

NATIONAL VERSION

Centex[®]

New Home Limited
WARRANTY
and
**PERFORMANCE
STANDARDS**

Centex.com

Congratulations on **Your New Home**



You've made the right decision by purchasing a Centex home. As a new Centex homeowner, you can be proud to own a home that's built for reliability and intelligently designed to meet your needs.

This book provides you with all the details of your home's limited warranty. We're certain that years from now you'll be just as pleased to own a Centex home as you are today.

A superior product is only as good as the name behind it. With your Centex home, you can count on outstanding customer service during the sale, throughout construction, and through the warranty period.

That's why Centex is among the most admired names in the industry and why Centex homeowners confidently recommend us to friends, family and acquaintances.

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Overview



This section provides a general overview of the PulteGroup (Pulte Homes, Centex, Fox & Jacobs, DiVosta, Del Webb and John Wieland Homes and Neighborhoods, as applicable) Home Protection Plan, which consists of the Limited Warranty and the Performance Standards (collective referred to herein as the "Limited Warranty") provided by PulteGroup (Pulte Homes, Centex, Fox & Jacobs, DiVosta, Del Webb and John Wieland Homes and Neighborhoods, as applicable) through the building subsidiary identified in your purchase agreement for the home (the "Builder"). The specific details, limitations, and conditions of the Limited Warranty are provided to you (the "Homeowner") in this book. If your home is financed through FHA/VA, please see the HUD Addendum. If your home is located in Colorado, Georgia, Indiana, Kansas, Maryland, Minnesota, Missouri, New York, Oregon, or South Carolina, please refer to the state-specific addenda in the HUD Addendum.

This Limited Warranty includes procedures for informal settlement of disputes, such as arbitration, which will be binding on the Homeowner and the Builder. Additional information on the binding arbitration procedure can be found in the "Resolving Disputes" section of this Limited Warranty.

In general, the Limited Warranty is a commitment that materials and workmanship are warranted for one year from the time of closing. The heating, air conditioning, electrical, and plumbing systems are warranted for two years from closing. Certain kinds of water infiltration and internal leaks are warranted for a period of five years from the time of closing. Defects in materials and workmanship in the structural elements of the home are warranted for ten years from closing. Elevators, Solar Systems, Smart Home Components (as defined in Section 3 below) and Consumer Products (as defined in Section 3 below) included in the home are not warranted by the Builder, but are covered by separate warranties provided by the manufacturer or supplier. These warranties are assigned to the Homeowner by the Builder at the time of closing. In the event that a timely claim is made under one of these warranties without response, the Builder will assist the Homeowner in attempting to resolve the problem with the manufacturer or supplier. During the first year, the Builder will correct the malfunction of an elevator, Solar System, Smart Home Component or Consumer Product installed by the Builder if the malfunction is due to damage during installation or improper installation.

The Spirit of the Warranty

Our Limited Warranty commitment is easy to understand and is based on COMMON SENSE. We believe the Homeowner has a right to expect a clean home complete and free of defects at the time of closing. Things should work. If there are problems because of defects in materials and workmanship, as outlined above and described in more detail later, the Builder will arrange for their repair or replacement. If a problem results from actions by occupants of the home or others, or from ordinary wear and tear, the Builder is not responsible for the resulting repair or replacement.

The Rights of Your Home

We view your Limited Warranty in terms of what you, as our customer, have a right to expect. We view the issue of preventative maintenance in terms of what your home has a right to expect from you. None of the materials used in the construction of your home will last forever; however, most will last for a long time if properly maintained. It is our desire to help you understand how to prolong the life of your home through regular maintenance that is appropriate for the types of material used in your home.

The following pages describe, in general terms, what the Homeowner has a right to expect from the Builder and what your home has a right to expect from you. Following that are sections on the Limited Warranty, Limited Warranty Exclusions, Limitation of Liability, Requesting a Home Repair, Waiver of Any Other Warranty's Exclusive Warranty, Resolving Disputes, Attached Homes, Insurer's Responsibility, and the Builder's Performance Standards.

Your Rights and the Rights of Your Home

These sections discuss, in general terms, what you can expect from the Builder in the construction of your home, and what your home should expect from you in ongoing maintenance and care. The actual coverage is described in the Limited Warranty provided in this book. The "Home Care Guide" will provide most of the information you need to provide your home with the appropriate level of preventative maintenance.

