

CAVALERO RIDGE LLC

Limited Warranty

Effective October 1, 2010

Cavalero Ridge LLC
LIMITED WARRANTY
"Exhibit BW" (Revised October 1, 2010)

INTRODUCTION TO THE LIMITED WARRANTY

- ◆ 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 that determine its interpretations and operation and your responsibilities.
- ◆ 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 (See sections for specific coverage for years one and two). 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

- ◆ Seller warrants that, beginning on the commencement date, the home will be free from defects consisting of noncompliance with the Performance Standards attached to this Limited Warranty.
- ◆ 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:

- ◆ 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.
- ◆ 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.
- ◆ 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 that 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.
- ◆ Normal wear and tear or normal deterioration.
- ◆ 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.

- ◆ Any damage caused by soil movement that is not due to any fault or neglect of Seller.
- ◆ Bodily injury or damage to personal property.
- ◆ 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.
- ◆ Clogged or frozen pipes.
- ◆ 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.
- ◆ Existing trees and vegetation not installed by Seller.
- ◆ Cosmetic splitting or cracking of exposed wood beams, decks or wood posts.
- ◆ Equipment installed in the home, which may be consumer products, if said equipment is covered under Manufacturer's Warranty.
- ◆ 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.
- ◆ Warranted defects that you repair without prior written authorization except for repairs of emergency nature.
- ◆ Varnish or lacquer finishes of exterior doors or windows.
- ◆ Sound transmission and sound proofing between rooms or floor levels.
- ◆ 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.

WARRANTY REQUESTS

◆ 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 Cavaleiro Ridge LLC 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. Customer service Warranty Request forms must be signed by Homeowner upon completion.

◆ When to submit a 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 closing.**
- 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.** Second year warranty is limited. Homeowner to review YEAR TWO sections for coverage before submitting warranty request in writing.

◆ 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.

◆ **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 should 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 Cavalero Ridge LLC and you (herein referred to as Arbitrator) within 20 days after Cavalero Ridge LLC 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. Notwithstanding anything to the contrary herein, the arbitration proceedings contemplated herein shall be considered a judicial proceeding, civil action or other “action” for the purposes of applying any applicable statutes of limitations or other limitation on civil actions as set forth under Washington law, including but not limited to RCW 4.16 et. seq., RCW 64.50 et. seq., 64.55 et. seq., as they may apply to the disputes covered by this Section 2 (as such applicable periods of limitation may be further modified or restricted by this Agreement).

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 molds are 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 THAT 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.

TABLE OF CONTENTS
LIMITED WARRANTY PERFORMANCE STANDARDS
Year One

	Introduction.....	Page 2-8
1.0	Appliances and Equipment.....	Page 10
2.0	Basement Floors, Garage Slabs, Foundations, Walkways and Patios	Page 10-11
3.0	Basements.....	Page 11
4.0	Cabinets.....	Page 12
5.0	Ceramic Tile, Granite, Slate and Marble.....	Page 12-13
6.0	Decks and Fencing.....	Page 13
7.0	Electrical.....	Page 13-14
8.0	Exterior Doors.....	Page 14-15
9.0	Exterior Siding and Paint.....	Page 15-17
10.0	Fire Sprinklers.....	Page 17
11.0	Fireplaces.....	Page 17
12.0	Floor Coverings.....	Page 18-19
13.0	Garage Doors.....	Page 19-20
14.0	Gutters and Flashing.....	Page 20
15.0	Hardwood Flooring.....	Page 20-21
16.0	Heating and Cooling.....	Page 21-22
17.0	Interior Doors.....	Page 22-23
18.0	Interior Finishes and Millwork Trim.....	Page 23-24
19.0	Laminate Countertops.....	Page 24
20.0	Masonry.....	Page 24-25
21.0	Plumbing and Water Supply System.....	Page 25-26
22.0	Roofing.....	Page 26-27
23.0	Rough Carpentry and Framing.....	Page 27
24.0	Septic Tank System.....	Page 27-28
25.0	Site Drainage and Crawl Space.....	Page 28-29
26.0	Structural Defects.....	Page 29
27.0	Stucco / E.I.F.S.....	Page 30
28.0	Wallpaper.....	Page 30
29.0	Windows and Weather-stripping.....	Page 30-31
	Table of Contents for Second Year	
	Limited Warranty Performance Standards for year two.....	Page 32-34

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 APPLIANCES AND EQUIPMENT

- 1.1 **Observation:** 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.

Action Required: Homeowner to contact manufacturer directly.

2.0 BASEMENT FLOORS, GARAGE SLABS, FOUNDATIONS, WALKWAYS, AND PATIOS

- 2.1 **Observation:** Cracking of basement floor.

