



CHATEAU DEVELOPMENT COMPANY

LIMITED WARRANTY

Morningside Village

**One Year Coverage on Specified Areas
Of Workmanship, Materials and Systems**

**Ten Year Structural Coverage on
Specified Load-Bearing Elements**

Revised 2/1/05

LIMITED WARRANTY

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ACKNOWLEDGEMENT OF RECEIPT**

Buyer(s): _____

Project: _____

Property Address: _____

Date: _____

Buyer(s) hereby acknowledges receipt of a sample copy of the Limited Warranty which will be provided by Chateau Custom Builders, Inc. (the Builder) in connection with the purchase of the above referenced property. Prior to the closing of the purchase of the property, Buyer(s) agree to read the Limited Warranty in its entirety, and will contact the Builder with any questions relating to the coverage, limitations or exclusions contained therein, or the duties, rights and obligations of Buyer(s), Seller and Builder with respect thereto.

Concurrently with the closing of the purchase of the property, Buyer(s) will be required to sign an Agreement Regarding Home Warranty, a sample of which is included with the sample Limited Warranty.

Buyer(s) have been advised that they have the right to have the Limited Warranty and the Agreement Regarding Home Warranty reviewed by an attorney, at Buyer(s) cost and expense, prior to the purchase of the property.

Buyer(s) failure to read the sample Limited Warranty and to obtain any needed clarification or assistance with respect thereto prior to the purchase of the property shall not change, modify or alter, in any way, any of the rights, duties or obligations under the Limited Warranty.

Date

Date

INTRODUCTION

This Limited Warranty has been provided to you by Chateau Custom Builders, Inc., a Colorado corporation, doing business as Chateau Development Company, in its capacity as the "Builder" of your new home within the _____ project. This Limited Warranty is provided by the Builder on behalf of _____, a Colorado limited liability company, the "Seller" of your home.

UPON CLOSING AND UPON DELIVERY, BUYER AGREES TO ACCEPT THIS WARRANTY IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY AND WORKMANSHIP, AND THE WARRANTY IS ALSO IN LIEU OF ANY CLAIMS FOR CONSEQUENTIAL DAMAGES, PERSONAL INJURY, MENTAL ANGUISH OR DISTRESS, ANNOYANCE AND INCONVENIENCE, AND FOR DAMAGES BASED UPON NEGLIGENCE, FRAUD OR MISREPRESENTATION, AND THE BUYER HEREBY EXPRESSLY WAIVES AND DISCLAIMS ANY SUCH WARRANTIES AND CLAIMS WITH RESPECT TO THE PROPERTY. THE PROVISIONS OF THIS PARAGRAPH SHALL SURVIVE THE CLOSING OF THE CONVEYANCE HEREIN DESCRIBED.

SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO ANY ITEMS INSTALLED IN THE PROPERTY WHICH ARE ORDERED SPECIFICALLY OR SEPARATELY BY THE BUYER. IN NO EVENT WILL SELLER BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES FOR ANY ALLEGED BREACH OF SUCH WARRANTY OR THIS AGREEMENT AND BUYER'S REMEDY SHALL BE LIMITED TO THE EXPRESS TERMS CONTAINED WITHIN THE WARRANTY.

BUYER ASSUMES THE RISK OF ANY AND ALL DAMAGE OCCURRING IN OR APPEARING ON THE PROPERTY FROM AND AFTER THE DATE OF CLOSING. BUYER'S ASSUMPTION OF THIS RISK IS PARTIALLY IN CONSIDERATION OF THE AMOUNT OF THE PURCHASE PRICE STATED HEREIN WHICH IS LOWER THAN IT WOULD BE IF SELLER WAS TO BE HELD RESPONSIBLE FOR ANY SUCH RISKS BY VIRTUE OF ANY EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES.

