

Home Owners Warranty Corporation

**REMODELER PROGRAM
INSURANCE/WARRANTY
DOCUMENTS**



SECTION I — REMODELER'S LIMITED WARRANTY

Identity of Warrantor. The Remodeler identified on the Certificate of Enrollment ("Certificate") that accompanies this document is the Warrantor under this Remodeler's Limited Warranty ("Limited Warranty"). In the event the Remodeler cannot or will not perform its obligations under this Limited Warranty, the Remodeler has purchased insurance from which the Owner may benefit. Home Owners Warranty Corporation ("HOW") administers the program under which this Limited Warranty is issued on behalf of the Remodeler. HOW is not the warrantor of the Limited Warranty, or the insurer of the Remodeler's performance pursuant to the Limited Warranty. It is merely the administrator of the Home Owners Warranty Program ("the Program" or "HOW Program"). Only HOW Insurance Company, A Risk Retention Group ("Insurer") is responsible for performance of the Limited Warranty in the event of a Remodeler Default under the Limited Warranty.

To Whom Given. This Limited Warranty is extended to you as the owner of the remodeled Home identified on the Certificate and is applicable to subsequent owners for the unexpired term of the Limited Warranty.

COVERAGE TERMS

1. The Limited Warranty commences on the date shown on the Certificate. This Limited Warranty terminates two (2) years after its commencement.
2. The Remodeler Default Coverage commences on the date shown on the Certificate. This Coverage terminates two (2) years after its commencement.

LIMITED WARRANTY COVERAGE

Coverage During First Year

The Remodeler warrants that for one (1) year, beginning on the Limited Warranty Commencement Date stated on the Certificate, the remodeling work performed by the Remodeler, as described in the remodeling contract between the Owner and the Remodeler, will be free from defects due to noncompliance with the Performance Standards attached to and incorporated into this Limited Warranty.

Coverage During Second Year

The Remodeler warrants that during the second year after the Limited Warranty Commencement Date stated on the Certificate:

1. any new electrical, plumbing, heating, cooling and ventilation systems, or the extended portions of existing systems (exclusive of appliances, fixtures and items of equipment) installed under the remodeling contract will be free from defects due to non-compliance with the Performance Standards attached to and incorporated into this Limited Warranty; and
2. the Home will be free from Major Structural Defects, as defined in this Limited Warranty.

CONSEQUENTIAL DAMAGES

Consequential Damages are not covered by this Limited Warranty. (Some jurisdictions do not allow the exclusion or limitation of consequential damages so this exclusion or limitation may not apply to you.)

REMEDY

If a defect occurs in an item which is covered by this Limited Warranty, the Remodeler will repair, replace or pay the Owner the reasonable cost of repairing or replacing the defective item(s).

If a Major Structural Defect first occurs during the two (2) year term of this Limited Warranty, the Remodeler will **repair, replace or** pay the Owner the reasonable cost of repairing or replacing the Major Structural Defect. Repair of a Major **Structural Defect** under this Limited Warranty is limited (1) to the repair of damage to the load-bearing portions of the remodeled portion of the Home which is necessary to restore their load-bearing function; and (2) to the repair of those items of the Home damaged by the Major Structural Defect which made the Home unsafe, unsanitary or otherwise unlivable.

The Remodeler's **total liability** for deficiencies under this Limited Warranty is limited to the contract price of the remodeling work as stated on the Certificate. The choice among repair, replacement or payment is solely that of the Remodeler.

The Remodeler has **arranged** for insurance through HOW Insurance Company ("Insurer") to respond in the event of a Remodeler Default ~~under this~~ Limited Warranty. For each occurrence the Insurer will pay losses in excess of the first \$100 of a cost of repairing or replacing the covered defect.

Steps taken by the Remodeler to correct defects under this Limited Warranty shall not extend the time of this Limited Warranty.

OTHER INSURANCE OR WARRANTIES

In the event the Remodeler repairs or replaces, or pays the Owner the reasonable cost of repairing or replacing any defect covered by this Limited Warranty which is covered by other insurance or warranties, the Owner must, upon request by the Remodeler, assign the proceeds of such insurance or warranties to the Remodeler to the extent of the cost to the Remodeler of such repair, replacement or payment.

OTHER RIGHTS

This Limited Warranty gives specific legal rights to the Owner. Other legal rights, which vary from state to state, may also be available. This Limited Warranty does not affect any rights the Owner or the Remodeler may have to one another under any other express or implied warranty.

EXCLUSIONS

This Limited Warranty shall not extend to or include or be to:

- A. Swimming pools and their equipment, and any damage caused by, or resulting from leaking or other failure of the pool or its

- equipment; other recreational facilities; driveways; walkways, patios; boundary walls; retaining walls; bulkheads; fences; landscaping (including sodding, seeding, shrubs, trees and plantings); off-site improvements; or any other improvements not designated as part of the remodeling contract;
- B. Solar panel systems or their installation or operation;
 - C. Inadequate performance of heating and cooling systems which are modifications, alterations or extensions of existing systems for which the Remodeler did not provide overall system redesign and did not install new heating and/or cooling units of greater capacity to handle additional heating/cooling loads;
 - D. Inadequate performance of an electrical system which is a modification, alteration or extension of an existing system, which exceeds the capacity of the system (service, controls and circuits) unless the system was upgraded to code and required capacity by the Remodeler;
 - E. Inadequate performance of existing septic system or other on-site waste disposal system to which additional fixtures, appliances or other sources of waste are connected, unless the capacity of the existing system (septic tank, disposal area and disposal lines) has been increased (designed and installed) by the Remodeler;
 - F. After the first year of coverage, concrete floors of basements and concrete floors of attached garages included as part of the remodeling contract that are built separately from foundation walls or other structural elements of the Home;
 - G. Loss or damage to real property which is not part of the remodeling work and which is not included in the contract price stated on the Certificate;
 - H. Any damage to the extent it is caused or made worse by:
 1. Negligence, improper maintenance or improper operation by anyone other than the Remodeler, its employees, agents or subcontractors; or
 2. Failure by the Owner or by anyone other than the Remodeler, its employees, agents or subcontractors to comply with the warranty requirements of manufacturers of appliances, fixtures and items of equipment installed by the Remodeler as part of the remodeling work; or
 3. Failure by the Owner to give notice to the Remodeler and HOW of any defects within a reasonable time; or
 4. Changes of the grading of the ground by anyone other than the Remodeler, its employees, agents or subcontractors; or
 5. Changes, alterations or additions made to the remodeling work by anyone after the Limited Warranty Commencement Date stated on the Certificate; or
 6. Dampness or condensation due to the failure of the Owner to maintain adequate ventilation;
 - I. Loss or damage which the Owner has not taken timely action to minimize;
 - J. Any defect in, caused by, or resulting from materials or work (including, but not limited to, items shown on any Addendum to the Application for HOW Protection) supplied by anyone other than the Remodeler, its employees, agents or subcontractors;
 - K. Normal wear and tear or normal deterioration;
 - L. Loss or damage not otherwise excluded under this Limited Warranty, which does not constitute a defect in the construction of the remodeled portion of the Home by the Remodeler, its employees, agents or subcontractors;
 - M. Loss or damage caused by or resulting from accidents, riot and civil commotion, fire, explosion, smoke, water escape, falling objects, aircraft, vehicles, Acts of God, lightning, windstorm, hail, flood, mudslide, earthquake, volcanic eruption driven water and changes in the underground water table which were not reasonably foreseeable;
 - N. Loss or damage caused by or resulting from soil movement for which compensation is provided by legislation or which is covered by other insurance;
 - O. Insect damage;
 - P. Loss or damage which arises while the Home is being used primarily for nonresidential purposes;
 - Q. Failure of the Remodeler to complete the work;
 - R. Any condition which does not result in actual physical damage to the remodeled portion of the Home, including, but not limited to: uninhabitability or health risk due to the presence or consequence of unacceptable levels of radon gas, formaldehyde or other pollutants and contaminants; or the presence of hazardous or toxic on-site materials;
 - S. Bodily injury or damage to personal property;
 - T. Loss or damage caused by or resulting from abnormal loading on floors by the Owner which exceeds design loads as mandated by codes;
 - U. Costs of shelter, transportation, food, moving, storage, or other incidental expenses related to inconvenience or relocation during repairs;
 - V. Consequential damages (except where required by state law); and
 - W. Any Request for Warranty Performance or insurance claim not filed in a manner set forth below in "Warranty Service" or "Insurance Claim Process".

