

CONSTRUCTION CLAIMS DISCLOSURE (NRS 113.135)

This Construction Claims Disclosure is made as required by NRS 113.135 in contemplation of a Purchase and Sale Agreement (the "Agreement") which may be entered into by and between Seller and Buyer, with respect to real property in Woodland Village, located in Washoe County, Nevada (the "Property").

Attached as Exhibit "A" are copies of Nevada Revised Statutes ("NRS") Sections 11.202 to 11.206, and NRS Sections 40.600 to 40.695, all of which relate to the method and procedure for dealing with a problem with the construction of your home.

With respect to the provisions of NRS Sections 40.600 to 40.695, please understand that if you find it necessary to initiate any claim under those provisions against Seller with respect to a problem with your house, you will be required to disclose each and every of those problems to any subsequent buyer of the house from you. Please carefully read the Seller's Real Property Disclosure Form attached as Exhibit "B".

Further, if you purchase a home you may be agreeing to follow the provisions in the contract as stated below:

IMPORTANT - OPTIONAL WARRANTY

WARRANTIES - SELLER IS HEREBY PROVIDING BUYER THE OPTION TO PURCHASE AN EXTENDED HOME WARRANTY, AS DESCRIBED IN THE MOST RECENT EDITION OF THE HOME BUYERS WARRANTY BOOKLET (2-10 WARRANTY), THE RECEIPT OF WHICH BUYER HEREBY ACKNOWLEDGES. IF BUYER SO ELECTS TO PURCHASE THE EXTENDED WARRANTY, SELLER SHALL PAY NOT MORE THAN _____ OF THE WARRANTY COST OF \$_____. _____(Seller's Initials) _____ (Buyer's Initials)

THE WARRANTY CONTAINED IN THE 2-10 HOME BUYERS WARRANTY BOOKLET IS IN ADDITION TO ANY OTHER SELLER'S WARRANTY TO THE EXTENT EXPRESSLY DESCRIBED BELOW IN THIS AGREEMENT. ANY OTHER WARRANTY OR WARRANTIES, WHETHER EXPRESS OR IMPLIED, ARE DISCLAIMED BY SELLER AND WAIVED BY HOMEBUYER, UNLESS OTHERWISE PROHIBITED BY PARTICULAR STATE LAW. _____ (Buyer's Initials)

AS A MATERIAL INDUCEMENT FOR SELLER'S PAYMENT OF A PORTION OF THE EXTENDED WARRANTY PREMIUM DESCRIBED ABOVE, BUYER, ON BEHALF OF ITSELF AND ITS SUCCESSORS IN INTEREST, HEREBY AGREES TO COMPLY WITH THE DISPUTE RESOLUTION PROCEDURES DESCRIBED IN THE EXTENDED WARRANTY AND TO PROCESS ALL WARRANTY CLAIMS TO COMPLETION BEFORE PURSUING ANY OTHER RIGHTS AND REMEDIES BUYER MAY HAVE FOR DEFECTS IN CONSTRUCTION AND/OR WORKMANSHIP (INCLUDING CLAIMS ARISING UNDER CHAPTER 40 OF NEVADA REVISED STATUTES). IN THE EVENT THAT BUYER'S (OR BUYER'S SUCCESSOR IN INTEREST) COMPLIANCE WITH THE TERMS OF THIS PARAGRAPH MIGHT EXTEND BEYOND THE LIMITATIONS PERIOD FOR THE COMMENCEMENT OF ANY OTHER ACTION OR PROCEDURE, SELLER HEREBY CONSENTS TO THE EXTENSION OF SUCH LIMITATIONS PERIOD TO A DATE NOT LATER THAN SIXTY (60) DAYS FOLLOWING FINAL RESOLUTION OR DENIAL OF ANY SUCH WARRANTY CLAIM, INCLUDING THE DISPUTE RESOLUTION PROCEDURES ESTABLISHED AND REQUIRED BY SUCH EXTENDED WARRANTY. BUYER UNDERSTANDS AND AGREES THAT, BUT FOR BUYER'S AGREEMENTS DESCRIBED IN THIS PARAGRAPH, SELLER WOULD NOT FUND ITS PORTION OF THE WARRANTY PREMIUM COST DESCRIBED ABOVE. _____(Buyer's Intials)

The 2-10 Home Buyer's Warranty details can be viewed at www.2-10.com or within the attached warranty sample booklet at the end of this document. The warranty sample enclosed is current as of December 16, 2013.

Woodland Village Construction Claims Disclosure

Exhibit “A”

NRS 11.204 Actions for damages for injury or wrongful death caused by deficiency in construction of improvements to real property: Latent deficiencies.

1. Except as otherwise provided in [NRS 11.202](#), [11.203](#) and [11.206](#), no action may be commenced against the owner, occupier or any person performing or furnishing the design, planning, supervision or observation of construction, or the construction of an improvement to real property more than 8 years after the substantial completion of such an improvement, for the recovery of damages for:

(a) Any latent deficiency in the design, planning, supervision or observation of construction or the construction of such an improvement;

(b) Injury to real or personal property caused by any such deficiency; or

(c) Injury to or the wrongful death of a person caused by any such deficiency.

2. Notwithstanding the provisions of [NRS 11.190](#) and subsection 1 of this section, if an injury occurs in the eighth year after the substantial completion of such an improvement, an action for damages for injury to property or person, damages for wrongful death resulting from such injury or damages for breach of contract may be commenced within 2 years after the date of such injury, irrespective of the date of death, but in no event may an action be commenced more than 10 years after the substantial completion of the improvement.

3. The provisions of this section do not apply to a claim for indemnity or contribution.

4. For the purposes of this section, “latent deficiency” means a deficiency which is not apparent by reasonable inspection.

(Added to NRS by 1983, 1237; A [1999, 1445](#))

NRS 11.205 Actions for damages for injury or wrongful death caused by deficiency in construction of improvements to real property: Patent deficiencies.

1. Except as otherwise provided in [NRS 11.202](#), [11.203](#) and [11.206](#), no action may be commenced against the owner, occupier or any person performing or furnishing the design, planning, supervision or observation of construction, or the construction of an improvement to real property more than 6 years after the substantial completion of such an improvement, for the recovery of damages for:

(a) Any patent deficiency in the design, planning, supervision or observation of construction or the construction of such an improvement;

(b) Injury to real or personal property caused by any such deficiency; or

(c) Injury to or the wrongful death of a person caused by any such deficiency.

2. Notwithstanding the provisions of [NRS 11.190](#) and subsection 1 of this section, if an injury occurs in the sixth year after the substantial completion of such an improvement, an action for damages for injury to property or person, damages for wrongful death resulting from such injury or damages for breach of contract may be commenced within 2 years after the date of such injury, irrespective of the date of death, but in no event may an action be commenced more than 8 years after the substantial completion of the improvement.

3. The provisions of this section do not apply to a claim for indemnity or contribution.

4. For the purposes of this section, “patent deficiency” means a deficiency which is apparent by reasonable inspection.

(Added to NRS by 1965, 948; A 1983, 1239; [1999, 1445](#))

NRS 11.2055 Actions for damages for injury or wrongful death caused by deficiency in construction of improvements to real property: Determination of date of substantial completion of improvement to real property.

1. Except as otherwise provided in subsection 2, for the purposes of [NRS 11.202](#) to [11.206](#), inclusive, the date of substantial completion of an improvement to real property shall be deemed to be the date on which:

- (a) The final building inspection of the improvement is conducted;
- (b) A notice of completion is issued for the improvement; or
- (c) A certificate of occupancy is issued for the improvement,

↳ whichever occurs later.

2. If none of the events described in subsection 1 occurs, the date of substantial completion of an improvement to real property must be determined by the rules of the common law.

(Added to NRS by [1999, 1444](#))

ACTIONS RESULTING FROM CONSTRUCTIONAL DEFECT

General Provisions

NRS 40.600 Definitions. As used in [NRS 40.600](#) to [40.695](#), inclusive, unless the context otherwise requires, the words and terms defined in [NRS 40.603](#) to [40.634](#), inclusive, have the meanings ascribed to them in those sections.

(Added to NRS by [1995, 2539](#); A [1997, 2716](#); [1999, 1440](#); [2001 Special Session, 67](#); [2003, 2041](#))

NRS 40.603 “Amend a complaint to add a cause of action for a constructional defect” defined. “Amend a complaint to add a cause of action for a constructional defect” means any act by which a claimant seeks to:

1. Add to the pleadings a defective component that is not otherwise included in the pleadings and for which a notice was not previously given; or

2. Amend the pleadings in such a manner that the practical effect is the addition of a constructional defect that is not otherwise included in the pleadings.

↪ The term does not include amending a complaint to plead a different cause for a constructional defect which is included in the same action.

(Added to NRS by [2003, 2034](#))

NRS 40.605 “Appurtenance” defined.

1. “Appurtenance” means a structure, installation, facility, amenity or other improvement that is appurtenant to or benefits one or more residences, but is not a part of the dwelling unit. The term includes, without limitation, the parcel of real property, recreational facilities, golf courses, walls, sidewalks, driveways, landscaping, common elements and limited common elements other than those described in [NRS 116.2102](#), and other structures, installations, facilities and amenities associated with or benefiting one or more residences.

2. As used in this section:

(a) “Common elements” has the meaning ascribed to it in [NRS 116.017](#).

(b) “Limited common element” has the meaning ascribed to it in [NRS 116.059](#).

(Added to NRS by [1995, 2539](#); A [1997, 2716](#); [1999, 1440](#))

NRS 40.610 “Claimant” defined. “Claimant” means:

1. An owner of a residence or appurtenance;

2. A representative of a homeowner’s association that is responsible for a residence or appurtenance and is acting within the scope of the representative’s duties pursuant to [chapter 116](#) or [117](#) of NRS; or

3. Each owner of a residence or appurtenance to whom a notice applies pursuant to subsection 4 of [NRS 40.645](#).

(Added to NRS by [1995, 2539](#); A [1997, 2717](#); [2003, 2041](#))

NRS 40.615 “Constructional defect” defined. “Constructional defect” means a defect in the design, construction, manufacture, repair or landscaping of a new residence, of an alteration of or addition to an existing residence, or of an appurtenance and includes, without limitation, the design, construction, manufacture, repair or landscaping of a new residence, of an alteration of or addition to an existing residence, or of an appurtenance:

1. Which is done in violation of law, including, without limitation, in violation of local codes or ordinances;

2. Which proximately causes physical damage to the residence, an appurtenance or the real property to which the residence or appurtenance is affixed;

3. Which is not completed in a good and workmanlike manner in accordance with the generally accepted standard of care in the industry for that type of design, construction, manufacture, repair or landscaping; or

4. Which presents an unreasonable risk of injury to a person or property.

(Added to NRS by [1995, 2539](#); A [2003, 2041](#))

NRS 40.620 “Contractor” defined. “Contractor” means a person who, with or without a license issued pursuant to [chapter 624](#) of NRS, by himself or herself or through the person’s agents, employees or subcontractors:

1. Develops, constructs, alters, repairs, improves or landscapes a residence, appurtenance or any part thereof;

2. Develops a site for a residence, appurtenance or any part thereof; or

3. Sells a residence or appurtenance, any part of which the person, by himself or herself or through the person’s agents, employees or subcontractors, has developed, constructed, altered, repaired, improved or landscaped.

(Added to NRS by [1995, 2539](#); A [1997, 2717](#))

NRS 40.623 “Design professional” defined. “Design professional” means a person who holds a professional license or certificate issued pursuant to [chapter 623](#), [623A](#) or [625](#) of NRS.

(Added to NRS by [2003, 2034](#))

NRS 40.625 “Homeowner’s warranty” defined. “Homeowner’s warranty” means a warranty or policy of insurance:

1. Issued or purchased by or on behalf of a contractor for the protection of a claimant; or

2. Purchased by or on behalf of a claimant pursuant to [NRS 690B.100](#) to [690B.180](#), inclusive.

➡ The term includes a warranty contract issued by a risk retention group that operates in compliance with [chapter 695E](#) of NRS and insures all or any part of the liability of a contractor for the cost to repair a constructional defect in a residence.

(Added to NRS by [1995, 2540](#); A [1997, 2717](#); [1999, 1440](#))

NRS 40.630 “Residence” defined. “Residence” means any dwelling in which title to the individual units is transferred to the owners.

(Added to NRS by [1995, 2540](#); A [1997, 2717](#))

NRS 40.632 “Subcontractor” defined. “Subcontractor” means a contractor who performs work on behalf of another contractor in the construction of a residence or appurtenance.

(Added to NRS by [2003, 2034](#))

NRS 40.634 “Supplier” defined. “Supplier” means a person who provides materials, equipment or other supplies for the construction of a residence or appurtenance.

(Added to NRS by [2003, 2034](#))

NRS 40.635 Applicability; effect on other defenses. [NRS 40.600](#) to [40.695](#), inclusive:

1. Apply to any claim that arises before, on or after July 1, 1995, as the result of a constructional defect, except a claim for personal injury or wrongful death, if the claim is the subject of an action commenced on or after July 1, 1995.

2. Prevail over any conflicting law otherwise applicable to the claim or cause of action.

3. Do not bar or limit any defense otherwise available, except as otherwise provided in those sections.

4. Do not create a new theory upon which liability may be based, except as otherwise provided in those sections.

(Added to NRS by [1995, 2540](#); A [1997, 2717](#); [2003, 2041](#))

Conditions and Limitations on Actions

NRS 40.640 Liability of contractor. In a claim to recover damages resulting from a constructional defect, a contractor is liable for the contractor’s acts or omissions or the acts or omissions of the contractor’s agents, employees or subcontractors and is not liable for any damages caused by:

1. The acts or omissions of a person other than the contractor or the contractor’s agent, employee or subcontractor;

2. The failure of a person other than the contractor or the contractor’s agent, employee or subcontractor to take reasonable action to reduce the damages or maintain the residence;

3. Normal wear, tear or deterioration;

4. Normal shrinkage, swelling, expansion or settlement; or

5. Any constructional defect disclosed to an owner before the owner’s purchase of the residence, if the disclosure was provided in language that is understandable and was written in underlined and boldfaced type with capital letters.

(Added to NRS by [1995, 2540](#); A [1997, 2718](#))

NRS 40.645 Notice of defect: Required before commencement of or

addition to certain actions; content; reliance on expert opinion based on representative sample; notice regarding similarly situated owners; persons authorized to provide notice; exceptions.

1. Except as otherwise provided in this section and [NRS 40.670](#), before a claimant commences an action or amends a complaint to add a cause of action for a constructional defect against a contractor, subcontractor, supplier or design professional, the claimant:

(a) Must give written notice by certified mail, return receipt requested, to the contractor, at the contractor's address listed in the records of the State Contractors' Board or in the records of the office of the county or city clerk or at the contractor's last known address if the contractor's address is not listed in those records; and

(b) May give written notice by certified mail, return receipt requested, to any subcontractor, supplier or design professional known to the claimant who may be responsible for the constructional defect, if the claimant knows that the contractor is no longer licensed in this State or that the contractor no longer acts as a contractor in this State.

2. The notice given pursuant to subsection 1 must:

(a) Include a statement that the notice is being given to satisfy the requirements of this section;

(b) Specify in reasonable detail the defects or any damages or injuries to each residence or appurtenance that is the subject of the claim; and

(c) Describe in reasonable detail the cause of the defects if the cause is known, the nature and extent that is known of the damage or injury resulting from the defects and the location of each defect within each residence or appurtenance to the extent known.

3. Notice that includes an expert opinion concerning the cause of the constructional defects and the nature and extent of the damage or injury resulting from the defects which is based on a valid and reliable representative sample of the components of the residences or appurtenances may be used as notice of the common constructional defects within the residences or appurtenances to which the expert opinion applies.

4. Except as otherwise provided in subsection 5, one notice may be sent relating to all similarly situated owners of residences or appurtenances within a single development that allegedly have common constructional defects if:

(a) An expert opinion is obtained concerning the cause of the common constructional defects and the nature and extent of the damage or injury resulting from the common constructional defects;

(b) That expert opinion concludes that based on a valid and reliable representative sample of the components of the residences and appurtenances included in the notice, it is the opinion of the expert that those similarly situated residences and appurtenances may have such common constructional defects; and

(c) A copy of the expert opinion is included with the notice.

5. A representative of a homeowner's association may send notice pursuant to this section on behalf of an association that is responsible for a residence or appurtenance if the representative is acting within the scope of the representative's duties pursuant to [chapter 116](#) or [117](#) of NRS.

6. Notice is not required pursuant to this section before commencing an action if:

(a) The contractor, subcontractor, supplier or design professional has filed an action against the claimant; or

(b) The claimant has filed a formal complaint with a law enforcement agency against the contractor, subcontractor, supplier or design professional for threatening to commit or committing an act of violence or a criminal offense against the claimant or the property of the claimant.

(Added to NRS by [1995, 2540](#); A [1997, 2718](#); [1999, 1440](#); [2003, 2042](#))

NRS 40.6452 Common constructional defects within single development: Response to notice of defect by contractor; disclosure to unnamed owners; effect of contractor failing to provide disclosure to unnamed owners.

1. Except as otherwise provided in subsection 2, not later than 60 days after a contractor receives a notice pursuant to subsection 4 of [NRS 40.645](#) which alleges common constructional defects to residences or appurtenances within a single development and which complies with the requirements of subsection 4 of [NRS 40.645](#) for giving such notice, the contractor may respond to the named owners of the residences or appurtenances in the notice in the manner set forth in [NRS 40.6472](#).

2. The contractor may provide a disclosure of the notice of the alleged common constructional defects to each unnamed owner of a residence or appurtenance within the development to whom the notice may apply in the manner set forth in this section. The disclosure must be sent by certified mail, return receipt requested, to the home address of each such owner. The disclosure must be mailed not later than 60 days after the contractor receives the notice of the alleged common constructional defects, except that if the common constructional defects may pose an imminent threat to health and safety, the disclosure must be mailed as soon as reasonably practicable, but not later than 20 days after the contractor receives the notice.

3. The disclosure of a notice of alleged common constructional defects provided by a contractor to the unnamed owners to whom the notice may apply pursuant to subsection 2 must include, without limitation:

(a) A description of the alleged common constructional defects identified in the notice that may exist in the residence or appurtenance;

(b) A statement that notice alleging common constructional defects has been given to the contractor which may apply to the owner;

(c) A statement advising the owner that the owner has 30 days within which to

request the contractor to inspect the residence or appurtenance to determine whether the residence or appurtenance has the alleged common constructional defects;

(d) A form which the owner may use to request such an inspection or a description of the manner in which the owner may request such an inspection;

(e) A statement advising the owner that if the owner fails to request an inspection pursuant to this section, no notice shall be deemed to have been given by the owner for the alleged common constructional defects; and

(f) A statement that if the owner chooses not to request an inspection of the owner's residence or appurtenance, the owner is not precluded from sending a notice pursuant to [NRS 40.645](#) individually or commencing an action or amending a complaint to add a cause of action for a constructional defect individually after complying with the requirements set forth in [NRS 40.600](#) to [40.695](#), inclusive.

4. If an unnamed owner requests an inspection of the owner's residence or appurtenance in accordance with subsection 3, the contractor must provide the response required pursuant to [NRS 40.6472](#) not later than 45 days after the date on which the contractor receives the request.

5. If a contractor who receives a notice pursuant to subsection 4 of [NRS 40.645](#) does not provide a disclosure to unnamed owners as authorized pursuant to this section, the owners of the residences or appurtenances to whom the notice may apply may commence an action for the constructional defect without complying with any other provision set forth in [NRS 40.600](#) to [40.695](#), inclusive. This subsection does not establish or prohibit the right to maintain a class action.

6. If a contractor fails to provide a disclosure to an unnamed owner to whom the notice of common constructional defects was intended to apply:

(a) The contractor shall be deemed to have waived the contractor's right to inspect and repair any common constructional defect that was identified in the notice with respect to that owner; and

(b) The owner is not required to comply with the provisions set forth in [NRS 40.645](#) or [40.647](#) before commencing an action or amending a complaint to add a cause of action based on that common constructional defect.

(Added to NRS by [2003, 2034](#))

NRS 40.646 Notice of defect to be forwarded by contractor to subcontractor, supplier or design professional; effect of failure to forward notice; inspection of alleged defect; election to repair.

