

THE LIMITED WARRANTY

10 YEAR WRITTEN WARRANTY FOR NEW HOMES



This Limited Warranty does not cover consequential or incidental damages. The Warrantor's total aggregate liability of this Limited Warranty is limited to the Final Sales Price listed on the Application For Warranty form.

The Builder makes no housing merchant implied warranty or any other warranties, express or implied, in connection with the attached sales contract or the warranted Home, and all such warranties are excluded, except as expressly provided in this Limited Warranty. There are no warranties which extend beyond the face of this Limited Warranty.

Some states do not allow the exclusion or limitation of incidental or consequential damages by the Builder so all of the limitations or exclusions of this Limited Warranty may not apply to you.

Warranty Confirmation

Your Warranty consists of your Limited Warranty book and your Warranty Confirmation. AFTER 60 days from your closing, you may obtain your Warranty Confirmation at confirm.rwcwarranty.com. You do not have a warranty without the Warranty Confirmation. If you do not have access to the Internet, please contact the plan Administrator to obtain your Limited Warranty book and Warranty Confirmation.

SAMPLE WARRANTY

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For your Limited Warranty to be in effect, you should receive the following documentation:
Limited Warranty #393 • Application For Warranty form #316 (Refer to I.B.3. for applicability) • Warranty Confirmation

Insurer: Western Pacific Mutual Insurance Company, A Risk Retention Group

RESIDENTIAL WARRANTY COMPANY, LLC



Dear Home Buyer,

Congratulations on the purchase of your new Home. This is probably one of the largest, most important investments you've ever made and we wish you many years of enjoyment. You've chosen a Home built by a leading Builder which includes the RWC Limited Warranty, assurance that your investment is well protected. This book explains the Limited Warranty in its entirety, and we encourage you to take time to READ IT CAREFULLY.

This Limited Warranty provides you with protection in accordance with this warranty book for ten full years of Home ownership. During the first two years, your Builder is responsible for specified warranty obligations. In the unlikely event your Builder is unable or unwilling to perform, the Warranty is provided subject to the conditions, terms and exclusions listed. For the remaining eight years, your Warranty applies to Major Structural Defects as defined in this book.

This is not a warranty service contract, but a written ten year limited warranty which your Builder has elected to provide with your Home.

Take time now to read this book. Familiarize yourself with the Warranty and its limitations. Contact your Builder regarding specific construction standards and how they apply to your Home.

Again, congratulations and enjoy your new Home!

Very truly yours,
Residential Warranty Company, LLC

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Residential Warranty Company, LLC
5300 Derry Street, Harrisburg, PA 17111
717-561-4480

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A. Introduction

To help you better understand your Limited Warranty, refer to the following list of definitions which apply in this book.

B. Definitions***1. Administrator**

Residential Warranty Company, LLC (RWC) is the Administrator of this Limited Warranty. RWC is neither Warrantor nor Insurer.

2. Appliances and Items of Equipment, including Attachments and Appurtenances

Water heaters, pumps, stoves, refrigerators, compactors, garbage disposals, ranges, dishwashers, washers and dryers, bathtubs, sinks, commodes, faucets, light fixtures, switches, outlets, thermostats, furnaces and oil tanks, humidifiers, oil purifiers, air conditioning materials, in-house sprinkler systems and similar items.

3. Application For Warranty

The form signed at closing by you, the Purchaser, and your Builder which identifies the location, the Effective Date Of Warranty and the Final Sales Price of the enrolled Home. If the Builder is participating in the RWC electronic enrollment process, the Application for Warranty form is eliminated. This information will be included on your Warranty Confirmation.

4. Arbitrator

The person appointed by the independent arbitration service to resolve an Unresolved Warranty Issue.

5. Builder

The person, corporation, partnership or other entity which participates in the RWC Limited Warranty Program and has obtained this Limited Warranty for you.

6. Consequential Damages

Consequential damages to personal property are excluded; consequential damages to real property as a result of a Defect or a repair of a Defect are covered.

7. Cooling, Ventilating and Heating Systems

All ductwork, refrigerant lines, steam and water pipes, registers, convectors and dampers.

8. Defect

A condition of any item warranted by this Limited Warranty which exceeds the al-

lowable tolerance specified in this Limited Warranty. Failure to complete construction of the Home or any portion of the Home, in whole or in part, is not considered a Defect.

9. Effective Date Of Warranty

The date coverage begins as specified on the Application for Warranty form or on your Warranty Confirmation if your Builder is participating in the electronic enrollment process.*

10. Electrical Systems

All wiring, electrical boxes and connections up to the house side of the meter base.

**11. Home**

The single family dwelling, identified on the Application For Warranty form, which may be a townhome, condominium or duplex.

12. Insurer

Western Pacific Mutual Insurance Company, a Risk Retention Group (WPMIC), located at 9265 Madras Ct, Littleton, CO 80130, phone: 303-263-0311. (Refer to Section IV. for instructions on requesting warranty performance.)

13. Limited Warranty

The terms and conditions contained in this book including any applicable addenda.

14. Major Structural Defects (MSD)

All of the following conditions must be met to constitute a Major Structural Defect.*

- a. actual physical damage to one or more of the following specified load-bearing segments of the Home;
- b. causing the failure of the specific ma-

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DEFINITIONS

- major structural components; and
- c. which affects its load-bearing function to the degree that it materially affects livability, sanitation and the physical safety of the Home.

Load-bearing components of the Home deemed to have MSD potential:

- (1) roof framing members (rafters and trusses);
- (2) floor framing members (joists and trusses);
- (3) bearing walls;
- (4) columns;
- (5) lintels (other than lintels supporting veneers);
- (6) girders;
- (7) load-bearing beams; and
- (8) foundation systems and footings; and
- (9) roof sheathing (only if Home has original FHA financing still in effect).

Examples of non-load-bearing elements deemed not to have Major Structural Defect potential:

- (1) non-load-bearing partitions and walls;
- (2) wall tile or paper, etc.;
- (3) plaster, laths or drywall;
- (4) flooring and subflooring material;
- (5) brick, stucco, stone, veneer, or exterior wall sheathing;
- (6) any type of exterior siding;
- (7) roof shingles, sheathing* and tar paper;
- (8) Heating, Cooling, Ventilating, Plumbing, Electrical and Mechanical Systems;
- (9) Appliances, fixtures or Items of Equipment; and
- (10) doors, windows, trim, cabinets, hardware, insulation, paint and stains.

The repair and cosmetic correction of only those surfaces, finishes and coverings, original with the Home, damaged by the Major Structural Defect. Consequential damages to real property as a result of a Major Structural Defect or repair of such Defect must be covered. Consequential damages to personal property may be excluded except where a Major Structural Defect exists and the Home is rendered uninhabitable. In such a case the Warranty Provider shall be responsible for paying for reasonable shelter expenses of the Homeowner until the Home is made habitable.

15. Owner

See Purchaser.

16. Plumbing Systems

All pipes located within the Home and their fittings, including gas supply lines and vent pipes.

17. Purchaser

You. The Purchaser includes the first buyer of the warranted Home and any and all subsequent Owners who take title within the warranty period.

18. Residence

See Home.

19. Sewage Disposal System (Private or Public)

This system includes, but is not limited to, all waste, drainage, sewer pipes and lines, cleanouts, tanks, pumps, drainfields and seepage pits, outside and beyond the exterior wall of the Home.

20. Structurally Attached

An integral part of the Home being structurally supported by footings, block walls or reinforced concrete and connected to the foundation of the Home.

21. Unresolved Warranty Issue

All requests for warranty performance, demands, disputes, controversies and differences that may arise between the parties to this Limited Warranty that cannot be resolved among the parties. An Unresolved Warranty Issue may be a disagreement regarding:

- a. the coverages in this Limited Warranty;
- b. an action performed or to be performed by any party pursuant to this Limited Warranty;
- c. the cost to repair or replace any item covered by this Limited Warranty.

22. Warrantor

Your Builder in Years 1 and 2; the Insurer in Years 3 through 10 and in Years 1 and 2 if your Builder defaults.

23. Warranty Confirmation

The document you obtain by going to confirm.rwewarranty.com and then following the directions to validate your warranty. It includes your Validation Number, Effective Date of Warranty, Term of Coverage and applicable Addenda.

24. Water Supply System (Private or Public)

This system includes, but is not limited to, all supply and distribution pipes, fittings, valves, pumps and wells, outside the exterior wall of the Home, which supply water to the Home.

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SECTION II.

A. Introduction to the Limited Warranty

1. This book provides specific details, conditions and limitations of the Limited Warranty including procedures for requesting warranty performance and for binding arbitration, in accordance with the procedures of the Federal Arbitration Act. Additional information may be received by calling RWC at (717) 561-4480. Read this document in its entirety to understand the protection it affords, the exclusions applicable to it, the Warranty Standards which determine its interpretations and operation and your responsibilities.
2. This is NOT an insurance policy, a maintenance agreement or a service contract. It is an explanation of what you, the Purchaser, can expect from this Limited Warranty.
3. Appliances and Equipment included in the Home are not warranted under this Limited Warranty, but may be covered by separate warranties provided by the manufacturer or supplier. These warranties are passed on to you by your Builder at closing and are separate from this Limited Warranty.
4. You are responsible for maintenance of your new Home. General and preventative maintenance are required to prolong the life of your new Home.
5. This Limited Warranty is **automatically transferred** to subsequent Owners during the ten-year term of this Limited Warranty, except in the case of a foreclosure that voids the warranty as provided in Section II.A.6.*
6. This Limited Warranty becomes void and all obligations on the part of Warrantor cease as of the date an Owner vacates the Home due to foreclosure proceedings.*
7. This Limited Warranty is subject to changes required by various regulating bodies. FHA and VA, as well as some local agencies have mandated the additions noted in the Addenda Section of this Limited Warranty book. Notations throughout indicate where the Addenda apply.

B. The Limited Warranty

1. **Actions taken to cure Defects will NOT extend the periods of specified coverages in this Limited Warranty.**
2. Only warranted elements which are specifically designated in the Warranty Standards are covered by this Limited Warranty.

3. The Warrantor has the choice to repair, replace or pay the reasonable cost to repair or replace warranted items which do not meet Warranty Standards and are not excluded in the Limited Warranty.
4. If a warranted MSD occurs during the appropriate coverage period, and is reported as required in **Section IV.**, the repair and cosmetic correction of only those surfaces, finishes and coverings original with the Home damaged by the Major Structural Defect will be repaired, replaced or you will be paid the reasonable cost to repair or replace these issues. Consequential damages to real property as a result of a Major Structural Defect, or repair of such Defect must be covered. Consequential damages to personal property may be excluded except where a Major Structural Defect exists and the Home is rendered uninhabitable. In such a case the Warranty Provider shall be responsible for paying for reasonable shelter expenses of the homeowner until the Home is made habitable. The repair of the MSD, itself, will be limited to actions necessary to restore the MSD to load-bearing capacity.



C. Warranty Coverage

1. **ONE YEAR COVERAGE:** Your Builder warrants that for a period of one (1) year after the Effective Date Of Warranty, warranted items will function and operate as presented in the Warranty Standards of Year 1, **Section III.A.** Coverage is **ONLY** available where specific Standards and Actions are represented in this Limited Warranty.*
2. **TWO YEAR COVERAGE:** Your Builder warrants that for a period of two (2) years from the Effective Date Of Warranty, specified portions of the Heating, Cooling, Ventilating, Electrical and Plumbing Systems, as defined in this Limited Warranty, will function and operate as presented in the Warranty Standards of Years 1 and 2 only, **Section III.B.** Appliance, Fixture and Equipment Defects shall be covered only if such Defects are covered under a manufacturer's warranty.

