Express Limited Warranty Coverage Booklet for:

One-Year Workmanship/Materials
Two-Year Delivery Portion of Systems
10-Year Major Structural Defects

- RESIDENTIAL-

By accepting the provisions of this Express Limited Warranty, the Homeowner(s) agrees to resolve any claims, disputes, and controversies with the Builder, and/or the Insurer through binding arbitration and not litigation. The warranties established herein supersede all implied warranties.

Urban Arc Properties, LLC

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SECTION 1: OVERVIEW OF THE URBAN ARC PROPERTIES EXPRESS LIMITED WARRANTY

Congratulations Homebuyer(s)! Your Builder is a member of the Urban Arc Properties Home Warranty program and sold You a Home that includes Express Limited Warranty protection.

This warranty booklet defines standards for the various components of a Home, the time period covered by this Express Limited Warranty, coverages and Exclusions, Homeowner responsibilities, and how to request warranty service and/or file a claim.

Please note that You may have been provided sample warranty booklets during the process of purchasing Your Home; however, Your actual warranty booklet is assigned at closing. After Your warranty goes into effect, You will be able to access information on Your warranty coverage and download Your warranty booklet and Certificate of Warranty Coverage via our
Warranty Portal at https://urbanarcproperties.com/warranty/ .If You don't have Internet access, You can request Your warranty documents by mail.

Please note that Your warranty will not go into effect until the signed Home Enrollment Application (HEA) and warranty payment have been received and processed by Urban Arc Properties Home Warranty.

Please read this warranty coverage booklet in its entirety so that You may fully understand the terms and conditions. Please contact our customer service department at (713)-417-3786 with questions or for more information.

(1) This warranty is an insurance-backed, Express Limited Warranty provided to You by Your Builder. This warranty coverage booklet embodies the entire extent of the Express Limited Warranty.

(2) This Express Limited Warranty is not a maintenance agreement, service contract, or an insurance policy.

(3) This document is not homeowner's insurance. There is no Builder Responsibility for any loss paid, covered claim, repair or the like if the same is available through any insurance or third-party warranty.

(4) In this Express Limited Warranty, reference to a person includes entities and vice versa. Use of the singular includes the plural. Use of one gender includes the other gender. Words that are capitalized are defined in the Definitions section.

(5) Under this Express Limited Warranty, the coverage periods for residential construction are as follows:

(a) One (1) year for Workmanship/Materials,

(b) Two (2) years for Delivery Portion of Systems (plumbing, electrical, heating, and air-conditioning delivery systems),

and

(c) Ten (10) years for Major Structural Components of the Home.

**Please reference the schematic at the back of this booklet to understand each of these different Home components.*

(6) Please note that the Warrantor changes depending on the type of Defect and/or Deficiency that occurs, the timeframe in which the Defect and/or Deficiency occurs, and if the Builder is unable to perform warranty obligations. The Warrantor is the Builder in years one (1) for Workmanship/Materials and years one (1) and two (2) for Delivery Portions of Systems. If the Builder is unable to perform one (1) and two (2) year warranty obligations, the Insurer becomes the Warrantor and performs Builder warranty obligations. For Major Structural Defects, the Warrantor is the Insurer for the complete warranty period (years one (1) through ten (10)).

(7) The Warrantor's liability and obligations are limited to the repair, replacement, or payment of the reasonable cost of repair or replacement, or payment of the Diminution in Value of the Home of warranted items not to exceed an aggregate equal to the original sales price of the Home (as shown on the Home Enrollment Application (HEA)) or $3 million, whichever is lower. The choice to repair or replace or make payments and determination of Diminution in Value is solely determined by the Warrantor.

(8) Repair or replacement is NOT intended to restore the Home to a like-new condition.

(9) This Express Limited Warranty is limited to construction Defects and/or Deficiencies which occur during the Warranty Term as defined above. The existence of a construction Defect and/or Deficiency does not constitute a breach of this Express Limited Warranty.

(10) Warranted Defects and/or Deficiencies must occur within the Warranty Term or the item(s) are not covered.

(11) The obligation of Urban Arc Properties Home Warranty under this warranty is solely to act as the warranty Administrator.

(12) When a request for warranty performance is filed and the Defect and/or Deficiency cannot be observed under normal conditions, it is Your responsibility to substantiate that the need for warranty performance exists including any costs involved.

(13) The warranty cannot go into effect until the signed Home Enrollment Application (HEA) has been accepted by SHW. By signing the HEA, the Home Purchaser(s) accepts the provisions of this Express Limited Warranty and agrees to resolve any claims, disputes, and controversies with the Builder, the Administrator, and/or the Insurer through binding arbitration and not litigation.

(14) Coverage is limited to those items selected on the Home Enrollment Application (HEA), if applicable.

(15) Neither repairs, payments, nor any other action or inaction of the parties will extend the warranty period.

(16) This Express Limited Warranty is separate and apart from any contracts between You and Your Builder, including any sales agreements. It cannot be altered, affected or amended in any manner by any other agreement except only through a formal written agreement signed by the Builder and You.

(17) Any agreements, understandings, promises, negotiations, representations, or obligations implied by law, custom, practice, or other source that are not documented in this warranty, including representations about this warranty, are not covered by this warranty.

(18) This Express Limited Warranty provides coverage only in excess of coverage provided by other warranties or insurances, whether collectible or not. This limited warranty does not take the place of the Builder's general liability insurance or Your Homeowner's insurance.

(19) The Warrantor provides no warranties which extend beyond this document. All other warranties, express or implied, including, but not limited to, all implied warranties of fitness, merchantability, or habitability are disclaimed and excluded to the extent allowed by law. The warranties established herein supersede all implied warranties.

(20) This warranty does not cover special, incidental, indirect, or Consequential Damages and does not reimburse parties for their attorney's fees or costs.

(21) This Express Limited Warranty is binding on the Builder and You and Your heirs, executors, Administrators, successors and assigns. An assignment or transfer of benefits, rights or sums payable under this warranty is prohibited except as expressly allowed in this Express Limited Warranty.

(22) If any term, condition, or provision of this warranty is found to be void or a violation of law or public policy by a court of competent jurisdiction, it shall be deemed modified to the extent necessary so that it is no longer void or in violation of law or public policy. Any binding decisions that determine a part of the warranty is void, or in violation of law or public policy, will not serve to invalidate the enforceability of any other term, condition or provision of this warranty.

(23) In order to carry out the responsibilities of the Warrantor and/or Warrantor's designees, the Warrantor and/or Warrantor's designees will require access to the home, the property, and Improvements. The Warrantor and/or Warrantor's designees shall be allowed full access during normal business operations for testing, inspection, and repairs. Refusal or delay of more than 30 calendar days upon verbal or written request of the Warrantor and/or Warrantor's designees will waive and void any responsibility, unless mutually agreed upon in writing by the parties.

(24) If performance under this Express Limited Warranty is delayed by an event beyond a party's control, such performance will be excused until the delaying effects of the event are remedied. Such events include, but are not limited to, concealed or unknown conditions such as soil conditions, unavoidable accidents or circumstances, encountering hazardous materials, damage caused by a utility company, acts of God or nature, acts of the common enemy, fire, war, riot, civil commotion or sovereign conduct, material shortages or unusual material delivery delays, abnormal adverse weather conditions not reasonably anticipated, labor disputes, acts of terrorism, government action, and/or acts or omissions by You or a person or entity not a party to this Express Limited Warranty. Such delay shall operate to extend the time period for performance but shall not act to extend the term(s) of warranty coverage(s).

(25) If an element or component of a Home is not described particularly in this booklet, the element or component shall be constructed in accordance with the applicable written agreement. If there is no agreement, the element or component shall be constructed in accordance with the usual and customary residential construction practices, or practices for similar Improvements in the geographic region shall govern and the element or component shall perform for the purpose for which it is intended for the period of the applicable warranty.

(26) When an inconsistency exists between the Code, manufacturer's instructions and specifications, the standard required by the United States Department of Housing and Urban Development for Federal Housing Administration or Veterans Administration programs, and/or ANSI/ASHRAE Standard (62.2-2003), the most restrictive requirement shall apply if reasonable under the circumstances.

(27) Violations of local or national building Codes, Residential Codes, standards or ordinances, or federal regulations are not the responsibility of the Insurer. The obligation of the Insurer under this limited warranty is solely to resolve Warranted Defects and/or Deficiencies.

(28) This warranty shall be interpreted and enforced in accordance with the laws of the state in which the Home is located. Please note that individual state laws may provide additional limitations, Exclusions, and/or coverage.

(29) This Express Limited Warranty is subject to change as required by various regulating bodies.

(30) All Manufactured Products shall be installed by the Builder in accordance with the manufacturer's instructions and specifications. The Builder shall use only new Manufactured Products and parts unless otherwise agreed in writing by the parties. If the Builder does not install a Manufactured Product in accordance with the manufacturer's specifications or use newly-manufactured parts as required, the Builder shall take such action as is necessary to bring the variance within the standard. The Builder will assign to the Homeowner, without recourse, the manufacturer's warranty for all Manufactured Products that are covered by a manufacturer's warranty. Any rights that inure to the Homeowner provided under a manufacturer's warranty are the obligation of the manufacturer. The Builder does not assume any of the obligations of the manufacturer resulting from a manufacturer's warranty.

(31) In no event shall there be Builder Responsibility for any Manufactured Product that was installed in accordance with the manufacturer's instructions and specifications. In no event shall there be Builder Responsibility for any denial of warranty claim or otherwise by the manufacturer.

(32) Notwithstanding a Performance Standard stated in this Express Home Warranty, a specialty feature, which is work performed or material supplied incident to certain design elements shown on the construction plans and specifications and agreed to in writing by the Builder and the homeowner, shall be deemed to be compliant with the Performance Standards stated herein so long as all items are compliant with the Code.

(33) This Express Limited Warranty is fully transferable along with Your rights and obligations to subsequent owners during the Warranty Term. There is no limit to the number of transfers during the Warranty Term or any cost as a result of such transfer(s).

(34) All notices required under this Express Limited Warranty must be in writing, sent certified mail, return receipt requested.

SECTION 2: DEFINITIONS

Arbitrator: The person selected to determine and enforce arbitration awards in the event of an Unresolved Warranty Issue. If You and the Builder cannot agree on an independent arbitration service, then both parties agree to use Construction Dispute Resolution Services (CDRS) for the arbitration.

ASCE Guidelines: "Guidelines for the Evaluation and Repair of Residential Foundations," Version 2, published by the Texas Section of the American Society of Civil Engineers (2009).

Builder: The person, corporation, partnership or other entity which is a member of the Urban Arc Properties Home Warranty Program and is listed on the Urban Arc Properties Home Warranty Home Enrollment Application (HEA). The Builder is the Warrantor in years one (1) for Workmanship/Materials and years one (1) and two (2) for Delivery Portions of Systems.

Builder Responsibility: A statement of the corrective action required by the Builder to repair the construction defect and any other damage resulting from making the required repair.

Certificate of Warranty Coverage: A certificate that is generated upon project completion, Homeowner acceptance, and receipt of the warranty fees. The certificate includes the Home Enrollment Application (HEA) number and the Effective Date of Warranty. The certificate can be accessed via Urban Arc Properties' warranty portal at https://urbanarcproperties.com/warranty/ or by phone (for those who don't have Internet access).

Code: The International Residential Code.

Common Elements: Any portion of a multi-family building which is defined as a Common Element in either common interest or ownership laws or in the declaration establishing such community that is shared between units. Common Elements may include, without limitation, hallways, roofs, exterior finishes, and electrical, plumbing, and mechanical distribution systems.

Consequential Damages: All damages or costs for which a remedy is not expressly provided for in this warranty which includes but is not limited to costs of shelter, transportation, food, moving, storage or other incidental expenses, including those related to relocation during any work performed under this warranty; kenneling of animals, veterinary expenses, pet daycare; loss of use, loss of wages, inconvenience, annoyance, or Diminution in Value of the Home; any and all consequential loss or damage to personal property, and damage to property which You do not own; physical or mental pain and suffering and emotional distress; medical or hospital expenses; or lost profits and/or wages.

Construction Quality Standard: The standard(s) to which a Home or an element or component of a Home constructed as a part of new Home construction or a material Improvement or interior renovation must perform.

Date of Homeowner Acceptance: The date indicated on the Home Enrollment Application (HEA) whereby the Homeowner agrees that the Home is complete and there are no outstanding Defects and/or Deficiencies.

Defect/Deficiency: A condition of any item warranted by this Express Limited Warranty which exceeds the allowable tolerances or does not meet the Construction Quality Standards or Performance Standards. Failure to complete construction of the Home or any portion thereof, in whole or in part, is not considered a Defect or Deficiency.

Delivery Portion of Systems: The electrical, plumbing, and mechanical distribution systems in Your Home.

Diminution in Value: That amount which is equal to the fair market value of the Home *with* the Defect compared to the Home's market value *without* the Defect.

Effective Date of Warranty: The date of closing, first title transfer, first date of occupancy, or the date the Certificate of Occupancy was issued for a single-family home (whichever occurred earlier). For multi-dwelling units such as condominiums, townhouses, and duplexes, the Effective Date of Warranty and Common Elements coverage is the date the first Certificate of Occupancy was issued for the building.

Excessive: A quantity, amount, or degree that exceeds that which is normal, usual, or reasonable under the circumstance.

Exclusion: Items, conditions, or situations not warranted or not covered under this warranty.

Express Limited Warranty: The Express Limited Warranty described by the terms and provisions contained within this warranty coverage booklet.

Extreme Weather Condition(s): Severe or unseasonal weather or weather phenomena that are at the extremes of the historical distribution. Weather conditions in excess of or outside of the scope of the design criteria stated or assumed for the circumstance or locale in the Code.

Golden Insurance Company (GIC): A Risk Retention Group which, subject to the terms contained in this warranty booklet, provides insured warranty coverage for this warranty product.

Home: The dwelling or property as identified by the address on the Home Enrollment Application (HEA).

Homeowner: The person(s) listed as the Homeowner(s) on the original Homeowner Enrollment Application (HEA), and who must hold legal title to the Home; or, any subsequent Homeowner who holds legal title to the Home.

Homeowner Responsibility: An action required by the Homeowner for proper maintenance or care of the Home or the element or component of the Home concerned. A Homeowner's failure to substantially comply with stated Homeowner responsibility creates an Exclusion to the warranty for the Construction Quality Standard or Performance Standard.

Improvement(s): Any labor, materials, or other work supplied by the Builder or its independent contractors or suppliers in performance of the contract documents or other written agreements including but not limited to design plans or specifications.

Insurer: Golden Insurance Company, A Risk Retention Group, (GIC). If coverage is provided and the Builder is unable to perform one (1) and two (2) year warranty obligations, the Insurer becomes the Warrantor and performs Builder warranty obligations. The Insurer is the Warrantor the entire coverage term (years one (1) through ten (10)) for Major Structural Defects.

