Quality Builders Warranty
Corporation

LIMITED WARRANTY AGREEMENT

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LIMITED WARRANTY AGREEMENT

I. Introduction

Quality Builders Warranty Corporation ("QBW") administers a program whereby homebuilders registered with QBW enroll homes they construct in the program. Although homeowners are responsible for the regular maintenance of the newly-constructed home, this program allows Builders to warrant the new home will be free from specified deviations from the Warranty Standards set forth in Part V of this Agreement and from structural defects as defined in Part II of this Agreement.

NOTE: This Limited Warranty Agreement includes a procedure for informal settlement of disputes, which includes binding arbitration. The Parties each agree that the provisions of the Limited Warranty Agreement involves and concerns interstate commerce. The binding arbitration provisions of this Limited Warranty Agreement shall be governed by the procedures of the Federal Arbitration Act (9 U.S.C. § 1, et seq.).

Homeowners should read this entire Agreement carefully in order to understand the protection which it provides, the exclusions which are applicable to it, and the Warranty Standards according to which the Builder's compliance will be measured. Any dispute as to whether any item is warrantable, or exceeds warranty standards, shall be resolved through the Complaint and Claim Procedure set forth in Part VI of the Limited Warranty Agreement. It is agreed that Part VI shall be the exclusive method to resolve any claim, complaint or controversy arising from, or in any way relating to the Limited Warranty Agreement. For additional information, contact QBW at (800) 334-9143.

The following pages describe in detail the QBW Limited Warranty Agreement. Part II defines the transactional terms used in the Agreement. Part III sets out the problems and defects not covered by this Agreement. Part IV highlights the protection provided by the Agreement, the rights and responsibilities of the parties, and other general terms and conditions that affect coverage under the Agreement.

Part V sets forth the technical Warranty Standards against which the Builder's compliance will be measured. Part VI details the procedure for filing complaints under the Agreement. Homeowners should carefully review the complaint procedure in order to preserve their rights under this Agreement.

Finally, this Agreement contains the Enrollment Form to be completed by the parties who want to take advantage of the protection offered through this Limited Warranty Agreement. The Enrollment Form must be signed by the parties and returned to QBW with the proper warranty fee or the warranty will not be in effect.

Homeowners should note this warranty is automatically transferable without cost to subsequent Purchasers of the home during the life of the Agreement. This warranty is non-cancelable by QBW or its Insurer.

II. Definitions

For the purpose of this Agreement, and as used in this Agreement, the following definitions shall apply:

A. **Purchaser.** The Purchaser shall include the first person to whom the home is sold and any and all successors in title, lessees having a leasehold interest in the home of at least 50 years, and a mortgagee in possession.

B. **Builder.** The person, corporation, partnership or other entity which is a participating member of QBW, who is a named insured under the Insurer's policy.

C. **Insurer.** The established insurance company which insures the performance of warranty obligations at the time this Agreement is executed.

D. **Home.** A single-family dwelling unit or a two-or-more unit structure which may be conveyed as a single unit. As used in the Agreement, the common elements which comprise the building in which a condominium unit is situated are also included in the definition of "Home."

E. **Major Structural Defects.** Only actual physical damage to the following load bearing segments of the home and only such damage caused by failure of such load bearing segments which affect their load bearing functions to the extent that the home becomes unsafe or unlivable:

1. Columns;
2. Bearing walls and partitions;
3. Floor systems (structural slabs, joists and trusses only);
4. Roof framing members and systems (rafters and trusses only);
5. Foundation systems and footings (which are an integral part of the home and structurally attached);
6. Load bearing beams;

7. Girders;
8. Lintels (other than lintels supporting veneers).

Examples of non-load bearing elements which are ***not*** considered major structural segments include, but are not limited to:

1. Brick, stucco, or stone veneer;
2. Finish flooring material and floor coverings;
3. Plaster, lathes, or drywall;
4. Wall tile or paper and other wallcoverings;
5. Non-load bearing partitions and walls;
6. Doors, windows, trim, cabinets, hardware, insulation, paint, stains;
7. Appliances, fixtures or items of equipment;
8. Heating, cooling, ventilating, plumbing, electrical, and mechanical systems;
9. Roof shingles, tar paper, all sheathing and other surfacing material;
10. Any type of exterior siding;
11. Concrete floors;
12. Decks and porches;
13. Water seepage in basement or crawl space after the first year of coverage.

F. **Soil Movement.** Subsidence, expansion, erosion, lateral, or any other movement of the soil, but excluding floods and earthquakes.

G. **Fixtures, Appliances and Equipment.** Water heaters, pumps, refrigerators, compactors, garbage disposals, stoves, ranges, dishwashers, washers, dryers, bathtubs, sinks, commodes, faucets and valves, lights and fixtures, switches, outlets, circuit breakers, thermostats, furnaces and oil tanks, humidifiers, oil purifiers, ventilating fans, air conditioning material and similar items.

H. **Electrical System.** All wiring, electrical boxes, and connections up to the public utility connection.

I. **Plumbing System.** All pipes, supply and waste, and their fittings, including septic tanks and their pipe drain fields, on-site wells as well as gas supply lines and vent pipes.

J. **Cooling, Ventilating and Heating Systems.** All ductwork, refrigerant lines, steam and water pipes, registers, convectors and dampers.

III. Exclusions

In addition to the non-load bearing elements excepted from the definition of Major Structural Defects, the following damages, losses, deficiencies or defects are not covered by this Agreement (in addition to those named on the Enrollment Form of this Agreement):

A. Damages or losses not caused or created by the Builder or its employees, agents or subcontractors, but resulting from accidents, riots, civil commotion, acts of God or nature, including but not limited to, fire, explosion, smoke, water escape, changes in the underground water table (underground springs, etc.), wind storms, hail, lightning, fallen trees, aircraft, vehicles, floods, earthquakes, mudslides, wind driven water, reflection of the sun or volcanic eruptions.

B. Any deficiencies in or damage caused by material or work supplied by anyone other than the Builder or its employees, agents, or subcontractors.

C. Loss or damage resulting from the Purchaser's failure to minimize such loss or damage or to notify Builder or QBW or the Insurer, as provided herein.

D. Normal deterioration or normal wear and tear.

E. Losses or damages to or resulting from defects in improvements which are not part of the house, defects in outbuildings, such as detached garages and carports, swimming pools, detached recreational buildings and facilities, defects in driveways, walkways, streets, street creep, patios, decks, boundary and retaining walls, bulkheads, fences, lawn sprinkler/irrigation systems and landscaping of all types, including damage to trees, etc. during the course of construction, French drains, sink holes and dry rot.

F. Soil Movement, including subsidence, expansion or lateral movement of the soil, which is covered by any other insurance or for which compensation is granted by legislation or public funds. Any loss or damage caused by buried debris or other conditions which were not reasonably foreseeable on a building site. Any damage resulting from any defect which is covered by any other insurance or for which recovery is granted by legislation or public funds.

