

CAVALERO RIDGE LLC

Limited Warranty

Effective 5/08

Cavalero Ridge L.L.C.
LIMITED WARRANTY
"Exhibit BW" (Revised 5/1/08)

INTRODUCTION TO THE LIMITED WARRANTY

- a. This manual provides specific details, conditions and limitations of the Limited Warranty including procedures for requesting warranty performance. Please 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.
- b. 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.

WARRANTEE

The warranty is granted only to the Buyer and shall not be transferable to any subsequent owners.

PERIOD OF WARRANTY

The Limited Warranty covers items identified by Buyer to Seller during the first and second year periods beginning on the warranty commencement date. The warranty commencement date is the earlier of the following: date of closing or the date of first occupancy. The Warranty is not applicable unless the defect is discovered and Buyer notifies the Seller of the defect **IN WRITING** prior to expiration of warranty period.

ITEMS OF COVERAGE, PERFORMANCE STANDARDS

- a. Seller warrants that, for one year beginning on the commencement date, the home will be free from defects consisting of noncompliance with the Performance Standards attached to this Limited Warranty.
- b. Actions taken to cure Defects will not extend the periods of specified coverage's in this Limited Warranty.

REMEDY

If a failure occurs in an item, which is covered by this Warranty, Seller will repair, replace or pay the Buyer the reasonable cost of repairing or replacing the failed item. The election to repair, replace or pay Buyer is at the sole option of the Seller. Seller's total liability under this Warranty is limited to the original purchase price of the home.

OTHER RIGHTS

This Warranty gives the Buyer specific legal rights. Seller makes no other warranties expressed or implied at law or otherwise except the warranties herein specifically contained. Buyer acknowledges and specifically agrees that this Warranty is the sole Warranty expressed or implied by Seller. This Warranty supersedes and replaces any representation or Warranties that might otherwise be contained in or implied from the Purchase Agreement.

Exclusions

The following are **not** covered by this warranty:

- A. Defects in any outbuildings, detached garages or detached carports not built by the builder; recreational facilities or equipment; plat improvements including, but not limited to, streets, curbs, sidewalks, utility boxes and stanchions, pole lines or pipes; fences; off-site improvements, or any improvements not a part of the house structure itself.
- B. Any damage to the extent it is caused or made worse by:
 - 1. Negligence, improper maintenance or improper operations by anyone other than Seller or its employees, agents or subcontractors; or
 - 2. Failure by the Buyer or by anyone other than Seller or its employees, agents, or subcontractors to comply with the Warranty requirements of manufacturers of appliances, equipment or fixtures; or
 - 3. Failure by the Buyer to give written notice to Seller of any defects within a reasonable period of time after the defect is known and in any event by the expiration of the warranty period; or
 - 4. Changes, alterations, or additions made to the home by anyone after initial occupancy, except those performed by Seller; or
 - 5. Dampness, condensation and/or other moisture related problems due to Buyer's failure to maintain adequate ventilation.
- C. Loss or damage resulting from, or made worse by:
 - 1. Changes in the grading of the property surrounding the Home by anyone except Seller or its employees, agents or subcontractors.
 - 2. Changes in grading caused by erosion.
 - 3. The weight and or performance of any type of waterbed or any other furnishing which exceeds the load-bearing design of the Home.
 - 4. 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 inhabitability or health risk within the Home.

5. Any portion of a Water Supply System, private or public, including volume and pressure of water flow.
 6. Quality and potability of water.
- D. Normal wear and tear or normal deterioration.
- E. Loss or damage resulting from accidents, riots and civil commotion, fire, explosion, smoke, falling trees, falling objects, aircraft, acts of God, lightning, windstorm, hail, flood, mudslide, earthquake, volcanic eruption, wind-driven water, melting snow/ice, or changes in the level of the underground water table which are not reasonably foreseeable.
- F. Any damage caused by soil movement which is not due to any fault or neglect of Seller.
- G. Bodily injury or damage to personal property.
- H. Cosmetic blemishes, such as carpet spots, chips, scratches or marks in the following: tile, woodwork, walls, porcelain, plastic laminate, resilient floor, hardwood floor, brick, mirrors, plumbing fixtures, or glass, not identified at the time of Buyer's pre-closing orientation inspection of the house prior to occupancy.
- I. Clogged or frozen pipes.
- J. Dead landscaping material due to improper homeowner maintenance, infestations, drought, freezing, or other acts of nature. Seller provides a 90-day landscaping warranty on seller-installed plants, shrubs, or trees.
- K. Existing trees and vegetation not installed by Seller.
- L. Cosmetic splitting or cracking of exposed wood beams, decks or wood posts.
- M. Equipment installed in the home, which may be consumer products, if said equipment is covered under Manufacturer's Warranty.
- N. Loss or damage
1. To the Home, persons or property directly or indirectly caused by insects, birds, vermin, rodents, or wild or domestic animals.
 2. To wiring, to and between devices from the source of power. Such devices shall include, but not be limited to, telephone systems, television cable systems, appliances, 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.
- O. Warranted defects that you repair without prior written authorization except for repairs of emergency nature.

- P. Varnish or lacquer finishes of exterior doors or windows.
- Q. Sound transmission and sound proofing between rooms or floor levels.
- R. 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.

SECTION 1.

WARRANTY REQUEST

1. Conditions:

- a. Review your warranty manual to determine whether or not the repair in question is covered within the warranty standards.
- b. Submit a completed Customer Service Request form to Burnstead Construction Customer Service. (If you are in need of extra forms, the Customer Service Dept. will send them to you).
- c. All warranty requests **MUST** be submitted in writing. Only emergency situations will be processed by phone, person, or any other source than writing.
- d. Your warranty request will be handed to your assigned representative who will at that time review all requests for coverage approval/disapproval.
- e. It is the homeowner's responsibility to provide access to their home for repair work during normal business hours.
- f. Upon completion of repair work, all Customer Warranty Request forms must be signed by Homeowner.

2. When to submit Warranty Request

- a. Except for an emergency, warranty requests will be accepted twice during the warranty period. **The first warranty request must be submitted in writing no earlier than 90 days after occupancy.**
- b. **The second warranty request (s) must be submitted in writing no earlier than 30 days from the one year expiration date. The year-end warranty requests are the homeowner's responsibility to submit to Seller. There is not a year end walk-through with a company representative. Any year-end requests received after the expiration date will not be covered by this warranty.**

3. Emergency Warranty Requests

For items of an emergency nature only, that is, a situation that, if not attended to immediately, threatens to make the home unsafe, unsanitary or unlivable, the Buyer may take necessary steps to cure the immediate effect and prevent further damage. Seller will consider claims for reimbursement of expense for such emergency actions under the following conditions:

- a. The situation was a true emergency.
- b. The situation was caused by or due to a defect covered by this Warranty.

