HOME WARRANTY
GENERAL PROVISIONS AND WARRANTY STANDARDS

SECTION 1. GENERAL PROVISIONS

1.1. INTRODUCTION:

"SELLER" (referenced on Real Estate Purchase Agreement under "THIS AGREEMENT") (hereafter referred to as "Builder" or "Wasatch") grants this warranty to the Homeowner (hereafter referred to as "homeowner," "you", "yours", "purchaser") of its homes pursuant to the Real Estate Purchase Agreement. This Warranty includes procedures for informal settlement of disputes, including binding arbitration, in accordance with the procedures of the Federal Arbitration Act. You should read this Warranty in its entirety in order to understand the protection it affords, the exclusions applicable to it, the warranty standards which will govern its interpretation and operation, and the responsibilities of you, the Homeowner.

It should be understood by the Homeowner that every newly constructed home needs maintenance to prolong the life of your home. It is the Homeowner's responsibility to maintain the home. Regular maintenance includes such items as preserving soil drainage, caulking, cleaning, resealing or repainting of finished surfaces as necessary, routine maintenance of mechanical systems, etc.

1.2. COVERAGE PROVIDED

Subject to the exclusions set forth in Section 1.7, and the other terms and conditions of this Warranty, the Wasatch Home Warranty provides you with the following protection.

1.2.1. YEAR ONE COVERAGE

During the first year of the Warranty Period which commences on the Effective Date, Wasatch warrants that your home will be free from defects in materials or workmanship as defined in the Warranty Standards set forth in **Section 2.2** of this Warranty. Defects in appliances, fixtures, equipment and other manufactured items are covered in accordance with the manufacturer's warranty only; they are not covered by this warranty.

1.2.2. YEAR ONE AND TWO COVERAGE

During the first and second year of the Warranty Period, which commences on the Effective Date, Wasatch warrants that your home will be free from defects in certain electrical, plumbing and mechanical systems as defined in the Warranty Standards set forth in **Section 2.3** of this Warranty. Defects in any of the systems resulting from failures in an appliance, fixture or piece of equipment which are covered by a manufacturer's warranty are not covered.

1.2.3. YEAR ONE THROUGH TEN COVERAGE

During the first through tenth year of the Warranty Period, which commences on the Effective Date, Wasatch warrants that your home will be free from Structural Defects as defined in the terms and conditions stated in **Section 2.4.**

1.2.4. The Warranty Standards that are set forth in section **2** shall be the sole and exclusive standards applicable to the Home. Such standards shall prevail over standards for new house construction, if any that have been adopted in connection with the Utah Construction Trades Licensing Act. The relevant Warranty Period set for above will be referred to herein as the "Warranty Period(s)."

1.3. BUILDER RESPONSIBILITIES

If a covered defect first occurs during the applicable Warranty Period and such defect is reported during the Warranty Period, Wasatch will repair, replace or pay the Homeowner the reasonable cost of repairing or replacing the defective item, with the sole option of selecting the methods and materials to be used in the corrective measure. THE CHOICE OF WHETHER TO REPAIR, REPLACE, OR PAY, OR COMBINATION THEREOF IS SOLELY THAT OF WASATCH HOMES. Any work undertaken by Wasatch will be subject to the following provisions:

1.3.1. Any repair or replacement shall not extend the Warranty Period for any reason. The repair, or replacement of a covered item does not commence a new warranty period for that item.

1.3.2. Wasatch is not responsible for removing, repairing, replacing or paying for any homebuyer-installed items such as: fences, landscaping, sprinkler systems, furniture, wallpaper, appliances and fixtures not included in the original sale of the home, or other homebuyer-added improvements.

1.3.3. Wasatch will be responsible for making corollary repairs if the repair of a defect causes damage to another item covered by this warranty. Otherwise, collateral and consequential damages are not covered. Wasatch's total liability under this warranty is limited to the Total Sales Price of the Home, as indicated on the Warranty Certificate form, which includes the parcel of land on which the Home was constructed.

1.3.4. If the performance of obligations under this Warranty is delayed by any event outside of the Builder's reasonable control, the Builder will be excused from performing until the effects of that event are remedied. Examples of such events are weather conditions, acts of God, labor disputes, shortage of materials, unavailability of subcontractors, a national or limited emergency or causes beyond Wasatch control.

1.4. HOMEOWNER RESPONSIBILITIES

The homeowner must carefully read and review this Warranty and the standards contained herein to determine whether the defect is covered.