WARRANTY SERVICE

Request for Warranty Service

The Owner with a warranty complaint should first send a clear and specific written complaint to the Remodeler and to HOW at the addresses shown on the Certificate. Ordinarily, the Remodeler will supply the warranty service provided under this Limited Warranty without the need for direct involvement by HOW. If the Owner believes the Remodeler has not performed as requested, see "Request for Warranty Performance," below.

Time of Notice of Claim. Written notice of a defect in any item under this Limited Warranty must be received by HOW no later than thirty (30) days after the Limited Warranty coverage on that item expires. Coverage on certain items varies within the two (2) year Limited Warranty period. Consult LIMITED WARRANTY COVERAGE, above, and the PERFORMANCE STANDARDS that follow for specific coverage terms on specific items. If such notice is not received by HOW by that deadline, any Request for Warranty Performance or insurance claims for the defect may be rejected.

NOTE: Even if the Owner has previously contacted the Remodeler, **HOW MUST RECEIVE NOTICE OF ANY DEFECT IN ANY ITEM COVERED BY THIS LIMITED WARRANTY NO LATER THAN THIRTY (30) DAYS AFTER THE COVERAGE ON THAT ITEM EXPIRES.** This is necessary to protect the Owner's rights to warranty performance under this Limited Warranty.

Request for Warranty Performance

If the Owner believes the Remodeler has not performed as requested in the complaint to the Remodeler and HOW, then the Owner should submit a Request for Warranty Performance form directly to HOW. The Request for Warranty Performance form to HOW must be received by HOW no later than one (1) year from the date of the initial written complaint to the Remodeler and HOW.

Dispute Settlement Under the HOW Program

Upon receiving the Request for Warranty Performance form, HOW will notify the Remodeler asking him to respond to the Request. If the Remodeler disagrees with the Request, HOW will arrange for informal dispute settlement between the Owner and the Remodeler by a neutral third party ("dispute settler"). The Remodeler will be bound by the dispute settler's decision upon HOW's receipt of the Owner's Acceptance of Decision form.

Under the Magnuson-Moss Warranty Act and under this Limited Warranty, suit may not be filed against the Remodeler until the claim has been submitted to informal dispute settlement under the HOW Program and a decision has been reached or a waiting period of forty (40) days has been exceeded for a decision, following the submission of a Request for Warranty Performance form, whichever comes first. State or federal laws may permit filing of suit without waiting, despite this paragraph.

Acceptance of Decision. The Owner must sign and return to HOW, at the address shown on the Certificate, within forty-five (45) days after the date of the dispute settler's decision, an Acceptance of Decision form by which the Owner agrees to accept the decision only as to those items decided **in favor of the Owner.** The Remodeler must perform as required in the decision. The Remodeler is not responsible for damage caused or made worse by a delay in returning the Acceptance of Decision form to HOW.

The time allowed by the decision for performance by the Remodeler will be measured from the date the Acceptance of Decision form is received by HOW. If the Remodeler cannot perform as required in the dispute settler's decision because of circumstances beyond the control of the Remodeler, e.g., weather or strikes, then the Remodeler must provide both the Owner and HOW with notice of the delay in performance. Then the Remodeler's time for performance may be extended. Failure of the Owner to accept the dispute settler's decision as to those matters decided in favor of the Owner may relieve the Insurer of its obligation to perform in the Remodeler's stead in the event of a Remodeler Default under this Limited Warranty. Acceptance of the dispute settler's decision in no way alters the Owner's legal rights against the Remodeler.

Right of Access. The Owner must provide the Remodeler with reasonable workday access to the property in order to perform the warranty service required under this Limited Warranty. Failure of the Owner to provide such access to the Remodeler may relieve the Remodeler of his obligations under this Limited Warranty.

Release. When the Remodeler finishes repairing or replacing the defect, or pays the Owner the cost of repairing or replacing the defect, a full release of all legal obligations with respect to the defect must be signed and delivered to the Remodeler by the Owner.

Other Claimants

Any other person to whom this Limited Warranty is extended shall submit and pursue, by the procedures above, any claims that they may have.

HOW Not a Warrantor or Insurer

HOW is neither a warrantor nor insurer of this Limited Warranty. Only HOW Insurance Company ("Insurer") is responsible for repairing or replacing defective items or paying the reasonable cost of such repair or replacement on the Remodeler's behalf in the event of a Remodeler Default under the Limited Warranty.

INSURANCE CLAIM PROCESS

How To Make An Insurance Claim. If the Remodeler cooperates in the dispute settlement procedure but fails to perform within the time specified **notify the Insurer.** The Insurer can be notified through HOW. The Insurer will perform the Remodeler's obligations as determined in the dispute settlement proceeding under the HOW Program.

DEFINITIONS

Except as otherwise provided, the terms used in this Limited Warranty shall have the meanings assigned below:

- A. **"Appliances, Fixtures and Items of Equipment"** - Includes but is not limited to: furnaces, boilers, oil tanks and fittings, air purifiers, air handling equipment, ventilating fans, air conditioning equipment, water heaters, pumps, stoves, refrigerators,

garbage disposals, compactors, dishwashers, automatic door openers, washers and dryers, bathtubs, sinks, toilets, faucets and fittings, lighting fixtures, and circuit breakers.

- B. **"Home"** - A single family attached or detached structure.
- C. **"Insurer"** - HOW Insurance Company, A Risk Retention Group, Richmond, Virginia.
- D. **"Major Structural Defect"** - Actual physical damage to the following designated load-bearing portions of the Home which have been installed or altered by the Remodeler in the course of remodeling the Home or which though not installed or altered by the Remodeler **have been directly damaged by the work of the Remodeler** and which damage to such load-bearing portions affects their load-bearing functions to the extent that the Home becomes unsafe, unsanitary or otherwise unliveable:
 - 1. Foundation systems and footings;
 - 2. Beams;
 - 3. Girders;
 - 4. Lintels;
 - 5. Columns;
 - 6. Walls and partitions;
 - 7. Floor systems; and
 - 8. Roof framing systems.

Damage to the following portions of the Home may be covered by the Limited Warranty, but do not constitute a Major Structural Defect:

- 1. Roofing and sheathing;
 - 2. Drywall and plaster;
 - 3. Exterior siding;
 - 4. Brick, stone or stucco veneer;
 - 5. Floor covering material;
 - 6. Wall tile and other wall coverings;
 - 7. Non-load bearing walls and partitions;
 - 8. Concrete floors in attached garages and basements that are built separately from foundation walls or other structural elements of the Home;
 - 9. Electrical, plumbing, heating, cooling and ventilation systems;
 - 10. Appliances, fixtures and items of equipment;
 - 11. Paint;
 - 12. Doors and windows;
 - 13. Trim;
 - 14. Cabinets;
 - 15. Hardware; and
 - 16. Insulation.
- E. **"Owner"** - The person who owns the Home and contracted with the Remodeler to perform the remodeling work in the remodeling contract, and his successors in title.
 - F. **"Performance Standards"** - The locally applicable building codes, special standards developed by HOW, locally accepted building practices and performance standards which describe the Remodeler's obligation for specific defects under the Limited Warranty.
 - G. **"Remodeler"** - The person, corporation, partnership or other entity which is a participant in the Home Owners Warranty Program and provides this Limited Warranty.
 - H. **"Remodeler Default"** - The Remodeler's liability resulting from the Remodeler's failure to perform under the Limited Warranty as determined in dispute settlement under the HOW Program or failure to perform because of bankruptcy or insolvency.
 - I. **"Systems"** - Exclusive of appliances, fixtures and items of equipment, include the following:
 - 1. **"Plumbing System"** - Gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain field; water, gas and sewer services piping and their extensions to the tie-in of a public utility connection, or on-site well and sewage disposal system.
 - 2. **"Electrical System"** All wiring, electrical boxes, switches, outlets and connectinos up to the public utility connections.
 - 3. **"Heating, Cooling and Ventilation Systems"** - All ductwork, steam, water and refrigerant lines, registers, connector, radiation elements and dampers.

OTHER CONDITIONS

Independence from Remodeling Contract. This Limited Warranty is independent of the contract between the Owner and the Remodeler for the remodeling work. Contract disputes which are not Limited Warranty disputes are not eligible for informal dispute settlement under this Limited Warranty. Nothing contained in the remodeling contract or any other contract between the Owner and the Remodeler can restrict or override the provisions of this Limited Warranty. The Owner and the Remodeler may contract for additional standards or requirements, but such agreement between the Owner and the Remodeler will not be binding upon HOW or the Insurer.

Notice. All notices to the Remodeler, the Owner or to HOW must be sent by mail, postage prepaid, to the recipient(s) at the address(es) shown on the Certificate or to whatever other address the recipient(s) may designate in writing.