G. Following year one, loss or damage resulting to or from stairs, concrete floors of basements, attached garages and chimneys and other structural elements of the home that are not part of the load bearing structure of the home. Also excluded after year one are losses or damages resulting to or from all components of structurally attached decks, balconies, patios, porches, porch roofs, porticos and truss uplift.

H. Any loss or defect which arises when the home is used for non-residential purposes.

I. Losses resulting from damages to real property other than to the home itself.

J. Damage caused by insects, squirrels or other animals or rodents.

K. Loss or damage resulting from, or aggravated by changes to the real property, by anyone.

L. Any claim reported to QBW after an unreasonable delay or later than thirty (30) days after the expiration of this warranty on that item, or not filed in the manner set forth in this Limited Warranty Agreement.

M. Loss or damage resulting from, or aggravated by, or occurring to modifications or additions to the home made after occupancy (other than those performed to meet the obligations of this Agreement).

N. Personal property damage or bodily injury or punitive damages and/or legal fees.

O. Loss or damage resulting from failure to maintain proper humidity levels in the home, or aggravated by dampness or condensation caused by the Purchaser not maintaining proper ventilation.

P. All consequential damages, including but not limited to costs of shelter, transportation, food, moving, storage or other incidental expenses related to relocation during repair. Excluded consequential damage also include damage resulting from non-covered or expired items, such as wood rot from water infiltration reported to QBW after year one.

Q. Any defect which does not result in actual physical damage to the home.

R. Any defect, damage or loss which is caused or aggravated by failure of anyone other than the Builder, its agents, employees or subcontractors to comply with the manufacturer's warranty requirements concerning appliances, fixtures or equipment. (*Note:* See Section II-G)

S. Failure of the Builder to complete construction of the home or any part of the home on or before the effective date. An incomplete item is not considered a defect.

T. Loss or damage resulting from toxic or carcinogenic or suspected carcinogenic fumes or substances, such as, but not limited to, acids in the soil, radon, radon gas, radon daughters, or mold.

U. Water infiltration into a basement or crawl space after year one.

V. Loss or damage resulting from, or aggravated by, negligent maintenance or operation.

W. Any loss or damage resulting from the weight and/or performance of any type of waterbed or other furniture excessive in weight or other abnormal loading of floors.

X. Any loss or damage resulting from a loss in the water supply, or potability or clarity of water supply.

Y. Solar panel systems or their installation or operation.

Z. Standing or ponding water on the property which does not directly affect the immediate area surrounding the foundation of the home.

AA. Following the first year of this Agreement, any deficiencies in fixtures, appliances, and items of equipment, whether or not components of the cooling, ventilating, heating, electrical, plumbing or in-house sprinkler systems. During the first year of this Agreement, coverage on fixtures, appliances, and items of equipment (including attachments and appurtenances) is for one year or the manufacturer's written warranty period, whichever is less. Damage caused by improper maintenance or operation, negligence, or improper service of such systems by the Purchaser or its agents will not be covered by this Agreement.

BB. Loss or damage resulting from a condition not resulting in actual physical damage to the home, including un-inhabitability or health risk due to the presence or consequences of unacceptable levels of radon, formaldehyde, carcinogenic substances or other pollutants and contaminants; or the presence of hazardous or toxic materials.

CC. Loss or damage caused directly or indirectly by flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these (whether or not driven by the wind), water which backs up from sewers or drains, changes in the water table which were not reasonably foreseeable, or water below the surface of the ground (including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool, or other structure), wetlands, springs or aquifers.

DD. Violations of applicable building codes or ordinances, original dwelling plans and specifications.

EE. Soil erosions and run-off caused by failure of the Purchaser to maintain the property established grades, drainage structures and swales, stabilized soil, sodded, seeded and landscaped area.

FF. Any defects caused by or resulting from improper design of the home.

GG. Any storm water or soil erosion/sedimentation control requirements that are approved previously by the local governing jurisdiction for development.

HH. Any glass breakage or failure of Builder to perform any type of clean-up.

II. Violations of local or National Building Codes and Ordinances.

JJ. Loss or damage caused by or to roof sheathing after one year from the effective date of warranty.

KK. Since this warranty covers only those defects which first occur during the Warranty Term, any homeowner-acknowledged, pre-existing conditions, such as "walk through" or "punch list" items are not covered.

LL. The removal and or replacement of items not originally installed by the Builder where removal and replacement are required to repair a defect.

IV. General Terms and Conditions/Rights and Responsibilities

A. **Coverage Provided.** This Agreement provides the following protection, effective as of the date on the Enrollment Form:

1. During the first year of this Agreement, and subject to the terms and conditions listed herein, your Builder warrants your home against faulty workmanship and materials, defects in appliances, fixtures and equipment, defects in wiring, piping and duct work in the electrical, plumbing, heating, cooling, ventilating and mechanical systems, and Major Structural Defects (see Definitions, Section II-E) due to non-compliance with the Warranty Standards.
2. During the second year of this Agreement, and subject to the terms and conditions listed herein, your Builder warrants that your home's cooling, heating, and ventilating, electrical and plumbing systems (exclusive of appliances, fixtures and equipment—coverage is one year or manufacturer's warranty whichever is less) will be free from defects due to non-compliance with the Warranty Standards set forth in Section V of this document. Your Builder further warrants that your home will have no Major Structural Defects in that period. (See Definitions, Section II-E)
3. In years three through ten of this Agreement, QBW warrants that your home will be free from any Major Structural Defects as and only as that term is defined in Section II-E of this document. Please review the definition since all structural defects are not covered, only Major Structural Defects as defined. In order to qualify as a Major Structural Defect there must be:

   a. Actual physical damage;
   b. To one of the eight identified load bearing portions of the Home;
   c. And only such damage caused by failure of such load bearing portions that affect their load bearing functions;
   d. To the extent that the Home becomes unsafe or otherwise unlivable.

   All four portions of the definition must be met to be considered a Major Structural Defect under the terms of the Limited Warranty Agreement.
4. The Builder is the warrantor during the first two years of this Agreement. QBW through its Insurer provides insurance coverage insuring the Builder's performance hereunder during the first two years of this Warranty and is the warrantor providing insurance protection through its Insurer against Major Structural Defects, as defined in Section II-E, during the third through tenth years of this Warranty. Quality Builders Warranty Corporation ("QBW") will administer the limited warranty program for participating Builders. The protection provided under the limited warranty program is automatically transferable to subsequent Purchasers during the ten year term of this Agreement.

B. **Rights and Responsibilities**. If any defect subject to the terms and conditions of this Agreement occurs and fails to meet the Warranty Standards, within the first two years, your Builder will repair, replace or pay you the reasonable cost of repairing or replacing the defective item. If your Builder fails to perform, QBW will perform in accordance with the Warranty. QBW will repair or replace, or pay you the reasonable cost of repairing or replacing, the defect or item determined to be a Major Structural Defect in years three through ten. In any case, actions to correct Major Structural Defects will be limited to those necessary to restore load bearing capacity or to repair any defects which make the home unlivable. While undertaking any repairs, the Builder or QBW is not responsible for color variation or discontinued items.

