shall have grades and swales that provide for proper drainage away from the home in accordance with the Code or other governmental regulations. The homeowner shall maintain the drainage pattern and protect the grading contours from erosion, blockage, over-saturation or any other changes.
- (2) Settling or sinking of soil shall not interfere with the drainage patterns of the lot or have a vertical depth of six inches or more.

(X) PERFORMANCE STANDARDS FOR PEST CONTROL

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

SECTION VII: PERFORMANCE STANDARDS FOR PLUMBING, ELECTRICAL, HEATING AND AIR-CONDITIONING DELIVERY SYSTEMS SUBJECT TO A MINIMUM WARRANTY PERIOD OF TWO YEARS

If the performance standards set forth are not met, the builder shall take such action as is necessary to bring the variance within the standard.

(A) PERFORMANCE STANDARDS FOR ELECTRICAL DELIVERY SYSTEMS

- (1) Performance Standards for Electrical Wiring.
 - (a) Electrical wiring installed inside the home shall be installed in accordance with the Code and any other applicable electrical standards and shall function properly from the point of demarcation, as determined by the respective utility. The builder shall not be responsible for utility improvements from the meter/demarcation point to the utility poles or the transformer.
 - (b) Electrical wiring shall be capable of carrying the designated load as set forth in the Code. All electrical equipment shall be used for the purposes and/or capacities for which it was designed and in accordance with manufacturer's specifications.
- (2) Performance Standards for the Electrical Panel, Breakers and Fuses.
 - (a) The electrical panel and breakers shall have sufficient capacity to provide electrical service to the home during normal residential usage. The builder is not responsible for electrical service interruptions caused by external conditions such as power surges, circuit overloads and electrical shorts.
 - (b) The electrical panel and breakers shall have sufficient capacity to provide electrical service to the home during normal residential usage such that a circuit breaker shall not trip and fuses shall not blow repeatedly under normal residential electric usage. The builder is not responsible for circuit breaker trips or blown fuses that have functioned as designed to protect the home from external conditions such as power surges, circuit overloads and shorts.
- (3) Performance Standards for Electric Outlets with Ground Fault Interrupters.

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

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

(B) PERFORMANCE STANDARDS FOR PLUMBING DELIVERY SYSTEMS

- (1) Performance Standards for Pipes including Water and Gas Pipes, Sewer and Drain Lines, Fittings and Valves but not including pipes included in a Landscape Irrigation System.
 - (a) Pipes shall be installed and insulated in accordance with the Code and manufacturer's specifications.
 - (b) The homeowner is responsible for insulating and protecting exterior pipes and hose bibs from freezing weather and for maintaining a reasonable temperature in the home during periods of extremely cold weather. The homeowner is responsible for maintaining a reasonable internal temperature in a home regardless of whether the home is occupied or unoccupied and for periodically checking to ensure that a reasonable internal temperature is maintained.
 - (c) A water pipe shall not leak. The homeowner shall shut off water supply immediately if such is required to prevent further damage to the home. If a gas pipe is leaking, the homeowner shall shut off the source of the gas if the homeowner can do so safely.
 - (d) Water pressure shall not exceed 80 pounds per square inch in any part of the water supply system located inside the home. Minimum static pressure at the building entrance for either public or private water service shall be 40 pounds per square inch in any part of the water supply system. This standard assumes the public or community water supply reaches the home side of the meter at 40 pounds per square inch. The builder is not responsible for water pressure variations originating from the water supply source.
 - (e) A sewer, drain, or waste pipe shall not become clogged or stopped up due to construction activities. The homeowner shall shut off water supply immediately if such is required to prevent damage to the home.
- (2) Performance Standards for Individual Wastewater Treatment Systems.

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

- (a) The builder is not responsible for system malfunctions or damage due to the addition of a fixture, equipment, appliance or other source of waste or water into the septic system by a person other than the builder or a person working at the builder's direction; or
- (b) malfunctions or limitations in the operation of the system attributed to a design restriction imposed by state, county or local governing agencies; or
- (c) malfunctions caused by freezing, soil saturation, soil conditions, changes in ground water table or any other acts of nature.