The seller reserves the right to modify or reject any claim for which the costs unreasonably exceed prevailing wage or material costs typical for the area.

4. Dispute Resolution

Binding Arbitration

The parties hereby agree that if a dispute arises regarding the interpretation or enforcement of the Purchase and Sales Agreement, the Warranty, or any matter relating to the construction of the home, said dispute shall be settled by binding arbitration. These disputes include but are not limited to: (1) any pre or post closing or construction disputes, (2) complaints; (3) unresolved warranty issues, (4) disputes as to events, representations, or omissions which predate the Purchase and Sales Agreement; (5) other action performed or to be performed by the Builder pursuant to the Purchase and Sales Agreement or the Warranty; (6) as to repairs or warranty claims arising during the term of the Warranty; and/or (7) as to the cost to repair or replace any defect covered by the Warranty (collectively, an “unresolved dispute”). Such arbitration shall be submitted to and governed by the procedures of the Commercial Rules of the American Arbitration Association and RCW 7.04 et. seq. You commence the arbitration process by giving the Builder written notice of your demand for Arbitration of an unresolved dispute. The dispute will be submitted to the American Arbitration Association, or such other independent arbitration service as is agreeable to Cavaleiro Ridge L.L.C. and you (herein referred to as Arbitrator) within 20 days after Cavaleiro Ridge L.L.C. has received 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 Arbitrator. The Arbitrator shall have the power to award the cost of this fee to you or to split it among the parties to the Arbitration. The Arbitration shall be conducted in accordance with the Arbitrator’s rules and regulations to the extent that they are not in conflict with RCW 7.04 et. seq.

Either party may, within one year after an arbitration award, apply to the King County Superior Court for the State of Washington, to confirm the award. The forwarding of a written demand for arbitration shall toll the running of any applicable statute of limitations for the matter to be arbitrated. THE DECISION OF THE ARBITRATOR SHALL BE FINAL AND BINDING UPON ALL PARTIES.

In as much as this Agreement provides for the mandatory arbitration of disputes, if any party commences litigation in violation of the Agreement, such party shall reimburse the other parties to the litigation for their costs and expenses including attorney’s fees incurred in seeking dismissal of such litigation.

The builder shall have 60 days after receipt of the arbitration award in which to comply with the arbitrator’s decision. Repairs will be commenced as soon as possible and will be completed within 60 days with the exception of any seasonal repairs or items that would reasonably take more than 60 days to complete. The Builder will complete such repairs or replacement with diligence but without the necessity of incurring overtime or weekend expenses.

MOLD NOTICE, DISCLOSURE AND DISCLAIMER ADDENDUM TO LIMITED WARRANTY

Mold. Mold is a type of fungus. It occurs naturally and is found everywhere life can be supported. Residential home construction is not, and cannot be, designed to exclude mold spores. If the growing conditions are right, mold can grow in your home (i.e. bread mold and mold found on bathroom tile).

In order to grow, mold requires a food source. This might be supplied by items found in the home, such as fabric, carpet or even wallpaper, or by building materials, such as drywall, wood and insulation, to name a few. Also, mold growth requires a temperate climate and moisture. Moisture is the only mold growth factor that can be controlled in a residential setting. By minimizing moisture, a homeowner can reduce or eliminate mold growth.

Moisture in the home can have many causes. Spills, leaks, overflows, condensation, and high humidity are common sources of home moisture. Good housekeeping and home maintenance practices are essential in the effort to prevent or eliminate mold growth. If moisture is allowed to remain on the growth medium, mold can develop within 24 to 48 hours.

Consequences of mold. All mold is not necessarily harmful, but certain strains of mold have been shown to have adverse health effects in susceptible persons. The most common effects are allergic reactions, including skin irritation, watery eyes, runny nose, coughing, sneezing, congestion, sore throat and headache. Individuals with suppressed immune systems may risk infections. Some experts contend that mold causes serious symptoms and diseases which may even be life threatening. However, experts disagree about the level of mold exposure that may cause health problems, and about the exact nature and extent of the health problems that may be caused by mold.

What the Homeowner can do. The homeowner can take positive steps to reduce or eliminate the occurrence of mold growth in the home, and thereby minimize any possible adverse effects that may be caused by mold. These steps include the following:

1. Before bringing items into the home, check for signs of mold. Potted plants (roots and soil), furnishings, or stored clothing and bedding material, as well as many other household goods, could already contain mold growth.
2. Regular vacuuming and cleaning will help reduce mold levels. Mild bleach solutions and most tile cleaners are effective in eliminating or preventing mold growth.
3. Keep the humidity in the home low. Vent clothes dryers to the outdoors. Ventilate kitchens and bathrooms by opening the windows, by using exhaust fans, or by running the air conditioning to remove excess moisture in the air, and to facilitate evaporation of water from wet surfaces.
4. Promptly clean up spills, condensation and other sources of moisture. Thoroughly dry any wet surfaces or material. Do not let water pool or stand in your home. Promptly replace any materials that cannot be thoroughly dried, such as drywall or insulation.

5. Inspect for leaks on a regular basis. Look for discolorations or wet spots. Repair any leaks promptly. Inspect condensation pans (refrigerators and air conditioners) for mold growth. Take notice of musty odors, and any visible signs of mold.
6. Should mold develop, thoroughly clean the affected area with a mild solution of bleach. First, test to see if the affected material or surface is color safe. Porous materials, such as fabric, upholstery or carpet should be discarded. Should the mold growth be severe, call on the services of a qualified professional cleaner.

Disclaimer and Waiver.

Whether or not Buyer as a homeowner experiences mold growth depends largely on how Buyer manages and maintains Buyer's home. Seller's responsibility as a homebuilder must be limited to things that Seller can control. As explained in the written warranty, Seller will repair or replace defects in the construction (defects are defined within the warranty) during the warranty period. SELLER WILL NOT BE RESPONSIBLE FOR, AND BUYER ON BEHALF OF BUYER'S FAMILY MEMBERS, TENANTS, INVITEES AND LICENSEES, HEREBY RELEASE SELLER FROM ANY DAMAGES CAUSED BY MOLD, OR BY SOME OTHER AGENT, THAT MAY BE ASSOCIATED WITH DEFECTS IN OUR CONSTRUCTION, TO INCLUDE BUT NOT BE LIMITED TO PROPERTY DAMAGE, PERSONAL INJURY, LOSS OF INCOME, EMOTIONAL DISTRESS, DEATH, LOSS OF USE, LOSS OF VALUE, AND ADVERSE HEALTH EFFECTS, OR ANY OTHER EFFECTS. **ANY IMPLIED WARRANTIES, INCLUDING AN IMPLIED WARRANTY OF WORKMANLIKE CONSTRUCTION, AN IMPLIED WARRANTY OF HABITABILITY, OR AN IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR USE, ARE HEREBY WAIVED AND DISCLAIMED. THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION ON THE FACE HEREOF.**

RIGHT OF ACCESS

You must provide the Builder, with reasonable weekday access during normal business hours in order to perform its obligations. Failure by you to provide such access to the Builder may relieve the Builder of its obligations under this Agreement.