SECTION 1:

What the Homeowner Has a Right to Expect From the Builder

1.1 Soil Drainage

Your home has been placed on soil engineered to withstand the anticipated settlement based on soil conditions found in your area. It should not settle in such a way as to create structural problems during the Limited Warranty period.

1.2 Concrete Surfaces

The concrete surfaces in your home should fulfill the functions for which they were intended without excessive settlement, cracking, or secondary damage such as leaking. Since concrete is likely to crack, standards are defined in the detailed Performance Standards which follow.

1.3 Structural Integrity

Since homes are constructed by human beings using a variety of materials, small tolerances are normal. What we consider unacceptable tolerances are defined in the detailed Performance Standards which follow.

1.4 Intrusion of the Elements

Your home should not leak. Exceptions might occur such as when a driving rain forces water into vents, windows, or under doors. Under normal circumstances, your home should protect you from the intrusion of the elements.

1.5 Mechanical Systems

Those systems installed in your home to provide power, water, treated air, ventilation, and waste disposal should work.

1.6 Finished Surfaces

Finished surfaces should maintain uniform or characteristic appearances for a reasonable period of time. Cracks or surface deterioration should be repaired as provided in the Limited Warranty.

1.7 Care and Maintenance

Although things wear out, components in your home should last a reasonable length of time (assuming you give them appropriate care and maintenance). This time will vary with geographical regions, the types of materials involved, and usage. As time goes on, adjustments will be required.

1.8 Common Elements

If your new home is part of a multifamily development, the common elements should be in the same clean and completed condition as your unit. This includes entries, common hallways, and common utility and service areas.

SECTION 2:

What Your Home Has a Right to Expect From You

2.1 Your home and lot were designed with a particular drainage pattern, which should carry rainwater away from the foundation. Water should not be directed to the edge of the foundation, either in the form of lot drainage or the watering of flowers.

2.2 Concrete surfaces should be free of salts (for ice), other deicing chemicals, and excessive weight such as a moving van. Yard drainage should be maintained to divert water away from concrete surfaces, if possible, to eliminate the chance it will undermine the surface and erode the bearing soil.

2.3 Structural alterations to the home must be performed by professionals who understand the load-bearing requirements of the change. The reason that local municipalities require permits for building alterations is to make sure that the structural integrity of the home is maintained.

2.4 In many cases, the seal around doors and windows is caulk. This material will require annual inspection and any necessary replacement after one to two years. Water from yard and lawn watering devices should not come in contact with the structure.

2.5 Since the mechanical systems of your home were designed for normal usage, placing unreasonable demands upon them will present problems. Plugging several electrical devices into one circuit may cause it to overload. Loading materials into a drain may cause it to clog. Undue weight should not be placed on pipes or showerheads because they can break. Some devices must be cleaned periodically (e.g., furnace filters so that they can do what they were designed to do.

2.6 Wood requires cleaning and sealing to prevent problems associated with water penetration and continual exposure to the elements. Painted or sealed surfaces must be cleaned and refinished according to the requirements of your geographic area. If this is not done, the surface will deteriorate.

2.7 Instructions for care and maintenance are included with many components of your home, including finished flooring, appliances, and air handling equipment. By following these instructions you will extend the life of these components.

2.8 The common areas require the same care and maintenance as your home. Although your homeowner or condo association is responsible for maintenance, all residents should strive to keep these areas clean and usable.

TWO

The Limited Warranty



The Homeowner should read the Limited Warranty in its entirety, including any addenda attached at the end of this Limited Warranty booklet, in order to understand the protection it provides, exclusions that apply, and the performance standards which determine coverage in each case. FHA/VA Homeowners refer to those sections of this Limited Warranty as noted by a dagger (†) indicating the applicability of the HUD Addendum.

SECTION 3:

The Limited Warranty

The Builder's Limited Warranty relates only to "Covered Defects," which are defined as defects in material and workmanship that are either part of the structure or are elements of the home as supplied by the Builder at the date of closing. The existence of a Covered Defect does not constitute a breach of this Limited Warranty; however, the Builder is obligated to repair or replace the item to conform to the Performance Standards. This is not an insurance policy, nor a maintenance agreement, but a definition of what the Homeowner has a right to expect in terms of warranties.

This Limited Warranty is provided to the original purchaser of the home and to all subsequent owners who take title within the Limited Warranty period identified in the Performance Standards, and use the home for their residence only.