1. Except as otherwise provided in subsection 2, not later than 30 days after the date on which a contractor receives notice of a constructional defect pursuant to [NRS 40.645](#), the contractor shall forward a copy of the notice by certified mail, return receipt requested, to the last known address of each subcontractor, supplier or design professional whom the contractor reasonably believes is responsible for a defect specified in the notice.

2. If a contractor does not provide notice as required pursuant to subsection

1, the contractor may not commence an action against the subcontractor, supplier or design professional related to the constructional defect unless the contractor demonstrates that, after making a good faith effort, the contractor was unable to identify the subcontractor, supplier or design professional whom the contractor believes is responsible for the defect within the time provided pursuant to subsection 1.

3. Except as otherwise provided in subsection 4, not later than 30 days after receiving notice from the contractor pursuant to this section, the subcontractor, supplier or design professional shall inspect the alleged constructional defect in accordance with subsection 1 of [NRS 40.6462](#) and provide the contractor with a written statement indicating:

(a) Whether the subcontractor, supplier or design professional has elected to repair the defect for which the contractor believes the subcontractor, supplier or design professional is responsible; and

(b) If the subcontractor, supplier or design professional elects to repair the defect, an estimate of the length of time required for the repair, and at least two proposed dates on and times at which the subcontractor, supplier or design professional is able to begin making the repair.

4. If the notice of a constructional defect forwarded by the contractor was given pursuant to subsection 4 of [NRS 40.645](#) and the contractor provides a disclosure of the notice of the alleged common constructional defects to the unnamed owners to whom the notice may apply pursuant to [NRS 40.6452](#):

(a) The contractor shall, in addition to the notice provided pursuant to subsection 1, upon receipt of a request for an inspection, forward a copy of the request to or notify each subcontractor, supplier or design professional who may be responsible for the alleged defect of the request not later than 5 working days after receiving such a request; and

(b) Not later than 20 days after receiving notice from the contractor of such a request, the subcontractor, supplier or design professional shall inspect the alleged constructional defect in accordance with subsection 2 of [NRS 40.6462](#) and provide the contractor with a written statement indicating:

(1) Whether the subcontractor, supplier or design professional has elected to repair the defect for which the contractor believes the subcontractor, supplier or design professional is responsible; and

(2) If the subcontractor, supplier or design professional elects to repair the defect, an estimate of the length of time required for the repair, and at least two proposed dates on and times at which the subcontractor, supplier or design professional is able to begin making the repair.

5. If a subcontractor, supplier or design professional elects to repair the constructional defect, the contractor or claimant may hold the subcontractor liable for any repair which does not eliminate the defect.

(Added to NRS by [2003, 2035](#))

NRS 40.6462 Access to residence or appurtenance with alleged defect after notice of defect is given; effect on owners who did not provide notice.

1. Except as otherwise provided in subsection 2, after notice of a constructional defect is given to a contractor pursuant to [NRS 40.645](#), the claimant shall, upon reasonable notice, allow the contractor and each subcontractor, supplier or design professional who may be responsible for the alleged defect reasonable access to the residence or appurtenance that is the subject of the notice to determine the nature and extent of a constructional defect and the nature and extent of repairs that may be necessary. To the extent possible, the persons entitled to inspect shall coordinate and conduct the inspections in a manner which minimizes the inconvenience to the claimant.

2. If notice is given to the contractor pursuant to subsection 4 of [NRS 40.645](#), the contractor and each subcontractor, supplier or design professional who may be responsible for the defect do not have the right to inspect the residence or appurtenance of an owner who is not named in the notice unless the owner requests the inspection in the manner set forth in [NRS 40.6452](#). If the owner does not request the inspection, the owner shall be deemed not to have provided notice pursuant to [NRS 40.645](#).

(Added to NRS by [2003, 2036](#))

NRS 40.647 Claimant required to allow inspection of and reasonable opportunity to repair defect; effect of noncompliance.

1. Except as otherwise provided in [NRS 40.6452](#), after notice of a constructional defect is given pursuant to [NRS 40.645](#), before a claimant may commence an action or amend a complaint to add a cause of action for a constructional defect against a contractor, subcontractor, supplier or design professional, the claimant must:

(a) Allow an inspection of the alleged constructional defect to be conducted pursuant to [NRS 40.6462](#); and

(b) Allow the contractor, subcontractor, supplier or design professional a reasonable opportunity to repair the constructional defect or cause the defect to be repaired if an election to repair is made pursuant to [NRS 40.6472](#).

2. If a claimant commences an action without complying with subsection 1 or [NRS 40.645](#), the court shall:

(a) Dismiss the action without prejudice and compel the claimant to comply with those provisions before filing another action; or

(b) If dismissal of the action would prevent the claimant from filing another action because the action would be procedurally barred by the statute of limitations or statute of repose, the court shall stay the proceeding pending compliance with those provisions by the claimant.

(Added to NRS by [2003, 2039](#))

NRS 40.6472 Response to notice of defect: Time for sending; content; effect of election to repair or not to repair.

1. Except as otherwise provided in [NRS 40.6452](#), [40.670](#) and [40.672](#), a written response must be sent by certified mail, return receipt requested, to a claimant who gives notice of a constructional defect pursuant to [NRS 40.645](#):

(a) By the contractor not later than 90 days after the contractor receives the notice; and

(b) If notice was sent to a subcontractor, supplier or design professional, by the subcontractor, supplier or design professional not later than 90 days after the date that the subcontractor, supplier or design professional receives the notice.

2. The written response sent pursuant to subsection 1 must respond to each constructional defect in the notice and:

(a) Must state whether the contractor, subcontractor, supplier or design professional has elected to repair the defect or cause the defect to be repaired. If an election to repair is included in the response and the repair will cause the claimant to move from the claimant's home during the repair, the election must also include monetary compensation in an amount reasonably necessary for temporary housing or for storage of household items, or for both, if necessary.

(b) May include a proposal for monetary compensation, which may include contribution from a subcontractor, supplier or design professional.

(c) May disclaim liability for the constructional defect and state the reasons for such a disclaimer.

3. If the claimant is a homeowners' association, the association shall send a copy of the response to each member of the association not later than 30 days after receiving the response.

4. If the contractor, subcontractor, supplier or design professional has elected not to repair the constructional defect, the claimant or contractor may bring a cause of action for the constructional defect or amend a complaint to add a cause of action for the constructional defect.

5. If the contractor, subcontractor, supplier or design professional has elected to repair the constructional defect, the claimant must provide the contractor, subcontractor, supplier or design professional with a reasonable opportunity to repair the constructional defect.

(Added to NRS by [2003, 2037](#))

NRS 40.648 Election to repair defect: Who may repair; manner for performing repairs; deadline for repair; extension of deadline; written statement of repairs performed.

1. If the response provided pursuant to [NRS 40.6472](#) includes an election to repair the constructional defect:

(a) The repairs may be performed by the contractor, subcontractor, supplier or design professional, if such person is properly licensed, bonded and insured to perform the repairs and, if such person is not, the repairs may be performed by

another person who meets those qualifications.

(b) The repairs must be performed:

(1) On reasonable dates and at reasonable times agreed to in advance with the claimant;

(2) In compliance with any applicable building code and in a good and workmanlike manner in accordance with the generally accepted standard of care in the industry for that type of repair; and

(3) In a manner which will not increase the cost of maintaining the residence or appurtenance than otherwise would have been required if the residence or appurtenance had been constructed without the constructional defect, unless the contractor and the claimant agree in writing that the contractor will compensate the claimant for the increased cost incurred as a result of the repair.

(c) Any part of the residence or appurtenance that is not defective but which must be removed to correct the constructional defect must be replaced.

(d) The contractor, subcontractor, supplier or design professional shall prevent, remove and indemnify the claimant against any mechanics' liens and materialmen's liens.

2. Unless the claimant and the contractor, subcontractor, supplier or design professional agree to extend the time for repairs, the repairs must be completed:

(a) If the notice was sent pursuant to subsection 4 of [NRS 40.645](#) and there are four or fewer owners named in the notice, for the named owners, not later than 105 days after the date on which the contractor received the notice.

(b) If the notice was sent pursuant to subsection 4 of [NRS 40.645](#) and there are five or more owners named in the notice, for the named owners, not later than 150 days after the date on which the contractor received the notice.

(c) If the notice was sent pursuant to subsection 4 of [NRS 40.645](#), not later than 105 days after the date on which the contractor provides a disclosure of the notice to the unnamed owners to whom the notice applies pursuant to [NRS 40.6452](#).

(d) If the notice was not sent pursuant to subsection 4 of [NRS 40.645](#):

(1) Not later than 105 days after the date on which the notice of the constructional defect was received by the contractor, subcontractor, supplier or design professional if the notice of a constructional defect was received from four or fewer owners; or

(2) Not later than 150 days after the date on which the notice of the constructional defect was received by the contractor, subcontractor, supplier or design professional if the notice was received from five or more owners or from a representative of a homeowners' association.

3. If repairs reasonably cannot be completed within the time set forth in subsection 2, the claimant and the contractor, subcontractor, supplier or design professional shall agree to a reasonable time within which to complete the repair. If the claimant and contractor, subcontractor, supplier or design professional cannot agree on such a time, any of them may petition the court to establish a

reasonable time for completing the repair.

4. Any election to repair made pursuant to [NRS 40.6472](#) may not be made conditional upon a release of liability.

5. Not later than 30 days after the repairs are completed, the contractor, subcontractor, supplier or design professional who repaired or caused the repair of a constructional defect shall provide the claimant with a written statement describing the nature and extent of the repair, the method used to repair the constructional defect and the extent of any materials or parts that were replaced during the repair.

(Added to NRS by [2003, 2037](#))

NRS 40.649 Notice of defect may be presented to insurer; duties of insurer.

1. If a contractor, subcontractor, supplier or design professional receives written notice of a constructional defect, the contractor, subcontractor, supplier or design professional may present the claim to an insurer which has issued a policy of insurance that covers all or any portion of the business of the contractor, subcontractor, supplier or design professional.

2. If the contractor, subcontractor, supplier or design professional presents the claim to the insurer pursuant to this section, the insurer:

(a) Must treat the claim as if a civil action has been brought against the contractor, subcontractor, supplier or design professional; and

(b) Must provide coverage to the extent available under the policy of insurance as if a civil action has been brought against the contractor, subcontractor, supplier or design professional.

3. A contractor, subcontractor, supplier or design professional is not required to present a claim to the insurer pursuant to this section, and the failure to present such a claim to the insurer does not relieve the insurer of any duty under the policy of insurance to the contractor, subcontractor, supplier or design professional.

(Added to NRS by [2003, 2040](#))

NRS 40.650 Effect of rejecting reasonable offer of settlement; effect of failing to take certain actions concerning defect; effect of coverage available under homeowner's warranty.

1. If a claimant unreasonably rejects a reasonable written offer of settlement made as part of a response pursuant to paragraph (b) of subsection 2 of [NRS 40.6472](#) and thereafter commences an action governed by [NRS 40.600](#) to [40.695](#), inclusive, the court in which the action is commenced may:

(a) Deny the claimant's attorney's fees and costs; and

(b) Award attorney's fees and costs to the contractor.

↪ Any sums paid under a homeowner's warranty, other than sums paid in satisfaction of claims that are collateral to any coverage issued to or by the contractor, must be deducted from any recovery.

2. If a contractor, subcontractor, supplier or design professional fails to:
 - (a) Comply with the provisions of [NRS 40.6472](#);
 - (b) Make an offer of settlement;
 - (c) Make a good faith response to the claim asserting no liability;
 - (d) Agree to a mediator or accept the appointment of a mediator pursuant to [NRS 40.680](#); or

- (e) Participate in mediation,
↳ the limitations on damages and defenses to liability provided in [NRS 40.600](#) to [40.695](#), inclusive, do not apply and the claimant may commence an action or amend a complaint to add a cause of action for a constructional defect without satisfying any other requirement of [NRS 40.600](#) to [40.695](#), inclusive.

3. If a residence or appurtenance that is the subject of the claim is covered by a homeowner's warranty that is purchased by or on behalf of a claimant pursuant to [NRS 690B.100](#) to [690B.180](#), inclusive, a claimant shall diligently pursue a claim under the contract. If coverage under a homeowner's warranty is denied by an insurer in bad faith, the homeowner and the contractor, subcontractor, supplier or design professional have a right of action for the sums that would have been paid if coverage had been provided, plus reasonable attorney's fees and costs.

4. Nothing in this section prohibits an offer of judgment pursuant to [Rule 68](#) of the Nevada Rules of Civil Procedure or [NRS 17.115](#) if the offer of judgment includes all damages to which the claimant is entitled pursuant to [NRS 40.655](#).

(Added to NRS by [1995, 2541](#); A [1997, 2719](#); [1999, 1442](#); [2003, 2044](#))

NRS 40.655 Limitation on recovery.

1. Except as otherwise provided in [NRS 40.650](#), in a claim governed by [NRS 40.600](#) to [40.695](#), inclusive, the claimant may recover only the following damages to the extent proximately caused by a constructional defect:

- (a) Any reasonable attorney's fees;
 - (b) The reasonable cost of any repairs already made that were necessary and of any repairs yet to be made that are necessary to cure any constructional defect that the contractor failed to cure and the reasonable expenses of temporary housing reasonably necessary during the repair;
 - (c) The reduction in market value of the residence or accessory structure, if any, to the extent the reduction is because of structural failure;
 - (d) The loss of the use of all or any part of the residence;
 - (e) The reasonable value of any other property damaged by the constructional defect;
 - (f) Any additional costs reasonably incurred by the claimant, including, but not limited to, any costs and fees incurred for the retention of experts to:
 - (1) Ascertain the nature and extent of the constructional defects;
 - (2) Evaluate appropriate corrective measures to estimate the value of loss of use; and
 - (3) Estimate the value of loss of use, the cost of temporary housing and

the reduction of market value of the residence; and

(g) Any interest provided by statute.

2. The amount of any attorney's fees awarded pursuant to this section must be approved by the court.

3. If a contractor complies with the provisions of [NRS 40.600](#) to [40.695](#), inclusive, the claimant may not recover from the contractor, as a result of the constructional defect, anything other than that which is provided pursuant to [NRS 40.600](#) to [40.695](#), inclusive.

4. This section must not be construed as impairing any contractual rights between a contractor and a subcontractor, supplier or design professional.

5. As used in this section, "structural failure" means physical damage to the load-bearing portion of a residence or appurtenance caused by a failure of the load-bearing portion of the residence or appurtenance.

(Added to NRS by [1995, 2541](#); A [1997, 2720](#); [2003, 2045](#))

NRS 40.660 Nonacceptance of offer of settlement deemed rejection.

An offer of settlement made pursuant to paragraph (b) of subsection 2 of [NRS 40.6472](#) that is not accepted within 35 days after the offer is received by the claimant is considered rejected if the offer contains a clear and understandable statement notifying the claimant of the consequences of the claimant's failure to respond or otherwise accept or reject the offer of settlement. An affidavit certifying rejection of an offer of settlement under this section may be filed with the court.

(Added to NRS by [1995, 2542](#); A [1999, 1442](#); [2003, 2045](#))

NRS 40.665 Settlement by repurchase; certain offers of settlement deemed reasonable. In addition to any other method provided for settling a claim pursuant to [NRS 40.600](#) to [40.695](#), inclusive, a contractor may, pursuant to a written agreement entered into with a claimant, settle a claim by repurchasing the claimant's residence and the real property upon which it is located. The agreement may include provisions which reimburse the claimant for:

1. The market value of the residence as if no constructional defect existed, except that if a residence is less than 2 years of age and was purchased from the contractor against whom the claim is brought, the market value is the price at which the residence was sold to the claimant;

2. The value of any improvements made to the property by a person other than the contractor;

3. Reasonable attorney's fees and fees for experts; and

4. Any costs, including costs and expenses for moving and costs, points and fees for loans.

↪ Any offer of settlement made that includes the items listed in this section shall be deemed reasonable for the purposes of subsection 1 of [NRS 40.650](#).

(Added to NRS by [1995, 2542](#); A [1997, 2721](#); [2003, 2046](#))

NRS 40.667 Effect of written waiver or settlement agreement when contractor fails to correct or repair defect properly; conditions to bringing action; effect of failure to prevail in action.

1. Except as otherwise provided in subsection 2, a written waiver or settlement agreement executed by a claimant after a contractor has corrected or otherwise repaired a constructional defect does not bar a claim for the constructional defect if it is determined that the contractor failed to correct or repair the defect properly.

2. The provisions of subsection 1 do not apply to any written waiver or settlement agreement described in subsection 1, unless:

(a) The claimant has obtained the opinion of an expert concerning the constructional defect;

(b) The claimant has provided the contractor with a written notice of the defect pursuant to [NRS 40.645](#) and a copy of the expert's opinion; and

(c) The claimant and the contractor have complied with the requirements for inspection and repair as provided in [NRS 40.600](#) to [40.695](#), inclusive.

3. The provisions of this section do not apply to repairs which are made pursuant to an election to repair pursuant to [NRS 40.6472](#).

4. If a claimant does not prevail in any action which is not barred pursuant to this section, the court may:

(a) Deny the claimant's attorney's fees, fees for an expert witness or costs; and

(b) Award attorney's fees and costs to the contractor.

(Added to NRS by [1995, 2544](#); A [1997, 2723](#); [1999, 1442](#); [2003, 2046](#))

NRS 40.668 Action against subdivider or master developer for defect in appurtenance in planned unit development: Conditions and limitations; tolling of statutes of limitation or repose; applicability.

1. Notwithstanding the provisions of [NRS 40.600](#) to [40.695](#), inclusive, a claimant may not commence an action against a subdivider or master developer for a constructional defect in an appurtenance constructed on behalf of the subdivider or master developer in a planned unit development, to the extent that the appurtenance was constructed by or through a licensed general contractor, unless:

(a) The subdivider or master developer fails to provide to the claimant the name, address and telephone number of each contractor hired by the subdivider or master developer to construct the appurtenance within 30 days of the receipt by the subdivider or master developer of a request from the claimant for such information; or

(b) After the claimant has made a good faith effort to obtain full recovery from the contractors hired by the subdivider or master developer to construct the appurtenance, the claimant has not obtained a full recovery.

2. All statutes of limitation or repose applicable to a claim governed by this

section are tolled from the time the claimant notifies a contractor hired by the subdivider or master developer of the claim until the earlier of the date:

(a) A court determines that the claimant cannot obtain a full recovery against those contractors; or

(b) The claimant receives notice that those contractors are bankrupt, insolvent or dissolved.

➔ Tolling pursuant to this subsection applies only to the subdivider or master developer. Notwithstanding any applicable statute of limitation or repose, the claimant may commence an action against the subdivider or master developer for the claim within 1 year after the end of the tolling described in this subsection.

3. Nothing in this section prohibits the commencement of an action against a subdivider or master developer for a constructional defect in a residence sold, designed or constructed by or on behalf of the subdivider or master developer.

4. Nothing in this section prohibits a person other than the claimant from commencing an action against a subdivider or master developer to enforce the person's own rights.

5. The provisions of this section do not apply to a subdivider or master developer who acts as a general contractor or uses the subdivider's or master developer's license as a general contractor in the course of constructing the appurtenance that is the subject of the action.

6. As used in this section:

(a) "Master developer" means a person who buys, sells or develops a planned unit development, including, without limitation, a person who enters into a development agreement pursuant to [NRS 278.0201](#).

(b) "Planned unit development" has the meaning ascribed to it in [NRS 278A.065](#).

(c) "Subdivider" has the meaning ascribed to it in [NRS 278.0185](#).

(Added to NRS by [1999, 1438](#))

Repairs

NRS 40.670 Defect which creates imminent threat to health or safety: Duty to cure; effect of failure to cure; exceptions.

1. A contractor, subcontractor, supplier or design professional who receives written notice of a constructional defect resulting from work performed by the contractor, subcontractor, supplier or design professional which creates an imminent threat to the health or safety of the inhabitants of the residence shall take reasonable steps to cure the defect as soon as practicable. The contractor, subcontractor, supplier or design professional shall not cure the defect by making any repairs for which such person is not licensed or by causing any repairs to be made by a person who is not licensed to make those repairs. If the contractor, subcontractor, supplier or design professional fails to cure the defect in a reasonable time, the owner of the residence may have the defect cured and may

recover from the contractor, subcontractor, supplier or design professional the reasonable cost of the repairs plus reasonable attorney's fees and costs in addition to any other damages recoverable under any other law.