Action Required: Builder shall repair cracks exceeding maximum tolerances by surface patching or other methods as required.

Construction Standards: Minor cracks in concrete basement floors are normal. Cracks Exceeding 3/16" in width or 1/4" in vertical displacement are considered excessive.

- 2.2 **Observation:** Cracks appear at control joints.

Action Required: No action required.

Construction Standards: Expansion/contraction joints are strategically placed to control cracking. This is not a deficiency.

- 2.3 **Observation:** Cracking of driveways, garage slabs, patios, stoops or steps.

Action Required: Builder shall repair excessive cracks as required to bring separation within acceptable standards by surface patching or other methods.

Construction Standards: Minor Shrinkage cracks in these areas are normal. Cracks in

excess of 1/4" in width over any 12" in length or 1/4" in vertical displacement are considered excessive. Settling of the same, greater than 1" in relation to the structure is excessive.

2.4 Observation: Cracks in concrete floor of unfinished living areas.

Action Required: Builder will correct cracks that exceed 1/4" in width or vertical displacement.

Construction Standards: Surface patching and epoxy injections are examples of acceptable repair methods. Shrinkage cracks are common and should be expected.

2.5 Observation: Cracks in visible face of foundation.

Action Required: Builder will correct cracks in excess of 1/8" in width.

Construction Standards: Surface patching and epoxy injections are examples of acceptable repair methods. Shrinkage cracks are common and should be expected.

2.6 Observation: Standing water on stoops, steps, patios or drives.

Action Required: 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 driveways after it rains. The Builder will correct any improper drainage. If the driveway is part of the storm drain, water will stand at times.

Construction Standards: Water should drain from outdoor stoops, steps, patios and drives. Excessive, standing or ponding water is defined as exceeding 3/8" deep over a 12" diameter area.

3.0 BASEMENTS

3.1 Observation: Cracks in poured concrete foundation walls

Action Required: Builder will correct any crack that exceeds 1/8" inch width extending through the thickness of the wall.

Construction Standards: Surface patching and epoxy injections are examples of acceptable repair methods. Shrinkage cracks are common and should be expected.

3.2 Observation: Leaks resulting in actual flow or trickling of water through walls or floors, causing an accumulation.

Action Required: Builder will correct. **This item is covered for 2 years.**

Construction Standards: 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 the Builder. Dampness and condensation are normal conditions and are not covered by this limited warranty.

4.0 CABINETS

4.1 **Observation:** Cabinet separates from wall or ceiling.

Action Required: Builder will correct separation in excess of 1/4”.

Construction Standards: Some separation is normal. Caulking is an acceptable method of repair.

4.2 **Observation:** Crack in door panel.

Action Required: Builder will correct during warranty period. Seller is not responsible for color variation of new door -vs.-existing.

Construction Standards: Door panels should not crack.

4.3 **Observation:** Warping of cabinet door or drawer front.

Action Required: Builder will correct if warp exceeds 3/8” as measured from cabinet frame.

Construction Standards: Seasonal climate changes may cause warping and may be a temporary condition.

5.0 CERAMIC TILE, GRANITE, SLATE AND MARBLE

5.1 **Observation:** Ceramic tile cracks or becomes loose.

Action Required: 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.

Construction Standards: Ceramic tile should not break or become loose under normal household use.

5.2 **Observation:** Cracks appear in grouting in ceramic tile joints or at junctions with other material.

Action Required: Builder will repair cracks in grout or caulking one time only during the first year.

Construction Standards: Cracks in grouting in ceramic tile joints are common and generally caused by shrinkage and normal minor settlement. Re-grouting or caulking of these cracks is a maintenance responsibility of the Buyer within the life of the home.

5.3 **Observation:** Sealing of grout.

Action Required: Buyer is responsible for sealing and maintenance. We recommend reapplying sealer to tile and grout yearly.

Construction Standards: Sealing of grout and tile is highly recommended to prevent water penetration and help prevent staining.

6.0 DECKS AND FENCING

6.1 Observation: Wood twisting, warping or splitting.

Action Required: No action required.

Construction Standards: Twisting, warping or splitting wood deck or fence material is normal due to exposure to the elements.

6.2 Observation: Settlement of decks.

Action Required: Builder will correct slope of deck that exceeds a ratio of 2" in a 10' measurement.

Construction Standards: Some slope is often provided.

6.3 Observation: Loose railing, deck or posts.

Action Required: Builder will correct if due to improper installation.

Construction Standards: Shrinkage of wood is normal. Owner maintenance is required.

6.4 Observation: Composite decking

Action Required: Builder will replace only if deemed an installation defect, or if covered by manufacturer's warranty.