IMPORTANT NOTE:

One-year Coverage

The Builder warrants the construction of the home will conform to the tolerances for materials and workmanship, as defined in the Performance Standards, for a period of one year after the closing date.[†]

Two-year Coverage

The Builder warrants the workability of the plumbing, electrical, heating, ventilating, air conditioning, and other mechanical systems, as defined in the Performance Standards, for a period of two years after the closing date.

Five-year Coverage

The Builder warrants against various types of water infiltration and internal leaks, as specifically defined in the Performance Standards, for a period of five years after the closing date.

Ten-year Coverage

The Builder warrants the construction of the home will conform to the tolerances set forth in the following Performance Standards for Structural Elements for a period of ten years after the closing date, subject to the limitations set forth below. Structural Elements are footings, bearing walls, beams, girders, trusses, rafters, bearing columns, lintels, posts, structural fasteners, subfloors, and roof sheathing. Floating slabs and partition walls that do not carry any load other than their own weight are not Structural Elements. A Structural Element will not be deemed defective, and no action will be required of the Builder, unless there is actual physical damage that diminishes the ability of the Structural Element to perform its load-bearing function such that the home is unsafe.

[†]See the HUD Addendum for modifications to this section.

Limitation of Liability

It is understood and agreed that the Builder's liability, whether in contract, tort, statute, negligence, or otherwise, is limited to the remedy provided in this Limited Warranty. The Builder's obligations under this Limited Warranty, and under the purchase agreement, are limited to repair and replacement. Under no circumstances shall the Builder be liable for any special, indirect, or consequential damages, including without limitation any damages based on a claimed decrease in the value of the home, even if the Builder has been advised of the possibility of such damages. This Limited Warranty is the only warranty applicable to this purchase. To the extent permitted by law, all other warranties, expressed or implied, including, but not limited to, all implied warranties of fitness, merchantability, or habitability, are disclaimed and excluded.

In the event of any inconsistency between this Limited Warranty and the Performance Standards, the terms of this Limited Warranty shall control. Notwithstanding anything to the contrary set forth above, the Limited Warranty on common elements associated with a multifamily condominium building begins to run on the closing date of the first unit sold in each building. For a definition of common elements, see your condominium or other relevant documents.

If a defect occurs in an item covered by this Limited Warranty, the Builder will repair or replace it to conform to the Performance Standards. In the case of defects in Structural Elements, the Builder will repair or replace the Structural Element to restore the load-bearing function, as designed, and make such other repairs as are necessary to return the home to a safe status. The repair of a defect will include the correction, replacement, or refinishing of only those surfaces, finishes, and coverings that were damaged by the defect and that were a part of the home when the title was first transferred by the Builder. The Builder will repair or replace surfaces, finishes, and coverings that require removal in order for the Builder to repair or replace a defect. The extent of the repair or replacement of these surfaces, finishes, and coverings will be to approximately the same condition they were in prior to the defect, but not necessarily to a "like new" condition. The Builder cannot guarantee, nor does it warrant, exact color matches with the original surrounding area due to factors such as fading, aging, or unavailability of the original materials.

The Builder assigns the Homeowner warranties furnished by the manufacturer to the Builder for Consumer Products, and, if installed in the home, Elevators, Solar Systems, and Smart Home Components. The term "Consumer Products" means all appliances, pieces of equipment or other items within the home that are a consumer product for the purposes of the Magnuson-Moss Warranty Act (15 U.S.C § 2301 et seq.), including without limitation, a refrigerator, freezer, trash compactor, range, oven, kitchen center, dishwasher, oven hood, microwave oven, clothes washer and dryer, air-conditioning system, boiler, heat pump, space heater, furnace, central vacuum system, smoke detector, fire alarm, humidifier, ice maker, garage door opener, chimes, waterpump, intercom, burglar alarm, whirlpool bath, garbage disposal, water heater, electronic air cleaner, exhaust fan, thermostat, fire extinguisher, electric meter, gas or electronic barbecue grill, water softener and sump pump. The term "Solar System" means all components of the solar energy system, including without limitation, the solar power electrical inverter, wiring, mounting hardware and other related equipment. The term "Smart Home Components" includes all hardware, software and other components of any computer network, data network or telecommunications network within the home, whether wired or wireless, including, without limitation, modems, routers, access points and extenders, and any home automation devices, smart devices, remote controls, connected devices or other components connected to any such network (which may include, by way of example, but not limitation, smart thermostats, or other climate control devices, lighting controls, garage door controllers, door locks, security systems interfaces or controllers, speakers, smart speakers, voice controls and intelligent personal assistants). The Builder provides no warranty on any of those items except where the malfunction is due to damage during installation or improper installation. If it is necessary to request warranty service in such a case, the Homeowner must make a request directly to the manufacturer. In the unlikely event that the manufacturer is not responsive to the request, the Builder will assist the Homeowner in attempting to obtain the necessary repairs or replacements from the manufacturer.