Major Structural Components: The load-bearing portions, and the integral connection between them, of the following elements of a home:

(a) Load-bearing foundation systems and footings,

(a) Load-bearing floor framing systems,

(b) Load-bearing walls and partitions,

(c) Load-bearing roof framing systems,

(d) Load-bearing beams,

(e) Load-bearing headers,

(f) Load-bearing girders,

(g) Load-bearing lintels (other than those supporting veneers),

(h) Load-bearing columns (other than a column that is designed to be cosmetic), and

(i) Load-bearing masonry arches (other than a masonry arch that is designed to be cosmetic).

Major Structural Defect (MSD): Please refer to the Major Structural Defect Coverage section in this warranty booklet for the definition of a Major Structural Defect.

Manufactured Product: A component of the Home that was manufactured away from the site of the Home and that was installed in the Home without significant modifications to the product as manufactured. Manufactured Products which are covered by a manufacturer's warranty include, but are not limited to, appliances, fixtures, and items of equipment (including attachments and appurtenances). This warranty does not cover systems Deficiencies that are caused by a failure of any Manufactured Product or failure to comply with manufacturer's warranty requirements. This includes air conditioning units, attic fans, boilers, burglar alarms, carbon monoxide detectors, ceiling fans, central vacuum systems, doorbell systems, dishwashers, dryers, electronic air cleaners, exhaust fans, fire alarms, freezers, furnaces, garage door openers, garbage disposals, gas and electric meters, heat exchangers, heat pumps, humidifiers, intercoms, interior sprinkler systems, microwave ovens, oil tanks, outside lights or motion lights not attached to the Home, ranges and range hoods, refrigerators, sewage pumps, smoke detectors, solar collectors, space heaters, sump pumps, thermostats, trash compactors, washers, water pumps, water softeners, water heaters, whirlpool bathtubs, whole house fans and similar items/appliances. For purposes of this booklet, a Manufactured Product includes any component of a Home for which the manufacturer provides a warranty, provided that the manufacturer permits transfer of the warranty to the Homeowner.

Original Construction Elevations: Actual elevations of the foundation taken before, on, or about the Effective Date of Warranty of the residential construction project. Such actual elevations shall include elevations of porches and garages if those structures are part of a monolithic foundation. To establish original construction elevations, elevations shall be taken at a rate of at least one elevation per 100 square feet showing a reference point and shall be taken at a rate of at least one elevation per 10 linear feet along the perimeter of the foundation, subject to obstructions. Each elevation shall be taken on the surface of the foundation or on the surface of the floor covering on the foundation, if any. For elevations taken on floor coverings, the type of floor covering shall be recorded at each elevation location. If no such actual elevations are taken then the foundation for the habitable areas of the home are presumed to be level +/- 0.75 inch (three-quarters of an inch) over the entire area of the foundation.

Performance Standard: The standard(s) to which a Home or an element or component of a Home constructed as a part of new Home construction, a material Improvement, or interior renovation must perform. Performance Standards are set forth in this warranty booklet.

Residential Code: The requirements specified in the text of the Residential Code officially adopted by the state, city, county (or parish) in which Your Home is located.

Span (L): The distance between two supports for structural elements supported at both ends. For cantilever elements, L shall be determined as twice the distance from the last support to the unsupported end of the element. For calculating overall deflection or tilt of slab foundations, L shall be defined as the edge to edge distance across any slab cross-section for which deflection or tilt is to be calculated.

Unresolved Warranty Issue: A request for performance under the warranty that has not been met by the Builder and/or his subcontractors.

Warranted Defect/Warranted Deficiencies: A condition of a warranted item that, according to the Construction Quality Standards and Performance Standards described in this Express Limited Warranty, requires action by the Warrantor (Builder or Insurer, as applicable). Failure to complete construction of the Home or any portion of the Home in whole or in part is not considered a Warranted Defect.

Warrantor: The Builder in years one (1) for Workmanship/Materials and years one (1) and two (2) for Delivery Portions of Systems. If coverage is provided and the Builder is unable to perform one (1) and two (2) year warranty obligations, the Insurer becomes the Warrantor and performs Builder warranty obligations. The Insurer (GIC) is the Warrantor the entire coverage term (years one (1) through ten (10)) for Major Structural Defects.

Warranty Term: The period during which a Warranted Defect and/or Deficiency must first occur in order to be covered and is that period which begins on the Effective Date of Warranty as defined above and ends one (1), two (2), or ten (10) years thereafter, depending on the covered item.

Workmanship/Materials: The standard and quality of a Builder's work or the skills used in construction. Materials are the items used for construction.

You/Your: You/Your means the person(s) listed as the Homeowner(s) on the original Home Enrollment Application (HEA), and who must hold legal title to the Home; or, any subsequent Homeowner(s) who holds legal title to the Home.

SECTION 3: LIMIT OF LIABILITY

(1) Subject to the provisions of this warranty, the Builder's or Insurer's (as applicable) total aggregate limit of financial liability under this warranty shall not exceed the original sales price of the Home (as shown on the Home Enrollment Application (HEA)) or $3 million, whichever is lower. The Builder's or Insurer's (as applicable) obligations under this warranty are limited to its obligations that are explained in this warranty booklet.

(2) The aggregate obligation of the Builder or Insurer (as applicable) for all claims under this warranty is equal to the sales price of the Home listed on the Home Enrollment Application (HEA) or $3 million, whichever is lower. This means that every time Your Builder or the Insurer (as applicable) pays for costs of determining the existence and/or extent of a covered Defect and/or Deficiency, pays for a repair, pays legal costs, or pays a claim, those aggregate payments are deducted from the sales price of the Home listed on the HEA (the warranty limit). Once that total equals the sales price of the home on the HEA or $3 million (whichever is lower), there is no further warranty coverage. If the payment is made for the repair of a Common Element of a Condominium, the payment shall be deducted pro-rata from the sales price listed on the HEA for each unit in the building.

(3) If at any time during the Warranty Term, the limit of liability has been reached, regardless of whether costs were incurred singularly or aggregately, the entire warranty is automatically and permanently terminated. Any rights You may have under this warranty are then automatically terminated.

(4) The Insurer may, where appropriate, make payment for any claim for $10,000 or more jointly to You and Your Mortgagee as Your interests may appear. The Mortgagee is bound by the claim resolution reached with You.

SECTION 4: MULTI-DWELLING UNIT COVERAGE

(1) Subject to all provisions of this warranty, this coverage applies only to multi-dwelling units such as condominiums, townhouses, and duplexes. In addition to the Exclusions section of this warranty, clubhouses, recreational facilities, exterior structures, exterior walkways, decks, balconies, arches, or any non-residential structure(s) that are a part of the multi-dwelling unit (whether attached or not) are not covered by this warranty. Equipment, items, or systems that are owned by the condominium association or designated as a condominium common area are not covered. All other provisions of this warranty apply to this coverage, except as noted below.

(2) The Common Elements of the multi-dwelling unit are only covered by this warranty if all units are enrolled in the Workmanship/Materials, Delivery Portion of Systems, and 10-year Major Structural Defects warranty program. Common element Defects and/or Deficiencies must be reported within the applicable Warranty Term. Coverage will not be provided for

Common Element exterior stairways and landings, unless they are constructed entirely of metal or concrete (or in any combination of these two materials).

(3) If Your Home is an individual residence located within a multi-dwelling unit and You have Workmanship/Materials, Delivery Portion of Systems, and 10-year Major Structural Defect coverage, the coverage applies only to the components of the unit that You individually own. Coverage is the same as stated elsewhere within this warranty, except as noted in this coverage section.

(4) The Insurer's liability for warranty performance shall be limited to only those units of a multi-dwelling unit which have been warranted by Urban Arc Properties Home Warranty, LLC. The limit of liability shall be pro-rated based upon the number of warranted units under this warranty.

(5) Should a request for warranty performance involve Common Elements of a multi-dwelling unit, then the owners of each unit affected and in need of warranty performance shall be responsible for the non-refundable processing fee of $250.00 per unit in the building or $5,000 per building (whichever is less). *This non-refundable fee is required for each Request for Warranty Performance Form and Notice of Major Structural Defect Claim Form submitted to (*Urban Arc Properties *Home Warranty, LLC).*

(6) For multi-dwelling units such as condominiums, townhouses, and duplexes, the Effective Date of Warranty and Common Elements coverage is the date the first Certificate of Occupancy was issued for the building.

(7) Should notification of a structural claim involve Common Elements of a condominium, then an authorized representative of the condominium association must make the request.

SECTION 5: HOMEOWNER DUTIES & RESPONSIBILITIES

You have duties and responsibilities under the law and under this warranty. This warranty is expressly conditioned on Your full performance of duties (express or implied) relating to residential construction and the warranty. These duties include, but are not limited to:

(1) You have a duty to ensure that any plans, specifications, or other information supplied to the Builder are accurate and suitable for the construction of the project and to provide all information relating to the project that is not known or reasonably discoverable by the Builder.

(2) You have a duty to work toward the mutual goal of achieving a successful project, to not cause any unreasonable delay in the start of the project, to not delay, hinder, or interfere with the performance of other parties, to not act arbitrarily with respect to requests for extensions of time, to perform all of the contractual obligations in good faith, and to not take any action that would prevent the Warrantor from pursing Your rights and remedies against other parties responsible for Your loss.

(3) You have a duty to make reasonable efforts to minimize or avoid losses.

(a) Upon observation of a circumstance that You cannot control and may cause damage to the Home or a Home component and/or may make the house uninhabitable, You shall take immediate and reasonable action to prevent it.

(b) You agree that only those repairs necessary to make the house habitable or mitigate further damage shall be performed. You agree that any and all repairs performed beyond such measures will not be covered by the warranty. Any unauthorized repairs made by You or someone under Your direction, other than those permitted in this paragraph, will not be reimbursed or compensated.

(4) You are responsible for the proper maintenance of Your new Home. Regular preventative maintenance is necessary to prolong the life of the Home. Your obligation is to care for Your Home in such a way as to prevent or minimize damage to it. You should be aware that all new Homes go through a period of settlement and movement. During this period, Your Home may experience some minor material shrinkage, cracking, and other events which are normal and customary.

(5) Maintenance of the Home and the lot on which the Home is located is essential to the proper functioning of the Home, and You are responsible for that maintenance. You are responsible for maintenance items described in this section and those maintenance items identified separately in this warranty booklet. Additionally, You are responsible for ongoing maintenance responsibilities that affect the performance of the Home but that may not be expressly stated in this booklet. Such ongoing maintenance responsibilities include, but are not limited to:

(a) Periodic repainting and resealing of finished surfaces as necessary,

(b) Caulking for the life of the Home,

(c) Regular maintenance of mechanical systems,

(d) Regular replacement of HVAC filters,

(e) Cleaning and proper preservation of grading around the Home and drainage systems to allow for the proper drainage of water away from the Home, and

(f) Other standard and customary maintenance repairs.

(6) You shall properly maintain each component of the Home including proper cleaning, care, and upkeep of the Home. You shall use Home components for the purposes for which they are intended and shall not damage, misuse, or abuse Home components.

(7) You shall use and perform periodic maintenance on all Manufactured Products according to the manufacturer's instructions and specifications. The misuse, abuse, neglect or other failure to follow manufacturer's specifications with regards to Manufactured Products may void the manufacturer's warranty. The Builder has no responsibility for Manufactured Products.

(8) You shall take measures to reduce/prevent swelling soil as it can cause damage by either expanding when moisture is added or shrinking when it dries out (which can cause uplift to concrete slabs and other property damage). Best practices include, but are not limited to: maintaining adequate runoff drainage slopes; cleaning gutters and downspouts; ensuring that lawns and gardens are not over watered; properly maintaining sprinkler systems; preventing landscaping materials or plants, trees, and/or shrubs from contacting the exterior surface of the Home and from interfering with the proper drainage of water away from the foundation; positive slopes in your yard; sealing old construction joints and cracks that develop over time; inspecting concrete and walls; and repairing cracks that are found as soon as possible.

(9) You should not improperly alter the proper drainage pattern or grade of the soil within ten (10) feet of the foundation so that it negatively impacts the Home's performance or fails to comply with the Residential Code.

(10) You shall take action to prevent Excessive moisture accumulation by properly using ventilation equipment, preventing Excessive temperature fluctuation, and taking any other action reasonably necessary to avoid Excessive moisture, dampness, humidity, or condensation in the Home that may lead to damage due to Excessive moisture or dryness.

(11) You have an obligation to cooperate with the mediation, inspection, and investigation of any warranty request. Your warranty file may be closed should You fail to cooperate or respond to requests within thirty (30) days.

(12) You agree to provide this Express Limited Warranty to any subsequent purchaser of Your Home.

SECTION 6: EMERGENCY PROCEDURES

An emergency is a condition that if not immediately repaired may cause damage to the Home or a Home component, may cause danger to the Home's occupants, and/or may make the house uninhabitable.

(1) If You have a One-Year Workmanship/Materials and/or Two-Year Delivery Portion of Systems warranty coverage emergency, You must contact Your Builder (Urban Arc Properties Home Warranty) at (713)-417-3786 in order to receive authorization for any emergency repairs. If You are unable to contact Your Builder for emergency authorization, You must make minimal repairs until authorization for more extensive repairs has been approved by Your Builder. You must take action in order that further damage can be mitigated, and You must report the emergency to the Builder on the next business day.

(2) If You have a Ten-Year Major Structural Defect warranty coverage emergency, You must contact the Builder (Urban Arc Properties Home Warranty) at (713)-417-3786 in order to receive authorization for any emergency repairs. If You are unable to contact the Builder for emergency authorization, You must make minimal repairs until authorization for more extensive repairs has been approved by the Builder. You must take action in order that further damage can be mitigated and You must report the emergency to the Builder on the next business day.

SECTION 7: EXCLUSIONS

This warranty does NOT provide coverage for repair, loss, or damage resulting from or made worse by any of the items listed in this section. This warranty also does not cover any of the following item(s), cause(s), or condition(s), regardless of whether any of them acted alone, in sequence, or in concurrence with any other item(s), cause(s), or condition(s) to create the loss or damage.

(1) The Builder's failure to finish any or all construction of the Home including, but not limited to, walkthrough or punch list items on or before the Effective Date of Warranty, or damages arising from such failure. Failure of the Builder to complete construction, or to construct the Home in compliance with the original plans and specifications, or to perform any washing or cleaning of any kind. *Note: an incomplete item is not considered a Warranted Defect; however, the Builder may be obligated to complete such items under separate agreements.*

(2) Any condition, Defect, or Deficiency You were aware of prior to the Effective Date of Warranty, whether appearing on a "walk through" or "punch" list or not.

(3) Any request for warranty performance submitted after unreasonable delay or after the expiration of the applicable Warranty Term.