1.4.1. If the homeowner discovers what appears to be a covered defect, which first occurs during the applicable Warranty Period, the Homeowner must send a clear and specific written request at the address listed on the Warranty Certificate (or a changed address) to the Builder identifying the defect and the date of the defect's occurrence. Written request of a covered defect must be reported to Wasatch during the applicable Warranty Period.

1.4.2. The Homeowner must allow Wasatch employees, agents and subcontractors access to the Home during normal business hours when the Home requires warranty servicing. Failure to provide such access will void the warranty coverage of the Home.

1.4.3. In case of an emergency problem, the Homeowner should attempt to notify Wasatch immediately in order that further damages can be mitigated. If the Homeowner is unable to notify Wasatch, the Homeowner should take immediate action so that further damages can be mitigated and then report the emergency to Wasatch on the next business day. An emergency as defined by this warranty MUST involve: total loss of heat, total loss of electricity, plumbing leakage that requires the entire water supply to be shut off, total loss of water, total sewer stoppage, or any situation that endangers the occupants of the home.

1.4.4. Any damage or defect caused or worsened by neglect, abnormal use, or improper maintenance and operation of the home or equipment of the home, or the lot will not be covered by this Warranty.

1.5 BINDING ARBITRATION

1.5.1. Any unresolved dispute that you may have with Wasatch under this Warranty shall be submitted to binding arbitration governed by the procedures of the Federal Arbitration Act, 9 U.S.C.1 et seq. Copies of this act are available from Wasatch Homes. You commence the arbitration process by giving Wasatch Homes written notice of your demand for arbitration of an unresolved dispute. The dispute will be submitted to the National Academy of Conciliators or such other independent arbitration service as is agreeable to Wasatch Homes and you within 20 days after Wasatch Homes' receipt of your notice of demand for arbitration. If you submit a demand for Arbitration, you must pay the Arbitrator's filing fee prior to the matter being referred to the Arbitration Service. The Arbitrator shall have the power to award the cost of this fee to you or to split it among the two parties. The arbitration shall be conducted in accordance with the Arbitrator's rules and regulations to the extent that they are not in conflict with the Federal Arbitration Act and shall be made strictly in accordance with the provisions and standards of this Warranty.

1.5.2. As used herein, the term "Unresolved Dispute" shall mean all claims, demands, disputes, controversies, and differences that may arise between the parties with respect to this Warranty of whatever kind or nature, including without limitation: (a) disputes arising out of this Warranty or other action performed or to be performed by the Builder under his Warranty; (b) as to repairs or claims arising during the term of this Warranty; and/or (c) as to the cost to repair or replace any defect covered by this Warranty.

1.5.3. The decision of the arbitrator shall be final and binding upon all parties.

1.5.4. If any party commences litigation in violation of this Warranty, such party shall reimburse the other parties to the litigation for their costs and expenses including attorneys' fees incurred in seeking dismissal of such litigation.

1.5.5. Wasatch shall comply with the arbitrator's decision in accordance with Sections 1.3 and 1.4 of this Warranty. Wasatch will complete such repairs or replacement with diligence but without necessity of incurring overtime or weekend expenses.

1.6. REGISTRATION IF RESOLD

The Wasatch Warranty is non-transferable if the home is sold.

1.7 EXCLUSIONS

Builder is not responsible for:

1.7.1. Defects not resulting in actual physical damage or loss.

1.7.2. Defects in outbuildings, including detached garages and detached carports.

1.7.3. Decks, boundary walls, retaining walls, and bulkheads.

1.7.4. Fences, landscaping (including sodding, seeding, shrubs, trees, and plantings), sprinkler systems, furniture, wallpaper, appliances or any other improvements not a part of the original sale of the Home.

1.7.5. Damage to or defects in concrete floors of attached garages that are built separate from foundation walls or other structural elements of the Home.

1.7.6. Damage to or defects in concrete floors of attached garages that are built separate from foundation walls or other structural elements of the Home.

1.7.7. Bodily or personal injury of any kind (including physical or mental pain and suffering and emotional distress), medical, hospital, rehabilitation or other incidental expenses, damage to personal property, or damage to any property of others not a party to this Warranty, including damage or injury occurring during the conduct of repair or replacement under this warranty.

1.7.8. Any loss or damage which the Homeowner has not taken appropriate action to minimize as soon as practicable.

1.7.9. Any defect in material or work supplied by anyone other than the Builder or its employees, agents or subcontractors, and any covered defect which was caused by defective material or work supplied by anyone other than the Builder or its employees, agents or subcontractors.