The benefits included in this Limited Warranty are only available when service is requested according to the procedures established by the Builder and included in your Limited Warranty material. In addition, the Homeowner's failure to reasonably provide access to the home during normal working hours for making repairs will relieve the Builder from its obligations under this Limited Warranty. The Builder's aggregate total liability shall not exceed the original contract price of the home.

The Builder reserves the right to use its judgment in determining the most appropriate method of repairing Limited Warranty defects. The Builder's offer to resolve an issue for which it bears no responsibility under this Limited Warranty does not create the responsibility to provide the resolution in another situation for which it bears no responsibility. Actions taken to cure defects will not extend the period of coverage specified in this Limited Warranty or any applicable statutes of limitation or repose.

SECTION 4: Limited Warranty Exclusions

This Limited Warranty excludes any loss or damage which is not a Covered Defect, including:

4.1 LOSS OF, OR DAMAGE TO, ANY REAL PROPERTY WHICH IS NOT PART OF THE HOME COVERED BY THIS LIMITED WARRANTY AND WHICH IS NOT INCLUDED IN THE ORIGINAL PURCHASE PRICE OF THE HOME AS STATED IN THE CLOSING DOCUMENTS.

4.2 Any damage to the extent it is caused or made worse by:

(A) Negligence, improper maintenance, or intentional or improper operation by anyone other than the Builder or its agents or subcontractors, including, but not limited to, damage resulting from rot, corrosion, or rust.

(B) Failure by the Homeowner or anyone other than the Builder or its agents or subcontractors to comply with the warranty requirements of manufacturers of elevators, Solar Systems, Smart Home Components and Consumer Products included in the home.

(C) Failure by the Homeowner to give timely notice to the Builder of any defects.

(D) Changes in the grading of the ground by anyone other than the Builder or its agents or subcontractors.

(E) Changes, alterations, or additions made to the home by anyone other than the Builder or its agents or subcontractors after the Limited Warranty commencement date.

(F) Dampness or condensation due to the Homeowner's failure to maintain adequate ventilation.

4.3 Loss or damage that the Homeowner has not taken timely action to minimize.

4.4 Any defect caused by, or resulting from, materials or work supplied by someone other than the Builder or its agents or subcontractors.

4.5 Normal wear and tear or normal deterioration.

4.6 Loss or damage not otherwise excluded under this Limited Warranty, which does not constitute a defect in the construction of the home by the Builder or its agents or subcontractors.

4.7 Loss or damage caused by, or resulting either directly or indirectly from, accidents, riots and civil commotion, theft, vandalism, fire, explosion, power surges or failures, smoke, water escape, falling objects, aircraft, vehicles, acts of God, lightning, windstorm, hail, tornado, hurricane, mudslide, earthquake, and volcanic eruption.

4.8 Loss or damage caused directly or indirectly by flood, wind-driven water, surface water, waves, tidal waves, overflow of a body of water, or spray from any of these (whether or not driven by wind); water which backs up from sewers or drains; changes in the water table which were not reasonably foreseeable at the time of construction, 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.

4.9 Loss or damage caused by soil movement, including subsidence, expansion, or lateral movement of the soil (excluding flood and earthquake), which is covered by any other insurance or for which compensation is granted by state or federal legislation.

4.10 Loss or damage to the home, persons, or property directly or indirectly caused by termites, other insects, birds, vermin, rodents, or other wild or domestic animals.

4.11 Loss or damage resulting from the use of the home for nonresidential purposes.

4.12 Loss or damage caused by failure to maintain proper temperatures (heating and cooling) within the home.

4.13 Loss or damage to utility services that were not installed by the Builder.

4.14 Any condition which does not result in actual damage to the home, including, but not limited to, uninhabitability or health risk due to the presence or consequence of electromagnetic fields (EMFs), radon gas, mold, formaldehyde, or other pollutants and contaminants; or the presence of hazardous or toxic materials.

4.15 Bodily injury or damage to personal property.

4.16 Loss or damage caused by, or resulting from, abnormal loading of Structural Elements by the Homeowner, which exceeds design loads as mandated by codes.