(4) Any changes, modifications, additions, or Improvements made to the Home after the Effective Date of Warranty.

(5) Homeowner delay in reporting a known construction Defect or Deficiency or failing to take reasonable action necessary to prevent further damage to the Home. Failure of the Homeowner to minimize or prevent loss or damage in a timely manner.

(6) Any warranted Defects or Deficiencies You repair prior to receiving written authorization from the Builder and Administrator unless it is an emergency. Please reference the Emergency Procedures section in this warranty booklet for more information.

(7) Any loss, damage, Deficiency, cost, or expense which is caused, in whole or in part, by any peril or occurrence which is covered by Homeowner's insurance, from another warranty or insurance policy, or for which compensation is provided by state legislation and/or public funds.

(8) Failure of the Homeowner to comply with the Homeowner's responsibilities and perform routine maintenance on the Home as set forth under the Homeowner Responsibilities section in this warranty booklet.

(9) Any dampness or condensation due to Your failure to maintain guttering, caulking, flashing, or adequate ventilation.

(10) You or Your condominium, townhouse, or other association's failure to perform routine maintenance on the Home, common areas, Common Elements, or Your or the association's grounds.

(11) While the Home is being used primarily for nonresidential purposes.

(12) Property and/or Improvements that have been subject to a foreclosure.

(13) Green Building Compliance: Any and all green building requirements, standards, certifications or otherwise are controlled by those written standards applicable to and agreed upon between the Builder and the initial owner(s), if any, after which there is no warranty or guarantee related to or concerning any such green building requirements, standards, certifications or otherwise to any subsequent owner of the property and/or improvements.

(14) Systems or items that service commercial space even though they may also service covered residential unit(s).

(15) Use for which the Home or the component of the Home was not designed.

(16) Use that exceeds the normal design loads prescribed by the Code or the engineer of record.

(17) Violations of local or national building Codes, Residential Codes, standards, or ordinances.

(18) Normal wear and tear or deterioration to any component of the Home. This includes, but is not limited to, the deterioration of concrete surfaces caused by salt, chemicals, implements, or any other any factors.

(19) The negligence, improper maintenance, misuse, abuse, failure to follow manufacturer's recommendations, failure to take reasonable action to mitigate damage, failure to take reasonable action to maintain the residence, or other action or inaction of anyone other than the Builder or persons providing work or material at the direction of the Builder.

(20) The negligence, abuse, misuse, improper operation or maintenance of the Home, a Home component, its systems, or a Manufactured Product.

(21) Any modification or addition to the Home or the property under or around the Home made by You. Work performed or material supplied incident to construction, modification, or repair to the Home performed by anyone other than Your Builder or persons providing work or materials at the direction of the Builder.

(22) Changes to the grading or drainage surrounding the Home made by anyone other than Your Builder or persons providing work at the direction of the Builder. This includes, but is not limited to, soil erosion or runoff caused by Your failure to maintain the Builder-established grades, changes in the grading caused by erosion, or changes in the level of the underground water table, drainage structures, devices or swales, stabilized soil, sodded, seeded or landscaped areas.

(23) Alterations to, or the failure to maintain the grade of the soil that are not in compliance with the Code, applicable governmental regulations, or in compliance with an applicable drainage plan.

(24) Sound transmission and sound proofing unless these components were part of the Home's construction.

(25) Glass breakage unless the condition is the result of construction activities.

(26) Unless Builder installed, wiring (to and between) communication devices from the source of power, whether connected to the Home or not. Such devices shall include, but may not be limited to, television cable, telephone systems, intercom systems, computer(s), and security systems. Sources of power shall include, but may not be limited to, service entrance conductors, switches, outlets, receptacles and junction boxes.

(27) Improvements not part of the Home itself, including but not limited to garage slabs, driveways, detached garages, carports, outbuildings, swimming pools, tennis courts, basketball courts, recreational facilities, boundary and/or retaining walls, bulkheads, landscaping, sod, seeding, shrubs, trees, plantings, fences, lawn sprinkler systems, subsurface draining systems (other than footer drains), streets, sidewalks, and adjacent properties. Note: Driveways, fences, and lawn sprinkler systems are excluded after the first year. Garage slabs are excluded except as set forth in Section 8(A) below: Performance Standards for Foundations and Slabs.

(28) Elements of the Home constructed separately from foundation walls or other structural or non-structural elements of the Home including but not limited to decks, balconies, patios, porches, porch roofs, porticos, porte-cocheres, chimneys, concrete floors of basements, "floating" floor slabs and attached garages.

(29) Patios, porches, and stoops which are not a load-bearing and structurally attached integral component of the Home. Decks and balconies not bolted to or cantilevered from the main structure of the Home.

(30) Structural slab foundation systems that may have experienced movement but are within performance criteria as noted by ASCE Performance Criteria.

(31) Any condition that does not result in actual physical damage to the home, including, but not limited to the presence of radon gas, formaldehyde or other pollutants or contaminants, or the presence or effect of mold, mildew, toxic material, or volatile organic compound, unless such condition is a direct result of a construction defect.

(32) Acts of God or nature, war, nuclear hazards, contamination accidents, explosion, riot, civil commotion, terrorism, vandalism, malicious mischief, theft, burglary, power failure or shortage, electrical surge, Excessive or inadequate voltage, artificially- generated electrical currents, electrical wiring that is not to Code, blasting, steam or water escape, condensation, mud or mud slides, sinkholes, Extreme Weather Conditions, drought, windstorm, hail, lightning, ice, snow, blizzard, hurricane, tornado, tsunami, flood, earthquake, land shock waves or tremors occurring before, during, or after volcanic eruption or by any other external cause (whether sudden or gradual), mine subsidence, faults, fissures, crevices, falling trees or other objects, or accidents involving aircraft, vehicles, or boats.

(33) Damage resulting directly or indirectly from Excessive or inadequate water pressure, flood, surface water, waves, tidal water, overflow of a body of water (whether wind driven or not), wetlands, springs, or aquifers. Water which backs up from sewers or drains, water below the surface of the ground (including water which exerts pressure on, seeps, or leaks under or through a Home, building, sidewalk, driveway, foundation, swimming pool, or other structure). Change in the underground water table that exerts pressure on, seeps, or leaks under the Home, sidewalk, driveway, foundation or other structure or causes subsidence or sinkholes.

(34) Any loss or damage caused by buried debris, underground springs, mineshafts, uncontrolled fill, improperly compacted fill, or other anomalies.

(35) Erosion or accretion of soils unless such loss or damage is a direct result of a construction Defect.

(36) The quality and potability of water unless caused by a construction Defect.

(37) Damage to or Deficiency in water supply systems, sewage disposal systems, septic systems, leach fields, sewer systems, and drains.

(38) Defects, Deficiencies, or destruction caused by micro-organisms, plants, fungus, decay, wet rot, dry rot, soft rot, or any other kind of rotting, mold, mildew, termites, insects, vermin, rodents, birds, wild or domestic animals, corrosion, rust, radon, radiation, formaldehyde, asbestos, any solid, liquid, or gaseous pollutant, contaminant, toxin, irritant, or carcinogenic substance, whether organic or inorganic, or an electromagnetic field or emission This Exclusion includes any claim of health risks or inhabitability as a result of Volatile Organic Compounds (VOC'S) or any of the foregoing items.

(39) Damage to real property which is not a part of Your Home, bodily damage, personal injury, or Consequential Damages and expenses. Consequential damages is defined as all damages or costs for which a remedy is not expressly provided for in this warranty which includes, but is not limited to:

(a) Costs of shelter, transportation, food, moving, storage, or other incidental expenses including those related to relocation during any work performed under this warranty;

(b) Kenneling of animals, veterinary expenses, pet daycare;

(c) Loss of use, loss of wages, inconvenience, annoyance;

(d) Diminution in Value of the Home (unless the Builder elects this remedy in lieu of repair, replacement, or payment for a warranted Defect and/or Deficiency);

(e) Any and all consequential loss or damage to personal property and damage to property which You do not own;

(f) Physical or mental pain and suffering and emotional distress;

(g) Medical or hospital expenses;

(h) Lost profits or wages.

(40) Loss, damage, or injury to land, person, animals, personal property, Improvements, and structures other than items in the Home as identified in this Express Limited Warranty.

(41) Manufactured Products including, but not limited to, appliances, fixtures, and items of equipment (including attachments and appurtenances). This warranty does not cover systems Deficiencies that are caused by a failure of any Manufactured Product or failure to comply with manufacturer's warranty requirements. This includes air conditioning units, attic fans, boilers, burglar alarms, carbon monoxide detectors, ceiling fans, central vacuum systems, doorbell systems, dishwashers, dryers, electronic air cleaners, exhaust fans, fire alarms, freezers, furnaces, garage door openers, garbage disposals, gas and electric meters, heat exchangers, heat pumps, humidifiers, intercoms, interior sprinkler systems, microwave ovens, oil tanks, outside lights or motion lights not attached to the Home, ranges and range hoods, refrigerators, sewage pumps, smoke detectors, solar collectors, space heaters, sump pumps, thermostats, trash compactors, washers, water pumps, water softeners, water heaters, whirlpool bathtubs, whole house fans, and similar items/appliances.

(42) Any Exclusions set forth under any Performance Standards and/or Construction Quality Standards in this warranty booklet.

(43) Fire, smoke, or water damage.

(44) Diminished value of the Home.

(45) Fraudulently enrolled Homes.

(46) Collusion with any other party with the intention to defraud the Builder and/or Insurer.

(47) Acts of omission by You, Your agents, employees, licensees, or invitees.

SECTION 8: WORKMANSHIP/MATERIALS & DELIVERY PORTION OF SYSTEMS COVERAGE

For one (1) year from the Effective Date of Warranty, Your Builder warrants that Your Home will be free from Deficiencies in Workmanship and Materials as defined in the Performance Standards in Section 9. For two (2) years from the Effective Date of Warranty, Your Builder warrants that Your Home will be free from Deficiencies in the Delivery Portion of Systems (electrical, plumbing, and mechanical distribution systems) to the extent stated in the Performance Standards in Section 10.

SECTION 9: PERFORMANCE STANDARDS FOR HOME COMPONENTS UNDER THE ONE-YEAR WORKMANSHIP/MATERIALS WARRANTY

This section describes the Performance Standards for the various Workmanship and Materials elements or components of a Home as described. Unless otherwise stated under the various Performance Standards herein, if any such Performance Standard is not met, the Builder or Insurer (as applicable) shall take such action as is necessary to bring the variance within the standard subject to the terms and conditions herein. The Builder or Insurer (as applicable) will repair or replace those elements or components of a Home that do not meet these standards during the applicable warranty period.

(A) PERFORMANCE STANDARDS FOR FOUNDATIONS AND SLABS

(1) Performance Standards for Raised Floor Foundations or Crawl Spaces:

(a) A crawl space shall be graded and drained properly to prevent surface run-off from accumulating deeper than two inches in areas 36 inches or larger in diameter. Exterior drainage around the perimeter crawl space wall shall not allow water to accumulate within ten (10) feet of the foundation for more than 24 hours after a rain except in a sump that drains other areas.

i. The homeowner shall not modify improperly the existing grade or allow water from an irrigation system to cause water to accumulate excessively under the foundation. The homeowner shall not allow landscape plantings to interfere with proper drainage away from the foundation. The homeowner shall not use the crawl space for storage of any kind.

(b) Water shall not enter through the basement or crawl space wall or seep through the basement floor.

i. The homeowner shall not modify improperly the existing grade or allow water from an irrigation system to cause water to accumulate excessively near the foundation. The homeowner shall not allow landscape plantings to interfere with proper drainage away from the foundation.

(2) Performance Standards For Concrete Slab Foundations, Excluding Finished Concrete Floors:

(a) Concrete floor slabs in living spaces that are not otherwise designed with a slope for drainage, such as a laundry room, shall not have excessive pits, depressions or unevenness equal to or exceeding 3/8 of an inch in any 32 inches and shall not have separations or cracks that equal or exceed 1/8 of an inch in width or 1/16 of an inch in vertical displacement.

(b) Concrete slabs shall not have protruding objects, such as a nail, rebar or wire mesh.

(c) A separation in an expansion joint in a concrete slab shall not equal or exceed 1/4 of an inch vertically or one (1) inch horizontally from an adjoining section.

(3) Performance Standards For Exterior Concrete Including Patios, Stem Walls, Driveways, Stairs Or Walkways:

(a) Concrete corners or edges shall not be damaged excessively due to construction activities.

(b) A crack in exterior concrete shall not cause vertical displacement equal to or in excess of 1/4 of an inch or horizontal separation equal to or excess of 1/4 of an inch.

i. The homeowner shall not over-water surrounding soil or allow the surrounding soil to become excessively dry. The homeowner shall not allow heavy equipment to be placed on the concrete.

(c) The finish on exterior concrete shall not be excessively smooth, so that the surface becomes slippery.

i. A concrete surface that has been designed to be smooth is excepted from this Performance Standard.

(d) Exterior concrete shall not contain a protruding object, such as a nail, rebar or wire mesh.

(e) A separation in an expansion joint in an exterior concrete shall not equal or exceed 1/2 of an inch vertically from an adjoining section or one (1) inch horizontally, including joint material.

(f) A separation in a control joint shall not equal or exceed 1/4 of an inch vertically or 1/2 of an inch horizontally from an adjoining section.

(g) Concrete stair steepness and dimensions, such as tread width, riser height, landing size and stairway width shall comply with the Code.

(h) Handrails shall remain securely attached to concrete stairs.

(i) Concrete stairs or stoops shall not settle or heave in an amount equal to or exceeding 3/8 of an inch. Concrete stairs or stoops shall not separate from the home in an amount equal to or exceeding one (1) inch, including joint material.

(j) A driveway will not have a negative slope unless due to site conditions, unless it has swales or drains properly installed to prevent water from entering into the garage. If a driveway is sloped such that it allows water to enter the garage in normal weather conditions, the Builder shall take such action as is necessary to prevent water from entering the garage due to driveway slope.

(k) Concrete floor slabs in detached garages, carports or porte-cocheres shall not have excessive pits, depressions, deterioration or unevenness. Separations or cracks in these slabs shall not equal or exceed 3/16 of an inch in width, except at expansion joints, or 1/8 of an inch in vertical displacement.

(l) Plaster over concrete shall not flake off more than one (1) square foot in one spot within 36 square inches or more than three (3) feet over the entire surface of the home.

(B) PERFORMANCE STANDARDS FOR FRAMING

(1) Building and Performance Standard for Walls:

(a) Walls shall not bow or have depressions that equal or exceed 1/4 of an inch out of line within any 32-inch horizontal measurement as measured from the center of the bow or depression or 1/2 of an inch within any eight-foot vertical measurement.

(b) Walls shall be level, plumb and square to all adjoining openings or other walls within $^{3}/_{8}$ of an inch in any 32-inch measurement.