2. A contractor, subcontractor, supplier or design professional who does not cure a defect pursuant to this section because such person has determined, in good faith and after a reasonable inspection, that there is not an imminent threat to the health or safety of the inhabitants is not liable for attorney's fees and costs pursuant to this section, except that if a building inspector, building official or other similar authority employed by a governmental body with jurisdiction certifies that there is an imminent threat to the health and safety of the inhabitants of the residence, the contractor, subcontractor, supplier or design professional is subject to the provisions of subsection 1.

(Added to NRS by [1995, 2542](#); A [1997, 2721](#); [2001, 1249](#); [2003, 2046](#))

NRS 40.672 Defect in new residence: Duty to repair; deadline for repair; extensions; disciplinary action for failure to comply. Except as otherwise provided in [NRS 40.670](#), if a contractor, subcontractor, supplier or design professional receives written notice of a constructional defect not more than 1 year after the close of escrow of the initial purchase of the residence, the contractor, subcontractor, supplier or design professional shall make the repairs within 45 days after receiving the written notice unless completion is delayed by the claimant or by other events beyond the control of the contractor, subcontractor, supplier or design professional, or timely completion of repairs is not reasonably possible. The contractor, subcontractor, supplier or design professional and claimant may agree in writing to extend the period prescribed by this section. If a contractor or subcontractor fails to comply with this section, the contractor or subcontractor is immediately subject to discipline pursuant to [NRS 624.300](#).

(Added to NRS by [1999, 1437](#); A [2003, 2047](#))

NRS 40.675 Inspection of repairs.

1. A contractor who makes or provides for repairs under [NRS 40.600](#) to [40.695](#), inclusive, may take reasonable steps to prove that the repairs were made and to have them inspected.

2. The provisions of [NRS 40.600](#) to [40.695](#), inclusive, regarding inspection and repair are in addition to any rights of inspection and settlement provided by common law or by another statute.

(Added to NRS by [1995, 2542](#))

Special Procedures

NRS 40.680 Mediation of certain claims required before action commenced or complaint amended; procedure; appointment of special master; effect of failure to mediate in good faith.

1. Except as otherwise provided in this chapter, before a claimant commences an action or amends a complaint to add a cause of action for a constructional defect against a contractor, subcontractor, supplier or design professional, the matter must be submitted to mediation, unless mediation is waived in writing by the contractor, subcontractor, supplier or design professional and the claimant.

2. The claimant and each party alleged to have caused the constructional defect must select a mediator by agreement. If the claimant and the other parties fail to agree upon a mediator within 20 days after a mediator is first selected by the claimant, any party may petition the American Arbitration Association, the Nevada Arbitration Association, Nevada Dispute Resolution Services or any other mediation service acceptable to the parties for the appointment of a mediator. A mediator so appointed may discover only those documents or records which are necessary to conduct the mediation. The mediator shall convene the mediation within 30 days after the matter is submitted to the mediator and shall complete the mediation within 45 days after the matter is submitted to the mediator, unless the parties agree to extend the time.

3. Before the mediation begins:

(a) The claimant shall deposit \$50 with the mediation service; and

(b) Each other party shall deposit with the mediation service, in equal shares, the remaining amount estimated by the mediation service as necessary to pay the fees and expenses of the mediator for the first session of mediation and shall deposit additional amounts demanded by the mediation service as incurred for that purpose.

4. Unless otherwise agreed, the total fees for each day of mediation and the mediator must not exceed \$750 per day.

5. If the parties do not reach an agreement concerning the matter during mediation or if any party who is alleged to have caused the constructional defect fails to pay the required fees and appear, the claimant may commence an action or amend a complaint to add a cause of action for the constructional defect in court and:

(a) The reasonable costs and fees of the mediation are recoverable by the prevailing party as costs of the action.

(b) Any party may petition the court in which the action is commenced for the appointment of a special master.

6. A special master appointed pursuant to subsection 5 may:

(a) Review all pleadings, papers or documents filed with the court concerning the action.

(b) Coordinate the discovery of any books, records, papers or other documents by the parties, including the disclosure of witnesses and the taking of the deposition of any party.

(c) Order any inspections on the site of the property by a party and any consultants or experts of a party.

(d) Order settlement conferences and attendance at those conferences by any representative of the insurer of a party.

(e) Require any attorney representing a party to provide statements of legal and factual issues concerning the action.

(f) Refer to the judge who appointed the special master or to the presiding judge of the court in which the action is commenced any matter requiring assistance from the court.

↪ The special master shall not, unless otherwise agreed by the parties, personally conduct any settlement conferences or engage in any ex parte meetings regarding the action.

7. Upon application by a party to the court in which the action is commenced, any decision or other action taken by a special master appointed pursuant to this section may be appealed to the court for a decision.

8. A report issued by a mediator or special master that indicates that a party has failed to appear before the mediator or special master or to mediate in good faith is admissible in the action, but a statement or admission made by a party in the course of mediation is not admissible.

(Added to NRS by [1995, 2543](#); A [1997, 2721](#); [2003, 2047](#))

NRS 40.681 Premediation discovery. Not later than 15 days before the commencement of mediation required pursuant to [NRS 40.680](#) and upon providing 15 days' notice, each party shall provide to the other party, or shall make a reasonable effort to assist the other party to obtain, all relevant reports, photos, correspondence, plans, specifications, warranties, contracts, subcontracts, work orders for repair, videotapes, technical reports, soil and other engineering reports and other documents or materials relating to the claim that are not privileged.

(Added to NRS by [2003, 2041](#))

NRS 40.684 Duties of insurer with respect to settlement conference.

1. If a settlement conference is held concerning a claim for a constructional defect, the special master, if any, or the judge presiding over the claim may order a representative of an insurer of a party to attend the settlement conference. If a representative of an insurer is ordered to attend the settlement conference, the insurer shall ensure that the representative is authorized, on behalf of the insurer, to:

(a) Bind the insurer to any settlement agreement relating to the claim;

(b) Enter into any agreement relating to coverage that may be available under

the party's policy of insurance which is required to carry out any settlement relating to the claim; and

(c) Commit for expenditure money or other assets available under the party's policy of insurance.

2. If a representative of an insurer who is ordered to attend a settlement conference pursuant to subsection 1 fails to attend the settlement conference or attends but is substantially unprepared to participate, or fails to participate in good faith, the special master or the judge may, on the special master's or the judge's own motion or that of a party, issue any order with regard thereto that is just under the circumstances.

3. In lieu of or in addition to any other sanction, the special master or the judge may require the insurer to pay any reasonable expenses or attorney's fees incurred by a party because of the failure of the insurer or its representative to comply with the provisions of this section or any order issued pursuant to this section, unless the special master or the judge finds that the failure to comply was substantially justified or that any other circumstances make the award of such expenses or fees unjust.

4. Any insurer which conducts business in this State and which insures a party against liability for the claim shall be deemed to have consented to the jurisdiction of the special master or the judge for the purposes of this section.

5. The authority conferred upon the special master or the judge pursuant to this section is in addition to any other authority conferred upon the special master or the judge pursuant to any other statute or any court rule.

(Added to NRS by [2003, 2040](#))

Disclosures

NRS 40.687 Disclosure of information concerning warranties after action is commenced; disclosure of information concerning insurance agreements; compelled production of information. Notwithstanding any other provision of law:

1. A claimant shall, within 10 days after commencing an action against a contractor, disclose to the contractor all information about any homeowner's warranty that is applicable to the claim.

2. The contractor shall, no later than 10 days after a response is made pursuant to this chapter, disclose to the claimant any information about insurance agreements that may be obtained by discovery pursuant to [rule 26\(b\)\(2\)](#) of the Nevada Rules of Civil Procedure. Such disclosure does not affect the admissibility at trial of the information disclosed.

3. Except as otherwise provided in subsection 4, if either party fails to provide the information required pursuant to subsection 1 or 2 within the time allowed, the other party may petition the court to compel production of the information. Upon receiving such a petition, the court may order the party to

produce the required information and may award the petitioning party reasonable attorney's fees and costs incurred in petitioning the court pursuant to this subsection.

4. The parties may agree to an extension of time to produce the information required pursuant to this section.

5. For the purposes of this section, "information about insurance agreements" is limited to any declaration sheets, endorsements and contracts of insurance issued to the contractor from the commencement of construction of the residence of the claimant to the date on which the request for the information is made and does not include information concerning any disputes between the contractor and an insurer or information concerning any reservation of rights by an insurer.

(Added to NRS by [1997, 2716](#); A [1999, 1443](#))

NRS 40.688 Disclosure of defects by claimant to prospective purchaser of residence required; timing and contents of disclosure; duty of attorney to inform claimant of disclosure requirement.

1. If a claimant attempts to sell a residence that is or has been the subject of a claim governed by [NRS 40.600](#) to [40.695](#), inclusive, the claimant shall disclose, in writing, to any prospective purchaser of the residence, not less than 30 days before the close of escrow for the sale of the residence or, if escrow is to close less than 30 days after the execution of the sales agreement, then immediately upon the execution of the sales agreement or, if a claim is initiated less than 30 days before the close of escrow, within 24 hours after giving written notice to the contractor pursuant to [NRS 40.645](#):

(a) All notices given by the claimant to the contractor pursuant to [NRS 40.600](#) to [40.695](#), inclusive, that are related to the residence;

(b) All opinions the claimant has obtained from experts regarding a constructional defect that is or has been the subject of the claim;

(c) The terms of any settlement, order or judgment relating to the claim; and

(d) A detailed report of all repairs made to the residence by or on behalf of the claimant as a result of a constructional defect that is or has been the subject of the claim.

2. Before taking any action on a claim pursuant to [NRS 40.600](#) to [40.695](#), inclusive, the attorney for a claimant shall notify the claimant in writing of the provisions of this section.

(Added to NRS by [1999, 1439](#); A [2003, 2048](#))

Additional Requirement for Actions Against Design Professionals

NRS 40.6882 "Complainant" defined. As used in [NRS 40.6884](#) and [40.6885](#), unless the context otherwise requires, "complainant" means a person who makes a claim or files an action against a design professional pursuant to

[NRS 40.600](#) to [40.695](#), inclusive.

(Added to NRS by [2001 Special Session, 66](#); A [2003, 2049](#))

NRS 40.6884 Attorney required to consult expert; required affidavit of attorney; required report of expert.

1. Except as otherwise provided in subsection 2, in an action governed by [NRS 40.600](#) to [40.695](#), inclusive, that is commenced against a design professional or a person primarily engaged in the practice of professional engineering, land surveying, architecture or landscape architecture, including, without limitation, an action for professional negligence, the attorney for the complainant shall file an affidavit with the court concurrently with the service of the first pleading in the action stating that the attorney:

- (a) Has reviewed the facts of the case;
- (b) Has consulted with an expert;
- (c) Reasonably believes the expert who was consulted is knowledgeable in the relevant discipline involved in the action; and
- (d) Has concluded on the basis of the attorney's review and the consultation with the expert that the action has a reasonable basis in law and fact.

2. The attorney for the complainant may file the affidavit required pursuant to subsection 1 at a later time if the attorney could not consult with an expert and prepare the affidavit before filing the action without causing the action to be impaired or barred by the statute of limitations or repose, or other limitations prescribed by law. If the attorney must submit the affidavit late, the attorney shall file an affidavit concurrently with the service of the first pleading in the action stating the attorney's reason for failing to comply with subsection 1 and the attorney shall consult with an expert and file the affidavit required pursuant to subsection 1 not later than 45 days after filing the action.

3. In addition to the statement included in the affidavit pursuant to subsection 1, a report must be attached to the affidavit. Except as otherwise provided in subsection 4, the report must be prepared by the expert consulted by the attorney and include, without limitation:

- (a) The resume of the expert;
- (b) A statement that the expert is experienced in each discipline which is the subject of the report;
- (c) A copy of each nonprivileged document reviewed by the expert in preparing the expert's report, including, without limitation, each record, report and related document that the expert has determined is relevant to the allegations of negligent conduct that are the basis for the action;
- (d) The conclusions of the expert and the basis for the conclusions; and
- (e) A statement that the expert has concluded that there is a reasonable basis for filing the action.

4. In an action brought by a claimant in which an affidavit is required to be filed pursuant to subsection 1:

(a) The report required pursuant to subsection 3 is not required to include the information set forth in paragraphs (c) and (d) of subsection 3 if the claimant or the claimant's attorney files an affidavit, at the time that the affidavit is filed pursuant to subsection 1, stating that the claimant or the claimant's attorney made reasonable efforts to obtain the nonprivileged documents described in paragraph (c) of subsection 3, but was unable to obtain such documents before filing the action;

(b) The claimant or the claimant's attorney shall amend the report required pursuant to subsection 3 to include any documents and information required pursuant to paragraph (c) or (d) of subsection 3 as soon as reasonably practicable after receiving the document or information; and

(c) The court may dismiss the action if the claimant and the claimant's attorney fail to comply with the requirements of paragraph (b).

5. An expert consulted by an attorney to prepare an affidavit pursuant to this section must not be a party to the action.

6. As used in this section, "expert" means a person who is licensed in a state to engage in the practice of professional engineering, land surveying, architecture or landscape architecture.

(Added to NRS by [2001 Special Session, 66](#))

NRS 40.6885 Effect of compliance with or failure to comply with [NRS 40.6884](#).

1. The court shall dismiss an action governed by [NRS 40.600](#) to [40.695](#), inclusive, that is commenced against a design professional or a person primarily engaged in the practice of professional engineering, land surveying, architecture or landscape architecture, including, without limitation, an action for professional negligence, if the attorney for the complainant fails to:

(a) File an affidavit required pursuant to [NRS 40.6884](#);

(b) File a report required pursuant to subsection 3 of [NRS 40.6884](#); or

(c) Name the expert consulted in the affidavit required pursuant to subsection 1 of [NRS 40.6884](#).

2. The fact that an attorney for a complainant has complied or failed to comply with the provisions of [NRS 40.6884](#) is admissible in the action.

(Added to NRS by [2001 Special Session, 67](#))

Miscellaneous Provisions

NRS 40.6887 Submission of questions or disputes concerning defects to State Contractors' Board; regulations.

1. A claimant or any contractor, subcontractor, supplier or design professional may submit a question or dispute to the State Contractors' Board concerning any matter which may affect or relate to a constructional defect, including, without limitation, questions concerning the need for repairs, the

appropriate method for repairs, the sufficiency of any repairs that have been made and the respective rights and responsibilities of homeowners, claimants, contractors, subcontractors, suppliers and design professionals.

2. If a question or dispute is submitted to the State Contractors' Board pursuant to this section, the State Contractors' Board shall, pursuant to its regulations, rules and procedures, respond to the question or investigate the dispute and render a decision. Nothing in this section authorizes the State Contractors' Board to require the owner of a residence or appurtenance to participate in any administrative hearing which is held pursuant to this section.

3. Not later than 30 days after a question or dispute is submitted to the State Contractors' Board pursuant to subsection 1, the State Contractors' Board shall respond to the question or render its decision. The response or decision of the State Contractors' Board:

(a) Is not binding and is not subject to judicial review pursuant to the provisions of [chapters 233B](#) and [624](#) of NRS; and

(b) Is not admissible in any judicial or administrative proceeding brought pursuant to the provisions of this chapter.

4. The provisions of this chapter do not preclude a claimant or a contractor, subcontractor, supplier or design professional from pursuing any remedy otherwise available from the State Contractors' Board pursuant to the provisions of [chapter 624](#) of NRS concerning a constructional defect.

5. If an action for a constructional defect has been commenced, the court shall not stay or delay any proceedings before the court pending an answer to a question or decision concerning a dispute submitted to the State Contractors' Board.

6. The State Contractors' Board shall adopt regulations necessary to carry out the provisions of this section and may charge and collect reasonable fees from licensees to cover the cost of carrying out its duties pursuant to this section.

(Added to NRS by [2003, 2039](#); A [2005, 477](#))

NRS 40.689 Preference given to action; action may be assigned to senior judge; assessment of additional expenses.

1. Upon petition by a party:

(a) The court shall give preference in setting a date for the trial of an action commenced pursuant to [NRS 40.600](#) to [40.695](#), inclusive; and

(b) The court may assign an action commenced pursuant to [NRS 40.600](#) to [40.695](#), inclusive, to a senior judge.

2. If the action is assigned to a senior judge upon petition by a party:

(a) Any additional expenses caused by the assignment must be borne equally by each party involved; or

(b) The judge may distribute any additional expenses among the parties as the judge deems appropriate.

(Added to NRS by [1997, 2716](#))

NRS 40.690 Limitation on bringing claim against governmental entity during period for resolution; effect of settlement; contractor or claimant may require party to appear and participate.

1. A claim governed by [NRS 40.600](#) to [40.695](#), inclusive, may not be brought by a claimant or contractor against a government, governmental agency or political subdivision of a government, during the period in which a claim for a constructional defect is being settled, mediated or otherwise resolved pursuant to [NRS 40.600](#) to [40.695](#), inclusive. The settlement of such a claim does not affect the rights or obligations of the claimant or contractor in any action brought by the claimant or contractor against a third party.

2. A contractor or claimant may require a party against whom the contractor or claimant asserts a claim governed by [NRS 40.600](#) to [40.695](#), inclusive, to appear and participate in proceedings held pursuant to those sections as if the party were a contractor and the party requiring the appearance were a claimant. The party must receive notice of the proceedings from the contractor or claimant.

(Added to NRS by [1995, 2544](#); A [1997, 2723](#); [1999, 1443](#))

NRS 40.692 Notice not required to be given to intervener in action. A claimant who commences an action for a constructional defect is not required to give written notice of a defect pursuant to [NRS 40.645](#) to any person who intervenes in the action as a party after it is commenced. If such a person becomes a party to the action:

1. For the purposes of [NRS 40.645](#), the person shall be deemed to have been given notice of the defect by the claimant on the date on which the person becomes a party to the action; and

2. The provisions of [NRS 40.600](#) to [40.695](#), inclusive, apply to the person after that date.

(Added to NRS by [1999, 1438](#); A [2003, 2049](#))

NRS 40.695 Tolling of statutes of limitation or repose; applicability.

1. Except as otherwise provided in subsection 2, statutes of limitation or repose applicable to a claim based on a constructional defect governed by [NRS 40.600](#) to [40.695](#), inclusive, are tolled from the time notice of the claim is given, until 30 days after mediation is concluded or waived in writing pursuant to [NRS 40.680](#).

2. Tolling under this section applies to a third party regardless of whether the party is required to appear in the proceeding.

(Added to NRS by [1995, 2544](#); A [1997, 2723](#); [1999, 1444](#); [2003, 2049](#))

Woodland Village Construction Claims Disclosure
Exhibit "B"

SELLER'S REAL PROPERTY DISCLOSURE FORM

In accordance with Nevada Law, a seller of residential real property in Nevada must disclose any and all known conditions and aspects of the property which materially affect the value or use of residential property in an adverse manner (*see NRS 113.130 and 113.140*).

Date _____ Do you currently occupy or have you ever occupied this property? YES NO
☐ ☐

Property address _____

Effective October 1, 2011: A purchaser may not waive the requirement to provide this form and a seller may not require a purchaser to waive this form. (*NRS 113.130(3)*)

Type of Seller: ☐ Bank (financial institution); ☐ Asset Management Company; ☐ Owner-occupier; ☐ Other: _____

Purpose of Statement: (1) This statement is a disclosure of the condition of the property in compliance with the Seller Real Property Disclosure Act, effective January 1, 1996. (2) This statement is a disclosure of the condition and information concerning the property known by the Seller which materially affects the value of the property. Unless otherwise advised, the Seller does not possess any expertise in construction, architecture, engineering or any other specific area related to the construction or condition of the improvements on the property or the land. Also, unless otherwise advised, the Seller has not conducted any inspection of generally inaccessible areas such as the foundation or roof. This statement is not a warranty of any kind by the Seller or by any Agent representing the Seller in this transaction and is not a substitute for any inspections or warranties the Buyer may wish to obtain. Systems and appliances addressed on this form by the seller are not part of the contractual agreement as to the inclusion of any system or appliance as part of the binding agreement.