DAMAGES, WHETHER FOR BREACH OF CONTRACT, BREACH OF WARRANTY, NEGLIGENCE, TORT, STATUTORY CLAIMS, REGULATORY CLAIMS, PURSUANT TO EQUITY OR OTHERWISE, SHALL BE LIMITED TO AN AMOUNT EQUAL TO ACTUAL DAMAGES NECESSARY TO COMPENSATE THE INJURED PARTY, AND IN NO EVENT GREATER THAN THAT WHICH WOULD BE AWARDED UNDER THE TERMS AND PROVISIONS OF THE LIMITED WARRANTY AND IN NO EVENT SHALL CONSEQUENTIAL, INCIDENTAL, TREBLE DAMAGES (OR DAMAGES BASED UPON ANY OTHER MULTIPLIER), OR PUNITIVE DAMAGES BE RECOVERABLE. BUYER WAIVES, RELEASES, AND COVENANTS NOT TO ASSERT ANY RIGHT OR CLAIM TO CONSEQUENTIAL, INCIDENTAL, TREBLE (OR OTHER MULTIPLIER), OR PUNITIVE DAMAGES UNDER ANY CIRCUMSTANCE. IN NO EVENT AND UNDER NO CIRCUMSTANCES SHALL DAMAGES EVER EXCEED THE PRICE PAID BY THE BUYER FOR THE PROPERTY. BUYER EXPRESSLY UNDERSTANDS AND AGREES THAT THE TERMS OF THIS ANTICIPATORY RELEASE AND DAMAGE LIMITATIONS CONTAINED HEREIN ARE THE RESULT OF A KNOWING ALLOCATION OF RISKS BETWEEN THE BUYER AND SELLER BASED UPON THE PURCHASE PRICE. THE PARTIES ACKNOWLEDGE AND AGREE THAT THE PURCHASE PRICE AND OTHER CONSIDERATION WOULD HAVE BEEN HIGHER OR DIFFERENT WITHOUT THESE DAMAGE LIMITATIONS AND THESE LIMITATIONS ARE A REASONABLE MANNER OF RISK ALLOCATION BETWEEN THE PARTIES. BUYER AND SELLER INTEND THAT THESE DAMAGE LIMITATIONS WILL OR COULD BE ENFORCED, EVEN IF ANY WARRANTY OR REMEDY FAILS OF ITS ESSENTIAL PURPOSE. BUYER AND SELLER ACKNOWLEDGE AND AGREE THAT THIS DAMAGE LIMITATION AND ANY RELEASE GIVEN HEREUNDER SHALL HAVE BEEN GIVEN FOR AND IN CONSIDERATION OF A NEGOTIATED ARM'S LENGTH TRANSACTION UPON WHICH EACH OF THE PARTIES HAD A FULL AND COMPLETE OPPORTUNITY TO NEGOTIATE.

BUYER INTENDS THAT THE TERMS OF THIS ANTICIPATORY RELEASE AND THE DAMAGE LIMITATIONS CONTAINED HEREIN SHALL BIND ANY PERSON OR ENTITY, INCLUDING, BUT NOT

LIMITED TO, ANY ASSOCIATION WHICH SEEKS THE BENEFIT OF THIS AGREEMENT OR SEEKS TO ENFORCE BUYER'S RIGHTS. THE TERMS OF THIS ANTICIPATORY RELEASE AND THE DAMAGE LIMITATIONS CONTAINED HEREIN SURVIVE CLOSING, TERMINATION OR EXPIRATION OF THIS AGREEMENT.

IT IS EXPRESSLY AGREED AND UNDERSTOOD THAT THE TERMS HEREOF SHALL BE DEEMED EXCULPATORY AND SHALL SERVE AS A FULL AND COMPLETE BAR AND RELEASE OF ANY CLAIM AGAINST SELLER EXCEPT AS MAY ARISE PURSUANT TO AND LIMITED BY THE TERMS OF SELLER'S LIMITED WARRANTY. BUYER, FOR ITSELF, ITS HEIRS, SUCCESSORS, ASSIGNS, AND ANY ASSOCIATIONS TO WHICH BUYER IS A MEMBER, HEREBY AGREES, COVENANTS, AND ACKNOWLEDGES THAT BUYER'S SOLE AND ONLY REMEDIES AGAINST SELLER SHALL BE THOSE CONTAINED WITHIN THE TERMS AND PROVISIONS OF SELLER'S LIMITED WARRANTY. THIS TERM AND PROVISION OF THIS CONTRACT SHALL BE DEEMED TO BE EXPANSIVE AND SHALL NOT BE DEEMED TO BE READ AS WORDS OF LIMITATION AND SHALL BE DEEMED TO INCLUDE ALL CLAIMS FOR NEGLIGENCE, STATUTORY VIOLATIONS, CLAIMS ARISING UNDER THE COLORADO CONSUMER PROTECTION ACT, THE COLORADO SOILS DISCLOSURE ACT, OR ANY EQUIVALENT CLAIM.

This Limited Warranty generally provides a warranty against specified defects in workmanship and materials in the improvements to your home, and specified defects in the related mechanical systems, for a period of one (1) year from the date of initial sale of the home by the Seller, and against certain specified structural defects for a period of ten (10) years from the date of the initial sale of the home by the Seller.

Except for the express limited warranty provided herein, and any items which may be reflected on the pre-closing punch list prepared during the walk-through of the home, the property is being purchased in an "as-is" condition and state of repair.

Nothing contained in this Introduction is intended to be, nor is it to be construed as, a substitute for a thorough reading of the terms and provisions of the Limited Warranty.

SCOPE OF WARRANTY COVERAGE

During the coverage period described below, the Builder warrants that your home will be free from defects of construction as defined within this Limited Warranty. Coverage under this Limited Warranty is limited to defects in construction which occur and are reported by the Buyer in accordance to the described claims procedure during the coverage period.