Construction Standards: Composite decking is not warranted for staining, color uniformity, mildew, fading, or normal weathering and minor warping.

6.5 Observation: Waterproof elastomeric decks- staining delaminating fading or leaking.

Action Required: Builder shall repair these conditions in the best practical manner. Color match cannot be guaranteed. Fading and staining are not covered by this warranty. Punctures or damage caused by homeowner use are not warrantable.

Construction Standards: Waterproof decks should not leak or delaminate.

7.0 ELECTRICAL

7.1 Observation: Circuit breakers trip.

Action Required: Repair faulty breaker or wiring. **This item is covered for 2 years.**

Construction Standards: Circuit breakers should not trip under normal usage within designed loads.

7.2 **Observation:** Ground fault (GFCI) and Arc fault (AFCI) circuit inter-rupters trip frequently.

Action Required: 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.

Construction Standards: Ground fault and Arc fault interrupters are sensitive devices installed into the electrical system to provide protection against electrical shock, and can be tripped very easily.

7.3 **Observation:** Outlets, switches or fixtures malfunction.

Action Required: Builder will correct if caused by defective workmanship or materials.

Construction Standards: Buyer should exercise routine care and maintenance.

8.0 EXTERIOR DOORS

8.1 **Observation:** Doors bind, stick or do not latch.

Action Required: Builder will correct if caused by faulty workmanship or materials.

Construction Standards: Seasonal climate changes may cause doors to contract or swell, and are usually temporary conditions.

8.2 **Observation:** Wood door panel shrinks.

Action Required: No action required.

Construction Standards: Seasonal climate changes may cause panels to shrink or expand and may expose unfinished surfaces.

8.3 **Observation:** Warping of exterior doors.

Action Required: Correct or replace defective door and refinish to match existing door as nearly as practical. Builder is not responsible for color or texture variation. Builder will correct warping that exceeds ¼” vertically.

Construction Standards: 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.

8.4 **Observation:** Split panel of exterior door.

Action Required: 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.

Construction Standards: Split panels should not allow light to be visible or allow the weather to get through the door.

8.5 Observation: Separation between door and weather-stripping.

Action Required: Builder will correct if daylight is visible or if entrance of elements occurs under normal conditions.

Construction Standards: 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.

9.0 EXTERIOR SIDING AND PAINT

9.1 Observation: Siding splits and caulking Joints in Cedar Siding.

Action Required: Builder will replace siding that does not meet the construction standards.

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 Joints and cracks around wall openings" in dia. falling out are unacceptable. May be properly corrected with caulk. Even properly installed caulking will shrink and must be repaired by Buyer.

9.2 Observation: Gaps in Cement Fiber Siding boards at butt joints.

Action Required: No action required.

Construction Standards: Butt joints between cement fiber siding boards are typically not caulked per manufacturer's standards.

9.3 Observation: Siding joint separation.

Action Required: Builder shall re-secure, repair or replace to meet the above standard.

Construction Standards: All siding shall be installed according to the industries accepted standards. Joint separation can be expected. Joint separation in excess of 3/8" wide is unacceptable.

9.4 Observation: Bulges in lower courses of siding from foundation straps.

Action Required: No action required unless identified at pre-closing walk-thru.

Construction Standards: Settlement of house may cause lower courses of siding to bulge. This is not considered a defect.

9.5 Observation: Gaps in ends of siding boards at corners or terminations.

Action Required: Builder shall re-secure, caulk, repair or replace to meet the standard.

Construction Standards: Boards will be replaced if gaps exceed 3/8". Caulked joints with gaps that exceed 1/8" will be re-caulked as needed, one time only during the 1-year warranty period. Homeowners are to re-caulk as needed annually to maintain proper performance. 15

9.6 **Observation:** Waves in siding boards.

Action Required: Builder shall re-secure or repair to meet the standard.

Construction Standards: Boards may accentuate waves created naturally by wood framed wall materials. Waves in excess of 1/2" in 4' will be repaired.

9.7 **Observation:** Paint cracking on caulked joints.

Action Required: Builder will re-paint with brush to affected area only on caulked joints per item 12.5 above.

Construction Standards: Slight alligating or cracking paint is a natural occurrence, due to temperature fluctuations. Cracked paint will be touched up one time only during the 1-year warranty period.

9.8 **Observation:** Paint finish chipping, peeling or cracking.

Action Required: Builder will repaint with brush to affected area only.

Construction Standards: Paint should not peel or chip within the first year except as noted below on horizontal railings.

9.9 **Observation:** Painting required as corollary repair because of other work.

Action Required: Refinish repaired areas as indicated.

Construction Standards: Necessary repairs required under this warranty should be refinished to match surrounding area as closely as practical

9.10 **Observation:** Bleed-through on cedar siding.