Instructions to the Seller: (1) ANSWER ALL QUESTIONS. (2) REPORT KNOWN CONDITIONS AFFECTING THE PROPERTY. (3) ATTACH ADDITIONAL PAGES WITH YOUR SIGNATURE IF ADDITIONAL SPACE IS REQUIRED. (4) COMPLETE THIS FORM YOURSELF. (5) IF SOME ITEMS DO NOT APPLY TO YOUR PROPERTY, CHECK N/A (NOT APPLICABLE). EFFECTIVE JANUARY 1, 1996, FAILURE TO PROVIDE A PURCHASER WITH A SIGNED DISCLOSURE STATEMENT WILL ENABLE THE PURCHASER TO TERMINATE AN OTHERWISE BINDING PURCHASE AGREEMENT AND SEEK OTHER REMEDIES AS PROVIDED BY THE LAW (*see NRS 113.150*).

Systems / Appliances: Are you aware of any problems and/or defects with any of the following:

	<u>YES</u>	<u>NO</u>	<u>N/A</u>		<u>YES</u>	<u>NO</u>	<u>N/A</u>
Electrical System	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shower(s).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Plumbing.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sink(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sewer System & line.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sauna / hot tub(s).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Septic tank & leach field.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Built-in microwave	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Well & pump	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Range / oven / hood-fan.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yard sprinkler system(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Dishwasher	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fountain(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Garbage disposal.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Heating system.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Trash compactor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cooling system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Central vacuum.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Solar heating system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Alarm system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fireplace & chimney.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	owned.. <input type="checkbox"/> leased.. <input type="checkbox"/>			
Wood burning system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Smoke detector	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Garage door opener.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Intercom.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Water treatment system(s).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Data Communication line(s).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
owned.. <input type="checkbox"/> leased.. <input type="checkbox"/>				Satellite dish(es)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Water heater.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	owned.. <input type="checkbox"/> leased.. <input type="checkbox"/>			
Toilet(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bathtub(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

EXPLANATIONS: Any "Yes" must be fully explained. Attach explanations to form.

Seller(s) Initials

Buyer(s) Initials

Buyers and sellers of residential property are advised to seek the advice of an attorney concerning their rights and obligations as set forth in Chapter 113 of the Nevada Revised Statutes regarding the seller's obligation to execute the Nevada Real Estate Division's approved "Seller's Real Property Disclosure Form". For your convenience, Chapter 113 of the Nevada Revised Statutes provides as follows:

CONDITION OF RESIDENTIAL PROPERTY OFFERED FOR SALE

NRS 113.100 Definitions. As used in NRS 113.100 to 113.150, inclusive, unless the context otherwise requires:

1. "Defect" means a condition that materially affects the value or use of residential property in an adverse manner.
 2. "Disclosure form" means a form that complies with the regulations adopted pursuant to NRS 113.120.
 3. "Dwelling unit" means any building, structure or portion thereof which is occupied as, or designed or intended for occupancy as, a residence by one person who maintains a household or by two or more persons who maintain a common household.
 4. "Residential property" means any land in this state to which is affixed not less than one nor more than four dwelling units.
 5. "Seller" means a person who sells or intends to sell any residential property.
- (Added to NRS by 1995, 842; A 1999, 1446)

NRS 113.110 Conditions required for "conveyance of property" and to complete service of document. For the purposes of NRS 113.100 to 113.150, inclusive:

1. A "conveyance of property" occurs:
 - (a) Upon the closure of any escrow opened for the conveyance; or
 - (b) If an escrow has not been opened for the conveyance, when the purchaser of the property receives the deed of conveyance.
 2. Service of a document is complete:
 - (a) Upon personal delivery of the document to the person being served; or
 - (b) Three days after the document is mailed, postage prepaid, to the person being served at his last known address.
- (Added to NRS by 1995, 844)

NRS 113.120 Regulations prescribing format and contents of form for disclosing condition of property. The Real Estate Division of the Department of Business and Industry shall adopt regulations prescribing the format and contents of a form for disclosing the condition of residential property offered for sale. The regulations must ensure that the form:

1. Provides for an evaluation of the condition of any electrical, heating, cooling, plumbing and sewer systems on the property, and of the condition of any other aspects of the property which affect its use or value, and allows the seller of the property to indicate whether or not each of those systems and other aspects of the property has a defect of which the seller is aware.
 2. Provides notice:
 - (a) Of the provisions of NRS 113.140 and subsection 5 of NRS 113.150.
 - (b) That the disclosures set forth in the form are made by the seller and not by his agent.
 - (c) That the seller's agent, and the agent of the purchaser or potential purchaser of the residential property, may reveal the completed form and its contents to any purchaser or potential purchaser of the residential property.
- (Added to NRS by 1995, 842)

NRS 113.130 Completion and service of disclosure form before conveyance of property; discovery or worsening of defect after service of form; exceptions; waiver.

1. Except as otherwise provided in subsection 2:
 - (a) At least 10 days before residential property is conveyed to a purchaser:
 - (1) The seller shall complete a disclosure form regarding the residential property; and
 - (2) The seller or the seller's agent shall serve the purchaser or the purchaser's agent with the completed disclosure form.
 - (b) If, after service of the completed disclosure form but before conveyance of the property to the purchaser, a seller or the seller's agent discovers a new defect in the residential property that was not identified on the completed disclosure form or discovers that a defect identified on the completed disclosure form has become worse than was indicated on the form, the seller or the seller's agent shall inform the purchaser or the purchaser's agent of that fact, in writing, as soon as practicable after the discovery of that fact but in no event later than the conveyance of the property to the purchaser. If the seller does not agree to repair or replace the defect, the purchaser may:
 - (1) Rescind the agreement to purchase the property; or
 - (2) Close escrow and accept the property with the defect as revealed by the seller or the seller's agent without further recourse.
 2. Subsection 1 does not apply to a sale or intended sale of residential property:
 - (a) By foreclosure pursuant to chapter 107 of NRS.
 - (b) Between any co-owners of the property, spouses or persons related within the third degree of consanguinity.
 - (c) Which is the first sale of a residence that was constructed by a licensed contractor.
 - (d) By a person who takes temporary possession or control of or title to the property solely to facilitate the sale of the property on behalf of a person who relocates to another county, state or country before title to the property is transferred to a purchaser.
 3. A purchaser of residential property may not waive any of the requirements of subsection 1. A seller of residential property may not require a purchaser to waive any of the requirements of subsection 1 as a condition of sale or for any other purpose.
 4. If a sale or intended sale of residential property is exempted from the requirements of subsection 1 pursuant to paragraph (a) of subsection 2, the trustee and the beneficiary of the deed of trust shall, not later than at the time of the conveyance of the property to the purchaser of the residential property, or upon the request of the purchaser of the residential property, provide:
 - (a) Written notice to the purchaser of any defects in the property of which the trustee or beneficiary, respectively, is aware; and
 - (b) If any defects are repaired or replaced or attempted to be repaired or replaced, the contact information of any asset management company who provided asset management services for the property. The asset management company shall provide a service report to the purchaser upon request.
 5. As used in this section:
 - (a) "Seller" includes, without limitation, a client as defined in NRS 645H.060.
 - (b) "Service report" has the meaning ascribed to it in NRS 645H.150.
- (Added to NRS by 1995, 842; A 1997, 349; 2003, 1339; 2005, 598; 2011, 2832)

Seller(s) Initials

Buyer(s) Initials

NRS 113.135 Certain sellers to provide copies of certain provisions of NRS and give notice of certain soil reports; initial purchaser entitled to rescind sales agreement in certain circumstances; waiver of right to rescind.

1. Upon signing a sales agreement with the initial purchaser of residential property that was not occupied by the purchaser for more than 120 days after substantial completion of the construction of the residential property, the seller shall:

(a) Provide to the initial purchaser a copy of [NRS 11.202 to 11.206](#), inclusive, and [40.600 to 40.695](#), inclusive;

(b) Notify the initial purchaser of any soil report prepared for the residential property or for the subdivision in which the residential property is located; and

(c) If requested in writing by the initial purchaser not later than 5 days after signing the sales agreement, provide to the purchaser without cost each report described in paragraph (b) not later than 5 days after the seller receives the written request.

2. Not later than 20 days after receipt of all reports pursuant to paragraph (c) of subsection 1, the initial purchaser may rescind the sales agreement.

3. The initial purchaser may waive his right to rescind the sales agreement pursuant to subsection 2. Such a waiver is effective only if it is made in a written document that is signed by the purchaser.

(Added to NRS by [1999, 1446](#))

NRS 113.140 Disclosure of unknown defect not required; form does not constitute warranty; duty of buyer and prospective buyer to exercise reasonable care.

1. [NRS 113.130](#) does not require a seller to disclose a defect in residential property of which he is not aware.

2. A completed disclosure form does not constitute an express or implied warranty regarding any condition of residential property.

3. Neither this chapter nor [chapter 645](#) of NRS relieves a buyer or prospective buyer of the duty to exercise reasonable care to protect himself.

(Added to NRS by [1995, 843](#); [A 2001, 2896](#))

NRS 113.150 Remedies for seller's delayed disclosure or nondisclosure of defects in property; waiver.

1. If a seller or the seller's agent fails to serve a completed disclosure form in accordance with the requirements of [NRS 113.130](#), the purchaser may, at any time before the conveyance of the property to the purchaser, rescind the agreement to purchase the property without any penalties.

2. If, before the conveyance of the property to the purchaser, a seller or the seller's agent informs the purchaser or the purchaser's agent, through the disclosure form or another written notice, of a defect in the property of which the cost of repair or replacement was not limited by provisions in the agreement to purchase the property, the purchaser may:

(a) Rescind the agreement to purchase the property at any time before the conveyance of the property to the purchaser; or

(b) Close escrow and accept the property with the defect as revealed by the seller or the seller's agent without further recourse.

3. Rescission of an agreement pursuant to subsection 2 is effective only if made in writing, notarized and served not later than 4 working days after the date on which the purchaser is informed of the defect:

(a) On the holder of any escrow opened for the conveyance; or

(b) If an escrow has not been opened for the conveyance, on the seller or the seller's agent.

4. Except as otherwise provided in subsection 5, if a seller conveys residential property to a purchaser without complying with the requirements of [NRS 113.130](#) or otherwise providing the purchaser or the purchaser's agent with written notice of all defects in the property of which the seller is aware, and there is a defect in the property of which the seller was aware before the property was conveyed to the purchaser and of which the cost of repair or replacement was not limited by provisions in the agreement to purchase the property, the purchaser is entitled to recover from the seller treble the amount necessary to repair or replace the defective part of the property, together with court costs and reasonable attorney's fees. An action to enforce the provisions of this subsection must be commenced not later than 1 year after the purchaser discovers or reasonably should have discovered the defect or 2 years after the conveyance of the property to the purchaser, whichever occurs later.

5. A purchaser may not recover damages from a seller pursuant to subsection 4 on the basis of an error or omission in the disclosure form that was caused by the seller's reliance upon information provided to the seller by:

(a) An officer or employee of this State or any political subdivision of this State in the ordinary course of his or her duties; or

(b) A contractor, engineer, land surveyor, certified inspector as defined in [NRS 645D.040](#) or pesticide applicator, who was authorized to practice that profession in this State at the time the information was provided.

6. A purchaser of residential property may waive any of his or her rights under this section. Any such waiver is effective only if it is made in a written document that is signed by the purchaser and notarized.

(Added to NRS by [1995, 843](#); [A 1997, 350, 1797](#))

The above information provided on pages one (1) and two (2) of this disclosure form is true and correct to the best of seller's knowledge as of the date set forth on page one (1). **SELLER HAS DUTY TO DISCLOSE TO BUYER AS NEW DEFECTS ARE DISCOVERED AND/OR KNOWN DEFECTS BECOME WORSE (See NRS 113.130(1)(b)).**

Seller(s): _____ Date: _____

Seller(s): _____ Date: _____

BUYER MAY WISH TO OBTAIN PROFESSIONAL ADVICE AND INSPECTIONS OF THE PROPERTY TO MORE FULLY DETERMINE THE CONDITION OF THE PROPERTY AND ITS ENVIRONMENTAL STATUS. Buyer(s) has/have read and acknowledge(s) receipt of a copy of this Seller's Real Property Disclosure Form and copy of NRS Chapter 113.100-150, inclusive, attached hereto as pages three (3) and four (4).

Buyer(s): _____ Date: _____

Buyer(s): _____ Date: _____

Seller(s) Initials

Buyer(s) Initials



**YOUR NEW HOME
WORKMANSHIP, SYSTEMS AND
STRUCTURAL WARRANTY**





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BUILDER/SELLER'S EXPRESS LIMITED WARRANTY

SECTION I. YOUR WARRANTY BOOKLET AND CERTIFICATE OF WARRANTY COVERAGE.

This booklet and the **Certificate of Warranty Coverage** are very important legal documents that fully define the provisions of **Your Builder/Seller's** express limited warranty, **Your** rights and **Your Builder/Seller's** rights and obligations. Therefore, it is important to keep this booklet and the **Certificate of Warranty Coverage** with other legal documents that are important to **You**.

Your warranty is not a policy of insurance, a maintenance agreement or a service contract. If **You** have a mortgage on **Your Home**, **Your** lender may insist that **You** have a Homeowners' insurance policy. This warranty is not a Homeowners' insurance policy and it will not satisfy the lender's requirement.

The provisions of this warranty may not be changed by **Your Builder/Seller** or by any other person. If any provision of this warranty is found to be unenforceable, the remaining provisions will remain in full force and effect.

A. TRANSFERRING YOUR BUILDER/SELLER'S EXPRESS LIMITED WARRANTY.

If **You** sell **Your Home** during the term of the express limited warranty, this warranty can be transferred to the next owner, and any subsequent owners. This means all of **Your** rights and obligations under this warranty, up to the remaining amount of the **Warranty Limit**, will transfer to each purchaser of **Your Home** or any person who otherwise obtains title to **Your Home**, including any mortgagee in possession, for the remaining term of the warranty.

When **You** sell **Your Home**, **You** agree to give this warranty booklet and the **Certificate of Warranty Coverage** to **Your** buyer in order to make it possible for the buyer to understand his or her rights and fulfill his or her obligations under the provisions of this express limited warranty.

If **You** are a successive owner of the **Home**, **You** may benefit from the coverage provided by this express limited warranty, but in return **You** are bound by all of the terms and conditions of this warranty including but not limited to the procedures that must be followed to make a claim and the obligation to participate in arbitration as set out in this warranty. To register the warranty in **Your** name please complete and mail the Successive Owner Transfer and Acceptance Form along with a check for \$20.00 to 2-10 HBW at the address shown on the form.

B. WORDS WITH SPECIAL MEANINGS.

Generally speaking, the words used in this warranty have their normal everyday meaning. In some cases, however, a word will be used as shorthand to describe specifically one of the key provisions contained in this express limited warranty. In those cases, the words will be capitalized, and the capitalized word will always have the same special meaning.

Most defined terms are described in this section, however, other sections of this warranty booklet may contain other defined terms. The words being given a special meaning in this section are as follows:

"Builder/Seller" means the **Home Builder/Seller** listed on the **Certificate of Warranty Coverage**, and is the person or company providing **You** with this express limited warranty.

"Certificate of Warranty Coverage" is the document issued by 2-10 HBW confirming that **Your Builder/Seller** took all steps required to make the express limited warranty on **Your Home** effective.

"Common Element" means any portion of a **Multi-Family Building** which is defined as a **Common Element** in either common interest ownership laws or in the declaration establishing such community. Unless excluded in Section VIII, **Common Elements** may include, without limitation, hallways, roofs, exterior finishes, and electrical, plumbing, and mechanical distribution systems.

"Common Element Date of Warranty" means the earlier of the date a certificate of occupancy is issued for the **Multi-Family Building** or the date a unit in the building is first occupied.

"Commercial Space" means any unit within a **Multi-Family Building** that is used primarily for a non-residential purpose, including, without limitation, club houses, retail space, and recreational facilities.

"Defect" means a failure to meet the Construction **Performance Guidelines** for workmanship and systems set forth in Section X of this warranty booklet.

"Effective Date of Warranty" means the date the express limited warranty goes into effect. That date will be the earliest of: (1) the closing date on which **You** purchased the **Home**, (2) the date title to the **Home** was transferred to **You** if title was transferred before **Your** closing date, or (3) the date anyone first began living in the **Home** if before **Your** closing date. Homes With FHA/VA Financing

Only – If **Your Certificate of Warranty** indicates **Your Home** has FHA/VA financing, the **Effective Date of Warranty** is the date of closing.

“Home” means the dwelling unit and garage (if any) or the **Commercial Space** (if any) located at the address shown on the **Certificate of Warranty Coverage**.

“Multi-Family Building” is a building in a common interest community that may consist of dwelling units, shared parking spaces, **Commercial Space(s)** and/or **Common Elements**.

“Performance Guidelines” mean the performance standard(s) the **Home** or element or component must satisfy.

“Structural Defect” is defined in Section IIB of this warranty booklet.

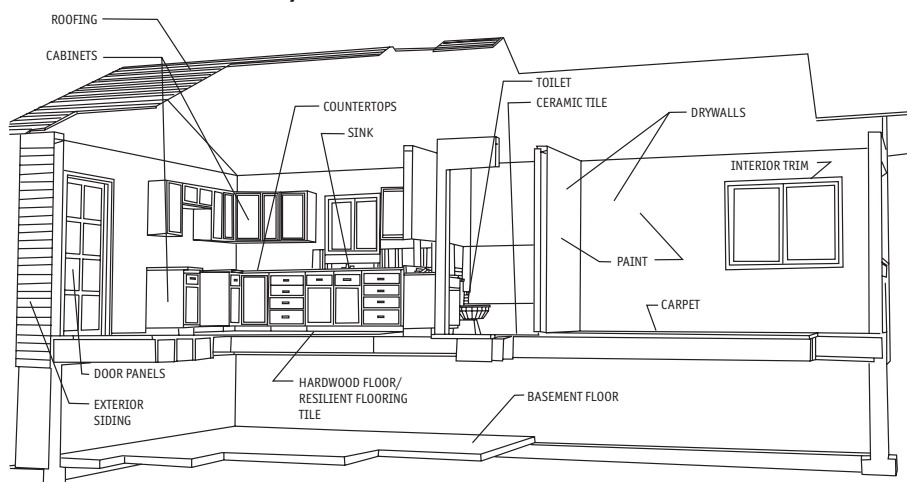
“You”, **“Your”**, and similar words means the person or persons who are the legal owners of the **Home** covered by this express limited warranty.

“Warranty Insurer” is the **Builder/Seller’s Warranty Insurer** as stated on **Your Certificate of Warranty Coverage**.

“Warranty Limit” is the aggregate financial obligation of the **Builder/Seller** for all claims under this warranty and is the sum stated on the **Certificate of Warranty Coverage**.

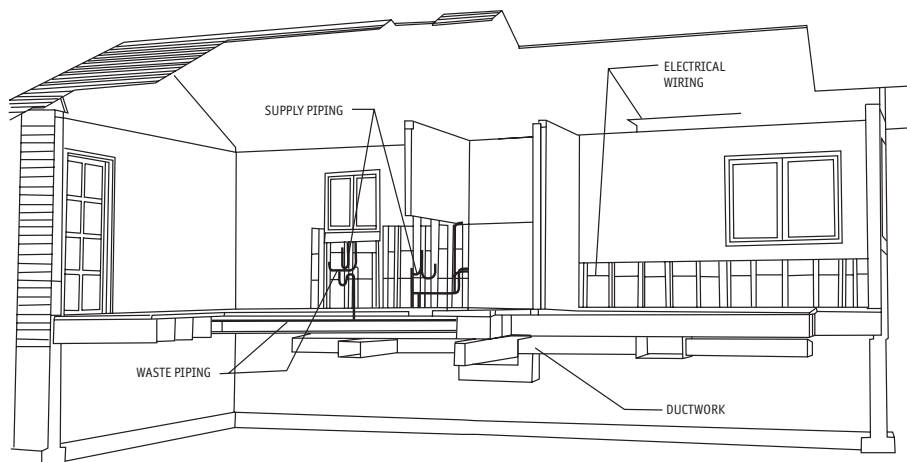
SECTION II. THE WARRANTIES PROVIDED BY YOUR BUILDER/SELLER.