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THE LIMITED WARRANTY

SECTION II.

- TEN YEAR COVERAGE:** Major Structural Defects (MSD) are warranted for ten (10) years from the Effective Date Of Warranty.
Your Builder is the Warrantor during Years 1 and 2 of this Limited Warranty and the Insurer is the Warrantor in Years 3 through 10.
- CONDOMINIUM COVERAGE:** This Limited Warranty shall only apply to warranted common elements as defined and listed in the master deed. Warranted common elements are those portions of the defined Electrical, Heating, Ventilating, Cooling, Plumbing and structural Systems which serve two (2) or more residential units, and are contained wholly within a residential structure. Warranty coverage for common elements shall be for the same periods and to the same extent as similar or comparable items in individual residential units. Examples of common elements which are covered by this Limited Warranty are hallways, meeting rooms and other spaces wholly within the residential structure designated for the use of two (2) or more units. Examples of common elements which are not covered under this Limited Warranty are club houses, recreational buildings and facilities, exterior structures, exterior walkways, decks, balconies, arches or any other non-residential structure which is part of the condominium.*



D. Conditions*

- This Limited Warranty provides coverage only in excess of coverage provided by other warranties or insurance, whether collectible or not.
- This Limited Warranty is binding on the Builder and you and your heirs, executors, administrators, successors and assigns.
- This Limited Warranty shall be interpreted and enforced in accordance with the laws of the state in which the Home is located.
- This Limited Warranty is separate and apart from your contract and/or other sales agreements with your Builder. It cannot be affected, altered or amended in any way by any other agreement which you may have.
- This Limited Warranty cannot be modified, altered or amended in any way except by a formal written instrument signed by you, your Builder and the Administrator.
- If any provision of this Limited Warranty is determined by a court of competent jurisdiction to be unenforceable, that determination will not affect the validity of the remaining provisions.
- All notices required under this Limited Warranty must be in writing and sent by email or certified mail, return receipt requested. If you send your written notice by email, your written notice must be sent to warranty.resolution@rwcwarranty.com. The written notice will not be considered received without a valid confirmation of receipt number. If you do not receive a confirmation of receipt number within 48 hours of emailing your written notice, contact RWC by calling 717-561-4480 and request to speak with the Warranty Resolution Department's Customer Service. If sending your written notice by certified mail, return receipt requested, it must be postage prepaid, to the recipient's address shown on the Application for Warranty form, or to whatever address the recipient may designate in writing.
- The Builder's responsibility shall include actual reasonable shelter expenses during repairs if relocation is necessary.
- If actions by the Warrantor on any obligations under this Limited Warranty are delayed by an event beyond its control, such performance will be excused until the delaying effects of the event are remedied. Such events include, but are not limited to, acts of God, acts of the

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common enemy, war, riot, civil commotion or sovereign conduct, or acts or omissions by you or any other person not a party of this Limited Warranty.



SECTION II.

E. Exclusions

The following are NOT covered under this Limited Warranty:

1. Loss or damage:
 - a. to land.
 - b. to the Home, persons or property directly or indirectly caused by insects, birds, vermin, rodents, or wild or domestic animals.
 - c. which arises while the Home is used primarily for non-residential purposes.
 - d. which is covered by any other insurance or for which compensation is granted by legislation.*
 - e. resulting directly or indirectly from flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these (whether or not driven by wind), water which backs up from sewers or drains, changes in the water table which were not reasonably foreseeable, water below the surface of the ground (including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool, or other structure), wetlands, springs or aquifers.*
 - f. from normal deterioration or wear and tear.
 - g. caused by material or work supplied by anyone other than your Builder or its employees, agents or subcontractors. If the Defect or damage is the direct consequence of Defects in materials or work installed by the Builder which is not in accordance with accepted industry standards, the Builder will be responsible.
 - h. from your or the condominium association's failure to perform routine maintenance on the Home, common areas, common elements or your or the condominium association's grounds.
 - i. after Year 1, to, resulting from, or made worse by all components of structurally attached decks, balconies, patios, porches, stoops, porch roofs and porticos.
 - j. after Year 1, to, resulting from, or made worse by elements of the Home which are constructed separate from foundation walls or other structural elements of the Home such as, but not limited to, chimneys and concrete floors of basements and attached garages.
10. If your Builder fails to complete any part of the Home that is reasonably foreseeable to cause damage to the Home, then it is your responsibility to complete such parts of the Home to avoid the damage. If you fail to complete the work, then any resulting damage is not covered under this Limited Warranty. The warranty period for any item completed after the Effective Date of Warranty shall be deemed to have commenced on the Effective Date of Warranty.*
11. Costs incurred for unauthorized repairs to warranted items are not reimbursable. Written authorization prior to incurring expenses must be obtained from the Administrator.*
12. Whenever appropriate, the use of one gender includes all genders and the use of the singular includes the plural.
13. Under this Limited Warranty, the Warrantor is not responsible for exact color, texture or finish matches in situations where materials are replaced or repaired, or for areas repainted or when original materials are discontinued.
14. Your Builder must assign to you all manufacturers' warranties on products included in the Final Sales Price of your Home. The Insurer/Administrator shall not be liable for your Builder's failure to do so.
15. You are responsible for establishing a written, final walk-through inspection list of items in need of service prior to occupancy or closing, whichever is first. This list must be signed and dated by you and your Builder. Keep a copy for your records.

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THE LIMITED WARRANTY

SECTION II.

- k. to wiring, to and between communication devices from the source of power, whether or not connected to the interior wiring system of the Home. Such devices shall include, but not be limited to, telephone systems, television cable systems, intercom systems, computer systems and security systems. Sources of power shall include, but not be limited to, service entrance conductors, switches, outlets, receptacles and junction boxes.
- l. caused by any item listed as an additional exclusion on the Application for Warranty form.
- 2. Loss or damage resulting from, or made worse by:
 - a. changes in the grading of the property surrounding the Home by anyone except your Builder or its employees, agents or subcontractors.
 - b. changes in grading caused by erosion.
 - c. modifications or additions to the Home, or property under or around the Home, made after the Effective Date Of Warranty (other than changes made in order to meet the obligations of this Limited Warranty).
 - d. the weight and/or performance of any type of waterbed or any other furnishing which exceeds the load-bearing design of the Home.
 - e. the presence or consequence of unacceptable levels of radon, formaldehyde, carcinogenic substances or other pollutants and contaminants; or the presence of hazardous or toxic materials resulting in uninhabitability or health risk within the Home.
 - f. acts or omissions by you, your agents, employees, licensees, invitees; accidents, riots, civil commotion, nuclear hazards, acts of God or nature, fire, explosion, blasting, smoke, drought, water escape, windstorms, tropical storms, hurricanes, hail, lightning, ice, snow, falling trees, aircraft, vehicles, flood, mud slides, sinkholes, mine subsidence, faults, crevices, earthquake, land shock waves or tremors occurring before, during or after a volcanic eruption, or manmade events such as war, terrorism or vandalism.
 - g. your failure to perform routine maintenance.
 - h. your failure to minimize or prevent such loss or damage in a timely manner.
 - i. defects in, but not limited to: recreational facilities; driveways; walkways; patios, porches and stoops not structurally attached; decks and balconies which are not bolted to or cantilevered from the main structure of the Home; boundary and/or retaining walls which are not necessary for the Home's structural stability; bulkheads; fences; landscaping, sodding, seeding, shrubs, trees and plantings; subsurface drainage systems (other than footer drains); lawn sprinkler systems; off-site improvements, including streets, sidewalks, adjacent property and the like; or any other improvements not part of the Home itself.
 - j. defects in detached garages or outbuildings (except those which contain Plumbing, Electrical, Heating, Cooling or Ventilating Systems serving the Home, and then only to the extent where Defects would affect these systems). A detached garage is one which is constructed on its own foundation, separate and apart from the foundation of the Home. A breezeway, fence, utility line or similar union shall not cause a garage or outbuilding to be considered attached.
 - k. negligent maintenance or operation of the Home and its systems by anyone other than your Builder or its agents, employees or subcontractors.



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3. Failure of your Builder to complete construction of the Home or any part of the Home on or before the Effective Date Of Warranty or damages arising from such failure. An incomplete item is not considered a Defect, although your Builder may be obligated to complete such items under separate agreements between you and your Builder.
4. Any deficiency which does not result in actual physical damage or loss to the Home.
5. Any Consequential Damages other than consequential damages to real property as a result of a Defect or repair of a Defect.
6. Personal property damage or bodily injury.
7. Violation of applicable Building Codes or ordinances unless such violation results in a Defect which is otherwise covered under this Limited Warranty. Under such circumstances, the obligation of the Warrantor under this Limited Warranty shall only be to repair the defective warranted portion of the Home, but not to restore or bring the Home to conform to code.
8. Any request for warranty performance submitted to the Administrator after an unreasonable delay or later than 30 days after the expiration of the applicable warranty period.
9. Warranted Defects that you repair without prior written authorization of the Administrator.*
10. Any damages to, or resulting from a swimming pool whether located within or outside the Home, as a result of its construction, placement, use, equipment, maintenance, etc.
11. The removal and/or replacement of items specifically excluded from coverage under this Limited Warranty, such as landscaping or personal property, and items not originally installed by your Builder, such as wallpaper, where removal and replacement are required to execute a repair.
12. Any Defect caused by moisture, rot, mildew or rust, regardless of the originating cause of any moisture or water penetration that leads to the Defect.
13. Sound transmission and sound proofing between rooms or floor levels.
14. Appliances and Equipment included in the Home are not warranted under this Limited Warranty, but may be covered by separate warranties provided by the manufacturer or supplier. These warranties are passed on to you by your Builder at closing and are separate from this Limited Warranty.
15. Modifications or additions to the Home, or property under or around the Home, made after the Effective Date of Warranty (other than changes made in order to meet the obligations of this Limited Warranty).



F. Limitation of Liability

1. The Warrantor's liability and obligations are limited to the repair, replacement or the payment of the reasonable cost of repair or replacement of warranted items not to exceed an aggregate equal to the Final Sales Price of the Home as listed on the Application for Warranty form or otherwise provided to the Administrator by the Builder. The choice to repair, replace or make payment is the Warrantor's.
2. 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.



SECTION II.

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1. EXTERIOR

OBSERVATION	COMMENTS	ACTION REQUIRED
GRADING		
1.1 Settling of ground around foundation walls, utility trenches or other areas on the property where excavation and back fill have taken place that affect drainage away from the house.	Settling of ground around foundation, walls, utility trenches or other filled areas which exceeds a maximum of 6 in. from finished grade established by the Builder/Warrantor is considered a Defect. Positive grade within 5 feet of the building must be maintained by Builder for first year.	If Builder/Warrantor has provided final grading, Builder shall fill settled areas affecting proper drainage, one time only*, during Year 1 of the warranty period. Builder/Warrantor is then responsible for removal and replacement of shrubs and other landscaping installed by the Builder/Warrantor affected by placement of the fill.

