



## ONE-YEAR LIMITED WARRANTY

| <u>CATEGORY</u>    | <u>OBSERVATION</u>  | <u>ACTION REQUIRED</u>   | <u>COMMENTS</u>   |
|--------------------|---|--|---|
| <b>1. CONCRETE</b> | 1.1 Concrete foundation wall cracks, other than expansion or control joints, cracks in load-bearing masonry walls | Non-structural shrinkage or settlement cracks are common and should be expected within certain tolerances.     | Any cracks 1/8" in width or greater will be repaired by surface patching or pointing - any larger and/or structural cracks will be investigated. Builder is not responsible for color variations. |
|                    | 1.2 Cracks in block or veneer walls (blocks, bricks and mortar joints)  | Minor settlement cracks are common and should be expected within certain tolerances.                           | Any cracks greater than 1/4" in width will be repaired by surface patching or pointing. Builder will not responsible color variations.  |
|                    | 1.3 Cracks in concrete basement floors  | Minor shrinkage (hairline) cracks are common and should be expected within certain tolerances.                 | Surface patching or other remedies will repair any cracks greater than 1/4" in width or 1/8" vertical displacement.   |
|                    | 1.4 Vertical or horizontal movement of concrete slabs at joints   | Concrete slabs are engineered to move at expansion and contraction joints.                                     | None  |
|                    | 1.5 Cracks in attached garage slab  | Shrinkage cracks are common and should be expected within certain tolerances.                                  | Patching, or other remedies will repair cracks exceeding 1/4" in width or 1/4" in vertical displacement.  |
|                    | 1.6 Concrete floors in rooms designed for living having pits, depressions or unevenness                           | Slopes purposefully created for drainage are covered.  | If the unevenness exceeds 1/4" in a 32" measurement, it will be corrected.  |
|                    | 1.7 Concrete slab cracks that cause finished floor coverings to rupture.  | Minor impressions in floor covering are not considered significant imperfection.                               | The problem will be corrected so that the defect is not readily noticeable when floor covering in piece.  |
|                    | 1.8 Powdering, scaling or pitting of concrete (aggregate showing or loose)  | If the problem is caused by erosion due to salt, chemicals or unusual weather, the Builder is not responsible. | If the deterioration occurs under normal use and conditions, the Contractor will repair. Coating or parging is an acceptable repair.  |

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| 1.9 Cracking, settling or heaving of stoops and steps                  | Stoops and steps should not settle or heave in relation to the house structure. Cracks 1/8" in width or greater in concrete steps is not acceptable. A separation of up to 1/2" is permitted where the stoop or steps abut the house or where an expansion strip has been installed | The Builder will take whatever corrective action is necessary to meet required standards. Where repair is made to the concrete surface, such repair will match the adjoining surfaces as closely as possible.                          |  |
| 1.10 Separation of brick or masonry edging from concrete slab and step | It is common for the joint to crack between concrete and masonry due to the dissimilarity of materials.   | Cracks in excess of 1/4" will be repaired. Builder can not match existing masonry material.  |  |
| <b>2. Lot Grading and Drainage</b>                                     | 2.1 Ground settlement around foundation and utility trenches that affect drainage away from the house   | Ground settlement should not disrupt water drainage from the house, although settlement up to 6" should be expected. The Homeowner is responsible for the removal and replacement of shrubs, grass, etc. not installed by the Builder. | If the Builder performed the final grading, the Builder will replace fill-in areas of settlement 6" or more - one time only. The Builder is responsible for the removal and replacement of shrubs, grass, etc., which he installed.  |
|  | 2.2 Improper grades and swales which cause standing water and affects the drainage in the immediate area surrounding the home   | After normal rainfalls, water should not stand in yard for more than 24 hours nor 48 hours in swales. No decision regarding coverage will be made while frost or saturation exists on the ground.                                      | The. Builder is responsible for establishing the proper grades and swales. After that, the Homeowner is responsible for maintaining them.  |
| <b>3. Foundation Waterproofing</b>                                     | 3.1 Water leaking into basement or crawl space  | Dampness of floors and walls is common and not covered by this and accumulation) warranty. The Builder will not be responsible if the cause is improper landscaping, maintenance or negligence by the Homeowner.                       | Actual leakage of water (actual flow and accumulation) into the basement and crawspace will be corrected, except where the cause is determined to be the result of Homeowner negligence. Where a sump pit has been installed by the Builder in the affected area, but the sump pump was not contracted for or installed by the Builder, no action is required until a properly sized pump is installed by the Homeowner in an attempt to correct the condition. Should the condition continue to exist, then the Builder shall take necessary action to correct the leakage. |
| <b>4. Carpentry</b>  | 4.1 Floors squeak, due to improper installation or loose subfloors  | A large area of floor squeak, which is noticeable, loud and objectionable, is a defect. A squeak-proof floor cannot be guaranteed. An isolated floor squeak is not a defect.   | The Builder will correct the squeaks, if caused by faulty construction within reasonable repair capability. Where a finished ceiling exists under the floor, the corrective work may be attempted from the floor side. Where necessary, remove the finish floor materials to make the repair and reinstall or replace if damaged.  |

|                               |     |  |   |   |
|-------------------------------|-----|--|---|---|
|                               | 4.2 | Wood frame walls out of plumb  | Wood frame walls that are out of plumb more than 3/4" in an 8' vertical measurement is a deficiency.  | The Contractor will correct to meet warranty standards.   |
| <b>5. Insulation</b>          | 5.1 | Air infiltration from electrical outlets                                   | Electrical connection boxes are backed by the exterior wall, which may cause air infiltration. This is common in new construction.  | None  |
| <b>6. Roofing</b>             | 6.1 | Roof leaking   | The roof should not leak and no leaks should arise from flashings, except where snow and ice are allowed to build up. Prevention of snow and ice buildup is the Homeowner's responsibility. | All roof and flashing leaks not caused by snow and ice buildup or other neglect by the Homeowner will be repaired. The Builder is not responsible for color variations. |
|                               | 6.2 | Leaks in gutters and downspouts leaders                                    | Gutters and leaders should not leak. However, during heavy rains, overflow should be expected. The Homeowner is responsible for keeping the gutters and leaders open and free from debris.  | Leaks not caused by Homeowner's neglect will be repaired.   |
|                               | 6.3 | Water stays in gutters   | Homeowner is responsible for keeping gutters and leaders open and free from debris.   | Builder will repair, so that if free from debris, the standing water depth will not exceed 1".  |
|                               | 6.4 | Insufficient attic or. roof ventilation                                    | The applicable building codes will control.   | Builder will correct to meet the applicable code requirements.  |
|                               | 6.5 | Lifted, curled or torn roof shingles                                       | Roof shingles that lift, curl or tear loose during normal weather conditions is a deficiency.   | The Builder will repair or replace lifted, curled or torn roof shingles which have been improperly installed.   |
| <b>7. Siding and Caulking</b> | 7.1 | Faulty workmanship trim  | Separation between siding, masonry and trim should not exceed 3/8". Siding, trim and masonry should be capable of excluding the elements.   | Builder will repair by caulking or other methods.   |
|                               | 7.2 | Leakage of elements through attic louvers, vents and ridge or soffit vents | Even if vents are installed according to building codes, driving snow or rain may enter. This is not a defect.  | Builder will correct if caused by improper installation.  |
|                               | 7.3 | Wall leaks due to caulking shrinkage                                       | All caulking shrinks, and replacement is a Homeowner's maintenance item.  | Homeowner responsibility.   |

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| 7.4                         | Paint or stain peels or fades | Some fading is normal and caused by weathering. Varnish or lacquer on the exterior will deteriorate quickly and is not covered by this warranty. Mildew and fungus on siding are caused by climatic conditions or nearby bodies of water and are not covered by this warranty. | Defective areas will be corrected, and if the deterioration affects 75% of a wall, the entire area will be refinished. The Builder will be responsible only for matching color as closely as possible.   |
| 7.5                         | Cracks in stucco wall finish  | Cracks in stucco wall finishes are common and should be expected within certain tolerances.  | Cracks in excess of 1/8" will be repaired once. The Builder is not responsible to match the pointing or patching.  |
| <b>8. Windows and Doors</b> | 8.1                           | Warpage of doors—passage and closet  | Some warping, especially of exterior doors, is normal and is caused by surface temperature changes. Such warping, however, should not cause the doors to become unusable to allow entrance of the elements and should not exceed 1/4" measured diagonally, vertically or horizontally. |
|                             | 8.2                           | Shrinkage of door panels   | Expansion and contraction is normal and may cause unfinished surfaces to appear.   |
|                             | 8.3                           | Door panel splits  | Some splitting is normal and should be expected within certain tolerances.   |
|                             | 8.4                           | Glass breakage   | Broken glass must be documented to the Builder prior to first occupancy.   |
|                             | 8.5                           | Windows do not operate   | Reasonable pressure should open and close windows. Condensation and frost on windows are caused by climatic conditions and living habits of the Homeowner and is not covered by this warranty.   |
|                             | 8.6                           | Drafts around windows and doors  | Some draft is normal and can be corrected with storm windows.  |
|                             | 8.7                           | Door binds against jamb or head of doorframe. Does not latch   | Passage doors that do not open and close freely, without binding against the doorframe, is a deficiency. The door must latch to maintain a closed position.  |
|                             | 8.8                           | Bottom of doors rub on carpet surface  | Where it is understood by the Builder and Homeowner that carpet is planned to be installed as a floor finish, whether by the Builder or the  |

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Homeowner, the bottom of the doors, which rub or disturb the carpet, is a deficiency

8.9 Excessive opening at the bottom of interior doors

Passage doors from room-to-room that have an opening between the bottom of the door and the floor finish material in excess of 1 1/2" is a deficiency. Closet doors having an opening in excess of 2" is a deficiency.

The Builder will make necessary adjustments or replace the door to meet required tolerances.

8.10 Screen panels do not fit properly. Screen mesh is torn or damaged.

Rips or gouges in the screen-mesh must be documented by the Homeowner prior to occupancy. The screen panels shall fit properly.

The Builder will adjust screen panels to fit in the frame properly, one time only. Where tears or gouges are reported prior to occupancy, the Builder will repair or replace.

**9. Interior Walls and Trim**

9.1 Faulty workmanship trim

Some separations in moldings, between moldings and adjacent surfaces (including casement, base, etc.), are normal and should be expected within certain tolerances.

Separation in excess of 1/8" will be repaired by caulking or other method.

9.2 Gypsum wallboard; wall and ceiling cracks and poor workmanship

Hairline cracks and seam or tape cracks, along with other slight imperfections are normal and should be expected within certain tolerances. Depressions or slight mounds at nail heads are common and due to contraction and expansion of lumber products.

The Builder will repair wall and ceiling cracks exceeding 1/8" in width once.

9.3 Cracking of ceramic wall tile and grout

Cracking of grout joints is common and is a Homeowner maintenance responsibility, after the first year of warranty. Open cracks or loose grouting, where the wall surface abuts the flashing lip at a tub or shower basin, are considered a Homeowner's maintenance item and any resultant damage to other finished surfaces due to leaks, etc. are not covered by this warranty.

The Builder will replace cracked or broken tiles only when noted on the pre-settlement walk-through.

9.4 Wallpaper or covering begins to peel

The Homeowner should be careful not to cause this problem by negligence, such as consistent use of the shower without an exhaust fan being on. Mismatches on wallpaper edging are not covered.

The Builder is not responsible for wallpaper installed by Homeowner.

9.5 Interior paint not applied in a manner sufficient to visually cover wall, ceiling and trim surfaces

The Builder will repaint wall, ceiling or trim surfaces where inadequate paint has been applied. Where 75% of an area is affected the

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entire surface shall be repainted.