4.17 Consequential damages including, but not limited to, costs of shelter, food, and transportation; moving and storage; any other expenses related to inconvenience or relocation during repairs to the home; and any diminution of the market value of the home.

4.18 Loss or damage to elevators, Solar Systems, Smart Home Components and Consumer Products which may be included within the home.

SECTION 5:

Requesting a Home Repair

5.1 Procedure

If you believe there is a construction defect covered by this Limited Warranty, you must take these steps:

(A) **Step 1 - Contact us.** Contact us with details of your concerns as soon as possible. Conditions that could cause additional damage, such as water leaks, should be reported immediately. Do not communicate your request to any person that is not our employee, such as a contractor. Please contact our local office and ask to speak with a Limited Warranty or customer service representative. If you do not know the contact information for our local office, please visit our Web site at www.pulte.com. Our goal is to promptly respond to all warranty-related requests, so if you do not receive an acknowledgment within a reasonable time, please follow up to make sure your message was not misdirected. Except as otherwise required by law, all Limited Warranty claims must be received by us no later than 30 days after the expiration of the applicable warranty coverage period. Please note this provision does not extend the Limited Warranty coverage period.

(B) **Step 2 - Allow us to investigate.** We will review the information you give us and investigate your concerns. Our investigation may involve sending employees or consultants to your home to inspect the component or to perform tests or other analysis. If that is necessary, we will need your cooperation, which will often include, but not be limited to, meeting us or our representatives at your home during normal working hours.

(C) **Step 3 - Our response.** After investigating, we will inform you whether there is a construction defect covered under this Limited Warranty. If there is a covered construction defect, we will repair or at our option replace it as provided in this Limited Warranty. Alternatively, instead of correcting the construction defect, we may decide at our option to pay you the reasonable cost of correction.

(D) **Step 4 - Repair process.** We will need access to your home during our normal working hours to perform the repair work. We prefer not to be in your home when you are not there, so we may ask you to be at home when the work is performed. We will start and complete the work as soon as possible based on your schedule, our work schedule, and the availability of the contractors and materials required to do the work. Your cooperation and flexibility are needed for us to complete the work promptly.

5.2 Failure To Allow Us To Make Repairs

We are not responsible for any damage that occurs because you failed to allow us to timely make repairs. Additionally, if you make or pay for repairs without first notifying us of the problem and allowing us to investigate and repair it as required by this Limited Warranty, then we will not reimburse you for those repairs.

5.3 Emergency Repairs

If an emergency condition exists that requires immediate repairs to protect the safety of occupants of your home or to prevent imminent serious damage to your home, you may make the repairs and we will reimburse you the reasonable cost of those required repairs that would otherwise be covered by this Limited Warranty. You are still obligated to give us notice as soon as possible, even in an emergency situation.

5.4 Repairs by or Payment From Insurance Company – Waiver of Claims

Coverage for construction defects is provided by this Limited Warranty, and we encourage you to submit construction defect claims to us. This Limited Warranty, however, is not a homeowner’s insurance policy, which typically provides coverage for certain property damages and casualty losses. If you receive from an insurance company or any other party payment or repairs relating to or arising from a construction defect, then to the extent permitted by law you hereby waive for yourself and on behalf of anyone acquiring rights through you, including, but not limited to, any insurance company, all subrogation claims, and other claims against us or such payments or repairs received by you.

SECTION 6:

Waiver of Any Other Warranty’s Exclusive Warranty

To the fullest extent permitted by law, all warranties regarding your home and any building common element, including, but not limited to, statutory and implied warranties, are hereby disclaimed by us and waived by you. This Limited Warranty is substituted in place of all such warranties. This means that this Limited Warranty is the only warranty that applies and governs your and our rights and obligations related to your home and that there are no other warranties except as may be required by law.

6.1 Examples of Disclaimed Warranties

Examples of warranties that are disclaimed by us and waived by you include, but are not limited to, statutory warranties, implied warranties, implied warranty of quality or fitness for use or a particular purpose, a warranty of construction in a good and workmanlike manner, warranty of habitability, and warranty of merchantability.

6.2 Non-waivable Warranties

You are entitled to (and nothing in this section reduces) any warranty coverage provided by law that may not by law be waived, disclaimed, or reduced by this Limited Warranty or substituted with the terms of this Limited Warranty. If an arbitrator or court determines that a warranty cannot be waived, disclaimed, or reduced by this Limited Warranty or substituted with the terms of this Limited Warranty by law, then the specific term in this Limited Warranty that conflicts with the warranty term that may not be waived, disclaimed, reduced, or substituted will not apply, but all other terms will remain applicable to the extent permitted by law.