DRAINAGE

1.2 Improper grades and swales which cause standing water and affect the drainage in the immediate area surrounding the Home.	Necessary grades and swales shall be established to provide proper drainage away from the house. Site drainage under this warranty is limited to those immediate grades and swales surrounding the Home. Standing or ponding water within the immediate surrounding area of the Home shall not remain for a period longer than 24 hours after a rain. Where swales are draining from adjoining properties or where a sump pump discharges, an extended period of 48 hours is allowed for the water to dissipate. The possibility of standing water after an unusually heavy rainfall should be anticipated and is not considered a deficiency. No grading determination is to be made while there is frost or snow or when the ground is saturated.	Builder/Warrantor is responsible for initially establishing the proper grades, swales and drainage away from the Home. The Owner is responsible for maintaining such grades and swales once properly established by the Builder/Warrantor to prevent runoffs and erosion of the soil. Standing or ponding water on the property which does not directly affect the immediate area surrounding the foundation of the Home, caused by unusual grade conditions, retained treed areas or sodding done by the homeowner is not considered a Defect. Soil erosion and runoff caused by failure of the Owner to maintain the properly established grades, drainage structures and swales, stabilized soil, sodded, seeded and landscaped areas, are excluded from the Warranty.
1.3 Grassed or landscaped areas which are disturbed or damaged due to work on the property in correcting a deficiency.	Landscaped areas which are disturbed during repair work are considered a Defect.	Restore grades, seed and landscape to meet original condition. Replacement of trees and large bushes which existed at the time the house was constructed, and added by the Owner after occupancy or those which subsequently die are excluded from warranty coverage.

2. CONCRETE

CAST-IN-PLACE CONCRETE

2.1 Basement or foundation wall cracks, other than expansion or control joints.	Non-structural cracks are not unusual in concrete foundation walls. Cracks exceeding 1/8 in. in width are considered Defects. Any crack that allows water to enter the basement shall be repaired.	Repair non-structural cracks in excess of 1/8 in. or cracks which allow water to enter by surface patching. These repairs should be made toward the end of the first year of ownership to permit normal stabilizing of the Home by settling. Any crack which allows water to penetrate is a deficiency.
2.2 Cracking of basement floor.	Minor cracks in concrete basement floors are common. Cracks exceeding 1/8 in. in width or 1/8 in. in vertical displacement is a deficiency.	Repair cracks exceeding maximum tolerance by surface patching or other methods, as required. Preparation prior to repair will include chipping and/or vee notching.
2.3 Cracking of attached garage floor slab.	Cracks in a garage floor slab in excess of 1/8 in. in width or 1/8 in. in vertical displacement is a deficiency.	Repair excessive cracks by chipping out and surface patching or other methods, as may be required.

SECTION III.

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2. CONCRETE

OBSERVATION	COMMENTS	ACTION REQUIRED
CAST-IN-PLACE CONCRETE		
2.4 Cracks in attached patio slab.	Cracks in excess of 1/4 in. in width or 1/4 in. in vertical displacement are Defects. An attached patio is defined as a concrete patio slab-on-grade which is an integral part of the Home being structurally supported by footings, block walls, or reinforced concrete and connected to the foundation. Patio slabs which are poured separately, and abut the house are excluded from warranty coverage.	Make repairs as required. Where cracks are caused by settlement or improper installation, Builder/Warrantor shall replace that portion which has settled and finish as close as possible to match the existing surface. Where a major portion of the patio has cracked, the entire slab shall be replaced.
2.5 Cracks in concrete slab-on-grade floors, with finish flooring.	Cracks which rupture or significantly impair the appearance or performance of the finish flooring material is a deficiency.	Determine the cause for the cracking and correct; remove and replace if required. Repair cracks so as not to be apparent when the finish flooring material is in place. Repair or replace finish flooring.
2.6 Uneven concrete floor slabs.	Except for basement floors or where a floor or portion of floor has been designed for specific drainage purposes, concrete floors in rooms designed for habitability shall not have pits, depressions or areas of unevenness exceeding 1/4 in. in 32 inches, or slopes in excess of 1/240 of room width or length (i.e. 10 ft. wide room not to exceed 1/2 in. out of level).	Determine cause and repair/replace to meet the standard. Where applicable, surface patching is an accepted method of repair. Reinstall or replace any finish flooring material as necessary.
2.7 Pitting, scaling or spalling of concrete work.	Concrete surfaces shall not disintegrate to the extent that the aggregate is exposed and loosened under normal conditions of weathering and use.	Take whatever corrective action is necessary to repair or replace defective concrete surfaces. Deterioration caused by salt, chemicals, implements used and other factors beyond Builder/Warrantor control are excluded from the limited warranty.
2.8 Excessive powdering or chalking of concrete surfaces.	Excessive powdering or chalking of concrete surfaces is a deficiency, but should not be confused with normal surface dust that may accumulate for a short period after the Home is occupied.	Take whatever corrective action is necessary to treat, repair or resurface defective areas.
2.9 Separation of brick or masonry edging from concrete slab and step.	It is common for the joint between concrete and masonry to crack due to the dissimilarity of the materials. Cracks in excess of 1/4 in. is a deficiency.	Grout crack fully and reset loose masonry where required. Replacement of masonry material, if required, shall match the existing as close as possible.

CONSTRUCTION & CONTROL JOINTS

2.10 Separation or movement of concrete slabs within the structure at construction and control joints.	Concrete slabs within the structure are designed to move at construction and control joints and is not a deficiency.	None. Maintenance of joint material is considered a homeowner responsibility.
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SECTION III.



3. MASONRY

SECTION III.

OBSERVATION	COMMENTS	ACTION REQUIRED
UNIT MASONRY (BRICK, BLOCK & STONE)		
3.1 Cracks in non-bearing or non-supporting walls.	Small shrinkage cracks are not unusual running through masonry and mortar joints. Cracks in excess of 1/8 in. in width is a deficiency.	Repair non-structural shrinkage cracks in excess of 1/8 in. by pointing or patching. Repairs shall be made near the end of Year 1 of the warranty period.
3.2 Cracks in bearing or supporting masonry walls.	Vertical or diagonal cracks which do not affect the structural ability of masonry bearing walls are not unusual. Cracks in excess of 1/8 in. in width is a deficiency. Any crack allowing water to penetrate is a deficiency.	Repair shrinkage cracks in excess of 1/8 in. by pointing or patching. Where the structural integrity of the wall is affected, suitable repair or replacement shall be done to eliminate the condition. Repair to crack shall be waterproof.
3.3 Horizontal cracks in basement and foundation walls.	Horizontal cracks in the joints of masonry walls are not common but may occur. Cracks 1/8 in. or more in width are deficiencies.	Repair cracks between 1/8 in. and 3/16 in. in width by pointing and patching. Cracks exceeding 3/16 in. shall be investigated by the Builder to determine the cause. Builder shall take the necessary steps to remove the cause and make repairs by pointing and patching, reinforcement or replacement of the defective courses.
3.4 Cracks in masonry walls or veneer above grade.	Small cracks are common in mortar joints of masonry construction. Cracks 1/8 in. or greater in width is a deficiency.	Repair cracks and voids in excess of 1/8 in. by surface pointing. These repairs should be made toward the end of Year 1 of the warranty period to permit the Home to stabilize as normal settlement occurs. Builder/Warrantor is not responsible for color variations between existing and new mortar; however, it shall be made to match as closely as possible.
3.5 Cracking, settling or heaving of stoops and steps.	Stoops and steps are not to settle or heave in excess of 1 in. in relation to the house structure. Cracks, except hairline cracks less than 1/8 in., are not acceptable in concrete stoops. A separation of up to 1/2 in. is permitted where the stoop or steps abut the house or where an expansion strip has been installed.	Take whatever corrective action is required to meet acceptable standards. In a case where repair is made to the concrete surface, it is required that such repair match the adjoining surfaces as closely as possible or the entire area should be resurfaced or replaced.
3.6 Standing water on stoops, steps, porches and attached concrete patios.	Standing water is a deficiency if it is a hazard to individuals and/or causes damage to the Home, or in cases where standing water exists due to settlement or heaving as defined under paragraph 3.5 above.	Take whatever corrective action is necessary to eliminate standing water.
STUCCO & CEMENT PLASTER		
3.7 Cracking or spalling of stucco and cement plaster.	Hairline cracks in stucco or cement plaster are common, especially if applied directly to masonry backup. Cracks greater than 1/8 in. in width or spalling of the finished surface is a deficiency.	Scrape out cracks and spalled areas and fill with cement plaster or stucco to match finish and color as closely as possible. Builder is not responsible for failure to match color or texture due to nature of the material.

4. CARPENTRY

OBSERVATION	COMMENTS	ACTION REQUIRED
ROUGH CARPENTRY		
4.1 Floors squeak due to improper installation or loose subfloors.	A large area of floor squeak which is noticeable, loud and objectionable is a Defect. Squeak-proof floor cannot be guaranteed, and an isolated floor squeak is not a Defect.	Correct the problem within reasonable repair capability if caused by faulty construction. Where a finished ceiling exists under the floor, corrective work may be attempted from the floor side. Where necessary, remove the finish floor material to make the repair and reinstall or replace if damaged.
4.2 Uneven wood framed floors.	Floors which are more than 1/4 in. out of level within any 32 in. measurement is a deficiency. Floor slope within any room which exceeds 1/240 of the room width or length is a deficiency (i.e. a 10 ft. wide room should not exceed 1/2 in. out of level.)	Correct or repair to meet the allowances defined by the above standard.
4.3 Bowed stud walls or ceilings.	All interior and exterior frame walls or ceilings have slight variations on the finish surfaces. Bowing should not be visible so as to detract from the finished surface. Walls or ceilings should not bow more than 1/4 in. within a 32 in. horizontal or vertical measurement.	Exterior and interior frame walls or ceilings bowed in excess of the allowable tolerance shall be corrected to meet the standard.
4.4 Wood frame walls out of plumb.	Wood frame walls which are out of plumb more than 3/4 in. in an 8 ft. vertical measurement is a deficiency.	Make necessary repairs to meet the specified standard.
4.5 Warping, checking or splitting of wood framing.	Minor warping, checking or splitting of wood framing is common as the wood dries out and is not considered a deficiency. A condition which affects the integrity of the member or any applied surface material is a deficiency.	Where a problem exists and the surface material is affected, Builder shall repair, replace or stiffen the frame member as required.
4.6 Exterior sheathing and subflooring which delaminates or swells.	Sheathing and subflooring which delaminates or swells on the side finish material has been applied is a deficiency.	Repair or replace subflooring or sheathing as required. Replacement of the finish materials when necessary shall be done to match the existing finish as closely as possible.
FINISH CARPENTRY		
4.7 Unsatisfactory quality of finished exterior trim and workmanship.	Joints between exterior trim elements, and siding or masonry which are in excess of 3/8 in. is a deficiency. In all cases, the exterior trim abutting masonry and siding shall be capable of performing its function to exclude the elements.	Repair open joints and touch up finish coating where required to match existing finish as closely as possible. Caulk open joints between dissimilar materials.
4.8 Unsatisfactory quality of finished interior trim and workmanship.	Joints between moldings and adjacent surfaces which exceed 1/8 in. in width is a Defect.	Repair defective joints and touch up finish coating where required to match as closely as possible.



SECTION III.