9.6 Lumps, ridges and nail pops in wallboard which appear after Homeowner has wall covering installed by others

The Homeowner shall insure that the surface to receive wall covering is suitable and assumes full responsibility should lumps, ridges and nail pops occur.

None.

**10. Flooring and Covering**

10.1 Nails popping through resilient flooring

Only nails that have broken through the floor covering will be repaired.

The nail pops will be repaired and the covering repaired or replaced in the damaged area. Builder is not responsible for discontinued patterns or colors or for variation in color.

10.2 Sub-floor imperfections causing ridges

Minor ridges or indentations are common, and should be expected within certain tolerances.

Ridges or indentations in excess of 1/8", (measured with a straight edge perpendicularly over the ridge and the deflection, measured no more than 3" from the ridge), will be repaired and affected floor covering will be repaired or replaced. Builder is not responsible for discontinued patterns or colors or for variations in color.

10.3 Floor covering becomes loose at edges

Homeowner maintenance is required.

The affected area will be repaired or replaced. Builder is not responsible for discontinued patterns or colors or for variations in color.

10.4 Gaps in seams of resilient coverings

Minor gaps are common and should be expected within certain tolerances.

Gaps in excess of 1/8" will be repaired or replaced at the affected area. Builder is not responsible for discontinued patterns or colors or for variations in color. Where dissimilar materials abut, a gap in excess of 3/16" will be repaired.

10.5 Gaps in carpet seams

Seams will be apparent. Spotting or fading of carpet is not covered by this warranty.

The carpet will be repaired or restretched if necessary so gaps are not visible.

10.6 Hard surface flooring (f lag-stone, marble, quarry tile, slate, ceramic tile, etc.) cracks or becomes loose

Hard surface flooring should not crack or become loose. Cracking and loosening of hard surface flooring caused by Homeowner's negligence is not a defect.

The Builder will repair or replace if noted on the pre-settlement walk-through.

10.7 Cracks appear in grouting of ceramic floor tile joints or at junctions with other materials, such as a bathtub or shower

Cracks in grouting of ceramic floor tile are defects. Regrouting of these cracks is a maintenance responsibility of the Homeowner after the first year of the warranty.

None

10.8 Carpeting comes loose or excessive stretching occurs

The Builder will resecure loose carpeting one time only.

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10.9 Spots on carpet, minor fading

Spots or stains on the carpeting are a defect, if reported on a pre-closing walk-through inspection report.

The Builder will remove spots and stains on a one-time basis, if reported on a pre-closing walk-through.

**11. Cabinets and Counter Tops**

11.1 Vanity or kitchen countertops or cabinets chip, crack or delaminate

Cracks and chips including porcelain and fiberglass fixtures, not reported to the Builder prior to occupancy, will not be covered by this warranty.

The Builder will correct if reported on pre-settlement walk-through.

11.2 Cabinet doors or drawers warp

Minor warpage is common and should be expected within certain tolerances.

The Builder will correct is warp exceeds 3/8" as measured from cabinet frame.

11.3 Cabinet separates from wall or ceiling

Some separation is common and should be expected within certain tolerances.

Separation in excess of 1/4" will be repaired by caulking.

**12. Cooling and Heating**

12.1 Insufficient cooling

Where applicable, the cooling system should be able to maintain a temperature of 78° (measured 5' above the center of the floor) in the affected room. On excessively hot days, where outside temperatures exceeds 95°, a difference of 17° from outside temperature will be difficult to maintain. All rooms may vary in temperature by as much as 4°. The homeowner is responsible for minor adjustments such as balancing dampers and registers.

The Builder will correct the system so that it will perform as described.

12.2 Insufficient heating

The heating system should be able to maintain a 70° (measured 5' above the center of the floor). The Homeowner is responsible for minor adjustments such as balancing dampers and registers. On extremely cold days a 6° difference between the actual inside temperature and the thermostat setting is acceptable. All rooms will vary in temperature by as much as 4°. This is acceptable.

The Builder will repair the system so that it will perform as described.

12.3 Ductwork noisy

When metal ducts heat and cool, some noise will result.

The Builder will correct the oil canning noise, if caused by improper installation.

**13. Plumbing**

13.1 Plumbing pipes freeze

The Homeowner is responsible for maintaining suitable temperatures in the home to prevent pipes from freezing. Proper winterization is a Homeowner's maintenance item.

The Builder will correct is due to faulty workmanship or materials.

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| 13.2 Plumbing fixtures, appliances and trim fittings, leaks or malfunctions | Leakage caused by work or defective washers or seal is a Homeowner maintenance item.   | Leaks or malfunction in faucets, valves, appliances and trim fittings. caused by defects in materials or workmanship will be corrected. |
| 13.3 Pipes noisy  | Expansion and contraction, caused by water flow, will cause some noise, which is to be expected.   | Loud hammering noises in pipes will be corrected if due to improper installation.   |
| 13.4 Cracks or chips in porcelain or fiberglass                             | The Homeowner should inspect these items before taking occupancy and report them to the Builder prior to occupancy.  | The Builder will be responsible for these items, only if reported prior to occupancy.   |
| 13.5 Staining of plumbing fixtures due to high iron content in water        | High iron content in the water supply system will cause staining of plumbing fixtures. Maintenance and treatment of the water is the Homeowner's responsibility. | None  |

**14. Electrical**

|  |  |  |
|--|--|--|
| 14.1 Outlets, switches or fixtures fail or malfunction.        |  | Defective outlets, switches and fixture will be repaired.                  |
| 14.2 Consistently blown fuses and circuit breakers kicking off | The Builder will not be responsible if caused by overloads in the system. GFI (Ground Fault Interrupters) are intended to trip as a safety factor. | The Builder will inspect and repair if tripping occurs under normal usage. |



PRESENTS

## 10 YEAR WRITTEN WARRANTY FOR NEW HOMES

Within 90 days after receiving this Warranty book, you should receive a validation sticker from RWC. If you do not, contact your **Builder** to verify that the forms were properly processed and sent to RWC. You do **not** have a warranty without the validation sticker.

Place validation sticker here.  
Warranty is invalid without sticker.

*This Limited Warranty does not cover consequential or incidental damages. Warrantor's total aggregate liability of this Limited Warranty is limited to the Final Sales Price listed on the Application For Warranty form.*

*The Builder makes no housing merchant implied warranty or any other warranties, express or implied, in connection with the attached sales contract or the warranted Home, and all such warranties are excluded, except as expressly provided in this Limited Warranty. There are no warranties which extend beyond the face of this Limited Warranty.*

*Some states do not allow the exclusion or limitation of incidental or consequential damages by the Builder so all of the limitations or exclusions of this Limited Warranty may not apply to you.*

For your Limited Warranty to be in effect, you should receive the following documentation:

- Limited Warranty #319 • Application For Warranty form #316 (Refer to I.B.3. for applicability) •
- Validation Sticker #385 •

Insurer: Western Pacific Mutual Insurance Company, A Risk Retention Group



# RESIDENTIAL WARRANTY CORPORATION

5300 Derry Street, Harrisburg, PA 17111-3598

(717) 561-4480 FAX (717) 561-4494

*Dear Home Buyer,*

*Congratulations on the purchase of your new home. This is probably one of the largest, most important investments you've ever made and we wish you many years of enjoyment. You've chosen a home built by a leading Builder which includes the RWC Limited Warranty, assurance that your investment is well protected. This book explains the Limited Warranty in its entirety, and we encourage you to take time to READ IT CAREFULLY.*

*This Limited Warranty provides you with protection in accordance with this warranty book for ten full years of home ownership. During the first two years, your Builder is responsible for specified warranty obligations. In the unlikely event your Builder is unable or unwilling to perform, the Warranty is provided subject to the conditions, terms and exclusions listed. For the remaining eight years, your Warranty applies to Major Structural Defects as defined in this book.*

*This is not a warranty service contract, but a written ten year limited warranty which your Builder has elected to provide with your home.*

*Take time now to read this book. Familiarize yourself with the Warranty and its limitations. Contact your Builder regarding specific construction standards and how they apply to your home.*

*Again, congratulations and enjoy your new home!*

*Very truly yours,*

**RESIDENTIAL  
WARRANTY  
CORPORATION**

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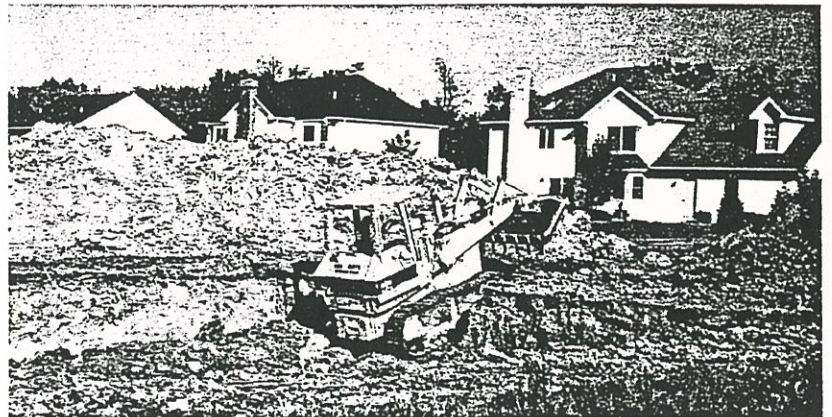
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## Section

### I. Definitions

#### A. Introduction

To help you better understand your Limited Warranty, refer to the following list of definitions which apply in this book.

#### B. Definitions

##### 1. Administrator

Residential Warranty Corporation (RWC) is the Administrator of this Limited Warranty. RWC is neither Warrantor nor Insurer.

##### 2. Appliances and Items of Equipment, including Attachments and Appurtenances

Water heaters, pumps, stoves, refrigerators, compactors, garbage disposals, ranges, dishwashers, washers and dryers, bathtubs, sinks, commodes, faucets, light fixtures, switches, outlets, thermostats, furnaces and oil tanks, humidifiers, oil purifiers, air conditioning materials, in-house sprinkler systems and similar items.

##### 3. Application For Warranty

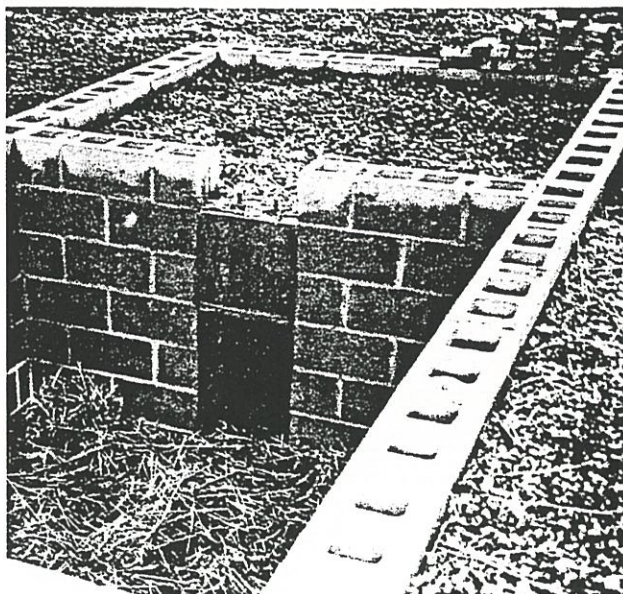
The form signed at closing by you, the Purchaser, and your Builder which identifies the location, the Effective Date Of Warranty and the Final Sales Price of the enrolled Home. If the Builder is participating in the RWC electronic enrollment process, the Application for Warranty form is eliminated.

##### 4. Arbitrator

A representative of the National Academy of Conciliators or another independent arbitration service agreed upon by you, the Purchaser, and the Administrator to determine coverage on an Unresolved Warranty Issue.

##### 5. Builder

The person, corporation, partnership or other entity which participates in the RWC Limited Warranty Program and has obtained this Limited Warranty for you.