General Provisions

- A. Should any provision of this Limited Warranty be deemed unenforceable by a court of competent jurisdiction, that determination will not affect the enforceability of the remaining provisions.
- B. This Limited Warranty is to be binding on the Remodeler and the Owner, their heirs, executors, administrators, successors and assigns.
- C. Use of one gender in this Limited Warranty includes all other genders; and use of the plural includes the singular, as may be appropriate.
- D. This Limited Warranty is to be covered by and construed in accordance with the laws of the state in which the Home is located.

Amendments. The scope of the coverage of this Limited Warranty can not be changed or altered in way.

REQUEST FOR PERFORMANCE UNDER THE LIMITED WARRANTY

DEAR OWNER:

Before contacting HOW, send a clear and specific written request for warranty work to the Remodeler. Even if you have previously contacted the Remodeler, **HOW MUST RECEIVE WRITTEN NOTICE OF THE DEFECT IN ANY ITEM COVERED BY THIS LIMITED WARRANTY NO LATER THAN 30 DAYS AFTER THE COVERAGE ON THAT ITEM EXPIRES.*** This is necessary to protect your rights to warranty performance under this Limited Warranty.

If you have already asked the Remodeler to correct a defect that you think is covered by this Limited Warranty, and believe the Remodeler has not responded as required under this Limited Warranty, fill out this form and send it to HOW. Make sure to attach a copy of the written complaint that you previously sent to the Remodeler.

The information you need to fill out this form will be on the Certificate of Enrollment, However, if you do not know the answers to any questions, write "Don't know". Please do not leave any item blank.

Your Name: _____

Address: _____
Number and Street

City State Zip

Home: _____ Business Phone: _____
(Area Code) Number (Area Code) Number

Enrollment Number: _____

Limited Warranty Commencement Date: _____

Remodeler's Name: _____

Address: _____
Number and Street

City State Zip

Phone Number: _____
(Area Code) Number

Remodeler HOW I.D.#: _____

Describe the defects which you think are covered by the Limited Warranty. Include when the defect first occurred or when you first noticed the defect. (Use additional sheets, if necessary).

I/we are notifying HOW that I/we have asked the Remodeler to do work required under the Limited Warranty, and the Remodeler has not responded in the way required by the Limited Warranty.

Signature _____

Date _____

Signature _____

Date _____

*Certain items are covered only during the first year; others are covered for two (2) years. Refer to the Approved Standards for coverage periods.

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I. Introduction

Please Read This Carefully. The following is intended to acquaint you with the responsibilities of the Remodeler under this Limited Warranty. If a defect that results in actual physical damage to the remodeled portion of the Home occur, the Performance Standards will be used to determine the Remodeler's obligation under this Limited Warranty. If a specific defect is not addressed in the Performance Standards, one of the following standards will be used to determine the Remodeler's obligation under this Limited Warranty:

- (a) Locally adopted codes; or
- (b) Model codes covering building, mechanical, plumbing and electrical systems (Appendix A); or
- (c) Codes of nearby jurisdictions; or
- (d) Locally accepted building practices.

The scope of the remodeling contract between the Owner and the Remodeler governs which of the specific standards are applicable to the remodeling work.

Also note that coverage on certain items varies within the two (2) year Limited Warranty period and some items rely on proper maintenance by the Owner.

II. OWNER RESPONSIBILITIES

The remodeled portion of the Home requires an active maintenance effort on the Owners part to reduce the likelihood of damage due to neglect, improper maintenance, or abnormal use. Various regional areas of the country have local maintenance problems. Some specific Owner responsibilities are included under specific topics in Section III, Performance Standards.

NOTE: Damage caused or made worse by Owner negligence, improper maintenance, or improper operation is expressly excluded under this Remodeler's Limited Warranty.

III. PERFORMANCE STANDARDS - Topic Index

The Performance Standards list specific items (defects) within each separate area of coverage. The first section covers Workmanship and Materials; the second section covers Systems. The standards are expressed in terms of performance criteria. For easy comprehension, the format is designed as follows:

- 1. **Possible Deficiency** - a brief statement, in simple terms, of problems that may be encountered.
- 2. **Performance Standard** - a performance standard relating to a specific deficiency.
- 3. **Responsibility** - a statement of the corrective action required of the Remodeler to repair the deficiency or a statement of the Owner maintenance responsibilities.

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1. Site Work	Coverage: 1st Year Only	Area: Workmanship and Materials
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A. Site Grading

(1) Possible Deficiency	Settling of ground around foundation walls, utility trenches or other areas.
Performance Standard	Settling of ground around foundation walls, utility trenches or other filled areas shall not interfere with water drainage away from the Home.
Responsibility	If the Remodeler has provided final grading: upon request by the Owner, Remodeler shall fill settled areas effecting proper drainage, one time only, during the first year of the Limited Warranty period. Owner shall be responsible for removal and replacement of shrubs or other landscaping affected by placement of such fill.

B. Site Drainage

(1) Possible Deficiency	Improper drainage of the site.
Performance Standard	The necessary grades and swales shall have been established by the Remodeler to insure proper drainage away from the Home. Standing or ponding water shall not remain for extended periods in the immediate area after a rain (generally no more than 24 hours), except that in swales which drain other areas, or in areas where sump pumps discharge, a longer period can be anticipated (generally no more than 48 hours). The possibility of standing water after an unusually heavy rainfall should be anticipated. No grading determination shall be made while there is frost or snow on the ground, or while the ground is saturated.
Responsibility	The Remodeler is responsible only for initially establishing the proper grades and swales. The Owner is responsible for maintaining such grades and swales once they have been properly established.

2. Concrete	Coverage: 1st Year Only	Area: Workmanship and Materials
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A. Expansion and Contraction Joints

(1) Possible Deficiency	Separation or movement of concrete slabs within the structure at expansion and contraction joints.
Performance Standard	Concrete slabs within the structure are designed to move at expansion and contraction joints.
Responsibility	None.

B. Cast-In-Place Concrete

(1) Possible Deficiency	Basement or foundation wall cracks.
Performance Standard	Shrinkage cracks are not unusual in concrete foundation walls. Such cracks greater than 1/8 inch in width shall be repaired.
Responsibility	Remodeler will repair cracks in excess of 1/8 inch width.
(2) Possible Deficiency	Cracking of basement floor.
Performance Standard	Minor cracks in concrete basement floors are normal. Cracks exceeding 3/16 inch in width or 1/8 inch in vertical displacement shall be repaired.
Responsibility	Remodeler will repair cracks exceeding maximum tolerances by surface patching or other methods as required.
(3) Possible Deficiency	Cracking of slab in garage.
Performance Standard	Cracks in garage slabs in excess of 1/4 inch in width or vertical displacement shall be repaired.
Responsibility	Remodeler will repair cracks exceeding maximum tolerances by surface patching or other methods as required.
(4) Possible Deficiency	Uneven concrete floors/slabs.
Performance Standard	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 inch in 32 inches.
Responsibility	Remodeler will correct or repair to meet the Performance Standard.
(5) Possible Deficiency	Cracks in concrete slab-on-grade floors with finish flooring.
Performance Standard	Cracks which rupture the finish flooring material shall be repaired.
Responsibility	Remodeler will repair cracks, as necessary, so as not to be readily apparent when the finish flooring material is in place. (See also Performance Standard 7, "Finishes.")

(6) Possible Deficiency	Pitting, scaling or spalling of concrete work covered by this Limited Warranty.
Performance Standard	Concrete surfaces shall not disintegrate to the extent that the aggregate is exposed and loosened under normal conditions of weathering and use.
Responsibility	Remodeler will take whatever corrective action necessary to repair or replace defective concrete surfaces. Remodeler is not responsible for deterioration caused by salt, chemicals, mechanical implements and other factors beyond its control.
(7) Possible Deficiency	Settling, heaving, or separating of stoops, steps or garage floors.
Performance Standard	Stoops, steps or garage floors shall not settle, heave or separate in excess of 1 inch from the house structures.
Responsibility	Remodeler will take whatever corrective action is required to meet the Performance Standard.
(8) Possible Deficiency	Standing water on stoops. Water should drain from outdoor stoops and steps. The possibility of minor water standing on stoops for a short period after rain can be anticipated. Remodeler shall take corrective action to assure drainage of steps and stoops.

