

HOME BUILDER'S LIMITED WARRANTY

Administered by Professional Warranty Service Corporation

This Limited Warranty is not a service agreement, nor is it a contract of insurance.

I. Introduction

Throughout this HOME BUILDER'S LIMITED WARRANTY, hereafter referred to as the "LIMITED WARRANTY," the words "YOU" and "YOUR" refer to the HOMEOWNER, including any subsequent owners, and, where applicable, a HOMEOWNERS ASSOCIATION. The words "WE," "US" and "OUR" refer to the BUILDER. YOU and WE may sometimes be referred to as a "party" or, together, as "parties." Other words and phrases which appear in uppercase font also have special meaning. YOU should refer to Section XI, Definitions, so that YOU are acquainted with the terminology used in this LIMITED WARRANTY.

This LIMITED WARRANTY is subject to terms, conditions, and limitations which affect YOUR rights as the HOMEOWNER and OUR obligations as the BUILDER/warrantor of the HOME. YOU should read it carefully and in its entirety so that YOU are informed of its coverage and required processes. **IN PARTICULAR, YOU SHOULD NOTE THAT THIS LIMITED WARRANTY INCLUDES AN AGREEMENT BETWEEN YOU AND US THAT, IN THE ABSENCE OF A DIFFERENT ALTERNATE DISPUTE RESOLUTION ("ADR") PROCESS IN OUR CONTRACT WITH YOU FOR THE CONSTRUCTION AND/OR SALE OF THE HOME (OUR "SALES CONTRACT"), YOU AND WE AGREE TO RESOLVE DISPUTES EXCLUSIVELY THROUGH BINDING ARBITRATION IN ACCORDANCE WITH THE PROCESS DESCRIBED IN SECTION VIII BELOW.**

WE have contracted with Professional Warranty Service Corporation ("PWC") for certain administrative services relative to this LIMITED WARRANTY, but under no circumstances or conditions is PWC responsible for fulfilling OUR obligations to YOU under this LIMITED WARRANTY. PWC is neither the warrantor nor OUR co-warrantor on the HOME.

WE shall register this LIMITED WARRANTY with PWC and it shall then become effective as of the date of close of escrow on the first purchase of the HOME. Following that registration, another copy of this LIMITED WARRANTY booklet, along with a warranty validation form confirming that this LIMITED WARRANTY is in effect and recording the HOMEOWNER(s)' name(s), the address and purchase price of the HOME, and the LIMITED WARRANTY's commencement date will be mailed by PWC directly to YOU. If YOU have not received a warranty validation form from PWC within forty-five days following close of escrow, YOU should contact PWC at 800-850-2799.

If the first purchase of the HOME is financed through FHA, VA, or FmHA, YOU may receive an additional PWC-administered Builder's Limited Warranty booklet along with this LIMITED WARRANTY booklet. That is because, in certain instances, federally-guaranteed mortgage programs require certain warranty provisions different than those included in this LIMITED WARRANTY. If an additional warranty form (PWC Form No. 107H) is mailed to YOU by PWC, YOU may request OUR warranty performance under either warranty, but YOU may not collect twice for the same warranted defect.

Note: In the event that YOU need to submit a claim to US under this LIMITED WARRANTY, YOU should review Section IV below which describes the requirements for written notice and OUR right to repair warranted defects in the HOME.

II. Exclusive Warranty

THIS LIMITED WARRANTY IS THE ONLY EXPRESS WARRANTY THAT WE ISSUE TO YOU ON THE HOME AND THE COMMON ELEMENTS OF THE HOME. WE DO NOT MAKE ANY OTHER WARRANTIES, EXPRESS OR IMPLIED, SUCH AS AN IMPLIED WARRANTY OF GOOD WORKMANSHIP, QUALITY, FITNESS FOR USE OR PARTICULAR PURPOSE, HABITABILITY, MERCHANTABILITY OR OTHERWISE. NOTHING IN THIS LIMITED WARRANTY SHALL DIMINISH ANY RIGHTS, OBLIGATIONS OR REMEDIES THAT YOU OR WE MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTIONS 895 *ET SEQ.*