#### 6. Building Codes

The following codes are acceptable to the Insurer of the Limited Warranty:

##### a. Building Codes

- (1) CABO 1 & 2 Family Dwelling Code
- (2) National Building Code (BOCA)
- (3) Standard Building Code (SBCCI)
- (4) Uniform Building Code (ICBO)

##### b. Mechanical Codes

- (1) CABO 1 & 2 Family Dwelling Code
- (2) National Mechanical Code (BOCA)
- (3) Standard Mechanical Code (SBCCI)
- (4) Uniform Mechanical Code (ICBO)

##### c. Plumbing Codes

- (1) CABO 1 & 2 Family Dwelling Code
- (2) International Plumbing Code
- (3) National Plumbing Code (BOCA)
- (4) Standard Plumbing Code (SBCCI)
- (5) Standard Gas Code (SBCCI)
- (6) Uniform Plumbing Code (ICBO)

##### d. Electrical Codes

- (1) CABO 1 & 2 Family Dwelling Code
- (2) National Electrical Code (BOCA)

#### 7. Consequential Damages

All consequential damages including, but not limited to, damage to the Home that is caused by a warranted Defect but is not itself a warranted Defect and costs of shelter, transportation, food, moving, storage or other incidental expenses related to relocation during repairs.

#### 8. Cooling, Ventilating and Heating Systems

All ductwork, refrigerant lines, steam and water pipes, registers, convectors and dampers.

#### 9. Defect

A condition of any item warranted by this Limited Warranty which exceeds the allowable tolerance specified in this Limited Warranty. Failure to complete construction of the Home or any portion of the Home, in whole or in part, is not considered a Defect.

#### 10. Effective Date Of Warranty

The date coverage begins as specified on the Application for Warranty form. If the builder is participating in the electronic enrollment process, the effective date is date of closing or occupancy, whichever occurs first.\*

#### 11. Electrical Systems

All wiring, electrical boxes and connections up to the house side of the meter base.

#### 12. Home

The single family dwelling, identified on the Application For Warranty form, which may be a townhome, condominium or duplex.

#### 13. Insurer

Western Pacific Mutual Insurance Company, a Risk Retention Group (WPIC). Located at 1655 Lafayette Street, Suite 200, Denver, CO 80218.

## Section

### I.

#### Definitions (continued)

#### 14. Limited Warranty

The terms and conditions contained in this book including any applicable addenda.

#### 15. Major Structural Defects (MSD)

All of the following conditions must be met to constitute a Major Structural Defect:

- a. actual physical damage to one or more of the following specified load-bearing segments of the home;
- b. causing the failure of the specific major structural components; and
- c. which affects its load-bearing function to the degree that it materially affects the physical safety of the occupants of the home.

Load-bearing components of the home deemed to have MSD potential:

- (1) roof framing members (rafters and trusses);
- (2) floor framing members (joists and trusses);
- (3) bearing walls;
- (4) columns;
- (5) lintels (other than lintels supporting veneers);
- (6) girders;
- (7) load-bearing beams; and
- (8) foundation systems and footings.

Examples of non-load-bearing elements deemed 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 subflooring material;
- (5) brick, stucco, stone or veneer;
- (6) any type of exterior siding;
- (7) roof shingles, sheathing\* and tar paper;
- (8) heating, cooling, ventilating, plumbing, electrical and mechanical systems;
- (9) appliances, fixtures or items of equipment; and
- (10) doors, trim, cabinets, hardware, insulation, paint and stains.

#### 16. Owner

See Purchaser.

#### 17. Plumbing Systems

All pipes located within the Home and their fittings, including gas supply lines and vent pipes.

#### 18. Purchaser

You. The Purchaser includes the first buyer of the warranted Home and any and all subsequent owners who take title within the warranty period.

#### 19. Residence

See Home.

#### 20. Sewage Disposal System (Private or Public)

This system includes, but is not limited to, all waste, drainage, sewer pipes and lines, cleanouts, tanks, pumps, drainfields and seepage pits, outside and beyond the exterior wall of the Home.

#### 21. Structurally Attached

An integral part of the Home being structurally supported by footings, block walls or reinforced concrete and connected to the foundation of the Home.

#### 22. Unresolved Warranty Issue

All requests for warranty performance, demands, disputes, controversies and differences that may arise between the parties to this Limited Warranty that cannot be resolved among the parties. An Unresolved Warranty Issue may be a disagreement regarding:

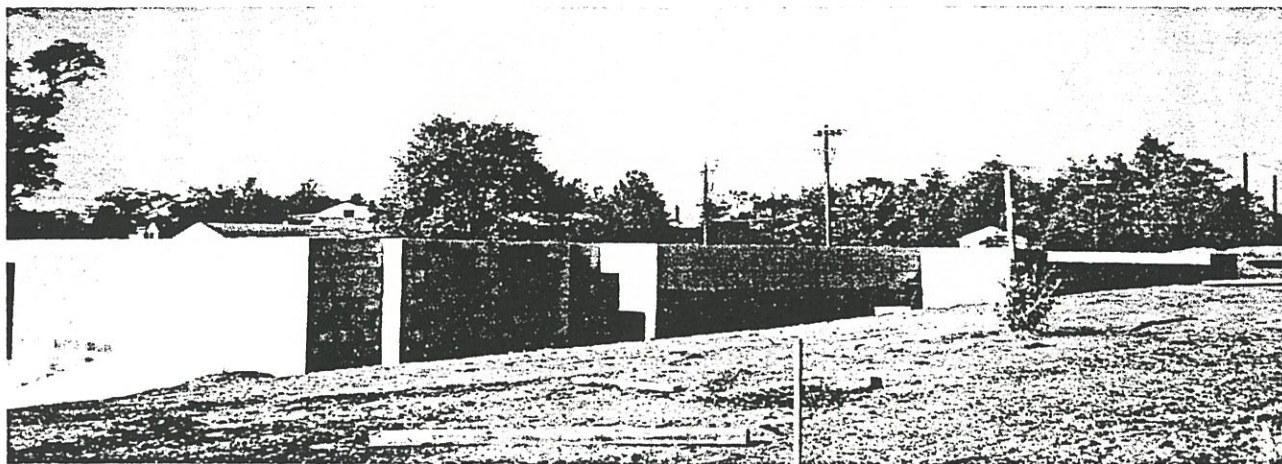
- a. the coverages in this Limited Warranty;
- b. an action performed or to be performed by any party pursuant to this Limited Warranty;
- c. the cost to repair or replace any item covered by this Limited Warranty.

#### 23. Warrantor

Your Builder in Years 1 and 2; the Insurer in Years 3 through 10 and in Years 1 and 2 if your Builder defaults.

#### 24. Water Supply System (Private or Public)

This system includes, but is not limited to, all supply and distribution pipes, fittings, valves, pumps and wells, outside the exterior wall of the Home, which supply water to the Home.



## Section

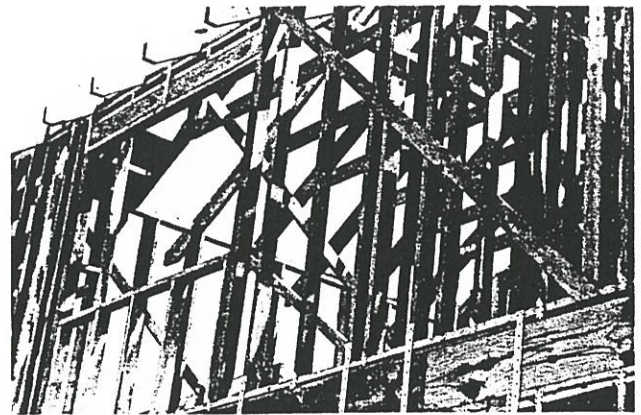
## II. The Limited Warranty

### A. Introduction to the Limited Warranty

1. This book provides specific details, conditions and limitations of the Limited Warranty including procedures for requesting warranty performance and for binding arbitration, in accordance with the procedures of the Federal Arbitration Act. Additional information may be received by calling RWC at (717) 561-4480. Read this document in its entirety to understand the protection it affords, the exclusions applicable to it, the Warranty Standards which determine its interpretations and operation and your responsibilities.
2. This is NOT an insurance policy, a maintenance agreement or a service contract. It is an explanation of what you, the Purchaser, can expect from this Limited Warranty.
3. Appliances and Equipment included in the Home are not warranted under this Limited Warranty, but may be covered by separate warranties provided by the manufacturer or supplier. These warranties are passed on to you by your Builder at closing and are separate from this Limited Warranty.
4. You are responsible for maintenance of your new Home. General and preventative maintenance are required to prolong the life of your new Home.
5. This Limited Warranty is **automatically transferred** to subsequent Owners during the ten-year term of this Limited Warranty.
6. This Limited Warranty is subject to changes required by various regulating bodies. FHA and VA, as well as some local agencies have mandated the additions noted in the Addenda Section of this Limited Warranty book. Notations throughout indicate where the Addenda apply.

### B. The Limited Warranty

1. **Actions taken to cure Defects will NOT extend the periods of specified coverages in this Limited Warranty.**
2. Only warranted elements which are specifically designated in the Warranty Standards are covered by this Limited Warranty.
3. The Warrantor has the choice to repair, replace or pay the reasonable cost to repair or replace warranted items which do not meet Warranty Standards and are not excluded in the Limited Warranty.
4. If a warranted MSD occurs during the appropriate coverage period, and is reported as required in **Section IV**, the Warrantor will repair, replace or pay you the reasonable cost to repair or replace the warranted MSD, limited to actions necessary to restore the MSD to its load-bearing capacity.



### C. Warranty Coverage

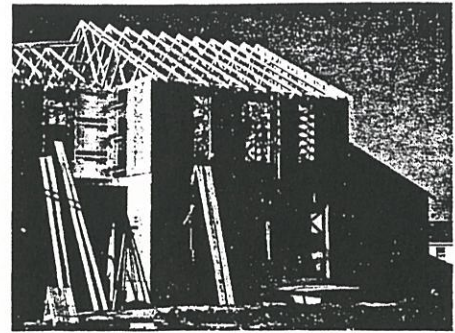
1. **ONE YEAR COVERAGE:** Your Builder warrants that for a period of one (1) year after the Effective Date Of Warranty, warranted items will function and operate as presented in the Warranty Standards of Year 1, **Section III.A**. Coverage is ONLY available where specific Standards and Actions are represented in this Limited Warranty.\*
2. **TWO YEAR COVERAGE:** Your Builder warrants that for a period of two (2) years from the Effective Date Of Warranty, specified portions of the heating, cooling, ventilating, electrical and plumbing systems, as defined in this Limited Warranty, will function and operate as presented in the Warranty Standards of Years 1 and 2 only, **Section III.B**.<sup>‡</sup>
3. **TEN YEAR COVERAGE:** Major Structural Defects (MSD) are warranted for ten (10) years from the Effective Date Of Warranty.  
Your Builder is the Warrantor during Years 1 and 2 of this Limited Warranty and the Insurer is the Warrantor in Years 3 through 10.
4. **CONDOMINIUM COVERAGE:** This Limited Warranty shall only apply to warranted common elements. Warranted common elements are those portions of the defined electrical, heating, ventilating, cooling, plumbing and structural systems which serve two (2) or more residential units, and are contained wholly within a residential structure. Warranty coverage for common elements shall be for the same periods and to the same extent as similar or comparable items in individual residential units. Examples of common elements which are covered by this Limited Warranty are hallways, meeting rooms and other spaces wholly within the residential structure designated for the use of two (2) or more units.

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Examples of common elements which are not covered under this Limited Warranty are club houses, recreational buildings and facilities, exterior structures, exterior walkways, decks, balconies, arches or any other non-residential structure which is part of the condominium.