3. Masonry	Coverage: 1st Year Only	Area: Workmanship and Materials
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A. Unit Masonry

(1) Possible Deficiency	Basement or foundation wall cracks.
Performance Standard	Small cracks not affecting structural stability are not unusual in mortar joints of masonry foundation walls. Cracks greater than 1/8 inch in width shall be repaired.
Responsibility	Remodeler will repair cracks in excess of 1/8 inch by pointing or patching. These deficiencies shall be reported and repairs made during the first year of the Limited Warranty period.
(2) Possible Deficiency	Cracks in masonry walls or veneer.
Performance Standard	Small hairline cracks due to shrinkage are common in mortar joints in masonry construction. Cracks greater than 3/8 inch in width are considered excessive.
Responsibility	Remodeler will repair cracks in excess of performance Standard by pointing or patching. These repairs shall be made during the first year of the Limited Warranty period. Remodeler will not be responsible for color variation between old and new mortar.

4. Wood and Plastic	Coverage: 1st Year Only	Area: Workmanship and Materials
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A. Rough Carpentry

(1) Possible Deficiency	Floors squeak or subfloor appears loose.
Performance Standard	Floor squeaks and loose subfloor are often temporary conditions common to new construction and a squeak-proof floor cannot be guaranteed.
Responsibility	Remodeler will correct the problem only if caused by an underlying construction defect.
(2) Possible Deficiency	Uneven wood floors.
Performance Standard	Floors shall not have more than 1/4 inch ridge or depression within any 32 inch measurement when measured parallel to the joists. Allowable floor and ceiling joist deflections are governed by the applicable building code.
Responsibility	Remodeler will correct or repair to meet Performance Standard.
(3) Possible Deficiency	Bowed walls.
Performance Standard	All interior and exterior walls have slight variances on their finished surfaces. Bowing of walls should not detract from or blemish the wall's finished surface. Walls should not bow more than 1/4 inch out of line within any 32 inch horizontal or vertical measurement.
Responsibility	Remodeler will repair to meet Performance Standard.
(4) Possible Deficiency	Out-of-plumb walls.
Performance Standard	Walls should not be more than 1/4 inch out of plumb for any 32 inch vertical measurement.
Responsibility	Remodeler will repair to meet Performance Standard.

B. Finish Carpentry (Interior)

(1) Possible Deficiency	Poor quality of interior trim workmanship.
Performance Standard	Joints in moldings or joint between moldings and adjacent surface shall not result in open joints exceeding 1/8 inch in width.
Responsibility	Remodeler will repair defective joints, as defined. Caulking is acceptable.

(2) Finish Carpentry (Exterior)**Possible Deficiency**

Poor quality of exterior trim workmanship.

Performance Standard

Joints between exterior trim elements, including siding and masonry, shall not result in open joints exceeding $\frac{3}{8}$ inch. In all cases the exterior trim, masonry and siding shall be capable of performing its function to exclude the elements.

Responsibility

Remodeler will repair open joints, as defined. Caulking is acceptable.

5. Thermal and Moisture Protection Coverage: 1st Year Only**Area: Workmanship and Materials****A. Waterproofing****(1) Possible Deficiency**

Leaks in basement.

Performance Standard

Leaks resulting in actual trickling of water shall be repaired. Leaks caused by improper landscaping or failure to maintain proper grades are not covered by this Limited Warranty. Dampness of the walls or floors may occur in new construction and is not considered a deficiency.

Responsibility

Remodeler will take such action as necessary to correct basement leaks except where the cause is determined to result from Owner action or negligence.

B. Insulation**(1) Possible Deficiency**

Insufficient insulation.

Performance Standard

Insulation shall be installed in accordance with applicable energy and building code requirements.

Responsibility

Remodeler will install insulation in sufficient amounts to meet Performance Standard.

C. Louvers and Vents**(1) Possible Deficiency**

Leaks due to snow or rain driven into the attic through louvers or vents.

Performance Standard

Attic vents and/or louvers must be provided for proper ventilation of the attic space of the structure.

Responsibility

None.

D. Roofing and Siding**(1) Possible Deficiency**

Ice build-up on roof.

Performance Standard

During prolonged cold spells, ice build-up is likely to occur at the eaves of a roof. This condition occurs when snow and ice accumulate and gutters and downspouts freeze up.

Responsibility

Prevention of ice build-up on the roof is an Owner maintenance item.

(2) Possible Deficiency

Roof or flashing leaks.

Performance Standard

Roofs or flashing shall not leak under normally anticipated conditions, except where cause is determined to result from ice build-up or Owner action or negligence.

Responsibility

Remodeler will repair any verified roof or flashing leaks not caused by ice build-up or Owner action or negligence.

(3) Possible Deficiency

Standing water on flat roof.

Performance Standard

Water shall drain from flat roof except for minor ponding immediately following rainfall or when the roof is specifically designed for water retention.

Responsibility

Remodeler will take corrective action to assure proper drainage of roof.

(4) Possible Deficiency

Delamination of veneer siding or joint separation.

Performance Standard

All siding shall be installed according to the manufacturer's and industry's accepted standards. Separations and delaminations shall be repaired or replaced.

Responsibility

Remodeler will repair or replace siding as needed unless caused by Owner's neglect to maintain siding properly. Repaired area may not match in color and/or texture. For surfaces requiring paint, Remodeler will paint only the new materials. The Owner can expect that the newly painted surface may not match original surface in color.

E. Sheet Metal**(1) Possible Deficiency**

Gutters and/or downspouts leak.

Performance Standard

Gutters and downspouts shall not leak but gutters may overflow during heavy rain.

Responsibility

Remodeler will repair leaks. It is a Owner responsibility to keep gutters and downspouts free of leaves and debris which could cause overflow.

Possible Deficiency	Water standing in gutters.
Performance Standard	When gutter is unobstructed by debris, the water level shall not exceed one (1) inch in depth. Industry practice is to install gutters approximately level. Consequently, it is entirely possible that small amounts of water will stand in certain sections of gutter immediately after a rain.
Responsibility	Remodeler will correct to meet Performance Standard.
F. Sealants	
(1) Possible Deficiency	Leaks in exterior walls due to inadequate caulking.
Performance Standard	Joints and cracks in exterior wall surfaces and around openings shall be properly caulked to exclude the entry of water.
Responsibility	Remodeler will repair and/or caulk joints or cracks in exterior wall surfaces as required to correct deficiencies once, during the first year of the Limited Warranty period. Even properly installed caulking will shrink and must be maintained during the life of the Home.
6. Doors and Windows Coverage: 1st Year Only Area: Workmanship and Materials	
A. Wood and Plastic Doors	
(1) Possible Deficiency	Warping of exterior doors.
Performance Standard	Exterior doors will warp to some degree due to temperature differential on inside and outside surfaces. However, they shall not warp to the extent that they become inoperable or cease to be weather resistant or exceed National Woodwork Manufacturers Association Standards (1/4 inch, measured diagonally from corner to corner).
Responsibility	Remodeler will correct or replace and refinish defective doors, during the first year of the Limited Warranty period.
(2) Possible Deficiency	Warping of interior passage and closet doors.
Performance Standard	Interior doors (full openings) shall not warp in excess of National Woodwork Manufacturers Association Standards (1/4 inch, measured diagonally from corner to corner).
Responsibility	Remodeler will correct or replace and refinish defective doors to match existing doors as nearly as possible, during the first year of the Limited Warranty period.
(3) Possible Deficiency	Shrinkage of insert panels show raw wood edges.
Performance Standard	Panels will shrink and expand and may expose unpainted surface.
Responsibility	None.
(4) Possible Deficiency	Split in door panel.
Performance Standard	Split panels shall not allow light to be visible through the door.
Responsibility	Remodeler will, if light is visible, fill split and match paint or stain as closely as possible, one time in first year of the Limited Warranty period.
B. Glass	
(1) Possible Deficiency	Broken glass.
Performance Standard	None.
Responsibility	Broken glass not reported to the Remodeler prior to the effective date of the Limited Warranty is the Owner's responsibility.
C. Garage Doors	
(1) Possible Deficiency	Garage doors fail to operate properly, under normal use.
Performance Standard	Garage doors shall operate properly.
Responsibility	Remodeler will correct or adjust garage doors as required, except where the cause is determined to result from Owner action or negligence.
(2) Possible Deficiency	Garage doors allow entrance of snow or water.
Performance Standard	Garage doors shall be installed as recommended by the manufacturer. Some entrance of the elements can be expected under abnormal conditions.
Responsibility	Remodeler will adjust or correct garage doors to meet manufacturer's recommendations.
D. Wood, Plastic and Metal Windows	
(1) Possible Deficiency	Malfunction of windows.
Performance Standard	Windows shall operate with reasonable ease, as designed.
Responsibility	Remodeler will correct or repair as required.