III. Warranty Coverage

WE warrant the “fit and finish” of the following building components for one year (or such longer term as WE may provide in OUR construction performance standards referred to in Section V below) following the date that WE close escrow with the original purchaser of the HOME (“close of escrow”): cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes and trim. “Fit and finish” as used in this LIMITED WARRANTY means the listed building components shall not exhibit readily observable defects or cosmetic deficiencies in material or installation. Scratched, stained, dented, chipped or scuffed surfaces, finishes, countertops, fixtures, tile or grout, or torn screens, or broken glass in windows or mirrors which are not noted in writing at the time of YOUR pre-closing walk through and which could have occurred during move-in or after YOU occupy the HOME are not OUR responsibility under this fit and finish warranty.

In addition to OUR warranty on FIT AND FINISH COMPONENTS, and subject to exclusions stated in Section VII below, WE warrant OUR original materials and workmanship against CONSTRUCTION DEFECTS for up to 10 years following commencement of the WARRANTY PERIOD. A lesser WARRANTY PERIOD shall apply if so provided in California Civil Code Section 896 or OUR construction performance standards referred to in Section V below.

OUR obligation under this LIMITED WARRANTY is limited solely to repairing CONSTRUCTION DEFECTS in a workmanlike manner. However, if the cost to repair is greater than the diminution in current value of the HOME caused by the CONSTRUCTION DEFECT, WE may elect to pay YOU a sum equal to such diminution in value in lieu of repair.

IV. Notice and Opportunity to Repair

OUR obligation to respond to a claim under this LIMITED WARRANTY begins after YOU have promptly notified OUR customer service department, in writing, of a condition in YOUR HOME which YOU believe requires OUR attention. YOU should refer to the Homeowner’s Guide or other materials WE provided to YOU for directions on how to communicate with OUR customer service department. YOUR notice must describe, with reasonable specificity, why YOU believe a CONSTRUCTION DEFECT exists. YOUR notice should also inform US of how YOU prefer to be contacted for follow-up.

We shall contact YOU promptly and, if necessary, arrange to inspect and initiate testing (including destructive testing where necessary) to determine the existence, cause, and scope of any CONSTRUCTION DEFECT reported to US. We ask that YOU cooperate in allowing US and parties acting on OUR behalf reasonable weekday access to YOUR HOME for this purpose. If WE determine that a CONSTRUCTION DEFECT exists, WE shall arrange a schedule to remedy YOUR claim. If corrective work is to be performed, YOU and WE shall agree upon a commencement date for the work and WE shall diligently move to complete the work within a reasonable period of time, allowing for availability of necessary materials and scope of work to be performed.

These requirements for written notice and opportunity to cure are necessary pre-conditions to YOU initiating any action relating to or arising out of OUR performance under this LIMITED WARRANTY.

OUR goal is to promptly respond to all warranty related requests and perform warranty service to YOUR satisfaction. If, at any time, YOU are not satisfied with OUR responsiveness to YOUR warranty service request, YOU may so inform PWC and PWC will facilitate communication between YOU and US in an effort to resolve any disagreement. YOU may contact PWC at the address in the Definitions section of this LIMITED WARRANTY.

Communication, mutual respect, and cooperation are all key to resolving claims under this LIMITED WARRANTY. WE pledge to do whatever is reasonable to assure that materials and workmanship used in constructing YOUR HOME conform to OUR construction standards and perform as required under applicable standards.

Surfaces, finishes and coverings in the HOME which require repair due to damage caused by a CONSTRUCTION DEFECT, or such damage caused in the course of OUR repair of a CONSTRUCTION DEFECT, shall be repaired and restored to approximately the same condition as existed prior to the CONSTRUCTION DEFECT, but not necessarily to a like new condition. When repairing or replacing surfaces, finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to factors such as fading, aging and unavailability of the same materials.