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4. CARPENTRY

OBSERVATION	COMMENTS	ACTION REQUIRED
FINISH CARPENTRY		
4.9 Surface defects in finished woodwork and millwork such as checks, splits and hammer marks.	Finished woodwork and millwork is to be smooth and without surface marks. Finished surfaces which fall beyond the limits of the Quality Standards of the Architectural Woodwork Institute are a deficiency.	Correct repairable Defects; sanding, filling, or puttying are acceptable methods to return the surface to its original condition. Replace material which is not repairable, refinish and restore to match surrounding surfaces as closely as possible.
4.10 Exposed nail heads in woodwork.	Material used to fill nail holes has a tendency to shrink and dry up after a period of time and is not considered a deficiency. Nail holes which have not been filled on finished painted woodwork is a deficiency.	Fill nail holes where required and, if necessary, touch up paint to match as closely as possible. Nail holes do not have to be filled where the surface finish is not conducive or so designed to have nail holes filled because of the product.

5. THERMAL AND MOISTURE PROTECTION

WATERPROOFING		
5.1 Leaks in basement or in foundation/crawl space.	Leaks resulting in actual trickling of water through the walls or seeping through the floor are deficiencies. Leaks caused by landscaping improperly installed by Owner, or failure by Owner to maintain proper grades, are excluded from the limited warranty. Dampness in basement and foundation walls or in concrete basement and crawl space floors is often common to new construction and is not a deficiency.	Take necessary action to correct basement and crawl space leaks, except where the cause is determined to be the result of Owner negligence. Where a sump pit has been installed by the Builder/Warrantor in the affected area but the sump pump was not contracted for or installed by the Builder/Warrantor, no action is required until a properly sized pump is installed by the Owner in an attempt to correct the condition. Should the condition continue, then the Builder/Warrantor shall take necessary action to correct the problem.
INSULATION		
5.2 Insufficient insulation.	Insulation which is not installed around all habitable areas in accordance with established codes is a deficiency.	Install insulation of sufficient thickness and characteristics to meet the codes. In the case of dispute, cost for investigating the sufficiency of insulation and restoring areas to prior condition is to be borne by the homeowner if it is found that the standard has been met by the Builder.
LOUVERS & VENTS		
5.3 Insufficient attic or crawl space ventilation.	Attics and crawlspaces which are not properly vented and cause moisture to accumulate resulting in damage to supporting members or insulation is a deficiency.	Install properly sized louvers or vents to correct the deficiency.
5.4 Leaks due to snow or driven rain through louvers and vents.	Improperly installed louvers and vents that permit penetration of the elements under normal conditions is a deficiency. Properly installed louvers or vents may at times allow penetration of rain or snow under strong wind conditions and is not a deficiency.	Take necessary steps to eliminate penetration of rain or snow under normal conditions if it is determined the installation was improper.

5. THERMAL AND MOISTURE PROTECTION

OBSERVATION	COMMENTS	ACTION REQUIRED
EXTERIOR SIDING		
5.5 Delamination, splitting, joint separation or deterioration of exterior siding.	Exterior siding with joint separations or siding which delaminates, splits or deteriorates is a deficiency.	Repair or replace only the damaged siding. Siding should match the original surface as closely as possible; however, the new finish may not exactly match the original surface texture or color.
5.6 Damaged siding or broken shingles.	Damaged siding or broken shingles is a deficiency if documented on a pre-closing walk-through inspection form. If no walk-through report exists, the deficiency shall be reported in writing within thirty (30) days of occupancy.	Replace or repair damaged siding if noted on a pre-closing walk-through inspection form. If Builder does not perform a pre-closing walk-through, then the Builder will be responsible for the deficiency if reported by the Owner.
5.7 Loose or fallen siding.	All siding which is not installed properly so as not to come loose or fall off is a deficiency.	Reinstall or replace siding and make it secure.
ROOFING		
5.8 Roofing: Roof or flashing leaks.	Roof or flashing leaks that occur under normal weather conditions is a deficiency. Where cause is determined to result from severe weather conditions such as ice and snow buildup, high winds and driven rains, leaks are not considered a Defect.	Correct any roof or flashing leaks which are verified to have occurred under normal weather conditions.
5.9 Lifted, curled or torn roof shingles.	Roof shingles which lift or curl during Year 1 of the warranty period or tear loose during normal weather conditions is a deficiency. Accidental loss or damage to shingles from acts of nature such as, but not limited to; fire, explosion, smoke, water escape, glass breakage, windstorm, hail, lightning, falling trees, aircraft, vehicles, flood and earthquake is not considered a deficiency.	Repair or replace lifted, curled or torn shingles.
5.10 Standing water on built-up roofs.	A properly pitched built-up roof should drain water except for minor ponding. Standing or ponding water is not considered a deficiency. Dead flat roofs will retain a certain amount of water. Excessive ponding of water which causes leaking of the built-up roof is a deficiency.	Repair all leaks due to or caused by standing water.
SEALANTS		
5.11 Water or air leaks in exterior walls due to inadequate caulking.	Joints and cracks in exterior wall surfaces and around openings which are not properly caulked to exclude the entry of water or excessive drafts is a deficiency.	Repair and/or caulk joints or cracks in exterior wall surfaces as required to correct deficiency one time during Year 1 of the warranty period. It is the Owner's responsibility to maintain caulking once the condition is corrected.



SECTION III.

5. THERMAL AND MOISTURE PROTECTION

OBSERVATION	COMMENTS	ACTION REQUIRED
SHEET METAL		
5.12 Gutters and downspouts leak.	Leaks in gutters and downspouts a deficiency. Gutters which are improperly pitched to drain water is a deficiency. Standing water in gutters is acceptable if it does not exceed 1 in. in depth.	Repair leaks and pitch gutters to drain properly to meet standard. Owner is responsible for keeping gutters and downspouts free from leaves and debris to prevent overflow.

SECTION III.

6. DOORS AND WINDOWS

DOORS: INTERIOR & EXTERIOR		
6.1 Warping of interior or exterior doors.	Interior and exterior doors that warp so as to prevent normal closing and fit is a deficiency. The maximum allowable warping of an interior door is 1/4 in. when measured from top to bottom vertically or diagonally. Any air or water infiltration caused by warpage is a deficiency.	Repair or replace as required. New doors to be refinished to match the original as closely as possible.
6.2 Door binds against jamb or head of door frame. Does not lock.	Passage doors that do not open and close freely without binding against the door frame is a deficiency. Lock bolt is to fit the keeper to maintain a closed position.	Adjust door and keeper to operate freely.
6.3 Door panels shrink and expose bare wood.	Door panels will shrink due to the nature of the material, exposing bare wood at the edges and is not a deficiency.	None.
6.4 Door panels split.	Door panels that have split to allow light to be visible through the door is a deficiency.	If light is visible, fill crack and finish panel to match as closely as possible. Correct one time during Year 1 of the warranty period. If panel cannot be repaired, the panel or the door itself shall be replaced and finished to match original.
6.5 Bottom of doors rub on carpet surface.	Where it is understood by Builder/Warrantor and Homeowner that carpet is planned to be installed as a floor finish, whether by the Builder or homeowner, the doors which rub or disturb the carpet is a deficiency. Where carpet selected by the homeowner has excessively high pile, homeowner is responsible for additional door undercutting.	Undercut doors as required.
6.6 Excessive opening at the bottom of interior doors.	Passage doors from room to room that have an opening between the bottom of the door and the floor finish material in excess of 1-1/2 in. is a deficiency.	Make necessary adjustment or replace door to meet the required tolerance.

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6. DOORS AND WINDOWS

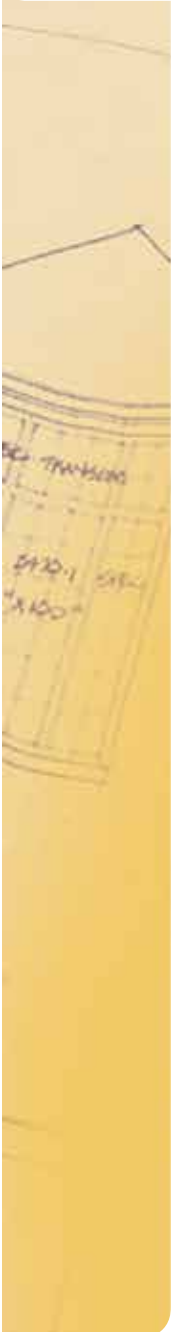
OBSERVATION	COMMENTS	ACTION REQUIRED
GARAGE DOORS (ATTACHED GARAGE)		
6.7 Garage doors fail to operate or fit properly.	Garage doors that do not operate and fit the door opening within the manufacturer's installation tolerances is a deficiency. Some entrance of the elements can be expected under heavy weather conditions and is not considered a deficiency.	Make necessary adjustments to meet the manufacturer's installation tolerances. No adjustment is required when cause is determined to result from the Owner's installation of an electric door opener.
WOOD, PLASTIC & METAL WINDOWS		
6.8 Malfunctions of windows.	Windows which do not operate in conformity with manufacturer's design standards is a deficiency.	Correct windows so that they open, close and lock with reasonable pressure.
6.9 Double hung windows do not stay in place when open.	Double hung windows are permitted to move within a 2 in. tolerance, up or down, when put in an open position. Any excessive movement exceeding the tolerance is a deficiency.	Adjust sash balances one time only during Year 1 of the warranty period. Instruct the Owner on the method of adjustment for future repair.
6.10 Condensation or frost on window frames and glass.	Window glass and frames will collect condensation on the frame and glass surface when humidity and temperature differences are present. Condensation is usually the result of temperature/humidity conditions in the Home and is not a deficiency.	None.
HARDWARE		
6.11 Hardware does not work properly, fails to lock or perform its intended purpose.	All hardware installed on doors and windows which does not operate properly is a deficiency.	Adjust, repair or replace hardware as required.
STORM DOORS, WINDOWS & SCREENS		
6.12 Storm doors and windows do not operate or fit properly.	Storm doors and windows which are installed and do not operate or fit properly to provide the protection for which they are intended is considered a deficiency.	Make necessary adjustments for proper fit and operation. Replace when adjustment cannot be made.
6.13 Screen panels do not fit properly. Screen mesh is torn or damaged.	Rips or gouges in the screen mesh reported on a pre-closing walk-through inspection report or openings between the screen panel and frame are deficiencies. The Owner shall be responsible to notify Builder within thirty (30) days from the Effective Date Of Warranty or the date on which the screens are furnished if there was no pre-closing walk-through inspection.	Repair or replace rips and gouges in the screen mesh if reported on the pre-closing walk-through inspection. The screen panels shall be adjusted to fit properly in frame one time only during Year 1 of the warranty period.



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6. DOORS AND WINDOWS

OBSERVATION	COMMENTS	ACTION REQUIRED
WEATHER-STRIPPING & SEALS		
6.14 Drafts around doors and windows.	Weather-stripping is required on all doors leading directly to the outside from a habitable area. Some infiltration is normally noticeable around doors and windows, especially during high winds. Excessive infiltration resulting from openings in poorly fitted doors or windows, or poorly fitted weather-stripping is a deficiency.	Adjust or correct poorly fitted windows or doors, or poorly fitted weather-stripping.
GLASS & GLAZING		
6.15 Broken glass.	Broken glass is a deficiency if it is reported on a pre-closing walk-through inspection report. Owner shall notify the Builder within thirty (30) days of the Effective Date Of Warranty if no pre-closing walk-through inspection report exists.	Replace if reported on a pre-closing walk-through inspection report. If no report exists, the Builder shall replace if deficiency is reported by Owner.
6.16 Clouding and condensation on inside surfaces of insulated glass.	Insulated glass which clouds up or has condensation on the inside surfaces of the glass is a deficiency.	Replace glass in accordance with window and glass manufacturer's requirements.