1.7.10. Material or work provided under a Work Equity Agreement or other Home construction adversely affected by Work Equity.

1.7.11. Loss of use, loss of opportunity, loss of market value, loss of rental value or any other consequential loss.

1.7.12. Defects in any property which was not included in the original Home delivered for the original Total Sales Price set forth in the Warranty Certificate.

1.7.13. Any damage to the extent it is caused or made worse by negligence, improper maintenance or improper operation by anyone other than the Builder or its employees, agents or subcontractors, including homeowner.

1.7.14. Loss or damage resulting from or made worse by failure by they Homeowner to give prompt and proper notice to the Builder.

1.7.15. Loss or damage resulting from or made worse by changes of the grading of the ground, including the Homeowner's failure to maintain the original grade, and the grading that does not comply with accepted grading practices.

1.7.16. Loss or damage externally caused, including, but not limited to; acts of God, riot or civil commotion, windstorm, fire, explosion, smoke, water, hail, lighting, falling trees or other objects, aircraft vehicles, flood, mud slides, earthquakes, volcanic eruption, radon or other gases, insect damage, vermin, radiation, pollution, hazardous or toxic substances of any kind, environmental contamination, abuse or use of the Home, or any part thereof, beyond the reasonable capacity of such part for such use, or by any other external cause.

1.7.17. Loss or damage resulting from or made worse by changes in the level of the underground water table.

1.7.18. Loss or damage resulting from or made worse by subsidence or soil movement.

1.7.19. Any loss, damage, defect, cost or expense which is caused, in whole or in part, by any peril or occurrence for which compensation is provided by state legislation, or which is covered by other insurance including Homeowner's insurance or public funds. In furtherance thereof, the homeowner waives any subrogation rights that might be asserted against Wasatch, to the fullest extent allowed by law.

1.7.20. Any loss or damage which arises while the home is being used primarily for nonresidential purposes.

1.7.21. Costs of shelter, transportation, food, moving, storage, or other incidental expenses related to relocation during repair, or any other costs due to loss of use, inconvenience or annoyance.

1.7.22. Normal wear and deterioration.

1.7.23. Damage to glass, drywall, finish carpentry, paint, concrete and other elements of the home that can become damaged due to normal settling of the home or damage due to normal expansion or contraction of building materials.

1.7.24. Any homeowner-acknowledged, pre-existing conditions, such as Walk-Through or punch list items that were, or should have been, part of the original Walk Through list as agreed to by Wasatch.

1.7.25. Structural slab foundation systems that have experienced some movement but are within the foundation's design criteria.

1.7.26. Items that are cosmetic in nature or that are of a type referred to in Section 3.2. of the General Provisions of the Real Estate Purchase Agreement.

1.8. GENERAL TERMS AND CONDITIONS

1.8.1. Buyer, to the fullest extent permitted by law, agrees to hold harmless Builder (including its affiliates and subsidiaries and other contractors and subcontractors and their agents and employees) from any and all claims, damages, loss and expenses, including but not limited to attorney's fees, arising out of any death, accident, injury, or other occurrence resulting from Builder's performance of contractual obligations relating to this Warranty.

1.8.2. No one is authorized to modify this Warranty without the express written consent of all the parties hereto. No verbal representations by Wasatch representatives may vary this Warranty.

1.8.3. Should any provision of this Warranty be determined by a court of competent jurisdiction to be unenforceable, that determination will not affect the validity of the remaining provisions.

1.8.4. If more than one party signs this Warranty as Purchaser, then (a) all of the parties comprising Purchaser shall be jointly and severally liable for the obligations of Purchaser under this Warranty; (b) notice to any one of the parties comprising Purchaser shall be deemed to be notice to all of the parties comprising Purchaser; and (c) all parties comprising Purchaser shall be bound by any document related to the Warranty that is signed by one or more parties comprising Purchaser.

1.8.5. The captions that precede the paragraphs and sections of the Warranty are for convenience of reference only; if there is a conflict between the caption and the paragraph or paragraphs following the caption, then the provisions of the paragraph itself shall control. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof and any gender shall include the other gender. Unless otherwise provided, references in this Warranty to particular paragraphs are to paragraphs in this Warranty, including all sub-paragraphs.

1.8.6. Whenever Wasatch takes any action under this Warranty "in its sole discretion," Wasatch takes such action in its sole and absolute discretion, without being subject to standards of reasonableness and without obtaining Homeowner's consent.