C. **General Conditions**. Notwithstanding your Builder's responsibility to maintain the standards established by this Agreement, the following conditions apply:

1. You must make your home available for inspections and repairs during normal working hours. Failure to provide such access to the Builder and/or QBW, may relieve the Builder and/or QBW of its obligations under this Agreement. The decision whether to repair or replace, or to pay the reasonable cost of repair or replacement, resides with the Builder. If the Builder is unable or unwilling to perform, the decision resides with QBW. **(If the Builder or QBW is not afforded the first right to repair or resolve, no warranty coverage will be effective on that item and no rights for any recovery or reimbursement shall be permitted. The choice of the method of repair resides with the Builder or QBW.)**
2. This Agreement is subject to certain deductibles. If your Builder or QBW performs its obligations under this Agreement, you agree that upon request you will assign the proceeds of any other insurance or warranty which you may own covering the same defect to your Builder or QBW, as the case may be. Such assignments shall not exceed the cost and expenses to your Builder or QBW to perform its obligations

under this Agreement. If you receive payment from any other source other than QBW, then QBW shall be entitled to a set-off in that amount, irrespective of how any parties other than QBW allocate your payment.

3. Neither the Builder nor QBW will have any repair obligation unless it has been voluntarily assumed or liability has been determined under the Complaint and Claim Procedure set forth in Part VI.
4. Actions taken to cure defects hereunder will not extend specified periods of coverage. Additionally, failure to discover a defect during any applicable warranty period will not extend warranty coverage even if it was alleged that the defect was a latent defect. If QBW does not receive notice of your complaint within 30 days after expiration of the warranty on the item, the complaint cannot be honored.
5. The total liability of this Warranty Agreement is limited and shall not exceed the sales price of your home as stated on the Enrollment Form of this Agreement.
6. If your Builder does not fulfill their obligations for years one and two, as determined through the Complaint and Claim Procedure in Part VI of this Agreement, QBW will be responsible for their obligations, subject to the deductible in Section IV-C-8, infra.
7. In years three through ten, or in years one and two if the Builder fails to perform, the decision whether to repair or replace, or to pay you the reasonable cost of repairing or replacing, resides with QBW. The choice of the method of repair resides with QBW.
8. QBW's liability hereunder is subject to a deductible of $500 per claim. Payment of such deductible is a condition precedent to QBW's performance pursuant to this Agreement.
9. When the Builder finishes repairing or replacing a defective item or prior to the Builder paying you the reasonable cost of doing so, you must sign and deliver to the Builder a full and unconditional release of all legal obligations with respect to the defect. If QBW fulfills such obligations of the Builder, you must sign and deliver to QBW a full and unconditional release of all legal obligations of QBW with respect to the defect when QBW finishes repairing or replacing a defective item or prior to QBW paying you the reasonable cost of doing so.
10. **Other than the Expressed Warranties contained herein, there are no other warranties expressed or implied including Implied Warranty of Merchantability, Implied Warranty of Habitability or Implied Warranty for Particular Purpose, which implied warranties are specifically excluded.**

D. **Condominium Coverage.** If your claim involves a common element in a condominium, it may be made only by an authorized representative of the condominium association. Subject to that limitation, however, coverage will include common elements of the condominium structure contained wholly within the structure, such as hallways, meeting rooms or other spaces, and any part of the cooling, ventilating, heating, electrical or plumbing systems that service two or more residential units. Common elements will be covered for the same periods and to the same extent as comparable items which are part of individual homes. The deductible for a condominium coverage is $500 per unit affected by the common elements defect. Major Structural Defect coverage for common elements shall commence on the date of occupancy or date of closing of the first unit in the building, whichever is sooner.

E. **General Terms Governing Interpretation and Operation.** Certain generally applicable terms and conditions will govern the interpretation and operation of this Agreement. These terms and conditions are:

1. It is intended that the use of one gender herein includes all genders and the singular includes the plural.
2. This Agreement includes the entire agreement of the parties, and cannot be modified, altered or amended in any way except by a formal written instrument signed by all of the parties hereto.
3. Should any provision of this Agreement be determined by a court of competent jurisdiction to be unenforceable, that determination will not affect the validity of the remaining provisions.
4. This Agreement is separate and apart from your contract with your Builder. It cannot be altered or amended in any way by any other agreement which you have. Contractual disputes shall not involve QBW.
5. Your Builder must assign to you and provide you copies of all manufacturer's warranties in their possession on products included in the sales price of your home.
6. All notice required hereunder must be in writing and sent by certified mail, or another carrier that provides a receipt of delivery, postage prepaid, to the recipient at the respective address shown on this Agreement, or to whatever other address the party may designate in writing.
7. This Agreement is deemed to be binding on the Builder, QBW and the Purchaser, their heirs, executors, administrators, successors and assigns.
8. Whatever timely performance is called for hereunder, the time therefore shall be extended to the extent performance is delayed by an event not caused by the conduct of the person obligated to perform. Such events include acts of God or the common enemy or riot, civil commotion or sovereign conduct.

V. Warranty Standards

A. The applicability of these Warranty Standards is conditioned upon the Purchaser's proper maintenance of the home to prevent damage due to neglect, abnormal use or improper maintenance. Common elements will be covered for the same periods and to the same extent as comparable items which are part of individual homes.

B. The applicability of these Warranty Standards is conditioned upon the fact that your home is constructed in compliance with the local building codes as well as one of each group of the following model codes or the Minimum Property Standards of the U.S. Department of Housing and Urban Development:

International Building Code International Residential Code One and Two Family Dwelling Code BOCA Basic Building Code Standard Building Code, Southern Building Code Congress Uniform Building Code National Building Code
International Mechanical Code BOCA Basic Mechanical Code Uniform Building Code, Volume 11, Mechanical Standard Mechanical Code, Southern Building Code Congress
Electrical Code for One and Two Family Dwelling National Electrical Code
International Plumbing Codes BOCA Basic Plumbing Code Uniform Plumbing Code Standard Plumbing Code, Southern Building Code Congress

C. The description below establishes the standards by which it will be determined whether your home has a problem or defect covered by this warranty and whether it is the obligation of your Builder, QBW or its Insurer to correct these defects. Where specific standards and obligations are not set forth, the standards shall be the generally accepted industry practice for workmanship and materials.

WARRANTY STANDARDS AND COVERAGE FOR YEAR ONE ONLY

LOT GRADING AND DRAINAGE

(1) Ground settlement around foundation and utility trenches.

(a) **Standard.** Ground settlement should not disrupt water drainage away from the structure although some settlement may occur.

(b) **Repair Responsibility.** If the final grading was performed by the Builder, they will replace fill in excessively settled areas once. Builder is not responsible for removal or replacement of shrubs, grass, etc.

(2) Poor lot drainage.

(a) **Standard.** After normal rainfall, water should not stand in yard within 10 feet of dwelling for more than 48 hours. These standards will vary upward due to frost, snow or saturation.

(b) **Repair Responsibility.** The Builder is responsible for establishing the proper grades and swales; after that, the Purchaser is responsible for maintaining them.

(3) Basement or crawlspace water dampness and leaks.