Home furnishings, carpet or personal property damaged by a CONSTRUCTION DEFECT shall be repaired or replaced at market value of the item at the time of damage. "Market value" shall mean the amount it would cost to repair or replace the damaged item with material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

Alternate shelter, storage expenses and lost business income (if the HOME was used as a principal place of business licensed and permitted to be operated from the HOME) during such time as the HOME is uninhabitable due to a CONSTRUCTION DEFECT or uninhabitable during work to repair a CONSTRUCTION DEFECT, shall be limited to those reasonable shelter, storage and other expenses expressly pre-approved by US or OUR designated representative.

Action taken by US to correct a CONSTRUCTION DEFECT shall not serve to extend the WARRANTY PERIOD.

In the event that WE offer and YOU accept a cash payment or other thing of value in lieu of OUR repairing a CONSTRUCTION DEFECT, then YOU must sign a release of any further obligation by US relating to the CONSTRUCTION DEFECT for which YOU received payment or other thing of value.

V. Standards by Which a CONSTRUCTION DEFECT Will Be Determined

In any dispute as to the existence of a CONSTRUCTION DEFECT or the adequacy of OUR corrective action to remedy a CONSTRUCTION DEFECT, OUR construction performance standards, tolerances or guidelines, including those applicable to FIT AND FINISH COMPONENTS, contained in documents provided to YOU by US at or prior to closing on the HOME or, in the case of COMMON ELEMENTS, provided by US to the HOMEOWNERS ASSOCIATION ("OUR standards"), shall be determinative of OUR performance obligations under this LIMITED WARRANTY. If WE have not adopted and provided YOU with such standards, OUR standards shall be those contained in that edition of the "California Building Performance Guidelines for Residential Construction and Homeowner Maintenance Guide" published by The Building Standards Institute, Sacramento, California (www.buildingstandardsinstitute.org) current as of the date of OUR sales contract. In the event that OUR standards do not address an alleged CONSTRUCTION DEFECT, then generally accepted local building practices and standards shall apply.

VI. Homeowner Maintenance Obligations

Maintenance of the HOME and the COMMON ELEMENTS is YOUR responsibility. All HOMES and COMMON ELEMENTS require periodic maintenance to prevent premature deterioration and water intrusion. WE will make a "Homeowner Maintenance Manual" or similar document available to YOU. YOU must understand and perform the routine maintenance that the HOME and COMMON ELEMENTS require. If YOU have a question about maintenance, YOU should contact US. WE are not responsible for HOME or COMMON ELEMENTS maintenance issues or for damage that results from YOUR failure to perform normal maintenance on the HOME or the COMMON ELEMENTS.

VII. Exclusions

WE shall not be liable under this LIMITED WARRANTY for any damages or losses that occur because YOU failed to allow US to make timely repairs. Additionally, if YOU make or pay for repairs without first notifying US of the problem and allowing US to investigate and repair as required by this LIMITED WARRANTY, then WE shall not be obligated to reimburse YOU for those repairs. Notwithstanding the preceding sentence, if an emergency situation occurs at a time when WE are not available to take YOUR call, and immediate repairs are necessary to protect the safety of occupants of the HOME or to prevent imminent serious damage to the HOME, YOU may make those necessary repairs and WE will reimburse YOU the reasonable cost of those repairs that would otherwise be OUR obligation under this LIMITED WARRANTY. YOU are still obligated to give US notice as soon as possible, even in an emergency situation.

Other exclusions for which WE shall not be liable under this LIMITED WARRANTY include damage or loss excused by, caused by or resulting from any of the following occurrences, conditions or events:

- A. Ordinary wear and tear.
- B. Unforeseen acts of nature including, but not limited to, extreme weather events or conditions, or natural disasters responsible for conditions in excess of the design criteria expressed by applicable building codes, regulations or ordinances in effect when the HOME was originally constructed.
- C. Manmade events such as war, terrorism, vandalism, riot or civil commotion.
- D. Changes to the grading of the ground or the installation or alteration of improvements such as drain or gutter outlets by anyone other than US.
- E. Accidents or events over which WE have no control, including move-ins.
- F. Improvements or repairs made by any party other than US.
- G. Misuse, abuse, neglect or failure to reasonably maintain the HOME and COMMON ELEMENTS in accordance with recommendations and schedules provided by US or by manufacturers of CONSUMER PRODUCTS.
- H. Mine subsidence or sinkholes.
- I. Changes in the underground water table not reasonably foreseeable by US.
- J. Damage caused by insects, animals or vermin.
- K. Dampness or condensation due to YOUR failure to properly ventilate the HOME.
- L. Installation of furniture, equipment and appliances weighing in excess of design loads for the HOME expressed by applicable building codes in effect when the HOME was originally constructed.
- M. Actual, alleged, or threatened discharge, dispersal, seepage, migration, release or escape of POLLUTANTS, whether occurring inside or outside the HOME.
- N. Proximity to or effects of electromagnetic fields (EMFs) or radiation.
- O. CONSEQUENTIAL OR INCIDENTAL DAMAGES other than as expressly allowed in this LIMITED WARRANTY.
- P. Any deviation from plans and specifications where the deviation does not cause a condition described the definition of CONSTRUCTION DEFECT.
- Q. Any release of liability obtained by US from YOU.
- R. Expiration of any limitations period applicable to a CONSTRUCTION DEFECT as provided by law.
- S. Any affirmative defenses available to US under California Civil Code Section 945.5 (a)-(h).

Further, the exclusions stated above shall apply without regard to whether any other occurrence, condition or event not directly caused by US acted concurrently or in any sequence with the excluded occurrence, condition or event.

VIII. Dispute Resolution

Claims, controversies, or disputes (collectively “disputes”) arising out of or relating to this LIMITED WARRANTY, and which are not resolved through the process described in Section IV above, shall be resolved through the dispute resolution process described in OUR sales contract for the HOME. If OUR sales contract does not include a provision for the resolution of warranty disputes through an ADR process or if the process in our sales contract is determined to be unenforceable or inapplicable, or if YOU are not the original purchaser of the HOME from US, then YOU and WE agree for ourselves as well as for any other party acting on behalf of YOU or US, including PWC, that such disputes shall be arbitrated by a single arbitrator pursuant to the Federal Arbitration Act (9 U.S.C. Section 1, *et seq.*) and according to the procedures set forth in this section of the LIMITED WARRANTY, hereafter referred to as the “Arbitration Agreement.”

This agreement to arbitrate shall be deemed a self-executing Arbitration Agreement and it may be enforced by any party bound by the Arbitration Agreement included in this LIMITED WARRANTY.

The “Notice and Opportunity to Cure” process described in Section IV of this LIMITED WARRANTY shall be a pre-condition to YOUR initiation of any action relating to or arising out of OUR obligations under this LIMITED WARRANTY. In the event that YOU initiate any action, including arbitration, without first complying with the process described in Section IV above, WE shall be entitled to an order from the Superior Court to stay such action and to obtain an order compelling compliance with the “Notice and Opportunity to Cure” process required in Section IV of this LIMITED WARRANTY.

Notwithstanding anything to the contrary stated in this Section VIII, either party may elect to bring an action in a small claims tribunal if the total amount in controversy between the parties is within the jurisdictional limits of the small claims tribunal. If a counter claim in excess of the jurisdiction of the small claims tribunal is filed, then the party filing in the small claims tribunal may demand arbitration pursuant to this Arbitration Agreement. Any appeal of a judgment from a small claims tribunal shall be resolved by binding arbitration and not by judicial review.

Any dispute concerning the interpretation or enforceability of this agreement to arbitrate including, without limitation, its revocability or voidability for any cause, any challenge going to the formation or validity of this agreement to arbitrate including, without limitation, allegations of unconscionability, fraud in the inducement, or fraud in the execution, any dispute as to the scope of arbitral issues, and any defense relating to the enforcement of this Arbitration Agreement, including, without limitation, waiver, estoppel, or laches, shall be decided by an arbitrator in accordance with this Arbitration Agreement and not by a court of law, subject to the following general provisions:

- A. The party initiating the arbitration may select one of the following independent arbitration service organizations:

JAMS, the Resolution Experts (www.jamsadr.com) ph. 1-949-224-1810;
American Arbitration Association (“AAA”) (www.adr.org) ph. 1-800-778-7879;
ADR Services, Inc. (www.adrservices.org) ph. 1-213-683-1600; or
DeMars & Associates, Ltd. (www.demarsassociates.com), ph. 1-800-279-5343.