1.8.7. The waiver by Wasatch of any term, condition or provision of this Warranty shall not be construed as a waiver of any other or subsequent term, condition or provision.

SECTION 2. WARRANTY STANDARDS

2.1. PURPOSE OF THE STANDARDS

This section establishes the standards by which it will be determined whether your home has a problem which is covered by this Warranty and the obligation of SELLER to correct those defects. The coverage is subject to the general provisions and exclusions set forth in Section 1.

2.2. STANDARDS APPLICABLE DURING FIRST YEAR ONLY

POTENTIAL DEFECT	STANDARDS & COMMENTS	BUILDER RESPONSIBILITY
2.2.1. MASONRY AND CONCRETE		
1. Concrete foundation wall cracks	Shrinkage or settlement cracks are common and should be expected within certain tolerances	Any cracks greater than 1/8 inch in width will be repaired by surface patching or pointing. Builder is not responsible for color variations.
2. Driveways, walkways or patios crack, flake, or spall	Concrete cracks are common and should be expected within certain tolerances. Homeowner should minimize spalling and flaking by avoiding use of salt or chemical deicers.	Any cracks greater than 1/2 inch in width or 1/2 inch in vertical displacement will be repaired by surface patching or grinding. Spalled or flaking concrete is not covered by this warranty.
3. Cracks in concrete basement floors	Shrinkage (hairline) cracks are common and should be expected within certain tolerances.	Any cracks greater than 1/2 inch in width or 1/4 inch in vertical displacement will be repaired by surface patching or grinding.
4. Vertical or horizontal movement of concrete floor slabs at joints	Concrete floor slabs are engineered to move at expansion and contraction joints.	None
5. Cracks in attached garage slab	Cracks are common and should be expected within certain tolerances.	Cracks exceeding 1/4 inch in width or 1/4 inch in vertical displacement will be repaired by patching.
6. Concrete floors in rooms designed by living having pits, depressions or unevenness.	Slopes purposefully created for drainage are not covered.	If the unevenness exceeds 1/4 in a 32 inch measurement, it will be corrected.
7. Concrete slab cracks which cause finished floor coverings to rupture	* * * *	The problem will be corrected so that the defect is not readily noticeable.
8. Vertical or horizontal separation of stoops away from the house, puddling or rain water on the stoop, or cracking of the stoop.	Minor separation is normal as is minor puddling of rain water. No cracks except hairline cracks (less than 1/16 inch) are acceptable.	Separation of more than 1 inch will be repaired as will excessive water puddling. Hairline cracks will be repaired by surface patching.

POTENTIAL DEFECT	STANDARDS & COMMENTS	BUILDER RESPONSIBILITY
2.2.2. LOT GRADING AND DRAINAGE		
1. Ground settlement around foundation, utility trenches or other filled areas.	Ground settlement should not disrupt water drainage away from the house, although settlement around the foundation, at utility trenches and other filled areas of up to 6 inches should be expected. In all cases, the Homeowner is responsible for the removal and replacement of shrubs, grass, etc.	Builder will replace fill in excessively settled areas (in excess of 6 inches) once only during the warranty year.
2. Improper grades and swales which cause standing water and affects the drainage in the immediate area surrounding the home which affects the foundation.	After normal rainfall, 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 snow or saturation exists on the ground.	The Builder is responsible for establishing the proper grades and swales; after that, the Purchaser is responsible for maintaining them.
2.2.3. FOUNDATION WATERPROOFING		
1. Water leaking into basement	Dampness of floors and walls is common and not covered by this warranty. The Builder will not be responsible if the cause is improper landscaping, maintenance or negligence of the Homeowner.	Actual leakage of water (actual flow and accumulation) into the basement will be corrected using methods as are necessary to stop the flow of water.
2. Water in crawl space due to condensation in walls, joists, support columns and other components of the crawl space, basement or cellar.	Crawl spaces should be graded and drained properly to prevent water from accumulating in the crawl space area. Maintaining adequate ventilation and moisture control is considered as routine maintenance and is the responsibility of the Homeowner.	The Builder is responsible for providing proper grading and drainage of crawl space areas. Water should not be present in the crawl space area thirty (30) days after the owner has closed on the home.
2.2.4. CARPENTRY -- ROUGH & FINISH (CONTINUED ON NEXT PAGE)		
1. Walls which bulge, bow or are out-of-plumb	All interior and exterior framed walls have minor differences. Walls which bulge or bow in excess of 1/4 inch within a 32 inch measurement (floor to ceiling or wall to wall) is a defect. Walls which are out of plumb in excess of 3/4 inch within a vertical measurement of eight feet will be repaired.	The Builder will correct to meet warranty standard.
2. Floor squeaks or subfloor appears loose.	A squeak proof floor is not guaranteed. Floor squeaks and loose sub-flooring are often temporary and passing conditions, caused by lumber shrinkage or temperature changes. The Builder may choose at their sole discretion to make reasonable effort to repair the floor squeak.	None.