**D. Conditions\***

1. This Limited Warranty provides coverage only in excess of coverage provided by other warranties or insurance, whether collectible or not.
2. This Limited Warranty is binding on the Builder and you and your heirs, executors, administrators, successors and assigns.
3. This Limited Warranty shall be interpreted and enforced in accordance with the laws of the state in which the Home is located.
4. This Limited Warranty is separate and apart from your contract and/or other sales agreements with your Builder. It cannot be affected, altered or amended in any way by any other agreement which you may have.
5. This Limited Warranty cannot be modified, altered or amended in any way except by a formal written instrument signed by you, your Builder and the Administrator.
6. If any provision of this Limited Warranty is determined by a court of competent jurisdiction to be unenforceable, that determination will not affect the validity of the remaining provisions.
7. All notices required under this Limited Warranty must be in writing and sent by certified mail, postage prepaid, to the recipient's address shown on the Application For Warranty form, or to whatever address the recipient may designate in writing.
8. If actions by the Warrantor on any obligations under this Limited Warranty are 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, acts of the common enemy, war, riot, civil commotion or sovereign conduct, or acts or omissions by you or any other person not a party of this Limited Warranty.
9. If your Builder fails to complete any part of the Home that is reasonably foreseeable to cause structural damage to the Home, then it is your responsibility to complete such parts of the Home to avoid the structural damage. If you fail to complete the work, then any resulting structural damage is not covered under this Limited Warranty.
10. Costs incurred for unauthorized repairs to warranted items are not reimbursable. Written authorization prior to incurring expenses must be obtained from the Administrator.



11. Whenever appropriate, the use of one gender includes all genders and the use of the singular includes the plural.
12. Under this Limited Warranty, the Warrantor is not responsible for exact color, texture or finish matches in situations where materials are replaced or repaired, or for areas repainted or when original materials are discontinued.
13. Your Builder must assign to you all manufacturers' warranties on products included in the Final Sales Price of your Home. Neither the Insurer nor the Administrator shall not be liable for your Builder's failure to do so.
14. You are responsible for establishing a written, final walk-through inspection list of items in need of service prior to occupancy or closing, whichever is first. This list must be signed and dated by you and your Builder. Keep a copy for your records.

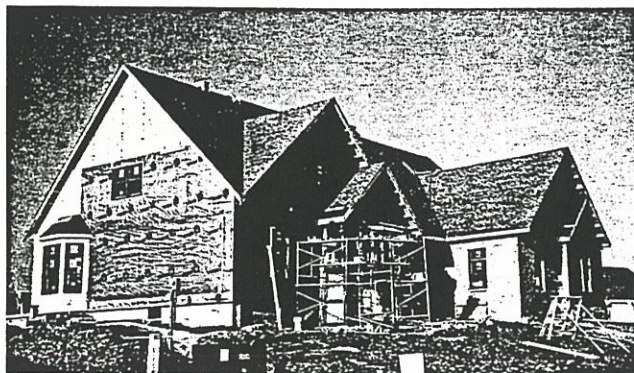
**E. Exclusions**

**The following are NOT covered under this Limited Warranty:**

1. Loss or damage:
  - a. to land.
  - b. to the Home, persons or property directly or indirectly caused by insects, birds, vermin, rodents, or wild or domestic animals.
  - c. which arises while the Home is used primarily for non-residential purposes.
  - d. caused by soil movement, including subsidence, expansion or lateral movement of the soil which is covered by any other insurance or for which compensation is granted by legislation.\*
  - e. resulting directly or indirectly from flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these (whether or not driven by wind), water which backs up from sewers or drains, changes in the water table which were not reasonably foreseeable, water below the surface of the ground (including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool, or other structure), wetlands, springs or aquifers.

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- f. from normal deterioration or wear and tear.
  - g. caused by material or work supplied by anyone other than your Builder or its employees, agents or subcontractors, including the items listed as additional exclusions on the Application For Warranty form.
  - h. from your or the condominium association's failure to perform routine maintenance on the Home, common areas, common elements or your or the condominium association's grounds.
  - i. after Year 1, to, resulting from, or made worse by all components of structurally attached decks, balconies, patios, porches, porch roofs and porticos.
  - j. after Year 1, to, resulting from, or made worse by elements of the Home which are constructed separate from foundation walls or other structural elements of the Home such as, but not limited to, chimneys and concrete floors of basements and attached garages.
  - k. to wiring, to and between communication devices from the source of power, whether or not connected to the interior wiring system of the Home. Such devices shall include, but not be limited to, telephone systems, television cable systems, intercom systems, computer systems and security systems. Sources of power shall include, but not be limited to, service entrance conductors, switches, outlets, receptacles and junction boxes.
2. Loss or damage resulting from, or made worse by:
- a. changes in the grading of the property surrounding the Home by anyone except your Builder or its employees, agents or subcontractors.
  - b. changes in grading caused by erosion.
  - c. modifications or additions to the Home, or property under or around the Home, made after the Effective Date Of Warranty (other than changes made in order to meet the obligations of this Limited Warranty).
  - d. intrusion of water into crawl spaces.\*
  - e. the weight and/or performance of any type of waterbed or any other furnishing which exceeds the load-bearing design of the Home.
  - f. the presence or consequence of unacceptable levels of radon, formaldehyde, carcinogenic substances or other pollutants and contaminants; or the presence of hazardous or toxic materials resulting in uninhabitability or health risk within the Home.
  - g. acts or omissions by you, your agents, employees, licensees, invitees; accidents, riots, civil commotion, nuclear hazards, acts of God or nature, fire, explosion, blasting, smoke, water escape, windstorms, hail, lightning, ice, snow, falling trees, aircraft, vehicles, flood, mud slides, sinkholes, mine subsidence, faults, crevices, earthquake, land shock waves or tremors occurring before, during or after a volcanic eruption.
  - h. your failure to perform routine maintenance.
  - i. your failure to minimize or prevent such loss or damage in a timely manner.
  - j. defects in, but not limited to: recreational facilities; driveways; walkways; patios, porches and stoops not structurally attached; decks and balconies which are not bolted to or cantilevered from the main structure of the Home; boundary and/or retaining walls; bulkheads; fences; landscaping, sodding, seeding, shrubs, trees and plantings; subsurface drainage systems (other than footer drains); lawn sprinkler systems; off-site improvements, including streets, sidewalks, adjacent property and the like; or any other improvements not part of the Home itself.
  - k. defects in detached garages or outbuildings (except those which contain plumbing, electrical, heating, cooling or ventilating systems serving the Home, and then only to the extent where Defects would affect these systems). A detached garage is one which is constructed on its own foundation, separate and apart from the foundation of the Home. A breezeway, fence, utility line or similar union shall not cause a garage or outbuilding to be considered attached.
  - l. negligent maintenance or operation of the Home and its systems by anyone other than your Builder or its agents, employees or subcontractors.
  - m. any portion of a Water Supply System, private or public, including volume and pressure of water flow.\*
  - n. quality and potability of water.
  - o. any portion of a Sewage Disposal System, private or public, including design.\*



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3. Failure of your Builder to complete construction of the Home or any part of the Home on or before the Effective Date Of Warranty or damages arising from such failure. An incomplete item is not considered a Defect, although your Builder may be obligated to complete such items under separate agreements between you and your Builder.
4. Any deficiency which does not result in actual physical damage or loss to the Home.
5. Any Consequential Damages.
6. Personal property damage or bodily injury.
7. Violation of applicable Building Codes or ordinances unless such violation results in a Defect which is otherwise covered under this Limited Warranty. Under such circumstances, the obligation of the Warrantor under this Limited Warranty shall only be to repair the defective warranted portion of the Home, but not to restore or bring the Home to conform to code.
8. Any request for warranty performance submitted to the Administrator after an unreasonable delay or later than 30 days after the expiration of the applicable warranty period.
9. Warranted Defects that you repair without prior written authorization of the Administrator.
10. Any damages to, or resulting from a swimming pool whether located within or outside the Home, as a result of its construction, placement, use, equipment, maintenance, etc.
11. The removal and/or replacement of items specifically excluded from coverage under this Limited Warranty, such as landscaping or personal property, items not originally installed by your Builder, such as wallpaper, where removal and replacement are required to execute a repair.
12. Any Defect caused by moisture, rot, mildew or rust.
13. Sound transmission and sound proofing between rooms or floor levels.
14. Appliances and Equipment included in the Home are not warranted under this Limited Warranty, but may be covered by separate warranties provided by the manufacturer or supplier. These warranties are passed on to you by your Builder at closing and are separate from this Limited Warranty.†

**F. Limitation of Liability**

1. The Warrantor's liability and obligations are limited to the repair, replacement or the payment of the reasonable cost of repair or replacement of warranted items not to exceed an aggregate equal to the Final Sales Price of the Home as listed on the Application for Warranty form or in the absence of an Application for Warranty form, as otherwise provided to the Administrator by the Builder. The choice to repair, replace or make payment is the Warrantor's.
2. All other warranties, express or implied, including, but not limited to, all implied warranties of fitness, merchantability or habitability, are disclaimed and excluded to the extent allowed by law.



The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.†

**SECTION III.  
WARRANTY STANDARDS  
A. YEAR 1  
COVERAGE ONLY**

| CATEGORY              | OBSERVATION  | ACTION REQUIRED   | COMMENTS   |
|-----------------------|--|---|--|
| <b>1. FOUNDATIONS</b> |  |   |  |
| <b>BASEMENT</b>       | 1.1 Cracks appear in control joints.   | No action required.   | The expansion/contraction joint is placed to control cracking. This is not a deficiency.   |
|                       | 1.2 Pit, depression or areas of unevenness in areas designed for living purposes.                        | Builder will correct those areas in which Defect exceeds 1/4 in. within a 32 in. measurement. | In rooms not initially designed as finished living areas or where a floor or a portion of a floor surface has been designed for specific drainage purposes, a slope which exceeds 1/4 in. within a 32 in. measurement is not a deficiency.                             |
|                       | 1.3 Cracks in poured concrete foundation walls.  | Builder will correct any crack which exceeds 1/8 in. in width.                                | Shrinkage cracks are common and should be expected. Surface patching and epoxy injection are examples of acceptable repair methods.  |
|                       | 1.4 Cracks in block or veneer wall.  | Builder will correct cracks which exceed 1/4 in. in width.                                    | Some cracks are common through masonry and mortar joints. Cracks 1/4 in. or less are considered routine Owner maintenance.   |
|                       | 1.5 Leaks resulting in actual flow or trickling of water through wall or floor, causing an accumulation. | Builder will correct.   | A one-time occurrence may not indicate a Defect. Owner must maintain proper grading around the Home and maintain any surface water control systems installed by Builder. Dampness and condensation are normal conditions and are not covered by this Limited Warranty. |
|                       | 1.6 Disintegration of the concrete floor surface.  | Builder will correct disintegrated surfaces caused by improper placement of concrete.         | Disintegration caused by erosion due to salt, chemicals, implements used and other factors beyond Builder's control is not a warranted deficiency.   |
|                       | 1.7 Cracks in concrete floor which rupture or significantly impair performance of floor covering.        | Builder will correct so Defect is not readily noticeable when floor covering is in place.     | Minor impressions in floor covering are not considered significant imperfections.  |
|                       | 1.8 Condensation on walls, joists, support columns and other components of basement area.                | No action required.   | Maintaining adequate ventilation and moisture control is considered Owner maintenance.   |
| <b>CRAWL SPACE</b>    | 1.9 Cracks in poured concrete foundation walls.  | Builder will correct any crack which exceeds 1/8 in. in width.                                | Surface patching and epoxy injection are examples of acceptable repair methods. Shrinkage cracks of 1/8 in. or less are common and should be expected.   |
|                       | 1.10 Cracks in block or veneer wall.   | Builder will correct cracks greater than 1/4 in. in width.                                    | Surface patching and epoxy injection are examples of acceptable repair methods. Shrinkage cracks of 1/4 in. or less are common and should be expected.   |
|                       | 1.11 Inadequate ventilation.   | Builder will install properly sized louvers or vents.   | Maintaining adequate ventilation and moisture control, including seasonal adjustment of vent openings, is considered Owner maintenance.  |
|                       | 1.12 Condensation on walls, joists, support columns and other components of the crawl space area.        | No action required.   | Maintaining adequate ventilation and moisture control, including seasonal adjustment of vent openings, is considered Owner maintenance.  |

† Homeowners in the State of New York, refer to State of New York Addendum, Section V.B.

