

BUILDER'S LIMITED WARRANTY

RESIDENTIAL LIMITED WARRANTY STANDARDS

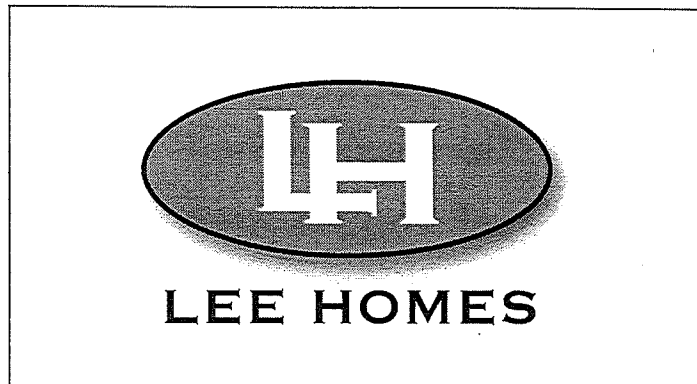


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INTRODUCTION

YOUR NEW HOME

Building a new home is a unique experience. Every construction project plays out in its own way, and one's individual perception of the project can differ widely depending upon their point of view. The homebuyer's view is framed by the fact that a new home is one of the largest financial and emotional investments they will ever make. To the buyer, they are not just buying a new house, they are creating a home where they and their family will live. On the financial side, it is an enormous real estate investment. In both cases, the homebuyer has a very significant and personal interest in seeing that the work is done professionally, properly, and on time.

To the builder, a new home is a product. They will build it and then they will sell it - that is the business that they are in. While we will usually refer to the person who has been hired to build the new home as a "builder", that is not really an accurate name. In general, the builder does not actually have much of a hand in physically building the home. Builders are more accurately called General Contractors. The role of a General Contractor is to act as the management company that acquires and coordinates the suppliers and trade contractors who provide the materials and do the actual physical work of building your home.

In the eyes of trade contractors, your home is a job location. With every home that they finish, their job location changes, but it is always just another day at the office for them. These trade contractors are under a great deal of pressure to run their businesses effectively, to do quality work, and to maintain a rigorous schedule. Each one of them depends upon the other contractors who preceded to leave them with quality work to build upon, and they in turn must pay attention to the quality of work that they leave behind when they are done. One by one, they each lend their particular skills to the final product, and then move on to the next home.

Throw into this mix the developers who have created the site upon which the home will be built, the local government units that inspect your home to see that it conforms with all the applicable codes, the manufacturers and suppliers of the various building materials, the banks and bankers who will handle the financial transaction, assorted realtors, lawyers, and any number of other people whose business depends in part or in whole on the construction of new homes, and you have assembled quite a party. While the purchase of your home is in the hands of all of these people, the primary responsibility is with the trade contractors, the general contractor, and the homebuyer.

Any private citizen can legally act as their own general contractor and build their own house. If you were to try it, you would find that there is a giant, unknown world of rules, regulations, expenses, and other miscellaneous hurdles that need to be cleared in order to accomplish this feat. The reason most people hire professional builders to act as their general contractors is to hire the experience and knowledge of those professionals. It is that experience for which you are paying when you buy your new home.

NEW HOME WARRANTIES

Houses are built using a vast array of products and materials. There are literally hundreds of people who have had some hand in the manufacturing, supplying, or installation of the various parts of your home. Any one of these parts may be subject to slight damage, imperfections, or to the possibility of failure. All of these various parts are assembled and fine tuned by human hands, while using materials that are imperfect by their nature. The people doing the work will do their best to produce a quality finish, but it is not possible to produce perfect work. The discovery of a flaw in your home is inevitable, and it is not the same as discovering defective workmanship.

During the construction process, your builder must follow a system of government-mandated permits and inspections that do a good job of requiring that "building standards" are met or exceeded in each home. As a result your home is generally considered to be in compliance with all of these standards at the time you take occupancy. After you have moved into your new home, your builder has an obligation to you for one year to ensure that your home remains free from defects caused by faulty workmanship and defective materials due to noncompliance with building standards.