Following a claim by the Buyer, the Builder will test or inspect the claimed defect in order to determine whether the claim is a covered item under this Limited Warranty. Upon the confirmation of a covered defect, the Builder will repair or replace the item, or pay the Buyer the reasonable cost for the repair or replacement of the item, at the Builder's sole and absolute discretion. The method of repair or replacement of any defective item shall be at the Builder's sole and absolute discretion. Any correction of a defective item shall not extend the term of coverage under this Limited Warranty.

Coverage during the First Year

This Limited Warranty generally provides a warranty against specified defects in workmanship and materials in the improvements to your home, and specified defects in the related mechanical systems, for a period of one (1) year from the Commencement Date set forth above. A "defect" is a deficiency in the workmanship, materials or systems used in constructing the home, which fails to conform to the Standards described in the "Covered Items" section of this Limited Warranty.

Site improvements, where installed by Builder for use in common, such as landscaping, parking areas, open spaces, swimming pools, private streets and drives, are typically considered "Common Elements." The term "Common Elements" also refers to any portion of a building, including structure and components of enclosure, which are provided for the use in common by the residents of the building, with free or limited access by those residents, and those portions of the plumbing or electrical systems serving two or more living units. Further clarification of the Common Elements within a specific condominium or townhome project are set forth within the Homeowners association documents for that project.

The Builder generally warrants Common Elements for a period of one year, beginning with the date the Common Elements were turned over to the Homeowners association, or in the case of a building containing homes, on the date the first home within the building is transferred to a buyer. Under the terms of the Limited Warranty, during the first year, the Common Elements

will conform to the Standards described in the "Covered Items" section of this Limited Warranty.

Coverage during the First Ten Years

This Limited Warranty generally provides a warranty against specified structural defects for a period of ten (10) years from the Commencement Date set forth above. A "structural defect" is actual physical damage to the load-bearing portions of the home or a Common Element caused by failure of such load-bearing portions which affects their load-bearing functions to the extent that the home or Common Element is unsafe, unsanitary, or otherwise unlivable. Only those load-bearing portions of the home or Common Element identified in the "Structural Coverage" section of this Limited Warranty are covered.

BUYER MAINTENANCE

All homes require ongoing maintenance in order to prevent damage and ensure the proper function of the home and its various systems. Negligence, improper maintenance, or improper landscaping may result in damage to your home, which is not covered by this Limited Warranty. For further information regarding Buyer maintenance, please refer to the Caring For Your New Home booklet which has been provided to you with the purchase of your home.

In townhome or condominium communities, most exterior maintenance and landscaping is the responsibility of the Homeowners association. However, in some instances, some of those responsibilities may have been allocated to the individual buyers. You should consult your Homeowners association documents in order to verify your maintenance and landscaping responsibilities.

EXCLUDED ITEMS

This Limited Warranty does NOT cover the following items:

1. Appliances, equipment and other items which are considered "consumer products" under the terms of the Magnuson-Moss Warranty Act (15 U.S.C. 2301). Such items are warranted by the manufacturers and suppliers thereof, and all warranties relating thereto have been assigned to the Buyer(s) upon the purchase of the Property. Defects in items covered by such warranties must be addressed in accordance to the procedures set forth within the warranties provided by the manufacturer and/or supplier of such item.
2. Other manufacturer's warranties may be available on materials and components of the home, not generally considered consumer products, such as carpeting, roofing materials, and sidings, and with varying obligations and terms of coverage. These warranties are independent of, and in no way affect, coverage under this Limited Warranty. Builder will not be responsible for a manufacturer's warranty determination.
3. Damages resulting from improper care or maintenance of the property, or the careless or intentional acts of Buyer, their successors, assigns or others acting by or through them.
4. Minor imperfections and inconsistencies in materials, such as color, texture and grain variations, knots, minor warpage, fit, finish, lumber straightness, dimensional lumber milling variances, floor joist and roof truss trueness, and interior trim graining.
5. Natural material imperfections causing minor variances in finish uniformity, consistency and appearance.
6. Minor variations in actual as-built dimensions compared to construction drawings and plans.
7. Violations of applicable building codes or ordinances unless such violation results in a defect otherwise covered under this Limited Warranty.
8. Damages resulting from or related to dampness, condensation or heat build-up due to the failure of the Buyer to maintain adequate ventilation.
9. Any defect in materials or workmanship supplied or installed by anyone other than Builder or its authorized agents or subcontractors.
10. Any changes, modifications or alterations to the home or any surrounding landscaping or grading made by anyone other than Builder or its agents or subcontractors.
11. Damage to outbuildings including, but not limited to, detached carports and garages (a fence, utility line or similar union shall not cause an outbuilding to be considered attached); site located swimming pools and other recreational facilities; driveways; walkways; patios not structurally attached; decks and balconies mechanically attached; boundary and retaining walls; bulkheads; fences; landscaping (including sod, seeding, shrubs, trees and plantings); french drains; off-site improvements; or any other improvements not a part of the home itself.
12. Damage to real property which is not part of the home.
13. Damage caused as a result of the failure of the Buyer(s) or any Homeowners association to take timely and reasonable steps to protect and minimize damage, or by the failure to make a claim in a timely manner.
14. Damage caused as a result of normal wear and tear.
15. Damage caused by or resulting from acts of war, terrorism, riot, civil unrest or acts of God, including, but not limited to, fire, lightning, explosion, smoke, hail, aircraft, falling objects, vehicles, flood, earthquake or other seismic activity, landslide or mudslide, water table changes, sinkholes, volcanic activity, falling trees, extreme weather conditions such as driving rains, gale force winds, tornadoes or heavy snows.
16. Damage caused by soils movement, including subsidence, expansion or lateral movement of the soil which is covered by