**SECTION III.  
WARRANTY STANDARDS  
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COVERAGE ONLY**

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

| CATEGORY                          | OBSERVATION  | ACTION REQUIRED  | COMMENTS   |
|-----------------------------------|--|--|--|
| <b>1. FOUNDATIONS (CONTINUED)</b> |  |  |  |
| <b>SLAB ON GRADE</b>              | <b>1.13</b> Cracks appear at control joints.   | No action required.  | Expansion/contraction joint is placed to control cracking. This is not a deficiency.   |
|                                   | <b>1.14</b> Pits, depressions or areas of unevenness in areas designed for living purposes.                      | Builder will correct areas in which Defect exceeds 1/4 in. within a 32 in. measurement.                | In rooms not initially designed as finished living areas or where a floor or a portion of a floor surface has been designed for specific drainage purposes, a slope which exceeds 1/4 in. within a 32 in. measurement is acceptable. |
|                                   | <b>1.15</b> Disintegration of concrete floor surface.  | Builder will correct disintegrated surfaces caused by improper placement of concrete.                  | Disintegration caused by erosion due to salt, chemicals, implements used and other factors beyond Builder's control is not a warranted deficiency.   |
|                                   | <b>1.16</b> Crack in concrete floor which ruptures or significantly impairs performance of floor covering.       | Builder will correct so Defect is not readily noticeable when floor covering is in place.              | Minor impressions in floor covering are not considered significant imperfections.  |
|                                   | <b>1.17</b> Cracks in attached garage slab.  | Builder will correct cracks which exceed 1/4 in. in width or vertical displacement.                    | Surface patching and epoxy injections are examples of acceptable repair methods. Shrinkage cracks are common and should be expected.   |
|                                   | <b>1.18</b> Cracks in concrete floor of unfinished area (no floor covering) or in areas not designed for living. | Builder will correct cracks which exceed 1/4 in. in width or vertical displacement.                    | Surface patching and epoxy injections are examples of acceptable repair methods. Shrinkage cracks are common and should be expected.   |
|                                   | <b>1.19</b> Cracks in visible face of foundation.  | Builder will correct cracks in excess of 1/8 in. in width.   | Surface patching and epoxy injections are examples of acceptable repair methods. Shrinkage cracks are common and should be expected.   |
| <b>2. FRAMING</b>                 |  |  |  |
| <b>CEILING</b>                    | <b>2.1</b> Uneven ceiling.   | Builder will correct if unevenness exceeds 1/4 in. within a 32 in. measurement.                        | Some minor framing imperfections should be expected.   |
| <b>FLOOR</b>                      | <b>2.2</b> High and low areas.   | Builder will correct if high or low areas exceed 1/4 in. within a 32 in. measurement.                  | Some minor framing imperfections should be expected.   |
|                                   | <b>2.3</b> Floor squeaks.  | Builder will correct if caused by a defective joist or improperly installed subfloor.                  | A squeak-proof floor cannot be guaranteed. Lumber shrinkage as well as temperature and humidity changes may cause squeaks.   |
| <b>ROOF</b>                       | <b>2.4</b> Split or warped rafters or trusses.   | No action required.  | Some splitting and warping is normal and is caused by high temperature effects on lumber.  |
| <b>WALL</b>                       | <b>2.5</b> Bow or bulge.   | Builder will correct if bow or bulge exceeds 1/4 in. within 32 in. horizontal or vertical measurement. | Minor framing imperfections should be expected.  |
|                                   | <b>2.6</b> Out-of-plumb.   | Builder will correct where out-of-plumb condition exceeds 3/4 in. within 8 ft. vertical measurement.   | Minor framing imperfections should be expected.  |
|                                   | <b>2.7</b> Wall is out-of-square.  | No action required.  | A wall out-of-square is not a Defect.  |

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

**SECTION III.  
WARRANTY STANDARDS  
A. YEAR 1  
COVERAGE ONLY**

| CATEGORY                                | OBSERVATION  | ACTION REQUIRED  | COMMENTS   |
|---|--|--|--|
| <b>3. EXTERIOR</b>                      |  |  |  |
| <b>STRUCTURALLY ATTACHED WOOD DECKS</b> | 3.1 Wood twisting, warping or splitting.   | Builder will correct only if due to improper installation.   | Twisting, warping or splitting of wood deck material is normal due to exposure to the elements. Owner maintenance is required.   |
|   | 3.2 Settlement.  | Builder will correct slope of deck which exceeds a ratio of 2 in. in a 10 ft. measurement.             | Some slope is often provided to allow for water drainage.  |
|   | 3.3 Loose railing or post.   | Builder will correct if due to improper installation.  | Owner maintenance is required.   |
| <b>DOOR</b>                             | 3.4 Binds, sticks or does not latch.   | Builder will correct if caused by faulty workmanship or materials.                                     | Seasonal changes may cause doors to expand and contract, and are usually temporary conditions.   |
|   | 3.5 Wood door panel shrinks.   | No action required.  | Panels will shrink and expand and may expose unfinished surfaces.  |
|   | 3.6 Warping.   | Builder will correct warping which exceeds 1/4 in., measured vertically, horizontally or diagonally.   | Seasonal changes may cause doors to expand and contract, and are usually temporary conditions.   |
|   | 3.7 Split in panel.  | Builder will correct if split allows the entrance of elements.   | Splits which do not allow the entrance of elements are considered normal. Owner maintenance is required.   |
|   | 3.8 Separation between door and weather-stripping.                                 | Builder will correct if daylight is visible or if entrance of elements occurs under normal conditions. | Even with properly installed weather stripping, some movement of the door, when closed, may be expected. Owner maintenance is required for minor alterations to adjustable thresholds and other parts of the door. |
|   | 3.9 Screen mesh is torn or damaged.  | Builder will correct only if damage is documented prior to occupancy.                                  | Owner is responsible for establishing a pre-closing walk-through inspection list.  |
|   | 3.10 Overhead garage door fails to operate or allows rain or snow to leak through. | Builder will correct garage doors which do not fit or operate properly.                                | Some entrance of elements can be expected and is not considered a deficiency. If Owner installs a garage door opener, Builder is not responsible for operation of door.  |
| <b>ROOFING</b>                          | 3.11 Roof and roof flashing leaks.   | Builder will correct if leak occurs under normal conditions.   | No action is required if leak is due to snow or ice build-up, high winds or driving rains.   |
|   | 3.12 Lifted, torn or curled shingles.  | Builder will correct if due to poor installation.  | Owner maintenance is required.   |
|   | 3.13 Inadequate ventilation.   | Builder will provide adequate ventilation.   | Moisture accumulation in attics which are not adequately vented is a deficiency. It is Owner's responsibility to keep existing vents clear of obstructions to promote air flow.                                    |
|   | 3.14 Water stays in gutters.   | Builder will correct to limit standing water depth at 1 in.  | Owner is responsible for keeping gutters and downspouts clean.   |
|   | 3.15 Gutter or downspout leaks.  | Builder will correct leaks at connections.   | Owner is responsible for keeping gutters and downspouts clean. Gutters may overflow during heavy rains.  |

**SECTION III.  
WARRANTY STANDARDS  
A. YEAR 1  
COVERAGE ONLY**

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

| CATEGORY  | OBSERVATION   | ACTION REQUIRED   | COMMENTS  |
|---|---|---|---|
| <b>3. EXTERIOR (CONTINUED)</b>                        |   |   |   |
| <b>SITE WORK</b>                                      | <p>3.16 Standing water within 10 ft. of the foundation.</p> <p>3.17 Settling of ground around foundation walls, utility trenches or other filled areas on property where there has been excavation and backfill which affected foundation drainage.</p>   | <p>Builder will correct water which stands for more than 24 hours, or more than 48 hours in swales.</p> <p>If final grading was performed by Builder, he will replace fill in excessively settled areas only once.*</p>   | <p>Standing water beyond the 10 ft. perimeter of the foundation is not covered by this Limited Warranty. Owner is responsible for establishing and maintaining adequate ground cover.</p> <p>If settlement does not exceed 6 in., it is Owner's responsibility to fill affected areas. The party responsible for establishing the final grade shall provide for positive drainage away from foundation. Owner is responsible for establishing and maintaining adequate ground cover.</p>  |
| <b>STRUCTURALLY ATTACHED STOOP, PORCH &amp; PATIO</b> | <p>3.18 Settlement, heaving or movement.</p> <p>3.19 Concrete splatters on adjacent surfaces.</p>   | <p>Builder will correct if movement exceeds 1 in. from the Home for stoops, porches and patios which are structurally attached.</p> <p>Builder will correct only if damage is documented prior to occupancy.</p>  | <p>Stoops, porches and patios which are poured separately and simply abut the house are not covered by this Limited Warranty.</p> <p>Owner is responsible for establishing a pre-closing walk-through inspection list.</p>  |
| <b>WALL COVERING</b>                                  | <p>3.20 Entrance of elements through separations of siding or trim joints, or separation between trim and surfaces of masonry or siding.</p> <p>3.21 Cracks in stucco, cement and plaster surfaces.</p> <p>3.22 Siding materials deteriorate, delaminate or come loose.</p> <p>3.23 Paint or stain peels or deteriorates.</p> <p>3.24 Paint splatters and smears on other surfaces.</p> <p>3.25 Faulty application of paint on wall and trim surfaces.</p> <p>3.26 Knot holes bleed through paint or stain.</p> <p>3.27 Vent or louver leaks.</p> | <p>Builder will correct entrance of elements or separations exceeding 3/8 in. by caulking or other methods.</p> <p>Builder will correct cracks which exceed 1/8 in. in width.</p> <p>Builder will correct affected area if due to improper workmanship or materials.</p> <p>Builder will correct. If 75% of a particular wall is affected, entire wall will be corrected.</p> <p>Builder will correct only if damage is documented prior to occupancy.</p> <p>Builder will correct affected area. If greater than 75% of wall or trim piece is affected, entire surface will be corrected.</p> <p>Builder will correct affected areas where excessive bleeding of knots appear.</p> <p>Builder will correct if caused by improper installation.</p> | <p>Any separations 3/8 in. or less are considered routine Owner maintenance.</p> <p>Hairline cracks are common.</p> <p>Separated, loose or delaminated siding can also be due to improper maintenance. Wavy siding may be due to temperature changes and can be expected.</p> <p>Some fading is normal and is caused by weathering. Mildew and fungus on siding are caused by climatic conditions and are considered routine maintenance. Varnish or lacquer will deteriorate quickly and is not covered by this Limited Warranty.</p> <p>Owner is responsible for establishing a pre-closing walk-through inspection list.</p> <p>Some minor imperfections such as overspray, brushmarks, etc., are common and should be expected.</p> <p>Knot holes will be apparent depending on the quality of material used.</p> <p>Properly installed louvers or vents may at times allow rain or snow to enter under strong wind conditions and is not a deficiency.</p> |