Possible Deficiency	Condensation and/or frost on windows.
Performance Standard	Windows will collect condensation on interior surfaces when extreme temperature differences and high humidity levels are present. Condensation is usually the result of climatic/humidity conditions created by Owner.
Responsibility	Unless directly attributed to faulty installation, window condensation is a result of conditions beyond the Remodeler's control. No corrective action required.
E. Weatherstripping and Seals	
(1) Possible Deficiency	Air infiltration around doors and windows.
Performance Standard	Some infiltration is normally noticeable around doors and windows, especially during high winds. Poorly fitted weather-stripping shall be adjusted or replaced. It may be necessary for the Owner to have storm doors and windows installed to provide satisfactory solutions in high wind areas.
Responsibility	Remodeler will adjust or correct poorly fitted doors, windows and poorly fitted weatherstripping.
7. Finishes Coverage: 1st Year Only Area: Workmanship and Materials	
A. Lath and Plaster	
(1) Possible Deficiency	Cracks in interior wall and ceiling surfaces.
Performance Standard	Hairline cracks are not unusual in interior wall and ceiling surfaces. Cracks greater than 1/8 inch in width shall be repaired.
Responsibility	Remodeler will repair cracks exceeding 1/8 inch in width as required, one time only, during the first year of the Limited Warranty period. (See also Performance Standard 7.F, "Painting.")
B. Gypsum Wallboard	
(1) Possible Deficiency	Defects which appear during first year of the Limited Warranty such as nail pops, blisters in tape, or other blemishes.
Performance Standard	Slight "imperfections" such as nail pops, seam lines and cracks not exceeding 1/8 inch in width are common in gypsum wallboard installations and are considered acceptable.
Responsibility	Remodeler will repair only cracks exceeding 1/8 inch in width, one time only, during the first year of the Limited Warranty period. (See also Performance Standard 7.F., "Painting.")
C. Ceramic Tile	
(1) Possible Deficiency	Ceramic tile cracks or becomes loose.
Performance Standard	Ceramic tile shall not crack or become loose.
Responsibility	Remodeler will replace cracked tiles and re-secure loose tiles unless the defects were caused by Owner action or negligence. Remodeler will not be responsible for discontinued patterns or color variations in ceramic tile.
(2) Possible Deficiency	Cracks appear in grouting of ceramic tile joints or at junctions with other materials such as a bathtub.
Performance Standard	Cracks in grouting of ceramic tile joints are commonly due to normal shrinkage conditions.
Responsibility	Remodeler will repair grouting if necessary, one time only, during the first year of the Limited Warranty period. Remodeler will not be responsible for color variations or discontinued colored grout. Regrouting of these cracks is a maintenance responsibility of the Owner within the life of the Home.
D. Finished Wood Flooring	
(1) Possible Deficiency	Cracks developing between floor boards.
Performance Standard	Cracks in excess of 1/8 inch in width shall be corrected.
Responsibility	Remodeler will repair cracks in excess of 1/8 inch within the first year of the Limited Warranty period, filling or replacing, at Remodeler's option.
E. Resilient Flooring	
(1) Possible Deficiency	Nail pops appear on the surface of resilient flooring.
Performance Standard	Readily apparent nail pops shall be repaired.
Responsibility	Remodeler will correct nail pops which have broken the surface. Remodeler will repair or replace, at Remodeler's sole option, resilient floor covering in the affected area with similar materials. Remodeler will not be responsible for discontinued patterns or color variations in the floor covering.

(2)	Possible Deficiency	Depressions or ridges appear in the resilient flooring due to subfloor irregularities.
	Performance Standard	Readily apparent depressions or ridges exceeding 1/8 inch shall be repaired. The ridge or depression measurement is taken as the gap created at one end of a six-inch straightedge placed over the depression or ridge with three inches of the straightedge on one side of the defect, held tightly to the floor.
	Responsibility	Remodeler will take corrective action as necessary, to bring the defect within acceptable tolerance so that the affected area is not readily visible. Remodeler will not be responsible for discontinued patterns or color variations in floor covering.
(3)	Possible Deficiency	Resilient flooring loses adhesion.
	Performance Standard	Remodeler will repair or replace, at Remodeler's sole option, the affected resilient flooring as required. Remodeler will not be responsible for discontinued patterns or color variation of floor covering ,or for problems caused by Owner neglect or abuse.
(4)	Possible Deficiency	Seams or shrinkage gaps show at resilient flooring joints.
	Performance Standard	Gaps shall not exceed 1/16 inch in width in resilient floor covering joints. Where dissimilar materials abut, a gap not to exceed 1/8 inch is permissible.
	Responsibility	Remodeler will repair or replace, at Remodeler's sole option, the affected resilient flooring as required. Remodeler will not be responsible for discontinued patterns or color variation of floor covering ,or for problems caused by Owner neglect or abuse.
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F. Painting		
(1)	Possible Deficiency	Exterior paint or stain peels, deteriorates or fades.
	Performance Standard	Exterior paints or stains should not fail during the first year of the Limited Warranty period. However, fading is normal and the degree is dependent on climatic conditions.
	Responsibility	If paint or stain is defective, Remodeler will properly prepare and refinish affected areas, matching color as close as possible. Where finish deterioration affects the majority of the wall area, the whole area will be refinished.
(2)	Possible Deficiency	Painting required as corollary repair because of other work.
	Performance Standard	Repairs required under this Limited Warranty shall be finished to match surrounding areas as closely as practicable.
	Responsibility	Remodeler will finish repair areas as indicated.
(3)	Possible Deficiency	Deterioration of varnish or lacquer finishes.
	Performance Standard	Natural finishes on interior woodwork shall not deteriorate during the first year of the Limited Warranty period. However, varnish type finishes used on the exterior will deteriorate rapidly and are not covered by the Limited Warranty.
	Responsibility	Remodeler will retouch affected areas of natural finish interior woodwork, matching the color as closely as possible.
(4)	Possible Deficiency	Mildew or fungus on painted surfaces.
	Performance Standard	Mildew or fungus will form on a painted surface if the structure is subject to abnormal exposures (i.e., rainfall, ocean , riverfront).
	Responsibility	Mildew or fungus formation is a condition the Remodeler cannot control and is an Owner maintenance item unless it is a result of noncompliance with other sections of the Performance Standard.
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G. Wall Covering		
(1)	Possible Deficiency	Peeling of wall covering.
	Performance Standard	Peeling of wall covering shall not occur.
	Responsibility	Remodeler will repair or replace defective wall covering applications.
(2)	Possible Deficiency	Edge mismatching in pattern of wall covering.
	Performance Standard	None.
	Responsibility	None.
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H. Carpeting		
(1)	Possible Deficiency	Open carpet seams.
	Performance Standard	Carpet seams will show. However, no visible gap is acceptable.
	Responsibility	Remodeler will correct.

(2)	Possible Deficiency	Carpeting becomes loose, seams separate or stretching occurs.
	Performance Standard	Wall to wall carpeting, installed as the primary floor covering, when stretched and secured properly shall not come up, become loose, or separate from its point of attachment.
	Responsibility	Remodeler will re-stretch or re-secure carpeting as needed, if original installation was performed by Remodeler.
(3)	Possible Deficiency	Spots on carpet, minor fading.
	Performance Standard	Exposure to light may cause spots on carpet and/or minor fading.
	Responsibility	None.
I. Special Coatings		
(1)	Possible Deficiency	Cracks in exterior stucco wall surfaces.
	Performance Standard	Cracks are not unusual in exterior stucco wall surfaces. Cracks greater than 1/8 inch in width shall be repaired.
	Responsibility	Remodeler will repair cracks exceeding 1/8 inch in width, one time only, during the first year of the Limited Warranty Period.
8. Specialties		
Coverage: 1st Year Only		Area: Workmanship and Materials
A. Louvers and Vents		
(1)	Possible Deficiency	Inadequate ventilation of attics and crawl spaces.
	Performance Standard	Attic and crawl spaces shall be ventilated as required by the approved building code.
	Responsibility	The Remodeler shall provide for adequate ventilation. Remodeler will not be responsible for alterations to the original system.
B. Fireplaces		
(1)	Possible Deficiency	Fireplace or chimney does not draw properly.
	Performance Standard	A properly designed and constructed fireplace and chimney shall function properly. It is normal to expect that high winds can cause temporary negative draft situations. Similar negative draft situations can also be caused by obstructions such as large branches of trees too close to the chimney. Some homes may need to have a window opened slightly to create an effective draft, if they have been insulated and weatherproofed to meet high energy conservation criteria.
	Responsibility	Remodeler will determine the cause of malfunction and correct, if the problem is one of design or construction of the fireplace.
(2)	Possible Deficiency	Chimney separation from structure to which it is attached.
	Performance Standard	Newly built fireplaces will often incur slight amounts of separation. Separation shall not exceed inch from the main structure in any 10 foot vertical measurement.
	Responsibility	Remodeler will determine the cause of separation and correct if standard is not met. Caulking is acceptable.
(3)	Possible Deficiency	Firebox paint changed by fire.
	Performance Standard	None.
	Responsibility	None. Heat from fires will alter finish.
(4)	Possible Deficiency	Cracked firebrick and mortar joints.
	Performance Standard	None.
	Responsibility	None. Heat and flames from "roaring" fires will cause cracking.
9. Equipment		
Coverage: 1st Year Only		Area: Workmanship and Materials
A. Residential Equipment		
(1)	Possible Deficiency	Surface cracks, joint delaminations and chips in high pressure laminates on vanity and kitchen cabinet counter-tops.
	Performance Standard	Countertops fabricated with high pressure laminate coverings shall not delaminate.
	Responsibility	Remodeler will replace delaminated coverings to meet specified criteria. Remodeler will not be responsible for chips and cracks not reported to Remodeler prior to the effective date of the Limited Warranty.
(2)	Possible Deficiency	Kitchen cabinet malfunctions.
	Performance Standard	Warpage not to exceed 1/4 inch as measured from face frame to point of furthest warpage with door or drawer front in closed position.
	Responsibility	Remodeler will correct or replace doors or drawer fronts.