(C) PERFORMANCE STANDARDS FOR HEATING, AIR CONDITIONING AND VENTILATION DELIVERY SYSTEMS

- (1) Performance Standards for Heating
 - A refrigerant line shall not leak. Condensation on a refrigerant line is not a leak.
- (2) Performance Standards for Heating and Cooling Functions.
 - (a) A heating system shall produce an inside temperature of at least 68-degrees Fahrenheit as measured two feet from the outside wall of a room at a height of three feet above the floor under local outdoor winter design conditions as specified in the Code. Temperatures may vary up to 4-degrees Fahrenheit between rooms but no less than the standard set forth above in paragraph (1) of this subsection. The homeowner's changes made to the size or configuration of the home, the heating system or the ductwork shall negate the builder's responsibility to take measures to meet this performance standard.
 - (b) An air-conditioner system shall produce an inside temperature of at most 78-degrees Fahrenheit as measured in the center of a room at height of five feet above the floor, under local outdoor summer design conditions as specified in the Code. This standard does not apply to evaporative or other alternative cooling systems or if the homeowner makes changes to the size or configuration of the home, the air-conditioning system or the ductwork. Internal temperatures may vary up to 4-degrees Fahrenheit between rooms but no more than the standard set.
 - (c) A thermostat reading shall not differ by more than 4-degrees Fahrenheit from the actual room temperature taken at a height of five feet above the floor in the center of the room where the thermostat is located. The stated performance

standard is related to the accuracy of the thermostat and not to the performance standard of the room temperature. If the thermostat reading differs more than 4-degrees Fahrenheit from the actual room temperature taken at a height of five feet above the floor in the center of the room where the thermostat is located, the builder shall take such action as is necessary to bring the variance within the standard.

- (d) Heating and cooling equipment shall be installed and secured according to the manufacturer's instructions and specification and shall not move excessively.
- (3) Performance Standards for Vents, Grills or Registers.
 - (a) A vent, grill or register shall operate easily and smoothly when applying normal operating pressure.
 - (b) A vent, grill or register shall be installed in accordance with the Code and manufacturer's instructions and specifications and shall be secured to the underlying surface.
- (4) Performance Standards for Ductwork.
 - (a) Ductwork shall be insulated in unconditioned areas according to Code.
 - (b) Ductwork shall be secured according to the manufacturer's instructions and specifications and it shall not move excessively.
 - (c) Ductwork shall be sealed and shall not separate or leak in excess of the standards set by the Code.

SECTION VIII: PERFORMANCE STANDARDS FOR FOUNDATIONS AND MAJOR STRUCTURAL COMPONENTS OF A HOME SUBJECT TO A MINIMUM WARRANTY PERIOD OF TEN YEARS

The following Performance Standards are applicable only in the Major Structural Component specifically stated in this Express Limited Warranty.

(A) PERFORMANCE STANDARDS FOR MAJOR STRUCTURAL COMPONENTS

- (1) Performance Standards for Slab Foundations.
 - (a) Slab foundations should not move differentially after they are constructed, such that a tilt or deflection in the slab in excess of the standards defined below arises from post-construction movement. The protocol and standards for evaluating slab foundations shall follow the "Guidelines for the Evaluation and Repair of Residential Foundations" as published by the Texas Section of the American Society of Civil Engineers (2002), hereinafter referred to as the "ASCE Guidelines" with the following modifications:
 - (b) Overall deflection from the original construction elevations shall be no greater than the overall length over which the deflection occurs divided by 360 (L/360) and must not have more than one associated symptom of distress, as described in Section 5 of the ASCE Guidelines, that results in actual observable physical damage to the home.
 - (c) The slab shall not deflect after construction in a tilting mode in excess of one percent from the original construction elevations resulting in actual observable physical damage to the components of the home.
 - (d) If measurements and associated symptoms of distress show that a slab foundation does not meet the deflection or tilt standards, a third-party inspector's recommendation shall be based on the appropriate remedial measures as described in Section 7 of the ASCE Guidelines.