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

| CATEGORY                             | OBSERVATION   | ACTION REQUIRED   | COMMENTS  |
|--------------------------------------|---|---|---|
| <b>3. EXTERIOR (CONTINUED)</b>       |   |   |   |
| <b>WALL COVERING<br/>(CONTINUED)</b> | <b>3.28</b> Cracks in masonry, veneer, stone, etc.            | Builder will correct cracks which exceed 1/4 in. in width.            | Some cracks are common through masonry and mortar joints. Cracks 1/4 in. or less are considered routine Owner maintenance.  |
| <b>WINDOWS</b>                       | <b>3.29</b> Condensation or frost on interior window surface. | No action required.   | Condensation is relative to the quality and type of windows. Temperature differences in high levels of humidity along with individual living habits will cause condensation.  |
|                                      | <b>3.30</b> Clouding or condensation between panes of glass.  | Builder will correct only if damage is documented prior to occupancy. | Owner is responsible for establishing a pre-closing walk-through inspection list.   |
|                                      | <b>3.31</b> Glass breakage.                                   | Builder will correct only if damage is documented prior to occupancy. | Owner is responsible for establishing a pre-closing walk-through inspection list.   |
|                                      | <b>3.32</b> Excessive drafts and leaks.                       | Builder will correct poorly fitted windows.                           | Relative to the quality and type of windows, some drafts are normally noticeable around windows, especially during high winds. It may be necessary for the Owner to have storm windows installed to provide a satisfactory solution in high wind areas. All caulking materials expand and contract due to temperature variation and dissimilar materials. Maintenance of weather stripping is Owner's responsibility. |
|                                      | <b>3.33</b> Difficult to open, close or lock.                 | Builder will correct.   | Windows should open, close and lock with reasonable pressure.   |

**4. INTERIOR**

|              |   |   |  |
|--------------|---|---|--|
| <b>DOORS</b> | <b>4.1</b> Latch is loose or rattles.       | No action required.   | Some minor movement should be expected.  |
|              | <b>4.2</b> Binds, sticks or does not latch. | Builder will correct if due to faulty workmanship and materials.  | Seasonal changes may cause doors to expand and contract, and is usually a temporary condition. |
|              | <b>4.3</b> Warping.                         | Builder will correct warping which exceeds 1/4 in., measured vertically, horizontally or diagonally.  | Seasonal changes may cause doors to expand and contract, and are usually temporary conditions. |
|              | <b>4.4</b> Excessive opening at bottom.     | Builder will correct gaps in excess of 1-1/2 in. between bottom of passage door and finished floor or 2 in. between bottom of closet door and finished floor. | Gaps under doors are intended for air flow.  |
|              | <b>4.5</b> Rubs on carpet.                  | Builder will correct.   | Builder is not responsible if Owner installs carpet.   |

**SECTION III.  
WARRANTY STANDARDS  
A. YEAR 1  
COVERAGE ONLY**

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

| CATEGORY  | OBSERVATION   | ACTION REQUIRED  | COMMENTS  |
|---|---|--|---|
| <b>4. INTERIOR (CONTINUED)</b>                                |   |  |   |
| <b>WALLS, CEILINGS,<br/>SURFACES, FINISHES<br/>&amp; TRIM</b> | 4.6 Cracks and separations in drywall, lath or plaster; nail pops.  | Builder will correct cracks in excess of 1/8 in. in width. Builder will correct nail pops which have broken finished surface.          | Minor seam separations and cracks, along with other slight imperfections, are common and should be expected. Minor depressions and slight mounds at nail heads are not Defects.       |
|   | 4.7 Peeling of wallpaper.   | Builder will correct if not due to Owner neglect or abuses.  | Builder is not responsible for wallpaper installed by Purchaser. Owner is responsible for maintaining adequate ventilation in areas of high humidity, such as kitchens and bathrooms. |
|   | 4.8 Separated seams in wallpaper.   | Builder will correct if wall surface is readily visible.   | Minor imperfections can be expected.  |
|   | 4.9 Lumps, ridges and nail pops in wallboard which appear after Owner has wall covering installed by himself or others. | No action required.  | Owner should insure that surface to be covered is suitable for installation of wall covering.   |
|   | 4.10 Surface deficiencies in finished woodwork.   | Builder will correct readily apparent splits, cracks, hammer marks and exposed nail heads, only if documented prior to occupancy.      | Owner is responsible for establishing a pre-closing walk-through inspection list.   |
|   | 4.11 Gaps between trim and adjacent surfaces, and gaps at trim joints.  | Builder will correct gaps in excess of 1/8 in. at trim joints and 1/4 in. between trim and adjacent surfaces.                          | Some separation due to lumber shrinkage is normal and should be expected.   |
|   | 4.12 Cracks in ceramic grout joints.  | Builder will correct cracks in excess of 1/8 in. one time only.  | Cracking of grout joints is common and is considered routine Owner maintenance unless excessive.  |
|   | 4.13 Ceramic tile cracks or becomes loose.  | Builder will correct only if documented prior to occupancy.  | Owner is responsible for establishing a pre-closing walk-through inspection list.   |
|   | 4.14 Cracking or deterioration of caulking.   | No action required.  | All interior caulking shrinks and deteriorates. Owner maintenance is required.  |
|   | 4.15 Wall or trim surfaces visible through paint.   | Builder will correct affected area. If greater than 75% of wall, trim piece, or ceiling is affected, entire surface will be corrected. | Some minor imperfections such as overspray, brushmarks, etc., are common and should be expected.  |

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

**SECTION III.  
WARRANTY STANDARDS  
A. YEAR 1  
COVERAGE ONLY**

| CATEGORY                       | OBSERVATION   | ACTION REQUIRED  | COMMENTS   |
|--------------------------------|---|--|--|
| <b>4. INTERIOR (CONTINUED)</b> |   |  |  |
| <b>FLOOR COVERING*</b>         | <b>4.16</b> Resilient flooring comes loose at edge.                               | Builder will correct.  | Owner maintenance is required.   |
|                                | <b>4.17</b> Fades, stains or discolors.   | Builder will correct stains or spots only if documented prior to occupancy.  | Fading is not a deficiency. Owner is responsible for establishing a pre-closing walk-through inspection list.  |
|                                | <b>4.18</b> Premature wearing of carpet.  | No action required.  | Excessive wear in high-traffic areas such as entryways and hallways is normal. Wearability is directly related to quality of carpet.                         |
|                                | <b>4.19</b> Visible gaps at carpet seams.   | Builder will correct gaps.   | Seams will be apparent. Owner maintenance is required.   |
|                                | <b>4.20</b> Carpet becomes loose or buckles.                                      | Builder will correct.  | Some stretching is normal. Owner should exercise care in moving furniture.   |
|                                | <b>4.21</b> Gaps at seams of resilient flooring.                                  | Builder will correct gaps of similar materials in excess of 1/8 in., and 3/16 in. where dissimilar materials abut. | Minor gaps should be expected.   |
|                                | <b>4.22</b> Fastener pops through resilient flooring.                             | Builder will correct where fastener has broken through floor covering.   | Sharp objects such as high heels, table and chair legs, can cause similar problems, and are not covered by this Limited Warranty.                            |
|                                | <b>4.23</b> Depressions or ridges in resilient flooring at seams of sub-flooring. | Builder will correct depressions or ridges which exceed 1/8 in. in height or depth.                                | This is determined by placing a 6 in. straight edge over ridge or depression, with 3 in. on either side, and measuring height or depth at sub-flooring seam. |
|                                | <b>4.24</b> Cuts and gouges in any floor covering.                                | Builder will correct only if documented prior to occupancy.  | Owner is responsible for establishing a pre-closing walk-through inspection list.  |
|                                | <b>4.25</b> Hollow sounding marble or tile.                                       | No action required.  | Hollow sounding marble or tile is not a deficiency of construction and is not covered under this warranty.   |
| <b>SUB-FLOORING</b>            | <b>4.26</b> Loose sub-flooring.   | Builder will correct if due to a defective joist or improper fastening.  | Lumber shrinkage as well as temperature and humidity changes may cause loose sub-flooring.   |

**SECTION III.  
WARRANTY STANDARDS  
A. YEAR 1  
COVERAGE ONLY**

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

| CATEGORY                     | OBSERVATION   | ACTION REQUIRED  | COMMENTS  |
|------------------------------|---|--|---|
| <b>5. MECHANICAL</b>         |   |  |   |
| <b>ELECTRICAL</b>            | 5.1 Circuit breakers trip excessively.                                    | Builder will correct if tripping occurs under normal usage.  | Ground Fault Circuit Interrupters (GFCI) are intended to trip as a safety factor.   |
|                              | 5.2 Outlets, switches or fixtures malfunction.                            | Builder will correct if caused by defective workmanship or materials.  | Owner should exercise routine care and maintenance. Replacement of light bulbs is Owner's responsibility.   |
| <b>HEATING &amp; COOLING</b> | 5.3 Condensation lines clog under normal use.                             | No action required.  | Condensation lines will clog under normal conditions. Continued operation of drain line requires Owner maintenance.   |
|                              | 5.4 Noisy duct work.  | Builder will correct oil canning noise if caused by improper installation.   | When metal heats and cools, ticking and cracking may occur and are not covered by this Limited Warranty.  |
|                              | 5.5 Insufficient heating.   | Builder will correct if heating system cannot maintain a 70 degree Fahrenheit temperature, under normal operating and weather conditions. Temperature shall be measured at a point 5 ft. above center of floor in affected area. On extremely cold days, a 6 degree difference between actual inside temperature and thermostat setting is acceptable. All rooms may vary in temperature by as much as 4 degrees.  | Orientation of the Home, location of rooms and location of vents will also provide a temperature differential. There may be periods when outdoor temperature falls below design temperature thereby lowering temperature in the Home. Certain aspects of the Home including, but not limited to, expansive stairways, open foyers, sunrooms or cathedral ceilings may cause abnormal variation from these Standards and are not covered by this Limited Warranty. |
|                              | 5.6 Insufficient cooling.   | Builder will correct if cooling system cannot maintain a 78 degree Fahrenheit temperature, under normal operating and weather conditions. Temperature shall be measured at a point 5 ft. above center of the floor in the affected room. On excessively hot days, where outside temperature exceeds 95 degrees Fahrenheit, a difference of 17 degrees from outside temperature will be difficult to maintain. All rooms may vary in temperature by as much as 4 degrees. | Orientation of the Home, location of rooms and location of vents will also provide a temperature differential. There may be periods when outdoor temperature rises above design temperature thereby raising temperature in the Home. Certain aspects of the Home including, but not limited to, expansive stairways, open foyers, sunrooms or cathedral ceilings may cause abnormal variation from these Standards and are not covered by this Limited Warranty.  |
|                              | 5.7 Refrigerant line leaks.   | Builder will correct.  | Owner maintenance is required on the system.  |
| <b>PLUMBING*</b>             | 5.8 Pipe freezes and bursts.  | Builder will correct if due to faulty workmanship or materials.  | Proper winterization of pipes is considered routine maintenance and Owner should maintain suitable temperatures inside the Home.  |
|                              | 5.9 Noisy water pipe.   | Builder will correct hammering noise if caused by improper installation.   | Some noise can be expected due to flow of water and pipe expansion. This is not a Defect.   |
|                              | 5.10 Plumbing fixtures, appliances and trim fittings leak or malfunction. | Builder will correct if due to faulty workmanship and materials.   | Owner maintenance is required. Scratches, tarnishing or marring must be noted on a pre-closing walk-through inspection list.  |