POTENTIAL DEFECT	STANDARDS & COMMENTS	BUILDER RESPONSIBILITY
2.2.4. CARPENTRY— ROUGH & FINISH (FROM PREVIOUS PAGE)		
3. Uneven wood framed floors.	Uneven floor joists causing high or low areas exceeding 1/4 inch within a 32 inch distance, measuring perpendicular to the high or low area, is a defect. Floor slope which exceeds 1/240 of the width or length within a room, measured in the direction of the slope, is a defect. Example, the slope in a room ten feet wide may not exceed 1/2 inch.	Builder will correct to meet the warranty standard.
4. Quality of interior trim workmanship.	Joints in moldings or joints between moldings and adjacent surfaces should not result in joints exceeding 1/8 inch in width.	The Builder will repair defective joints. Caulking is acceptable.

2.2.5. INSULATION		
1. Inadequate insulation	Insulation should be installed in accordance with applicable energy and building code requirements.	Builder will install sufficient insulation to meet the applicable code requirements.
2. 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.

2.2.6. ROOFING		
1. Roof leaking	The roof should not leak and no leaks should arise from flashing, except where snow and ice are allowed to build up. Prevention of snow and ice build up 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.
2. Leaks in gutters and down spouts.	Gutters and leaders should not leak. However, during heavy rains, overflow may be expected. The Homeowner is responsible for keeping the gutters and down spouts open and free from debris.	Leaks not caused by Homeowner's neglect will be repaired.
3. Water stays in gutters	Purchaser is responsible for keeping gutters and down spouts open and free from debris.	Builder will repair so that if free from debris, the standing water depth will not exceed 1 inch.
4. Insufficient attic or roof ventilation	Attic spaces shall have adequate ventilation as required by the appropriate building code.	Builder will correct to meet the warranty standard.
5. Leakage of elements through attic louvers, vents, including ridge and soffit vents.	Even when properly installed, wind driven snow and rain may enter through vents. This is not a defect.	None.

POTENTIAL DEFECT	STANDARDS & COMMENTS	BUILDER RESPONSIBILITY
2.2.7. SIDING, STUCCO & CAULKING		
1. Exterior trim poor workmanship	Separation at joints in the exterior trim, and between the trim and surfaces of exterior siding or masonry should not exceed 3/8 inch.	The Builder will correct. Caulking is an acceptable method of repair.
2. Wall leaks due to caulking shrinkage.	All caulking shrinks and replacement is a Homeowner's maintenance item.	All junctions and separations of wall surfaces will be recaulked once to prevent water leakage.
3. Exterior joint separation of siding, delamination of veneer siding or loose siding.	Loose siding due to improper installation, or separation or delamination due to improper workmanship and materials is a defect. Separated, loose or delaminated siding due to improper maintenance is not a defect.	The Builder will correct to meet warranty standards. Exact match cannot be assured. The Builder is not responsible for discontinued colors, styles or textures. The Builder will match as closely as reasonably possible.
4. Paint or stain peels or fades	Some fading is normal and is caused by weathering. Metal railings will rust and the paint will peel due to the effects of sun and rain. Paint maintenance of wood trim and metal railings is a homeowner's responsibility.	The Builder will repair paint if peeling or fading is caused by a defect in material or workmanship.
5. Cracks in stucco wall finish or foundation plaster.	Cracks in stucco wall finish or foundation plaster are common and should be expected within certain tolerances.	Cracks in excess of 1/8 inch in width will be repaired once. Color match cannot be guaranteed.