(a) **Standard.** Basement or crawlspace should not leak. Dampness of newly constructed floors and walls is common and not considered a deficiency.

(b) **Repair Responsibility.** Builder will correct leakage (actual flow and accumulation) into the basement or crawlspace. Leaks caused by improper landscaping or failure to maintain proper grade are not covered. Where a sump pit has been installed by the Builder, but the sump pump was not contracted for or installed by Builder, no action is required until a properly sized pump is installed by the Purchaser.

INSULATION

(1) Inadequate insulation.
(a) **Standard.** This warranty assures ***only*** that your insulation will meet the applicable energy code requirements.
(b) **Repair Responsibility.** Builder will install sufficient insulation to meet the applicable local code requirements. Contractual Agreement for additional insulation shall not involve this warranty.

(2) Air infiltration from electrical outlets.
(a) **Standard.** This is common in new construction.
(b) **Repair Responsibility.** None.

ROOFING

(1) Roof leaks.
(a) **Standard.** The roof should not leak and no leaks should arise from flashings except where snow and ice are allowed to build up continually. Prevention of unusual snow and ice buildup is the Purchaser's responsibility.
(b) **Repair Responsibility.** All roof and flashing leaks not caused by snow and ice buildup or other than neglect by the Purchaser will be repaired. The Builder is not responsible for color variations.

(2) Gutters and downspout leader leaks.
(a) **Standard.** Gutters and leaders should not leak. However, during heavy rains, overflow should be expected.
(b) **Repair Responsibility.** Builder will correct leaks not caused by Purchaser's negligence or improper maintenance. Ladders allowed to rest against gutters will cause deformation and will affect purpose.

(3) Poor gutter drainage.
(a) **Standard.** Some standing water should be expected within certain tolerances.
(b) **Repair Responsibility.** Builder will repair so that, if free from debris, the standing water depth will not exceed 1 inch.

(4) Insufficient attic or roof ventilation.
(a) **Standard.** The applicable building codes will control.
(b) **Repair Responsibility.** Builder will correct to meet the applicable code requirements.

(5) Standing water on flat roof.
(a) **Standard.** Water shall drain from flat roof except for minor ponding immediately following rainfall or when the roof is specifically designed for water retention.
(b) **Repair Responsibility.** Builder will take corrective action to ensure proper drainage of roof.

SIDING AND CAULKING

(1) Siding, trim and masonry cracks and separation.
(a) **Standard.** Separation between siding, masonry and trim should not exceed 3/8 inch. Siding, trim and masonry should be capable of excluding the elements.
(b) **Repair Responsibility.** Builder will repair by caulking or other methods.

(2) Leaks due to snow or rain driven into the attic through louvers or vents.
(a) **Standard.** Attic vents and/or louvers must be provided for proper ventilation of the attic space of the structure.
(b) **Repair Responsibility.** None.

(3) Exterior caulking shrinkage.
(a) **Standard.** Since all caulking shrinks, Purchaser is responsible for maintaining caulking.
(b) **Repair Responsibility.** All junctions and separations of wall surfaces will be caulked once to prevent water leakage. Any shrinkage thereafter will be the Purchaser's responsibility.

(4) Delamination of veneer siding or joint separation.
(a) **Standard.** All siding shall be installed according to the manufacturer's and industry accepted standards. Separations and delaminations shall be repaired or replaced.
(b) **Repair Responsibility.** Builder will repair or replace siding as needed unless caused by Purchaser's neglect to maintain siding properly. Repaired area may not match in color and/or texture. For surfaces requiring paint, Builder will paint only the new materials. The Purchaser can expect the newly painted surface may not match original surface in color.

(5) Paint or stain peels or fades.
(a) **Standard.** Fading caused by weathering is normal and should be expected within certain tolerances. Varnish or lacquer on the exterior will deteriorate quickly and is not covered by this warranty. Mildew and fungus on siding are caused by climatic conditions or nearby bodies of water and are not covered by this warranty.
(b) **Repair Responsibility.** If paint or stain is defective, Builder will refinish affected area. Builder is not responsible for color variations.

(6) Cracks in stucco wall finish.
(a) **Standard.** Cracks in stucco wall finishes are common and should be expected within certain tolerances.
(b) **Repair Responsibility.** Builder will repair, only once, cracks in excess of 1/8 inch width.

(7) Cracks in vinyl siding or dents in aluminum siding.
(a) **Standard.** These defects can be caused by an object striking the siding.
(b) **Repair Responsibility.** Builder will correct defects only if reported prior to occupancy. Builder is not responsible for color variations or discontinued patterns.

(8) Cracking or delamination of wood on exterior—wooden decks, walks, porches, railings, shingles.
(a) **Standard.** Wood exposed to the elements will react and crack. Certain types of wood should be painted or stained or sealed continuously. This is considered a homeowner maintenance item.
(b) **Repair Responsibility.** None.

(9) Loose or fallen siding or veneer.
(a) **Standard.** All siding or veneer, which is not installed properly, so as not to come loose or fall off under normal conditions, is a deficiency.
(b) **Repair Responsibility.** The Builder will repair or replace improperly-secured siding or veneer. Builder is not responsible for fallen siding or veneer caused by unusual winds.

(10) Cement board siding is cracked or chipped.
(a) **Standard.** Cracks more than 3 inches in length and 1/4 inch in width are considered excessive. Chips or dents not reported in writing prior to occupancy are not covered by this warranty.
(b) **Repair Responsibility.** Cracked or chipped cement board will be repaired or replaced as necessary, as determined by the Builder.

(11) Cement board or vinyl siding has joint separation.
(a) **Standard.** Gaps at the ends of the siding boards or panels shall not exceed 3/8 inch in width.
(b) **Repair Responsibility.** Builder shall repair or adjust siding to comply with this standard. Caulking is an acceptable repair for cement board gaps.

MASONRY AND CONCRETE

(1) Cracks in concrete walls.
(a) **Standard.** Shrinkage or settlement cracks are common and should be expected within certain tolerances.
(b) **Repair Responsibility.** Any cracks greater than 1/8 inch in width will be repaired by surface patching or pointing. Builder is not responsible for color variations.

(2) Cracks in block or veneer walls.
(a) **Standard.** Mortar shrinking cracks are common and should be expected within certain tolerances.
(b) **Repair Responsibility.** Any cracks in the block greater than 1/8 inch in width will be repaired by surface patching or pointing. Builder will is not responsible for color variations.

(3) Cracks in concrete basement floors.
(a) **Standard.** Hairline cracks due to shrinkage are common and should be expected within certain tolerances.
(b) **Repair Responsibility.** Any cracks greater than 3/16 inch in width or 1/4 inch in vertical displacement will be repaired by surface patching or comparable remedies.

(4) Movements of concrete slabs at joints.
(a) **Standard.** Concrete slabs are engineered to move at expansion and contraction joints.
(b) **Repair Responsibility.** None.

(5) Cracks in attached garage slab or structurally attached patio slabs.
(a) **Standard.** Shrinkage cracks are common and should be expected within certain tolerances.
(b) **Repair Responsibility.** Cracks exceeding 1/4 inch in width or 1/4 inch in vertical displacement will be repaired by patching or other remedies.