If YOU have a question about the arbitration service providers mentioned here or would like to obtain a copy of their arbitration rules or fee schedules, YOU may contact them through their websites or directly by phone. At YOUR request, WE or PWC will assist YOU in obtaining any of these organizations’ rules and fees for arbitrating disputes under this Arbitration Agreement (see paragraphs I and N below for additional

information on fees and costs). YOU should review the rules and fees before selecting an arbitration service provider. The list of organizations above is not intended to be exclusive and the parties shall be free to select another arbitration service organization mutually acceptable to them. If, for any reason, the selected organization is not willing or able to conduct the arbitration, the initiating party shall then select another arbitration service from among those listed above or another that is mutually acceptable. The arbitration service finally selected shall administer the arbitration of any and all disputes required to be joined under the law.

- B. The party initiating the arbitration shall complete and submit the Binding Arbitration Request Form at the back of the LIMITED WARRANTY booklet to PWC or otherwise communicate to PWC, in writing, the party's request to initiate binding arbitration, including a description of the dispute and identifying the arbitration service selected to conduct the arbitration. PWC shall then coordinate with the arbitration service provider to arrange for the arbitration.
- C. The rules of the arbitration service provider applicable to residential construction disputes in effect when the request for binding arbitration is filed shall apply, including the arbitration service's rules regarding selection of the arbitrator or appointment of the arbitrator by the service. If the rules of the selected arbitration service in effect when the request for arbitration is filed are materially different than the rules in effect when the parties entered into the sales contract for the HOME, the initiating party may request that the earlier rules apply to the arbitration. The arbitrator shall retain jurisdiction and authority to decide any dispute as to the sufficiency of OUR performance in accordance with any part of an arbitration award in YOUR favor.
- D. Venue of the arbitration shall be the county where the HOME is located, unless the parties agree to some other location. Unless circumstances make it impractical, the arbitration will be conducted at the HOME.
- E. Arbitrations shall be limited to disputes relating to YOUR HOME only and to COMMON ELEMENTS conveyed by US, and disputes, if any, relating to other homes may not be consolidated in any representative or class proceeding unless the parties expressly agree otherwise.
- F. This Arbitration Agreement is made pursuant to a transaction involving and concerning interstate commerce and shall be governed by the Federal Arbitration Act (9 U.S.C. §1, *et seq.*) now in effect and as it may from time to time be amended, to the exclusion of any different or inconsistent state or local law, ordinance, regulation, judicial or arbitral rule. Accordingly, any and all disputes described in this Section VIII shall be arbitrated, which arbitration shall be mandatory and binding pursuant to the Federal Arbitration Act and the California Arbitration Act (California Code of Civil Procedure §1280, *et seq.*) to the extent the California Arbitration Act is not inconsistent with the Federal Arbitration Act. To the extent that any state or local law, ordinance, regulation, judicial or arbitral rule shall be inconsistent with this Arbitration Agreement and/or any provision of the rules of the arbitration service conducting the arbitration proceeding, this Arbitration Agreement and the rules of the arbitration service shall govern the conduct of the proceeding.
- G. This Arbitration Agreement shall inure to the benefit of, bind, and be enforceable by OUR subcontractors, agents, vendors, suppliers, design professionals, insurers and any other person or entity whom YOU contend is responsible for any matter relating to the dispute. This Arbitration Agreement shall remain in effect as to any dispute whether such dispute arises during or after expiration of the WARRANTY PERIOD.
- H. In addition to binding the parties, this Arbitration Agreement is intended to apply to and also bind the parties' respective heirs, executors, administrators, successors, and assigns to the extent any of them shall have standing to assert a claim under the LIMITED WARRANTY.
- I. Each party shall bear its own attorney's fees and costs (including expert costs) for the arbitration.
- J. The arbitrator shall have authority to award all recognized remedies available in law or in equity for any cause of action that is the basis for the arbitration including, in particular, damages recoverable by YOU as

provided in California Civil Code Section 944, except, as noted above, the arbitrator may not consolidate disputes relating to homes other than YOUR HOME and may not otherwise preside over any form of a representative or class proceeding unless the parties expressly agree otherwise. The decision of the arbitrator shall be final, conclusive and binding and shall not be subject to any judicial or other review or appeal unless and except as may be expressly permitted under the rules of the arbitration service administering the arbitration. No applications to vacate, modify or correct an arbitrator's award may be made except as permitted under the Federal Arbitration Act.