Action Required: No action required.

Construction Standards: 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 grains 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. Builder is not responsible for cedar "bleed-through". Unlike interior wood work, exterior siding and trim does not require setting and puttying of nails.

9.11 **Observation:** Exterior porch railings fading/peeling paint.

Action Required: No action required.

Construction Standards: Paint or stain on exterior cedar railings exposed to weather may peel or fade due to exposure, and is considered routine homeowner maintenance.

9.12 **Observation:** Zebra striping.

Action Required: Paint or stain lines in excess of 3/16”.

Construction Standards: 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”. Within the first year Builder will touch up siding that exceeds this standard.

9.13 Observation: Paint fades or mildew is present.

Action Required: No action required.

Construction Standards: Some fading is normal. Mildew on siding is caused by climatic conditions and is considered routine homeowner maintenance.

10.0 FIRE SPRINKLERS

10.1 Observation: Fire sprinkler system lines leak or burst due to freezing pipes.

Action Required: Builder will correct if due to improper installation.

Construction Standards: Fire sprinkler system pipes are insulated. ***Note, Insulation should not be displaced over the pipes and do not turn heat off in home for a period of time.**

11.0 FIREPLACES

11.1 Observation: Firebox color is changed; accumulation of residue in chimney or flue.

Action Required: No action required.

Construction Standards: Buyer maintenance is required.

11.2 Observation: Cracks in firebrick or mortar joint cracks.

Action Required: No action required.

Construction Standards: Fire can naturally cause firebricks to crack.

11.3 Observation: Water infiltration into firebox.

Action Required: This item is beyond the Builder’s control and not covered under this warranty.

Construction Standards: A certain amount of water infiltration can be expected under certain weather conditions.

12.0 FLOOR COVERINGS

12.1 Observation: Resilient flooring loses adhesion.

Action Required: 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.

Construction Standards: Resilient flooring should not lift, bubble or become unglued under normal use.

12.2 Observation: Nail pops through resilient flooring.

Action Required: Builder will correct where fastener has broken through floor covering.

Construction Standards: Sharp objects such as high heels, table and chair legs, can cause similar problems, and are not covered by this limited warranty.

12.3 Observation: Depressions or ridges appear in the resilient flooring due to sub floor irregularities.

Action Required: 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.

Construction Standards: 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.

12.4 Observation: Seams or shrinkage gaps show resilient flooring joints.

Action Required: The Builder shall take action as necessary to correct the problem.

Construction Standards: 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.

12.5 Observation: Cuts and gouges in any floor covering.

Action Required: Builder will correct only if documented prior to occupancy.

Construction Standards: Item must be noted on Buyer's pre-closing orientation.

12.6 Observation: Carpeting becomes loose, seam separates, buckles or excessive stretching occurs.

Action Required: Builder is to re-stretch or re-secure carpeting as needed.

Construction Standards: 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.

12.7 Observation: Soil filtration.

Action Required: Appearance of soil filtration lines are not a sign of poor construction, defective carpet or improper carpet installation. The Builder will take no action.

Construction Standards: 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.

12.8 Observation: Hard spots in carpet pad.

Action Required: No action required.

Construction Standards: Rebound pad is a recycled product. It is normal for the pad to exhibit some hard spots.

12.9 Observation: Fuzzing of carpet.

Action Required: No action required.

Construction Standards: Some fuzzing of carpet is to be expected on new installation. More frequent vacuuming is recommended to combat this condition.

13.0 GARAGE DOORS

13.1 Observation: Garage door fails to operate properly.

Action Required: 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.

Construction Standards: Garage door should operate properly. Buyer to lubricate and maintain. (Garage doors with electric openers are sometimes opened and closed with excessive force, requiring adjustments, this is not a warranty item.)

13.2 Observation: Garage door allows entrance of snow or water.

Action Required: Builder shall adjust or correct garage doors to meet normal conditions.

Construction Standards: Garage door should seal properly under normal conditions. Some moisture may enter due to strong winds or other abnormal conditions.

13.3 Observation: Garage door opener binds or fails to open

Action Required: Builder installed openers will be repaired as required.

Construction Standards: Opener should perform and function correctly and safely. Misalignment of infra-red safety beam or homeowner caused damage to door system is not covered. Excessive noise from opener is not warranted.

14.0 GUTTERS AND FLASHING

14.1 Observation: Flashing, valleys, gutters and/or downspouts leak.

Action Required: Repair leaks that are not directly related to Buyer's lack of normal, required maintenance. **This item is covered for 2 years.**

Construction Standards: 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 that could cause excessive overflow and water impediment and backup.