While the State regulates and inspects many of the critically important aspects of your home, such as electricity, plumbing, and framing, they do not provide much detail of specific warranty coverage outside of those areas. States generally do not try to mandate all of the standards that your builder must follow. Instead, they defer to industry-accepted construction standards and put the responsibility on the builder to provide you with a list of those standards. This Builder's Limited Warranty book contains those standards as recognized and upheld by your builder.

In every home, there are a variety of manufacturer's warranties and specific product warranties on items such as floor coverings, glass, roofing materials, and many other items. Kitchen appliances are one of the most common instances of this type of warranty coverage. Warranties on some other items may extend beyond your builder's one-year warranty obligation. Be sure to fill out and mail, or otherwise return manufacturer's warranty registrations. Many of these suppliers have a professional and well-developed service network, and are fully prepared to help you with any service problems that you may have. Keep a record of product names, styles, model numbers, suppliers, and any other information that may be pertinent to pursuing warranty claims throughout the course of owning your home.

In addition to the builder's statutory one-year warranty, there are also statutory requirements for a two-year warranty against defects in the mechanical systems of new homes, and a ten-year warranty against defects in the structural components of your home. In addition, many builders and certain types of loans require the purchase of an independent insured warranty policy. Homebuyers should be sure to ask their builders and lenders about the warranties that exist for their particular home. This builder's limited warranty is for the first year only.

The two-year portion of your statutory warranty addresses your primary mechanical systems, which are Plumbing, HVAC (Heating, Ventilation, and Air Conditioning), and Electricity. Some trade contractors have voluntarily chosen to increase the length of this coverage to five years or more, so you should familiarize yourself with the specifics of this coverage for your home. The standards of the two-year coverage are not the same as those contained in this book, and may be limited to specific parts or specific circumstances. Record the names and telephone numbers of the mechanical contractors who worked on your home, so that you can contact them if necessary after the expiration of your one-year warranty period.

The ten-year structural coverage of your statutory warranty is rarely used, but you should be familiar with it. Structural warranty claims may need to be substantiated by a report from a structural engineer, or a person or company with similar qualifications. Check with your builder to see what their procedures are for submitting warranty claims related to the ten-year structural warranty period.

If a new home carries an insured warranty policy, then it is important for homeowners to become familiar with the specifics of the coverage and the process involved in submitting a claim. With any combination of warranties, your coverage under one of them does not necessarily limit your coverage under the others, nor does it limit your ability to seek other resolution to your warranty claims. In all cases, warranties are provided for the consumer with the understanding that any product could possibly have or develop an undetected and unintentional defect. The warranties give you a path to follow in order to correct those defects

THE BUILDER'S LIMITED WARRANTY

This builders limited warranty is a "Limited Warranty", as defined in the Magnuson / Moss / Federal Trade Commission Improvement Act, Public Law 93637, 15 U.S.C. 2301 (The "Act"). The Act requires, among other things, that any warranty containing conditions, exceptions, or deductibles shall be referred to as a "Limited Warranty".

Your builder's limited warranty only addresses those issues that are specifically identified in this book. It is important that you understand your new home warranty and the processes that will be followed in resolving any service issues that you wish to have addressed. The information that we provide in this book will present that information to you in a thorough and understandable fashion. Please read this Builder's Limited Warranty book carefully, and refer to it as often as necessary during your first-year warranty period.

The purpose of the limited warranty is to identify and describe those items that are considered to be defects. Items that are identified as defective under the terms of this limited warranty reflect the accumulated standards of quality to which builders and trade contractors generally agree. Because they reflect very broad industry standards, and not your individual builder's own personal standards, your builder has little control over the contents of this limited warranty. If you feel that these standards are not adequate, then it is imperative that you discuss them with your builder before you begin the construction process. If your builder does not specifically agree to additional coverage, then this is the only set of standards to which your builder has agreed.