2.2.8. CHIMNEYS AND FIREPLACES		
1. Not enough draw or down draft	Trees too close to the chimney or high winds can cause down drafts. Some homes are extremely air-tight and window may have to be opened in order to maintain an effective draft.	If the problem is caused by improper construction or design, it will be corrected.
2. Chimney separated from home.	Some minor separation is normal and should be expected within certain tolerances.	Separation in excess of 1/2 inch in any 10 foot measurement will be corrected by caulking or other measures.
3. Cracking of firebrick	It is expected that heat will cause cracking.	None
4. Fireplace brick veneer cracking	Some cracking is common and should be expected within certain tolerances.	Cracks in brick veneer greater than 1/4 inch in width will be repaired by pointing or patching. An exact color and texture match cannot be assured. The Builder is not responsible for color variations.
5. Water infiltration into the firebox.	A certain amount of water infiltration can be expected under certain weather conditions, such as during wind driven rains and snow. This is beyond the Builder's control and is not a defect.	None.

POTENTIAL DEFECT	STANDARDS & COMMENTS	BUILDER RESPONSIBILITY
2.2.9. DOORS AND WINDOWS		
1. Warpage of doors	Some warping, cupping, bowing or twisting, especially of exterior doors, is normal and is caused by surface temperature changes. Such warping, cupping, twisting or bowing, however, should not cause the doors to become unusable or allow unreasonable entrance of the elements.	Defective doors will be repaired or replaced and the finish matched as closely as reasonably possible.
2. Shrinkage of door panels	Expansion and contraction is normal and may cause unfinished surfaces to appear.	None.
3. Door panel splits	Some splitting is normal and should be expected within certain tolerances. The splitting should not allow the entrance of light.	The Builder will correct to meet warranty standards. The Builder will match the finish as closely as possible; an exact match cannot be assured.
4. Glass breakage	This is not covered by your warranty. You should inspect your property and bring any glass breakage to the Builder's attention prior to occupancy as part of the Walk Through list.	None.
5. Garage door malfunctions	Following proper installation, maintenance is the Homeowner's responsibility.	The Builder will correct to meet warranty standards except where the cause is determined to result from the owner installing an electric garage door opener.
6. Rain or snow enters through garage door.	The Builder will install the door to meet the manufacturer's specifications. Some entrance of the elements should be expected under certain weather conditions.	The Builder will correct, if necessary, to meet warranty standards.
7. Windows do not operate	Reasonable pressure should open and close windows.	The Builder will correct to meet warranty standards.
8. Infiltrations around doors and windows.	Some infiltration is normally noticeable around doors and windows, especially during high winds. Poorly fitted weatherstripping is not permissible.	The Builder will correct to meet warranty standards.
9. Condensation and frost on windows	Condensation is the result of climatic/humidity conditions beyond the Builder's control.	None.

2.2.10. FLOORING AND COVERINGS (CONTINUED ON NEXT PAGE)		
1. Discoloration or "yellowing" of vinyl flooring material.	Discoloration due to a manufacturers defect will be repaired or replaced. However, "yellowing" caused by the use of rubber-backed mats by the homeowner is not a effect and is not covered by this warranty.	Builder will correct if manufacturer defect.
2. Nails popping through resilient flooring (vinyl).	Only nails which have broken through floor covering will be repaired.	The nail pops will be repaired and the covering repaired in the area damaged. The Builder is not responsible for discontinued patterns or colors, but will match as closely as reasonably possible.
3. Sub-floor imperfections causing ridges or depressions in resilient flooring.	Minor ridges or indentations not exceeding 1/8 inch are common and should be expected.	The Builder will correct to meet warranty standards. The Builder is not responsible for discontinued patterns or colors, but will match as closely as reasonably possible.

POTENTIAL DEFECT	STANDARDS & COMMENTS	BUILDER RESPONSIBILITY
2.2.10. FLOORING AND COVERINGS (FROM PREVIOUS PAGE)		
4. Floor coverings become loose or bubbles.	* * * * * *	The affected area will be repaired or replaced. The Builder is not responsible for discontinued patterns or colors, but will match as closely as reasonably possible.
5. Gaps in seams of resilient coverings.	Minor gaps and separations not exceeding 1/8 inch are common and should be expected.	The Builder will correct the affected area only to meet the warranty standards. The Builder is not responsible for discontinued patterns or colors or for variations in color, but will match as closely as reasonably possible.
6. Carpeting becomes loose, seams separate or excessive stretching occurs.	When stretched and secured properly, carpeting should not come up, become loose, separate or stretch excessively at its points of attachment. Visible carpet seams are not covered.	The Builder to re-stretch or re-secure carpeting as needed one time only within the first year of warranty.
7. Gaps where dissimilar materials abut.	Minor gaps and separations not exceeding 1/8 inch are common and should be expected.	The Builder will take corrective action as is necessary.
8. Ceramic tile becomes loose.	Ceramic tile should not become loose. Some tile cracking is possible due to movement of building materials.	The Builder will replace and cracked tiles and re-secure any loose tiles unless the defects were caused by the owner's negligence.
9. Cracks appear in grouting in ceramic tile joints or at junctions with other materials.	Cracks in grouting in ceramic tile joints are commonly due to normal shrinkage conditions and is a maintenance responsibility of the Homeowner.	Builder will repair grouting as necessary one time only (unless the cracks are due to normal shrinkage).
10. Cracks appear in between planks and strips of hardwood floors. Planks or strips themselves crack or split.	Cracks appearing in hardwood floors are normally caused by environmental conditions within the home. Cracks which appear in hardwood floors will generally close up as conditions within the home change. Fillers are not recommended as a repair of hardwood floor cracks.	Cracks that appear as a result of environmental conditions within the home are not the responsibility of the Builder. Boards which split, cup or crown as a result of plumbing leaks or other covered defects will be repaired to match as closely as is reasonably possible. Exact match of colors cannot be assured.