14.2 Observation: Standing water in gutters

Action Required: Repair to industry standard.

Construction Standards: 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.

14.3 Observation: Gutter or downspout leak.

Action Required: Builder will correct leaks at connections, if improper installation.

Construction Standards: Owner is responsible for keeping gutters and downspouts clean. Gutters may overflow during heavy rains, but should not leak at joints.

15.0 HARDWOOD FLOORING

*Note- No hardwood flooring corrective action will be taken for damage caused by buyer. This includes excessive moisture, improper cleaning, chips, mars, scratches or dents from furniture, foot traffic or pets and excessive changes in temperature of the home.

15.1 Observation: Joint separation or swelling.

Action Required: Seller to repair as necessary to achieve construction standards. Builder to repair affected area only.

Construction Standards: 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.

15.2 Observation: Color variation.

Action Required: No action required.

Construction Standards: Wood is a natural material and each piece will have various grains that absorb stain differently, some dark, and some light. It will not have a consistent, uniform appearance. Wax should never be applied to a prefinished floor.

15.3 Observation: Pre-finished hardwood splintering or flaking.

Action Required: Builder will replace boards that splinter or flake excessively unless caused by Homeowner misuse.

Construction Standards: Pre-finished flooring should not splinter or flake excessively.

15.4 **Observation:** Cupping or crowning.

Action Required: No action required.

Construction Standards: Minor cupping and crowning of hardwood is a result of humidity conditions within the home and is not covered by this warranty. Cupping or crowning should not exceed 1/16-inch in a 3-inch span as measured across the individual board.

15.5 **Observation:** Fading of hardwood.

Action Required: No action required.

Construction Standards: Wood is a natural product and may fade or change color slightly over time. This is considered a natural occurrence and not covered by this warranty.

16.0 HEATING AND COOLING

16.1 **Observation:** Insufficient heating.

Action Required: 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 6 degrees.

Construction Standards: Orientation of the Home, location of rooms and location of vents will also provide a temperature differential. There may be periods when outdoor temperatures fall 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.

16.2 **Observation:** Insufficient cooling.

Action Required: Builder will correct if cooling system cannot maintain a 78 degree Fahrenheit temperature, after 12 hours of continuous operation. 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 6 degrees.

Construction Standards: 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, sun- rooms or cathedral

ceilings may cause abnormal variation from these standards and are not covered by this Limited Warranty.

16.3 Observation: Noisy ductwork.

Action Required: The stiffening of the ductwork and the metal used shall be such that the ducts do not “oil can”. The booming noise caused by “oil canning”, is not acceptable and the Seller shall take necessary steps to eliminate this sound.

Construction Standards: When metal is heated, it expands and when cooled, it contracts. The result is “ticking” or “crackling” which is generally to be expected.

16.4 Observation: Ductwork separates or becomes unattached.

Action Required: Re-attach and re-secure all separated or unattached ductwork.
This item is covered for 2 years.

Construction Standards: Ductwork should remain intact and securely fastened.

17.0 INTERIOR DOORS

17.1 Observation: Latch is loose or rattles.

Action Required: No action required.

Construction Standards: Some minor movement should be expected.

17.2 Observation: Binds, sticks or does not latch.

Action Required: Builder will correct one time during warranty period.

Construction Standards: Seasonal changes may cause doors to expand and contract, and is usually a temporary condition.

17.3 Observation: Warping

Action Required: Builder will correct warping which exceeds 3/8”, measured vertically, horizontally or diagonally.

Construction Standards: Seasonal changes may cause doors to expand and contract, and are usually temporary conditions.

17.4 Observation: Excessive opening at bottom.

Action Required: 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.

Construction Standards: Gaps under doors are intended for airflow.

17.5 Observation: Splitting or shrinkage of insert panels showing raw wood edges.

Action Required: No action required.

Construction Standards: Panels will shrink and expand, and may expose unpainted surface.

18.0 INTERIOR FINISHES AND MILLWORK TRIM

18.1 Observation: Cracks, separations or nail pops in drywall.

Action Required: Builder will correct such imperfections one time only within the warranty period. Builder is not responsible for color and texture variation. Builder recommends waiting until the end of the year warranty period.

Construction Standards: Minor depressions and mounds at nail heads, seam separations and cracks, along with other slight imperfections are common and should be expected. Repairable area is defined as one that can be seen in normal lighting, viewed from a minimum distance of 6 feet away.

18.2 Observation: Lumps, ridges and nail pops in wallboard that appear after Buyer has wall covering installed by himself or others.

Action Required: No action required.

Construction Standards: Buyer should insure that surface to be covered is suitable for installation of wall covering.

18.3 Observation: Gaps between trim and adjacent surfaces, and gaps at trim joints.

Action Required: No action required.