(3) Possible Deficiency	Gaps between cabinets, ceiling or walls.
Performance Standard	Acceptable tolerance ¼ inch in width.
Responsibility	Remodeler will correct to meet Performance Standard.

10. Plumbing	Coverage: 1st Year Only	Area: Workmanship and Materials
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A. Water Supply System

(1) Possible Deficiency	Plumbing pipes freeze and burst.
Performance Standard	Drain, waste and vent, and water pipes shall be adequately protected, as required by applicable code, during normally anticipated cold weather, and as defined in accordance with ASHRAE design temperatures, to prevent freezing.
Responsibility	Remodeler will correct situations not meeting the code. It is the Owner's responsibility to drain or otherwise protect lines and exterior faucets exposed to freezing temperatures.

B. Plumbing System

(1) Possible Deficiency	Faucet or valve leak.
Performance Standard	No valve or faucet shall leak due to defects in workmanship and materials.
Responsibility	Remodeler will repair or replace the leaking faucet or valve.
(2) Possible Deficiency	Defective plumbing fixtures, appliances or trim fittings.
Performance Standard	Fixtures, appliances or fittings shall comply with their manufacturer's standards.
Responsibility	Remodeler will replace any defective fixture or fitting which does not meet acceptable standards, as defined by the manufacturer.
(3) Possible Deficiency	Noisy water pipes.
Performance Standard	There will be some noise emitting from the water pipe system, due to the flow of water. However, water hammer shall be eliminated.
Responsibility	Remodeler cannot remove all noises due to water flow and pipe expansion. Remodeler will correct to eliminate "water hammer."
(4) Possible Deficiency	Cracking or chipping of porcelain or fiberglass surfaces.
Performance Standard	Chips and cracks on surfaces of bathtubs and kitchen sinks can occur when surface is hit with sharp or heavy objects.
Responsibility	Remodeler will not be responsible for repairs unless damage has been reported to Remodeler prior to first occupancy.

11. Heating and Cooling	Coverage: 1st Year Only	Area: Workmanship and Materials
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A. Heating

(1) Possible Deficiency	Inadequate heating.
Performance Standard	Heating system shall be capable of producing an inside temperature of 70 F, as measured in the center of each room at a height of 5 feet above the floor, under local outdoor winter design conditions as specified in ASHRAE handbook. Federal, state or local energy codes shall supersede this standard where such codes have been locally adopted.
Responsibility	Remodeler will correct heating system to provide the required temperatures. However, Owner shall be responsible for balancing dampers, registers and other minor adjustments.

B. Refrigeration

(1) Possible Deficiency	Inadequate cooling.
Performance Standard	Where air-conditioning is provided, the cooling system shall be capable of maintaining a temperature of 78°F, as measured in the center of each room at a height of 5 feet above the floor, under local outdoor summer design conditions as specified in ASHRAE handbook. In the case of outside temperatures exceeding 95°F, a differential of 15°F from the outside temperature will be maintained. Federal, state, or local energy codes shall supersede this standard where such codes have been locally adopted.
Responsibility	Remodeler will correct cooling system to meet temperature conditions, in accordance with specifications.

C. Condensation Lines

(1) Possible Deficiency	Condensation lines clog up.
Performance Standard	None.
Responsibility	Condensation lines will clog eventually under normal use. This is an Owner maintenance item. Remodeler shall provide unobstructed condensation lines as of the effective date of the Limited Warranty.

D. Evaporative Cooling

(1) Possible Deficiency	Improper mechanical operation.
Performance Standard	Equipment shall function properly at temperature standard set.
Responsibility	Remodeler will correct and adjust so that blower and water system operate as designed.

12. Ventilation**Coverage: 1st Year Only****Area: Workmanship and Materials****A. Air Distribution**

(1) Possible Deficiency	Noisy ductwork.
Performance Standard	When metal is heated it expands and when cooled it contracts. The result is "ticking" or "crackling" which is generally to be expected.
Responsibility	None.
(2) Possible Deficiency	Oilcanning.
Performance Standard	The stiffening of the ductwork and the gauge of the metal used shall be such that ducts do not "oilcan." The booming noise caused by "oilcanning" is not acceptable.
Responsibility	Remodeler will correct to eliminate this sound.

13. Electrical**Coverage: 1st Year Only****Area: Workmanship and Materials****A. Electrical Conductors, Fuses and Circuit Breakers**

(1) Possible Deficiency	Fuses blow or circuit breakers (excluding ground fault interruptors) "kickout."
Performance Standard	Fuses and circuit breakers shall not activate under normal usage.
Responsibility	Remodeler will check wiring circuits for conformity with local, state, or approved national electrical code requirements, Remodeler will correct circuitry not conforming to code specifications.

B. Outlets, Switches and Fixtures

(1) Possible Deficiency	Drafts from electrical outlets.
Performance Standard	Electrical junction boxes on exterior walls may produce air flow whereby the cold air can be drawn through the outlet into a room. The problem is normal in new home construction.
Responsibility	None.
(2) Possible Deficiency	Malfunction of electrical outlets, switches or fixtures.
Performance Standard	All switches, fixtures and OUTLETS shall operate as intended.
Responsibility	Remodeler will repair or replace defective switches, fixtures and outlets.

C. Service and Distribution

(1) Possible Deficiency	Ground fault interruptor trips frequently.
Performance Standard	Ground fault interruptors are sensitive safety devices installed into the electrical system to provide protection against electrical shock. These sensitive devices can be tripped very easily.
Responsibility	Remodeler shall install ground fault interruptor in accordance with approved electrical code. Tripping is to be expected and is not covered, unless due to a construction defect,

SYSTEMS: FIRST AND SECOND YEARS**14. Plumbing System****Coverage: 1st and 2nd Years****Area: Systems****A. Water Supply**

(1) Possible Deficiency	Water supply system fails to deliver water.
Performance Standard	All on-site service connections to municipal water main and private water supply shall be the Remodeler's responsibility. Private systems shall be designed and installed in accordance with all approved building, plumbing and health codes.
Responsibility	Remodeler will repair if failure is the result of defective workmanship or materials. If conditions beyond Remodeler's control disrupt or eliminate the sources of the supply, the Remodeler has no responsibility.

B. Septic Tank System

(1) Possible Deficiency	Septic system fails to operate properly.
Performance Standard	Septic system shall function adequately during all seasons, under climatic conditions normal or reasonably anticipated (based on local records) for the location of the home. Septic system shall be designed and installed to comply with applicable, HOW-Approved code Requirements,

Responsibility

Remodeler will repair, or otherwise correct, a malfunctioning or non-operating system, if failure is caused by inadequate design, faulty installation, or other cause relating to actions of the builder or contractors or subcontractors under the Warrantor's control. Warrantor will not be responsible for system malfunction or damage which is caused by Owner negligence, lack of system maintenance, or other causes attributable to actions of the Owner or Owner's contractors, not under the control of the Warrantor including, but not necessarily limited to; the addition of fixtures, items of equipment, appliances or other sources of waste or water to the plumbing system served by the septic system; and damage, or changes, to the septic system installation or surrounding soil conditions critical to the system's functioning.