(c) A crack in a beam or a post shall not equal or exceed 1/2 of an inch in width at any point along the length of the crack.

(d) A non-structural post or beam shall not have a warp or twist equal or exceeding one (1) inch in eight (8) feet of length. Warping or twisting shall not damage the beam pocket.

(e) Exterior sheathing shall not delaminate or swell.

i. The homeowner shall not make penetrations in the exterior finish of a wall that allow moisture to come in contact with the exterior sheathing.

(f) An exterior moisture barrier shall not allow an accumulation of moisture inside the barrier.

i. The homeowner shall not make penetrations through the exterior moisture barrier that permit the introduction of moisture inside the barrier.

(2) Performance Standards for Ceilings:

(a) A ceiling shall not bow or have depressions that equal or exceed 1/2 of an inch out of line within a 32-inch measurement as measured from the center of the bow or depression running parallel with a ceiling joist.

(3) Performance Standards for Sub-Floors:

(a) Under normal residential use, the floor shall not make excessive squeaking or popping sounds.

(b) Sub-floors shall not delaminate or swell to the extent that it causes observable physical damage to the floor covering or visually affects the appearance of the floor covering. Exposed structural flooring, where the structural flooring is used as the finished flooring, is excluded from the standard stated in this subsection.

(c) Sub-flooring shall not have excessive humps, ridges, depressions or slope within any room that equals or exceeds 3/8 of an inch in any 32-inch direction.

(4) Performance Standards for Stairs:

(a) Stair steepness and dimensions such as tread width, riser height, landing size and stairway width, shall comply with the Code.

(b) Under normal residential use, stairs shall not make excessive squeaking or popping sounds.

(C) PERFORMANCE STANDARDS FOR DRYWALL

(1) Performance Standards for Drywall:

(a) A drywall surface shall not have a bow or depression that equals or exceeds 1/4 of an inch out of line within any 32-inch horizontal measurement as measured from the center of the bow or depression or 1/2 of an inch within any eight foot vertical measurement; such measurement to be made utilizing a straight-edge which is held reasonably parallel to the plane of the wall or ceiling surface.

(b) A ceiling made of drywall shall not have bows or depressions that equal or exceed 1/2 of an inch out of line within a 32-inch measurement as measured from the center of the bow or depression running parallel with a ceiling joist or within 1/2 of an inch deviation from the plane of the ceiling within any eight foot measurement; such measurement to be made utilizing a straight-edge which is held reasonably parallel to the plane of the wall or ceiling surface.

(c) A drywall surface shall not have a crack such that any crack equals or exceeds 1/32 of an inch in width at any point along the length of the crack.

(d) Crowning at a drywall joint shall not equal or exceed 1/4 of an inch within a twelve-inch measurement centered over the drywall joint. Crowning occurs when a drywall joint is higher than the plane of the drywall board on each side.

(e) A drywall surface shall not have surface imperfections such as blisters, cracked corner beads, seam lines, excess joint compound or trowel marks that are visible from a distance of six (6) feet or more in normal light. Minor variations in the 'splatter' or 'drag' appearance of texture which are the result of the original installation or subsequent repair work, visible from any distance, are not considered to be warrantable defects under this warranty.

(f) A drywall surface shall not be out of level (horizontal), plumb (vertical) or square (perpendicular at a 90-degree angle) such that there are variations in those measurements to wall or surface edges at any opening, corner, sill, shelf, etc. shall not equal or exceed 3/8 of an inch in any 32-inch measurement along the wall or surface.

i. This standard shall not apply to remodeling projects where existing conditions do not permit the Builder to achieve the Performance Standard. At or about the time of discovery of such a pre-existing condition, a remodeler shall notify the homeowner, in writing, of any existing condition that prevents achievement of the standard. Accumulations of drywall compound in wall corners, at wallboard joints or outside corners, and at door, window or built-in cabinet openings, may not be the sole determinant that a wall or ceiling section is out of plumb or square.

(g) Nails or screws shall not be visible in a drywall surface from a distance of six (6) feet under normal lighting conditions.

(D) PERFORMANCE STANDARDS FOR INSULATION

(1) Performance Standards for Insulation:

(a) Insulation shall be installed in the walls, ceilings and floors of a home in accordance with the building plan and specifications and the Code.

(b) Blown insulation in the attic shall not displace or settle so that it reduces the R-value below manufacturer's specifications, the building plans and the Code.

(c) A gap equal to or in excess of 1/4 of an inch between insulation batts or a gap between insulation batts and framing members is not permitted.

(d) Insulation shall not cover or block a soffit vent to the extent that it blocks the free flow of air.

(E) PERFORMANCE STANDARDS FOR EXTERIOR SIDING AND TRIM

(1) Performance Standards for Exterior Siding:

(a) Exterior siding shall be equally spaced and properly aligned. Horizontal siding shall not equal or exceed 1/2 of an inch off parallel with the bottom course or 1/4 of an inch off parallel with the adjacent course from corner to corner.

(b) Siding shall not gap or bow. A siding end joint shall not have a gap that leaks or that equals or exceeds 1/4 of an inch in width. Siding end joint gaps shall be caulked. A bow in siding shall not equal or exceed 3/8 of an inch out of line in a 32-inch measurement.

(c) Nails shall not protrude from the finished surface of siding but nail heads may be visible on some products where allowed by the manufacturer's specifications.

(d) Siding shall not have a nail stain.

(e) Siding and siding knots shall not become loose or fall off.

(f) Siding shall not delaminate.

(g) Siding shall not cup in an amount equal to or exceeding 1/4 of an inch in a six-foot run

(h) .

(i) Siding shall not have cracks or splits that equal or exceed 1/8 of an inch in width.

(2) Performance Standards for Exterior Trim:

(a) A joint between two trim pieces or between a trim piece and the adjoining material shall not have a separation that is equal to or exceeding 1/4 of an inch in width. All trim joints shall be caulked and shall not leak.

(b) Exterior trim and eave block shall not warp in an amount equal to or exceeding 1/2 of an inch in an eight-foot run.

(c) Exterior trim and eave block shall not cup in an amount equal to or in excess of 1/4 of an inch in a six-foot run.

(d) Exterior trim and eave block shall not have cracks or splits equal to or in excess of 1/8 of an inch in average width.

(e) Trim shall not have nails that completely protrude through the finished surface of the trim but nail heads may be visible on some products.

i. Some products specify that the nails be flush with the trim surface. When these products are used, visible nail heads are not considered protruding nails as long as they are painted over.

(f) Trim shall not have a nail stain.

(F) PERFORMANCE STANDARDS FOR MASONRY INCLUDING BRICK, BLOCK AND STONE

(1) Performance Standards for Masonry including Brick, Block and Stone:

(a) A masonry wall shall not bow in an amount equal to or in excess of one (1) inch when measured from the base to the top of the wall.

i. The standard set forth in this subsection does not apply to natural stone products.

(b) A masonry unit or mortar shall not be broken or loose.

(c) A masonry mortar crack shall not equal or exceed 1/8 of an inch in width.

(d) A masonry unit or mortar shall not deteriorate.

(e) Masonry shall not have dirt, stain or debris on the surface due to construction activities.

(f) A gap between masonry and adjacent material shall not equal or exceed 1/4 of an inch in average width and all such gaps shall be caulked.

(g) Mortar shall not obstruct a functional opening, such as a vent, weep hole or plumbing cleanout.

i. The homeowner shall not put any material into weep holes. Weep holes are an integral part of the wall drainage system and must remain unobstructed.

(G) PERFORMANCE STANDARDS FOR STUCCO

(1) Performance Standards for Stucco:

(a) Stucco surfaces shall not be excessively bowed, uneven, or wavy.

i. This standard shall not apply to decorative finishes.

(b) Stucco shall not be broken or loose.

(c) Stucco shall not have cracks that equal or exceed 1/8 of an inch in width at any point along the length of the crack.

i. The Builder shall not be responsible for repairing cracks in stucco caused by the homeowner's actions, including but not limited to periodic maintenance, caulking, painting, diversion of water onto the surface of the stucco, the attachment of devices to the stucco surface such as, but not limited to, patio covers, plant holders, awnings and hose racks.

(d) The homeowner shall not allow water from irrigation systems to contact stucco finishes.

(e) Stucco shall not have dirt, stain or debris on surface due to construction activities.

(f) Stucco surfaces shall not have imperfections that are visible from a distance of six (6) feet under normal lighting conditions that disrupt the overall uniformity of the finished pattern.

(g) The lath shall not be exposed.

(h) A separation between the stucco joints shall not equal or exceed 1/16 of an inch in width.

(i) A separation between a stucco surface and adjacent material shall not equal or exceed 1/4 of an inch in width and all separations shall be caulked.

(j) Stucco shall not obstruct a functional opening, such as a vent, weep hole or plumbing cleanout.

(k) Stucco screed shall have a minimum clearance of at least four (4) inches above the soil or landscape surface and at least two (2) inches above any paved surface.

(l) Exterior Insulation Finish Systems (EIFS) stucco screed shall clear any paved or unpaved surface by six (6) inches.

(H) PERFORMANCE STANDARDS FOR ROOFS

(1) Performance Standards for Roofs:

(a) Flashing shall prevent water penetration.

i. The Builder shall not be responsible for leaks caused by extreme weather.

(b) The roof shall not leak.

i. The Builder shall not be responsible for leaks caused by extreme weather.

ii. The homeowner shall perform periodic maintenance to prevent leaks due to build-up of debris, snow or ice. The homeowner shall take such action as is necessary to prevent downspouts and gutters from becoming clogged.

(c) A vent, louver or other installed attic opening shall not leak.

i. The Builder shall not be responsible for leaks caused by extreme weather.

(d) A gutter or downspout shall not leak or retain standing water. After cessation of rainfall, standing water in an unobstructed gutter shall not equal or exceed 1/2 of an inch in depth.

i. The Builder shall not be responsible for leaks caused by extreme weather.

ii. The homeowner shall maintain and clean gutters and downspouts to prevent buildup of debris or other obstructions.

(e) Shingles, tiles, metal or other roofing materials shall not become loose or fall off in wind speeds less than those set forth in the manufacturer's specifications.

(f) A skylight shall not leak.

(g) Water shall drain from a built-up roof within two hours after cessation of rainfall. The standard does not require that the roof dry completely within the time period.

(h) A roof tile shall not be cracked or broken. No shingle shall be broken so that it detracts from the overall appearance of the home.

(i) A pipe, vent, fireplace or other object designed to penetrate the roof shall not be located within the area of roof valley centerline without proper "cricketing" or other Code-approved water diversion methods.

(j) The exterior moisture barrier of the roof shall not allow moisture penetration.

i. The homeowner shall not make penetrations through exterior moisture barrier of the roof.

(l) PERFORMANCE STANDARDS FOR DOORS AND WINDOWS

(1) Performance Standards for Both Doors and Windows:

(a) When closed, a door or window shall not allow excessive infiltration of air or dust.

(b) When closed, a door or window shall not allow excessive accumulation of moisture inside the door or window.

i. The homeowner shall keep weep holes on windows and doors free of dirt buildup and debris, thereby allowing water to drain properly.

ii. Most door and window assemblies are designed to open, close and weep moisture—allow condensation or minor penetration by the elements to drain outside.

(c) Glass in doors and windows shall not be broken due to improper installation or construction activities.

(d) A screen in a door or window shall fit properly and shall not be torn or damaged due to construction activities. A screen shall not have a gap equal to or exceeding 1/4 of an inch between the screen frame and the window frame.

(e) There shall be no condensation between window and door panes in a sealed insulated glass unit.

i. The homeowner shall not apply a tinted window film or coating to window or door panes in sealed insulated glass units.

(f) A door or window latch or lock shall close securely and shall not be loose or rattle.

(g) A door or window shall operate easily and smoothly and shall not require excessive pressure when opening or closing.

(h) A door or window shall be painted or stained according to the manufacturer's specifications.

(2) Performance Standards for Windows:

(a) A double hung window shall not move more than two (2) inches when put in an open position.

(3) Performance Standards for Doors:

(a) A sliding door and door screen shall stay on track.

i. The homeowner shall clean and lubricate sliding door or door screen hardware as necessary.

(b) The spacing between an interior door bottom and original floor covering, except closet doors, shall not exceed 1.5 inches and shall be at least 1/2 of an inch. The spacing between an interior closet door bottom and original floor covering shall not exceed two (2) inches and shall be at least 1/2 of an inch.

(c) A door shall not delaminate.

(d) A door panel shall not split so that light from the other side is visible.

(e) A door shall open and close without binding.

(f) A door shall not warp to the extent that it becomes inoperable. A warp in a door panel shall not equal or exceed 1/4 of an inch from original dimension measured vertically, horizontally or diagonally from corner to corner.

(g) A storm door shall open and close properly and shall fit properly.

(h) When a door is placed in an open position, it shall remain in the position it was placed, unless the movement is caused by airflow.

(i) A metal door shall not be dented or scratched due to construction activities.

(4) Performance Standards for Garage Doors:

(a) A metal garage door shall not be dented or scratched due to construction activities.

(b) A garage door opener, if provided, shall operate properly in accordance with manufacturer's specifications.

i. The homeowner shall maintain tracks, rollers and chains and shall not block or bump sensors to electric garage door openers.

(c) A garage door shall not allow excessive water to enter the garage and the gap around the garage door shall not equal or exceed 1/2 of an inch in width.

(d) A garage door spring shall operate properly and shall not lose appreciable tension, break or be undersized.

(e) A garage door shall remain in place at any open position, operate smoothly and not be off track.

(J) PERFORMANCE STANDARDS FOR INTERIOR FLOORING

This section includes Performance Standards for Carpet, Vinyl Flooring and Wood Flooring. Performance Standards for ceramic tile, flagstone, marble, granite, slate, quarry tile other hard surface floors, and finished concrete floors, are located in this section.

(1) Performance Standards for Carpet:

(a) Carpet shall not wrinkle and shall remain tight, lay flat and be securely fastened.

(b) Carpet seams may be visible but shall be smooth without a gap or overlap.

(c) Carpet shall not be stained or spotted due to construction activities.

(2) Performance Standards for Finished Concrete Floors:

(a) A finished slab, located in a living space that is not otherwise designed for drainage, shall not have pits, depressions or unevenness that equals or exceeds 3/8 of an inch in any 32 inches.

i. Finished concrete slabs in living spaces that are designed for drainage, such as a laundry room, are excepted from the standards stated in this subsection.

(b) Finished concrete slabs in living spaces shall not have separations, including joints, and cracks that equal or exceed 1/8 of an inch in width or 1/16 of an inch in vertical displacement.

(3) Performance Standards for Wood Flooring:

(a) Wood flooring shall not have excessive humps, depressions or unevenness that equals or exceeds 3/8 of an inch in any 32-inch direction within any room.

(b) Wood flooring shall remain securely attached to the foundation or sub-floor unless the wood flooring is designed to be installed without nails, glue, adhesives or fasteners.