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

**SECTION III.  
WARRANTY STANDARDS  
A. YEAR 1  
COVERAGE ONLY**

| CATEGORY                           | OBSERVATION  | ACTION REQUIRED  | COMMENTS   |
|------------------------------------|--|--|--|
| <b>6. SPECIALTIES</b>              |  |  |  |
| <b>BATHROOM<br/>&amp; KITCHEN</b>  | 6.1 Cabinet separates from wall or ceiling.  | Builder will correct separation in excess of 1/4 in.                             | Some separation is normal. Caulking is an acceptable method of repair.   |
|                                    | 6.2 Crack in door panel.   | Builder will correct only if documented prior to occupancy.                      | Owner is responsible for establishing a pre-closing walk-through inspection list.  |
|                                    | 6.3 Warping of cabinet door or drawer front.                                       | Builder will correct if warp exceeds 3/8 in. as measured from cabinet frame.     | Seasonal changes may cause warping and may be a temporary condition.   |
|                                    | 6.4 Doors or drawers do not operate.   | Builder will correct.  | Owner maintenance is required.   |
|                                    | 6.5 Chips, cracks, scratches on countertop, cabinet fixture, fitting or appliance. | Builder will correct only if documented prior to occupancy.                      | Owner is responsible for establishing a pre-closing walk-through inspection list.  |
|                                    | 6.6 Delamination of countertop or cabinet.   | Builder will correct only if documented prior to occupancy.                      | Owner is responsible for establishing a pre-closing walk-through inspection list.  |
|                                    | 6.7 Cracks or chips in fixture.  | Builder will correct only if documented prior to occupancy.                      | Owner is responsible for establishing a pre-closing walk-through inspection list.  |
|                                    | 6.8 Defective fixture, fitting or appliance.                                       | Builder will correct.  | Owner maintenance is required.   |
| <b>CHIMNEY<br/>&amp; FIREPLACE</b> | 6.9 Exterior and interior masonry veneer cracks.                                   | Builder will correct cracks in excess of 1/4 in. in width.                       | Some cracks are common in masonry and mortar joints. Cracks 1/4 in. in width or less are considered Owner maintenance.   |
|                                    | 6.10 Firebox color is changed; accumulation of residue in chimney or flue.         | No action required.  | Owner maintenance is required.   |
|                                    | 6.11 Chimney separates from the Home.  | Builder will correct separation in excess of 1/2 in. within 10 ft.               | Newly built chimneys will often incur slight amounts of separation.  |
|                                    | 6.12 Smoke in living area.   | Builder will correct if caused by improper construction or inadequate clearance. | Temporary negative draft situations can be caused by high winds; obstructions such as tree branches too close to the chimney; the geographic location of the fireplace; or its relationship to adjoining walls and roof. In some cases, it may be necessary to open a window to create an effective draft. Since negative draft conditions could be temporary, it is necessary that Owner substantiate problem to Builder by constructing a fire so the condition can be observed. |
|                                    | 6.13 Water infiltration into firebox from flue.                                    | No action required.  | A certain amount of rainwater can be expected under certain conditions.  |
|                                    | 6.14 Firebrick or mortar joint cracks.   | No action required.  | Intense heat may cause cracking.   |
| <b>INSULATION</b>                  | 6.15 Air infiltration around electrical receptacles.                               | No action required.  | Air flow around electrical boxes is normal and is not a deficiency.  |

**SECTION III.  
WARRANTY STANDARDS  
B. YEARS 1 AND 2  
COVERAGE ONLY**

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

| CATEGORY                          | OBSERVATION                                      | ACTION REQUIRED   | COMMENTS   |
|-----------------------------------|--|---|--|
| <b>B. SYSTEMS — YEARS 1 AND 2</b> |  |   |  |
| <b>ELECTRICAL</b>                 | <b>B.1</b> Wiring fails to carry specified load. | Builder will correct if failure is due to improper installation or materials.         | Switches, outlets and fixtures are applicable to <b>Year 1 Coverage Only</b> .   |
| <b>HEATING &amp; COOLING</b>      | <b>B.2</b> Duct work separates.                  | Builder will correct.   | Owner maintenance is required.   |
| <b>PLUMBING</b>                   | <b>B.3</b> Pipe leaks.                           | Builder will correct.   | Condensation on pipes does not constitute leakage. Faulty faucets, valves, joints and fittings are applicable to <b>Year 1 Coverage Only</b> . |
|                                   | <b>B.4</b> Water supply stops.                   | Builder will correct if due to faulty workmanship or materials inside the Home.       | Drought or causes other than faulty workmanship and materials will not be covered under this Limited Warranty.                                 |
|                                   | <b>B.5</b> Clogged drain or sewer.               | Builder will correct clog within structure caused by faulty workmanship or materials. | Clogs and stoppages beyond the exterior wall are not covered by this Limited Warranty. Routine Owner maintenance and proper use is required.   |

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

**SECTION III.  
WARRANTY STANDARDS  
C. TEN YEAR MSD  
COVERAGE ONLY**

| CATEGORY | OBSERVATION | ACTION REQUIRED | COMMENTS |
|----------|-------------|-----------------|----------|
|----------|-------------|-----------------|----------|

**C. TEN YEAR MSD COVERAGE**

|                                 |                               |   |   |
|---------------------------------|-------------------------------|---|---|
| <b>MAJOR STRUCTURAL DEFECTS</b> | C.1 Major Structural Defects. | The criteria for establishing the existence of a Major Structural Defect is set forth in Section I.B.15 of this Limited Warranty Agreement. | The Warrantor will correct Major Structural Defects, limited to such actions as are necessary to restore the load-bearing capability of the component(s) affected by a Major Structural Defect. |
|---------------------------------|-------------------------------|---|---|

**Section  
IV.  
Requesting  
Warranty  
Performance**

**A. Notice to Warrantor in Years 1 & 2**

1. If a Defect occurs in Years 1 and 2, you must notify your Builder in writing. Your request for warranty performance should clearly describe the Defect(s) in reasonable detail.
2. Request for warranty performance to your Builder does not constitute notice to the Administrator, and it will not extend applicable coverage periods.
3. If a request for warranty performance to your Builder does not result in satisfactory action within a reasonable time, written notice must be given to RWC, Administrator, 5300 Derry Street, Harrisburg, Pennsylvania 17111-3598, Attn: Warranty Resolution Department. This notice should describe each item in reasonable detail and should be forwarded by certified mail, return receipt requested.
4. *Please note that a written request for warranty performance must be postmarked no later than thirty (30) days after the expiration of the applicable warranty period. For example, if the item is one which is warranted by your Builder during your second year of coverage, a request for warranty performance must be postmarked no later than thirty (30) days after the end of the second year to be valid.*

**B. Notice to Warrantor in Years 3–10**

If a Defect related to a warranted MSD occurs in Years 3 through 10 of this Limited Warranty, you must notify the Administrator to review the item. All such notices must be presented in writing to RWC, Administrator, 5300 Derry Street, Harrisburg, Pennsylvania 17111-3598, Attn: Warranty Resolution Department, by certified mail, return receipt requested, within a reasonable time after the situation arises. Any such notice should describe the condition of the MSD in reasonable detail. Requests for warranty performance postmarked more than thirty (30) days after the expiration of the term of this Limited Warranty will not be honored.

**C. Purchaser's Obligations**

1. **Your notice to the Administrator must contain the following information:**
  - a. Enrollment # and Effective Date Of Warranty;
  - b. Your Builder's name and address;
  - c. Your name, address and phone number (including home and work numbers);
  - d. Reasonably specific description of the warranty item(s) to be reviewed;
  - e. A copy of any written notice to your Builder.
  - f. Photograph(s) may be required.
2. You have an obligation to cooperate with the Administrator's mediation, inspection and investigation of your warranty request. From time to time, the Administrator may request information from you regarding an alleged defect. Failure by you or your appointed representative to respond with the requested information within thirty (30) days of the date of the Administrator's request can result in the closing of your warranty file.

**D. Mediation and Inspection**

Within thirty (30) days following the Administrator's receipt of proper 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 relevant 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 proper notice of your request for warranty performance, the Administrator may schedule an inspection of the item. You must provide the Administrator reasonable access for any such inspection as discussed in **Section IV.E.2**. 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.**

**E. Arbitration**

1. **You 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 the National Academy of Conciliators or to another independent arbitration service upon which you and the Administrator agree. This **binding** arbitration is governed by the procedures of the Federal Arbitration Act, 9 U.S.C. 1 et. seq. If you submit a request for arbitration, you must pay the arbitration fees before the matter is submitted to the arbitration service. After arbitration, the Arbitrator shall have the power to award the cost of this fee to any party or to split it among the parties to the arbitration. The arbitration shall be conducted in accordance with this Limited Warranty and the arbitration rules and regulations to the extent that they are not in conflict with the Federal Arbitration Act.

Within one (1) year after an arbitration award, either party may apply to the U.S. District Court where the Home is situated to confirm the award. The Administrator's receipt of a written request for arbitration in appropriate form shall stop the running of any statute of limitations applicable to the matter to be arbitrated until the Arbitrator renders a decision. The decision of the Arbitrator shall be final and binding upon all parties.<sup>†</sup>

Since this Limited Warranty provides for mandatory binding arbitration of Unresolved Warranty Issues, if any party commences litigation in violation of this Limited Warranty, such party shall reimburse the other parties to the litigation for their costs and

## Section

### IV.

#### Requesting Warranty Performance (continued)

expenses, including attorney fees, incurred in seeking dismissal of such litigation.\*

In Years 1 & 2, the Builder shall have sixty (60) days from the date the Administrator sends the Arbitrator's award to the Builder to comply with the Arbitrator's decision. In Years 3-10, the Warrantor shall have sixty (60) days from the date the Administrator receives the Arbitrator's award to comply with the Arbitrator's decision. Warranty compliance will begin as soon as possible and will be completed within the sixty-day compliance period with the exception of any repair that would reasonably take more than sixty (60) days to complete, including, but not limited to, repair delayed or prolonged by inclement weather. The Warrantor will complete such repair or replacement as soon as possible without incurring overtime or weekend expenses.

You may request a compliance arbitration within twenty (20) days after the sixty-day compliance period has expired by giving the Administrator written notice of your request. You must pay the fees for the compliance arbitration prior to the matter being submitted to the arbitration service.

2. You must provide the Warrantor with reasonable weekday access during normal business hours in order to perform its obligations. Failure by you to provide such access to the Warrantor may relieve the Warrantor of its obligations under this Limited Warranty. If your Builder does not fulfill its obligations under this Limited Warranty, the Administrator will process the request for warranty performance as described in this Limited Warranty and subject to the provisions in **Section IV.F.**

#### F. Conditions of Warranty Performance

1. When your request for warranty performance is determined to be a warranted issue, the Warrantor reserves the right to repair or replace the warranted item, or to pay you the reasonable cost of repair or replacement.
2. In Years 1 and 2, if your Builder defaults in its warranty obligations, the Administrator will process the request for warranty performance provided you pay a warranty service fee of \$250 for each request prior to repair or replacement.\*\*♦
3. In Years 3 through 10 you must pay the Administrator a warranty service fee of \$500 for each request.\*\*♦
4. If the Administrator elects to award you cash rather than repair or replace a warranted item, the warranty service fee will be subtracted from the cash payment.
5. If the Warrantor pays the reasonable cost of repairing a warranted item, the payment shall be made to you and to any mortgagee or mortgagee's successor as each of your interests may appear; provided that the mortgagee has notified the Administrator in writing of its security interest in the Home prior to such payment. Warrantor shall not have any obligation to make payment jointly to the Purchaser and mortgagee where the mortgagee has not notified your Builder or the Administrator in writing of its security interest in the Home prior to such payment. Any

mortgagee shall be completely bound by any mediation or arbitration relating to a request for warranty performance between you and the Warrantor.\*

6. Prior to payment for the reasonable cost of repair or replacement of warranted items, you must sign and deliver to the Builder or the Administrator, as applicable, a full and unconditional release, in recordable form, of all legal obligations with respect to the warranted Defects and any conditions arising from the warranted items.
7. Upon completion of repair or replacement of a warranted Defect, you must sign and deliver to the Builder or the Administrator, as applicable, a full and unconditional release, in recordable form, of all legal obligations with respect to the Defect and any conditions arising from the situation. The repaired or replaced warranted item will continue to be warranted by this Limited Warranty for the remainder of the applicable period of coverage.
8. 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, assignment of proceeds of any insurance or other warranties to the Warrantor. You shall do nothing to prejudice these rights of subrogation.
9. Any Warrantor obligation is conditioned upon your proper maintenance of the Home, common elements and grounds to prevent damage due to neglect, abnormal use or improper maintenance.
10. **Condominium Procedures:**
  - a. In the case of common elements of a condominium, at all times, owner(s) of each unit affected by the common elements in need of warranty performance shall each be responsible to pay the warranty service fee (\$250 in Years 1 and 2, \$500 in Years 3 through 10) for each request for warranty performance.\*\*
  - b. If a request for warranty performance under this Limited Warranty involves a common element in a condominium, the request may be made only by an authorized representative of the condominium association. If the Builder retains a voting interest in the association of more than 50%, the request may be made by unit owners representing 10% of the voting interests in the association.
  - c. If a request for warranty performance under this Limited Warranty involves a common element affecting multiple units, and all affected units are not warranted by the RWC Warranty Program, the Insurer's liability shall be limited to only those units warranted by the RWC Warranty. The limit of liability shall be prorated based upon the number of units warranted by this Limited Warranty.