SECTION 7: Resolving Disputes[†]

7.1 Overview

Our preferred method of resolving Limited Warranty claims is to address them directly with you. That is why we require the procedure described in Section 5. If we, however, are unable to resolve your concerns, you have the option of requesting mediation as provided in Section 7.2 below. If you elect not to pursue mediation or if mediation does not resolve the dispute, then the dispute must be resolved by binding arbitration as provided in Section 7.4.

7.2 Mediation by PWSC

If you are not satisfied with our response to your Limited Warranty request, you have the option of requesting mediation of your Limited Warranty request by providing written notice to Professional Warranty Service Corporation ("PWSC"). PWSC's contact information is:

Professional Warranty Service Corporation,
P.O. Box 800, Annandale, VA 22003-0800
(4443 Brookfield Corporate Drive, Suite 300,
Chantilly, VA 20151).

Confirm the physical address before sending hand-delivered materials by calling 800.850.2799. Mediation is not arbitration. It is simply the process of a third party trying to help other parties resolve a dispute. If PWSC is unable to successfully mediate your Limited Warranty request within 45 days after PWSC's receipt of the mediation request, or at any earlier time that PWSC determines that you and Pulte Homes are at an impasse, PWSC will notify you that your Limited Warranty request remains unresolved. At any time you may terminate the mediation process. Your election to mediate a dispute regarding your Limited Warranty request does not eliminate your obligation to comply with state procedures as described in this section.

7.3 State Procedures – Prior to Arbitration

Some states require parties to take preliminary steps before an arbitration or legal action may proceed. Those steps may include, but are not limited to, a notice of alleged defects by the Homeowner to a specific person or by specific means (such as certified mail or personal delivery) using particular notice language. Any response by us to a notice that does not comply with the applicable state's requirements will not be a waiver of our rights under the applicable state law.

7.4 Arbitration

If a claim relating to your home or this Limited Warranty is not resolved, we believe it is best to have a fair and efficient way to resolve that claim. Accordingly, either party must submit any unresolved claim or dispute concerning your home or this Limited Warranty, whether based on statute, in tort, contract, or other applicable law (including, but not limited to, any and all claims, cross- or counterclaims, defenses, and/or affirmative defenses related to the purchase and sale of your home, disputes regarding whether a defect is covered by this Limited Warranty, and claims for personal injury) to binding arbitration, except that either party may bring any claim to a small-claims court if the claim is within the small-claims court's geographic and monetary jurisdiction. Binding arbitration means that we each give up the right to go to court or jury to assert or defend rights (except for matters that may be taken to small-claims court). That does not mean, however, that you give up any claims simply by presenting those claims to an arbitrator. The parties' rights will be determined by a neutral arbitrator and not by a judge or jury. An arbitrator's decision is final and binding, subject to appeal as provided later in this Limited Warranty. If a party uses litigation to enforce the requirement to arbitrate, the court will award such party its court costs and reasonable attorneys' fees.

[†]See the HUD Addendum for modifications to this section.

7.5 Applicable Law

This Limited Warranty, including, but not limited to, the arbitration provision, will be governed by the Federal Arbitration Act ("FAA") which overrides and preempts certain state, local, or other laws concerning arbitration, including, but not limited to, laws that have the purpose of defeating or restricting arbitration.

7.6 Appointment of Arbitrator

The arbitration will be conducted before an arbitrator appointed by the American Arbitration Association (the "AAA"). If the AAA declines to arbitrate a dispute, or if the AAA is not available, the parties will agree to an alternative arbitrator or have a court appoint a new arbitrator whose experience and training in construction arbitration is similar to that of an AAA-trained arbitrator. Any disputes concerning the interpretation, the enforceability, or the unconscionability of this arbitration agreement, including, without limitation, its revocability or voidability for any cause, the scope of arbitrable issues, and any defense, including, without limitation, defenses based upon waiver, estoppel, or laches, shall be decided solely by the arbitrator.

7.7 Construction Arbitration Rules

The arbitration will proceed in accordance with the AAA's rules applicable to the dispute. With respect to any portion of the dispute pertaining to a construction issue, the arbitration will proceed in accordance with the AAA's Home Construction Arbitration Rules. If those rules have been repealed or replaced at the time the arbitration claim is filed, the AAA's rules then most applicable to residential construction will apply. However, we will be entitled to visually inspect and perform testing on any component claimed to have a construction defect, and no AAA rule shall apply if it is inconsistent with the provisions of this Limited Warranty.