(6) Rough, uneven concrete floors in living areas.
(a) **Standard.** Concrete may be pitched to facilitate drainage in basement and garage floors.

(b) **Repair Responsibility.** Builder will correct unevenness which exceeds 1/4 inch in a 32 inch measurement in initially intended living areas only.

(7) Concrete slab cracks causing finished floor coverings to rupture.
(a) **Standard.** Cracks which rupture finish flooring shall be repaired.
(b) **Repair Responsibility.** The problem will be corrected so the defect is not readily noticeable.

(8) Pitting, scaling or spalling of concrete work (excluding sidewalks and driveways).
(a) **Standard.** Concrete surfaces shall not disintegrate to the extent the aggregate is exposed and loosened under normal conditions of weathering and use.
(b) **Repair Responsibility.** Builder will take whatever corrective action necessary to repair or replace defective concrete surfaces. Builder is not responsible for deterioration caused by salt, chemicals, mechanical implements and other factors beyond its control.

(9) Separation of stoops.
(a) **Standard.** Minor separation is normal.
(b) **Repair Responsibility.** Builder will repair separation of more than 1 inch.

(10) Efflorescence on masonry (brick, block, concrete).
(a) **Standard.** Discoloration caused by the lime content in the mortar will occur.
(b) **Repair Responsibility.** None.

(11) Water absorption by exposed brick veneer.
(a) **Standard.** Absorption varies in the type of brick/masonry chosen and cannot be controlled by Builder.
(b) **Repair Responsibility.** None.

CHIMNEYS AND FIREPLACES

(1) Insufficient draw or down draft.
(a) **Standard.** Trees too close to the chimney or high winds can cause down drafts. Some homes are extremely air-tight and a window may need to be opened slightly in order to maintain an effective draft.
(b) **Repair Responsibility.** Builder will correct problems caused by improper construction or design.

(2) Chimney separation from home.
(a) **Standard.** Some minor separation is normal and should be expected within certain tolerances.
(b) **Repair Responsibility.** Separation in excess of 1/2 inch in any 10 foot measurement will be corrected by caulking or other measures. This is a one year covered item and is not considered a structural item.

(3) Firebrick cracks.
(a) **Standard.** Heat will cause some cracking and should be expected.
(b) **Repair Responsibility.** None.

(4) Fireplace brick veneer cracks.
(a) **Standard.** Some cracking is common and should be expected within certain tolerances.
(b) **Repair Responsibility.** Cracks in brick greater than 1/4 inch in width will be repaired by pointing or patching.

(5) Creosote or resin buildup or creosote seepage through chimney.
(a) **Standard.** Creosote seepage is caused by the burning of improperly seasoned wood or improper operation of the fireplace.
(b) **Repair Responsibility.** Builder will construct the chimney to meet code requirements. Since the Builder does not have control of the materials and methods used in operation of the fireplace, they are not responsible for any defects caused by anything other than a code violation in construction.

(6) Fireplace inserts and blowers.
(a) **Standard.** Some types of fireplace inserts and blowers will alter the performance of standard fireplaces, causing extreme increases in heat in the fire chamber and creosote buildup.
(b) **Repair Responsibility.** Builder is not responsible for damage and loss caused by fireplace inserts and blowers.

WINDOWS AND DOORS

(1) Warping of doors.
(a) **Standard.** Some warping, especially of exterior doors is normal and is caused by surface temperature changes. Such warping, however, should not cause the doors to become unusable or allow entrance of the elements, and should not exceed 1/4 inch measured corner to corner diagonally.
(b) **Repair Responsibility.** Defective doors will be repaired or replaced. Builder is not responsible for slight variations in finish.

(2) Door panel shrinkage.
- (a) **Standard.** Expansion and contraction is normal and may cause unfinished surfaces to appear.
- (b) **Repair Responsibility.** None. This is a homeowner maintenance item.

(3) Door panel splits.
- (a) **Standard.** Some splitting is normal and should be expected within certain tolerances.
- (b) **Repair Responsibility.** If the split allows the entrance of light, it will be repaired once. The Builder is not responsible for slight variations in finish.

(4) Glass breakage and scratches.
- (a) **Standard.** None.
- (b) **Repair Responsibility.** None. Must be reported prior to occupancy.

(5) Garage door malfunctions.
- (a) **Standard.** Maintenance is Purchaser's responsibility.
- (b) **Repair Responsibility.** The door will be repaired and adjusted to function as designed except where a result of Purchaser action or negligence.

(6) Garage door—entrance of elements.
- (a) **Standard.** Even a door installed to manufacturer's specifications will allow some entrance of the elements and should be expected within reason.
- (b) **Repair Responsibility.** The door will be adjusted to meet the manufacturer's specifications.

(7) Windows do not operate.
- (a) **Standard.** Reasonable pressure should open and close windows.
- (b) **Repair Responsibility.** Builder will repair as required. Builder is not responsible for condensation or frost caused by climatic and internal humidity conditions.

(8) Air infiltration around doors and windows.
- (a) **Standard.** Some infiltration is normally noticeable around doors and windows, especially during high winds. Poorly fitted weather stripping shall be adjusted or replaced. It may be necessary for the owner to have storm doors and windows installed to provide satisfactory solutions in high wind areas.
- (b) **Repair Responsibility.** Builder will adjust or correct poorly fitted doors, windows and poorly fitted weather stripping.

(9) Moisture or condensation on window glazing.
- (a) **Standard.** This is caused by atmospheric conditions and can be aggravated by insulated drapes keeping in the moisture.
- (b) **Repair Responsibility.** Builder is responsible for repair only if window seal is broken or defective. Condensation on window and sky lights caused by a lack of thermal break are excluded. Consideration of thermal break should be given when selecting price range of windows.

(10) Excessive opening at the bottom of interior doors.
- (a) **Standard.** Passage doors from room to room that have an opening between the bottom of the door and the floor finish material in excess of 1-1/2 inches is a deficiency. Closet doors having an opening in excess of 2 inches is a deficiency.
- (b) **Repair Responsibility.** The Builder will make necessary adjustment or replace door to meet required tolerance.

(11) Double hung windows do not stay in place when open.
- (a) **Standard.** Double hung windows are permitted to move up or down within a two inch tolerance, when put in an open position.
- (b) **Repair Responsibility.** The Builder will adjust sash balances one time only.

(12) Hardware does not work properly, fails to lock or perform its intended purpose.
- (a) **Standard.** All hardware installed on doors and windows should operate properly.
- (b) **Repair Responsibility.** The Builder will be responsible for repairs of hardware, if reported by the homeowner, no later than seven (7) days after construction completion.

(13) Storm doors and windows do not operate or fit properly.
- (a) **Standard.** Storm doors and windows, when installed by the Builder, should operate and fit properly to provide the protection for which they are intended.
- (b) **Repair Responsibility.** The Builder will adjust, repair or replace as necessary for proper fit and operation.