This Agreement provides a procedure for you to give notice to the Builder of potential claims, to have an inspection at no cost to you, and to give the Builder, as appropriate, an opportunity to fulfill their obligations hereunder. If you institute arbitration proceedings against the Builder for any obligation arising or claimed to have arisen under this Agreement prior to giving the Builder the proper notices and opportunities to cure provided under this Agreement, you agree to indemnify the Builder, as appropriate, for all costs and expenses of such arbitration, including reasonable attorney's fees, regardless of whether you have an otherwise legitimate claim under this Agreement. In the event you strictly follow the procedures provided in this Agreement and you commence arbitration proceeding, alleging that the Builder failed to honor their obligations hereunder, the arbitrator or court shall have the authority to award costs, including reasonable attorney's fees and expert fees, to the substantially prevailing party in such arbitration.

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SECTION 2

LIMITED WARRANTY PERFORMANCE STANDARDS

Seller herein may be referred to as Builder; Buyer may be referred to herein as Homeowner.

FOR EASY COMPREHENSION, THE FORMAT IS DESIGNED AS FOLLOWS:

Observation: A brief statement, in simple terms, of problems that may be encountered.

Action Required: A statement of the corrective action required of the Seller to repair the deficiency; or a statement of Buyer’s maintenance responsibility.

Construction Standard: A performance standard relating to a specific deficiency. The warranty covers only non-compliance with this performance standard.

1.0 SITE DRAINAGE/CRAWL SPACE

Observation	Action Required	Construction Standards
<p>1.1 Site does not drain adequately.</p>	<p>The Builder is responsible for establishing the proper grades and swales. The Buyer is responsible for maintaining such grades, swales, and catch basins once they have been properly established and stabilized by the Builder. Buyer to rake & maintain beauty bark or drain rock in the swale and to periodically clean the catch basin of silt and debris.</p>	<p>The necessary grades and swales should be established to provide reasonable drainage away from the house. Site drainage is limited to the immediate grades and swales affecting the structure. No standing or ponding of water should remain in the immediate area 24 hours after a rain, except swales, which may drain longer than other areas after a rain, or sump pump discharge (typically 48 hours). No grading determination shall be made while there is frost or snow on the ground, or while the ground is saturated, during periods of heavy rainfall.</p>
<p>1.2 Water in crawl space.</p>	<p>The Builder is responsible for providing proper grading & drainage of crawl space areas. Buyer to maintain the positive drain, keeping it free from silt and debris. This item is covered for 2 years.</p>	<p>Crawl spaces should be graded and drained properly to prevent water from accumulating and remaining in the crawl space area. Some accumulation of water in the crawl space area is common immediately after prolonged periods of rain. Water should not accumulate & remain for an extended period of time.</p>

2.0 BASEMENTS

Observation	Action Required	Construction Standards
2.1 Cracks in poured concrete foundation walls.	Builder will correct any crack which exceeds 1/8" in width.	Shrinkage cracks are common and should be expected. Surface patching and epoxy injection are examples of acceptable repair methods.
2.2 Leaks resulting in actual flow or trickling of water through wall or floor, causing an accumulation.	Builder will correct. This item is covered for 2 years.	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.

3.0 BASEMENT FLOORS, GARAGE SLABS, FOUNDATIONS, WALKWAYS & PATIOS

Observation	Action Required	Construction Standards
3.1 Cracking of basement floor.	Builder shall repair cracks exceeding maximum tolerances by surface patching or other methods as required	Minor cracks in concrete basement floors are normal. Cracks exceeding 3/16" in width or 1/4" in vertical displacement are considered excessive.
3.2 Cracks appear at control joints.	No action required.	Expansion/contraction joint is placed to control cracking. This is not a deficiency.
3.3 Cracking of drive, garage slab, patio, stoop or steps.	Builder shall repair excessive cracks as required to bring separation within acceptable standards by surface patching or other methods.	Minor Shrinkage cracks in these areas are normal. Cracks in excess of 1/4" in width or 1/4" in vertical displacement are considered excessive. Settling of the same, greater than 1" in relation to the structure is excessive.
3.4 Cracks in concrete floor of unfinished living areas.	Builder will correct cracks which exceed 1/4" in width or vertical displacement.	Surface patching and epoxy injections are examples of acceptable repair methods. Shrinkage cracks are common and should be expected.
3.5 Cracks in visible face of foundation.	Builder will correct cracks in excess of 1/8" in width.	Surface patching and epoxy injections are examples of acceptable repair methods. Shrinkage cracks are common and should be expected.

Observation	Action Required	Construction Standards
3.6 Standing water on stoops, steps, patios or drives.	Builder shall take corrective action to assure drainage of stoops, steps, patios and drives. However, it is normal for small amounts of water to stand on stoops, steps, patios and drives after it rains. The Builder will correct any improper drainage. If the driveway is part of the storm drain, water will stand at times.	Water should drain from outdoor stoops, steps, patios and drives.

4.0 MASONRY

Observation	Action Required	Construction Standards
4.1 Cracks in masonry walls or veneer.	Repair cracks in excess of 3/8" by pointing or patching. These repairs should be made toward the end of the first year of warranty period to permit normal movement of the home to stabilize.	Small cracks are common in mortar joints, masonry brick, and cultured stone construction. Cracks greater than 3/8" in width are considered excessive.

5.0 ROUGH CARPENTRY/FRAMING

Observation	Action Required	Construction Standards
5.1 Uneven subfloors.	Builder to correct or repair to meet the construction standard.	Floors should not be more than 3/8" out of level within any 32" horizontal measurement. Floor slope within any room shall not exceed 1/120 of the room width. Allowable floor and ceiling joist deflections are governed by the approved building code.
5.2 Bowed walls, out-of-plumb walls.	Repair walls to meet above standard.	All interior and exterior walls have slight variances on their finished surfaces. Walls should not bow or be out of plumb more than 1/4" in 32" in any vertical or horizontal measurement.
5.3 Split or warped rafters or trusses.	No action required.	Some splitting and warping is normal.
5.4 Floor squeaks.	Builder will correct one time only. The Builder recommends waiting until the end of the 1 year warranty period.	A squeak-proof floor cannot be guaranteed. Lumber shrinkage as well as temperature & humidity changes may cause squeaks.