C. Piping

(1) Possible Deficiency	Leakage from any piping.
Performance Standard	No leaks of any kind shall exist in any soil, waste, vent or water pipe. Condensation on piping does not constitute leakage, and is not covered.
Responsibility	Remodeler will make repairs to eliminate leakage.
(2) Possible Deficiency	Stopped up sewers, fixtures and drains.
Performance Standard	Sewers, fixtures and drains shall operate properly.
Responsibility	Remodeler will not be responsible for sewers, fixtures and drains which are clogged through the Owner negligence. If a problem occurs, the Owner should consult Remodeler for a proper course of action. Where defective construction is shown to be the cause, Remodeler will assume the cost of the repair; where Owner negligence is shown to be the cause, the Owner shall assume all repair costs
(3) Possible Deficiency	Refrigerant lines leak.
Performance Standard	Refrigerant lines shall not develop leaks during normal operation.
Responsibility	Remodeler will repair leaking refrigerant lines and re-charge unit, unless damage was caused by Owner.

15. Ventilation System	Coverage: 1st and 2nd Years	Area: Systems
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A. Air Distribution

(1) Possible Deficiency	Ductwork separates or becomes unattached.
Performance Standard	Ductwork shall remain intact and securely fastened.
Responsibility	Remodeler will re-attach and re-secure all separated or unattached ductwork.

16. Electrical System	Coverage: 1st and 2nd Years	Area: Systems
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A. Wiring

(1) Possible Deficiency	Failure of wiring to carry its designed load.
Performance Standard	Wiring should be capable of carrying the designed load for normal residential use.
Responsibility	Remodeler will check wiring for conformity with local, state, or approved national electrical code requirements. Remodeler will repair wiring not conforming to code specifications.

Appendix A — Model Codes**Building Codes**

- BOCA Basic Building Code, Building Officials & Code Administrators International, Inc.
- National Building Code, American Insurance Association
- Standard Building Code, Southern Building Code Congress
- Uniform Building Code, International Conference of Building Officials
- One and Two Family Dwelling Code, Under the Nationally Recognized Model Codes

Mechanical Codes

- Uniform Building Code, Volume II, Mechanical, International Conference of Building Officials
- BOCA Basic Mechanical Code Building Officials & Code Administrators International, Inc.
- Standard Mechanical Code, Southern Building Code Congress

Plumbing Codes

- Standard Plumbing Code, Southern Building Code Congress
- Uniform Plumbing Code, International Association of Plumbing & Mechanical Officials
- BOCA Basic Plumbing Code, Building Officials & Code Administrators International, Inc.

Electrical Codes

- Electrical Code for One and Two Family Dwelling, National Fire Protection Association
- National Electrical Code, National Fire Protection Association

SECTION III — REMODELER DEFAULT AND MAJOR STRUCTURAL DEFECT COVERAGE

The Remodeler Default Coverage and Major Structural Defect Coverage are provided to the Owner pursuant to the Remodeler's insurance coverage obtained as a participant in the Home Owners Warranty Program ("HOW Program" or "the Program") and all of the amendments attached to the Certificate of Enrollment ("Certificate"). The Remodeler's insurance coverages provide certain benefits to the Owner as described below.

I. COVERAGE TERMS

- A. Coverage for Remodeler Default under the Limited Warranty shall become effective on the Remodeler Default Coverage Commencement date stated on the Certificate. This Coverage shall terminate two (2) years from its Commencement Date.
- B. Coverage for Major Structural Defects shall become effective on the Major Structural Defect Coverage Commencement Date stated on the Certificate. This Coverage shall terminate three (3) years from its Commencement Date.
- C. Termination of all Coverages shall occur automatically without further action on the part of Home Owners Warranty Corporation ("HOW"), HOW Insurance Company ("Insurer"), the Remodeler or the Owner. No **claim will be honored following termination of the applicable coverage unless the Insurer has received notice, in writing, of the existence of a defect no later than thirty (30) days after the coverage on that item expires.**

II. WHAT IS COVERED

- A. DEFAULT BY THE REMODELER IN PERFORMANCE OF ITS OBLIGATIONS UNDER THE REMODELER'S LIMITED WARRANTY.

In the event a covered loss due to a Remodeler Default occurs, the Insurer will repair or replace the defective item(s), or will pay the Owner the reasonable cost of such repair or replacement on behalf of the Remodeler.

The Insurer's **total liability** under the Remodeler Default Coverage is limited to what is provided under Article III, below. The choice as to repair, replacement or repayment is solely that of the Insurer.

- B. MAJOR STRUCTURAL DEFECTS THAT FIRST OCCUR DURING THE TERM OF THE MAJOR STRUCTURAL DEFECT COVERAGE AS STATED ON THE CERTIFICATE.

Repair of a Major Structural Defect is limited (1) to the repair of damage to the load-bearing portions of the remodeled portion of the Home which are necessary to restore their load-bearing function; and (2) to the repair of those items of the Home damaged by the Major Structural Defect which made the Home unsafe, unsanitary or otherwise unlivable. In the event a Major Structural Defect occurs during the term of the Major Structural Defect Coverage, the Insurer will repair or replace the defective item(s) as described above, or will pay the Owner the reasonable cost of such repair or replacement.

The Insurer's **total liability** under the Major Structural Defect Coverage is limited to what is provided in Article III, below. The choice as to repair, replacement or payment is solely that of the Insurer.

III. LIMITS OF LIABILITY

REMODELER DEFAULT COVERAGE If a defect occurs which is covered under the Remodeler Default Coverage, the Insurer's limit of liability shall not exceed the contract price of the remodeling work as stated on the Certificate, reduced by the sum of all the Insurer payments for previous losses on that remodeling work, if any. For each occurrence the Insurer will pay losses in excess of the first \$100 of the cost of repairing or replacing the covered defect.

Steps taken by the Insurer to correct Major Structural Defects under the Major Structural Defect Coverage shall not act to extend the time of this Coverage.

MAJOR STRUCTURAL DEFECT COVERAGE If a Major Structural Defect first occurs during the term of the Major Structural Defect Coverage stated on the Certificate, ("Years Three Through Five"), the Insurer's limit of liability shall not exceed the contract price of the remodeling work as stated on the Certificate, reduced by the sum of all the Insurer payments for previous losses on that remodeling work, including payments made by the Insurer on the Remodeler's behalf under the Remodeler Default Coverage, if any. For each occurrence, the Insurer will pay losses in excess of the first \$100 of the cost of repairing or replacing the covered defect.

IV. EXCLUSIONS

The Remodeler Default Coverage and Major Structural Defect Coverage shall not extend to or include or be applicable to:

- A. Swimming pools, their equipment and any damage caused by, or resulting from leaking or other failure of the pools; and other recreational facilities; driveways; walkways; patios; boundary walls; retaining walls; bulkheads; fences;

- landscaping (including sodding, seeding, shrubs, trees and plantings); off-site improvements; or any other improvements not designed as part of the remodeling work;
- B. Solar panel systems or their installation or operation;
- C. Inadequate performance of heating and cooling systems which are modifications, alterations or extensions of existing systems for which the Remodeler did not provide overall system redesign and did not install new heating and/or cooling units of greater capacity to handle additional heating/cooling loads;
- D. Inadequate performance of an electrical system which is a modification, alteration or extension of an existing system, which exceeds the capacity of the system (service, controls and circuits) unless the system was upgraded to code and required capacity by the Remodeler;
- E. Inadequate performance of an existing septic system or other on-site waste disposal system to which additional fixtures, appliances or other sources of waste are connected, unless the capacity or the existing system (septic tank, disposal area and disposal lines) has been increased (designed and installed) by the Remodeler;
- F. After the first year of coverage, concrete floors of basements and concrete floors of attached garages included as part of the remodeling contract that are built separately from foundation walls or other structural elements of the Home;
- G. Loss or damage to real property which is not part of the remodeling work and which is not included in the contract price stated on the Certificate;
- H. Any damage to the extent it is caused or made worse by:
 1. Negligence, improper maintenance or improper operation by anyone other than the Remodeler, its employees, agents or subcontractors; or
 2. Failure by the Owner or by anyone other than the Remodeler, its employees, agents or subcontractors to comply with the warranty requirements of manufacturers of appliances, fixtures and items of equipment installed by the Remodeler as part of the remodeling work; or
 3. Failure by the Owner to give notice to the Remodeler and HOW of any defects within a reasonable time; or
 4. Changes of the grading of the ground by anyone other than the Remodeler, its employees, agents or subcontractors; or
 5. Changes, alterations or additions made to the remodeling work by anyone after the Limited Warranty Commencement Date stated on the Certificate; or
 6. Dampness or condensation due to the failure of the Owner to maintain adequate ventilation;
- I. Loss or damage which the Owner has not taken timely action to minimize;
- J. Any defect in, caused by, or resulting from materials or work (including, but not limited to, items shown on any Addendum to the Application for HOW Protection) supplied by anyone other than the Remodeler, its employees, agents or subcontractors;
- K. Normal wear and tear or normal deterioration;
- L. Loss or damage, not otherwise excluded under this Limited Warranty, which does not constitute a defect in the construction of the remodeled portion of the Home by the Remodeler, its employees, agents or subcontractors;
- M. Loss or damage caused by or resulting from accidents, riot and civil commotion, fire, explosion, smoke, water escape, falling objects, aircraft, vehicles, Acts of God, lightning, windstorm, hail, flood, mudslide, earthquake, volcanic eruption, wind-driven water and changes in the underground water table which were not reasonably foreseeable;
- N. Loss or damage caused by or resulting from soil movement for which compensation is provided by legislation or which is covered by other insurance;
- O. Insect damage;
- P. Loss or damage which arises while the Home is being used primarily for nonresidential purposes;
- Q. Failure of the Remodeler to complete the work;
- R. Any condition which does not result in actual physical damage to the remodeled portion of the Home, including, but not limited to: uninhabitability or health risk due to the presence or consequence of unacceptable levels of radon gas, formaldehyde or other pollutants and contaminants; or the presence of hazardous or toxic on-site materials;
- S. Bodily injury or damage to personal property;
- T. Loss or damage caused by or resulting from abnormal loading on floors by the Owner which exceeds design loads as mandated by codes;
- U. Costs of shelter, transportation, food, moving, storage, or other incidental expenses related to inconvenience or relocation during repairs;
- V. Consequential damages (except where required by state law); and
- W. Any insurance claim not filed in a manner set forth below in "How To Make A Claim".