A. ONE YEAR WORKMANSHIP AND TWO YEAR SYSTEMS DEFECT WARRANTY. Your **Builder/Seller** is providing a One Year Workmanship and Two Year Systems **Defect Warranty** for **Your Home**. This means that **Your Home** will be free from **Defects** in materials and workmanship for one year as defined in the Construction **Performance Guidelines** in Section X; and for two years **Your Home** will be free from **Defects** in the electrical, plumbing, and mechanical distribution system as stated in Section X. The Workmanship warranty shall expire one year from the **Effective Date of Warranty**; and the Systems Warranty will expire two years from the **Effective Date of Warranty**.



WORKMANSHIP

Examples of items typically covered under the one year workmanship warranty.



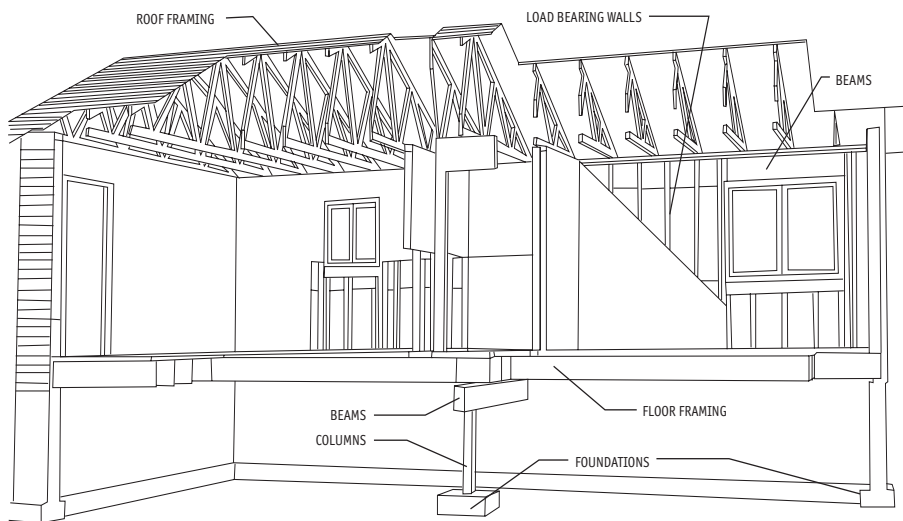
SYSTEMS

Examples of items typically covered under the two year systems warranty.

B. STRUCTURAL DEFECT WARRANTY. Your Builder/Seller is providing a **Structural Defect** warranty. This means that the **Builder/Seller** warrants that **Your Home** will be free from **Structural Defects** from the **Effective Date of Warranty** for ten years.

Structural Defect is defined as actual physical damage to the designated load-bearing elements of the **Home** caused by failure of such load-bearing elements which affects their load-bearing functions to the extent that **Your Home** becomes unsafe, unsanitary, or otherwise unlivable. This is coverage for catastrophic failure of load-bearing elements of **Your Home**. The designated load-bearing elements that are covered under the **Structural Defect** warranty are:

1. Footings and Foundation systems;
2. Beams;
3. Girders;
4. Lintels;
5. Masonry Arches;
6. Columns;
7. Load-bearing walls and partitions;
8. Roof framing systems; and
9. Floor systems.



STRUCTURE

Examples of items typically covered under the ten year structural warranty.

The remaining elements of **Your Home** are not load-bearing elements under this **Structural Defect** warranty. A non-exclusive list of some of the non-load-bearing elements in **Your Home** not covered by this **Structural Defect** warranty are:

1. Non-load-bearing partitions and walls;
2. Wall tile or paper, etc.;
3. Drywall and plaster;
3. Flooring and sub-flooring material;
4. Stucco, brick and stone veneer;
5. Any type of exterior siding;
6. Roof shingles, roof tiles, sheathing, and tar paper;
7. Heating, cooling, ventilating, plumbing, electrical and mechanical systems;
8. Appliances, fixtures or items of equipment;
9. Doors, trim, cabinets, hardware, insulation, paint, stains; and
10. Basement and other interior flooring, ground-supported concrete slabs.

Homes With FHA/VA Financing Only – If **Your Certificate of Warranty** indicates **Your Home** has FHA/VA financing, add the following to the definition of designated load-bearing elements that are covered:

1. Roof sheathing only if **Your Home** has original FHA/VA financing still in effect; and
2. State of Colorado: Basement slabs for the first four years of the **Structural Defect** warranty period only if **Your Home** has original FHA/VA financing still in effect.

C. INDIANA RESIDENTS. If **Your Home** is located in the State of Indiana, **Your Home** will be free from **Defects** in materials and workmanship as defined in the Construction **Performance Guidelines** contained in Section X of this warranty booklet for a period of two years from the **Effective Date of Warranty**, and the roof on **Your Home** will be free from **Defects** in faulty workmanship or defective materials for a period of four years from the **Effective Date of Warranty**. All other provisions of this warranty remain the same.

SECTION III. THE OPTION TO REPAIR, REPLACE OR PAY FOR DEFECT AND/OR STRUCTURAL DEFECT.

A. PROVISIONS APPLICABLE TO DEFECT AND/OR STRUCTURAL DEFECT.

The **Builder/Seller** shall have the option to repair, replace or pay **You** the reasonable cost of repair of any **Defect**. The **Warranty Insurer** shall have the option to repair, replace or pay **You** the reasonable cost of repairing any **Structural Defect**. The design, method and manner of such repair shall be within the sole discretion of the **Builder/Seller** or **Warranty Insurer**, as applicable. At the time of repair, replacement or payment for the repair of any **Defect** or **Structural Defect**, **You** must:

1. Assign to the **Builder/Seller** or **Warranty Insurer** any rights **You** may have against any other person with respect to the **Defect** or **Structural Defect**. **You** must not do anything to prejudice these rights of subrogation.
2. Sign and deliver a full and unconditional release of the **Builder/Seller** or **Warranty Insurer**, in recordable form, of all legal obligations with respect to the warranted items and conditions arising from those items.

If an improvement, fixture or property not constructed by the **Builder/Seller** is damaged or requires removal during the repair, it is **Your** sole responsibility, and not the responsibility of the **Builder/Seller** or **Warranty Insurer**, to pay for the cost of repair or removal of such improvement, fixture or property. No repair shall extend the term of this express limited warranty as to any **Defect** or **Structural Defect**, including without limitation, the **Defect** or **Structural Defect** that was the subject of the repair.

Homes With FHA/VA Financing Only – In the case of cash payments regarding **Homes** with original FHA/VA financing still in effect, the **Warranty Insurer** is required to make payment to **You** and **Your** mortgagee. **You** must provide the name and address of **Your** mortgagee, the FHA/VA case number and the loan number (**Your** HUD settlement statement will have this information) when **You** file a claim with respect to a **Home** with a FHA/VA financed mortgage, in order for these obligations to be performed.

B. ADDITIONAL PROVISIONS APPLICABLE TO THE REPAIR OF STRUCTURAL DEFECT.

The repair of a **Structural Defect** is limited to:

1. The repair of damage to designated load-bearing portions of the **Home** which is necessary to restore their load-bearing ability;
2. The repair of designated non-load-bearing portions, items or systems of the **Home**, damaged by the **Structural Defect**, which make the **Home** unsafe, unsanitary, or otherwise unlivable (such as the repair of inoperable windows, doors and the restoration of functionality of damaged electrical, plumbing, heating, cooling, and ventilating systems); and
3. The repair and cosmetic correction of only those surfaces, finishes and coverings, original with the **Home**, damaged by the **Structural Defect**, or which require removal and replacement attendant to repair of the structural damage, or to repair other damage directly attributable to the **Structural Defect**.

Repairs of the **Structural Defect** are intended to restore the **Home** to approximately the condition just prior to the **Structural Defect**, but not necessarily to a like-new condition.

C. ACCESS TO YOUR HOME FOR INSPECTING AND MAKING REPAIRS.

In order to carry out the warranty responsibilities, the **Builder/Seller** or **Warranty Insurer** will require access to **Your Home**. If **Your Home** is in a **Multi-Family Building**, **You** agree (after reasonable notice) to allow access to, or within **Your Home** during normal business hours so repairs may be made to any adjacent unit or **Common Element**. If emergency repairs are necessary and **You** cannot be reached within a reasonable time period, **You** waive such notice. If **You** do not provide access to **Your Home** during normal business hours to inspect, repair, or conduct tests on **Your Home** as may be required to evaluate or repair a **Defect** or **Structural Defect**, **You** are relieving the **Builder/Seller** and **Warranty Insurer** of all responsibility to make repairs, replace or pay for any **Defect** or **Structural Defect** under this warranty.

In addition to the right to inspect **Your Home**, the **Builder/Seller** or **Warranty Insurer** shall have the right, in advance of any arbitration concerning **Your Home**, to re-inspect **Your Home** if the request for arbitration is made more than sixty (60) days after the last claim decision concerning the claim that is the subject of the arbitration.

D. THE LIMITS OF YOUR WARRANTY.

Every time **Your Builder/Seller** or **Warranty Insurer** pays a claim under this warranty, the amount of that payment is deducted from the **Warranty Limit**. When the **Warranty Limit** is exhausted, there is no longer warranty coverage for **Your Home**. A claim payment includes the cost to the **Builder/Seller** or **Warranty Insurer** of repairing a **Defect** or **Structural Defect** in **Your Home** covered under this warranty. However, a claim payment does not include the cost of investigating the claim.

The **Warranty Limit** for **Common Elements** in a **Multi-Family Building** is equal to the sum of the unexpired **Warranty Limits** for all **Homes** in the building which are enrolled in the 2-10 HBW Program. In the event that all **Homes** in the **Multi-Family Building** were not enrolled, the **Warranty Limit** for **Common Elements Defects** or **Common Elements Structural Defect** coverage shall be reduced pro-rata based upon the ratio of the original sale price of the non-enrolled **Homes** compared to the total original sales price of all **Homes** in the **Multi-Family Building**. If the claim payment is for a **Common Elements Defect** or **Common Elements Structural Defect**, the **Warranty Limit** on each **Home** in the **Multi-Family Building** still covered by an unexpired warranty shall be reduced pro-rata in the proportion which the **Common Elements** claim payment bears to the total original sales price of all enrolled **Homes**. Any coverage

for **Your Builder/Seller's** express limited warranty shall be excess of any other valid and collectible insurance available to **You** or **Your Builder/Seller**, whether primary, pro-rata or excess, and whether or not collected.

E. EMERGENCY REPAIRS.

An emergency means a substantial risk of serious physical damage to the **Home** or a substantial risk of serious bodily injury to its occupants if a **Defect** or **Structural Defect** is not immediately repaired. If **You** have an emergency involving a **Defect** or a **Structural Defect**, **You** must contact **Your Builder/Seller** immediately, who is responsible for making emergency repairs or authorizing **You** to make emergency repairs. If **You** are unable to contact **Your Builder/Seller**, **You** must then (1) make minimal repairs necessary to avoid the emergency until authorization for more extensive repairs has been approved by **Your Builder/Seller**, (2) take any action reasonably necessary to limit additional damage, and (3) report the emergency to the **Builder/Seller** and 2-10 HBW on the next business day.

Except for authorized emergency repairs, do not repair or attempt to repair a claimed **Defect** or **Structural Defect** before the **Builder/Seller** has an opportunity to inspect the **Defect** or **Structural Defect**. Any attempt to repair a claimed **Defect** or **Structural Defect**, other than an authorized emergency repair, will make it impossible to assess whether the **Defect** or **Structural Defect** was covered by this warranty, whether the repair was correct, cost-effective, necessary, and effective, or whether the problem could be resolved in another way. Unless an emergency **Defect** or **Structural Defect** repair is authorized, the **Builder/Seller** and or the and 2-10 HBW **Warranty Insurer** will have no responsibility to reimburse any costs due to repair, replacement, and expenses, including engineering and attorney's fees.

SECTION IV. REPORTING A WARRANTY CLAIM.

A. WORKMANSHIP AND SYSTEMS DEFECTS.

If **You** believe **Your Home** has a **Defect** that is covered under **Your Builder/Seller's** Workmanship or Systems Warranty that occurred during the applicable term of the warranties, **You** must take the steps described in this Section IV.

B. STRUCTURAL DEFECTS.

If **You** believe **Your Home** has a **Structural Defect** that is covered under **Your Builder/Seller's** Structural Warranty, **You** must take the steps described in Section IV.D.2. Notice of **Structural Defect** must be made by the Homeowner, except for Multi-Family Buildings, notice for each affected building must be made by the Homeowners' association or its designated representative, along with a copy of the **Certificate of Warranty Coverage** for each **Home** in the building.

C. NOTICE TO YOUR BUILDER/SELLER.

1. **Workmanship and Systems Defect(s) must be reported to the Builder/Seller as soon as possible but no later than 15 days after the expiration of the applicable term of the warranty.** Send written notification to **Your Builder/Seller** listing completely the specific **Defect(s)** and the date the **Defect(s)** occurred. **The Defect will not be covered under this warranty if the Notice is received more than 15 days after the expiration of the warranty term. These time limits are a material condition of this warranty.** It is recommended (but not required) that **Your** letter be sent by certified mail, return receipt requested so **You** have a record of when **Your** letter was sent and received.

D. NOTICE TO 2-10 HBW.

1. **WORKMANSHIP AND SYSTEMS DEFECTS MUST BE REPORTED TO 2-10 HBW AS SOON AS POSSIBLE BUT NO LATER THAN 15 DAYS AFTER THE EXPIRATION OF THE APPLICABLE TERM OF THE WARRANTY.**

If covered repairs for the Workmanship or Systems **Defects** are not completed by **Your Builder/Seller** within sixty (60) days of the date **You** sent **Your** letter or before the expiration of the warranty term (whichever date comes earlier), **You** must complete the following three steps:

- a. Complete the appropriate Notice of Complaint Form ("Notice"), which is found at the back of this warranty booklet.
- b. Send one copy of the Notice to **Your Builder/Seller**.
- c. Send one copy of the Notice to 2-10 HBW, and include:
 1. A copy of **Your Certificate of Warranty Coverage**; and
 2. A copy of all correspondence with **Your Builder/Seller** regarding the **Defect(s)** in question to:
2-10 Home Buyers Warranty
Warranty Administration Department
10375 East Harvard Avenue, Suite 100
Denver, CO 80231
Phone: 855.429.2109

We recommended (but do not require) that **You** send this notice by certified mail, return receipt requested, so **You** have a record of when the notice was sent and received. Include copies of **Your Certificate of Warranty Coverage** and all correspondence with **Your Builder/Seller** about the **Defect(s)** in question.

WHAT 2-10 HBW WILL DO. Once 2-10 HBW has received **Your** Notice of **Defect**, it will again notify **Your Builder/Seller** of **Your Defect(s)**. If **You** and **Your Builder/Seller** still cannot resolve **Your** differences even with 2-10 HBW's conciliation help, then **You** and **Your Builder/Seller** must arbitrate **Your** dispute under the arbitration agreement set forth in this booklet. 2-10 HBW will provide a form for **You** to request arbitration after **You** have completed the procedure described above. If 2-10 HBW determines that **Your Builder/Seller** cannot or will not participate in arbitration, or **Your Builder/Seller** refused to pay or perform an arbitration award in **Your** favor, 2-10 HBW will notify **You** of that fact. **You** must then forward to 2-10 HBW at the address above, a one time \$250 claim deductible (check payable to the **Builder/Seller's Warranty Insurer** stated on **Your Certificate of Warranty Coverage**). Upon receipt, 2-10 HBW will forward the check and **Your** file to the **Builder/Seller's Warranty Insurer**, and the **Warranty Insurer** will adjust the claim.

Homes With FHA/VA Financing Only – If **You** are the original owner and **Your Home** has original FHA/VA financing still in effect, the \$250 deductible is collected after the claim is accepted and the amount of the loss is determined.

2. **Structural Defect(s) must be reported to 2-10 HBW as soon as possible but no later than thirty (30) days after the expiration of the applicable term of the Warranty.** Notice means that **You** must complete the following two steps:
- Complete the appropriate Notice of Claim Form ("Notice"), which is found at the back of this warranty booklet.
 - Send one copy of the Notice to 2-10 HBW, and include:
 - A copy of **Your Certificate of Warranty Coverage**; pay a \$250 claim investigation fee payable to the **Warranty Insurer** stated on the **Certificate of Warranty Coverage**; and
 - A copy of all correspondence with **Your Builder/Seller** regarding the **Structural Defect(s)** in question to:
2-10 Home Buyers Warranty
Warranty Administration Department
10375 East Harvard Avenue, Suite 100
Denver, CO 80231
Phone: 855.429.2109

We recommended (but do not require) that **You** send this notice by certified mail, return receipt requested, so **You** have a record of when the notice was sent and received.

Homes With FHA/VA Financing Only – If **You** are the original owner and **Your Home** has original FHA/VA financing still in effect, **You** do not have to send the \$250 claim fee investigation fee with **Your** Notice of Claim Form. The \$250 fee will be collected after the claim is accepted and the amount of the loss is determined.

WHAT 2-10 HBW WILL DO. Upon receipt of the items identified in C.2 above, 2-10 HBW will forward the check and **Your** file to the **Warranty Insurer**, and the **Warranty Insurer** will adjust the claim.

SECTION V. THE EFFECT OF THIS WARRANTY ON YOUR LEGAL RIGHTS.

You have accepted this express limited warranty provided in this warranty booklet. All other express or implied warranties, including oral or written statements or representations made by **Your Builder/Seller** or any implied warranty of habitability, merchantability or fitness, are disclaimed by **Your Builder/Seller** and waived by **You** to the extent possible under the laws of **Your** state. **You** may have other remedies as provided under the law of the state where the **Home** is located.

***California:** The protection provided under this Warranty is not in limitation of, but is in addition to any other rights provided to **You** under California law.

***Kansas:** **You** have not waived the implied warranties and the Warranty is not **Your** exclusive remedy. **You** may have other remedies as provided to **You** under Kansas law.

***Florida:** Units located in **Multi-Family Buildings** may have additional statutory protection under Florida law.

***Oregon:** Units located in **Multi-Family Buildings** may have additional statutory protection under Oregon law.

SECTION VI. ARBITRATION OF DISPUTES.*

To expedite the resolution of any and all claims, disputes and controversies by or between the Homeowner, the Builder/Seller, 2-10 HBW, as administrator, the Warranty Insurer or any combination of the foregoing, arising from or related to this Warranty, the Warranty Insurance Policy or the 2-10 HBW Program, shall be settled by binding arbitration. Agreeing to arbitration means **You** are waiving **Your** right to a jury trial, class action or consolidation.

Any party shall be entitled to recover reasonable attorney's fees and costs incurred in enforcing this arbitration agreement. The decision of the arbitrator shall be final and binding and may be entered as a judgment in any State or

Federal court of competent jurisdiction.

A. SELECTING AN ARBITRATION SERVICE.

The arbitration shall be conducted by DeMars & Associates, Ltd. or by Construction Dispute Resolution Services, LLC, or by any mutually agreeable arbitration services, pursuant to the applicable rules in effect at the time of the arbitration. The choice of the arbitration service shall be that of the Homeowner, or if the Homeowner is not involved, the party who initiates the arbitration shall choose the arbitration service. No arbitration proceeding shall involve more than one single-family detached dwelling or more than one Multi-Family Building. The arbitrator shall render an award in accordance with the substantive law in the state in which the Home is located. The decision of the arbitrator shall be final and binding and may be entered as a judgment in any State or Federal court of competent jurisdiction.

B. DISPUTES CONCERNING THE APPLICATION OF THIS ARBITRATION AGREEMENT.

The parties expressly agree that this arbitration agreement involves and concerns interstate commerce and interpretation of this arbitration agreement shall be governed by the Federal Arbitration Act (9 U.S.C. § 1, et seq.) ("FAA"), to the exclusion of any different or inconsistent state or local law, ordinance or judicial rule. This arbitration agreement is a self-executing arbitration agreement. Any disputes concerning the interpretation or enforceability of this arbitration agreement, including without limitation, its revocability or voidability for any cause, the scope of arbitrable issues, and any defense based upon waiver, estoppel or laches, shall be decided by the arbitrator.