Construction Standards: Some separation due to lumber shrinkage is normal and should be expected.

18.4 Observation: Cracking or deterioration of caulking.

Action Required: No action required.

Construction Standards: All interior caulking shrinks and deteriorates. Buyer maintenance is required.

18.5 Observation: Interior paint application and coverage.

Action Required: 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.

Construction Standards: 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.

18.6 Observation: Deterioration of lacquer and varnish finishes on cabinets and millwork.

Action Required: No action required.

Construction Standards: Natural finishes on interior millwork and cabinets are susceptible to deterioration and or color changes due to sunlight, water, household cleaners and normal wear and tear.

18.7 Observation: Stain color variation among window liners, doors, jambs, casings and base.

Action Required: No action required.

Construction Standards: 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.

19.0 LAMINATE COUNTERTOPS

19.1 Observation: De-laminations and shading in high-pressure laminate.

Action Required: Repair or replace to meet the above criteria.

Construction Standards: 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.

20.0 MASONRY

20.1 Observation: Cracks in masonry walls or veneer.

Action Required: 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.

Construction Standards: Small cracks are common in mortar joints, masonry brick, and cultured stone construction. Cracks greater than 3/8" in width are considered excessive.

20.2 Observation: Efflorescence on brick or stone.

Action Required: No action required. Note: efflorescence can be removed with a garden hose or light pressure wash.

Construction Standards: Efflorescence is a naturally occurring process caused by rainfall/moisture leaching salt out of mortar.

21.0 PLUMBING AND WATER SUPPLY SYSTEM

21.1 Observation: Plumbing pipes freeze and burst.

Action Required: No action required.

Construction Standards: 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 hose bibs in unheated walls.

21.2 Observation: Faucet or valve leak.

Action Required: Builder shall repair or replace any faucet to correct leaks due to defect in material or workmanship.

Construction Standards: Valves and faucets should not leak due to defects in material or workmanship.

21.3 Observation: Defective plumbing fixtures, appliances or trim fittings.

Action Required: Builder shall replace any fixture or fitting which is outside of acceptable standards as defined by the manufacturer.

Construction Standards: Fixtures, appliances or fittings should comply with their manufacturer's standards.

21.4 Observation: Noisy water pipes.

Action Required: Builder cannot remove all noises due to water flow and pipe expansion. The Seller shall correct any noise problems that are due to faulty workmanship or installation.

Construction Standards: There will be noise emitting from the water pipe system, due to the flow of water.

21.5 Observation: Leakage from any piping.

Action Required: Builder shall make necessary repairs to eliminate leakage.

This item is covered for 2 years.

Construction Standards: 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.

21.6 Observation: Stopped up sewers, fixtures and drains.

Action Required: 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 that are clogged through the Buyer's failure to operate and maintain the system properly or from causes outside the control of Seller.

Construction Standards: Sewers, fixtures and drains should operate properly.

21.7 Observation: Cracking or chipping of porcelain or fiberglass surfaces.

Action Required: Not covered under warranty unless noted on Buyer's pre-closing orientation inspection.

Construction Standards: Chips and cracks on surfaces of bathtubs and kitchen sinks can occur when the surface is hit with sharp or heavy objects.

22.0 ROOFING

22.1 Observation: Leaks due to snow or rain being driven into the attic through vents or louvers.

Action Required: Builder is not responsible for force and direction of driving rain or snow. Therefore, we cannot warrant against this condition.

Construction Standards: 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.

22.2 Observation: Ice build-up on roof (Ice dams).

Action Required: This is a homeowner maintenance item, and is not warrantable, unless the vents are improperly installed. **This item is covered for 2 years.**

Construction Standards: 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.

22.3 Observation: Lifted or torn shingles.

Action Required: Builder will correct if due to improper installation

Construction Standards: Shingles should not lift or tear.

22.4 Observation: Roof leaks.

Action Required: 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.**

Construction Standards: 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

22.5 Observation: Moss or fungus on roof surface.

Action Required: No action required.

Construction Standards: It is not uncommon for moss or fungus to grow on roof surfaces. This is a normal homeowner's maintenance item.

23.0 ROUGH CARPENTRY AND FRAMING

23.1 Observation: Uneven sub floors.

Action Required: Builder to correct or repair to meet the construction standard.

Construction Standards: 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.

23.2 Observation: Bowed walls and ceilings, out-of-plumb walls.

Action Required: Repair walls to meet above standard.

Construction Standards: All interior and exterior walls have slight variances on their finished surfaces. Walls& ceilings should not bow or be out of plumb more than 1/4" in 32" in any vertical or horizontal measurement.