\*FHA/VA Homeowners, refer to HUD Addendum, Section V.D.

\*Homeowners in Maryland, refer to Maryland Addendum, Section V.E.

\*Homeowners in Newark, Delaware, refer to Newark, Delaware, Addendum, Section V.A.

**Section  
V.  
Addenda**

**A. Newark, Delaware, Addendum**

The warranty service fee as described in **Sections IV.F.2 and IV.F.3** will be waived for homes built in the city of Newark, Delaware.

**B. State of New York Addendum**

Except as expressly provided in this Addendum, the warranties and rights listed herein are in addition to, and are not exclusive of, any warranties or rights listed in this Limited Warranty.

1. **Appliances and Items of Equipment** — Subject to other terms and conditions listed in this Limited Warranty, the exclusion concerning deficiencies in Appliances and Items of Equipment described in **Section II.E.14** of this Limited Warranty shall not apply during the first two (2) years of the warranty term wherever (i) such appliances and items of equipment are components of the cooling, ventilating, heating, electrical or plumbing systems; and (ii) the deficiencies in such fixtures, appliances or items of equipment are the result of defective installation by your Builder.
2. **Standards** — **Section III**— If the statutes of the State of New York provide greater coverage than the provisions of this Limited Warranty, those provisions shall modify the warranty to allow for the greater coverage.
3. **Alternative Dispute Resolution** — When making a request for warranty performance pursuant to **Section IV.E.** of this Limited Warranty, you have no obligation to submit to binding arbitration, nor do you have to pay any fee or charge for participation in non-binding arbitration or any mediation process concerning your request. However, any Unresolved Warranty Issues must be submitted to arbitration before a legal proceeding may be commenced. Further, if an Owner resorts to litigation, the rights and obligations imposed by **Section IV.E** shall apply to such litigation.

**C. State of Indiana Addendum**

The warranties and rights listed above are in addition to, and are not exclusive of, any warranties listed in this book. Notwithstanding anything contained in the attached printed form of the RWC Limited Warranty, this Limited Warranty shall include the following protection per **Section II.C.**, and is amended to read as follows:

1. **TWO YEAR COVERAGE** — Commencing on the Effective Date of this Limited Warranty as specified on the Application For Warranty form, and subject to the terms and conditions listed herein, your Builder warrants that for a period of two (2) years your Home will be free from Defects due to nonconformity with the Warranty Standards set forth in **Section III** of this Limited Warranty. With respect to fixtures, appliances and items of equipment, the Warranty is for one (1) year or the manufacturer's written warranty, whichever is less.

2. **YEARS 3 AND 4 COVERAGE ONLY** — During the third and fourth year following the Effective Date Of Warranty as specified on the Application For Warranty form, and subject to the terms and conditions listed in this Limited Warranty, your home will be free from Defects caused by poor workmanship and materials in its roof and roof systems.

**D. HUD Addendum (Applicable to VA/FHA Financed Homes only)**

1. **Section I.B.12 Effective Date Of Warranty** — The following language is substituted: The Effective Date Of Warranty will be the date on which closing or settlement occurs in connection with the initial sale of the Home. In no event will the Effective Date Of Warranty be later than the date of FHA endorsement of your Mortgage on the Home.
2. **Section I.B.15 Major Structural Defects** — The following language is substituted for a.c.: A Major Structural Defect is actual physical damage to the designated load-bearing portions of a home caused by failure of such load-bearing functions to the extent that the home becomes unsafe, unsanitary, or otherwise unlivable. The following language is added: Delamination or rupture of roof sheathing shall be deemed a Major Structural Defect in need of warranty performance.
3. **Section II.C.1 One Year Coverage** — The following language is added: Notwithstanding anything to the contrary contained in this Limited Warranty, during the first year of coverage, your Builder will repair or restore the reliable function of Appliances and Equipment damaged during installation or improperly installed by your Builder. In addition, your Builder will correct Construction Deficiencies in workmanship and materials resulting from the failure of the Home to comply with standards of quality as measured by acceptable trade practices. Construction Deficiencies are Defects (not of a structural nature) in the Home that are attributable to poor workmanship or to the use of inferior materials which result in the impaired functioning of the Home or some part of the Home. Defects resulting from your abuse or from normal wear and tear are not considered Construction Deficiencies.
4. **Section II.C.4 Condominium Coverage**—The following language is substituted: The Limited Warranty shall only apply to warranted common elements which are those portions of the defined electrical, heating, ventilating, cooling, plumbing and structural systems which serve two (2) or more residential units and are contained wholly within a residential structure that, if defective, would constitute a health or safety condition for the occupants. Examples of common elements which are covered by this Limited Warranty are hallways, meetings rooms, stairwells and other spaces wholly within the residential structure serving two (2) or more units; and structurally attached balconies, arches and decks.

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Examples of common elements which are not covered under this Limited Warranty are club houses, recreational buildings and facilities, walkways, exterior structures, or any other non-residential structure which is part of the condominium.

5. **Section II.C** — The following coverage is added for the **State of Colorado ONLY**: The builder's warranty for basement slabs in the State of Colorado is extended from the first through the fourth year.
6. **Section II.D** — The following statement is added: This agreement is non-cancelable by the Warrantor.
7. **Section II.E.1.d** — The following language is substituted: Loss or damage caused by soil movement, including subsidence, expansion or lateral movement of the soil which is covered by any other insurance or for which compensation is granted by state legislation.
8. **Section II.E.1.e**—the following language is substituted: resulting directly or indirectly from flood, waves, tidal water, overflow of a body of water, or spray from any of these (whether or not driven by wind), water which backs up from sewers or drains, changes in the water table which were not reasonably foreseeable, wetlands, springs or aquifers. Surface water and underground water which cause an unforeseeable hydrostatic condition with resultant damage to the structure are covered.
9. **Section II.E.2.d** is deleted.
10. **Section II.E.2.m** — The following language is substituted: any portion of a public Water Supply System, including volume and pressure of water flow.
11. **Section II.E.2.o** — The following language is substituted: any portion of a public Sewage Disposal System, including design.
12. **Section II.E.5**—The following language is substituted: Consequential Damages to personal property are excluded: Consequential Damages to real property as a result of a defect or repair of a defect are covered.
13. **Section III.A**
  - a. **SITE WORK** — The following language is substituted:
    - (1) **3.17 (Action Required)** If final grading was performed by the Builder, he will replace fill in excessively settled areas.
  - b. **FLOOR COVERING** — The following language is added:
    - (1) **4.26 (Observation)** Gaps or cracks between finished floor boards. **(Action Required)** Builder will correct gaps or cracks which exceed 1/8 in. in width, one time only. **(Comments)** Finished wood floors expand and contract due to humidity changes in your home. Cracks and gaps which shrink and disappear in non-heating seasons are considered normal.
    - (2) **4.27 (Observation)** Cupping, crowning or loose finished floor boards. **(Action Required)**

Builder will correct only if caused by a defect in installation. **(Comments)** Finished wood flooring cups from gaining or losing moisture on one side faster than the other. Some cupping and crowning should be considered normal due to growth rings in the tree and the part of the tree used. The Builder is not responsible for natural properties of the product, or for climatic conditions and personal living habits which can affect moisture content of floor boards. Cupping or crowning action may have loosened nails or adhesive. Owner is responsible if condition is caused by conditions beyond Builder's control.

- (3) **4.28 (Observation)** Ceramic tile cracks or loosens. **(Action Required)** Builder will correct only if documented prior to occupancy. **(Comments)** Owner is responsible for establishing a pre-closing walk-through inspection list.
- c. **PLUMBING** — The following language is added:
  - 5.11 (Observation)** Septic system fails. **(Action Required)** Builder will correct if damage is due to poor workmanship or materials, which are not in conformance with Sewage Enforcement Officer's instructions as per design and installation only. **(Comments)** Builder is required to abide by state or local requirements for the installation of on-site sewage disposal system. Any deficiency or failure which occurs or is caused by a condition other than faulty workmanship or materials, such as design, is not covered by this Limited Warranty. Owner is responsible for routine maintenance of system, which may include, but not be limited to: pumping the septic tank; adding chlorine to a chlorinator; and refraining from driving or parking vehicles or equipment on the system. Damages caused by freezing, soil saturation, underground springs, water run-off, excessive use and an increase in level of water table are among causes not covered by this Limited Warranty.
  14. **Section III.B.6**—The following language is added: **(Observation)** Septic system fails. **(Action Required)** Builder will correct if damage is due to poor workmanship or materials, which are not in conformance with Sewage Enforcement Officer's instructions as per design and installation only. **(Comments)** Builder is required to abide by state or local requirements for the installation of on-site sewage disposal system. Any deficiency or failure which occurs or is caused by a condition other than faulty workmanship or materials, such as design, is not covered by this Limited Warranty. Owner is responsible for routine maintenance of system, which may include, but not be limited to: pumping the septic tank; adding chlorine to a chlorinator; and refraining from driving of parking vehicles or equipment on the system. Damages caused by freezing, soil saturation, underground springs, water

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run-off, excessive use and an increase in level of water table are among causes not covered by this Limited Warranty.

15. **Section IV.E.1 Arbitration** — Because HUD does not require binding arbitration, the following is deleted: Since this Limited Warranty provides for mandatory binding arbitration of disputes, if any party commences litigation in violation of this Limited Warranty, such party shall reimburse the other parties to the litigation for their costs and expenses, including attorney fees, incurred in seeking dismissal of such litigation.
16. **Section IV.F.2, F.3, and F.10.a** — The following language is substituted: In the first two (2) years, if your Builder does not fulfill its obligations under this Limited Warranty, the Insurer will be responsible for your Builder's obligations, subject to a one-time warranty service fee of \$250. The Insurer's liability in Years 3 through 10 under this Limited Warranty is subject to a warranty service fee of \$250 per request for warranty performance. In each instance, you must pay the fee prior to the Insurer's repair or replacement. In the event of payment, the fee will be subtracted from the cash payment. In the case of the common elements of a condominium, the warranty service fee shall be \$250 per home affected by each common element in need of service, limited to a maximum of \$5,000 per free standing structure.

17. **Section IV.F.5** — The following language is added: Where a warranted Defect is determined to exist and where the Warrantor elects to pay the reasonable cost of repair or replacement in lieu of performing such repair or replacement, the cash offer must be in writing. You will be given two (2) weeks to respond. Cash offers over \$5,000 are subject to an on-site review by a HUD approved fee inspector (inspection costs will be paid by the Warrantor) unless:

- a. the cash offer is made pursuant to a binding bid by an independent third party contractor, which will accept an award of a contract from you pursuant to such bid;
- b. payment is being made in settlement of legal action;
- c. you are represented by legal counsel.

### **E. Maryland Addendum**

You should contact the Administrator personally to verify the existence of your Warranty. Further, you should report any Warranty problems, which are not promptly resolved by your Builder, to the Administrator.

1. **Section IV.F.2 and IV.F.3** are not applicable for the state of Maryland.