7.8 Joinder of Additional Parties to Arbitration

We both agree that:

(A) Any dispute covered by Section 7.4 that involves claims against our officers, directors, agents, employees, representatives, and parent, subsidiary, affiliate, or successor entities or affiliated companies also will be resolved through binding arbitration as set forth herein. Both parties agree that this arbitration agreement inures to the benefit of those parties.

(B) Either party may join as a party to the arbitration any third-party consultant, contractor, subcontractor, or supplier (including, but not limited to, any contractor, vendor, engineer, architect, or design professional) involved in the dispute.

7.9 Initiating Arbitration

Either party may begin the arbitration process by filing a demand for arbitration with the AAA and serving a copy of the demand on the other party. To the extent not consistent with the FAA, all of the provisions of this paragraph are subject to the general qualification that state laws, requirements, and rules, including, but not limited to, state filing limitations (such as statutes of limitation and statutes of repose), may affect how and when arbitration may be initiated and administered. The following is a brief description of the steps to initiate arbitration and the arbitration process:

(A) **Step 1 - Filing a request.** The party initiating arbitration must notify the AAA in writing of the request for arbitration under the terms of this Limited Warranty. If we initiate arbitration, we will pay the AAA's filing fee and any other administrative fee or cost charged by the AAA to initiate the arbitration. If you initiate arbitration, you will pay the lesser of half of those costs and fees or the amount provided by the AAA rules and we will pay the other half or remainder. Any other costs or fees shall be paid in accordance with the AAA rules. Except as otherwise required by law, your arbitration request must be received by the AAA no later than 90 days after the expiration of the applicable Limited Warranty coverage period. Please note this provision does not extend the Limited Warranty coverage period.

(B) **Step 2 - Hearing.** The arbitration will probably be held at a location agreed to by the parties, usually in the metropolitan area where the home is located. The hearing typically will be scheduled by the arbitrator or the arbitration organization at a time mutually agreeable to all parties. At the hearing, the arbitrator will hear and consider evidence presented by all parties. If a party timely notifies the AAA of a request for a record of the hearing prior to the earlier of the hearing date or the date, if specified, in the AAA's rules, the arbitrator will preserve all evidence presented at the arbitration. Oral evidence will be preserved in a manner that it can be converted into a written transcript. The costs of the record will be paid by the party requesting the record or shared equally among the parties requesting a copy.

(C) **Step 3 - Award.** The arbitrator's award will decide whether there is a construction defect covered by this Limited Warranty and, if requested by a party, the scope and manner of correction. The arbitrator's award will be based on applicable law, except to the extent the FAA overrides and preempts state, local, or other law, and will include findings of fact and conclusions of law. If permitted by the AAA rules, either party may request a written explanation of the award. Each party will bear its own attorneys' fees and costs.

(i) **Right to appeal award.** Each party has the right to appeal the arbitrator's award to the AAA by filing a written notice with the AAA (with a copy to the other party) within 30 days of the date of the arbitrator's award. The party appealing the award shall pay the fees necessary to initiate the appeal. If both sides appeal, the fees shall be split 50/50. The notice of appeal must include the specific items the party seeks to change in the award and the supporting facts and law. The appeal will be heard by a panel of three arbitrators from the AAA. The appeal will be conducted in accordance with the applicable rules of the AAA and provisions of this Limited Warranty as if the claim was being initially filed with the AAA, except that: (1) the only issues to be determined on appeal are the issues described in the notice of appeal and any issues raised by the non-appealing party in response to the issues in the notice of appeal, (2) the arbitrator's award on appeal will be final, binding, and non-appealable, and (3) no new evidence will be accepted or considered by the arbitrators if a record of the initial arbitration was made.

(ii) **Award final.** The award of the arbitrator will be final, subject to appeal as provided above. If a notice of appeal from the initial hearing is not received by the AAA within 30 days after the date of the initial award, then the initial award will be final. Once the award is final, it will be binding on and enforceable against all parties, except as modified, corrected, or vacated according to the applicable arbitration rules and procedures or to the extent not consistent with the FAA or applicable state law. Either party may present the final award to any court having jurisdiction over the dispute to enter that award as a judgment of the court.