23.3 Observation: Split or warped rafters or trusses.

Action Required: No action required.

Construction Standards: Some splitting and warping is normal.

23.4 Observation: Floor noises such as pops, creaks and, squeaks.

Action Required: The Builder recommends waiting until the end of the 1-year warranty period. Builder will make a reasonable attempt to fix continuously noisy floors one time only.

Construction Standards: A noise-proof floor cannot be Guaranteed. Lumber shrinkage as well as temperature and humidity changes may cause squeaks.

24.0 SEPTIC TANK SYSTEM

24.1 Observation: Septic system fails to operate properly.

Action Required: 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 that 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. **This item is covered for 2 years.**

Construction Standards: 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, see maintenance manual.

25.0 SITE DRAINAGE AND CRAWL SPACE

25.1 Observation: Site does not drain adequately.

Action Required: 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 and maintain beauty bark or drain rock in the swale and to periodically clean the catch basin of silt and debris.

Construction Standards: 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.

25.2 Observation: Water in crawl space.

Action Required: The Builder is responsible for providing proper grading and 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.**

Construction Standards: 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. Water or moisture within gravel below moisture barrier is not considered standing water.

25.3 Observation: Individual Storm Infiltration System if applicable.

Action Required: In cases where individual storm infiltration systems are required, Builder shall size and install infiltration system to handle roof/patio runoff.

Construction Standards: On site infiltration shall function properly and infiltrate storm water as designed. In cases of extreme rain events, infiltration may take longer to occur. Homeowner shall be responsible for regular maintenance of infiltration system cleanout.

26.0 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 that 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 sub flooring material;
5. Brick, stucco, stone or veneer;
6. Any type of exterior siding;
7. Roof shingles, sheathing and tarpaper;
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.

27.0 STUCCO / E.I.F.S.

27.1 Observation: Hairline cracks of stucco/ E.I.F.S.

Action Required: Builder to repair cracks greater than 1/8". Colors to be matched as closely as practical.

Construction Standards: Cracks greater than 1/8" in width are considered unacceptable. 29

27.2 **Observation:** Cracking of caulked joints of stucco/E.I.F.S.

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

Construction Standards: Under normal weather conditions stucco caulking will expand and contract with the seasons. Integrity of the seal should not breach within one year.

27.3 **Observation:** Dents, gouges and scrapes.

Action Required: No action will be taken unless damage is noted on original Buyer's pre-closing orientation list.

Construction Standards: Although stucco is durable it is not impervious to damage.

28.0 WALLPAPER

28.1 **Observation:** Seams showing.

Action Required: Any gaps greater than 1/16" will be either repaired or replaced. We cannot guarantee dye lot matches if replaced as needed. Builder is not responsible for color match, or discontinued patterns.

Construction Standards: 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.

28.2 **Observation:** Peeling wallpaper.

Action Required: Builder will correct peeling one time during warranty period.

Construction Standards: Wallpaper should not peel. There is a higher humidity level in areas such as shower stalls, kitchens and around windows.

29.0 WINDOWS AND WEATHERSTRIPPING

29.1 **Observation:** Condensation on inside of glass.

Action Required: Unless directly attributed to faulty installation, window condensation is a result of conditions beyond the Builder's control. No corrective action

Construction Standards: Windows may collect condensation on interior and exterior surfaces when extreme temperature differences and high humidity levels are present.

29.2 **Observation:** Condensation between the dual panes of glass.

Action Required: Builder shall replace during 1-year warranty only. After initial period please refer to window manufacturer's warranty.

Construction Standards: Condensation between panes of glass indicates a failure of the thermal seal and should not occur.

29.3 Observation: Broken, cracked or scratched glass.

Action Required: No action will be taken unless defect is noted on the Buyer pre-closing orientation.

Construction Standards: Glass shall be deficiency free from the date of closing.

29.4 Observation: Excessive Drafts and Leaks.

Action Required: Builder will correct poorly fitted windows.

Construction Standards: 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. Maintenance of these are considered Homeowner responsibility.

29.5 Observation: Difficult to open, close or lock.

Action Required: Builder will correct.

Construction Standards: Windows should open, close and lock.

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
Email: mhoffman@burnstead.com

Burnstead Construction LLC
And it's Independent Companies
11980 NE 24th St Suite 200
Bellevue, WA 98005-2135
Phone: 425 454-1900
www.burnstead.com

Cavalero Ridge LLC
LIMITED WARRANTY
"Exhibit BW" (Revised October 1, 2010)

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 that 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 REQUESTS AND BUYER / SELLER RIGHTS

All items covered by the second year warranty should be requested immediately in writing upon discovery, prior to the end of the second year.