C. COST OF ARBITRATION.

All administrative fees of the arbitration service and fees of the arbitrator shall be allocated to the parties as provided in the rules of the arbitration service, subject to the discretion of the arbitrator to reallocate such fees in the interests of justice.

D. FOR WARRANTIES ISSUED IN CALIFORNIA: For 2-10 HBW warranties issued on Homes located within the State of California, the arbitration provisions are amended as follows. The FAA shall govern the enforceability of this arbitration agreement, to the exclusion of any state law (statutory or judicial). Arbitration shall not be stayed or denied enforcement pursuant to California Code of Civil Procedure § 1281.2(c). An arbitration service or arbitrator conducting an arbitration must satisfy the disclosure requirements mandated under the California Arbitration Act. The arbitrator shall not have the power to commit errors of law or legal reasoning. California procedural and substantive laws and the California Arbitration Act relating to the process of modifying, confirming, or vacating an arbitration award shall be the governing law with respect to the finality of any resulting arbitration award. Any award pursuant to this arbitration agreement will be subject to judicial vacatur if the award manifests legal errors. The arbitrator shall prepare in writing and provide to the parties an award including factual findings and the reasons on which his decision is based. A party may apply to such court for an order confirming, modifying or vacating the award, and upon the court's review of (a) whether the findings of fact rendered by the arbitrator are supported by substantial evidence and (b) whether, as a matter of law based on such findings of fact, a judgment shall be entered in favor of either party consistent with such review.

***Homes With FHA/VA Financing Only** – If You are the original owner and Your Home has original FHA/VA financing still in effect, in lieu of any right to have a claim resolved in a judicial proceeding, You may, at Your election, submit to arbitration all claims, disputes and controversies by or between You, the Builder/Seller, the Warranty Insurer and/or 2-10 HBW, arising from or related to the warranty. In addition, 2-10 HBW and/or the Warranty Insurer will offer pre-arbitration conciliation at no cost to You.

SECTION VII. YOUR RESPONSIBILITIES UNDER THIS EXPRESS LIMITED WARRANTY.

You are responsible for proper maintenance of Your Home including maintaining Builder/Seller-set grades around the Home, planting trees and shrubs at the proper distance from the Home, and conforming to generally accepted landscape practices for Your region. Your Builder/Seller is not responsible for problems that arise if You do not meet these responsibilities. Also, all new Homes go through a period of settlement and movement, and Your Home may experience some minor material shrinkage, cracking and other events which are normal and customary. Examples include small cracks in drywall and paint; and separation where dissimilar materials meet each other — for example, where moldings meet sheetrock, or where tile grout meets a sink. In most cases, paint and caulking is all that is necessary to conceal these types of blemishes that result from the natural expansion and contraction of construction material. Because these events are normal and customary, they are not a Defect or Structural Defect that are covered by this express limited warranty.

SECTION VIII. EXCLUSIONS.

This Warranty does not provide coverage for any of the following items which are specifically excluded.

1. Damage to land and other real property that was not part of **Your Home**, or any property that was not included in the purchase price stated on the **Certificate of Warranty Coverage**;
2. Damage to or **Defects** in swimming pools, tennis courts and other exterior recreational facilities; driveways; boundary walls, retaining walls and bulkheads (except where boundary walls, retaining walls and bulkheads are necessary for the structural stability of the **Home**); fences; landscaping (including sod, seeding, shrubs, trees, and plantings); sprinkler systems, patios, decks, and porches, outbuildings, detached carports, or any other appurtenant structure or attachment to the dwelling; or other additions or improvements not a part of **Your Home**;
3. Loss or damage which arises while **Your Home** is being used primarily for nonresidential purposes;
4. Changes in the level of underground water table which were not reasonably foreseeable at the time of construction of **Your Home**;
5. Failure of **Your Builder/Seller** to complete construction or construction which is noncompliant with plans and specifications; violations of local or national building codes, ordinances or standards;
6. Any condition which has not resulted in actual physical damage to **Your Home**;
7. Any loss or damage that is caused or made worse by any of the following causes, whether acting alone or in sequence or concurrence with any other cause or causes whatsoever, including without limitation:
 - a. Negligence, improper maintenance, defective material or work supplied by, or improper operation by, anyone other than **Your Builder/Seller** or its employees, agents or subcontractors, including failure to comply with the warranty requirements of manufacturers of appliances, equipment or fixtures;
 - b. **Your** failure to give prompt and proper notice to 2-10 HBW and **Your Builder/Seller** of any **Defect** or **Structural Defect**;
 - c. Change of the grading of the ground that does not comply with accepted grading practices, or failure to maintain the original grade;
 - d. Riot or civil commotion, war, vandalism, hurricane, tornado or other windstorm, fire, explosion, blasting, smoke, water escape, tidal wave, flood, hail, snow, ice storm, lightning, falling trees or other objects, aircraft, vehicles, mud slide, landslide, avalanche, earthquake, volcanic eruption or sinkholes or geographical phenomena involving subsurface slope instability;
 - e. Abuse or use of **Your Home**, or any part thereof, beyond the reasonable capacity of such part for such use;
 - f. Microorganisms, fungus, decay, wet rot, dry rot, soft rot, rotting of any kind, mold, mildew, vermin, termites, insects, rodents, birds, wild or domestic animals, plants, corrosion, rust, radon, radiation, formaldehyde, asbestos, any solid, liquid or gaseous pollutant, contaminant, toxin, irritant or carcinogenic substance, whether organic or inorganic, and electromagnetic field or emission, including any claim of health risk or uninhabitability based on any of the foregoing; **Homes With FHA/VA Financing Only** – If **You** are the original owner and **Your Home** has original FHA/VA financing still in effect, termite damage shall be covered for one year from the **Effective Date of Warranty**;
 - g. **Your** failure to minimize or mitigate any **defect**, condition, loss or damage as soon as practicable;
8. Any loss or damage caused by buried debris, underground springs, sinkholes, mineshafts or other anomalies which were not reasonably foreseeable in a building site **You** provided;
9. Loss caused, in whole or in part, by any peril or occurrence for which compensation is provided by state legislation or public funds;
10. Costs of shelter, transportation, food, moving, storage, or other incidental expenses related to relocation during repair, or any other costs due to loss of use, inconvenience, or annoyance;
11. Diminished market value of **Your Home***;
12. Any and all consequential loss or damage, including without limitation, any damage to property not covered by this warranty, any damage to personal property, any damage to property which **You** do not own, any bodily injury or personal injury of any kind, including physical or mental pain and suffering and emotional distress, and any medical or hospital expenses, or lost profits;
13. Any and all exclusions set forth in Section X (Construction **Performance Guidelines**);
14. Any **Defect** or **Structural Defect** first occurring after the applicable term of the Warranty expires.
15. **Defects** or **Structural Defects** that first occur or **You** knew about prior to the **Effective Date of Warranty** such as “walk-through” or “punch list” items.

***Homes With FHA/VA Financing Only** – If **You** are the original owner and **Your Home** has original FHA/VA financing still in effect, “Diminished market value of the **Your Home**” is deleted.

SECTION IX. MANUFACTURERS AND OTHER SIMILAR WARRANTIES.

Your warranty does not apply to any manufactured item such as appliances, fixtures, equipment (except as specifically defined in the Construction **Performance Guidelines**) or any other item which is covered by a manufacturer’s warranty, nor does it cover **Defect** in any systems that are caused by failure of any such manufactured item.

Appliances and items of equipment not covered by this Limited Warranty include but are not limited to; air conditioning units, attic fans, boilers, burglar alarms, carbon monoxide detectors, ceiling fans, central vacuum systems, chimes, dishwashers, dryers, electric

meters, electronic air cleaners, exhaust fans, fire alarms, freezers, furnaces, garage door openers, garbage disposals, gas meters, gas or electric grills, heat exchangers, heat pumps, humidifiers, intercoms, outside lights or motion lights not attached to the **Home**, range hoods, ranges, refrigerators, sewage pumps, smoke detectors, solar panels, space heaters, sump pumps, thermostats, trash compactors, washers, water pumps, water softeners, water heaters, whirlpool baths, and whole-house fans. This warranty does not affect or limit in any way any manufacturer's warranty.

SECTION X. CONSTRUCTION PERFORMANCE GUIDELINES.

The following Construction **Performance Guidelines** apply only to the One Year Workmanship and Two Year Systems Warranty. The Construction **Performance Guidelines** are standards that **Your Builder/Seller's** construction should meet. Noncompliance with these construction guidelines calls for corrective action by **Your Builder/Seller**. **Builder/Seller** will try to its best ability to match and replace with **Your** original choice of colors and materials, except where **You** custom-ordered the items. **Builder/Seller** cannot be responsible for discontinued items, changes in dye lots, colors or patterns, or items ordered outside of the original construction, or normal wear and deterioration.

It is virtually impossible to develop Construction **Performance Guidelines** for each possible deficiency. Therefore, the construction industry and 2-10 HBW have attempted to identify the most common actual physical damage deficiencies that occur and also who has responsibility for the guideline, **Your Builder/Seller**, or **You**. Where a specific Construction **Performance Guideline** has not been specified, the guidelines found in the publication Residential Construction **Performance Guidelines** 3rd Edition-Contractor Reference, National Association of Home Builders (NAHB), will apply. Copies of this publication may be special ordered through most book retailers, or purchased directly from the NAHB Bookstore by calling 1-800-223-2665. The NAHB Bookstore may also be reached online at www.BuilderBooks.com. If an item is not covered in that publication, locally accepted trade practices of the construction industry will be used.

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DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/WARRANTOR RESPONSIBILITY	EXCLUSION
1. Site Work			
1.1 Grading Settling of ground around foundation, utility trenches or other areas on the property where excavation and backfill have taken place that affect drainage away from Home.	Settling of ground around foundation walls, utility trenches or other filled areas that exceeds a maximum of six inches from finished grade established by Builder/Seller.	If Builder/Seller has provided final grading, Builder/Seller shall fill settled areas affecting proper drainage, one time only, during the first year Warranty Term. You are responsible for removal and replacement of shrubs and other landscaping affected by placement of the fill.	
1.2 Drainage Improper surface drainage.	Necessary grades and swales shall be established to provide proper drainage away from the Home. Site drainage, under the Limited Warranty, is limited to grades within 10-feet and swales within 20-feet of the foundation of the Home. Standing or ponding water shall not remain in these areas for a period longer than 24-hours after a rain, except in swales that drain from adjoining properties or where a sump pump discharges. In these areas an extended period of 48-hours is to be allowed for water to dissipate. The possibility of standing water after an unusually heavy rainfall should be anticipated and is not to be considered a deficiency. No grading determination is to be made while there is frost or snow or when the ground is saturated.	Builder/Seller is only responsible for initially establishing the proper grades, swales and drainage away from Home. You are responsible for maintaining such grades and swales once constructed by the Builder/Seller. Builder/Seller is not responsible for drainage deficiencies attributable to grading requirements imposed by state, county, or local governing agencies.	Standing or ponding water outside of defined swales and beyond 10-feet from the foundation of the Home, or that is within 10-feet but is caused by unusual grade conditions, or retention of treed areas, is not considered a deficiency. Standing or ponding water caused by changes in the grade or placement of sod, fencing, or any other obstructions by You are excluded from Limited Warranty coverage.
Soil Erosion	NONE. NO COVERAGE.	NONE. Builder/Seller is not responsible for soil erosion due to acts of God or other conditions beyond the Builder/Seller's control.	Soil erosion and runoff caused by failure of You to maintain the properly established grades, drainage structures and swales; stabilized soil, sodded, seeded and landscaped areas; are excluded from Limited Warranty coverage.
Grassed or landscaped areas, which are disturbed or damaged due to work performed by Builder/Seller on the property in correcting a deficiency.	Landscaped areas that are disturbed during repair work are deficiencies.	Restore grades, seed and landscape to meet original condition. Builder/Seller is not responsible for grassed or landscaped areas which are damaged by others, including any work performed by public or private utility companies.	Replacement of trees and large bushes that existed at the time Home was constructed or those added by You after occupancy or those that subsequently die are excluded from Limited Warranty coverage.

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/WARRANTOR RESPONSIBILITY	EXCLUSION
2. Foundation and Concrete			
2.1 Cast-In Place Concrete			
Basement or foundation wall cracks, other than expansion or control joints.	Concrete cracks greater than 1/4-inch in width, or which allow exterior water to leak into basement, are deficiencies	Repair non-structural cracks by surface patching. These repairs should be made toward the end of the first year of Limited Warranty coverage to permit normal stabilizing of the Home by settling.	Shrinkage cracks are not unusual and are inherent in the concrete curing process.
Cracking of basement floor.	Minor cracks in concrete basement floors are common. Cracks exceeding 1/4-inch in width or 3/16-inch in vertical displacement are deficiencies.	Repair cracks exceeding maximum tolerance by surface patching or other methods, as required.	
Cracking of attached garage floor slab.	Cracks in concrete garage floor greater than 3/16-inch in width or 3/16-inch in vertical displacement are deficiencies.	Builder/Seller shall repair excessive cracks in the slab by filling, chipping out and surface patching, or other suitable method to meet the Construction Performance Guideline. Repaired area may not match the existing floor in color and texture.	Builder/Seller is not responsible for cracking or deterioration caused by the storage of unusually heavy equipment or placement of excessive loads that exceed the weight of a typical automobile or light truck, or by other factors beyond the Builder/Seller's control. Movement and the resulting cracking may be minimized by good drainage, proper installation of landscaping and suitable maintenance.
Cracks in attached patio slab and sidewalks.	NONE. NO COVERAGE.	NONE.	NO COVERAGE is provided for this element under the Limited Warranty.
Cracks in concrete slab-on-grade floors, with finish flooring.	Cracks that rupture or significantly impair the appearance or performance of the finish flooring material are deficiencies.	Repair cracks as required so as not to be apparent when the finish flooring material is in place. Repair or replace finish flooring.	
Uneven concrete floor slabs.	Except for basement floors or where a floor or a portion of floor has been designed for specific drainage purposes, concrete floors in rooms finished for habitability by Builder/Seller shall not have pits, depressions or area or unevenness exceeding 3/8-inch in 32-inches.	Repair/replace to meet the Construction Performance Guidelines. Where applicable, surface patching is an accepted method of repair. Reinstall or replace any finish flooring material as necessary.	
Interior concrete work is pitting, scaling, or spalling.	Interior concrete surfaces that disintegrate to the extent that aggregate is exposed and loosened under normal conditions of use are deficiencies.	Builder/Seller shall take whatever corrective action is necessary to repair or replace defective concrete surfaces.	Builder/Seller is not responsible for deterioration caused by salt, chemicals, mechanical implements, or other factors beyond the Builder/Seller's control.

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/WARRANTOR RESPONSIBILITY	EXCLUSION
Efflorescence is present on surface of basement floor.	NONE. NO COVERAGE.	NONE. This is a normal condition.	
Separation of brick or masonry edging from concrete slab or step.	It is common for the joint to crack between concrete and masonry due to the dissimilarity of the materials. Cracks in excess of 1/4-inch are a deficiency.	Grout crack fully and reset loose masonry where required. Replacement of masonry material, if required, shall match the existing as closely as possible.	
Cracking, settling or heaving of stoops and steps.	Stoops and steps that have settled, heaved, or separated in excess of 1-inch from Home are a deficiency.	Builder/Seller will make a reasonable and cost effective effort to meet the Construction Performance Guideline.	
2.2 Construction and Control Joints			
Separation or movement of concrete slabs within the structure at construction and control joints.	NONE. NO COVERAGE.	NONE.	Concrete slabs within the structure are designed to move at construction and control joints and are not deficiencies. You are responsible for maintenance of joint material.
3. Masonry			
3.1 Unit Masonry (Brick, Block and Stone)			
Cracks in masonry, brick, or stone veneer.	Small hairline cracks resulting from shrinkage are common in mortar joints of masonry construction. Cracks greater than 1/4-inch in width or are visible from a distance in excess of 20-feet are deficiencies.	Builder/Seller will repair cracks that exceed 1/4-inch by tuck pointing and patching. These repairs should be made toward the end of the first year of Limited Warranty coverage to permit Home to stabilize and normal settlement to occur. Builder/Seller is not responsible for color variations between existing and new mortar.	
Cracks in concrete block basement walls.	Small shrinkage cracks that do not affect the structural ability of masonry foundation walls are not unusual. Cracks 1/4-inch or greater in width are deficiencies.	Builder/Seller shall investigate to determine cause. Builder/Seller shall take the necessary steps to remove the cause and make repairs by pointing and patching, reinforcement or replacement of the defective courses.	
Concrete block basement wall is bowed.	Block concrete walls shall not bow in excess of 1-inch in 8 feet when measured from the base to the top of the wall.	Builder/Seller shall repair basement walls that are bowed in excess of 1-inch in 8 feet.	
3.2 Stucco & Cement Plaster			
Cracking or spalling of stucco and cement plaster.	Hairline cracks in stucco or cement plaster are common especially if applied directly to masonry back-up. Cracks greater than 1/8 inch in width or spalling of the finish surfaces are deficiencies.	Scrape out cracks and spalled areas, one time only during the first year warranty term. Fill with cement plaster or stucco to match finish and color as close as possible.	Builder/Seller is not responsible for failure to match color or texture, due to nature of material.

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/WARRANTOR RESPONSIBILITY	EXCLUSION
Separation of coating from base on exterior stucco wall.	The coating shall not separate from the base on an exterior stucco wall.	Builder/Seller shall repair areas where the coating has separated from the base.	Builder/Seller shall repair areas where the coating has separated from the base.
4. Carpentry and Framing			
4.1 Plywood and Joists			
	Loud and objectionable squeaks caused by improper installation or loose subfloor are deficiencies, but a totally squeakproof floor cannot be guaranteed.	Builder/Seller will refasten any loose subfloor or take other corrective action to reduce squeaking to the extent possible within reasonable repair capability without removing floor and ceiling finishes.	Floor squeaks may occur when a subfloor that has come loose from the joists is deflected by the weight of a person and rubs against the nails that hold it in place. Squeaks may also occur when one joist is deflected while the other members remain stationary. Because the Construction Performance Guidelines requires the Builder/Seller to make a reasonable attempt to eliminate squeaks without requiring removal of floor and ceiling finishes, nailing loose subflooring with casing nails into the carpet surface and countersinking the head is an acceptable practice.
Uneven wood framed floors.	Wood floors shall not have more than a 1/4-inch ridge or depression within any 32-inch measurement.	Correct or repair to meet the Construction Performance Guidelines.	
Bowed stud walls or ceilings.	All interior and exterior frame walls or ceilings have slight variations on the finish surfaces. Walls or ceilings that are bowed more than 1/2-inch within a 32-inch horizontal measurement; or 1/2-inch within any 8-foot vertical measurement, are deficiencies.	Exterior and interior frame walls or ceilings bowed in excess of the allowable standard shall be corrected to meet the allowances of the Construction Performance Guidelines.	
Wood frame walls out of plumb.	Wood frame walls that are more than 3/8-inch out of plumb for any 32-inch vertical measurement are a deficiency.	Make necessary repairs to meet the Construction Performance Guidelines.	
Wood beam or post is split.	Beams or posts, especially those 2 1/2-inches or greater in thickness, will sometimes split as they dry subsequent to construction. Unfilled splits exceeding 1/4-inch in width and all splits exceeding 3/8-inch in width and more than 4 inches in length are deficiencies.	Builder/Seller shall repair or replace as required. Filling splits is acceptable for widths up to 3/8-inch.	Some characteristics of drying wood are beyond the control of the builder and cannot be prevented.
Exterior sheathing and subflooring which delaminates or swells.	Sheathing and subflooring delaminating or swelling on the side that the finish material has been applied is a deficiency.	Builder/Seller shall repair or replace subflooring or sheathing as required. Replacement of the finish materials, when necessary, shall be done to match the existing finish as closely as possible.	