(B) PERFORMANCE STANDARDS FOR MAJOR STRUCTURAL COMPONENTS OF A HOME OTHER THAN SLAB FOUNDATIONS

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

- (b) If a structural component of the home is deflected more than the ratios allowed by the Code, the builder shall to repair, reinforce or replace such structural component to restore the structural integrity of the home or the performance of the affected structural system.
- (4) Damaged structural components.
 - (a) A structural component shall not be so damaged that it compromises the structural integrity or performance of the affected structural system.
 - (b) If a structural component is so damaged that it compromises the structural integrity or performance of a structural system of the home, the builder shall take such action as is necessary to repair, reinforce or replace such structural component to restore the structural integrity of the home or the performance of the affected structural system.
- (5) Separated structural components.
 - (a) A structural component shall not separate from a supporting member more than $\frac{3}{4}$ of an inch or such that it compromises the structural integrity or performance of the system.
 - (b) If a structural component is separated from a supporting member more than $\frac{3}{4}$ of an inch or separated such that it compromises the structural integrity or performance of a structural system of the home, the builder shall take such action as necessary to repair, reinforce or replace such structural component to re-establish the connection between the structural component and the supporting member and to restore the structural integrity of the home and the performance of the affected structural system.
- (6) Non-performing structural components.
 - (a) A structural component shall function as required by the Code.
 - (b) If a structural component does not function as required by the Code, the builder shall take such action as is necessary to bring the variance within the standard.

SECTION IX: REQUEST FOR WARRANTY PERFORMANCE

(A) NOTICE TO WARRANTOR

- (1) If you believe your Home has a defect covered (and not excluded) under this warranty, you must notify the Warrantor (Builder) upon discovery of the defect in writing as provided below. This written request for warranty performance must be received no later than thirty (30) days after the expiration of the applicable warranty period. If the item is one that is warranted by your Warrantor (Builder) during the first year of coverage, a request for warranty performance must be received no later than thirty (30) days after the end of the first year to be valid. Notice to Warrantor (Builder) for one year workmanship/materials and two years delivery portion of systems should be reported as follows:
 - (a) If a Warranted Defect occurs in years one or two, you must notify Warrantor (Builder) in writing. Your request for warranty performance must clearly describe the Warranted Defect(s) in detail.
 - (b) Warrantor (Builder) will investigate and respond to your claim within thirty (30) days to determine whether the defects described in the complaint are covered under this Express Limited Warranty. You must provide Warrantor (Builder) a reasonable opportunity to inspect your Home if Warrantor (Builder) requests such an opportunity.
 - (c) Warrantor (Builder) will advise you in writing as to whether your complaint is a defect covered by this Express Limited Warranty. If it is, Warrantor (Builder) will perform repair work as described in this Express Limited Warranty which includes the Warrantor's (Builder's) option to make payment for the repair. If you added improvements which were not part of the Warrantor's (Builder's) original construction work, you are responsible for removal and/or repair of these items. Warranty repairs will be made during normal business hours.
 - (d) If Warrantor (Builder) does not respond to your request for warranty performance within thirty (30) days, you must give written notice to, the administrator (SHW). Such notice must be received no later than thirty (30) days after the expiration of the applicable warranty period or the request will be rejected. Should the builder default on their warranty obligation under the Workmanship and Delivery Portion of Systems coverage during years one (1) and two (2), a \$250.00 processing fee made payable to GIC is required.
 - (e) A request for warranty performance to Warrantor (Builder) does not constitute notice to the administrator (SHW) and it will not extend warranty coverage periods.
- (2) Notice to Warrantor (Insurer [GIC]) for Major Structural Components in years one through ten.
 - (a) If a defect related to a Major Structural Component occurs in years one through ten of the Express Limited Warranty, you must notify the administrator (SHW) in writing as provided in *Notice to Administrator (SHW)*, Subsection B below.
 - (b) Your request for warranty performance must describe the condition of the Warranted Structural Component in detail.

(B) NOTICE TO ADMINISTRATOR (SHW)

- (1) Written notice to SHW requesting warranty performance may be sent by email to info@strucsure.com or certified mail return receipt requested, to StrucSure Home Warranty, 6825 East Tennessee Avenue, Suite 410, Denver CO 80224.
- (2) Your written notice to SHW must contain the following information:
 - (a) SHW Home Enrollment Application number and Effective Date of Closing;

- (b) Builder's name and address;
- (c) Your name, address, email, and telephone number (including home, work, and cell numbers);
- (d) A specific description of the Defect(s);
- (e) A copy of any written correspondence with the Builder that is applicable to the Defect(s); and any photographs that would be helpful in describing the Defect(s).
- (f) A \$250.00 processing fee made payable to Golden Insurance Company, A Risk Retention Group (GIC).

Note: if you are the original owner with the original FHA/VA financing still in effect, a \$250 fee will be collected following the acceptance of Your Claim and the amount of the loss is determined.