- K. A judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The judgment so entered shall have the same force and effect, in all respects, as, and be subject to all of the provisions of law relating to, a judgment in a legal action filed in court; and it may be enforced as if it had been rendered in an action in the court in which it is entered.
- L. The participation by any party in any judicial proceeding concerning this Arbitration Agreement or any matter arbitrable hereunder shall not be asserted or serve as a reason to delay, to refuse to participate in, or to refuse to enforce this Arbitration Agreement.
- M. The arbitrator selected or appointed to serve shall be a neutral and impartial individual.
- N. Fees and costs charged by the arbitration service and/or the arbitrator shall be advanced by US, including the fee required to initiate the arbitration. The arbitrator shall have authority to apportion such fees and costs among parties to the arbitration, but no such fees or costs shall be apportioned to YOU unless the arbitrator determines that YOUR initiation of the arbitration was frivolous, unreasonable, without foundation, or in bad faith. Each party to arbitration conducted pursuant this LIMITED WARRANTY shall be responsible for its own attorney's fees and costs and such fees and costs shall not be subject to apportionment between or among the parties.
- O. If any provision of this Arbitration Agreement is determined to be unenforceable or to have been waived, the remaining provisions shall be deemed to be severable and enforceable according to their terms.

IX. Subsequent Owners of the Home

If YOU are not the original purchaser of the HOME from US, then YOU shall have the benefit of any remaining term of this LIMITED WARRANTY subject to all of its terms, conditions and limitations including, in particular, the Dispute Resolution requirement described in Section VIII above and provided YOU first complete and return to PWC the "Subsequent Home Buyer Acknowledgement and Transfer" form located at the back of this warranty booklet. YOU may also request a copy of this form directly from PWC by phoning 800-850-2799. YOU should not submit the Subsequent Home Buyer Acknowledgement and Transfer form until YOU have reviewed the Dispute Resolution requirement described in Section VIII of this LIMITED WARRANTY.

X. General Conditions

- A. WE assign to YOU all the manufacturers' warranties on all CONSUMER PRODUCTS that WE installed in the HOME. Should a CONSUMER PRODUCT malfunction YOU must follow the procedures set forth in that manufacturer's warranty to correct the problem. OUR obligation is limited to workmanlike installation of CONSUMER PRODUCTS.
- B. If WE repair a CONSTRUCTION DEFECT, or other related damage to the HOME or COMMON ELEMENTS covered by this LIMITED WARRANTY, or if WE make a payment to YOU in lieu of repair, WE shall then be entitled, to the extent of OUR cost to repair or payment in lieu of repair, to take over YOUR rights to recover from other persons and entities, including but not limited to, other warrantors and insurance obligated to pay for all or part of costs incurred by US. YOU have an obligation not to make it harder for US to enforce these rights. YOU agree to sign any papers, and do anything else that is reasonably necessary for US to exercise these recovery rights.

- C. If any provision of this LIMITED WARRANTY is determined to be unenforceable or to have been waived, that provision shall be deemed severed and the remaining provisions shall continue to apply according to their terms. Any such determination shall be limited to the LIMITED WARRANTY on the HOME then at issue.

XI. Definitions

BUILDER means the individual or legal entity which participates in the Warranty Program administered by the Professional Warranty Service Corporation and provides YOU with this LIMITED WARRANTY. Where other persons or entities undertake to act on the BUILDER's behalf or otherwise assume obligations of the BUILDER under this LIMITED WARRANTY, they shall, in that limited context, have the same rights as the BUILDER under this LIMITED WARRANTY.