6.0 WOOD DECKS / FENCING

Observation	Action Required	Construction Standards
6.1 Wood twisting, warping or splitting	No action required.	Twisting, warping or splitting wood deck or fence material is normal due to exposure to the elements.
6.2 Settlement of decks	Builder will correct slope of deck which exceeds a ratio of 2" in a 10' measurement.	Some slope is often provided.
6.3 Loose railing, deck or posts.	Builder will correct if due to improper installation.	Shrinkage of wood is normal. Owner maintenance is required.

7.0 EXTERIOR DOORS

Observation	Action Required	Construction Standards
7.1 Binds, sticks or does not latch.	Builder will correct if caused by faulty workmanship or materials.	Seasonal climate changes may cause doors to contract or swell, and are usually temporary conditions.
7.2 Wood door panel shrinks	No action required.	Seasonal climate changes may cause panels to shrink or expand and may expose unfinished surfaces.
7.3 Warping of exterior doors.	Correct or replace and refinish defective door or match existing doors as nearly as practical. There may be, and the Builder is not responsible for, color variation in paint or variation in texture of replacement or repaired door. Builder will correct warping which exceeds 1/4" vertically.	Exterior doors will warp to some degree due to temperature differential on inside and outside surfaces. However, they should not warp to the extent that they become inoperable or cease to be weather resistant.
7.4 Split panel of exterior door.	If light is visible or the weather is getting through the door, fill split to match paint or stain as closely as practical, one time in warranty period	Split panels should not allow light to be visible or allow the weather to get through the door.
7.5 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.

8.0 GARAGE DOORS

Observation	Action Required	Construction Standards
8.1 Garage door fails to operate properly.	The Builder shall correct or adjust garage doors as required, except where the cause is determined to result from the owner installing an electric garage door opener or excessive force has been used to manually close the door.	Garage door should operate properly. Buyer to lubricate and maintain. (Garage doors with electric opener are sometimes opened and closed with excessive force, requiring adjustments, this is not a warranty item.)
8.2 Garage door allows entrance of snow or water.	Builder shall adjust or correct garage doors to meet normal conditions.	Garage door should seal properly under normal conditions. Some moisture may enter due to strong winds or other abnormal conditions

9.0 ROOFING

Observation	Action Required	Construction Standards
9.1 Leaks due to snow or rain being driven into the attic through vents or louvers.	Builder is not responsible for force and direction of driving rain or snow. Therefore, we cannot warrant against this condition.	Attic vents and/or louvers must be provided in order to properly ventilate your home. Infiltration of rain or snow depends on the force and direction of wind.
9.2 Ice build-up on roof (Ice dams).	This is a homeowner maintenance item, and is not warrantable, unless the vents are improperly installed. This item is covered for 2 years.	During prolonged cold spells, ice build-up is likely to occur at the eaves of a roof. This condition occurs when snow and ice accumulate, and gutters and downspouts freeze up.
9.3 Lifted or torn shingles.	Builder will correct if due to improper installation.	Shingles should not lift or tear.
9.4 Roof leaks.	Builder shall correct or repair any roof leaks determined to be due to improper materials or workmanship. Leaks determined to be caused by Buyer's failure to maintain or severe weather conditions as described above are not covered under this warranty. This item is covered for 2 years.	Roofs should not leak under normally anticipated conditions, except where cause is determined to result from severe weather conditions, such as ice or snow build-up and wind driven rain.
9.5 Moss or fungus on roof surface.	No action required.	It is not uncommon for moss or fungus to grow on roof surfaces. This is a normal homeowners maintenance item.

10.0 GUTTERS & FLASHING

Observation	Action Required	Construction Standards
10.1 Flashing, valleys, gutters and/or downspouts leak.	Repair leaks that are not directly related to Buyer's lack of normal, required maintenance. This item is covered for 2 years.	Flashing, valleys, gutters and downspouts should not leak. It shall be the Buyer's responsibility to keep valleys, gutters and downspouts free of leaves and debris which could cause excessive overflow and water impediment and backup.
10.2 Standing water in gutters	Repair to industry standard. Builder will correct leaks at connections, if improper installation.	When gutter is unobstructed by debris, the water level may not exceed 1" in depth. Industry practice is to install gutters approximately level without pitch. Consequently, it is entirely possible that small amounts of water will stand in certain sections of the gutter immediately after a rain.
10.3 Gutter or downspout leak.		Owner is responsible for keeping gutters and downspouts clean. Gutters may overflow during heavy rains, but should not leak at joints.

11.0 STUCCO / E.I.F.S.

Observation	Action Required	Construction Standards
11.1 Hairline cracks of stucco/E.I.F.S.	Builder to repair cracks greater than 1/8". Colors to be matched as closely as practical.	Cracks greater than 1/8" in width are considered unacceptable.
11.2 Cracking of caulked joints of stucco/E.I.F.S.	Builder to re-caulk, matching color as closely as practical once within the one year warranty. After the one year warranty, caulking is the responsibility of the homeowner. Homeowner inspection and re-caulking is very important.	Under normal weather conditions stucco caulking will expand and contract with the seasons. Integrity of the seal should not breach within one year.

***Note:** Failure by the Homeowner to maintain caulking can result in damage. Check your Homeowner's Manual for maintenance schedule.

11.3 Dents, gouges and scrapes.	No action will be taken unless damage is noted on original Buyer's pre-closing orientation list.	Although stucco is durable it is not impervious to damage.
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12.0 EXTERIOR SIDING AND PAINT

Observation	Action Required	Construction Standards
12.1 Siding splits and caulking joints.	Builder will replace siding that does not meet the construction standards.	Siding splits may occur. Those in excess of 1/8" wide and 32" in length are unacceptable unless otherwise specified in the manufacturer's specifications. Knots in excess of 1/2" in dia. falling out are unacceptable. Joints and cracks around wall openings may be properly corrected with caulk. Even properly installed caulking will shrink and must be repaired by Buyer.
12.2 Siding joint separation.	Builder shall re-secure, caulk, repair or replace to meet the above standard.	All siding shall be installed according to the industry's accepted standards. Joint separation can be expected. Joint separation in excess of 3/8" wide is unacceptable.
12.3 Paint fades or mildew and fungus present.	No action required.	Some fading is normal and is caused by weathering. Mildew and fungus on siding is caused by climatic conditions & is considered homeowner routine maintenance.
12.4 Exterior entry porch & cedar deck railings	No action required.	Paints or stains on exterior cedar railings exposed to weather may peel and is considered routine homeowner maintenance.
12.5 Painting required as corollary repair because of other work.	Refinish repaired areas as indicated.	Necessary repairs required under this Warranty should be refinished to match surrounding area as closely as practical.