7. FINISHES

LATH & PLASTER		
7.1 Cracks in plaster wall and ceiling surfaces.	Noticeable cracks in plaster wall and ceiling surfaces is a deficiency.	Repair cracks and touch up paint to match as close as possible, one time only. Such conditions should be reported near the end of Year 1 of the warranty period to allow for normal movement in the Home.
GYPSUM WALLBOARD		
7.2 Defects caused by poor workmanship such as cracks over door and window frames, over archways, blisters in tape, excess compound in joints, exposed corner beads, nail pops or trowel marks.	Slight defects such as occasional nail pops, seam lines and cracks are common in gypsum wallboard installations. Blisters in tape; cracks over door and window frames and over archways; excess compound in joints; trowel marks; nail popping and exposed corner beads are deficiencies. Nail pops are a Defect only when there are signs of spackle compound cracking or falling away. Depressions or slight mounds at nail heads are not considered deficiencies.	Correct such Defects to acceptable tolerance and repaint affected areas one time only to match as closely as possible. Where excessive repair has been made, the entire area shall be painted. Such conditions shall be reported near the end of Year 1 of the warranty period to allow for normal settlement of the Home.

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7. FINISHES



SECTION III.

OBSERVATION	COMMENTS	ACTION REQUIRED
HARD SURFACE FLOORING (FLAGSTONE, MARBLE, QUARRY TILE, SLATE, CERAMIC TILE, ETC.)		
7.3 Flooring cracks or becomes loose.	Ceramic tile, flagstone or similar hard surfaced sanitary flooring which cracks or becomes loose is a Defect. Cracking and loosening of flooring caused by the Owner's negligence is not a deficiency. Subfloor and wallboard are required to be structurally sound, rigid and suitable to receive finish.	Determine and correct the cause for the cracking or loosening of the finish material. Replace cracked material and reset loose flooring. Builder/Warrantor is not responsible for slight color and pattern variations or discontinued patterns of the manufacturer. It shall not be required to replace the entire finish when the new material consists of less than twenty-five percent (25%) of the finish area.
7.4 Cracks appear in grouting of ceramic tile joints or at junctions with other material such as a bathtub or shower.	Cracks in grouting of ceramic tile joints are deficiencies. Regrouting of these cracks is a homeowner maintenance responsibility within the life of the Home after Year 1 of the warranty period. Open cracks or loose grouting, where the wall surface abuts the flashing lip at a tub or shower basin, are considered Owner's maintenance and any resultant damage to other finish surfaces due to leaks, etc., are not considered a deficiency.	Repair grouting as necessary one time only within Year 1 of the warranty period.

RESILIENT FLOORING

7.5 Nail pops appear on the surface of resilient flooring.	Readily apparent nail pops are a deficiency.	Correct nail pops that have caused damage to floor material and repair or replace damaged floor covering in the affected area. Builder/Warrantor is not responsible for discontinued patterns or color variations.
7.6 Depressions or ridges appear in the resilient flooring due to subfloor irregularities.	Readily apparent depressions or ridges exceeding 1/8 in. is a deficiency. The ridge or depression measurement is taken by placing a 6 in. straight edge over ridge or depression with 3 in. on one side held tightly to the floor.	Take corrective action to bring deficiency within acceptable tolerances so as to be not readily visible. Builder is not responsible for discontinued patterns or color variations in floor covering, Owner neglect or abuse, or installations performed by others.
7.7 Resilient flooring or base loses adhesion.	Resilient flooring or base that lifts, bubbles, or becomes unglued is a deficiency.	Repair or replace resilient flooring or base as required. Builder is not responsible for discontinued patterns or color variation.
7.8 Seams or shrinkage gaps show at resilient flooring joints.	Gaps in excess of 1/8 in. in width in resilient floor covering joints is a deficiency. Where dissimilar materials abut, a gap in excess of 3/16 in. is a deficiency.	Take required action to correct the cause of the deficiency. Builder is not responsible for discontinued patterns or color variations.

PLYWOOD WALL COVERING

7.9 Variations in paneling color; scratches or checks on the finished surface.	Plywood paneling pattern and color will often vary and is not a deficiency. Scratches on the paneling surface are deficiencies if reported on a pre-closing walk-through inspection report. The Owner shall notify the Builder within thirty (30) days of the Effective Date Of Warranty if no pre-closing walk-through inspection report exists.	Repair or replace, utilizing a reasonable standard of good materials and workmanship, damaged paneling when the deficiency has been reported on the pre-closing walk-through inspection. Builder is not responsible for discontinued patterns or color variations.
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7. FINISHES

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III.

OBSERVATION	COMMENTS	ACTION REQUIRED
FINISHED WOOD FLOORING*		
<p>7.10 Dents, chips, knotpops, open joints or cracks in wood flooring.</p>	<p>Dents and chips are deficiencies if reported on a pre-closing walk-through inspection. The Owner shall report such deficiencies to Builder within thirty (30) days of the Effective Date Of Warranty if there was no inspection. Dents, chips, knotpops, open joints or cracks in floorboards of finished wood flooring which exceed the manufacturer's quality standards of the wood flooring grade are considered deficiencies. Manufacturer's quality standards shall be as defined by: Wood and Synthetic Flooring Institute, National Oak Flooring Association, Maple Flooring Manufacturer's Association.</p>	<p>Determine the cause for deficiencies and correct. Dents and chips are to be corrected if reported on a pre-closing walk-through inspection report. If the inspection was not conducted, then the Builder shall correct if notified by the Owner. For repairable deficiency, repair cracks, chips or dents by filling and refinishing to match the wood surface as closely as possible. For non-repairable deficiencies replace and finish affected area to match remaining flooring as closely as possible.</p>
PAINTING		
<p>7.11 Knot and wood stains appear through paint on exterior.</p>	<p>Excessive knot and wood stains which bleed through the paint are considered deficiencies.</p>	<p>Seal affected areas where excessive bleeding of knots and stains appear and touch up paint to match.</p>
<p>7.12 Exterior paint or stain peels, deteriorates or fades.</p>	<p>Exterior paints or stains that peel or deteriorate during the first year of ownership is a deficiency. Fading, however, is normal and subject to the orientation of painted surfaces to the climatic conditions which may prevail in the area. Fading is not a deficiency.</p>	<p>Properly prepare and refinish affected areas, matching color as closely as possible. Where finish repairs affect the majority of the surface area, the whole area should be refinished. The warranty on the newly repainted surfaces will not extend beyond the original warranty period.</p>
<p>7.13 Painting required as corollary repair because of other work.</p>	<p>Necessary repair of a painted surface required under this warranty is to be refinished to match surrounding areas as closely as possible.</p>	<p>Refinish repaired areas to meet the standard as required.</p>
<p>7.14 Mildew or fungus forms on painted or factory finished surfaces.</p>	<p>None.</p>	<p>None.</p>
<p>7.15 Deterioration of varnish or lacquer finishes.</p>	<p>Natural finishes on interior woodwork which deteriorate during the first year of ownership is a deficiency. Varnish-type finishes used on the exterior will deteriorate rapidly and are not covered by the limited warranty.</p>	<p>Refinish affected areas of natural finished interior woodwork, matching the color as closely as possible.</p>
<p>7.16 Interior paint coverage.</p>	<p>Interior paint not applied in a manner sufficient to visually cover wall, ceiling and trim surfaces is a deficiency.</p>	<p>Repaint wall, ceiling or trim surfaces where inadequate paint has been applied. Where a large area is affected, the entire surface shall be repainted.</p>

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*FHA/VA Homeowners, refer to HUD Addendum, Section V.A.

7. FINISHES

OBSERVATION	COMMENTS	ACTION REQUIRED
PAINTING		
7.17 Paint splatters and smears on finish surfaces.	Excessive paint stains on porous surfaces that detract from the finish and cannot be removed by normal cleaning methods and are reported on a pre-closing walk-through inspection report are considered deficiencies. The Owner shall notify the Builder within thirty (30) days of the Effective Date Of Warranty if a pre-closing inspection report was not completed. Minor paint splatters and smears on impervious surfaces which can be easily removed is considered homeowner maintenance and not a deficiency.	Remove paint stains without affecting the finish of the material or replace the damaged surface if stains cannot be removed and were reported on a pre-closing walk-through inspection report. If no such inspection was done, the Builder shall correct if notified by the Owner.
WALL COVERING		
7.18 Peeling of wallcovering installed by Builder.	Peeling of wallcovering is a deficiency, unless it is due to Owner's abuse or negligence.	Repair or replace defective wallcovering.
7.19 Mismatching in wall-covering pattern.	Mismatched wall covering pattern over a large area that severely detracts from its intended purpose and is due to poor workmanship is a deficiency.	Remove mismatched wallcovering and replace. Builder is not responsible for discontinued patterns or variations in color.
7.20 Lumps, ridges and nail pops in wallboard which appear after Owner has wallcovering installed by others.	Owner shall insure that the surface to receive wallcovering is suitable and assumes full responsibility should lumps, ridges and nail pops occur at a later date.	None.
CARPETING		
7.21 Seams in carpet.	Seams in carpeting that separate due to improper installation is a deficiency. Carpeting material is not covered under the limited warranty.	Correct to eliminate the separation.
7.22 Carpeting comes loose or excessive stretching occurs.	Wall to wall carpeting that comes loose is a deficiency. Stretching that may occur in the carpeting is subject to the quality and surface over which it is laid and is not a deficiency.	Resecure loose carpeting one time during Year 1 of the warranty period.
7.23 Spots on carpeting, minor fading.	Spots or stains on the carpeting is a deficiency if reported on a pre-closing walk-through inspection report. The Owner shall notify the Builder within thirty (30) days from the Effective Date Of Warranty if no pre-closing inspection report exists. Fading is not a deficiency and Builder has no responsibility.	Remove spots and stains on a onetime basis if reported on a pre-closing walk-through inspection report. Replace when excessive spots and stains cannot be removed. If no pre-closing inspection report exists, the Builder shall correct when notified by Owner.



SECTION III.

8. SPECIALTIES

OBSERVATION	COMMENTS	ACTION REQUIRED
FIREPLACES		
<p>8.1 Fireplace or chimney does not draw properly, causing smoke to enter the house.</p>	<p>A properly designed and constructed fireplace or chimney is to function as intended. It is normal to expect that high winds can cause temporary negative draft situations. Similarly, negative draft situations can also be caused by obstructions such as large branches of trees too close to the chimney. In addition, the geographic location of the fireplace or its relationship to adjoining walls and roof may be the cause of negative draft conditions. In some cases, it may be necessary to open a window slightly to create an effective draft. Since negative draft conditions could be temporary, it is necessary the Owner substantiate the problem to the Builder by constructing a fire so the condition can be observed.</p>	<p>When determined the malfunction is based upon improper construction of the fireplace, then take the necessary steps to correct the problem. Where it is determined that the fireplace is properly designed and constructed, but still malfunctions due to natural causes beyond the Builder's control, Builder is not responsible.</p>
<p>8.2 Chimney separation from structure to which it is attached.</p>	<p>Newly built fireplaces will often incur slight amounts of separation. Separation which exceeds 1/2 in. from the main structure in any 10 ft. vertical measurement is a deficiency.</p>	<p>Determine the cause of separation and correct. Caulking or grouting is acceptable repair up to 1/2 in. displacement.</p>
BUILT-IN SAUNA & STEAM BATH UNITS		
<p>8.3 Refer to the pertinent section of these standards for deficiencies that may exist in construction, materials, finish and equipment of a steam bath or sauna unit constructed on-site.</p>	<p>Built-in equipment such as sauna and steam bath units are to be constructed and must operate properly under the same applicable standard for finishes and mechanical and electrical equipment involved. Any deficiencies in finish materials or equipment referred to in these standards are considered deficiencies.</p>	<p>Make all necessary repairs or replacements including equipment covered under a manufacturer's warranty.</p>

9. EQUIPMENT

KITCHEN CABINETS & VANITIES

<p>9.1 Kitchen or vanity cabinet doors and drawers malfunction.</p>	<p>Cabinet doors, drawers and other operating parts that do not function as designed are deficiencies if they are reported on a pre-closing walk-through inspection report. Kitchen or vanity cabinet doors and drawers that malfunction are not considered deficiencies if malfunction is caused by the negligence of the Homeowner(s). The Owner shall notify the Builder within thirty (30) days of the Effective Date Of Warranty if a pre-closing inspection was not conducted.</p>	<p>Repair or replace operating parts if a pre-closing report exists. If no report exists, the Builder shall correct if notified by the Owner.</p>
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SECTION III.