SECTION X: MULTI-DWELLING UNIT COVERAGE

- 1) Subject to all provisions of this warranty, this coverage applies only to multi-dwelling unit buildings, such as: condominiums, townhouses and duplexes. In addition to the Exclusions section of this warranty (See Section IV), clubhouses, recreational facilities, exterior structures, exterior walkways, decks, balconies, arches or any non-residential structure(s) that are a part of the multi-dwelling unit building (whether attached or not) are not covered by this warranty. All other provisions of this warranty apply to this coverage, except as noted below.
- 2) If Your Home is an individual residence located within a multi-dwelling unit building, then Workmanship/Systems Coverage (if selected by the Builder) applies only to the components of the unit that You individually own. Workmanship/Systems Coverage is the same as stated elsewhere within this warranty, except as noted in this coverage section.
- 3) The Common Elements of the multi-dwelling unit buildings are only covered by this warranty if all units are enrolled in the One Year Workmanship/Materials and Two Year Delivery Portion of Systems Program. Coverage of the Common Element begins on the date the Certificate of Occupancy was issued for the building containing Your unit and Common Element Deficiencies must be reported within the applicable Warranty Term. In addition, coverage will not be provided for common element exterior stairways and landings, unless they are constructed entirely of metal or concrete (or in any combination of these two materials).
- 4) Should a request for warranty performance involve common elements of a multi-dwelling unit building, then owners of each unit affected by the common elements in need of warranty performance shall be responsible for the processing fee of \$250.00 per unit in the building or \$5,000 per building, whichever is less during years one and two for each warranty performance request submitted.
- 5) Should notification of a structural claim involve common elements of a condominium, then an authorized representative of the condominium association must make the request. The processing fee is \$250.00 per unit in the building or \$5,000 per building, whichever is less for each warranty performance request submitted.

SECTION XI: MEDIATION, INSPECTION, AND ARBITRATION

(A) MEDIATION AND INSPECTION

Within thirty (30) days following the Administrator's receipt of appropriate notice of request for warranty performance, the Administrator may review and mediate your request by communicating with you, your Builder and any other individuals or entities who the Administrator believes possess pertinent information. If, after thirty (30) days, the Administrator has not been able to successfully mediate your request, or at any earlier time when the Administrator believes that your Builder and you are at an impasse, then the Administrator will notify you that your request has become an unresolved warranty issue. At any time following the receipt of appropriate notice of your request for warranty performance, the Administrator may schedule an inspection of the item. You must provide the Administrator reasonable access during normal business hours for any such inspection. The Administrator, at its discretion, may schedule a subsequent inspection to determine Builder compliance.

When a request for warranty performance is filed and the deficiency cannot be observed under normal conditions, it is your responsibility to substantiate that the need for warranty performance exists including any cost involved. If properly substantiated, you will be reimbursed by the Warrantor.

(B) ARBITRATION

Note: The following applies only if agreed to by the Homeowner and the Builder in the sales contract. This provision does not exclude the right to proceed with judicial resolution of disputes on homes closed with FHA/VA insured mortgages.

The parties to this Express Limited Warranty intend that any and all claims, disputes and controversies by or between the homeowner, the Builder, the Insurer and/or SHW, or any combination of the foregoing, arising out of or related to this Express Limited Warranty, any alleged deficiency in or to the subject Home or the real property on which the subject Home is situated, or the sale of the subject Home by the Builder, including without limitation, any claim of breach of contract, negligent or intentional misrepresentation or nondisclosure in the inducement, execution or performance of any contract, including this arbitration agreement, or breach of any alleged duty of good faith and fair dealing, shall be settled by binding arbitration in a manner consistent within the arbitration agreement. Agreeing to arbitration means You are waiving Your right to a trial by a judge and/or a jury.

You must begin the arbitration process by giving the Administrator written notice of your request for arbitration of an

unresolved warranty issue. Within twenty (20) days after the Administrator's receipt of your notice of request for arbitration, any unresolved warranty issue that you have with the Warrantor shall be submitted to an independent arbitration service mutually agreed upon by you and the Administrator. If You and the Administrator cannot agree on an independent arbitration service, then both parties agree to use Construction Dispute Resolution Services (CDRS) for the arbitration. This binding arbitration is governed by the procedures of the Federal Arbitration Act, 9 U.S.C. 1 et seq., as amended (FAA), and any rules of the independent arbitration service employed by the parties to the arbitration. Should any conflict exist between the FAA and the rules of the independent arbitration service selected, the FAA shall control.