(14) Screen panels do not fit properly. Screen mesh is torn or damaged.
- (a) **Standard.** Rips or gouges in the screen mesh must be documented by the homeowner prior to completion. The screen panels shall fit properly.
- (b) **Repair Responsibility.** The Builder will adjust screen panels to fit in the frame properly, one time only. Where tears or gouges are reported prior to completion, the Builder will repair or replace. If the Builder does not perform a walk-through, the Builder will be responsible for repairing tears and gouges if reported by the homeowner in writing no later than seven (7) days after completion.

INTERIOR WALLS AND TRIM

(1) Molding and trim defects.
- (a) **Standard.** Some separation between moldings and adjacent surfaces (including casement, base, etc.) is normal and should be expected within certain tolerances.
- (b) **Repair Responsibility.** Separation in excess of 1/4 inch will be repaired by caulking or other methods.

(2) Cracks in interior wall and ceiling surfaces.
- (a) **Standard.** Hairline cracks are not unusual in interior wall and ceiling surfaces. Cracks greater than 1/8 inch in width shall be repaired.
- (b) **Repair Responsibility.** Builder will repair cracks exceeding 1/8 inch in width as required, one time only, during the first year of the Limited Warranty period. The Builder is not responsible for variations in colors or patterns.

(3) Nail pops, blister in tape or other blemishes.
- (a) **Standard.** Slight "imperfections" such as nail pops, seam lines and cracks not exceeding 1/8 inch in width are common in gypsum wallboard installations and are considered acceptable.
- (b) **Repair Responsibility.** Builder will repair only cracks exceeding 1/8 inch in width, one time only, during the first year of the Limited Warranty period. The Builder is not responsible for variations in colors or patterns.

(4) Ceramic tile cracks.
- (a) **Standard.** Cracking of grout joints is common and should be expected within certain tolerances. Purchaser is responsible for routine maintenance of grout joints.
- (b) **Repair Responsibility.** Broken tiles will be replaced and excessive cracking of grout joints will be repaired once. Builder is not responsible for discontinued patterns or colors or for variations in colors.

(5) Peeling of wallpaper or wallcovering.
- (a) **Standard.** Wallpaper should not peel.
- (b) **Repair Responsibility.** Builder is not responsible for peeling caused by owner negligence or use. Builder will repair or replace defectively installed wallpaper or wallcovering. Builder is not responsible for discontinued patterns or colors or variations in color.

(6) Edge mismatching in pattern of wallcovering.
- (a) **Standard.** None.
- (b) **Repair Responsibility.** None.

(7) Mildew on floors, base and moldings.
- (a) **Standard.** Mildew is caused by the humidity level maintained by the occupants of the home and is considered a maintenance item. In homes constructed on concrete slabs, more humidity level maintenance is required.
- (b) **Repair Responsibility.** None.

(8) Variations in paneling color; scratches or checks on finished surfaces.
- (a) **Standard.** Plywood paneling pattern and color will often vary and is not considered a deficiency. Scratches and checks on the paneling surface are deficiencies, if reported before completion.
- (b) **Repair Responsibility.** The Builder will repair damaged paneling, if such damage was documented on a walk-through inspection. If the Builder does not perform a walk-through, Builder will be responsible for repairing the defects, if reported by the homeowner in writing no later than seven (7) days after completion. The Builder is not responsible for discontinued variations.

(9) Lumps, ridges and nail pops in wallboard which appear after homeowner has wallcovering installed by others.
- (a) **Standard.** The homeowner shall ensure that the surface to receive wallcovering is suitable and assumes full responsibility should lumps, ridges and nail pops occur.
- (b) **Repair Responsibility.** None.

(10) Interior caulk shrinkage.
- (a) **Standard.** Interior caulk shall not shrink and form a gap that exceeds 1/4 inch in width.
- (b) **Repair Responsibility.** The Builder will repair or caulk joints and cracks, as required to correct deficiencies, one time only during the warranty period. Even when properly installed, caulking will shrink and must be maintained by the Purchaser.

FLOORING AND COVERING

(1) Uneven joints in wooden floors and subflooring.
- (a) **Standard.** Squeaks and loose sub-flooring are usually passing conditions caused by lumber shrinkage or temperature changes and are not covered by this warranty unless caused by a defective joist in the floor system.

(b) **Repair Responsibility.** Uneven joints resulting in ridges or indentations exceeding 1/4 inch within a 32 inch area (measuring perpendicular to the ridge or indentation) will be repaired.

(2) Cracks, gaps or splits in finished flooring.

(a) **Standard.** Some separation is normal and should be expected within certain tolerances.

(b) **Repair Responsibility.** Separations exceeding 1/4 inch in width will be repaired by filling or replacing at the Builder's option. Separations caused by exposure to moisture or humidity fluctuation are beyond the Builder's control and are not the Builder's responsibility.

(3) Nails popping through resilient flooring.

(a) **Standard.** Only nails which have broken through the floor covering will be repaired.

(b) **Repair Responsibility.** The nail pops will be repaired or replaced at the sole option of the Builder in the area damaged. The Builder is not responsible for discontinued patterns or colors or for variations in color.

(4) Ridges in sub-floor.

(a) **Standard.** Minor ridges or indentations are common and should be expected within certain tolerances.

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

(5) Loose floor coverings.

(a) **Standard.** The Builder has sole option of repairing or replacing.

(b) **Repair Responsibility.** The affected area will be repaired or replaced. Builder is not responsible for discontinued patterns or colors or for variations in color. Bubbles may be repaired by injecting adhesive through a cut placed in the flooring.

(6) Gaps in seams of resilient coverings.

(a) **Standard.** Minor gaps are common and should be expected within certain tolerances. When the Purchaser installs flooring and covering, sub-floor preparation is their responsibility. If sub-floor repairs are to be made when the Purchaser installs floor covering, the removal and replacement of the floor covering is the Purchaser's responsibility.

(b) **Repair Responsibility.** Minor gaps in excess of 1/8 inch will be repaired or replaced at the affected area. Builder is not responsible for discontinued patterns or colors or for variations in color. Builder is not responsible for flooring or coverings installed by Purchaser.

(7) Gaps in carpet seams.

(a) **Standard.** Seams will be apparent. Spotting or fading of carpet is not covered by this warranty.

(b) **Repair Responsibility.** The carpet will be repaired or re-stretched if necessary so gaps are not visible, only once.

CARPENTRY

(1) Walls which bulge, bow or are out-of-plumb.

(a) **Standard.** All interior and exterior walls have minor differences and routine differences should be expected within certain tolerances.

(b) **Repair Responsibility.** Walls bowing more than 1/4 inch within a 32 inch measurement or 3/8 inch within a 4 foot measurement (floor to ceiling or wall-to-wall) will be repaired.

CABINETS AND COUNTERTOPS

(1) Countertop or cabinet imperfections.

(a) **Standard.** None.

(b) **Repair Responsibility.** Chips, cracks or delamination will be repaired. Cracks and chips, including porcelain and fiberglass fixtures, not reported to the Builder prior to occupancy will not be covered by this warranty.

(2) Warping of doors and drawers.