Observation	Action Required	Construction Standards
12.6 Bleed-through on cedar siding.	No action required.	Due to acid content and the pattern of cedar boards, some areas of cedar siding are smoother and some are more rough sawn. Paint is applied equally to all areas of siding. Wood fuzzing, knotted areas, tight grain and large gapped grain are painted evenly. Different wood surfaces may cause the illusion that paint is thinner in some areas. The “bleed-through” is more noticeable with colors such as whites, creams, blues, grays and greens. Tans and browns are not as noticeable. “Bleed-through” is normal and should not be confused as a problem. Seller is not responsible for cedar “bleed-through”. Unlike interior wood work, exterior siding and trim does not require setting and puttying of nails.
12.7 Zebra striping.	Paint or stain lines in excess of 3/16”.	Over a period of time, cedar siding will shrink. There is no way to control this shrinkage. This may result in an unpainted thin line under each lap. This line is cosmetic but should not exceed 3/16”.
12.8 Bulges in lower courses of siding from foundation straps	No action required unless identified at pre-closing walk-thru	Settlement of house may cause lower courses of siding to bulge. This is not considered a defect.

13.0 WINDOWS & WEATHERSTRIPPING

Observation	Action Required	Construction Standards
13.1 Condensation between the dual panes of glass.	Unless directly attributed to faulty installation, window condensation is a result of conditions beyond the Builder’s control. No corrective action required, unless condensation occurs between dual pane glass, in which case Builder shall replace per the manufacturers warranty.	Windows will collect condensation on interior surfaces when extreme temperature differences and high humidity levels are present. Condensation is usually the result of climatic/humidity conditions. Condensation should not occur between dual panes of glass.
13.2 Broken, cracked glass, or scratched glass.	None, unless defect is noted on the Buyer pre-closing orientation.	Glass shall be deficiency free as of the date of closing.

13.3	Window out of square.	Builder to correct if window exceeds the standard and the window becomes inoperable.	Windows should not be out of square in excess of 1/4" per 48 inches.
13.4	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 Buyer 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 caulking and weather stripping is Buyer's responsibility.
13.5	Difficult to open,close or lock.	Builder will correct.	Windows should open, close and lock

14.0 INTERIOR DOORS

Observation	Action Required	Construction Standards
14.1 Latch is loose or rattles.	No action required.	Some minor movement should be expected.
14.2 Binds, sticks or does not latch.	Builder will correct one time during warranty period.	Seasonal changes may cause doors to expand and contract, and is usually a temporary condition.
14.3 Warping	Builder will correct warping which exceeds 3/8", measured vertically, horizontally or diagonally.	Seasonal changes may cause doors to expand and contract, and are usually temporary conditions.
14.4 Excessive opening at bottom.	Builder will correct gaps in excess of 1 1/2" between bottom of passage door and finished floor or 2" between bottom of closet door & finished floor	Gaps under doors are intended for air flow.
14.5 Splitting or shrinkage of insert panels showing raw wood edges.	No action required.	Panels will shrink and expand, and may expose unpainted surface.

15.0 CEILING SURFACES, FINISHES, & MILLWORK TRIM

Observation	Action Required	Construction Standards
<p>15.1 Cracks, separations or nail pops in drywall.</p>	<p>Builder will correct such imperfections one time only within the warranty period and repaint repaired areas. Builder is not responsible for color variations in the paint, or texture variation. The Builder recommends waiting until the end of the year warranty period.</p>	<p>Minor depressions and mounds at nail heads, seam separations and cracks, along with other slight imperfections are common and should be expected.</p>
<p>15.2 Lumps, ridges and nail pops in wallboard which appear after Buyer has wall covering installed by himself or others.</p>	<p>No action required.</p>	<p>Buyer should insure that surface to be covered is suitable for installation of wall covering.</p>
<p>15.3 Gaps between trim and adjacent surfaces, and gaps at trim joints.</p>	<p>No action required.</p>	<p>Some separation due to lumber shrinkage is normal and should be expected.</p>
<p>15.4 Cracking or deterioration of caulking.</p>	<p>No action required.</p>	<p>All interior caulking shrinks and deteriorates. Buyer maintenance is required.</p>
<p>15.5 Interior paint application and coverage.</p>	<p>Builder shall retouch wall, ceiling or trim surfaces where inadequate paint has been applied to cover original surfaces. Builder is not responsible for perfect touch up match.</p>	<p>Interior paint should be applied in a manner sufficient to visually cover wall, ceiling and trim surfaces where specified. Latex flat paint is used throughout all homes unless otherwise specified. Flat latex paint is not washable. All paint, especially flat paint, ages and does not touch up perfectly.</p>
<p>15.6 Deterioration of lacquer and varnish finishes on cabinets and millwork.</p>	<p>No action required.</p>	<p>Natural finishes on interior millwork & cabinets are susceptible to deterioration and or color changes due to sunlight, water, household cleaners and normal wear and tear.</p>

Observation	Action Required	Construction Standards
15.7 Stain color variation among window liners, doors, jambs, casings and base.	No action required.	Some woods are different in grain and accept stains differently, resulting in different colors. Any time stains are re-applied to a finished surface a pigment build-up will occur and make the wood darker or create uncontrolled color change. Putty is used to fill in holes or indents in wood. Putty is a solid colored oil-based substance, therefore when holes are filled and the woods have accepted the stains it may appear that lighter and darker putties have been used.

16.0 WALLPAPER

Observation	Action Required	Construction Standards
16.1 Seams showing.	Any gaps greater than 1/16" will be either repaired or replaced. We can not guarantee dye lot matches if replaced as needed. Builder is not responsible for color match, or discontinued patterns.	Wallpaper is to be installed with gaps no greater than 1/16 of an inch. The darker the wallpaper is, the greater the chance of any seams showing.
16.2 Peeling wallpaper.	Builder will correct peeling one time during warranty period.	Wallpaper should not peel. There is a higher humidity level in areas such as shower stalls, kitchens and around windows.

17.0 CERAMIC TILE, GRANITE, SLATE and MARBLE

Observation	Action Required	Construction Standards
17.1 Ceramic tile cracks and/or becomes loose.	Builder shall replace cracked tiles and re-secure loose tiles if caused by poor workmanship. Builder is not responsible for discontinued patterns or color variations in ceramic tile.	Ceramic tile should not break or become loose under normal household use.
17.2 Cracks appear in grouting in ceramic tile joints or at junctions with other material, such as a bathtub.	No action required this item is to be maintained by Buyer.	Cracks in grouting in ceramic tile joints are common under normal shrinkage conditions. Re-grouting of these cracks is a maintenance responsibility of the Buyer within the life of the home.
17.3 Sealing of grout	Buyer is responsible for sealing and maintenance. We recommend reapplying sealer to tile and grout yearly.	Sealing of grout and tile is highly recommended to prevent water penetration and help prevent staining.