You understand that should you submit a request for arbitration, you will be required to pay all arbitration fees to the independent arbitration service prior to the issue being presented to the Arbitrator. You and the administrator agree that the arbitrator shall have the power to award the cost of any/all arbitration fees to any party or to split these fees among the parties to the arbitration.

Since this Express Limited Warranty requires mandatory binding arbitration of unresolved warranty issues, if any party hereto commences litigation in violation of this Express Limited Warranty, such party shall reimburse the other parties named in the litigation for their costs and expenses, including reasonable attorney fees, incurred in responding to and/or requesting dismissal or stay of such litigation. The parties to this Express Limited Warranty intend that no party to any arbitration hereunder may make a claim for punitive damages as part of the arbitration proceeding and that the arbitrator shall not have the authority to award punitive damages to any party hereto.

This arbitration agreement shall inure to the benefit of, and be enforceable by, the Builder's subcontractors, agents, vendors, suppliers, design professionals, insurers and any other person alleged to be responsible for any deficiencies in or to the subject Home or the real property on which the subject Home is situated. Any party shall be entitled to recover reasonable attorney's fees and costs incurred in enforcing this arbitration agreement. The decision of the arbitrator shall be final and binding and may be entered as a judgment in any State or Federal court of competent jurisdiction.

This arbitration agreement shall be deemed to be a self-executing arbitration agreement. Any disputes concerning the interpretation or the enforceability of this arbitration agreement, including without limitation, its revocability or voidability for any cause, the scope of arbitration issues, and any defense based upon waiver, estoppel or laches, shall be decided by the Arbitrator.

The initiation of or participation by any party in any judicial proceeding concerning this arbitration agreement or any matter arbitrable hereunder shall not be deemed a waiver of the right to enforce this arbitration agreement, and, notwithstanding any applicable rule of law to the contrary, shall not be asserted or accepted as a reason for delay, refusal to participate in, or refusal to enforce this arbitration agreement.

The arbitration hearing shall take place at or near the residence covered by the Express Limited Warranty unless both You and the administrator mutually agree to hold the arbitration at a different location.

The Insurer shall have the right, in advance of the arbitration proceeding, to re-inspect any Home which is the subject to the arbitration proceeding if the request for arbitration was made more than sixty (60) days following the last claim decision of the Insurer concerning such Home. No arbitration proceeding shall involve more than one single-family detached dwelling or more than one multi-dwelling unit building.

The parties expressly agree that this Express Limited Warranty and this arbitration agreement touch and concern interstate commerce and are governed by the provisions of the FAA and the rules of the independent arbitration service selected by the parties to the arbitration to the exclusion of any contrary or inconsistent state or local laws, ordinances, or judicial rules.

If any provision of this arbitration agreement shall be determined by the arbitrator or by any court to be unenforceable or waived, the remaining provisions shall be deemed to be severable and enforceable according to their terms. The duty to arbitrate hereunder survives the termination of this Express Limited Warranty.

Note: This provision does not exclude the right to proceed with judicial resolution of disputes on homes closed with FHA/VA insured mortgages.

(C) Limited Liability

Subject to the provisions of this warranty, the Builder's total aggregate limit of financial liability under this warranty shall not exceed the original sales price of the Home, as shown on the Home Enrollment Application; the Insurer's obligations under this warranty are limited to its obligations that are explained herein. The Insurer's total aggregate limit of financial responsibility under this warranty shall not exceed the original sales price of the Home, as shown on the Home Enrollment Application.

The aggregate obligation of Your Builder and the Insurer for all claims under this warranty is equal to the price of the Home listed on the Home Enrollment Application (HEA.) This means that every time Your Builder or the Insurer pays a claim or pays for a repair, that payment is deducted from the sales price of the Home listed on the HEA, once the total of paid claims and repairs equal the sales price of the Home on the HEA; there is no further warranty coverage. If the payment is made for the repair of a Common Element of a Condominium, the payment shall be deducted pro-rata from the sales price listed on the HEA for each unit in the building.

Neither repairs nor payments made under this warranty shall act to extend the Warranty Term. If at any time during the Warranty Term, the limit of liability has been reached, regardless of whether costs were incurred singularly or aggregately, the entire warranty is automatically and permanently terminated. Any rights You may have under this warranty are thereby automatically terminated.