9. EQUIPMENT

OBSERVATION	COMMENTS	ACTION REQUIRED
KITCHEN CABINETS & VANITIES		
9.2 Surface cracks, delaminations and chips in high pressure laminates of vanity and kitchen cabinet countertops.	Countertops fabricated with high pressure laminated coverings that delaminate, have chips, scratches or surface cracks; or joints between sheets exceed 1/16 in. are considered deficiencies if reported on a pre-closing walk-through inspection report. The Owner shall notify the Builder/Warrantor within thirty (30) days of the Effective Date Of Warranty if a pre-closing inspection report does not exist.	Repair or replace laminated surface covering having chips, cracks, scratches or joints exceeding the allowable width if reported on a pre-closing inspection report. If a pre-closing inspection was not performed, the Builder/Warrantor shall correct when notified by the Owner.
9.3 Warping of kitchen and vanity cabinet doors and drawer fronts.	Warping that exceeds 1/4 in. as measured from the face of the cabinet frame to the further most point of warping on the drawer or door front in a closed position is a deficiency.	Correct or replace door or drawer front as required.
9.4 Gaps between cabinets, ceiling and walls.	Countertop, splashboards, base and wall cabinets are to be securely mounted. Gaps in excess of 1/4 in. between wall and ceiling surfaces is a deficiency.	Make necessary adjustment of cabinets and countertops or close gap by means of moulding to match the cabinet or counter-top finish or other acceptable means.



SECTION III.

10. MECHANICAL SYSTEMS

SEPTIC TANK SYSTEMS		
10.1 Septic system fails to operate properly.	Septic system is to be capable of properly handling normal flow of household effluent. It is, however, possible that due to freezing, soil saturation, changes in the ground water table or excessive use of plumbing or appliances, an overflow can occur. Periodic pumping of the septic tank is considered homeowner maintenance, and a normal need for pumping is not a deficiency.	Take corrective action as required if it is determined that malfunction is due to improper design or construction. Builder is not responsible for malfunctions which occur through Owner negligence or abuse. Builder is also not responsible for malfunctions which occur due to acts of nature such as freezing and changes in the ground water table.
PLUMBING		
10.2 Faucet or valve leak.	A valve or faucet leak due to material or workmanship is a deficiency. Leaking caused by worn or defective washers or seal is a homeowner maintenance item.	Repair or replace the leaking faucet or valve. The Builder is responsible for defects in appliances, fixtures and equipment only if such Defects are not covered under a manufacturer's warranty. The Builder is not responsible for any Defect that occurs after the expiration of a manufacturer's warranty that expires within the first year.
10.3 Defective plumbing fixtures, appliances or trim fittings.	Fixtures, appliances or fittings are to be judged according to the manufacturer's standards as to use and operation.	Replace or repair any fixture or fitting which is outside of acceptable standards as defined by the manufacturer. The Builder shall replace or repair any Defect caused by faulty workmanship or materials as defined by the manufacturer. The Builder is responsible for Defects in Appliances, Fixtures and Equipment only if such Defects are not covered under a manufacturer's warranty. The Builder is not responsible for any Defect that occurs after the expiration of a manufacturer's warranty that expires within the first year.

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10. MECHANICAL SYSTEMS



SECTION III.

OBSERVATION	COMMENTS	ACTION REQUIRED
PLUMBING		
<p>10.4 Stopped up sanitary sewers, fixtures and sanitary drains are deficiencies.</p>	<p>Sanitary sewer fixtures and sanitary drains should operate and drain properly and are covered during the first and second year of warranty. Sewers, fixtures, and drains which are clogged through the Owner's negligence, are the Owner's responsibility.</p>	<p>Where defective construction is shown to be the cause, the Builder shall make necessary repairs. Builder's responsibility for defective sewer lines extends to the property line on which the home is constructed.</p>
<p>10.5 Chipped or damaged plumbing fixtures and appliances.</p>	<p>Chips, cracks or other such damage to plumbing fixtures and appliances are deficiencies if they are included in a pre-closing walk-through inspection report. The Owner shall notify Builder/Warrantor within thirty (30) days of the Effective Date Of Warranty if no pre-closing inspection was performed.</p>	<p>Repair any chips or cracks if included in the pre-closing inspection report. If repair cannot be made, the fixture or appliance is to be replaced to match the original as closely as possible. If a pre-closing inspection was not performed, the Builder shall correct if notified by Owner. Where a fixture is built into surrounding wall areas such as a tub or shower basin requires repair, replacement is not covered under the warranty except where the deficiency causes the fixture to be unusable.</p>
WATER SUPPLY		
<p>10.6 Staining of plumbing fixtures due to high iron content in water.</p>	<p>High iron content in the water supply system will cause staining of plumbing fixtures.</p>	<p>None. Maintenance and treatment of the water is the homeowner's responsibility.</p>
<p>10.7 Drinking water supply is not potable.</p>	<p>All water must be free from contamination that would affect its potability. Potable water is defined as water fit for human consumption. In many cases, well water tests will show contamination that exceeds the recommended amounts permitted under applicable federal and state standards, however, it still may be considered potable. In order to make this determination, the Owner must provide written documentation from an independent testing laboratory or a board of health providing such service stating that the water is unfit for human consumption. Water test reports furnished by a commercial water treatment company cannot be used to make such a determination. Water is considered potable when a certificate of compliance is issued by the local/county board of health. Any recommendation for treatment of the water by the local/county board of health is contractual between Owner and Builder and cannot be considered a deficiency.</p>	<p>Supply potable drinking water. Water which becomes non-potable after certification by a source beyond the control of the Builder shall be excluded from coverage.</p>

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10. MECHANICAL SYSTEMS

OBSERVATION	COMMENTS	ACTION REQUIRED
WATER SUPPLY		
10.8 Water supply system fails to deliver water or pressure is low.	Low water pressure is defined as the condition occurring when use of the cold water supply at any one single fixture drastically reduces the cold water supply at any other single fixture. All service connections to municipal water main or private water supply are the Builder/Warrantor's responsibility when installed by him.	Repair as required if failure to supply water is the result of deficiency in workmanship or materials. If conditions which disrupt or eliminate the sources of water supply are beyond the Builder's control, then the Builder is not responsible.
10.9 Noisy water pipes.	Some noise can be expected from the water pipe system due to the flow of water. "Water hammer" in the supply system is a deficiency and is covered only during Year 1 of the warranty period. Noises due to water flow and pipe expansion are not considered deficiencies.	Correct to eliminate "water hammer."

HEATING & AIR CONDITIONING

10.10 Inadequate heat.	A Heating System shall be capable of producing an inside temperature of 70 degrees Fahrenheit as measured in the center of the room at a height of 5 ft. above the floor, under local outdoor winter design conditions as specified in the latest edition of the ASHRAE Handbook in effect at the time the Home was constructed. The outdoor design temperature established by ASHRAE varies geographically throughout the State of Delaware. There may be periods when the outdoor temperature falls below the design temperature, thereby lowering temperature in the Home. Orientation of the Home and location of rooms will also provide a temperature differential, especially when the Heating System is controlled by a single thermostat for one or more floors.	Correct Heating System as required to provide the acceptable temperatures. Builder shall balance dampers and registers and make minor adjustments one time only, during Year 1 of the warranty period.
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SECTION III.

10. MECHANICAL SYSTEMS

SECTION III.

OBSERVATION	COMMENTS	ACTION REQUIRED
HEATING & AIR CONDITIONING		
10.11 Inadequate cooling.	Where air conditioning is provided, the Cooling System is to be capable of maintaining a temperature of 78 degrees Fahrenheit as measured in the center of each room at a height of 5 ft. above the floor, under local out-door summer design conditions as specified in the latest edition of ASHRAE Handbook in effect at the time the Home was constructed. The cooling cycle outdoor design temperature established by ASHRAE provides for a maximum of 12 degree temperature differential between the outdoor and the indoor temperature. There may be periods when the outdoor temperature rises above the design temperature, thereby raising the temperature in the Home. Orientation of the Home and location of rooms will also provide a temperature differential, especially when the Cooling System is controlled by a single thermostat for one or more floor levels.	Correct Cooling System to meet the above temperature requirements during Year 1 of the warranty period.
10.12 Ductwork and heating pipes not insulated in uninsulated areas.	Ductwork and heating pipes that are run in uninsulated crawlspaces, garages or attics are to be insulated. Basements are not uninsulated areas, and no insulation is required. Basement ductwork and pipes are to be insulated as required by model energy code.	Install required insulation.
10.13 Condensate lines clog.	Condensate lines will clog under normal conditions.	Provide clean and unobstructed lines on Effective Date Of Warranty. Continued operation of drain line is homeowner maintenance item.
10.14 Improper mechanical operation of evaporative cooling system.	Equipment that does not function properly at set temperature standard is a deficiency.	Correct and adjust so that blower and water system operate as designed during the first year of the warranty.
10.15 Ductwork noisy.	Noise in ductwork may occur for a brief period when the Heating or Cooling System begins to function and is not considered a deficiency. Continued noise in the ductwork during its normal operation is a deficiency.	Take necessary steps to eliminate noise in the ductwork.
10.16 Ductwork separates or becomes unattached.	Ductwork that is not intact or securely fastened is a deficiency.	Reattach and resecure all separated or unattached ductwork.

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11. ELECTRICAL SYSTEMS

OBSERVATION	COMMENTS	ACTION REQUIRED
ELECTRICAL CONDUCTORS		
11.1 Failure of wiring to carry its designed circuit load to switches and receptacles.	Wiring that is not capable of carrying the designed load for normal residential use to switches, receptacles and equipment is a deficiency.	Check and replace wiring if it fails to carry the design load.
SWITCHES & RECEPTACLES		
11.2 Fuses blow or circuit breakers kick out.	Fuses and circuit breakers which deactivate under normal usage when reset or replaced is a deficiency.	Check and replace wiring or breaker if it does not perform adequately or is defective.
11.3 Drafts from electrical outlets.	The electrical junction box on exterior walls may produce a slight air flow whereby the cold air can be drawn through the outlet into a room. This problem is normal in new Home construction.	None.
11.4 Malfunction of electrical outlets, switches or fixtures.	All switches, fixtures and outlets which do not operate as intended are considered deficiencies.	Repair or replace defective switches, fixtures and outlets.
SERVICE & DISTRIBUTION		
11.5 Ground fault interrupter trips frequently.	Ground fault interrupters are sensitive safety devices installed into the Electrical System to provide protection against electrical shock. These devices are sensitive and can be tripped very easily. Ground fault outlets which do not operate as intended are considered deficiencies. Ground fault interrupters shall be installed as required by national electric code.	Replace the device if defective.