(c) Wood flooring shall not have open joints and separations that equal or exceed 1/8 of an inch.

i. These standards do not apply to non-hardwood species that contain greater moisture and may shrink after installation or structural floors that are designed to serve as the finished floor. If the floor is designed as a structural finish floor, the Builder must provide a written explanation of the characteristics of that floor to the homeowner prior to the execution of the contract or installation of the product, whichever occurs later.

(d) Strips of floorboards shall not cup in an amount that equals or exceeds 1/16 of an inch in height in a three (3) inch distance when measured perpendicular to the length of the board.

i. This standard does not apply to non-hardwood species that typically shrink after installation or structural floors that are designed to serve as the finished floor. If the floor is designed as a structural finish floor, the Builder must provide a written explanation of the characteristics of that floor to the homeowner.

(e) Unless installed as a specialty feature, wood flooring shall not have excessive shade changes or discoloration due to the construction activities of the Builder.

(f) Unless installed as a specialty feature, wood flooring shall not be stained, spotted or scratched due to construction activities of the Builder.

(K) PERFORMANCE STANDARDS FOR VINYL FLOORING

(1) Performance Standards for Vinyl Flooring:

(a) Vinyl flooring shall be installed square to the most visible wall and shall not vary by 1/4 of an inch in any six (6) foot run.

(b) The seam alignment in vinyl flooring shall not vary such that the pattern is out of alignment in an amount that equals or exceeds 1/8 of an inch.

(c) Vinyl flooring shall remain securely attached to the foundation or sub-floor.

(d) A vinyl floor shall not have a depression that equals or exceeds 1/2 of an inch in any six (6) foot run. If a vinyl floor has a depression that exceeds the standard stated in this paragraph and the depression is due to construction activities, the Builder shall take such action as is necessary to bring the variance within the standard.

(e) A vinyl floor shall not have a ridge that equals or exceeds 1/2 of an inch when measured as provided in this subsection. The ridge measurement shall be made by measuring the gap created when a six (6) foot straight edge is placed tightly three (3) inches on each side of the Defect and the gap is measured between the floor and the straight edge at the other end. If a vinyl floor has a ridge that fails to comply with the standard stated in this paragraph and the ridge is due to construction activities, the Builder shall take such action as is necessary to bring the variance within the standard.

(f) Vinyl floor shall not be discolored, stained or spotted due to the construction activities of the Builder.

(g) Vinyl flooring shall not be scratched, gouged, cut or torn due to construction activities.

(h) Debris, sub-floor seams, nails and/or screws shall not be detectable under the vinyl floor from a distance of three (3) feet or more in normal light.

(i) Sub-flooring shall not cause vinyl flooring to rupture.

(j) A seam in vinyl flooring shall not have a separation that equals or exceeds 1/16 of an inch in width. Where dissimilar materials abut, there shall not be a gap equal to or greater than 1/8 of an inch.

(L) PERFORMANCE STANDARDS FOR HARD SURFACES, INCLUDING CERAMIC TILE, FLAGSTONE, MARBLE, GRANITE, SLATE, QUARRY TILE, FINISHED CONCRETE OR OTHER HARD SURFACES

(1) Performance Standards for Hard Surfaces Generally:

(a) A hard surface shall not break or crack due to construction activities.

(b) A hard surface shall remain secured to the substrate.

(c) A surface imperfection in floor hard surface shall not be visible from a distance of three (3) feet or more in normal light. A surface imperfection in non-floor hard surface shall not be visible from a distance of two (2) feet or more in normal light. If a hard surface fails to meet the standards stated in this paragraph due to construction activities, the Builder shall take such action as is necessary to bring the variance within the standard.

(d) Color variations between field hard surfaces and trim hard surfaces should not vary excessively due to construction activities.

i. Natural products such as flagstone, marble, granite, slate and other quarry tile will have color variation.

(e) Hard surface areas shall not leak.

(f) The surfaces of two adjacent hard surfaces shall not vary in an amount equal to or exceeding 1/16 of an inch displacement at a joint (lippage) in addition to the actual manufacturing variations of the hard surface, such as warpage or dimensional differences in the hard surfaces, including thickness. If a joint between two hard surfaces fails to meet the Performance Standard stated in this paragraph (excluding trim pieces), the Builder shall take such action as is necessary to bring the variance within the standard.

(g) Hard surface layout or grout line shall not be excessively irregular.

i. Natural products such as flagstone, marble, granite, slate, and other quarry tile will have size variations that may create irregular layouts or grout lines.

(h) Hard surface countertops shall be level to within 1/4 of an inch in any six (6) foot measurement.

(i) Hard surface floors located in a living space that is not otherwise designed for drainage, shall not have pits, depressions, or unevenness that equals or exceeds 3/8 of an inch in any 32 inches.

i. Finished hard surface floors located in living spaces that are designed for drainage, such as a laundry room, are excepted from the standards stated in this subsection.

(2) Performance Standards for Grout:

(a) Grout shall not deteriorate.

(b) Cracks in grout shall not exceed 1/16 of an inch in width.

(c) Grout shall not change shade or discolor excessively due to construction activities.

(3) Performance Standards for Concrete Countertops:

(a) A concrete countertop shall not have excessive pits, depressions, or unevenness that equal or exceed 1/8 of an inch in any 32-inch measurement.

(b) A concrete countertop shall not have separations or cracks equal to or exceeding 1/16 of an inch in width or 1/64 of an inch in vertical displacement.

(c) A finished concrete countertop shall not be stained, spotted or scratched due to construction activities.

(d) A concrete countertop shall not have a chipped edge that extends beyond 1/16 of an inch from the edge of the countertop due to construction activities.

(e) A concrete countertop shall not change shade or discolor excessively due to construction activities.

(M) PERFORMANCE STANDARDS FOR PAINTING, STAIN, AND WALL COVERINGS

(1) Performance Standards for Caulking:

(a) Interior caulking shall not deteriorate or crack excessively.

(2) Performance Standards for Painting and Stain:

(a) Paint or stain shall not have excessive color, shade or sheen variation.

i. This standard shall not apply to stained woodwork.

(b) Paint shall cover all intended surfaces so that unpainted areas shall not show through paint when viewed from a distance of six (6) feet in normal light.

(c) Interior paint or stain shall not deteriorate.

(d) Exterior paint or stain shall not deteriorate excessively.

(e) Paint over-spray shall not exist on any surface for which it was not intended.

(f) Interior varnish, polyurethane or lacquer finish shall not deteriorate.

(g) Exterior varnish, polyurethane or lacquer finishes shall not deteriorate excessively.

i. Exterior varnish, polyurethane or lacquer finishes that are subject to direct sunlight are excluded from this standard.

(h) Interior painted, varnished or finished surface shall not be scratched, dented, nicked or gouged due to construction activities.

(i) A paint product shall perform as represented by the manufacturer to meet manufacturer's specifications for washability and/or scrubability.

(3) Performance Standards for Wall Coverings:

(a) A wall covering shall be properly secured to the wall surface and shall not peel or bubble.

(b) Pattern repeats in wall coverings shall match. Wall coverings shall be installed square to the most visible wall. Pattern repeats shall not vary in an amount equal to or exceeding 1/4 of an inch in any six (6) foot run.

(c) A wall covering seam shall not separate or gap.

(d) Lumps or ridges in a wall covering shall not be detectable from a distance of six (6) feet or more in normal light.

(e) Wall coverings shall not be discolored, stained or spotted due to construction activities.

(f) Wall coverings shall not be scratched, gouged, cut or torn due to construction activities.

(g) Wall coverings shall perform as represented by the manufacturer to meet manufacturer's specifications for washability and/or scrubability.

(N) PERFORMANCE STANDARDS FOR PLUMBING

(1) Performance Standards for Plumbing Accessories:

(a) A fixture surface shall not have a chip, crack, dent or scratch due to construction activities.

(b) A fixture shall not have tarnish, blemishes or stains unless installed as a specialty feature.

i. Fixture finishes that are tarnished, blemished or stained due to high iron, manganese or other mineral content in water are excluded from this standard.

(c) A fixture or fixture fastener shall not corrode.

i. A Builder is not responsible for corrosion caused by factors beyond the manufacturer's or the Builder's control, including the homeowner's use of corrosive chemicals or cleaners or corrosion caused by water content.

(d) A decorative gas appliance shall be installed in accordance with manufacturer's specifications and when so installed shall function in accordance with manufacturer's representations.

(e) Fixtures shall be secure and not loose.

i. The homeowner shall not exert excessive force on a fixture.

(f) A fixture stopper shall operate properly and shall retain water in accordance with the manufacturer's specifications.

(g) The toilet equipment shall not allow water to run continuously.

i. If toilet equipment allows water to run continuously, the homeowner shall shut off the water supply or take such action as is necessary to avoid damage to the home.

(h) A toilet shall be installed and perform in accordance with the manufacturer's specifications.

i. In the event of water spillage, the homeowner shall shut off the water supply and take such action as is necessary to avoid damage to the home.

(i) A tub or shower pan shall not crack.

(j) A tub or shower pan shall not squeak excessively.

(k) A water heater shall be installed and secured according to the manufacturer's specifications and the Code.

(l) A waste disposal unit shall be installed and operate according to the manufacturer's specifications.

(m) A faucet or fixture shall not drip or leak.

i. This standard does not include drips or leaks due to debris or minerals from the water source, unless it is due to construction activities.

(n) A sump pump shall be installed in accordance with the manufacturer's specifications and shall operate properly when so installed.

(2) Performance Standards for Pipes and Vents:

(a) A sewer gas odor originating from the plumbing system shall not be detectable inside the home under conditions of normal residential use.

i. The homeowner shall keep plumbing traps filled with water.

(b) A vent stack shall be free from blockage and shall allow odor to exit the home.

(c) A water pipe shall not make excessive noise such as banging or hammering repeatedly.

i. A water pipe subject to expansion or contraction of the pipe as warm or cool water flows through the pipe may cause a "ticking" sound temporarily. The standard stated in this subsection does not require a Builder to remove all noise attributable to water flow and pipe expansion.

(O) PERFORMANCE STANDARDS FOR HEATING, COOLING AND VENTILATION

(1) Performance Standards for Heating and Cooling:

(a) A condensation line shall not be obstructed due to construction activities.

i. The homeowner shall periodically check for the free flow of condensate (water) from the line and clear the line when necessary.

(b) A drip pan and drain line shall be installed under a horizontal air handler as per the Code.

i. The homeowner shall periodically check for the free flow of condensate (water) from the line and clear the line when necessary.

(c) Insulation shall completely encase the refrigerant line according to Code.

i. The homeowner shall ensure that insulation on the refrigerant line is not damaged or cut due to home maintenance or landscape work.

(d) An exterior compressor unit shall be installed in accordance with the manufacturer's instructions and specifications. The bottom of the exterior compressor unit support shall not be below ground level.

i. The homeowner shall ensure that settlement of the exterior compressor unit pad does not occur due to home maintenance, landscape work or excessive water from irrigation.

(2) Performance Standards for Venting:

(a) An appliance shall be vented according to the manufacturer's specifications.

(b) Back draft dampers shall be installed and function according to the manufacturer's specifications.

(3) Performance Standards for Ductwork:

(a) Ductwork shall not make excessive noise.

i. The flow of air, including its velocity, or the expansion of ductwork from heating and cooling may cause common "ticking" or "crackling" sounds. The Builder shall have no responsibility for correction in such cases.

ii. The homeowner shall not place any object on the ductwork.

(P) PERFORMANCE STANDARDS FOR ELECTRICAL SYSTEMS AND FIXTURES

(1) Performance Standards for Electrical Systems and Fixtures:

(a) Excessive air infiltration shall not occur around electrical system components or fixtures.

(b) A fixture or trim plate shall not be chipped, cracked, dented or scratched due to construction activities.

(c) A fixture or trim plate finish shall not be tarnished, blemished or stained due to construction activities.

(d) A fixture, electrical box or trim plate shall be installed in accordance with the Code and shall be plumb and level.

(e) Fixtures, such as lights, fans and appliances shall operate properly when installed in accordance with the manufacturer's specifications.

(f) A smoke detector shall operate according to the manufacturer's specifications and shall be installed in accordance with the Code.

(g) An exhaust fan shall operate within the manufacturer's specified noise level.

(h) A carbon monoxide detector shall operate according to the manufacturer's specifications and shall be installed in accordance with the Code.

(Q) PERFORMANCE STANDARDS FOR INTERIOR TRIM

(1) Performance Standards for Trim:

(a) An interior trim joint separation shall not equal or exceed 1/8 of an inch in width or shall not separate from adjacent surfaces equal to or in excess of 1/8 of an inch and all joints shall be caulked or puttied.

(b) The interior trim shall not have surface damage, such as scratches, chips, dents, gouges, splits, cracks, warping or cupping that is visible from a distance of six (6) feet or more in normal light due to construction activities.

(c) A hammer mark on trim shall not be visible from a distance of six (6) feet or more when viewed in normal light.

(d) A nail or nail hole in interior trim shall not be visible from a distance of six (6) feet or more when viewed in normal light.

(R) PERFORMANCE STANDARDS FOR SHELVING

(1) Performance Standards for Shelving:

(a) Shelving, rods and end supports shall be installed in accordance with the measurements stated in this subsection. The length of a closet rod shall not be shorter than the actual distance between the end supports in an amount equal to or exceeding 1/4 of an inch. The length of a shelf shall not be shorter than the actual distance between the supporting walls by an amount equal to or exceeding 1/4 of an inch. End supports shall be securely mounted.

(S) PERFORMANCE STANDARDS FOR CABINET DOORS

(1) Performance Standards for Cabinet Doors:

(a) Cabinet doors shall open and close with reasonable ease. Cabinet doors shall be even and shall not warp more than 1/4 of an inch when measured from the face to the point of the furthermost point of the door or drawer front when closed.

i. Some warping, cupping, bowing or twisting is normally caused by surface temperature and humidity changes.

(T) PERFORMANCE STANDARDS FOR MIRRORS, INTERIOR GLASS AND SHOWER DOORS

(1) Performance Standards for Mirrors, Interior Glass, and Shower Doors:

(a) A mirror, interior glass or shower door shall not be loose and shall be securely mounted or attached to the supporting surface. Fixtures such as towel bars or door handles shall be securely mounted.

(b) A mirror, interior glass or shower door shall not be damaged due to construction activities.

(c) A shower door shall not leak due to Builder or construction activities.

(d) Imperfections in a mirror or shower door shall not be visible from a distance of two (2) feet or more when viewed in normal light.

(e) When opening and closing, a shower door shall operate easily and smoothly without requiring excessive pressure.