TABLE OF CONTENTS
LIMITED WARRANTY PERFORMANCE STANDARDS
YEAR TWO

30.0	Basements.....	Page 35
31.0	Electrical.....	Page 35
32.0	Gutters and Flashing.....	Page 35
33.0	Heating and Cooling.....	Page 36
34.0	Plumbing and Water Supply System.....	Page 36
35.0	Roofing.....	Page 36
36.0	Septic Tank System.....	Page 36-37
37.0	Site Drainage and Crawl Space.....	Page 37
38.0	Structural Defects.....	Page 37-38
39.0	Windows and Weather-stripping.....	Page 38

30.0 BASEMENTS

30.1 Observation: Leaks resulting in actual flow or trickling of water through wall or floor, causing an accumulation.

Action Required: Builder will correct.

Construction Standards: 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.

31.0 ELECTRICAL

31.1 Observation: Circuit breakers trip.

Action Required: Builder will repair faulty breaker or wiring.

Construction Standards: Circuit breakers should not trip under normal usage within designed loads.

31.2 Observation: Ground fault (GFCI) and Arc fault (AFCI) circuit inter-rupters trip frequently.

Action Required: Builder is to install ground fault inter-rupters in accordance with approved electrical code. Tripping is to be expected and is not covered, unless due to faulty installation.

Construction Standards: Ground fault and Arc fault interrupters are sensitive devices installed into the electrical system to provide protection against electrical shock, and can be tripped very easily.

31.3 Observation: Outlets or switches malfunction.

Action Required: Builder will correct if caused by defective workmanship or materials.

Construction Standards: Buyer should exercise routine care and maintenance.

32.0 GUTTERS AND FLASHING

32.1 Observation: Flashing, valleys, gutters and or downspouts leak.

Action Required: Repair leaks that are not directly related to buyer's lack of normal required maintenance.

Construction Standards: Flashings, valleys, gutters and downspouts should not leak. It will be the Buyer's responsibility to keep valleys, gutters and downspouts free of leaves and debris that could cause excessive overflow and water impediment and backup.

33.0 HEATING AND COOLING

33.1 Observation: Ductwork separates or becomes unattached.

Action Required: Re-attach and re-secure all separated or unattached ductwork.

Construction Standards: Ductwork should remain intact and securely fastened.

34.0 PLUMBING AND WATER SUPPLY SYSTEM

34.1 Observation: Leakage from any piping.

Action Required: Builder will make necessary repairs to eliminate leakage.

Construction Standards: No leaks of any kind should exist in any soil, waste vent or water pipes. Condensation on piping does not constitute leakage and is not covered.

35.0 ROOFING

35.1 Observation: Ice build-up on roof (Ice dams).

Action Required: This is a homeowner maintenance item, and is not warrantable, unless the vents are improperly installed.

Construction Standards: 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.

35.2 Observation: Roof Leaks.

Action Required: Builder will 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.

Construction Standards: 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.

36.0 SEPTIC TANK SYSTEM

36.1 Observation: Septic system fails to operate properly.

Action Required: Builder will be responsible for the design and installation of an operational system and will take corrective action to repair. Builder will not be responsible for mal-functions

that occur through owner negligence, abuse, overuse or failure to maintain 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.

Construction Standards: Septic systems should be capable of properly handling normal flow of household effluent. Septic systems should be designed and installed to comply with 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 is responsible for septic system maintenance, see maintenance manual.

37.0 SITE DRAINAGE AND CRAWL SPACE

37.1 Observation: Water in crawl space.

Action Required: The Builder is responsible for providing proper grading and drainage of crawl space areas. Buyer to maintain the positive drain, keeping it free from silt and debris.

Construction Standards: 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.

38.0 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 that 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.

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. That 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):

October 1, 2010

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 sub-flooring material;
5. Brick, stucco, stone or veneer;
6. Any type of exterior siding;
7. Roof shingles, sheathing and tarpaper;
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.

39.0 WINDOWS AND WEATHER-STRIPPING

39.1 Observation: Condensation between the dual panes of glass.

Action Required: If condensation occurs between dual panes of glass the Builder will replace per the manufacturer's warranty.

Construction Standards: Condensation should not occur between dual panes of glass.

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
Email: mhoffman@burnstead.com

Burnstead Construction LLC
And it's Independent Companies
11980 NE 24th St Suite 200
Bellevue, WA 98005-2135
Phone: 425 454-1900
www.Burnstead.com

ADDENDUM B-1

"ACKNOWLEDGMENT OF CAVALERO RIDGE LLC 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 that 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 LLC

By:_____

ADDENDUM B-1

"ACKNOWLEDGMENT OF CAVALERO RIDGE LLC 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 that 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 LLC.

By:_____