SECTION III.

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WARRANTY STANDARDS • B. YEAR 1 AND 2 COVERAGE ONLY

STANDARDS APPLICABLE DURING YEARS 1 AND 2

The following Performance Standards list specific items with each separate area of coverage.

SECTION III.

1. MECHANICAL SYSTEMS

OBSERVATION	COMMENTS	ACTION REQUIRED
SEPTIC TANK SYSTEMS		
1.1 Septic system fails to operate properly.	Septic system is to be capable of properly handling normal flow of household effluent. It is possible that due to freezing, soil saturation, changes in the ground water table or excessive use of plumbing or appliances, an overflow can occur. Periodic pumping of the septic tank is considered homeowner maintenance, and a normal need for pumping is not a deficiency.	Take corrective action in Years 1 and 2 as required, if it is determined that malfunction is due to improper design or construction. Builder is not responsible for malfunctions which occur due to acts of nature such as freezing and changes in the ground water table or for malfunctions which occur through Owner negligence or abuse. See exclusions listed below.
<p>EXCLUSIONS: The following are considered Owner negligence or abuse as an exclusion under the warranty:</p> <ul style="list-style-type: none"> (A) Excessive use of water such as overuse of washing machine and dishwasher including their simultaneous use. (B) Connection of sump pump, roof drains or backwash from water conditioner to the system. (C) Placing of non-biodegradable items in the system. (D) Addition of any harsh chemicals, greases or cleaning agents and excessive amounts of bleaches or drain cleaners. (E) Use of a food waste disposer not supplied by Builder. (F) Placement of impervious surfaces over the disposal area. (G) Allowing vehicles to drive or park over the disposal area. (H) Failure to periodically pump out the septic tank when required. 		
HEATING & COOLING		
1.2 Refrigerant lines leak.	Refrigerant lines that develop leaks during normal operation are deficiencies during Years 1 and 2 of the warranty period.	Repair leaking lines and recharge unit as required.
PLUMBING		
1.3 Leaking from any piping.	Leaks in any sanitary soil, waste vent and water piping are deficiencies and are covered during Years 1 and 2 of the warranty period. Condensation on piping does not constitute leaking and is not a deficiency, except where pipe insulation is required.	Make necessary repairs to eliminate leaking.
1.4 Stopped up sanitary sewers, fixtures and sanitary drains.	Sanitary sewer, fixtures and sanitary drains should operate and drain properly and are covered during Years 1 and 2 of the warranty period.	Where defective construction is shown to be the cause, the Builder shall make necessary repairs. Where sewers, fixtures and drains are clogged through the Owner's negligence, the Owner shall assume repair costs. Builder responsibility for defective sewer lines extends to the property line.

WARRANTY STANDARDS • B. YEAR 1 AND 2 COVERAGE ONLY

STANDARDS APPLICABLE DURING YEARS 1 AND 2

The following Performance Standards list specific items with each separate area of coverage.

1. MECHANICAL SYSTEMS

OBSERVATION	COMMENTS	ACTION REQUIRED
PLUMBING		
1.5 Plumbing pipe freeze.	Drain, waste and water pipes are to be adequately protected to prevent freezing during normally anticipated cold weather.	Correct the condition responsible for pipes freezing and repair piping damaged by freezing. The Owner is responsible to maintain suitable temperatures in the Home to prevent pipes from freezing. Homes which are periodically occupied, such as summer homes, or where there will be no occupancy for an extended period of time, must be properly winterized or periodically checked to insure a reasonable temperature is maintained. Leaks occurring due to Owner's neglect and resultant damage are not the Builder's responsibility.

2. ELECTRICAL SYSTEMS

ELECTRICAL CONDUCTORS

2.1 Failure of wiring to carry its designed circuit load to switches and receptacles.	Wiring that is not capable of carrying the designed load for normal residential use is a deficiency.	Check and replace wiring if it fails to carry the design load.
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SECTION III.

WARRANTY STANDARDS • C. MAJOR STRUCTURAL DEFECTS

STANDARDS APPLICABLE DURING YEARS 1 THROUGH 10

The following Performance Standards list specific items with each separate area of coverage.

1. MAJOR STRUCTURAL DEFECTS

OBSERVATION	COMMENTS	ACTION REQUIRED
MAJOR STRUCTURAL DEFECTS		
1.1 Major structural defects.	The criteria for establishing the existence of a Major Structural Defect is set forth in Section I.B.14 of this Limited Warranty Agreement.	If a warranted MSD occurs during the appropriate coverage period and is reported as required in Section IV, the repair and cosmetic correction of only those surfaces, finishes and coverings original with the Home damaged by the Major Structural Defect will be repaired, replaced or you will be paid the reasonable cost to repair or replace these issues. Consequential damages to real property as a result of a Major Structural Defect, or repair of such Defect must be covered. Consequential damages to personal property may be excluded except where a Major Structural Defect exists and the Home is rendered uninhabitable. In such a case the Warranty Provider shall be responsible for paying for reasonable shelter expenses of the homeowner until the Home is made habitable. The repair of the MSD, itself, will be limited to actions necessary to restore the MSD to load-bearing capacity.

SECTION III.

REQUESTING WARRANTY PERFORMANCE

A. Notice to Warrantor in Years 1 & 2

1. If a Defect occurs in Years 1 and 2, you must notify your Builder in writing. Your request for warranty performance should clearly describe the Defect(s) in reasonable detail.
2. Request for warranty performance to your Builder does not constitute notice to the Administrator, and it will not extend applicable coverage periods.
3. If a request for warranty performance to your Builder does not result in satisfactory action within a reasonable time, written notice must be given to RWC, Administrator, at warranty.resolution@rwcwarranty.com or forwarded by certified mail, return receipt requested to 5300 Derry Street, Harrisburg, Pennsylvania 17111, Attn: Warranty Resolution Department. This notice should describe each item in reasonable detail.
4. *Please note that a written request for warranty performance must be emailed no later than thirty (30) days after the expiration of the applicable warranty period or sent to RWC by certified mail, return receipt requested and postmarked no later than thirty (30) days after the expiration of the applicable warranty period. For example, if the item is one which is warranted under your Builder's second year of coverage, a request for warranty performance must be emailed or mailed to RWC and postmarked no later than thirty (30) days after the end of the second year to be valid.*
5. Although the Homeowner(s) have the right to pursue remedies other than conciliation and arbitration, election of other remedies may bar the Homeowner(s) from pursuing the same claim under the warranty provided by the warranty provider.*
6. You must provide the Warrantor with reasonable weekday access during normal business hours in order to perform its obligations. Failure by you to provide such access to the Warrantor may relieve the Warrantor of its obligations under this Limited Warranty.
7. If your Builder does not fulfill its obligations under this Limited Warranty, the Administrator will process the request for warranty performance as described in this Limited Warranty and subject to the provisions of IV.F.

B. Notice to Warrantor in Years 3–10

If a Defect related to a warranted MSD occurs in Years 3 through 10 of this Limited Warranty, you

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must notify the Administrator to review the item within a reasonable time after the situation arises. All such notices must be presented in writing to RWC, Administrator, at warranty.resolution@rwcwarranty.com or forwarded by certified mail, return receipt requested to RWC, Administrator, 5300 Derry Street, Harrisburg, Pennsylvania 17111, Attn: Warranty Resolution Department. Any such notice should describe the condition of the MSD in reasonable detail. Requests for warranty performance emailed or postmarked more than thirty (30) days after the expiration of the term of this Limited Warranty will not be honored.

C. Purchaser's Obligations

1. **Your notice to the Administrator must contain the following information:**
 - a. Validation # and Effective Date Of Warranty;
 - b. Your Builder's name and address;
 - c. Your name, address, email address and phone number (including home, cell and work numbers);
 - d. Reasonably specific description of the warranty item(s) to be reviewed;
 - e. A copy of any written notice to your Builder;
 - f. Photograph(s) may be required; and
 - g. A copy of each and every report you have obtained from any inspector or engineer.
2. You have an obligation to cooperate with the Administrator's mediation, inspection and investigation of your warranty request. From time to time, the Administrator may request information from you regarding an alleged Defect. Failure by you or your appointed representative to respond with the requested information within thirty (30) days of the date of the Administrator's request can result in the closing of your warranty file.

D. Mediation and Inspection

Within thirty (30) days following the Administrator's receipt of proper notice of request for warranty performance, the Administrator may review and mediate your request by communicating with you, your Builder and any other individuals or entities who the Administrator believes possess relevant information. If, after thirty (30) days, the Administrator has not been able to successfully mediate your request, or at any earlier time when the Administrator believes that your Builder and you are at an impasse, then the Administrator will



SECTION IV.

REQUESTING WARRANTY PERFORMANCE



SECTION IV.

notify you that your request has become an Unresolved Warranty Issue. At any time following the receipt of proper notice of your request for warranty performance, the Administrator may schedule an inspection of the item. You must provide the Administrator reasonable access for any such inspection as discussed in **Section IV.A.6**. The Administrator, at its discretion, may schedule a subsequent inspection to determine Builder compliance.

When a request for warranty performance is filed and the deficiency cannot be observed under normal conditions, it is your responsibility to substantiate that the need for warranty performance exists including any cost involved. If properly substantiated, you will be reimbursed by the Warrantor.



E. Arbitration*

You begin the arbitration process by giving the Administrator written notice of your request for arbitration of an Unresolved Warranty Issue. The written notice of your request for arbitration must be received by the Administrator no later than thirty (30) days following the expiration of the ten year warranty period. However, if you receive notification of an Unresolved Warranty Issue from the Administrator following the expiration of the ten year warranty period, then this period is extended and written notice of your request for arbitration must be received by the Administrator no later than thirty (30) days from the date of your receipt of notification of the Unresolved Warranty Issue. Within twenty (20) days after the Administrator's receipt of your notice of request for arbitration, any Unresolved Warranty Issue that you have with the Warrantor shall be submitted to an independent arbitration service experienced in arbitrating residential construction matters upon which you and the Administrator agree. This **binding** arbitration is governed by the procedures of the Federal Arbitration Act, 9 U.S.C.

§§ 1 *et. seq.* If you submit a request for arbitration, you must pay the arbitration fees before the matter is submitted to the arbitration service. After arbitration, the Arbitrator shall have the power to award the cost of this fee to any party or to split it among the parties to the arbitration. The arbitration shall be conducted in accordance with this Limited Warranty and the arbitration rules and regulations to the extent that they are not in conflict with the Federal Arbitration Act.

Within one (1) year after an arbitration award, either party may apply to the U.S. District Court where the Home is situated to confirm the award. The Administrator's receipt of a written request for arbitration in appropriate form shall stop the running of any statute of limitations applicable to the matter to be arbitrated until the Arbitrator renders a decision. The decision of the Arbitrator shall be final and binding upon all parties.