During your one-year warranty period, it is important to remember that your builder is the sole warrantor of your new home. Trade Contractors and suppliers all have obligations to you and to the builder as part of this warranty, but the builder has taken on the responsibility of answering to you for any warranty issues that arise during the first year. Resolving warranty issues may also involve some of those trade contractors and suppliers.

Everyone who works on your home has the same goal in mind – a beautifully finished home that both you and they can be proud of. Closing on your home represents the end of that construction process, and the beginning of your one-year warranty period. Understanding that imperfections will be found in your home is part of the process of taking possession of your home. The nature of these imperfections will vary from one home to the next. Before you complete the purchase, you should satisfy yourself that your home meets the quality standards that your builder has established, and that you were expecting from your new home. Beginning with the delivery of the home, your home will be considered completed, unless you experience a problem that is specifically addressed in this limited warranty book.

SUBJECTIVE NATURE OF COMPONENTS

During every step of the construction of your home, there usually is more than one way to do each individual job correctly. Here is an abstract example: Let's say that you have a situation where the desired result is to install a device that can be used to open a door. Do not assume that a specific type of handle or doorknob will be used unless this has been expressly discussed with the builder, and preferably documented in writing.

If the device that is installed is not the same one the homeowners were expecting, that does not necessarily make it a warranty item. It is simply a difference of opinion. While it is often safe to assume that the doorknobs that are used will be similar in appearance and quality to the ones that were used in the builder's model home or display center, they may not be identical. The builder may have upgraded the door handles in their model, or they may have ordered specific handles to match the decorating. If there is a specific style or color of doorknob that you want, have it documented in the purchase documents.

The less you leave to chance, the better off you will be. During construction, homebuyers are free to express their own opinions, to make specific requests of the builder, and to get differences resolved in any way they see fit. On the other hand, after the home has been completed and delivered, the builder is under no obligation to replace a properly functioning door handle, unless it is shown to be the wrong doorknob, and the correct doorknob was clearly specified in advance on the purchase documents.

In all cases, "Industry Standards" or similar terms do not necessarily define a single, specific correct way to do something, but rather indicate that something has been completed correctly in order to serve the function for which it was intended. During the warranty period, a builder guarantees that the workmanship and materials that were used in the construction of the home were applied correctly, and will remain free from defects. Your builder is dedicated to upholding that standard, and to seeing that any warranty requests are thoroughly addressed.

HOMEOWNER MAINTENANCE

Part of the reality of owning a home is the need for performing regular maintenance tasks. Even a brand new home will require the care of the homeowner. Once you have moved into your home, you are in control of caring for all of the home's components. Some natural wear and tear begins to affect your home immediately upon completion, even before you take occupancy. As wood, paint, cement, and other products dry they will shrink and settle to some extent, resulting in minor cracks and other blemishes. Many of the components of your home may go through some changes on either a one-time, seasonal, annual, or some other periodic basis. Those normal wear items have been the foundation of countless "honey-do" lists and trips to the local hardware store since the dawning of modern urban America. Unless they meet the conditions described in this limited warranty, this process is considered normal and is beyond the control of any new home builder.

In order to meet these maintenance needs, Homeowners need to arm themselves with knowledge and know-how. In the final analysis, it is entirely your responsibility to either know how or learn how to care for your home. Begin this education by carefully reading the owner's manuals for all of your appliances and mechanical systems. Pay special attention to the periodic maintenance and troubleshooting portions of the manuals. Where this is not sufficient, many retail home improvement stores offer classes to help homeowners learn about routine maintenance tasks and how to perform them properly. If you prefer, there is an endless supply of books and magazines that address home improvement and maintenance. For those of you who simply are not very handy, you can seek help from professional contractors, handyman services, and maintenance companies who can fix anything from loose doorknobs to missing shingles.

If you are still not sure how to address a maintenance issue, you are not alone. Questions about the cleaning, care, or repair of some component the home are quite common. If this situation arises, you should consult a professional who specializes in the area in question. For instance, if you want to know what product to use to clean your wood floors, contact two or more professional floor finishers, flooring suppliers, or cleaners. In all likelihood, you will get somewhat different answers from different people, but you will get a good idea of what the options are. Through this process, you can make well-reasoned, sound decisions about how to maintain your home.