18.0 FLOOR COVERINGS

Observation	Action Required	Construction Standards
18.1 Resilient flooring loses adhesion.	Builder shall repair or replace resilient flooring as required. The Builder shall not be responsible for discontinued patterns or color variation of floor covering if replacing or patching is necessary, or for problems caused by Buyer neglect or abuse.	Resilient flooring should not lift, bubble or become unglued under normal use.
18.2 Nail 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.
18.3 Depressions or ridges appear in the resilient flooring due to subfloor irregularities.	Builder shall take corrective action as necessary to bring the defect within the construction standards. Builder is not responsible for discontinued patterns or color variations in floor covering if replacement or patching is necessary.	Readily apparent depressions or ridges exceeding 1/8" should be repaired. The ridge or depression measurement is taken at the gap created at one end of the six-inch straight edge placed over the depressions or ridge with 3" on one side of defect held tightly to the floor.

Observation	Action Required	Construction Standards
18.4 Seams or shrinkage gaps show resilient flooring joints.	The Builder shall take action as necessary to correct the problem.	Gaps should not exceed 1/16" in width in resilient floor covering joints. Where dissimilar materials abut, a gap not to exceed 1/8" is permissible.
18.5 Cuts and gouges in any floor covering.	Builder will correct only if documented prior to occupancy.	Item must be noted on Buyer's pre-closing orientation.
18.6 Carpeting becomes loose, seam separates, buckles or excessive stretching occurs.	Builder is to re-stretch or re-secure carpeting as needed.	Wall-to-wall carpeting, installed as the primary floor covering when stretched and secured properly should not come up, become loose, separate or stretch excessively at its points of attachment.
18.7 Soil filtration.	Appearance of soil filtration lines are not a sign of poor construction, defective carpet or improper carpet installation. The Builder will take no action.	Soil filtration lines are caused by air moving through the carpet, particularly under doors. The carpet fiber acts as an air filter, trapping microscopic particles until they build up enough to be visible.
18.8 Hard spots in carpet pad.	No action required.	Rebound pad is a recycled product. It is normal for the pad to exhibit some hard spots.

19.0 HARDWOOD FLOORING

Observation	Action Required	Construction Standards
19.1 Joint separation or swelling.	Seller to repair as necessary to achieve construction standards. Builder to repair affected area only.	Joints may separate or swell as the floor acclimates absorbing humidity or drying out. Separation greater than 1/8" or swelling raising the edge higher than 1/8" above the center of each board is not acceptable.
19.2 Color variation.	No action required.	Wood is a natural material and each piece will have various grains that absorb stain differently, some dark, some light. It will not have a consistent, uniform appearance. If a Swedish finish is applied it should never be waxed.
19.3 Pre-finished hardwood splintering or flaking.	Builder will replace boards that splinter or flake excessively unless caused by Homeowner misuse.	Pre-finished flooring should not splinter or flake excessively.

20.0 LAMINATE COUNTERTOP

Observation	Action Required	Construction Standards
20.1 De-laminations and shading in high pressure laminate.	Repair or replace to meet the above criteria.	Countertops fabricated with high pressure laminate coverings should not de-laminate. There may be slight shading between pieces of laminate. Builder does not warrant against said shading. Also, Builder does not warrant against cosmetic blemishes such as scratches, stains or chips.

21.0 CABINETS

Observation	Action Required	Construction Standards
21.1 Cabinet separates from wall or ceiling.	Builder will correct separation in Excess of 1/4".	Some separation is normal. Caulking is an acceptable method of repair.
21.2 Crack in door panel.	Builder will correct during warranty period. Seller is not responsible for color variation of new door -vs- existing.	Door panels should not crack.
21.3 Warping of cabinet door or drawer front.	Builder will correct if warp exceeds 3/8" as measured from cabinet frame.	Seasonal climate changes may cause warping & may be a temporary condition.

22.0 FIREPLACES

Observation	Action Required	Construction Standards
22.1 Firebox color is changed; accumulation of residue in chimney or flue.	No action required.	Buyer maintenance is required.
22.2 Cracks in firebrick or mortar joint cracks.	No action required.	Fire can naturally cause firebricks to crack.
22.3 Water infiltration into firebox.	This item is beyond the Builder's control and not covered under this warranty.	A certain amount of water infiltration can be expected under certain weather conditions.

23.0 APPLIANCES AND EQUIPMENT

Observation	Action Required	Construction Standards
<p>23.1 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.</p>		

24.0 PLUMBING / WATER SUPPLY SYSTEM

Observation	Action Required	Construction Standards
<p>24.1 Plumbing pipes freeze and burst.</p>	No action required.	Drain, waste, vent or water pipes should be adequately protected by Buyer during normally anticipated cold weather to prevent freezing. Precautionary action should be taken by the Buyer to prevent freezing. Including proper winterization of hosebibs in unheated walls.
<p>24.2 Faucet or valve leak.</p>	Seller shall repair or replace any faucet to correct leaks due to defect in material or workmanship.	Valves and faucets should not leak due to defects in material or workmanship.
<p>24.3 Defective plumbing fixtures, appliances or trim fittings.</p>	Builder shall replace any fixture or fitting which is outside of acceptable standards as defined by the manufacturer.	Fixtures, appliances or fittings should comply with their manufacturer's standards.
<p>24.4 Noisy water pipes.</p>	Builder cannot remove all noises due to water flow & pipe expansion. The Seller shall correct any noise problems that are due to faulty workmanship or installation.	There will be noise emitting from the water pipe system, due to the flow of water.
<p>24.5 Leakage from any piping.</p>	Builder shall make necessary repairs to eliminate leakage. This item is covered for 2 years.	No leaks of any kind should exist in any soil, waste vent or water pipe. Condensation on piping does not constitute leakage and is not covered.

Observation	Action Required	Construction Standards
24.6 Stopped up sewers, fixtures and drains.	Where defective construction is the cause, the Builder shall assume the cost of the repair. The Seller is not responsible for sewers, fixtures and drains which are clogged through the Buyer's failure to operate and maintain the system properly or from causes outside the control of Seller.	Sewers, fixtures and drains should operate properly.
24.7 Cracking or chipping of porcelain or fiberglass surfaces.	Not covered under warranty unless noted on Buyer's pre-closing orientation inspection.	Chips and cracks on surfaces of bathtubs and kitchen sinks can occur when the surface is hit with sharp or heavy objects.