(a) **Standard.** Minor warpage is common and should be expected within certain tolerances.

(b) **Repair Responsibility.** Warpage in excess of 1/4 inch from the face of the cabinet will be repaired or the doors or drawers replaced. Builder is not responsible for variations in color.

(3) Cabinet separates from wall or ceiling.

(a) **Standard.** Some separation is common and should be expected within certain tolerances.

(b) **Repair Responsibility.** Separation in excess of 1/4 inch will be repaired or the cabinet replaced.

(4) Countertop or backsplash separates from wall.

(a) **Standard.** Some separation is common and should be expected within certain tolerances.

(b) **Repair Responsibility.** The Builder will repair or caulk joints in excess of 1/4 inch separation as required to correct deficiencies, one time only during the warranty period.

COOLING AND HEATING (Coverage for one year only.)

(1) Cooling variations.

(a) **Standard.** Where applicable, the cooling system should be able to maintain a temperature of 78 degrees (measured 5 feet above the center of the floor in the room where the thermostat is located) under local outdoor ASHRAE specifications. In the case of excessive outdoor temperature, a 15 degree difference is acceptable. Purchaser is responsible for minor adjustments such as balancing dampers and registers. All rooms will vary in temperature by 5 or 6 degrees. This is acceptable under industry standards.

(b) **Repair Responsibility.** The Builder will repair the system so that it will perform as described.

(2) Heating variations.

(a) **Standard.** Where applicable, the heating system should be able to maintain a temperature of 70 degrees (measured 5 feet above the center of the floor in the room where the thermostat is located) under local outdoor ASHRAE specifications. Purchaser is responsible for minor adjustments such as balancing dampers and registers. On extremely cold days, a 5 to 6 degree difference between the actual inside temperature and the thermostat setting is acceptable. All rooms will vary in temperature by 5 to 6 degrees. This is acceptable under industry standards.

(b) **Repair Responsibility.** The Builder will repair the system so that it will perform as described.

(3) Heat pump---continues to run.

(a) **Standard.** On extreme outside temperatures the heating unit will work more frequently. If the unit still does not supply sufficient heat, the outside temperature setting on the unit may need to be adjusted.

(b) **Repair Responsibility.** None. This is a homeowner maintenance item. Please consult the manufacturer's instructions for use.

(4) Noisy ductwork.

(a) **Standard.** When metal ducts heat and cool, some noise will result.

(b) **Repair Responsibility.** Builder will correct excessively loud noise only.

(5) Condensation lines.

(a) **Standard.** None.

(b) **Repair Responsibility.** Condensation lines will clog eventually under normal use. This is a homeowner maintenance item. Builder shall provide unobstructed condensation lines as of the effective date of the Limited Warranty.

PLUMBING (Coverage for one year only.)

(1) Pipes freeze and burst.

(a) **Standard.** Purchaser is responsible for draining pipe lines supplying outside faucets.

(b) **Repair Responsibility.** Builder will insulate pipes to prevent freezing during normal winter temperatures.

(2) Plumbing fixture, appliance and trim fitting defects.

(a) **Standard.** None.

(b) **Repair Responsibility.** Builder will correct leaks or malfunction in faucets, valves, appliances and trim fittings caused by defects in materials or workmanship.

(3) Noisy pipes.

(a) **Standard.** Expansion and contraction caused by water flow will cause some noise which is to be expected. Pipe noise is more pronounced in plastic piping.

(b) **Repair Responsibility.** Builder will correct only excessively loud pipe noises caused by "water hammer" in the supply lines.

(4) Cracks or chips in porcelain or fiberglass.

(a) **Standard.** The Purchaser should inspect these items and report them to the Builder prior to occupancy.

(b) **Repair Responsibility.** The Builder will be responsible for surface imperfections only if reported in writing prior to occupancy. Staining of fixtures is not covered by this warranty.

ELECTRICAL (Coverage for one year only.)

(1) Outlets, switches or fixtures.
(a) **Standard.** Should operate as intended.
(b) **Repair Responsibility.** Defective outlets, switches and fixtures will be repaired or replaced.

(2) Consistently blown fuses or circuit breakers kicking off.
(a) **Standard.** Builder will not be responsible if caused by overloads in the system.
(b) **Repair Responsibility.** Builder will inspect and repair any defects caused by Builder non-compliance with applicable building and electrical codes, or by defective wiring or components.

(3) Ground fault interrupter trips frequently.
(a) **Standard.** Ground fault interrupters are sensitive safety devices installed into the electrical system to provide protection against electrical shock. These sensitive devices can be tripped very easily.
(b) **Repair Responsibility.** Builder shall install ground fault interrupter in accordance with approved electrical code. Tripping is to be expected and is not covered, unless due to a construction defect.

WARRANTY STANDARDS AND COVERAGE FOR YEARS ONE AND TWO ONLY

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(1) Lack of water supply.
(a) **Standard.** All on-site service connections to municipal water main and private water supply shall be the Builder's responsibility. Private systems shall be designed and installed in accordance with all approved building, plumbing and health codes.
(b) **Repair Responsibility.** Builder will repair if failure is the result of defective workmanship or materials. If conditions beyond Builder's control disrupt or eliminate the sources of the supply, the Builder has no responsibility. Potability of water is not covered by this warranty.

(2) Septic system fails.
(a) **Standard.** Septic system should operate properly. Excessive use or failure to properly remove septage is not covered by this warranty.
(b) **Repair Responsibility.** Builder only will warrant against faulty workmanship and materials and will repair or replace to perform properly with the exception of the above mentioned items as well as:
1. Excessive use of water such as overuse of washing machine and dishwasher; including their simultaneous use;
2. Connection of sump pump, roof drains or backwash from water conditioner to the system;
3. Placing of non-biodegradable items in the system;
4. Addition of any harsh chemicals, greases, or cleaning agents, and excessive amounts of bleaches or drain cleaners;
5. Use of a food waste disposer not supplied by the contractor;
6. Placement of impervious services over the disposal area;
7. Allowing vehicles to drive or park over the disposal area;
8. Failure to periodically pump out the septic tank when required.

(3) Pipe leaks.
(a) **Standard.** Condensation on pipes is normal and should be expected.
(b) **Repair Responsibility.** Builder will repair leaks.

(4) Clogged drain and sewers.
(a) **Standard.** N/A.
(b) **Repair Responsibility.** Builder will repair only if caused by a defect in construction. Purchaser will pay for Builder's repair if not a construction defect.

(5) Ductwork separates.
(a) **Standard.** Should not separate under normal conditions.
(b) **Repair Responsibility.** The Builder will repair.

(6) Wiring fails to carry specified electrical load.
(a) **Standard.** Wiring should be capable of handling the required load.
(b) **Repair Responsibility.** Builder will correct to meet applicable building and electrical codes.