V. HOW TO MAKE A CLAIM

- A. All claims under either the Remodeler Default Coverage or the Major Structural Defect Coverage must be pursued through the Insurer. Do not pursue such claims through the Remodeler. Notice to The Insurer must be given in writing and sent postage prepaid to HOW at the address shown on the Certificate, or to whatever other address HOW or the Insurer may designate. Notice to HOW shall be deemed notice to the Insurer **Notice to the Remodeler shall not constitute notice to the Insurer.**

- B. Should the Remodeler Default on a Limited Warranty obligation or should a Major Structural Defect first occur during Years Three Through Five, the Owner must notify the Insurer in writing of the claim. **THE NOTICE FULLY DESCRIBING THE REMODELER'S DEFAULT ON ITS WARRANTY OBLIGATION OR MAJOR STRUCTURAL DEFECT MUST BE RECEIVED BY HOW NO LATER THAN THIRTY (30) DAYS AFTER THE EXPIRATION OF THE APPLICABLE COVERAGE TERM.** Claims received by HOW more than thirty (30) days after the expiration of the applicable coverage term are not covered and may be rejected.
- C. Upon satisfaction of a claim, the Owner shall give the Insurer a full and unconditional release with respect to that claim. The Owner shall cooperate fully with the Insurer in any attempt by the Insurer to obtain reimbursement from the Remodeler or others.

VI. DEFINITIONS

Except as otherwise provided, the terms used in the Remodeler Default Coverage and the Major Structural Defect Coverage shall have the meanings assigned below:

- A. **"Home"** - A single family attached or detached structure.
- B. **"Insurer"** - HOW Insurance Company, Wilmington, Delaware.
- C. **"Major Structural Defect"** - Actual physical damage to the following designated load-bearing portions of the Home which have been installed or altered by the Remodeler in the course of remodeling the Home or which though not installed or altered by the Remodeler **have been directly damaged by the work of the Remodeler and** which damage to such load-bearing portions affects their load-bearing functions to the extent that the Home becomes unsafe, unsanitary or otherwise unliveable:
- | | |
|-------------------------------------|--------------------------|
| 1. Foundation systems and footings; | 5. Columns; |
| 2. Beams; | 6. Walls and partitions |
| 3. Girders; | 7. Floor systems; and |
| 4. Lintels; | 8. Roof framing systems; |

Damage to the following non-load bearing portion of the Home does not constitute a Major Structural Defect:

- | | |
|--|--|
| 1. Roofing and sheathing; | 9. Electrical, plumbing, heating, cooling and ventilation systems; |
| 2. Drywall and plaster; | 10. Appliances, fixtures and items of equipment; |
| 3. Exterior siding; | 11. Paint; |
| 4. Brick, stone or stucco veneer; | 12. Doors and windows; |
| 5. Floor covering material; | 13. Trim; |
| 6. Wall tile and other wall coverings; | 14. Cabinets; |
| 7. Non-load bearing walls and partitions; | 15. Hardware; and |
| 8. Concrete floors in attached garages and basements that are built separately from foundation walls or other structural elements of the Home; | 16. Insulation. |

- D. **"Owner"** - The person who owns the Home and contracted with the Remodeler to perform the remodeling work in the remodeling contract, and his successors in title.
- E. **"Remodeler"** - The person, corporation, partnership or other entity which is a participant in the Home Owners Warranty Program and provides the Limited Warranty.
- F. **"Remodeler Default"** - The Remodeler's liability resulting from the Remodeler's failure to perform under the Limited Warranty as determined in dispute settlement under the HOW Program or because of bankruptcy or insolvency.

VII. OTHER INSURANCE

The Remodeler Default Coverage and Major Structural Defect Coverage evidenced by the Certificate are excess insurance coverages. This means that if a loss or damage occurs which is not otherwise expressly excluded under the above Coverages and the loss or damage is attributable to a peril which is specifically covered by other insurance carried by the Remodeler or the Owner, and applicable to the Home or its remodeling, the Insurer will not be liable for the loss except for that portion of the loss which is in excess of the amount due from such other insurance (whether collected or not) and the amount of such loss which is uncollectable from such other insurance because of the application of a deductible.

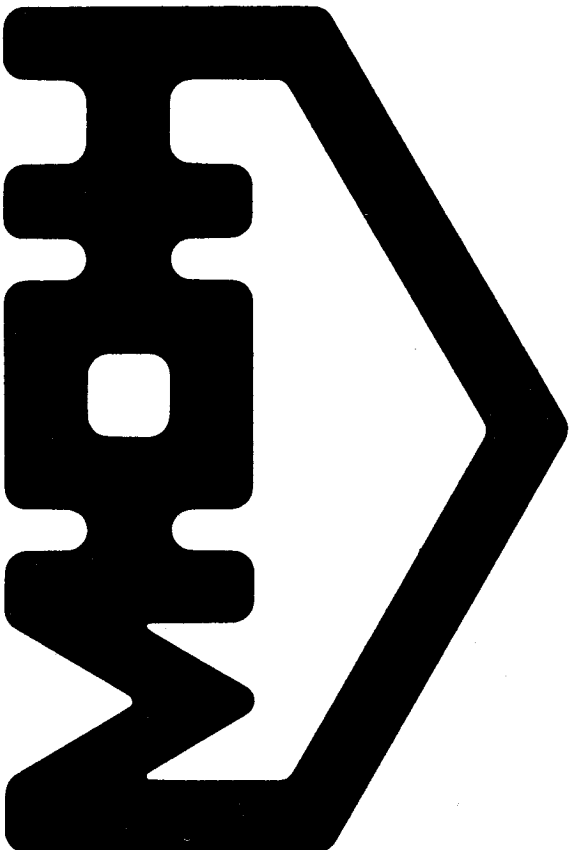
VIII. RESALE

Each successor in title to the Home, including any mortgagee in possession, is automatically entitled to the benefits of the Remodeler Default and Major Structural Defect Coverages for their unexpired terms. There is no limit to the number of such successions during the term of such Coverages.

IX. GENERAL

- A. If the Insurer's performance of any of its obligations is delayed by any event beyond the Insurer's own control or conduct, the Insurer will be excused from performing until the effects of that event are remedied. Examples of such are Act of God or the common enemy, war, riot, civil commotion, sovereign conduct or acts of persons who are not parties to or beneficiaries of the Remodeler Default and Major Structural Defect Coverages.

- B. All notices required under the Remodeler Default and Major Structural Defect Coverages must be sent to HOW at the address shown on the Certificate. Notice to HOW shall be deemed notice to the Insurer. **Notice to the Remodeler shall not constitute notice to the Insurer.**
- C. No change in the Remodeler Default and Major Structural Defect Coverages will be valid unless in the form of an amendment attached to the Certificate and approved by an executive officer of the Insurer.
- D. Use of one gender will include all other genders; and use of the singular will include plural, as may be appropriate.
- E. Should any provision of the Remodeler Default or Major Structural Defect Coverage be deemed unenforceable by a court of competent jurisdiction, that determination will not affect the enforceability of the remaining provisions.



HOME OWNERS WARRANTY CORPORATION®

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