(U) PERFORMANCE STANDARDS FOR HARDWARE AND IRONWORK

(1) Performance Standards for Hardware:

(a) Hardware finishes shall not be tarnished, blemished, corroded or stained due to construction activities, unless the finish is installed as a specialty feature.

i. The Builder is not responsible for tarnished, blemished, or stained hardware finishes that have been damaged by factors that are beyond the manufacturer's or the Builder's control such as the homeowner's use of abrasive pads or cleaners, harsh chemicals, alcohol, organic solvents or deterioration caused by exposure to outdoor elements such as salt air or humidity.

(b) Hardware shall function properly, without catching, binding or requiring excessive force to operate.

(c) Hardware shall not be scratched, chipped, cracked or dented due to construction activities.

(d) Hardware shall be installed securely and shall not be loose.

i. The homeowner shall not exert excessive force on hardware.

(2) Performance Standards for Interior Ironwork:

(a) Interior ironwork shall not rust.

i. The Builder is not responsible for ironwork finishes that rust due to factors that are beyond the manufacturer's or the Builder's control such as the homeowner's use of abrasive pads or cleaners, harsh chemicals, alcohol, organic solvents or deterioration caused by exposure to humidity.

(V) PERFORMANCE STANDARDS FOR COUNTERTOPS AND BACKSPLASHES

(1) Performance Standards for Countertops and Backsplashes Generally:

(a) A countertop or backsplash shall be secured to substrate in accordance with manufacturer's specifications.

(b) For non-laminate countertops and backsplashes, the joints between countertop surfaces, between the countertop surface and the backsplash or side-splash and between adjoining backsplash panels may be visible, but shall not separate.

(c) Countertops shall be level to within 1/4 of an inch in any six (6) foot measurement.

(d) A countertop surface or edge shall not be damaged, broken, chipped or cracked due to construction activities.

(e) A countertop shall not bow or warp in an amount equal to or exceeding 1/16 of an inch per lineal foot.

(f) Counter and vanity top material should not delaminate.

(2) Performance Standards for Laminate Countertops and Backsplashes:

(a) Laminate countertops and backsplashes shall not delaminate and shall remain securely attached to the substrate. Delamination is the separation of the finish surface veneer from the substrate material.

(b) A seam in a laminate countertop or backsplash may be visible but shall not be separated or displaced.

(c) A surface imperfection in a laminate countertop or a backsplash shall not be visible from a distance of three (3) feet or more when viewed in normal light due to construction activities.

(W) PERFORMANCE STANDARDS FOR FIREPLACES

(1) Performance Standards for Fireplaces:

(a) A refractory panel shall not crack or separate.

i. The homeowner shall not use synthetic logs or other materials if not approved by the manufacturer.

(b) A fireplace door shall operate properly. Fireplace doors shall meet evenly and shall not be out of alignment from one another in an amount equal to or exceeding 1/8 of an inch in any direction.

(c) A fireplace shall not have a gas leak.

(d) Gas logs shall be positioned in accordance with the manufacturer's specifications.

i. The homeowner shall not incorrectly reposition or relocate the logs after the original placement. The homeowner shall not place the logs in a manner that does not allow the flame to flow through the logs according to the manufacturer's specifications.

(e) A crack in masonry hearth or facing shall not be equal to or exceed 1/4 of an inch in width.

(f) A fireplace or chimney shall draw properly.

(g) A firebox shall not have excessive water infiltration under normal weather conditions.

(h) A fireplace fan shall not exceed the noise level established by the manufacturer's specifications.

(X) PERFORMANCE STANDARDS FOR IRRIGATION SYSTEMS

(1) Performance Standards for Irrigation Systems:

(a) An irrigation system shall not leak, break or clog due to construction activities or due to soil settlement.

(b) An irrigation system shall be installed such that sprinkler coverage shall be complete and water shall not spray an unintended area due to construction activities.

(c) The irrigation system control shall operate in accordance with manufacturer's specifications.

i. The Builder shall provide the homeowner with instructions on the operation of the irrigation system at closing.

(Y) PERFORMANCE STANDARDS FOR FENCING

(1) Performance Standards for Fencing:

(a) A fence shall not fall over and shall not lean in excess of two (2) inches out of plumb due to construction activities.

(b) A wood fence board shall not be broken due to construction activities. Wood fence board shall not become detached from the fence due to construction activities of the Builder.

(c) A masonry unit or mortar in a fence shall not be broken or loose. A crack in a masonry unit shall not occur. A crack in the mortar shall not equal or exceed 1/8 of an inch in width.

(d) A masonry wall shall have adequate weep holes in the lowest course as required by the Code to allow seepage to pass through the wall.

(Z) PERFORMANCE STANDARDS FOR YARD GRADING

(1) Performance Standards for Yard Grading:

(a) Yards shall have grades, swales, and/or other measures that provide for proper drainage in accordance with the Code, governmental regulations, or otherwise in accordance with an applicable drainage and grading plan, if any.

i. The homeowner shall maintain the drainage pattern and protect the grading contours from erosion, blockage, over-saturation or any other changes. The possibility of standing water, not immediately adjacent to the foundation but in the yard, after prolonged or an unusually heavy rainfall event should be anticipated by the homeowner.

(b) Settling or sinking of soil shall not interfere with the drainage patterns of the lot or have a vertical depth of six (6) inches or more.

(AA) PERFORMANCE STANDARDS FOR PEST CONTROL

(1) Performance Standards for Pest Control:

(a) Eave returns, truss blocks, attic vents and roof vent openings shall not allow rodents, birds, and other similar pests into home or attic space.

SECTION 10: PERFORMANCE STANDARDS FOR ELECTRICAL, PLUMBING, AND MECHANICAL DISTRIBUTION SYSTEMS UNDER THE TWO-YEAR DELIVERY PORTION OF SYSTEMS WARRANTY:

This section describes the Performance Standards for the various Delivery Portion of Systems in a Home as described. Unless otherwise stated under the various Performance Standards herein, if any such Performance Standard is not met, the Builder or Insurer (as applicable) shall take such action as is necessary to bring the variance within the standard subject to the terms and conditions herein. The Builder or Insurer (as applicable) will repair or replace those elements or components of a Home that do not meet these standards during the applicable warranty period.

(A) PERFORMANCE STANDARDS FOR ELECTRICAL DELIVERY SYSTEMS

(1) Performance Standards for Electrical Wiring:

(a) Electrical wiring installed inside the home shall be installed in accordance with the Code and any other applicable electrical standards and shall function properly from the point of demarcation, as determined by the respective utility.

i. The Builder shall not be responsible for utility improvements from the meter/demarcation point to the utility poles or the transformer.

(b) Electrical wiring shall be capable of carrying the designated load as set forth in the Code.

i. All electrical equipment shall be used for the purposes and/or capacities for which it was designed and in accordance with manufacturer's specifications.

(2) Performance Standards for the Electrical Panel, Breakers, and Fuses:

(a) The electrical panel and breakers shall have sufficient capacity to provide electrical service to the home during normal residential usage.

i. The Builder is not responsible for electrical service interruptions caused by external conditions such as power surges, circuit overloads and electrical shorts.

(b) The electrical panel and breakers shall have sufficient capacity to provide electrical service to the home during normal residential usage such that a circuit breaker shall not trip and fuses shall not blow repeatedly under normal residential electric usage.

i. The Builder is not responsible for circuit breaker trips or blown fuses that have functioned as designed to protect the home from external conditions such as power surges, circuit overloads and shorts.

(3) Performance Standards for Electric Outlets with Ground Fault Interrupters:

(a) Electrical outlets with ground fault interrupters shall be installed and operate in accordance with the Code and manufacturer's specifications If ground fault interrupters trip repeatedly under normal residential usage, the Builder shall take such action as is necessary to ensure that the electrical outlets with ground fault interrupters are installed in accordance with the Code and manufacturer's instructions and specifications and that they operate properly during normal residential electrical usage.

i. The homeowner shall not plug appliances that require constant electrical flow, such as refrigerators and freezers, into an outlet with a ground fault interrupter.

(4) Performance Standards for Fixtures, Outlets, Doorbells and Switches:

(a) An outlet, doorbell or switch shall be installed in accordance with the manufacturer's specifications and the Code and shall operate properly when installed in accordance with the manufacturer's specifications and the Code.

(b) A fixture, electrical box or trim plate shall be installed in accordance with the Code and manufacturer's specifications and shall be properly secured to the supporting surface.

(c) A light shall not dim, flicker or burn out repeatedly under normal circumstances. A lighting circuit shall meet the Code.

(5) Performance Standards for Wiring or Outlets for Cable Television, Telephone, Ethernet or Other Services:

(a) Wiring or outlets for cable television, telephone, Ethernet or other services shall be installed in accordance with the Code and any applicable manufacturer's specifications.

i. The Builder is not responsible for the failure of wiring or other utility service connectors or conduits that begin before the point at which the service enters the home.

(b) Wiring or outlets for cable television, telephone, Ethernet or other services inside the home or on the home side of the meter/demarcation point shall function properly when installed in accordance with the Performance Standards in this subsection.

i. The Builder is not responsible for the failure of wiring or other utility service connectors or conduits that begin before the point at which the service enters the home.

(B) PERFORMANCE STANDARDS FOR PLUMBING DELIVERY SYSTEMS

(1) Performance Standards for Pipes including Water and Gas Pipes, Sewer and Drain Lines, Fittings and Valves (but not including pipes included in a Landscape Irrigation System):

(a) Pipes shall be installed and insulated in accordance with the Code and manufacturer's specifications.

i. If a water pipe bursts, the Builder shall take such action as is necessary to bring the variance within the standard stated in this subsection.

ii. The homeowner is responsible for insulating and protecting exterior pipes and hose bibs from freezing weather and for maintaining a reasonable temperature in the home during periods of extremely cold weather.

iii. The homeowner is responsible for maintaining a reasonable internal temperature in a home regardless of whether the home is occupied or unoccupied and for periodically checking to ensure that a reasonable internal temperature is maintained.

(b) A water pipe shall not leak.

i. The homeowner shall shut off water supply immediately if such is required to prevent further damage to the home.

(c) A gas pipe shall not leak, including natural gas, propane, or butane gas.

i. If a gas pipe is leaking, the homeowner shall shut off the source of the gas if the homeowner can do so safely.

(d) Water pressure shall not exceed 80 pounds per square inch in any part of the water supply system located inside the home. Minimum static pressure at the building entrance for either public or private water service shall be 40 pounds per square inch in any part of the water supply system.

i. This standard assumes the public or community water supply reaches the home side of the meter at 40 pounds per square inch. The Builder is not responsible for water pressure variations originating from the water supply source.

(e) A sewer, drain, or waste pipe shall not become clogged or stopped up due to construction activities.

i. The Builder shall take such action as is necessary to unclog a sewer, drain or waste pipe that is clogged or stopped up due to construction activities.

ii. The homeowner shall shut off water supply immediately if such is required to prevent damage to the home.

(2) Performance Standards for Individual Wastewater Treatment Systems.

(a) A wastewater treatment system should be capable of properly handling normal flow of household effluent in accordance with the Texas Commission on Environmental Quality requirements. The Builder shall take such action as is necessary for the wastewater treatment system to perform within the standard stated in this subsection.

(b) The Builder is not responsible for:

i. A system malfunctions or is damaged due to the addition of a fixture, equipment, appliance or other source of waste or water into the septic system by a person other than the Builder or a person working at the Builder's direction; or

ii. Malfunctions or limitations in the operation of the system attributed to a design restriction imposed by state, county or local governing agencies; or

iii. Malfunctions caused by freezing, soil saturation, soil conditions, changes in ground water table or any other acts of nature.

(C) PERFORMANCE STANDARDS FOR HEATING, AIR CONDITIONING AND VENTILATION DELIVERY SYSTEMS

Please note that the costs of parts and/or labor may be the responsibility of the Builder depending on the Manufacturer's product agreement.

(1) Performance Standards for Air Conditioning:

(a) A refrigerant line shall not leak.

i. Condensation on a refrigerant line is not a leak.

(2) Performance Standards for Heating and Cooling Functions:

(a) A heating system shall produce an inside temperature of at least 68-degrees Fahrenheit as measured two (2) feet from the outside wall of a room at a height of three (3) feet above the floor under local outdoor winter design conditions as specified in the Code.

i. Temperatures may vary up to 4-degrees Fahrenheit between rooms but no less than the standard set forth in this subsection. The homeowner's changes made to the size or configuration of the home, the heating system or the ductwork shall negate the Builder's responsibility to take measures to meet this Performance Standard.

(b) An air-conditioner system shall produce an inside temperature of at most 78-degrees Fahrenheit as measured in the center of a room at height of five (5) feet above the floor, under local outdoor summer design conditions as specified in the Code.

i. This standard does not apply to evaporative or other alternative cooling systems or if the homeowner makes changes to the size or configuration of the home, the air-conditioning system or the ductwork. Internal temperatures may vary up to 4-degrees Fahrenheit between rooms but no more than the standard set forth in this subsection.

(c) A thermostat reading shall not differ by more than 4-degrees Fahrenheit from the actual room temperature taken at a height of five (5) feet above the floor in the center of the room where the thermostat is located. The stated Performance Standard is related to the accuracy of the thermostat and not to the Performance Standard of the room temperature.

(d) Heating and cooling equipment shall be installed and secured according to the manufacturer's instructions and specifications and shall not move excessively.

(3) Performance Standards for Vents, Grills or Registers:

(a) A vent, grill or register shall operate easily and smoothly when applying normal operating pressure. If a vent, grill or register does not operate easily and smoothly when applying normal pressure when adjusting, the Builder shall repair the vent, grill or register so that it operates with ease of use when applying normal operating pressure.

(b) A vent, grill or register shall be installed in accordance with the Code and manufacturer's instructions and specifications and shall be secured to the underlying surface.

(4) Performance Standards for Ductwork:

(a) Ductwork shall be insulated in unconditioned areas according to Code.

(b) Ductwork shall be secured according to the manufacturer's instructions and specifications and it shall not move excessively.

(c) Ductwork shall be sealed and shall not separate or leak in excess of the standards set by the Code.

SECTION 11: HOW TO REQUEST WARRANTY PERFORMANCE FOR A WORKMANSHIP/MATERIALS AND/OR DELIVERY PORTION OF SYSTEMS DEFECT OR DEFICIENCY

If You believe Your Home has a Defect and/or Deficiency covered under this warranty, You must notify the Warrantor (Builder) upon discovery of the Defect and/or Deficiency in writing as provided below. *Notice cannot be initiated with a phone call.* Your written request for warranty performance must be received before the expiration of the applicable warranty period (one (1) year for Workmanship/Materials and two (2) years for Delivery Portion of Systems (electrical, plumbing, and mechanical distribution systems)). Warranted Defects and Deficiencies must occur within the Warranty Term to be covered.