7.10 Step 4 - Repairs. Unless designated otherwise in the award (and unless appealed), we will, within ten days after a final award, elect to either perform the correction awarded by the arbitrator or, at our option, pay you the reasonable cost of such correction. If we elect to perform a correction under an award, we will complete the correction within 60 days after a final award or as may be specified by the arbitrator. If the correction cannot be reasonably completed in that time, the arbitrator must grant reasonable additional time to make the correction. If you believe that the correction was not performed satisfactorily or in a timely manner, you may have these issues determined in a later arbitration. If the cost of the correction is not specified in the award and we elect to pay you the reasonable cost of the correction, you may have the amount of that payment reviewed in a later arbitration.

SECTION 8:

Attached Homes

8.1 Scope of Limited Warranty for Attached Homes

For homes that are physically attached to other homes, this Limited Warranty includes coverage for both the portion of the home owned exclusively by you and the building common elements. Building common elements are those elements and property that are part of the building or structure in which the home is located, and (2) either owned in common by all of the owners in the building or owned, insured, or maintained by an owner's association. Building common elements may, but do not always, include items such as walls, foundations, and roofs.

However, building common elements do not include items such as clubhouses, exterior walkways, streets, swimming pools, and recreational buildings.

8.2 Limited Warranty Coverage Period Commencement Date for Building Common Elements

Unless otherwise required by law, the Limited Warranty coverage period commencement date for building common elements will begin on the date title to the first home in the building is transferred to the first homeowner in that building and end on the expiration date of the applicable Limited Warranty coverage period.

8.3 Filing a Limited Warranty Claim

(A) Component other than building common element. You may make a Limited Warranty claim for construction defects in a component of your home that is owned exclusively by you and not maintained or insured by the owner's association.

(B) Building common elements. Unless otherwise required by law, claims that a building common element has a construction defect must be made by the owner's association, and may not be made by an individual Homeowner. If you believe a building common element has a construction defect, you should inform your association. Although you may contact us to report a construction defect, this does not change the fact that the association, through its board of directors or a validly elected or appointed officer, is the appropriate party to submit, process, or settle claims related to building common elements.

SECTION 9: Insurer's Responsibility

In certain situations as required by HUD, VA, or other laws or regulations, this Limited Warranty is backed by an insurance policy, as further described in the HUD Addendum. In those situations, in the event the Builder is unable to meet its obligations under this Limited Warranty and a Limited Warranty claim must be resolved by the Insurer, the following conditions shall apply:

9.1 The decision of whether to repair or replace a defective item, or pay the Homeowner the reasonable cost of doing so, is the Insurer's.

9.2 The total liability of the Insurer under this Limited Warranty is limited to, and shall not exceed, the lesser of the following:

(A) The contract price of the home;

(B) The reasonable cost of that part of the home damaged for like construction and use on the same premises;

(C) The necessary amount to repair or replace the portion of the building damaged by a Structural Element defect, less all amounts paid by, or on behalf of, the Builder or the Insurer under this Limited Warranty.

9.3 Actions taken to cure defects will not extend the period of coverage specified in this Limited Warranty.

9.4 When the Insurer finishes repairing or replacing, or pays the Homeowner the actual cost for repairing or replacing a claim under this Limited Warranty, the Homeowner must execute a full and unconditional release of all Insurers' obligations with respect to the claim. The Insurer shall be subrogated to all the Homeowner's rights including, but not limited to, assignment of the proceeds of any other insurance or warranties to the Insurer. The Homeowner shall do nothing to prejudice such rights of subrogation.

9.5 The Insurer's Warranty coverage is in excess of coverage provided under other warranties or insurance, whether collectible or not

9.6 Any claim involving a common element in a condominium must be made by an authorized representative of the condominium association.

9.7 If the Insurer decides to pay the reasonable costs of repairing a claim, the payment shall be made to, or on behalf of, the Homeowner and any mortgagee or their successors, as each interest may appear, provided the Insurer shall not have any obligation to make payment jointly to the Homeowner and mortgagee where the mortgagee has not notified the Insurer in writing of its security interest in the home prior to such payment. Any mortgagee shall be completely bound by any conciliation or arbitration relating to a claim between the Homeowner and the Insurer.[†]

9.8 Any dispute between the Homeowner and the Insurer related to, or arising from, this Limited Warranty will be resolved by binding arbitration.[†] Any such binding arbitration will be initiated by contacting the Plan Administrator to obtain a Binding Arbitration Request Form. The process for such arbitration will be conducted in the same manner as outlined in Section 7 of this Limited Warranty.

[†]See the HUD Addendum for modifications to this section.