In addition to routine maintenance, homeowners occasionally damage walls, carpets, countertops, or other parts of their home by accident in the course of everyday living. Even if the homeowner did not damage the item deliberately, any damage that the homeowner does to the home is the homeowner's own responsibility. Before you take possession of your new home, be sure to take a thorough look around with your builder, and document any pre-closing damage to the home. This will eliminate confusion over whether something was damaged before closing or afterward.

Sometimes, a question may arise about whether a flaw in the home is the result of homeowner actions, natural causes, or a warrantable construction defect. In such a case, at the discretion of the builder, someone may be assigned to inspect the item and determine whether the flaw is the responsibility of the builder. It is important to note that simply identifying a flaw does not automatically make it a covered item. Some flaws are a natural and expected part of building a new home. Always refer to this builder's limited warranty to determine whether a flaw is severe enough to be considered a defect. If so, it will be treated as any other warrantable defect. If not, you will be responsible for any repairs that you feel are necessary.

WARRANTY PERFORMANCE

WARRANTY REQUESTS

Once you have taken possession of your home, if you have a question regarding warranty coverage, then you should always begin by referring to this book. If your question appears to be something that is covered under the terms of the builder's limited warranty, then you should begin the process of initiating a request for warranty service. Your builder may have developed a process for initiating warranty requests, and it is your responsibility as a homeowner to be sure that you know what that process is. Whether you call the builder's office, or submit a request in some other manner, following that process is the first step in getting your warranty requests addressed.

Warranty service requests typically appear in one of three different forms, which can generally be described as "Emergency" requests, "Urgent" requests, and "Routine" requests. Each of these types of requests will be treated somewhat differently from the others. Descriptions of the three categories and their common treatment are as follows:

EMERGENCIES

In reality, the only real emergencies are things like fires, natural disasters, or personal injuries in your home. Of course, your builder has no role in resolving such problems. You should get a list of the telephone numbers for the appropriate emergency response agencies in your area, and keep it near your telephone in a place that everyone in your home can easily find. Telephone numbers for the police, fire department, poison control, local hospitals, utility services, and other potential help should be kept close at hand. In an emergency situation, you can always call 911 if you are in an area where it is available, and the trained personnel on the other end of the line can help you.

An "Emergency" as it relates to your new home's limited warranty describes a situation that has resulted, or will imminently result in damage to the home or danger to the homeowner. Being designated as an emergency basically means that the problem may be addressed after business hours or on weekends by your builder or their trade contractors. There are generally three types of new home emergencies:

1. Furnace is not functioning, and the temperature is expected to drop below 40 Degrees Fahrenheit.
2. Water leak that can only be contained by shutting off the main water supply.
3. Electrical outage originating in your home and affecting the vital mechanical systems of the home.

If you have an emergency situation in your home, then you should seek help immediately. If your builder has provided you with the emergency contact numbers of the trade contractors who worked on your home, then you may contact them directly. Otherwise, you should contact the builder's office, or follow whatever other process has been described for you.

If the original contractor or other builder's representative cannot be contacted within a reasonable time frame, then you may need to arrange for the repair on your own. Remember that this is your home now, and it is ultimately your responsibility to see that it is protected and maintained. If it turns out that an emergency was caused by a warrantable construction defect, then the defect can be addressed after the immediate problem of the emergency has been resolved.

In some cases, an emergency may not be within the builder's control. If electrical power has been interrupted to a home or an entire neighborhood, contact the local power utility to see whether the problem is outside of the home. If the power is out, most heating systems will not function. If there is a water outage, again, check with the local water utility to determine whether the problem is beyond the scope of the builder's work. In these or any other cases, if the problem is outside the home, then it probably does not have anything to do with your builder. In these situations the builder is generally powerless, and may even be forbidden by law from attempting any repairs.