The Insurer's liability for warranty performance shall be limited to only those units of a multi-dwelling unit building which have been warranted by StrucSure Home Warranty, L.L.C. The limit of liability shall be pro-rated based upon the number of warranted units under this warranty.

(D) ENFORCEMENT OF ARBITRATION AWARD

Note: An example that could extend the time frame as stated below would be inclement weather. In such circumstances, the Warrantor will complete such repairs or replacement as soon as possible without incurring overtime or weekend expenses.

- (1) If the arbitrator makes an award in favor of the Homeowner concerning a dispute under the Workmanship or Delivery Portion of Systems Coverage of this Warranty, then the Builder shall have sixty (60) days from the time the builder receives notice of the award to either: a) complete the repair(s) awarded, or b) complete a full payment for the cost of the repair(s) to the Homeowner. In the event that the Builder defaults on its warranty obligations under this compliance paragraph, then the Insurer will assume this responsibility.
- (2) If the arbitrator makes an award in favor of the Homeowner concerning a dispute under the Major Structural Defect Coverage of this Warranty, then the Insurer shall have ninety (90) days from the time the Insurer receives notice of the award to either: a) complete the repair(s) awarded, or b) complete a full payment for the cost of the repair(s) to the Homeowner. The arbitrator may grant an extension of time if complicated or time-consuming engineering investigation(s)/design development is involved in order to make the structural repairs.
- (3) In the event that the arbitrator makes an award in favor of the Homeowner regarding any other dispute (as described within this Section), then the party responsible for compliance with the award shall remedy the problems by either: a) completing repairs within ninety (90) days after receipt of the award or b) completing payment within ninety (90) days after receipt of the award.
- (4) Under no circumstance will any arbitrator be allowed to create, establish, or fix a monetary sum as an award to any arbitrating party, unless this is expressly agreed to by all of the arbitrating parties and the Insurer. The refusal of the Insurer to agree to a monetary award does not invalidate any provision stated.
- (5) Within twenty (20) calendar days immediately following the expiration of the applicable compliance period, the prevailing party may request a compliance inspection by contacting the Insurer in writing. Any cost associated with a compliance inspection must be pre-paid by the requesting party.

(E) CONDITIONS OF WARRANTY PERFORMANCE

- (1) Should the Warrantor pay for the reasonable cost of repair or replacement, you must sign and deliver to the Warrantor a full and unconditional release, in recordable form, of all legal obligations with respect to the Warranted Defects and any related condition(s) at the time of payment.
- (2) If the Warrantor elects to make a cash settlement for the reasonable cost of a warranted defect, the settlement must be in writing. The Homeowner shall have up to two (2) weeks to respond.
- (3) If the Warrantor repairs, replaces or pays you the reasonable cost to repair or replace a Warranted Item, the Warrantor shall be subrogated to all your rights of recovery against any person or entity. You must execute and deliver any and all instruments and papers and take any and all other actions necessary to secure such rights, including, but not limited to, assigning the proceeds of any insurance or warranties to the Warrantor. You shall do nothing to prejudice these rights of subrogation.

SECTION XII: WARRANTY PROVISIONS

- (1) This Express Limited Warranty is NOT an insurance policy, a maintenance agreement or a service contract.
- (2) This Express Limited Warranty provides coverage only in excess of coverage provided by other warranties or insurances, whether collectible or not.
- (3) This Express Limited Warranty is binding on Builder and you and your heirs, executors, administrators, successors and assigns.
- (4) This Express Limited Warranty is separate and apart from other contracts between you and Builder, including any sales agreements. It cannot be affected, altered or amended in any way by any other agreement, except by a formal written instrument signed by you, Builder, and the administrator (SHW)
- (5) If any provision of this Express Limited Warranty is determined by a court of competent jurisdiction to be unenforceable, that determination will not affect the validity of the remaining provision.
- (6) All notices required under this Express Limited Warranty must be in writing.
- (7) If performance under this Express Limited Warranty is delayed by an event beyond its control; such performance will be excused until the delaying effects of the event are remedied. Such events include, but are not limited to, acts of God or nature, acts of the common enemy, war, riot, civil commotion or sovereign conduct, or acts or omissions by you or a person or entity not a party to this Express Limited Warranty.
- (8) In this Express Limited Warranty, reference to a person includes entities and vice versa. Use of the singular includes the plural. Use of one gender includes the other gender.



STRUCSURE
HOME WARRANTY

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