COMMON ELEMENTS means the property as specified in the recorded Covenants, Conditions and Restrictions as common area and any other property as to which the HOMEOWNERS ASSOCIATION has standing under the law to make a claim. This may include, but is not limited to, streets, slopes, the structure or components of enclosure or other parts of the HOME, corridors, lobbies, vertical transportation elements, rooms, balconies, clubhouses or other spaces that are for the common use of the residents of the development in which the HOME is located. Plumbing, electrical, heating, cooling and ventilation systems, including wiring, piping and ductwork serving two or more HOMES in a multi-unit building, and the outbuildings that contain parts of such systems are also included in this definition.

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or damage other than:

- A. OUR cost to correct a CONSTRUCTION DEFECT including the correction of those surfaces, finishes and coverings damaged by the CONSTRUCTION DEFECT;
- B. OUR cost to repair or replace, at market value, furniture, carpet or personal property damaged by the CONSTRUCTION DEFECT;
- C. OUR cost to repair damage to the HOME which occurs in the course of OUR repair or replacement of a CONSTRUCTION DEFECT;
- D. The reasonable cost of the HOMEOWNER'S alternative shelter, storage expenses and lost business income (if the HOME was used as a principal place of business licensed to be operated from the HOME) when the HOME is temporarily uninhabitable due to a CONSTRUCTION DEFECT and when the HOME is rendered uninhabitable by the work necessary to repair a CONSTRUCTION DEFECT.

CONSTRUCTION DEFECT(S) means a deficiency in materials or workmanship when measured against OUR construction performance standards, as referred to in Section V above, and which:

- materially affects the structural integrity of the HOME or a COMMON ELEMENT; or
- jeopardizes the safety of occupants of the HOME or users of a COMMON ELEMENT; or
- violates any applicable standards under California Civil Code Sections 896 - 897.

CONSUMER PRODUCT means any piece of equipment, appliance or other item that is a CONSUMER PRODUCT for purposes of the Magnuson-Moss Warranty Act (15 U.S.C. § 2301, et seq.) which is installed by US in the HOME. Examples of CONSUMER PRODUCTS include, but are not limited to, dishwasher, garbage disposal, gas or electric cook-top, range, range hood, refrigerator or refrigerator/freezer combination, gas oven, electric oven, microwave oven, trash compactor, automatic garage door opener, clothes washer and dryer, hot water heater, solar water heater, solar water heating panels, furnace, boiler, heat pump, air conditioning unit, humidifier, thermostat, and security alarm system.

FIT AND FINISH COMPONENTS means cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes, and trim.

HOME means a single family residence either attached or detached covered by this LIMITED WARRANTY, or a condominium or cooperative unit in a multi-unit residential building covered by this LIMITED WARRANTY, except for any components of the HOME that are part of the COMMON ELEMENTS.

HOME BUILDER'S LIMITED WARRANTY means only this express warranty document provided to YOU by US.

HOMEOWNER means the first person(s) to whom a HOME (or a unit in a multi-unit residential structure/building) is sold, or for whom such HOME is constructed, for occupancy by such person or such person's family, and such person's(s') successors in title to the HOME, or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf.

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the COMMON ELEMENTS.

POLLUTANTS mean all solid, liquid, gaseous or thermal irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, radon gas, mold, and waste materials, including materials to be recycled.

PWC means Professional Warranty Service Corporation which administers the warranty program in which WE participate. The PWC mailing address is: Professional Warranty Service Corporation, P.O. Box 800, Annandale, VA 22003-0800. Ph. 800-850-2799.

WARRANTY PERIOD shall commence on the date the title to the HOME is transferred to the first HOMEOWNER. The WARRANTY PERIOD for the COMMON ELEMENTS of an individual structure/building commences on the date the title for the first HOME in the structure/building is transferred to the first HOMEOWNER or, as concerns clubhouses or outbuildings or other COMMON ELEMENTS not part of the HOME, the earlier of the date of substantial completion or the date title to these structures is transferred to the HOMEOWNERS ASSOCIATION. The WARRANTY PERIOD shall expire 10 years following its commencement date or at such earlier time as consistent with the limitations period assigned to a standard described in California Civil Code Section 896 or other applicable limitations period under California law, whichever is the shorter period.