NON-EMERGENCY REQUESTS

An "Urgent" request describes a situation that either could quickly deteriorate, cause damage, or would present a major irritation to the homeowner if it is left unaddressed for an extended period of time. Examples of an urgent situation would include such problems as a minor plumbing leak, malfunctioning air conditioning, a water heater that is not working, or a clanging or "oilcanning" sound in ductwork that could disturb someone's sleep.

Urgent requests should be reported to the builder or the appropriate trade contractor during regular business hours, and will be addressed promptly. However, these are not emergencies and will generally not be addressed after normal business hours or on weekends.

Most warranty requests are "Routine" requests. These are small items that have no great impact on the operation or use of your home. This type of request should be reported by following the procedures that your builder has described for resolution of warranty requests. These requests will be considered and evaluated based upon the limited warranty standards, in accordance with the builder's warranty resolution process.

SUBMITTING WARRANTY REQUESTS

Every builder has their own system for receiving warranty requests. As early as possible in the construction process, you should discuss warranty procedures with your builder. Whatever their procedures are, it will generally result in faster warranty service if you follow the builder's system.

Talking with a representative of the builder's company out on the street or over the phone may get quick results sometimes, but if the conversation is forgotten, or incorrectly recorded, then it can result in a communication breakdown and poor results. It is always a good idea to submit requests in writing, and to keep a copy of the requests for your records. If your builder follows a system in which they write-up the requests themselves, then you should be sure to get a copy of the list from the builder's warranty representative.

WARRANTY REPAIRS

When an eligible warranty repair has been identified, the builder will assign it to someone to be completed. This person may be an employee of the company, one of their trade contractors or suppliers, or any of a number of third-party companies that provide services to the construction industry. Repairs should then take place within a reasonable period of time.

Depending upon the repairs in question, it could take anywhere from a few hours to a few months for repairs to be made. Some repairs cannot be made immediately due to weather conditions, ordering of materials, or other identifiable factors. Please be patient when this is the case. Ask the builder or other responsible party for an estimate of when the work will be completed, and then check back with them when that time comes.

Other repairs can be made immediately, and you should either contact the repair person or wait to be contacted by them, as directed by your builder's warranty procedures. Minor delays are not uncommon, and can be caused by either the homeowner or the service person. Please do whatever you can to make yourself and your home available to a contractor who is trying to make a repair. Avoid making appointments unless you are relatively sure that you can keep them. Nothing is more frustrating for either of the parties involved than waiting for your counterpart to show up and having it end up being a waste of time.

In all cases, receiving written or printed documentation of warranty repairs is a good practice and a valuable tool. Whether you use the documentation to remind you of future dates, to refresh the memory of the person making the repair, or simply as documentation for your home maintenance history, these are important records to have and keep.

GENERAL PROVISIONS

BUILDERS LIMITED WARRANTY

This limited warranty does not constitute an "Insured" warranty, and in itself does not satisfy the need for an insured warranty that may be required with certain types of financing or other home purchasing programs. This builder's limited warranty is simply a printed interpretation of the residential construction industry standards by which builders generally abide. The builder has agreed to follow these standards during the one-year statutory warranty period, subject to the limitations and conditions described in this limited warranty and any other documentation that is relevant to this new home purchase.

STANDARDS ARE SUBJECT TO CHANGE

The standards contained in this book were generally accepted at the time this book was printed. If there have been any recent changes to the accepted standards of the construction industry, they may not have been included in this limited warranty book. Your home may have a defect that would be covered under the terms of this limited warranty, but has not been included in this book. It is also possible that items that are stated to be defective in this book may not be considered defective at this time. This book is intended as a guide, and should be interpreted in that light. It does not obligate your builder to, nor excuse them from any standards that vary due to local conditions, or that may have changed since this book was produced.

METHOD OF REPAIRS

When a repair is required, the method of repair is entirely up to the discretion of the builder. At their option, the builder will choose whether to repair, replace, or otherwise compensate you for a defective component of your home. When making repairs Builder will attempt to match the existing materials, but an exact match cannot be guaranteed by any contractor. Materials that are used for repairs are chosen at the discretion of the builder, and may differ from the original material, depending upon the function and/or availability of specific products.