2.2.11. CABINETS AND COUNTERTOPS		
1. Chips, cracks, scratches or delamination to vanity or kitchen countertops, including porcelain and fiberglass fixtures, or cabinets.	Damage not appearing on Walk Through are not covered by this Warranty. Countertop material will not delaminate except where cause is found to be water standing on seams. This is homeowner caused damage and is not covered.	None.
2. Cabinet doors or drawers warp	Minor warpage is common and should be expected within certain tolerances.	Warpage in excess of 1/4 inch from the face of the cabinet will be corrected.
3. Cabinet separates from wall or ceiling	Some separation is common and should be expected within certain tolerances.	Separation in excess of 1/4 inch will be corrected. Caulking is acceptable.

POTENTIAL DEFECT	STANDARDS & COMMENTS	BUILDER RESPONSIBILITY
2.2.12. FINISHES		
1. Cracks in interior wall surfaces	Slight imperfections such as nail pops, seam lines and settlement cracks are common in plaster and gypsum wallboard installations. Such imperfections are caused by settlement, stress and material shrinkage and is not a defect in material or workmanship.	The Builder will, as a courtesy, make drywall repairs, one-time only. The Homeowner is responsible to repaint repaired areas. No repairs will be made to areas that show only under particular lighting conditions.
2. Drywall repair necessary because of plumbing leak or damage by another item covered by this warranty.	Necessary repairs required under this warranty will be refinished to match area as closely as reasonably possible.	The Builder will make necessary drywall repairs and will repaint the damaged area of drywall. The Homeowner is responsible to restore custom paint colors or wallpaper.
3. Painting required as corollary repair because of other work.	Re-painted areas of patched or repaired drywall may show a different sheen or color. The Builder is not responsible to re-paint an entire wall surface to match paint colors or sheens.	The Builder will refinish repaired areas as indicated to match surrounding areas as closely as reasonably possible.

2.2.13. COOLING AND HEATING		
1. Insufficient heating	The heating system should be able to maintain a temperature of 70 degrees Fahrenheit (measured 5 feet above the center of the floor). Homeowner is responsible for minor adjustments such as balancing dampers and registers. On extremely cold days, a 5 to 6 degree difference between the actual inside temperature and the thermostat setting is acceptable. All rooms will vary in temperature by 3 or 4 degrees.	The Builder will correct the system to meet warranty standards.
2. Insufficient cooling	Where applicable, the cooling system should be able to maintain a temperature of 78 degrees Fahrenheit (measured 5 feet above the center of the floor). In the case of excessive outdoor temperature, a 15 degree difference is acceptable. Homeowner is responsible for the minor adjustments such as balancing dampers and registers. All rooms will vary in temperature by 3 or 4 degrees.	The Builder will correct the system to meet warranty standards.
3. Ductwork noisy	When metal ducts heat and cool, some noise will result. Expansion and contraction of building materials will also cause “oil canning” noise. It is not possible to completely eliminate these sounds.	Builder to make reasonable efforts to reduce these noises.
4. Improper mechanical operation	The equipment should function properly at the temperature standards set.	The Builder will correct and adjust so that the blower and water system operate as designed.

2.2.14. ELECTRICAL		
1. Outlets, switches or fixtures fail to carry their designed loads.	* * * * * *	The Builder will correct defective outlets, switches and fixtures that do not carry their designed load.
2. Consistently blown fuses or circuit breakers kicking off	The Builder is not responsible if caused by Homeowner overloading electrical system. Ground Fault Interrupters are designed to turn off as is necessary for safety reasons.	The Builder will correct defects caused by improper workmanship or materials only.