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/WARRANTOR RESPONSIBILITY	EXCLUSION
Wood floor is out of square.	The diagonal of a triangle with sides of 12-feet and 16-feet along the edges of the floor shall be 20-feet plus or minus 1/2-inch.	Builder/Seller shall make necessary modifications to any floor not complying with the Construction Performance Guidelines.	
4.2 Finish Carpentry			
Unsatisfactory quality of finished exterior trim and workmanship.	Joints between exterior trim elements and siding or masonry, which are in excess of 1/4-inch, are deficiencies. In all cases, the exterior trim abutting masonry siding shall be capable of performing its function to exclude the elements.	Repair open joints and touch up finish coating where required to match existing as closely as possible. Caulk open joints between dissimilar materials.	
Unsatisfactory quality of finished interior trim and workmanship.	Joints between moldings and adjacent surfaces that exceed 1/8-inch in width are deficiencies.	Repair defective joints and touch up finish coating where required to match as closely as possible. Caulking is acceptable.	
Interior trim is split.	NONE. NO COVERAGE.	NONE.	Splits, cracks, and checking are inherent characteristics of all wood products, and are not considered deficiencies.
Hammer marks visible on interior trim.	Hammer marks on interior trim shall not be readily visible from a distance of 6 feet under normal lighting conditions.	Builder/Seller shall fill hammer marks and refinish or replace affected trim to meet the Construction Performance Guidelines. Refinished or replaced areas may not match surrounding areas exactly.	
Exposed nail heads in woodwork.	Setting nails and filling nail holes are considered part of painting and finishing. After painting or finishing, nails and nail holes shall not be readily visible from a distance of 6 feet under normal lighting conditions.	Fill nail holes where required and if necessary, touch up paint, stain, or varnish to match as closely as possible.	Nail holes do not have to be filled where the surface finish is not conducive or so designed to have nail holes filled because of the product. Nail holes in base and trim in unfinished rooms or closets do not have to be filled.

5. Thermal and Moisture Protection

5.1 Waterproofing

Leaks in basement or in foundation/crawl space.

Leaks resulting in actual trickling of water through the walls or seeping through the floor are deficiencies.

Take such action as is necessary to correct basement and crawl space leaks, except where the cause is determined to be the result of Your negligence. Where a sump pit has been installed by Builder/Seller in the affected area but the sump pump was not contracted for or installed by Builder/Seller, no action is required until a properly sized pump is installed by You in an attempt to correct the condition. Should the condition continue to exist, then Builder/Seller shall take necessary action to correct the problem.

Leaks caused by landscaping improperly installed by You or failure by You to maintain proper grades are excluded from Limited Warranty coverage. Dampness in basement and foundation walls or in concrete basement and crawl space floors is often common to new construction and is not a deficiency.

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/ WARRANTOR RESPONSIBILITY	EXCLUSION
5.2 Insulation Insufficient insulation.	Insulation that is not installed around all habitable areas in accordance with established local industry standards is a deficiency.	Builder/Seller shall install insulation of sufficient thickness and characteristics to meet the local industry standards. In the case of dispute, cost for investigating the sufficiency of insulation and restoring areas to prior condition is to be borne by You if it is found that the standard has been met by Builder/Seller.	
Sound transmission between rooms, floor levels, adjoining condominium units in a building, or from the street into Home.	NONE. NO COVERAGE.	NONE. NO COVERAGE.	NO COVERAGE is provided for soundproofing.
5.3 Ventilation and Moisture Control Inadequate ventilation or moisture control in crawl spaces.	Crawl spaces shall have adequate ventilation to remove moisture or other approved method of moisture control. Ventilation or other moisture control methods shall be considered inadequate if there is damage to supporting members or insulation due to moisture accumulation.	Builder/Seller shall investigate to determine cause, and make necessary repairs. Corrective action may include the installation of properly sized louvers, vents, vapor barrier, or other locally approved method of moisture control.	Temporary conditions may cause condensation in crawl spaces that can not be eliminated by ventilation and/or vapor barrier. Night air may cool foundation walls and provide a cool surface on which moisture may condense. In Homes that are left unheated in the winter, the underside of floors may provide a cold surface on which warmer crawl space air may condense. These and other similar conditions are beyond the Builder/Seller's control. Maintaining adequate heat and seasonal adjustment of vents is Your responsibility.
Inadequate ventilation or moisture control in attics or roofs.	Attics or roofs shall have adequate ventilation to remove moisture, or other approved method of moisture control. Ventilation or other moisture control methods shall be considered inadequate if there is damage to supporting members or insulation due to moisture accumulation.	Builder/Seller shall investigate to determine cause, and make necessary repairs. Corrective action may include the installation of properly sized louvers, vents, vapor retarder, or other locally approved method of moisture control.	You are responsible for keeping existing vents unobstructed. Locally approved and properly constructed "hot roof" or other alternative roof designs may not require ventilation, and where there is no evidence of moisture damage to supporting members or insulation, are not deficiencies.
Attic vents or louvers leak.	Attic vents and louvers shall not leak.	Builder/Seller shall repair or replace the roof vents as necessary to meet the Construction Performance Guidelines.	Infiltration of wind-driven rain and snow are not considered leaks and are beyond the control of the Builder/Seller.

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/WARRANTOR RESPONSIBILITY	EXCLUSION
Bath or kitchen exhaust fans improperly vented into attic.	Bath or kitchen exhaust fans that are vented into attics causing moisture to accumulate resulting in damage to supporting members or insulation, are deficiencies.	Builder/Seller shall vent exhaust fans to the outside to correct deficiencies.	
5.4 Sealants Water or air leaks in exterior walls due to inadequate caulking.	Joints and cracks in exterior wall surfaces and around openings that are not properly caulked to exclude the entry of water or excessive drafts are a deficiency.	Repair and/or caulk joints in exterior wall surfaces as required to correct deficiency one time only during the first year of Limited Warranty coverage.	You must maintain caulking once the condition is corrected.
5.5 Exterior Siding Delamination, splitting or deterioration of exterior siding.	Exterior siding that delaminates, splits or deteriorates is a deficiency.	Repair/replace only the damaged siding. Siding to match the original as closely as possible, however, You should be aware that the new finish may not exactly match the original surface texture or color.	Delaminated siding due to Your actions or neglect, such as delamination caused by sprinkler system repeatedly wetting siding, is not a deficiency.
Loose or fallen siding.	All siding that is not installed properly, which causes same to come loose or fall off, is a deficiency.	Reinstall or replace siding and make it secure.	Loose or fallen siding due to Your actions or neglect, such as leaning heavy objects against siding, impact, or sprinkler systems repeatedly wetting siding, is not a deficiency.
Siding is bowed.	Bows exceeding 1/2-inch in 32-inches are deficiencies.	Builder/Seller will repair bowed siding to meet standard. If replacement of siding is required, Builder/Seller will match original material as closely as possible. You should be aware that the new finish may not exactly match the original surface texture or color.	Bowed siding due to Your actions or neglect, such as bowing caused by sprinkler system repeatedly wetting siding, is not a deficiency.
Nails have stained siding.	Nail stains exceeding 1/2-inch in length and visible from a distance of 20-feet are deficiencies.	Builder/Seller shall correct by either removing stains, painting, or staining the affected area. Builder/Seller shall match color and finish as closely as possible. Where paint or stain touch up affects the majority of the wall surface, the whole area shall be refinished.	"Natural weathering" or semitransparent stains are excluded from coverage.
5.6 Roofing Roof or flashing leaks.	Roof or flashing leaks that occur under normal weather conditions are deficiencies.	Correct any roof or flashing leaks that are verified to have occurred under normal weather conditions.	Where cause of leaks is determined to result from severe weather conditions such as ice and snow build-up, high winds and driven rains, such leaks are not deficiencies.

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/WARRANTOR RESPONSIBILITY	EXCLUSION
Roof shingles have blown off.	Shingles shall not blow off in winds less than the manufacturer's standards or specifications.	Builder/Seller will replace shingles that blow off in winds less than the manufacturer's standards or specifications only if improper installation is shown to be the cause.	Shingles that blow off in winds less than the manufacturer's standards or specifications due to a manufacturing defect in the shingles are the manufacturer's responsibility. Shingles that blow off in hurricanes, tornadoes, hailstorms, or winds, including gusts greater than 60 miles per hour, are not deficiencies. You should consult shingle manufacturer's warranty for specifications, standards, and manufacturer's warranty responsibility if shingles blow off in higher wind speeds.
Defective shingles.	NONE. NO COVERAGE.	NONE.	Manufacturing defects in shingles are not covered under the Limited Warranty. You should consult shingle manufacturer's warranty for specifications, standards, and manufacturer's warranty responsibility.
Standing water on built-up roofs.	Water shall drain from a flat or low pitched roof within 24-hours of a rainfall.	Builder/Seller will take corrective action to assure proper drainage of the roof.	Minor ponding or standing of water is not considered a deficiency.
5.7 Sheet Metal			
Gutters and downspouts leak.	Gutters and downspouts that leak are deficiencies.	Repair leaks in gutters and downspouts.	
Water remains in gutters after a rain.	Small amounts of water may remain in some sections of gutter for a short time after a rain. Standing water in gutters shall not exceed 1/2-inch in depth.	Builder/Seller will repair gutters to assure proper drainage.	You are responsible for keeping gutters and downspouts free from debris that would obstruct drainage.
6. Doors and Windows			
6.1 Doors: Interior and Exterior			
Warpage of interior or exterior doors.	Interior and exterior doors that warp so as to prevent normal closing and fit are deficiencies. The maximum allowable warpage of an interior door is 1/4-inch when measured from corner to corner.	Repair or replace as may be required. New doors to be refinished to match the original as closely as possible.	
Door binds against jamb or head of frame or does not lock.	Passage doors that do not open and close freely without binding against the doorframe are deficiencies. Lock bolt is to fit the keeper to maintain a closed position.	Adjust door and keeper to operate freely.	Wood doors may stick during occasional periods of high humidity.
Door panels shrink and expose bare wood.	NONE.	NONE.	Door panels will shrink due to the nature of the material, exposing bare wood at the edges and are not deficiencies.

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/WARRANTOR RESPONSIBILITY	EXCLUSION
Door panels split.	Door panels that have split to allow light to be visible through the door are deficiencies.	If light is visible, fill crack and finish panel to match as closely as possible. Correct one time only during first year of Limited Warranty coverage.	
Bottom of doors drag on carpet surface.	Where it is understood by Builder/Seller and You carpet is planned to be installed as floor finish by Builder/Seller, the bottom of the doors which drag on the carpet are deficiencies.	Undercut doors as required.	Where carpet is selected by You having excessive high pile, the You are responsible for any additional door undercutting.
Excessive opening at the bottom of interior doors.	Passage doors from room to room that have openings between the bottom of the door and the floor finish material in excess of 1 1/2-inches are deficiencies. Closet doors having an opening in excess of 2-inches are deficiencies.	Make necessary adjustment or replace door to meet the required tolerance.	
6.2 Garage Doors (Attached Garage)			
Garage door fails to operate or fit properly.	Garage door fails to operate or Garage doors that do not operate and fit the door opening within the manufacturer's installation tolerances are deficiencies. Some entrance of the elements can be expected under heavy weather conditions and is not considered a deficiency.	Make necessary adjustments to meet the manufacturer's installation tolerances. Adjust sash balances one time only during the first year of Limited Warranty coverage. Where possible, Builder/Seller will instruct You on the method of adjustment for future repair.	No adjustment is required when cause is determined to result from anyone but Builder/Seller's or Builder/Seller's subcontractors' installation of an electric door opener.
6.3 Wood, Plastic and Metal Windows Interior and Exterior			
Window is difficult to open or close.	Windows should require no greater operating force than that described in the manufacturer's specifications.	Builder/Seller shall correct or repair as required to meet manufacturer's specifications.	
Double hung windows do not stay in place when open.	Double hung windows are permitted to move within a two inch tolerance, up or down when put in an open position. Any excessive movement exceeding the tolerance is a deficiency.	Adjust sash balances one time only during the first year of Limited Warranty coverage. Where possible, Builder/Seller will instruct You on the method of adjustment for future repair.	
Condensation or frost on window frames and glass.	NONE.	NONE.	Window glass and frames will collect condensation on the frame and glass surface when humidity and temperature differences are present. Condensation is usually the result of temperature/humidity conditions in the Home.

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/WARRANTOR RESPONSIBILITY	EXCLUSION
6.4 Hardware A doorknob, deadbolt, or lockset does not operate smoothly.	A doorknob, deadbolt, or lockset should not stick or bind during operation.	Builder/Seller will adjust, repair, or replace knobs that are not damaged by abuse, one time only during the first year Warranty Term.	
6.5 Storm Doors, Windows and Screens Storm doors, windows and screens do not operate or fit properly.	Storm doors, windows and screens, when installed, which do not operate or fit properly to provide the protection for which they are intended, are considered deficiencies.	Builder/Seller shall make necessary adjustments for proper fit and operation. Replace when adjustment cannot be made.	Missing screens, rips or gouges in the screen mesh are not covered by this Limited Warranty.
6.6 Weatherstripping and Seals Drafts around doors and windows.	Some infiltration is usually noticeable around doors and windows, especially during high winds. No daylight shall be visible around frame when window or exterior door is closed.	Builder/Seller shall repair to meet Construction Performance Guidelines.	In high wind areas, You may need to have storm windows and doors installed to eliminate drafts.
6.7 Glass and Glazing Clouding and condensation on inside surfaces of insulated glass.	Insulated glass that clouds up or has condensation on the inside surfaces of the glass is a deficiency.	Builder/Seller shall replace glass in accordance with window and glass manufacturer's requirements.	Glass breakage is excluded.
7. Finishes			
7.1 Lath and Plaster Cracks in plaster wall and ceiling surfaces.	Hairline cracks are not unusual. Cracks in plaster wall and ceiling surfaces exceeding 1/16-inch in width are deficiencies.	Builder/Seller shall repair cracks that are greater than 1/16-inch in width and touch up paint to match as closely as possible, one time only. Such conditions should be reported near the end of the first year of Limited Warranty coverage to allow for normal movement in Home.	
7.2 Drywall Drywall cracks.	Hairline cracks are not unusual. Cracks in interior gypsum board or other drywall materials exceeding 1/16-inch in width are deficiencies.	Builder/Seller shall repair cracks that are greater than 1/16-inch in width and touch up paint to match as closely as possible, one time only. Such conditions should be reported near the end of the first year of Limited Warranty coverage to allow for normal movement in Home.	
Nail pops, blisters, or other blemish is visible on finished wall or ceiling.	Nail pops and blisters that are readily visible from a distance of 6 feet under normal lighting conditions are deficiencies.	Builder/Seller will repair such blemishes, and touch up paint to match as closely as possible, one time only. Such conditions should be reported near the end of the first year of Limited Warranty coverage to allow for normal settlement of the Home.	Depressions or slight mounds at nail heads are not considered deficiencies. Builder/Seller is not responsible for nail pops or blisters that are not visible, such as those covered by wallpaper.

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/WARRANTOR RESPONSIBILITY	EXCLUSION
Cracked corner bead, excess joint compound, trowel marks, or blisters in tape joints.	Cracked or exposed corner bead, trowel marks, excess joint compound, or blisters in drywall tape, are deficiencies.	Builder/Seller will repair to meet Construction Performance Guidelines, and touch up paint to match as closely as possible, one time only. Such conditions should be reported near the end of the first year of Limited Warranty coverage to allow for normal settlement of the Home.	
7.3 Hard Surfaces			
Flagstone, Marble, Quarry Tile, Slate, or other hard surface flooring is broken or loose.	Tile, flagstone, or similar hard surfaced sanitary flooring that cracks or becomes loose is a deficiency. Subfloor and wallboard are required to be structurally sound, rigid, and suitable to receive finish.	Builder/Seller shall replace cracked tiles, marble, or stone and resecure loose tiles, marble, or stone flooring.	Cracking and loosening of flooring caused by Your negligence is not a deficiency. Builder/Seller is not responsible for color and pattern variations or discontinued patterns of the manufacturer.
Cracks appear in grouting of ceramic tile joints or at junctions with other material such as a bathtub, shower, or countertop.	Cracks in grouting of ceramic tile joints in excess of 1/16-inch are deficiencies. Regrouting of these cracks is Your maintenance responsibility after the Builder/Seller has regROUTED once.	Builder/Seller shall repair grouting as necessary one time only within the first year of Limited Warranty coverage.	Open cracks or loose grouting, where the wall surface abuts the flashing lip at a tub, shower basin, or countertop are considered Your maintenance and any resultant damage to other finish surfaces due to leaks, etc. are not considered deficiencies.
7.4 Resilient Flooring			
Nail pops appear on the surface of resilient flooring.	Readily apparent nail pops are deficiencies.	Builder/Seller shall correct nail pops that have caused damage to the floor material and repair or replace damaged floor covering in the affected area. Builder/Seller is not responsible for discontinued patterns or color variations.	
Depressions or ridges appear in the resilient flooring due to subfloor irregularities.	Readily apparent depressions or ridges exceeding 1/8-inch are a deficiency. The ridge or depression measurement is taken as the gap created at one end of a 6-inch straight edge placed over the depression or ridge with 3-inches on one side of the deficiency held tightly to the floor.	Builder/Seller shall take required action to bring the deficiency within acceptable tolerances so as to be not readily visible. Builder/Seller is not responsible for discontinued patterns or color variations in the floor covering, Your neglect or abuse, nor installations performed by others.	
Resilient flooring or base loses adhesion.	Resilient flooring or base that lifts, bubbles, or becomes unglued is a deficiency.	Builder/Seller shall repair or replace resilient flooring or base as required. Builder/Seller is not responsible for discontinued patterns or color variations.	
Seams or shrinkage gaps show at resilient flooring joints.	Gaps in excess of 1/32-inch in width in resilient floor covering joints are deficiencies. Where dissimilar materials abut, a gap in excess of 1/8-inch is a deficiency.	Builder/Seller shall repair or replace the resilient flooring to meet the Construction Performance Guidelines. Builder/Seller is not responsible for discontinued patterns or color variations of floor covering. Proper repair can be affected by sealing gap with seam sealer.	

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/WARRANTOR RESPONSIBILITY	EXCLUSION
7.5 Finished Wood Flooring Cupping, open joints, or separations in wood flooring.	Open joints or separations between floorboards of finished wood flooring shall not exceed 1/8-inch in width. Cups in strip floorboards shall not exceed 1/16-inch in height in a 3-inch maximum distance when measured perpendicular to the length of the board.	Builder/Seller shall determine the cause and if the result of a deficiency in workmanship or material, correct one time only. For repairable deficiencies, repair cracks by filling and refinishing to match the wood surface as closely as possible. For non-repairable deficiencies, replace and finish affected area to match remaining flooring as closely as possible.	Wood floors are subject to shrinkage and swell due to seasonal variations in the humidity level of Home. While boards may be installed tight together, gaps or separations may appear during heating seasons or periods of low humidity. Gaps or separations that close during non-heating seasons are not considered deficiencies. You should be familiar with the recommended care and maintenance requirements of their wood floor. Repeated wetting and drying, or wet mopping may damage wood finishes. Dimples or scratches can be caused by moving furniture or dropping heavy objects, and certain high heel style shoes may cause indentations. These conditions are not covered by the Limited Warranty.
7.6 Painting Knot and wood stains appear through paint on exterior.	Excessive knot and wood stains that bleed through the paint are considered deficiencies.	Builder/Seller shall seal affected areas where excessive bleeding of knots and stains appear, one time only during the first Warranty Term. Builder/Seller will touch-up paint to match as closely as possible.	
Exterior paint or stain peels or deteriorates.	Exterior paints or stains that peel or deteriorate during the first year of ownership are deficiencies.	Builder/Seller shall properly prepare and refinish affected areas, matching color as closely as possible. Where finish repairs affect the majority of the surface areas, the whole area should be refinished. The Limited Warranty on the newly repainted surfaces will not extend beyond the original Warranty Term.	Fading, however, is normal and subject to the orientation of painted surfaces to the climactic conditions which may prevail in the area. Fading is not a deficiency.
Painting required as corollary repair because of other work.	Necessary repair of a painted surface under this Limited Warranty is to be refinished to match surrounding areas as closely as possible.	Builder/Seller shall refinish repaired areas to meet the standard as required.	
Mildew or fungus forms on painted or factory finished surfaces.	NONE. NO COVERAGE.	NONE.	Mildew or fungus that forms on a painted or factory finished surface when the surface is subject to various exposures (e.g.: ocean, lake, riverfront, heavily wooded areas or mountains) is not a deficiency.