HOMEOWNER NEGLIGENCE OR ABUSE

If a problem has been caused or made worse by homeowner neglect or abuse, the homeowner will be responsible for all or some portion of the cost of the repair, or for cleanup related to the repair. Even if the homeowner neglect or abuse is not deliberate, the builder cannot be responsible for the homeowner's actions, maintenance awareness, or maintenance abilities. It is the homeowner's responsibility to maintain their home and to report warranty requests in a timely manner. In all cases, if a defect is found to be the result of homeowner neglect or abuse, the builder is not responsible for the repair. The builder is only responsible for repairs to those components that are subject to defects in original workmanship or materials.

ACCESS TO THE HOME

If a contractor needs to perform a repair, the homeowner must provide access to the home during regular business hours. While regular business hours may vary with different contractors, they should be generally assumed to be 8:00AM-5:00PM Monday through Friday. If a contractor is unable to gain access to a home after a reasonable period of time, and after repeated attempts to contact you, then repairs may not be completed.

LIMITATION OF LIABILITY

This builder's limited warranty addresses only those conditions that are specifically relevant to the workmanship and materials used in the construction of new homes. It is understood that defects are possible in any home, and the builder will address those defects in accordance with normal construction practices as required by the specifics of this limited warranty. This limited warranty does not obligate the builder to liability for any additional damages or expenses whatsoever that may be incurred by any homeowner. These damages or expenses include, but are not limited to such things as relocation expenses during repairs, claims of physical or emotional harm, diminished market value of the home, or any other conditions that are not specifically addressed as construction defects under the terms of this builder's limited warranty.

SEVERABILITY

This limited warranty is governed by the laws of the jurisdiction in which the warranted home is located. In the event that any provisions, wording, clauses, or policies contained in the Limited warranty are found to be contrary to law (unless exempted from compliance requirements as provided by statute or legislative action), only those portions of the limited warranty found to be in contravention of law shall be considered null and void. The remaining portions of the limited warranty shall remain in full force and effect.

RESOLUTION OF CONFLICTS

It is possible that, despite all the best intentions of everyone involved, a conflict over a warranty issue may not be easily resolved through the builder's normal warranty process. If your builder has fully addressed your warranty requests and found them to be of acceptable quality, and therefore outside the parameters of the limited warranty, then the builder has fulfilled their obligation as required by the statutory warranty. If you feel that this response is inadequate in some way, then you are free to pursue such items in any manner that you see fit. The builder cannot limit your right to dispute their decisions. However, neither the builder nor any of their trade contractors or suppliers are required to initiate this process on your behalf. It is up to you to pursue further action at your own initiative and your own expense.

USING THE BUILDER'S LIMITED WARRANTY

This builder's limited warranty book should be consulted as the starting point in resolving any requests for warranty service that you may have during the first year in your new home. Refer to this book to identify whether your questions are covered under the terms of the limited warranty before you initiate a warranty request. Think of this as the "Rule Book" that will be followed by your builder and their associated trade contractors during the first year. This builder's limited warranty book describes specific warrantable conditions as well as conditions which are specifically not covered as warranty items.

Many requests for warranty service are in reference to general questions that do not specifically apply to a single trade contractor or specialty area. Some general non-warranted conditions that may apply to your home are described in the beginning of the warranty specifications portion of this book under the heading "Specifically Excluded Conditions". These general conditions have been separated in order to make them easier to find and identify. Each item in this section has an identification code number that begins with the letters "NWC".

The remainder of the warranty standards are contained in the section entitled "Builder's Limited Warranty Specifications". There are both warranted and non-warranted conditions in this section of the warranty. Selected non-warranted items have been included because they are frequently brought up as warranty requests. Identifying them in this Limited warranty will help to address them quickly and openly. The first column on the left has an identification code for each item. If that code begins with a "W", then it is a warranted item, and if it begins with an "NW", then it is a non-warranted item.

LIMITED WARRANTY TERMS AND CONDITIONS