(1) Notice to Warrantor (Builder) for One-Year Workmanship/Materials and/or Two-Year Delivery Portion of Systems Issue:

(a) If a Warranted Defect and/or Deficiency occurs, You must notify the Warrantor (Builder) in writing. *Notice cannot be initiated with a phone call.*

(b) Your request for warranty performance to the Warrantor (Builder) does not constitute notice to the Builder (Urban Arc Properties Home Warranty, LLC) or the Insurer (Golden Insurance Company) and does not extend the Warranty Term.

(c) The Warrantor (Builder) will investigate and respond to Your request within thirty (30) days of receipt to determine whether the Defects and/or Deficiencies described are covered under this Express Limited Warranty. You must provide the Warrantor (Builder) a reasonable opportunity to inspect Your Home (both the interior and/or exterior, as necessary) during normal business hours if the Warrantor (Builder) requests such an opportunity.

(d) The Warrantor (Builder) will advise You in writing as to whether Your Defect and/or Deficiency is covered by this Express Limited Warranty. If it is, the Warrantor (Builder) will perform repair work, replace, or make payment as described in this Express Limited Warranty. If You added Improvements which were not part of the Warrantor's (Builder's) original construction work, You are responsible for removal and/or repair of these items. Warranty repairs will be made during normal business hours.

(e) If the Warrantor (Builder) does not respond to Your request for warranty performance within thirty (30) days, please complete the Request for Warranty Performance Form at the back of this booklet and send it to the Builder: Urban Arc Properties Home Warranty, LLC, Attn: Warranty Service Division, 3615 Willowbend Boulevard, Suite 414 The written notice must be sent certified mail, return receipt requested.

(f) Such notice must be received no later than sixty (60) days after the expiration of the applicable warranty period or the request will be rejected. *Note that the first thirty (30) days is time for the Builder to respond to Your initial notification, and the second thirty (30) days is time for You to notify the Builder (*Urban Arc Properties*, LLC) of the Builder's lack of response.*

(g) Once Your written notice has been received, the Builder (Urban Arc Properties, LLC) will process Your request for warranty performance in accordance with the provisions of this warranty. The Builder (Urban Arc Properties Home Warranty, LLC) will investigate to determine whether the Defects described in the complaint are covered under this Express Limited Warranty and will respond to Your claim within thirty (30) days.

(h) You agree to provide the Builder (**Urban Arc Properties, LLC**) with any information or evidence in Your possession to support Your claim along with any inspector's, engineer's, and/or other expert's reports, photographs, videos, etc. related to and in support of Your claim. You also must provide the Builder (Urban Arc Properties Home Warranty, LLC) and the Insurer (Golden Insurance Company) a reasonable opportunity to inspect Your Home (both the interior and/or exterior, as necessary) during normal business hours.

(i) Should the Builder determine the Builder has defaulted on their warranty obligation under the Workmanship/Materials warranty during year one (1) and/or Delivery Portion of Systems warranty during years one (1) and two (2), the Insurer (Golden Insurance Company) becomes the Warrantor.

(j) There is a $250.00 non-refundable processing fee made payable by You to the Insurer (Golden Insurance Company). *This non-refundable fee is required for each Request for warranty Performance Form submitted to the Builder (*Urban Arc Properties *Home Warranty, LLC). Note: If You are the original owner with the original FHA/VA or USDA financing still in effect, a $250.00 non-refundable fee will be collected following the acceptance of Your claim and determination of the amount of loss*

(k) Urban Arc Properties In connection with the investigation and determination of your claim, You may be sent a series of recommendations to be implemented. Failure to implement the recommendations may result in a denial of a future claim for benefits if the failure to implement the recommendations caused or contributed to a Defect in the Home.

SECTION 12: MAJOR STRUCTURAL DEFECT COVERAGE

Please note: If You are the original owner with the original FHA/VA financing still in effect, the following definition of a structural Defect applies. If You have other financing, please reference the "Performance Standards for Foundations and Slabs and Major Structural Components of a Home other than Slab Foundations" as defined in Section 13 of this Express Limited Warranty.

This section describes coverage for the various Major Structural Components of a Home as described. The Insurer will repair or replace those elements or components of a Home that meet the conditions defined below during the applicable warranty period.

Major Structural Defects are warranted for a Ten-Year Warranty Term from the Effective Date of Warranty.

(1) A Major Structural Defect is defined as actual physical damage to one or more of the below-designated load-bearing elements of the Home caused by failure of such load-bearing elements which affect(s) their load-bearing function(s) to the extent that the Home becomes unsafe, unsanitary, or otherwise unlivable. This definition is identical as defined in the regulations of the Department of Housing and Urban Development (HUD) in effect at the time of this Express Limited Warranty.

(2) This is coverage for catastrophic failure of load-bearing elements of Your Home.

(3) The following are the designated load-bearing elements of the Home that are covered by this warranty and qualify for Major Structural Defect Coverage:

(a) Load-bearing foundation systems and footings,

(b) Load-bearing floor framing systems,

(c) Load-bearing walls and partitions,

(d) Load-bearing roof framing systems,

(e) Load-bearing beams,

(f) Load-bearing headers,

(g) Load-bearing girders,

(h) Load-bearing lintels (other than those supporting veneers),

(i) Load-bearing columns (other than a column that is designed to be cosmetic), and

(j) Load-bearing masonry arches (other than a masonry arch that is designed to be cosmetic).

(4) The following are some examples of non-load bearing elements of the Home, and DO NOT qualify for Major Structural Defect Coverage:

(a) Non load-bearing partitions and walls,

(b) Wall tile or paper, etc.,

(c) Plaster, laths, or drywall,

(d) Flooring and sub-flooring materials,

(e) Brick, stucco, stone, or veneer,

(f) Any type of exterior siding,

(g) Roof shingles, tiles, sheathing, and tar paper,

(h) Heating, cooling, ventilating, plumbing, electrical, and mechanical systems,

(i) Appliances, fixtures, or items of equipment,

(j) Doors, trim, cabinets, hardware, insulation, paint, and stains, and/or

(k) Basement and other interior floating, ground-supported concrete slabs.

(5) Subject to all provisions of this warranty, the repair of a Major Structural Defect is limited to:

(a) The repair of damage to the designated load-bearing element(s) which is necessary to restore its load-bearing ability.

(b) The repair of the non-load bearing portions, items, or systems of the Home, damaged by the Major Structural Defect, which make the Home unsafe, unsanitary, or otherwise unlivable.

(c) The repair, removal, and replacement of only those surfaces, finishes, and coverings, (original with the Home) damaged by the Major Structural Defect.

(d) Repair or replacement is NOT intended to restore the Home to a like-new condition.

(6) All decisions concerning the repair of a Major Structural Defect, including, but not limited to, development and choice of a repair design (or "plan"), method of repair, execution of repairs, replacement of covered Defective items, as well as all matters pertaining to the repair or replacement of all covered damage, belong to the sole discretion of the Insurer.

SECTION 13: PERFORMANCE STANDARDS FOR MAJOR STRUCTURAL COMPONENTS UNDER THE 10-YEAR STRUCTURAL DEFECT WARRANTY

This section describes the Performance Standards for the various Major Structural Components of a Home as described. The Insurer will repair or replace those elements or components of a Home that do not meet these standards during the applicable warranty period.

Please note: If You are the original owner with the original FHA/VA financing still in effect, please reference Section 12 for the definition of a Major Structural Defect and components that are covered.

(A) PERFORMANCE STANDARDS FOR SLAB FOUNDATIONS

(1) Slab foundations should not move differentially after they are constructed, such that a tilt or deflection in the slab in excess of the standards defined below arises from post-construction movement. The protocol and standards for evaluating slab foundations shall follow the ASCE Guidelines with the following modifications:

(a) Overall deflection from original construction shall be no greater than the overall length over which the deflection occurs divided by 360 (L/360) and must not have more than one associated symptom of distress, as described in Section 5 of the ASCE Guidelines, that results in actual observable physical damage to the home. L shall be defined as the edge to edge

distance across any slab cross-section for which overall deflection is calculated. Calculations of overall deflection shall be based upon the change in elevation at each point for which an Original Construction Elevation was taken.

(b) The slab shall not tilt after construction in excess of one (1) percent across any overall dimension of the home or cause structural component(s) or masonry veneer to rotate into a structurally unstable position such that the weight vector of the component part falls outside the middle third of its bearing area. Calculations of tilt shall be based upon the change in elevation at each point for which an Original Construction Elevation was taken.

(2) If measurements and associated symptoms of distress show that a slab foundation does not meet the deflection or tilt standards stated in this subsection, the Builder shall implement the recommendations of a Texas licensed Professional Engineer, which shall be based on the appropriate remedial measures as described in Section 7 of the ASCE Guidelines.

(B) PERFORMANCE STANDARDS FOR MAJOR STRUCTUAL COMPONENTS OF A HOME OTHER THAN SLAB FOUNDATIONS

(1) Floor over pier and beam foundations:

(a) A floor over a pier and beam foundation shall not deflect more than L/360 from original construction and have that movement create actual observable physical damage to the components of the home identifiable in Section 5.3 of the ASCE Guidelines. L shall be defined as the edge to edge distance across any slab cross-section for which overall deflection is calculated. Calculations of overall deflection shall be based upon the change in elevation at each point for which an Original Construction Elevation was taken.

(b) If a floor over pier and beam foundation deflects more than L/360 from its Original Construction Elevation and the movement has created actual observable physical damage to the components of a home identifiable in Section 5.3 of the ASCE Guidelines, the Builder shall implement the recommendations of a Texas licensed Professional Engineer, which shall be based on applicable remedial measures as described in Section 7 of the ASCE Guidelines.

(2) Structural components:

(a) A defined structural component, other than the concrete elements of a slab foundation, shall not crack, bow, become distorted or deteriorate, such that it compromises the structural integrity of a home or the performance of a structural system of the home resulting in actual observable physical damage to a component of the home. If a structural component of a home, other than the concrete elements of a slab foundation, cracks, bows, is distorted or deteriorates such that it results in actual observable physical damage to a component of the home, the Builder shall take such action as is necessary to repair, reinforce or replace such structural component to restore the structural integrity of the home or the performance of the affected structural system.

(3) Deflected structural components:

(a) A structural component, other than the foundation, shall not deflect more than the ratios allowed by the Code. If a structural component of the home, other than the foundation, is deflected more than the ratios allowed by the Code, the Builder shall repair, reinforce or replace such structural component to restore the structural integrity of the home or the performance of the affected structural system.

(4) Damaged structural components:

(a) A structural component, other than the foundation, shall not be so damaged that it compromises the structural integrity or performance of the affected structural system. If a structural component, other than the foundation, is so damaged that it compromises the structural integrity or performance of a structural system of the home, the Builder shall take such action as is necessary to repair, reinforce or replace such structural component to restore the structural integrity of the home or the performance of the affected structural system.

(5) Separated structural components:

(a) A structural component, other than the foundation, shall not separate from a supporting member more than 3/4 of an inch or such that it compromises the structural integrity or performance of the system. If a structural component, other than the foundation, is separated from a supporting member more than 3/4 of an inch or separated such that it compromises the structural integrity or performance of a structural system of the home, the Builder shall take such action as necessary to repair, reinforce or replace such structural component to re-establish the connection between the structural component and the supporting member, to restore the structural integrity of the home and the performance of the affected structural system.

(6) Non-performing structural components:

(a) A structural component, other than the foundation, shall function as required by the Code.

SECTION 14: HOW TO REPORT A MAJOR STRUCTURAL DEFECT CLAIM

If You believe Your Home has a Major Structural Defect (MSD) covered under this warranty, You must notify the Builder upon discovery of the Defect in writing as provided below. *Notice cannot be initiated with a phone call.* Your written request for warranty performance must be received before the expiration of the applicable warranty period (ten (10) years for Major Structural Defects).

(1) Notice to Builder (Urban Arc Properties Home Warranty, LLC) for Major Structural Defects during Years One (1) through Ten (10).

(a) If a Warranted Defect occurs during years one (1) through ten (10), You must notify the Builder (Urban Arc Properties Home Warranty, LLC) in writing. Please complete the Notice of Major Structural Defect Claim Form at the back of this booklet and send it to Urban Arc Properties Home Warranty, LLC, Attn: Warranty Service Division, 3615 Willowbend Suite 414 Houston, Texas 77054. *Notice cannot be initiated with a phone call.*

(b) There is a $250.00 non-refundable processing fee made payable by You to the Insurer (Golden Insurance Company). *This non-refundable fee is required for each Notice of Major Structural Defect Claim Form submitted to the Builder (*Urban Arc Properties *Home Warranty, LLC). Note: If You are the original owner with the original FHA/VA or USDA financing still in effect, a $250.00 non-refundable fee will be collected following the acceptance of Your claim and determination of the amount of loss.*

(c) The written notice must be sent certified mail, return receipt requested.

(d) Such notice must be received before the expiration of the applicable warranty period.

(e) Your request for warranty performance must describe the condition of the warranted Major Structural Defect in detail.

(f) Once Your written notice has been received, the Builder (Urban Arc Properties Home Warranty, LLC) will process Your request for warranty performance in accordance with the provisions of this warranty.

(g) The Builder (Urban Arc Properties Home Warranty, LLC) will investigate to determine whether the Defects described in the complaint are covered under this Express Limited Warranty and will respond to Your claim within thirty (30) days.

(h) You agree to provide the Builder (Urban Arc Properties Home Warranty, LLC) with any information or evidence in Your possession to support Your claim along with any inspector's, engineer's, and/or other expert's reports, photographs, videos, etc. related to and in support of Your claim. You also must provide the Builder (Urban Arc Properties Home Warranty, LLC) and the Insurer (Golden Insurance Company) a reasonable opportunity to inspect Your Home (both the interior and/or exterior, as necessary) during normal business hours.

(i) You have an obligation to cooperate with the Builder (Urban Arc Properties Home Warranty, LLC) and the Insurer (Golden Insurance Company) concerning arbitration, inspection, investigation, repair, and claim settlement. Your failure to cooperate may jeopardize Your warranty coverage.

(j) In connection with the investigation and determination of your claim, You may be sent a series of recommendations to be implemented. Failure to implement the recommendations may result in a denial of a future claim for benefits if the failure to implement the recommendations caused or contributed to a Defect in the Home.

SECTION 15: CONDITIONS OF WARRANTY PERFORMANCE

(1) Actions taken to repair Defects and/or Deficiencies will not extend the periods of coverage provided in the Warranty Term(s).

(2) If a request for warranty performance during years one (1) for Workmanship/Materials and years one (1) and two (2) for Delivery Portion of Systems qualifies for coverage, the Warrantor (Builder or Insurer, as applicable) has the right to choose to repair or replace, pay the reasonable cost of repair or replacement, or pay You the Diminution in Value of any items which do not meet Performance and/or Construction Quality Standards and are not excluded from coverage.