VI. Complaint and Claim Procedure Which Includes Binding Arbitration

A. **Step One.** Upon discovery of some fault or defect in the first or second year which you believe is covered by this Agreement, you must first send a clear and specific **written** notice to your Builder. If you have a complaint as the result of a Major Structural Defect occurring during the third through tenth years of this Agreement, notice must be sent to QBW ***(not the Builder).***

B. **Step Two.** If, after receiving notice, your Builder does not correct the item(s) within a reasonable time, or if you have a Major Structural Defect complaint occurring during the third through tenth years of this Agreement, you must send written notice of your complaint to QBW by certified mail, or other carrier that provides a receipt of delivery. Note that QBW must receive written notice of any complaint no more than thirty (30) days after the expiration of the applicable warranty period. If your complaint is received by QBW after 30 days from the expiration of the warranty on the item, it will ***not*** be honored. **Notice to your Builder *does not* constitute notice to QBW. Telephone discussions will not be considered notice and will not protect your rights.** The written notice to QBW of any complaint must include: your warranty number and effective date, your name, address and telephone number, Builder name and address, as well as a description of the defect and the warranty standard which applies specifying the page and section of the warranty, all previous written correspondence to the Builder pertaining to defects, and any substantiating information to demonstrate that the defect exceeds warranty standards.

C. **Step Three.** QBW will review your complaint to make a determination of warranty coverage and may request additional information, including photographs to assist in its review. If QBW determines it necessary, QBW will cause an inspector, who may be an employee of QBW, to view the defect. After review, QBW will report whether the defect is covered under the Limited Warranty Agreement. Upon receipt of the determination, you have thirty (30) days to accept the determination. Where a claimed defect is filed that cannot be observed or determined under normal conditions, it is the homeowner's responsibility to substantiate that the condition does exist.

D. **Step Four: Binding Arbitration.** The Parties each agree that the provisions of the Limited Warranty Agreement involves and concerns interstate commerce. The binding arbitration provisions of this Limited Warranty Agreement shall be governed by the procedures of the Federal Arbitration Act (9 U.S.C. § 1, et seq.).

If you disagree with the determination, you have thirty (30) days to notify QBW in writing that you disagree, otherwise it will be deemed that you have accepted QBW's determination. If you provided the required notice that you disagree, disputed items shall be submitted for binding arbitration by QBW to Construction Arbitration Program, administered by DeMars & Associates Limited (CAP-Home), or such other independent arbitration service as may be designated by QBW, for resolution in accordance with the rules and regulations for home warranty disputes of CAP-Home or such other service. The arbitration fee shall be paid in advance and will be divided equally among the arbitrating parties. The arbitrator will have the authority to reallocate such fees at time of hearing upon request of a party and award reimbursement of the fee paid by the prevailing party. QBW will forward to you a request for arbitration form to return to QBW with your portion of the fee so QBW can initiate the arbitration process. Arbitration will take place at the home. Upon delivery of an arbitration award ("Award") to the parties, any party may, within twenty (20) days, request an appeal of the Award. A request for appeal must be sent, together with the appropriate administrative fee, paid solely by the party requesting the appeal, to QBW, with copies of the request simultaneously being sent to all other parties. Upon receipt of the request for appeal and the appropriate administrative fee, QBW will forward the application to CAP-Home, or other service, for administration. CAP-Home, or other such service, will appoint an appellate arbitrator and schedule a hearing at the home. The Appellate Arbitrator may not review any new or different complaints, but may modify or change the Award if he/she finds the Award exceeds or does not meet the scope of the Warranty or its coverages or if the Arbitrator exceeded the scope of his/her authority. CAP-Home, or other such service, will notify all parties of the decision of the Appellate Arbitrator, which will be final. The Builder, QBW and the homeowner agree to be bound by the final award of arbitration or appellate arbitration. Judgment upon the final award rendered in arbitration may be entered in any court having jurisdiction in those states where such arbitration is binding upon all parties thereto. If the state where the home is located does not permit binding arbitration then arbitration in accordance with this agreement shall be a condition precedent to the commencement of any litigation by the homeowner or Builder to compel compliance with the warranty documents or to seek relief for any dispute arising out of this program.

1. **Acceptance.** If you accept the decision, you must sign a copy of that decision which will be provided for this purpose and you must then return the signed copy to QBW within thirty (30) days of its date. The responsible party will then perform as required by the decision, but neither QBW nor the Builder will be responsible for damages caused or made worse by your delay in accepting the decision. If the decision

places a time period on performance, the time allowed will be measured from the date QBW receives your acceptance of the decision. Sixty (60) days will be the standard time for compliance, weather conditions permitting.

2. **Rejection.** If you decide to reject the decision, your Builder or QBW is under no obligation to perform.

3. **Right of Access.** You must provide the Builder, or if applicable, QBW, with reasonable weekday access during normal business hours in order to perform its obligations under this Agreement. Failure by you to provide such access to the Builder or QBW may relieve the Builder or QBW of its obligations under this Agreement.

VII. Legal Actions.

This Agreement provides a procedure for you to give notice to both the Builder and QBW of potential claims, to have your complaint reviewed at no cost to you, and to give the Builder or QBW, as appropriate, an opportunity to fulfill their obligations hereunder. If you institute legal proceedings against the Builder or QBW for any obligation arising or claimed to have arisen under this Agreement prior to giving the Builder or QBW the proper notices and opportunities to cure provided under this Agreement and prior to complying with and completing all of the steps in the Complaint and Claim procedure herein, you agree to indemnify the Builder and QBW for all costs and expenses of such litigation, including reasonable attorneys' fees, regardless of whether you have otherwise legitimate claim under this Agreement. For purposes of this Agreement, litigation shall include arbitration proceedings. In the event you commence any legal action against QBW, prior to complying with and completing all steps in the Complaint and Claim procedure, you agree to reimburse QBW, or any other agent of QBW, for all of its costs and expenses of litigation, including General Counsel costs and reasonable attorneys' fees.

QBW's Premier Protection Plan - Covers Your Home For 10 Years

First Year

1. Lot grading and drainage
2. Roofing
3. Siding and caulking
4. Masonry and concrete
5. Chimneys and fireplaces
6. Windows and doors
7. Interior walls and trim
8. Flooring and covering
9. Carpentry
10. Cabinets and countertops
11. Cooling and heating
12. Plumbing
13. Electrical

W. Water infiltration

Second Year

14. Lack of water supply
15. Septic system fails
16. Pipe leaks
17. Clogged drains and sewers
18. Ductwork separates
19. Wiring fails to carry specified electrical load

Years 1-10

20. Columns
21. Bearing walls and partitions
22. Floor systems (structural slabs, joists and trusses only)
23. Roof framing members and systems (rafters and trusses only)
24. Foundation systems and footings (which are an integral part of the home and structurally attached)
25. Load bearing beams
26. Girders
27. Lintels (other than lintels supporting veneers)

Specific warranty terms and coverages are set forth in the QBW Limited Warranty Agreement. The artwork is provided as a visual reference only and does not modify or change coverages in the QBW Limited Warranty Agreement.

Quality Builders Warranty

Backed By Liberty Mutual INSURANCE

Visit libertymutual.com/qbw for
INSURANCE DISCOUNTS
or call 800.786.6558
Use group code: 4160

To check your warranty coverage visit www.qbwc.com and select My Coverage

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Custom Homes