WE, US, OUR means the BUILDER.

YOU, YOUR means the HOMEOWNER and the HOMEOWNERS ASSOCIATION and any successors in interest to the HOME or COMMON ELEMENTS.

BINDING ARBITRATION REQUEST FORM

Prior to requesting binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY, the initiating party should have sent the other party a clear and specific written request outlining the claim(s) or dispute(s) that are being submitted for decision through binding arbitration. If you have taken this step and believe the other party has not satisfactorily responded in accordance with the HOME BUILDER'S LIMITED WARRANTY, fill out this form and send it to PWC. Be sure to attach a copy of all pertinent correspondence between you and the other party relative to the issue.

If you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Homeowner name(s): _____

Address: _____

CITY STATE ZIP

Home Phone : (____) _____ E-mail: _____ Work Phone: (____) _____

LIMITED WARRANTY #: _____ Date Warranty Period begins: _____

Builder's Name: _____

Address: _____

Business Phone: (____) _____

Describe the dispute that you wish to submit to binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY. If the dispute is relative to a construction defect please include information on when the construction defect(s) first occurred or when you first noticed the construction defect. (Attach additional sheets, if necessary).

I/we are hereby requesting PWC to initiate a binding arbitration to resolve the dispute described above. We request that this arbitration be conducted by (please check one):

AAA ADR Services, Inc. DeMars & Associates JAMS Other _____

Signature Date Signature Date

INSTRUCTIONS: Photo-copy this form and complete the fields.

If you have questions about selecting an arbitration service, contact PWC at 1-800/850-2799.

Send this Binding Arbitration Request Form to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P. O. BOX 800
ANNANDALE, VIRGINIA 22003-0800

SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND TRANSFER

Any coverage remaining under the HOME BUILDER'S LIMITED WARRANTY applicable to the home specified on the Limited Warranty Validation Form is transferred to the subsequent homeowner.

The undersigned home buyer(s) hereby acknowledge and agree:

I/we acknowledge that I/we have reviewed, understand and agree to all the terms of the HOME BUILDER'S LIMITED WARRANTY document (PWC Form No. 117). (Note: If you did not receive a copy of the HOME BUILDER'S LIMITED WARRANTY booklet from the Seller, you should request a copy from PWC at 800-850-2799 and review it before signing this form.)

I/we understand and acknowledge that Professional Warranty Service Corporation ("PWC") is not the warrantor of the HOME BUILDER'S LIMITED WARRANTY.

I/we understand that I/we am/are responsible for the maintenance of the home including maintenance of the grade of the land surrounding the home, and that the Builder shall not be responsible for any defect or damage to the home which is the result of my/our failure to maintain the home.

I/we acknowledge and agree to the Binding Arbitration Procedure contained in the HOME BUILDER'S LIMITED WARRANTY.

Signature(s) of Subsequent Home Buyer(s): _____ Date: _____

_____ Date: _____

_____ Print above name(s):

Re-issuance of the Limited Warranty Validation Form with the name(s) of the new Home Buyer(s) is not necessary for you to receive the coverage remaining under the HOME BUILDER'S LIMITED WARRANTY. Upon receipt of this signed form, PWC will update its records to reflect the name(s) of the new homeowner(s). If you want PWC to issue another Limited Warranty Validation Form with your name(s) on the form, please check the box below and send a check in the amount of \$20.00 made payable to "PWC" with your submission of this form.

YES, re-issue the Limited Warranty Validation Form in the above name(s) (check box) Initial _____

Address of Home: _____

Limited Warranty No.:

INSTRUCTIONS: Photo-copy this form. Provide information requested, sign, fill in Limited Warranty # in the space provided (this number is provided on the Limited Warranty Validation Form), and provide a telephone number where you can be reached (_____) _____. If you want the Limited Warranty Validation Form reissued in your name, enclose your check to PWC in the amount of \$20.00 (check box above and initial). To reach PWC by phone, call: 1-800/850-2799.

Mail this form and a photocopy of applicable settlement/closing documents indicating transfer of title, to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P.O. BOX 800
ANNANDALE, VA 22003-0800