(3) If a Major Structural Defect claim qualifies for coverage in years one (1) through ten (10), the Insurer has the right to choose to repair or replace, pay the reasonable cost of repair or replacement, or pay You the Diminution in Value of any covered Major Structural Defect. If the Insurer elects to make a cash settlement for a Warranted Defect, the settlement must be in writing. The Homeowner shall have up to 45 days upon the receipt of settlement agreement to accept. Failure to accept the settlement within this timeframe may result in the claim being closed.

(4) Any events which cause a delay in the performance of the warranty obligations of the Builder, the Builder, and/or the Insurer, and which are beyond the control of the Builder, the Builder, and/or the Insurer, shall excuse the Builder, the Builder, and/or the Insurer from performing until the effects causing the delay are remedied.

(5) The right to repair or replace is solely that of the Builder or the Insurer (as applicable), the decision to make payment in lieu of implementing the covered repairs is solely that of the Builder or the Insurer (as applicable), and the decision to pay You the Diminution in Value of any covered Defect is solely that of the Builder or Insurer (as applicable). Replacement does not mean an obligation to purchase Your Home in the event of a claim nor under any other circumstance.

(6) If the Warrantor (Builder or Insurer, as applicable) repairs, replaces, pays You the reasonable cost to repair or replace, or pays You the Diminution in Value of any Warranted Item, the Warrantor (Builder or Insurer, as applicable) shall be subrogated to all Your rights of recovery against any person or entity. You must sign and deliver to the Builder, Builder, and the Insurer a full and unconditional release, in recordable form, of all legal obligations and rights to recovery (including subrogation rights) with respect to the Warranted Defects and/or Deficiencies, and any condition arising from the warranted items. This must occur prior to payment for the reasonable cost of repair, replacement, or Diminution in Value. You must execute and deliver any and all instruments and documents and take any and all other actions necessary to secure such rights including, but not limited to, assignment of proceeds of any other insurance or other warranties to the Insurer. You shall do nothing to prejudice these rights of subrogation.

(7) In connection with the repair of a construction defect, any repairs performed by the Warrantor (Builder or Insurer, as applicable) will include those components of the home that have to be removed or altered in order to repair the construction defect. Any repair will be finished or touched up to match the surrounding area as closely as practical but not necessarily

to a like-new

condition. Imperfections and variations may exist and should be expected. A repair or action bringing a variance within the standard under this warranty shall not cause the period of the applicable warranty to be extended.

(8) The Warrantor (Builder or Insurer, as applicable) is not responsible for exact color, texture or finish matches when replacing or repairing materials, repainting areas, or when items or materials have been discontinued. Surfaces altered incident to any repair will be finished or touched up to match the surrounding area as closely as practical. In connection with the repair of finish or surface material, such as paint, wallpaper, flooring or a hard surface, the Warrantor (Builder or Insurer, as applicable) will match the standard and grade as closely as reasonably possible. The Warrantor (Builder or Insurer, as applicable) will attempt to match the finish, but will not be responsible for discontinued patterns or materials, color variations, or shade variations. When the surface finish material must be replaced and the original material has been discontinued, the Warrantor (Builder or Insurer, as applicable) is responsible for installing replacement material substantially similar in appearance to the original material. Repair or replacement is NOT intended to restore the Home to a like-new condition. Imperfections and variations may exist and should be expected.

SECTION 16: MEDIATION AND INSPECTION

Within thirty (30) days following the Builder receipt of appropriate notice of request for warranty performance, the Builder may review and mediate Your request by communicating with You, Your Builder, and/or the Insurer and any other individuals or entities who the Builder believes possess pertinent information.

If, after thirty (30) days, the Builder has not been able to successfully mediate Your request, or at any earlier time when the Builder believes that You and Your Builder and/or Insurer are at an impasse, then the Builder will notify You that Your request has become an Unresolved Warranty Issue and that You may proceed to arbitration.

At any time following the receipt of appropriate notice of Your request for warranty performance, the Builder may schedule an inspection of the item(s). You must provide the Insurer reasonable access to the interior and/or exterior during normal business hours for any such inspection. The Builder, at its discretion, may schedule a subsequent inspection to determine compliance.

When a request for warranty performance is filed and the Defect and/or Deficiency cannot be observed under normal conditions, it is Your responsibility to substantiate that the need for warranty performance exists including any costs involved.

You have an obligation to cooperate with the mediation, inspection, and investigation of Your warranty request. Your warranty file may be closed should You fail to cooperate or respond to requests within thirty (30) days.

SECTION 17: ARBITRATION

The parties to this Express Limited Warranty intend and agree that any and all claims, disputes and controversies by or between the Homeowner, the Builder, and/or the Insurer, or any combination of the foregoing, arising out of or related to this Express Limited Warranty, any alleged Defect and/or Deficiency in or to the subject Home or the real property on which the subject Home is situated, or the sale of the subject Home by the Builder, including, without limitation, any claim of breach of contract, negligent or intentional misrepresentation, or nondisclosure in the inducement, execution, or performance of any contract, including this arbitration agreement, or breach of any alleged duty of good faith and fair dealing, shall be settled by binding arbitration in a manner consistent with this arbitration agreement. Agreeing to arbitration means You are waiving Your right to a trial by a judge and/or a jury.

You must begin the arbitration process by giving the Builder written notice of Your request for arbitration of an Unresolved Warranty Issue. After the Builder receipt of Your notice of request for arbitration, any Unresolved Warranty Issue that You have with the Warrantor (Builder or Insurer, as applicable) or Builder shall be submitted to an independent arbitration service mutually agreed upon by You, the Builder, and the Warrantor (Builder or Insurer, as applicable). If You, the Builder, and the Warrantor (Builder or Insurer, as applicable) cannot agree on an independent arbitration service, then all parties agree to use Construction Dispute Resolution Services (CDRS) for the arbitration. This binding arbitration is governed by the procedures of the Federal Arbitration Act, 9 U.S.C. 1 et seq., as amended (FAA), and any rules of the independent arbitration service employed by the parties to the arbitration. Should any conflict exist between the FAA and the rules of the independent arbitration service selected, the FAA shall control.

You understand that should You submit a request for 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.

Since this Express Limited Warranty requires mandatory binding arbitration of Unresolved Warranty Issues, if any party hereto commences litigation in violation of this Express Limited Warranty, such party shall reimburse the other parties named in the litigation for their costs and expenses, including reasonable attorney fees and expert fees, incurred in responding to and/or requesting dismissal or stay of such litigation. The parties to this Express Limited Warranty intend that no party to any arbitration hereunder may make a claim for punitive damages as part of the arbitration proceeding and that the Arbitrator shall not have the authority to award punitive damages to any party hereto.

This arbitration agreement shall ensure the benefit of, and be enforceable by, the Builder's subcontractors, agents, vendors, suppliers, design professionals, Insurers, and any other person alleged to be responsible for any Defects and/or Deficiencies in or to the subject Home or the real property on which the subject Home is situated. 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.

This arbitration agreement shall be deemed to be a self-executing arbitration agreement. Any disputes concerning the interpretation or the enforceability of this arbitration agreement, including, without limitation, its revocability or voidability for any cause, the scope of arbitration issues, and any defense based upon waiver, estoppel or laches, shall be decided by the Arbitrator.

The initiation of or participation by any party in any judicial proceeding concerning this arbitration agreement or any matter arbitrable hereunder shall not be deemed a waiver of the right to enforce this arbitration agreement, and, notwithstanding any applicable rule of law to the contrary, shall not be asserted or accepted as a reason for delay, refusal to participate in, or refusal to enforce this arbitration agreement.

The arbitration hearing shall take place at or near the residence covered by the Express Limited Warranty unless both You and the Warrantor (Builder or Insurer, as applicable) mutually agree to hold the arbitration at a different location.

The Warrantor (Builder or Insurer, as applicable) or Builder shall have the right, in advance of the arbitration proceeding, to re-inspect any Home (both the interior and/or exterior, as necessary) which is the subject to the arbitration proceeding if the request for arbitration was made more than sixty (60) days following the last claim decision of the Warrantor (Builder or Insurer, as applicable) or Builder concerning such Home. No arbitration proceeding shall involve more than one single-family detached dwelling or more than one multi-dwelling unit.

The parties expressly agree that this Express Limited Warranty and this arbitration agreement touch and concern interstate commerce and are governed by the provisions of the FAA and the rules of the independent arbitration service selected by the parties to the arbitration to the Exclusion of any contrary or inconsistent state of local laws, ordinances, or judicial rules.

If any provision of this arbitration agreement shall be determined by the Arbitrator or by any court to be unenforceable or waived, the remaining provisions shall be deemed to be severable and enforceable according to their terms. The duty to arbitrate hereunder survives the termination of this Express Limited Warranty.

Note: For Homes With FHA/VA Financing Only:

For Homes with the original FHA or VA financing only, and notwithstanding anything written above, You may elect judicial resolution of any disputes as an alternative to the Arbitration provision set forth in this Express Limited Warranty. Note that if you choose arbitration, you are bound by the decision.

SECTION 18: ENFORCEMENT OF ARBITRATION AWARD

The Arbitrator will determine the amount of time within which all awards must be completed. Deadlines may be extended depending on special circumstances (for example, inclement weather). In such circumstances, the Builder or Insurer (as applicable) will complete such repairs or replacement as soon as possible without incurring overtime or weekend expenses.

(1) If the independent Arbitrator makes an award in favor of the Homeowner concerning a dispute under this warranty's Workmanship/Materials and/or Delivery Portion of Systems Coverage, then the arbitrating parties will receive notice of the award and the Builder and/or Insurer (as applicable) will either: a) complete the repair(s) awarded, or b) complete a full payment for the cost of the repair(s) to the Homeowner. In the event that the Builder defaults on its warranty obligations under this compliance paragraph, then the Insurer will assume this responsibility.

(2) If the independent Arbitrator makes an award in favor of the Homeowner concerning a dispute under this warranty's Major Structural Defect Coverage, then the arbitrating parties will receive notice of the award and the Insurer will either: a) complete the repair(s) awarded, or b) complete a full payment for the cost of the repair(s) to the Homeowner. The independent Arbitrator may grant an extension of time if complicated or time-consuming engineering investigation/design development is involved in order to make the structural repairs.

(3) Under no circumstance will any independent Arbitrator be allowed to create, establish, or fix a monetary sum as an award to any arbitrating party unless this is expressly agreed to by all of the arbitrating parties and the Builder or Insurer (as applicable). The refusal of the Builder or Insurer (as applicable) to agree to a monetary award does not invalidate any provision stated.

(4) Within twenty (20) calendar days immediately following the expiration of the applicable compliance period, the prevailing party may request a compliance inspection by contacting the Builder or Insurer (as applicable) in writing. Any cost associated with a compliance inspection must be pre-paid by the requesting party.

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3615 Willowbend Boulevard, Suite 414| Texas, Houston 77054

| (713)-417-3786

NOTICE OF MAJOR STRUCTURAL DEFECT CLAIM FORM

Please read the Urban Arc Properties Express Limited Warranty Coverage Booklet before completing this form. This form must be completed in its entirety and submitted along with a copy of the Home Enrollment Application (HEA). This form must be received by Urban Arc Properties Home Warranty prior to the expiration of the applicable warranty period. A non-refundable warranty service fee may be required. Please contact a Claims Representative at (713)417-3786 for more details.

Name _____

Claim Address _____
Street City State Zip

Home Phone (____) _____ Business Phone (____) _____ Cell Phone (____) _____

Email Address _____

Effective Date of Warranty _____ Home Enrollment Application No. _____
Month Day Year UAPLLC HEA #

Please note that the warranty provides Limited Major Structural Defect Coverage, which is subject to Exclusions and conditions. You are encouraged to review and understand the Major Structural Defect Coverage provisions of the Express Limited Warranty Coverage Booklet.

1. Have You read the definition of a Major Structural Defect in the Express Limited Warranty Coverage Booklet? ☐ Yes ☐ No
2. Have You read the Exclusions in the Express Limited Warranty Coverage Booklet? ☐ Yes ☐ No
3. Do You feel Your Home is unlivable because it is unsafe? ☐ Yes ☐ No
4. Do You feel Your Home is unlivable because it is unsanitary? ☐ Yes ☐ No
5. Do You feel that Your Home is unlivable for some other reason? ☐ Yes ☐ No

Please describe the nature of the Defect as accurately and specifically as possible (if necessary, attach a separate sheet of paper):

_____

_____

_____

Date Defect was first observed _____ **Date first reported to Builder in writing** _____
Month Day Year Month Day Year

If Your Home still has the original FHA financing in effect, You are required to provide the following information:

FHA Case Number _____

Name of Mortgage Company _____

Address of Mortgage Company _____

Attach copies of any relevant correspondence between You and Your Builder involving this matter.

_____ _____
Homeowner signature Date

_____ _____
Homeowner signature Date

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to any warranty company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of coverage, and civil damages. Violators will be prosecuted to the full extent of the law. This form is not confirmation of warranty coverage. Warranty coverage is confirmed by a separate written confirmation.

3615 Willowbend Boulevard, Suite 414| Texas, Houston 77054

| (713)-417-3786 |

REQUEST FOR WARRANTY PERFORMANCE FORM
(WORKMANSHIP/MATERIALS AND/OR DELIVERY PORTION OF SYSTEMS)

Please read the UAPLLC Express Limited Warranty Coverage Booklet before completing this form. If Your previous written attempts to resolve the warranted Defect and/or Deficiency with Your Builder have failed, complete this form and send it to Your Builder and Urban Arc Properties Home Warranty, Attn: Warranty Service Division. This form must be received by Your Builder and Urban Arc Properties Home Warranty prior to the expiration of the applicable warranty period. A non-refundable warranty service fee may be required.

Name _____

Claim Address _____
Street City State Zip

Home Phone (____) _____ Business Phone (____) _____ Cell Phone (____) _____

Email Address _____

Effective Date of Warranty _____ Home Enrollment Application No. _____
Month Day Year UAPLLC HEA #

Please describe the nature of the Defect and/or Deficiency as accurately and specifically as possible (if necessary, attach a separate sheet of paper):

_____

_____

_____

_____

Date Defect/Deficiency was first observed _____
Month Day Year

Date Defect/Deficiency was first reported to the Builder in writing _____
Month Day Year

If Your Home still has the original FHA financing in effect, You are required to provide the following information:

FHA Case Number _____

Name of Mortgage Company _____

Address of Mortgage Company _____

Attach copies of any relevant correspondence between You and Your Builder involving this matter, correspondence that indicates the Builder has failed to perform its obligations as set forth under this warranty, and attach a copy of the Home Enrollment Application (HEA).

_____ _____
Homeowner Signature Date

_____ _____
Homeowner Signature Date

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to any insurance company for the purpose of defrauding or

attempting to defraud the company. Penalties may include imprisonment, fines, denial of coverage, and civil damages. Violators will be prosecuted to the full extent of the law. This form is not confirmation of warranty coverage. Warranty coverage is confirmed by a separate written confirmation.


URBANKRC