25.0 SEPTIC TANK SYSTEM

Observation	Action Required	Construction Standards
25.1 Septic system fails to operate properly.	<p>Builder shall be responsible for the design and installation of an operational system and shall take corrective action to repair. Builder shall not be responsible for mal-functions which occur through owner negligence, abuse, overuse or failure to maintain for from conditions that are beyond Builder's control. Pumps are warranted for two (2) years. Buyers should refer to recorded septic system operation and maintenance requirements.</p> <p>This item is covered for 2 years.</p>	<p>Septic systems should be capable of properly handling normal flow of household effluent. Septic systems should be designed & installed to comply w/applicable code regulations. Seller is not responsible for conditions beyond the Seller's control; such as freezing, saturated soil, an increase in the elevation of the water table, excessive use of the system, or limitations established by the local governing agency. Buyer shall be responsible for septic system maintenance, which includes the following:</p> <ol style="list-style-type: none"> 1. Water conservation. 2. Accurate record keeping 3. Annual system inspections. 4. Periodic pumping of septic tank when needed every 2-3 years, or as needed. 5. Never introducing harmful materials into the septic tank. 6. Keeping all water runoff away from your system. 7. Protecting your system from traffic damage such as vehicles, heavy equipment, or livestock. 8. Landscaping your system properly. Not placing impermeable materials over your drainfield or replacement area. 9. Annual pump inspection and maintenance.

26.0 HEATING AND COOLING

Observation	Action Required	Construction Standards
26.1 Insufficient heating.	Builder will correct if heating system cannot maintain a 70 degree Fahrenheit temperature, under normal operating conditions. Temperatures 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.
26.2 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. 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.
26.3 Noisy ductwork.	The stiffening of the ductwork and the metal used shall be such that the ducts do not “oilcan”. The booming noise caused by “oilcanning”, is not acceptable and the Seller shall take necessary steps to eliminate this sound.	When metal is heated, it expands and when cooled, it contracts. The result is “ticking” or “crackling” which is generally to be expected.
26.4 Ductwork separates or becomes unattached.	Re-attach and re-secure all separated or unattached ductwork This item is covered for 2 years.	Ductwork should remain intact and securely fastened.

27.0 ELECTRICAL

Observation	Action Required	Construction Standards
27.1 Circuit breakers trip.	Repair faulty breaker or wiring. This item is covered for 2 years.	Circuit breakers should not trip under normal usage within designed loads.
27.2 Ground fault circuit interrupter (GFCI) trips frequently.	Builder is to install ground fault interrupter in accordance with approved electrical code. Tripping is to be expected and is not covered, unless due to faulty installation.	Ground fault interrupters are sensitive devices installed into the electrical system to provide protection against electrical shock. These sensitive devices can be tripped very easily.
27.3 Outlets, switches or fixtures malfunction.	Builder will correct if caused by defective workmanship or materials.	Buyer should exercise routine care and maintenance.

28.0 STRUCTURAL DEFECTS

Builder warrants that, for two years following the commencement date of this Limited Warranty, the home will be free from Structural Defects. A Structural Defect is actual physical damage to the following load-bearing portions of the home caused by failure of such load-bearing portions which affect their load-bearing functions to the extent that the home becomes unsafe, unsanitary or otherwise unlivable.

- | | |
|------------------------------------|-------------------------|
| 1. Foundation Systems and Footings | 5. Structural Posts |
| 2. Beams | 6. Walls |
| 3. Girders | 7. Floor Systems |
| 4. Headers | 8. Roof Framing Systems |

Repair of a Structural Defect is limited (1) to the repair of damage to the load-bearing elements of the home itself which is necessary to restore their load-bearing ability; (2) to the repair of those items in the home damaged by the structural defect which make the home unsafe, unsanitary, or otherwise unlivable.

28.2 All of the following conditions must be met to constitute a 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 specified 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 Structural 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 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.

We strive to provide you with quality service. Please note, with the exception of specified emergencies, all request for warranty service must be in writing.

Mary Hoffman, Warranty Coordinator
Phone: 425-454-1900 ext. 275
Fax: 425-818-7375
E-mail: mhoffman@burnstead.com

Cavalero Ridge L.L.C.
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Bellevue, WA 98005-2135

Cavalero Ridge L.L.C.
LIMITED WARRANTY
"Exhibit BW" (Revised 7/1/07)

INTRODUCTION YEAR TWO LIMITED WARRANTY

- a. This section of the manual provides specific details, conditions and limitations of the Limited Warranty in the second year of homeownership, including procedures for requesting warranty performance. Please 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.
- b. 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.

WARRANTEE

The warranty is granted only to the Buyer and shall not be transferable to any subsequent owners.

PERIOD OF WARRANTY

The Limited Warranty covers items identified by Buyer to Seller during the first and second year periods beginning on the warranty commencement date. The warranty commencement date is the earlier of the following: date of closing or the date of first occupancy. The Warranty is not applicable unless the defect is discovered and Buyer notifies the Seller of the defect **IN WRITING** prior to expiration of warranty period.

ITEMS OF COVERAGE, PERFORMANCE STANDARDS YEAR TWO

- a. Seller warrants that, for year two, beginning on the commencement date, the home will be free from defects consisting of noncompliance with the Performance Standards attached to this Limited Warranty in the noted systems ONLY. See specific sections for what is covered.
- b. Actions taken to cure Defects will not extend the periods of specified coverage's in this Limited Warranty.

REMEDY

If a failure occurs in an item, which is covered by this Warranty, Seller will repair, replace or pay the Buyer the reasonable cost of repairing or replacing the failed item. The election to repair, replace or pay Buyer is at the sole option of the Seller. Seller's total liability under this Warranty is limited to the original purchase price of the home.

OTHER RIGHTS

This Warranty gives the Buyer specific legal rights. Seller makes no other warranties expressed or implied at law or otherwise except the warranties herein specifically contained. Buyer acknowledges and specifically agrees that this Warranty is the sole Warranty expressed or implied by Seller. This Warranty supersedes and replaces any representation or Warranties that might otherwise be contained in or implied from the Purchase Agreement.

Exclusions

Same as listed for first year. See exclusions on pages 1-3 for a complete list.

Note: Any warranty requests determined to be associated with Buyers maintenance or lack thereof or the effect of normal living conditions will be the sole responsibility of the Buyers including any costs incurred to attend to such requests.

WARRANTY REQUEST AND BUYER/SELLER RIGHTS

Same conditions as first year apply.