POTENTIAL DEFECT	STANDARDS & COMMENTS	BUILDER RESPONSIBILITY
2.2.15. PLUMBING & PLUMBING FIXTURES		
1. Pipes freeze and burst	Homeowner is responsible for maintaining suitable temperatures in the home to prevent pipes from freezing. Proper winterization, including draining pipe lines and supplying outside faucets, is a Homeowner's maintenance item.	Builder will correct if defect is caused by defective workmanship or materials.
2. Plumbing fixtures, appliances and trim fitting leaks or malfunctions.	* * * * * *	Leaks or malfunction in faucets, valves, appliances and trim fittings caused by defects in materials or workmanship will be corrected. Worn washers or seals are a Homeowner's maintenance item.
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.
4. Cracks or chips in porcelain or fiberglass.	The Homeowner should inspect these items before taking occupancy and list them on the Walk Through list.	None.
5. Leakage from any piping.	No leaks of any kind should exist in any soil, waste, vent, or gas or water pipe. Condensation on piping does not constitute leakage. Should a gas pipe leak occur, the Homeowner should call the appropriate public utility service immediately.	The Builder shall make necessary repairs to eliminate leakages in any piping installed by the Builder.
6. Stopped up sewers, fixtures or drains.	Where defective construction is the cause, the Builder shall assume the cost of the repair; where Homeowner negligence is shown to be the cause, the owner shall assume all repair costs.	The Builder to correct if caused by defective workmanship or materials.

SECTION 2.3. SYSTEM STANDARDS APPLICABLE DURING FIRST TWO YEARS ONLY

POTENTIAL DEFECT	STANDARDS & COMMENTS	BUILDER RESPONSIBILITY
1. Leakage from any piping.	Condensation on pipes is normal is not covered by this warranty. Leaks in faucets, valves, joints, and fittings are applicable to first year coverage only.	The Builder will correct pipe leaks only. Leaks in faucets, valves, joints and fittings are the Homeowner's responsibility.
2. Clogged drain and sewers	This is a Homeowner's maintenance item. The Builder will be responsible only if the cause is a defect in construction.	The Builder will correct only if caused by a defect in materials and workmanship. The Homeowner will pay for Builder's repair if not a defect in workmanship and materials.
3. Ductwork separates	Ductwork should not separate.	The Builder will correct to meet warranty standards.
4. Wiring fails to carry specified electrical load.	Wiring should carry the specified electrical load.	The Builder will correct to meet acceptable warranty standards if failure is caused by a defect in workmanship or materials.

SECTION 2.4. SYSTEM STANDARDS APPLICABLE DURING FIRST TEN YEARS

POTENTIAL DEFECT	STANDARDS & COMMENTS	BUILDER RESPONSIBILITY
2.4.1. All of the following conditions must be met to constitute a "Structural Defect" covered by the Warranty: (a) actual physical damage to one or more of the 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: 2.4.2. Load bearing components of the home deemed to have Structural Defect potential are: a. roof framing members (rafters and trusses) b. floor framing members (joists and trusses) c. bearing walls d. columns e. lintels (other than lintels supporting veneers) f. girders g. load bearing beams h. foundations systems and footings	2.4.3. Examples of non-load bearing elements which will be deemed NOT to have Structural Defect potential including but not limited to: a. non-load bearing partitions and walls b. wall tile or paper c. plaster, laths or drywall d. flooring and subflooring material e. brick, stucco, stone, or veneer f. any type of exterior siding g. roof shingles, sheathing, and tar paper h. heating, cooling, ventilation, plumbing, electrical, and mechanical systems. i. Appliances, fixtures, or items of equipment j. doors, trim, cabinets, hardware, insulation, paint, and stains	2.4.4. The repair of a Structural Defect is limited to (a) the repair of damage to the load bearing portions of the Home which is necessary to restore their load bearing function; (b) the repair of designated non-load bearing portions, items, or systems of the Home damaged by the structural defect, which conditions make the Home unsafe, unsanitary or otherwise unlivable as determined by the Builder in its sole discretion (such as the repair of inoperable windows, doors and the restoration of damaged electrical, plumbing, heating, cooling, and ventilating systems); and (c) the repair and cosmetic correction of only those surfaces, finishes and coverings original in the Home damaged by the Structural Defect, or which require removal and replacement to repair the Structural Defect, or to repair other damage directly attributable to the Structural Defect.