Since this Limited Warranty provides for mandatory binding arbitration of disputes, if any party commences litigation in violation of this Limited Warranty, such party shall reimburse the other parties to the litigation for their costs and expenses, including attorney fees, incurred in seeking dismissal of such litigation.*

In Years 1 & 2, the Builder shall have sixty (60) days from the date the Administrator sends the Arbitrator's award to the Builder to comply with the Arbitrator's decision. In Years 3-10, the Warrantor shall have sixty (60) days from the date the Administrator receives the Arbitrator's award to comply with the Arbitrator's decision. Warranty compliance will begin as soon as possible and will be completed within the sixty-day compliance period with the exception of any repair that would reasonably take more than sixty (60) days to complete, including, but not limited to, repair delayed or prolonged by inclement weather. The Warrantor will complete such repair or replacement as soon as possible without incurring overtime or weekend expenses.

You may request a compliance arbitration within twenty (20) days after the sixty-day compliance period has expired by giving the Administrator written notice of your request. You must pay the fees for the compliance arbitration prior to the matter being submitted to the arbitration service.

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*FHA/VA Homeowners, refer to HUD Addendum, Section V.A.



SECTION IV.

F. Conditions of Warranty Performance

1. You must provide the Warrantor and/or Administrator with reasonable weekday access during normal business hours to inspect the condition of your Home and/or to perform their obligations.
2. When your request for warranty performance is determined to be a warranted issue, the Warrantor reserves the right to repair or replace the warranted item, or to pay you the reasonable cost of repair or replacement.
3. In Years 1 and 2, if your Builder defaults in its warranty obligations, the Administrator will process the request for warranty performance provided you pay a warranty service fee of \$250 for each request prior to repair or replacement.*
4. In Years 3 through 10 you must pay the Administrator a warranty service fee of \$500 for each request.*
5. If the Administrator elects to award you cash rather than repair or replace a warranted item, the warranty service fee will be subtracted from the cash payment.
6. If the Warrantor pays the reasonable cost of repairing a warranted item, the payment shall be made to you and to any mortgagee or mortgagee's successor as each of your interests may appear; provided that the mortgagee has notified the Administrator in writing of its security interest in the Home prior to such payment. Warrantor shall not have any obligation to make payment jointly to the Purchaser and mortgagee where the mortgagee has not notified your Builder or the Administrator in writing of its security interest in the Home prior to such payment. Any mortgagee shall be completely bound by any mediation or arbitration relating to a request for warranty performance between you and the Warrantor.*
7. Prior to payment for the reasonable cost of repair or replacement of warranted items, you must sign and deliver to the Builder or the Administrator, as applicable, a full and unconditional release, in recordable form, of all legal obligations with respect to the warranted Defects and any conditions arising from the warranted items.
8. Upon completion of repair or replacement of a warranted Defect, you must sign and deliver to the Builder or the Administrator, as applicable, a full and unconditional release, in recordable form, of all legal obligations with respect to the Defect and any conditions arising from the situation. The repaired or replaced warranted item will continue to be warranted by this Limited Warranty for the remainder of the applicable period of coverage.
9. If the Warrantor repairs, replaces or pays you the reasonable cost to repair or replace a warranted item, the Warrantor shall be subrogated to all your rights of recovery against any person or entity. You must execute and deliver any and all instruments and papers and take any and all other actions necessary to secure such rights, including, but not limited to, assignment of proceeds of any insurance or other warranties to the Warrantor. You shall do nothing to prejudice these rights of subrogation.
10. Any Warrantor obligation is conditioned upon your proper maintenance of the Home, common elements and grounds to prevent damage due to neglect, abnormal use or improper maintenance.
11. **Condominium Procedures:**
 - a. In the case of common elements of a condominium, at all times, Owner(s) of each unit affected by the common elements in need of warranty performance shall each be responsible to pay the warranty service fee (\$250 in Years 1 and 2, \$500 in Years 3 through 10) for each request for warranty performance.*
 - b. If a request for warranty performance under this Limited Warranty involves a common element in a condominium, the request may be made only by an authorized representative of the condominium association. If the Builder retains a voting interest in the association of more than 50%, the request may be made by unit owners representing 10% of the voting interests in the association.
 - c. If a request for warranty performance under this Limited Warranty involves a common element affecting multiple units, and all affected units are not warranted by the RWC Warranty Program, the Insurer's liability shall be limited to only those units warranted by the RWC Warranty. The limit of liability shall be prorated based upon the number of units warranted by this Limited Warranty.

SECTION
V.**A. HUD Addendum (Applicable to VA/ FHA Financed Homes only)**

1. **Section I.B. Emergency Condition** — The following definition is added: Emergency Condition is an event or situation that presents an imminent threat of damage to the Home or common elements and results in an unsafe living condition due to Defects or Major Structural Defect failures that manifest themselves outside of the Warrantor's normal business hours and precludes you from obtaining prior written approval to initiate repairs to stabilize the condition and prevent further damage.
2. **Section I.B.9. Effective Date Of Warranty** — The following language is substituted: The Effective Date Of Warranty will be the date on which closing or settlement occurs in connection with the initial sale of the Home. In no event will the Effective Date Of Warranty be later than the date of FHA endorsement of your Mortgage on the Home.
3. **Section I.B.14. Major Structural Defects** — The following language is substituted for a.-c.: A Major Structural Defect is actual physical damage to the designated load-bearing portions of a Home caused by failure of such load-bearing functions to the extent that the Home becomes unsafe, unsanitary, or otherwise unlivable. The following language is added: Delamination or rupture of roof sheathing shall be deemed a Major Structural Defect in need of warranty performance.
4. **Sections II.A.5. and II.A.6.** — Foreclosure does not void the Limited Warranty for VA/FHA Financed Homes only.
5. **Section II.C.1. One Year Coverage** — The following language is added: Notwithstanding anything to the contrary contained in this Limited Warranty, during the first year of coverage, your Builder will repair or restore the reliable function of Appliances and Equipment damaged during installation or improperly installed by your Builder. In addition, your Builder will correct Construction Deficiencies in workmanship and materials resulting from the failure of the Home to comply with standards of quality as measured by acceptable trade practices. Construction Deficiencies are Defects (not of a structural nature) in the Home that are attributable to poor workmanship or to the use of inferior materials which result in the impaired functioning of the Home or some part of the Home. Defects resulting from your abuse or from normal wear and tear are not considered Construction Deficiencies.
6. **Section II.C.4. Condominium Coverage** — The following language is substituted: The Limited Warranty shall only apply to warranted common elements which are those portions of the defined Electrical, Heating, Ventilating, Cooling, Plumbing and structural Systems which serve two (2) or more residential units; and are contained wholly within a residential structure that, if defective, would constitute a health or safety condition for the occupants. Examples of common elements which are covered by this Limited Warranty are hallways, meeting rooms, stairwells and other spaces wholly within the residential structure serving two (2) or more units; and structurally attached balconies, arches and decks. Examples of common elements which are not covered under this Limited Warranty are club houses, recreation buildings and facilities, walkways, exterior structure, or any other non-residential structure which is part of the condominium.
7. **Section II.D.** — The following statement is added: This agreement is noncancelable by the Warrantor.
8. **Section II.D.10.** is deleted.
9. **Section II.D.11.** — The following language is added: Repairs to the Home may be made without the prior written authorization of the Warrantor only in the event an Emergency Condition arises that necessitates repairs be made for the sole purpose of protecting the Home from further damage. You must notify the Warrantor as soon as possible, but in no event, later than five (5) days after the repairs have been made in order to qualify for reimbursement. An accurate, written record of the repair costs must accompany your notification.
10. **Section II.E.1.d.** — The following language is substituted: Loss or damage which is covered by any other insurance or for which compensation is granted by state legislation.
11. **Section II.E.1.e.**—the following language is substituted: resulting directly or indirectly from flood, waves, tidal water, overflow of a body of water, or spray from any of these (whether or not driven by wind), water which backs up from sewers or drains, changes in the water table which were not reasonably foreseeable, wetlands, springs or aquifers. Surface water and underground water which cause an unforeseeable hydrostatic condition with resultant damage to the structure are covered.
12. **Section II.E.9.** — The following language is added: Warranted Defects repaired as a result of emergency property protection measures

- as described and defined in this addendum are covered.
13. **Section III.A.** — Revise as follows:
 - a. **Site Work** — The following language is substituted:
 - (1) **1.1 (Comments)** If final grading was performed by the Builder, he will replace fill in excessively settled areas.
 - b. **Finished Wood Flooring** — The following language is added or modified:
 - (1) **7.11 (Observation)** Gaps or cracks between finished floor boards. (**Action Required**) Builder will correct gaps or cracks which exceed 1/8 in. in width, one time only. (**Comments**) Finished wood floors expand and contract due to humidity changes in your Home. Cracks and gaps which shrink and disappear in non-heating seasons are considered normal.
 - (2) **7.12 (Observation)** Cupping, crowning or loose finished floor boards. (**Action Required**) Builder will correct only if caused by a Defect in installation. (**Comments**) Finished wood flooring cups from gaining or losing moisture on one side faster than the other. Some cupping and crowning should be considered normal due to growth rings in the tree and the part of the tree used. The Builder is not responsible for natural properties of the product, or for climatic conditions and personal living habits which can affect moisture content of floor boards. Cupping or crowning action may have loosened nails or adhesive. Owner is responsible if condition is caused by conditions beyond Builder's control.
 - (3) Remaining items in Painting, Wall Covering and Carpeting are renumbered from 7.11 - 7.23 to 7.13 - 7.25 accordingly.
 14. **Section IV.A.5** — The following language is added: Other remedies shall include the judicial resolution of disputes.
 15. **Section IV.E. Arbitration** — The following language is added: The judicial resolution of disputes is not precluded by this warranty and may be pursued by the homeowner at any time during the dispute resolution process.
 16. **Section IV.E. Arbitration** — Because HUD does not require mandatory arbitration, the following is deleted: Since this Limited Warranty provides for mandatory binding arbitration of disputes, if any party commences litigation in violation of this Limited Warranty, such party shall reimburse the other parties to the litigation for their costs and expenses, including attorney fees, incurred in seeking dismissal of such litigation.
 17. **Section IV.F.3., F.4., and F.11.a.** — The following language is substituted: In the first two (2) years, if your Builder does not fulfill its obligations under this Limited Warranty, the Insurer will be responsible for your Builder's obligations, subject to a onetime warranty service fee of \$250. The Insurer's liability in Years 3 through 10 under this Limited Warranty is subject to a warranty service fee of \$250 per request for warranty performance. In each instance, you must pay the fee prior to the Insurer's repair or replacement. In the event of payment, the fee will be subtracted from the cash payment. In the case of the common elements of a condominium, the warranty service fee shall be \$250 per Home affected by each common element in need of service, limited to a maximum of \$5,000 per free standing structure.
 18. **Section IV.F.6.** — The following language is added: Where a warranted Defect is determined to exist and where the Warrantor elects to pay the reasonable cost of repair or replacement in lieu of performing such repair or replacement, the cash offer must be in writing. You will be given two (2) weeks to respond. Cash offers over \$5,000 are subject to an on-site review by a HUD approved fee inspector (inspection costs will be paid by the Warrantor) unless:
 - a. the cash offer is made pursuant to a binding bid by an independent third party contractor, which will accept an award of a contract from you pursuant to such bid;
 - b. payment is being made in settlement of legal action;
 - c. you are represented by legal counsel.

B. New Castle County Addendum

New Castle County enacted Ordinance 98-081 on December 4, 1998, which includes New Castle County's New Home Minimum Warranty Standards. If there is a conflict or omission between this Warranty Booklet and the New Castle County New Home Warranty Guidelines, the New Castle County New Home Warranty Guidelines shall apply.



SECTION V.

SAMPLE



RESIDENTIAL WARRANTY COMPANY, LLC