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1.0 SITE DRAINAGE/CRAWL SPACE

Observation	Action Required	Construction Standards
<p>1.0 Water in crawl space.</p>	<p>The Builder is responsible for providing proper grading & drainage of crawl space areas. Buyer to maintain the positive drain, keeping it free from silt and debris.</p>	<p>Crawl spaces should be graded and drained properly to prevent water from accumulating and remaining in the crawl space area. (Some accumulation of water in the crawl space area is common immediately after prolonged periods of rain.) Water should not accumulate and remain for an extended period of time.</p>

2.0 BASEMENTS

Observation	Action Required	Construction Standards
<p>2.0 Leaks resulting in actual flow or trickling of water through wall or floor, causing an accumulation.</p>	<p>Builder will correct.</p>	<p>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.</p>

3.0 ROOFING

Observation	Action Required	Construction Standards
<p>3.0 Ice build-up on roof (Ice dams).</p>	<p>This is a homeowner maintenance item, and is not warrantable, unless the vents are improperly installed.</p>	<p>During prolonged cold spells, ice build-up is likely to occur at the eaves of a roof. This condition occurs when snow and ice accumulate, and gutters and downspouts freeze up.</p>
<p>3.1 Roof leaks.</p>	<p>Builder shall correct or repair any roof leaks determined to be due to improper materials or workmanship. Leaks determined to be caused by Buyer's failure to maintain or severe weather conditions as described above are not covered under this warranty.</p>	<p>Roofs should not leak under normally anticipated conditions, except where cause is determined to result from severe weather conditions, such as ice or snow build-up and wind driven rain.</p>

4. GUTTERS & FLASHING

Observation	Action Required	Construction Standards
4.0 Flashing, valleys, gutters and or downspouts leak	Repair leaks that are not directly related to buyers lack of normal required maintenance	Flashings, valleys, gutters and downspouts should not leak. It shall be the Buyer's responsibility to keep valleys, gutters and downspouts free of leaves and debris which could cause excessive overflow and water impediment and backup.

5.0 WINDOWS & WEATHERSTRIPPING

Observation	Action Required	Construction Standards
5.0 Condensation between the dual panes of glass	If condensation occurs between dual panes of glass the Builder shall replace per the manufacturers warranty	Condensation should not occur between dual panes of glass.

6.0 PLUMBING / WATER SUPPLY SYSTEM

Observation	Action Required	Construction Standards
6.0 Leakage from any piping.	Builder shall make necessary repairs to eliminate leakage.	No leaks of any kind should exist in any soil, waste vent or water pipe. Condensation on piping does not constitute leakage and is not covered.

7.0 SEPTIC TANK SYSTEM

Observation	Action Required	Construction Standards
<p>7.0 Septic system fails to operate properly.</p>	<p>Builder shall be responsible for the design and installation of an operational system and shall take corrective action to repair. Builder shall not be responsible for mal-functions which occur through owner negligence, abuse, overuse or failure to maintain for from conditions that are beyond Builder’s control. Pumps are warranted for two (2) years. Buyers should refer to recorded septic system operation and maintenance requirements.</p>	<p>Septic systems should be capable of properly handling normal flow of household effluent. Septic systems should be designed& installed to comply w/applicable code regulations Seller is not responsible for conditions beyond the Sellers control; such as freezing, saturated soil, an increase in the elevation of the water table, excessive use of the system, or limitations established by the local governing agency. Buyer shall be responsible for septic system maintenance, which includes the following:</p> <ol style="list-style-type: none"> 1. Water conservation. 2. Accurate record keeping 3. Annual system inspections. 4. Periodic pumping of septic tankwhen needed every 2-3 years, or as needed. 5. Never introducing harmful materials into the septic tank. 6. Keeping all water runoff away from your system. 7. Protecting your system from traffic damage such as vehicles, heavy equipment, or livestock. 8. Landscaping your system properly. Not placing impermeable materials over your drainfield or replacement area. 9. Annual pump inspection & maintenance.

8.0 HEATING AND COOLING

Observation	Action Required	Construction Standards
8.0 Ductwork separates or becomes unattached.	Re-attach and re-secure all separated or unattached ductwork	Ductwork should remain intact and securely fastened.

9.0 ELECTRICAL

Observation	Action Required	Construction Standards
9.0 Circuit breakers trip.	Repair faulty breaker or wiring.	Circuit breakers should not trip under normal usage within designed loads.
9.1 Ground fault circuit interrupter (GFCI) trips frequently.	Builder is to install ground fault interrupter in accordance with approved electrical code. Tripping is to be expected and is not covered, unless due to faulty installation.	Ground fault interrupters are sensitive devices installed into the electrical system to provide protection against electrical shock. These sensitive devices can be tripped very easily.
9.2 Outlets or switches malfunction.	Builder will correct if caused by defective workmanship or materials.	Buyer should exercise routine care and maintenance.

10.0 STRUCTURAL DEFECTS

Builder warrants that, for two years following the commencement date of this Limited Warranty, the home will be free from Structural Defects. A Structural Defect is actual physical damage to the following load-bearing portions of the home caused by failure of such load-bearing portions which affect their load-bearing functions to the extent that the home becomes unsafe, unsanitary or otherwise unlivable.

1. Foundation Systems and Footings
2. Beams
3. Girders
4. Headers
5. Structural Posts
6. Walls
7. Floor Systems
8. Roof Framing Systems

Repair of a Structural Defect is limited (1) to the repair of damage to the load-bearing elements of the home itself which is necessary to restore their load-bearing ability; (2) to the repair of those items in the home damaged by the structural defect which make the home unsafe, unsanitary, or otherwise unlivable.

All of the following conditions must be met to constitute a 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 specified 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 Structural 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 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.

We strive to provide you with quality service. Please note, with the exception of specified emergencies, all request for warranty service must be in writing.

Mary Hoffman, Warranty Coordinator
Phone: 425-454-1900 ext. 275
Fax: 425 818-7375
E-mail: mhoffman@burnstead.com

Cavalero Ridge L.L.C.
11980 NE 24th St. Suite 200
Bellevue, WA 98005-2135

ADDENDUM B-1

"ACKNOWLEDGMENT OF CAVALERO RIDGE L.L.C. LIMITED WARRANTY" (Exhibit BW)

Where minimum performance standards or specific tolerances for construction items have not been given, Builder warrants that the home has been constructed within accepted local industry standards for materials and workmanship in the construction of general market residential housing and in compliance with applicable local codes, ordinances and laws as an effect and interpreted at the time the permit for building was issued.

Buyer acknowledges receipt of a copy of these Performance Standards together with Limited Warranty.

Buyer and Seller agree that there are no verbal or other warranty agreements or representations by real estate agents, Seller's employees or subcontractors, or others which modify or affect this Warranty or the attached Performance Standards.

NOTE: You must inform us of warranty request under this Limited Warranty in writing. Requests communicated by telephone or face-to-face discussions will not protect your rights under this Limited Warranty.

I hereby acknowledge I have read the above and understand its implications.

DATED this _____ day of _____, 20_____

Buyer

Buyer

Seller – Cavalero Ridge L.L.C.

By:_____

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DATED this _____ day of _____, 20_____

Buyer

Buyer

Seller – Cavalero Ridge L.L.C.

By:_____