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/WARRANTOR RESPONSIBILITY	EXCLUSION
Deterioration of varnish or lacquer finishes.	Natural finish on interior woodwork that deteriorates during the first year of Limited Warranty coverage is a deficiency.	Builder/Seller shall refinish affected areas of natural finished interior woodwork, matching the color as closely as possible.	Varnish-type finishes used on exterior surfaces will deteriorate rapidly and are not covered by the Limited Warranty.
Interior paint coverage.	Wall, ceiling, and trim surfaces that are painted shall not show through new paint when viewed from a distance of 6-feet under normal lighting conditions.	Builder/Seller shall repaint wall, ceiling or trim surfaces where inadequate paint has been applied. Where the majority of the wall or ceiling surface is affected the entire area will be painted from breakline to breakline. Builder/Seller is not required to repaint an entire room unless all walls and ceiling have been affected.	
Paint splatters and smears on finish surfaces.	Paint splatters on walls, woodwork, or other surfaces which are excessive, shall not be readily visible when viewed from a distance of 6-feet under normal lighting conditions.	Builder/Seller shall remove paint splatters without affecting the finish of the material, or replace the damaged surface if paint cannot be removed.	Minor paint splatter and smears on impervious surfaces that can be easily removed by normal cleaning methods are considered to be Your maintenance and are not deficiencies.
7.7 Wall Covering			
Peeling of wallcovering installed by Builder/Seller.	Peeling of wallcovering is a deficiency, unless it is due to Your abuse or negligence.	Builder/Seller shall repair or replace defective wallcovering.	Wallpaper applied in high moisture areas is exempt from this Guideline because the problem results from conditions beyond the builder's control.
Pattern in wallcovering is mismatched at the edges.	Pattern in wallcovering shall match at the edges.	Builder/Seller shall remove mismatched wallcovering and replace. Builder/Seller is not responsible for discontinued or variations in color.	Defects in the wallcovering patterns are the manufacturer's responsibility, and excluded from Limited Warranty coverage.
Lumps and ridges and nail pops in wallboard that appear after the Homeowner has wallcovering installed by others.	NONE. NO COVERAGE.	NONE. .	You shall insure that the surface to receive wallcovering is suitable and assumes full responsibility should lumps, ridges, and nail pops occur at a later date.
7.8 Carpeting			
Carpet does not meet at the seams.	It is not unusual for carpet seams to show. However, a visible gap or overlapping at the seam due to improper installation is a deficiency.	Builder/Seller shall correct to eliminate visible gap or overlapping at the seam.	Carpet material is not covered under the Warranty.
Color variations in carpet.	NONE. NO COVERAGE.	NONE. .	Colors may vary by dye lot, and from one end to another in the same roll. Side to side shading may show at most if not all seams, even where the same dye lot is used. Carpet material is not covered under the Limited Warranty. You should consult carpet manufacturer's warranty for specifications, standards, and manufacturer's warranty responsibility for color variations.

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/WARRANTOR RESPONSIBILITY	EXCLUSION
Carpeting loosens, or the carpet stretches.	When stretched and secured properly, wall-to-wall carpeting installed as the primary floor covering shall not come up, loosen, or separate from the points of attachment.	Builder/Seller will restretch or resecure carpeting to meet Construction Performance Guidelines one time only during the first year of Limited Warranty coverage.	

8. Specialties

8.1 Fireplaces

Fireplace or chimney does not draw properly causing smoke to enter home.	A properly designed and constructed fireplace or chimney shall function correctly. High winds can cause temporary negative or down drafts. Negative drafts can also be caused by obstructions such as tree branches, steep hillsides, adjoining homes, and interior furnaces. In some cases, it may be necessary to open a window slightly to create an effective draft. Since negative draft conditions could be temporary, it is necessary for the homeowner to substantiate the problems to the Builder/Seller by constructing a fire so the condition can be observed.	When determined the malfunction is based upon improper construction of the fireplace, the Builder/Seller shall take the necessary steps to correct the problem, one time only during the first year Warranty Term.	When it is determined that the fireplace is properly designed and constructed, but still malfunctions due to natural causes beyond Builder/Seller's control, Builder/Seller is not responsible.
Chimney separation from structure to which it is attached.	Newly built fireplaces will often incur slight amounts of separation. Separation that exceeds 1/2-inch from the main structure in any 10-foot vertical measurement is a deficiency.	Builder/Seller shall correct. Caulking or grouting is acceptable unless the cause of the separation is due to structural failure of the chimney foundation. In that case, caulking is unacceptable.	
Cracks in masonry hearth or facing.	Small hairline cracks in mortar joints resulting from shrinkage are not unusual. Heat and flames from normal fires can cause cracking.	NONE.	Heat and flames from normal fires can cause cracking of firebrick and mortar joints. This should be expected, and is not covered by the Limited Warranty.

9. Cabinets and Vanities

9.1 Kitchen Cabinets and Vanities

Kitchen and vanity cabinet doors and drawers bind.	Cabinet doors and drawers shall open and close with reasonable ease.	Builder/Seller shall adjust or replace doors and drawers as necessary to meet Construction Performance Guidelines.	
Warping of kitchen and vanity cabinet doors and drawer fronts.	Warpage that exceeds 1/4-inch as measured from the face of the cabinet frame to the furthestmost point of warpage on the drawer or door front in a closed position is a deficiency.	Builder/Seller shall correct or replace door or drawer front as required.	

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/WARRANTOR RESPONSIBILITY	EXCLUSION
Gaps between cabinets, ceiling and walls.	Countertops, splash boards, base and wall cabinets are to be securely mounted. Gaps in excess of 1/4-inch between wall and ceiling surfaces are a deficiency.	Builder/Seller shall make necessary adjustment of cabinets and countertop or close gap by means of moulding suitable to match the cabinet or countertop finish, or as closely as possible; or other acceptable means.	
9.2 Countertops Surface cracks and delaminations in high pressure laminates of vanity and kitchen cabinet countertops.	Countertops fabricated with high pressure laminate coverings that delaminate or have surface cracks or joints exceeding 1/16-inch between sheets are considered deficiencies.	Builder/Seller shall repair or replace laminated surface covering having cracks or joints exceeding the allowable width.	
10. Mechanical			
10.1 Plumbing Faucet or valve leak.	A valve or faucet leak due to material or workmanship is a deficiency and is covered only during the first year of the Warranty.	Builder/Seller shall repair or replace the leaking faucet or valve.	Leakage caused by worn or defective washers or seals are Your maintenance item.
Defective plumbing fixtures, appliances or trim fittings.	Fixtures, appliances, or fittings shall comply with their manufacturer's standards as to use and operation.	NONE.	Defective plumbing fixtures, appliances, and trim fittings are covered under their manufacturer's warranty.
10.2 Water Supply Staining of plumbing fixtures due to high iron, manganese, or other mineral content in water.	NONE. NO COVERAGE.	NONE. High iron and manganese content in the water supply system will cause staining of plumbing fixtures.	Maintenance and treatment of the water is Your responsibility.
Noisy water pipes.	Some noise can be expected from the water pipe system, due to the flow of water. However, the supply pipes should not make the pounding noise called "water hammer". "Water hammer" is a deficiency covered only during the first year of the Warranty.	Builder/Seller shall correct to eliminate "water hammer."	Noises due to water flow and pipe expansion are not considered deficiencies.
10.3 Heating and Air Conditioning Inadequate heat.	A heating system shall be capable of producing an inside temperature of at least 70-degrees Fahrenheit as measured in the center of the room at a height of five feet above the floor under local outdoor winter design conditions. NOTE FOR HEATING: There may be periods when the outdoor temperature falls below the design temperature, thereby lowering the temperature in Home.	Builder/Seller shall correct heating system as required to provide the required temperatures if a deficiency exists.	Orientation of Home and location of room will also provide a temperature differential, especially when the heating system is controlled by a single thermostat for one or more floor levels. You are responsible for balancing dampers and registers and for making other necessary minor adjustments.

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/WARRANTOR RESPONSIBILITY	EXCLUSION
Inadequate cooling.	When air conditioning is provided, the cooling system is to be capable of maintaining a temperature of 78-degrees Fahrenheit as measured in the center of each room at height of five feet above the floor, under local outdoor summer design conditions. NOTE FOR AIR CONDITIONING: In the case of outside temperatures exceeding 95-degrees Fahrenheit, the system shall keep the inside temperature 15-degrees cooler than the outside temperature. National, state, or local requirements shall supersede this guideline where such requirements have been adopted by the local governing agency.	Correct cooling system to meet the Construction Performance Guidelines during the first year of Limited Warranty coverage.	Orientation of Home and location of room will also provide a temperature differential, especially when the airconditioning system is controlled by a single thermostat for one or more levels. You are responsible for balancing dampers and registers and for making other necessary minor adjustments.
Ductwork and heating piping not insulated in uninsulated area.	Ductwork and heating pipes that are run in uninsulated crawl spaces, garages or attics are to be insulated. Basements are not "uninsulated areas", and no insulation is required.	Builder/Seller shall install required insulation.	Noises due to water flow and pipe expansion are not considered deficiencies.
Condensate lines clog up.	NONE. NO COVERAGE.	Builder/Seller shall provide clean and unobstructed lines on Effective Date of Warranty.	Condensate lines will clog under normal conditions. You are responsible for continued operation of drain lines.
Improper mechanical operation of evaporative cooling system.	Equipment that does not function properly at temperature standard set is a deficiency.	Builder/Seller shall correct and adjust so that blower and water system operate as designed during the first year of Limited Warranty coverage.	
Ductwork makes noises.	NONE. NO COVERAGE.	NONE.	When metal is heated, it expands, and when cooled, it contracts. The resulting "ticking" or "crackling" sounds generally are to be expected and are not deficiencies.
Ductwork makes excessively loud noises known as "oil canning".	The stiffening of the ductwork and the gauge of metal used shall be such that ducts do not "oil can". The booming noise caused by oil canning is a deficiency.	Builder/Seller shall take the necessary steps to eliminate noise caused by oil canning.	

11. Electrical Components

11.1 Switches and Receptacles

Fuses blow, or circuit breakers kick out.	Fuses and circuit breakers that deactivate under normal usage, when reset or replaced are deficiencies during the first year of Limited Warranty coverage.	Builder/Seller shall check all wiring and replace wiring or breaker if it does not perform adequately or is defective.	
Drafts from electrical outlets.	NONE. NO COVERAGE.	NONE.	The electrical junction box on exterior walls may produce a slight air flow whereby the cold air can be drawn through the outlet into a room. This problem is normal in new Home construction.

ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/WARRANTOR RESPONSIBILITY	EXCLUSION
Malfunction of electrical outlets, switches, or fixtures.	All switches, fixtures and outlets which do not operate as intended are considered deficiencies only during the first year of Limited Warranty coverage.	Builder/Seller shall repair or replace defective switches, fixtures and outlets.	
Light fixture tarnishes.	NONE. NO COVERAGE.	NONE.	Finishes on light fixtures may be covered under their manufacturer's warranty.
11.2 Service and Distribution			
Ground fault interrupter trips frequently.	Ground fault interrupters are sensitive safety devices installed into the electrical system to provide protection against electrical shock. These devices are sensitive and can be tripped very easily. Ground fault outlets that do not operate as intended are considered deficiencies.	Builder/Seller shall replace the device if defective during the first year of Limited Warranty coverage.	

ITEMS COVERED UNDER THE 2-YEAR SYSTEMS COVERAGE

DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/WARRANTOR RESPONSIBILITY	EXCLUSION
12. Mechanical Systems			
12.1 Septic Tank Systems			
Septic systems fail to operate properly.	Septic system should be capable of properly handling normal flow of household effluent.	Builder/Seller shall take corrective action if it is determined that malfunction is due to a deficiency in workmanship, materials, or failure to construct system in accordance with state, county, or local requirements. Builder/Seller is not responsible for malfunctions or limitations in the operation of the system attributable to design restrictions imposed by state, county, or local governing agencies. Builder/Seller is also not responsible for malfunctions which occur or are caused by conditions beyond Builder/Seller's control, including Your negligence, abuse, freezing, soil saturation, changes in ground water table, or other acts of nature.	You are responsible for periodic pumping of the septic tank and a normal need for pumping is not a deficiency. The following are considered Your negligence or abuse as exclusion under the Limited Warranty: a.) excessive use of water such as overuse of washing machine and dishwasher, including their simultaneous use; b.) connection of sump pump, roof drains or backwash from water conditioner, to the system c.) placing of non-biodegradable items in the system; d.) addition of harsh chemicals, greases or cleaning agents, and excessive amounts of bleaches or drain cleaners; e.) use of a food waste disposer not supplied by Builder/Seller; f.) placement of impervious surfaces over the disposal area; g.) allowing vehicles to drive or park over the disposal area; h.) failure to periodically pump out the septic tank when required. Sewage pumps are excluded under the Limited Warranty.

ITEMS COVERED UNDER THE 2-YEAR SYSTEMS COVERAGE

DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/WARRANTOR RESPONSIBILITY	EXCLUSION
12.2 Plumbing Water in plumbing pipes freezes, and the pipes burst.	Drain, waste, vent, and water pipes shall be adequately protected to prevent freezing and bursting during normally anticipated cold weather.	Builder/Seller shall correct conditions not meeting Construction Performance Guidelines.	Burst pipes due to Your neglect and resultant damage are not Builder/Seller's responsibility. You are responsible for draining exterior faucets, and maintaining suitable temperature in the Home to prevent water in pipes from freezing. During periods when the outdoor temperature falls below the design temperature, You are responsible for draining or otherwise protecting pipes. Homes which are periodically occupied, such as summer homes, or where there will be no occupancy for an extended period of time, must be properly winterized or periodically checked to insure that a reasonable temperature is maintained.
Leakage from any piping.	Leaks in any waste, vent and water piping are deficiencies.	Builder/Seller shall make necessary repairs to eliminate leakage.	Condensation on piping does not constitute leakage, and is not a deficiency, except where pipe insulation is required.
Sanitary sewers, fixtures, waste or drain lines are clogged.	The Builder/Seller is not responsible for sewers, fixtures, or drains that are clogged because of Your actions or negligence. Sanitary sewers, fixtures, waste or drain lines that do not operate or drain properly due to improper construction are deficiencies.	When defective construction is shown to be the cause, Builder/Seller shall make necessary repairs. If Your actions or negligence is the cause, You are responsible for correcting the problem. You are liable for the entire cost of any sewer and drain cleaning service provided by Builder/Seller where clogged drains are caused by Your actions or negligence.	Builder/Seller is not responsible for sewer lines that extend beyond the property lines on which the Home is constructed.
12.3 Water Supply Water supply system fails to deliver water.	All service connections to municipal water main or private water supply are Builder/Seller's responsibility when installed by Builder/Seller.	Builder/Seller shall repair as required if failure to supply water is the result of deficiency in workmanship or materials.	If conditions exist which disrupt or eliminate the sources of water supply that are beyond Builder/Seller's control, then Builder/Seller is not responsible.
12.4 Heating and Air Conditioning Refrigerant lines leak.	Builder/Seller-installed refrigerant lines or ground loop pipes that develop leaks during normal operation are deficiencies.	Builder/Seller shall repair leaking lines and recharge the unit as required.	Leaks due to Your actions or negligence are excluded.
Ductwork separates, becomes unattached.	Ductwork that is not intact or securely fastened is a deficiency.	Builder/Seller shall reattach and resecure all separated or unattached ductwork.	

ITEMS COVERED UNDER THE 2-YEAR SYSTEMS COVERAGE			
DEFICIENCY	CONSTRUCTION PERFORMANCE GUIDELINES	BUILDER/SELLER/WARRANTOR RESPONSIBILITY	EXCLUSION
13. Electrical Systems			
13.1 Electrical Conductors Failure of wiring to carry its designed load.	Wiring that is not capable of carrying the designated load, for normal residential use to switches, receptacles, and equipment, is a deficiency.	Builder/Seller shall check wiring and replace if it fails to carry the design load.	

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NOTICE OF CLAIM FORM FOR STRUCTURAL CLAIMS ONLY

Please read the 2-10 Home Buyers Warranty® Booklet, section IV, page 5, for filing instructions and pertinent information.

Name: _____

Address Of Claim: _____
Street City State Zip

Home Phone: _____ Business Phone: _____

Effective Date Of Warranty: _____ Certificate of Warranty Coverage #: _____
(Date of Closing or First Occupancy)

Please note that the 2-10 Home Buyers Warranty® Program provides Limited Structural Defect Warranty Coverage which is subject to exclusions and conditions. You are encouraged to review the Structural Coverage provisions of your Warranty Booklet.

Please answer the following questions:

1. Have you reviewed the Definition of a Structural Defect in your Warranty Booklet? Yes ☐ No ☐
2. Do you believe that you have actual physical damage to one or more of the listed load bearing portions of your home? Yes ☐ No ☐
3. Have you reviewed the list of non-load-bearing elements which would not qualify as a Structural Defect under this coverage? Yes ☐ No ☐
4. Do you feel that your home is unsafe, unsanitary or otherwise unlivable as a result of the defect? Yes ☐ No ☐

Nature of Defect (Be specific; If available, enclose photographs; attach separate sheet if necessary)

Date Defect First Observed: _____

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder (Builder/Seller) or claimant (Homeowner) for the purpose of defrauding or attempting to defraud the policyholder (Builder/Seller) or claimant (Homeowner) with regard to a settlement or award payable from insurance proceeds shall be reported to the insurance commissioner or your state.

CHECK ONE (if applicable): 1) ☐ FHA 2) ☐ VA 3) ☐ RHS

CASE #: _____

If you are the original owner, and your Home has FHA/VA financing, please provide the following:

Name of Mortgage Company: _____

Address of Mortgage Company: _____

Homeowner Signature: _____ Date: _____

Homeowner Signature: _____ Date: _____

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MAIL TO:
2-10 Home Buyers Warranty
10375 East Harvard Ave., Suite 100 | Denver, CO 80231 | 855.429.2109

NOTICE OF COMPLAINT FORM FOR WORKMANSHIP & SYSTEMS COVERAGE

Please read the 2-10 Home Buyers Warranty® Booklet, section IV, page 5, for filing instructions and pertinent information. If your previous written attempts to resolve your problems with the Builder/Seller have failed, then this form is to be sent to your Builder/Seller, with a copy to the HBW Warranty Administration Office. This form must be received by your Builder/Seller and HBW no later than fifteen (15) days after the expiration of the applicable warranty term. We recommend certified mail, return receipt.

Name: _____

Address of Complaint: _____

Home Phone: _____ Business Phone: _____

Effective Date of Warranty: _____ Certificate of Warranty Coverage #: _____

Nature of Defect (*Be Specific*):

Date Defect First Observed: _____ Date First Reported to Builder/Seller: _____

Attach any copies of relevant correspondence between you and your Builder/Seller involving this matter. Please provide any correspondence that indicates that your Builder/Seller has failed to perform his/her warranty obligations, and a copy of the Certificate of Warranty Coverage.

Homeowner Signature: _____

Homeowner Signature: _____

Date: _____

CHECK ONE (IF APPLICABLE): 1) ☐ FHA 2) ☐ VA 3) ☐ RHS

CASE #: _____

Attach any copies of relevant correspondence between you and your Builder/Seller involving this matter. Please provide any correspondence that indicates that your Builder/Seller has failed to perform his/her warranty obligations, and a copy of the Certificate of Warranty Coverage.

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SUCCESSIVE HOMEOWNER TRANSFER AND ACCEPTANCE

As the successive homeowner of the home located at _____(Home)
I/We accept any coverage remaining on the 2-10 HBW Warranty provided by the Builder/Seller that first sold the newly constructed Home. I/
We have reviewed and agreed to all the terms in the 2-10 HBW warranty booklet.

I/We understand that Home Buyers Warranty Corporation (2-10 HBW) is not the warrantor of the Builder/Seller's 2-10 HBW warranty, but
rather provides services to administer the warranty.

I/We agree to the Binding Arbitration process for resolving warranty disputes between us, the Builder/Seller and/or the Warranty Insurer.

Signature(s) of successive Home Buyer(s):

SIGN

PRINT

SIGN

PRINT

PHONE

EMAIL

DATE

In order to process this request, please mail this form and a check in the amount of \$20 payable to 2-10 HBW to:

2-10 Home Buyers Warranty Corporation
Warranty Administration Department
10375 East Harvard Avenue, Suite 100
Denver, CO 80231

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For more information about our
New Home Warranty program,
call 855.429.2109
or visit 2-10.com

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