any insurance or for which compensation is provided by legislation.

17. Damage caused by pets, animals, insects or vermin.
18. Damage caused by tenants, or which arises while the home is being used for nonresidential purposes.
19. Consequential damages such as cost of shelter, transportation, food, moving, storage, any other costs related to the inconvenience of repairs, costs related to diminished market value of the home, any costs related to bodily injury, health problems, real or otherwise perceived, or costs to replace or restore personal property.
20. Damages resulting from the weight and/or performance of waterbeds or other furnishings which exceed the load-bearing design of the home.
21. Damages resulting from pollutants of any type or nature.
22. Bodily injury or damage to personal property.
23. Any items not specifically covered under the terms of this Limited Warranty.

COVERED ITEMS

This Limited Warranty generally provides a warranty against specified defects in workmanship and materials in the improvements to your home, and specified defects in the related mechanical systems, for a period of one (1) year from the Commencement Date set forth above. A "defect" is a deficiency in the workmanship, materials or systems used in constructing the home, which fails to conform to the Standards described in this Section. Claims must be made in accordance with the procedure set forth in the "Claims Procedure" section of this Limited Warranty.

This section sets forth the specific areas of workmanship and materials, or systems, covered by this Limited Warranty. Items have been grouped together within major categories. The discussion of each covered item, generally includes three (3) parts, described as follows:

Discussion (optional) - An explanation or discussion of the unique factors pertinent to the affected work or item.

Standard - Defines the specific criterion for acceptable workmanship.

Corrective Measure - Describes the specific Limited Warranty coverage, the repair work that may be required to meet the Standard, and/or the Buyer's or homeowners association maintenance responsibilities.

1. GRADING AND DRAINAGE

Grading

Discussion: The final grade is established to insure adequate drainage away from the home. No alterations to the grade around your home are permitted. Maintenance of positive drainage away from the foundation as well as all concrete slabs and walks is the Buyer's or homeowners association's responsibility.

Standard: Settling of ground around foundation walls, or other filled areas shall not interfere with water drainage away from the Home.

Corrective Measure: During the first year, Builder shall, where required, fill settled areas affecting proper drainage, on a one-time basis.

Drainage

Discussion: In most cases, drainage patterns do not follow property boundaries. No alterations to drainage patterns are permitted.

Standard: Proper grades and drainage patterns are established in order for water to drain away from the home. Water should not stand or pond within 10 feet of the home for extended periods (generally no more than 24 hours) after a rain. In areas where swales drain, detention areas or in areas where sump pumps discharge, standing water for periods of up to 48 hours are permitted.

Corrective Measure: Builder will correct any items of original construction which impedes drainage patterns established by Builder. The Buyer(s) and/or homeowners association is responsible for maintaining established drainage patterns and insuring that drainage is not impeded by other landscaping, decking, patios, pools, planters, raised beds, or other improvements not part of original construction.

2. LANDSCAPING

Discussion: Whether landscaping is installed by Builder, or by Buyer(s), certain guidelines should be

followed. Buyer(s) and homeowners associations should familiarize themselves with the particular requirements of Colorado soils.

Landscaping that is installed by the Builder will be geared toward reducing the amount of excess water that infiltrates the ground, especially in the immediate area around foundations. Only plants or shrubs that have low water requirements should be used near foundations, and planted a sufficient distance from the foundation to allow for root system growth. Plant material in foundation areas will be drip irrigated. Spray heads, rotors, or any similar sprinkler shall not spray closer than 5 feet from the foundation, and must be maintained to insure proper coverage.

The establishment of lawns requires special care and maintenance for the first four to six weeks after installation, and continued attention thereafter. Because the Builder does not maintain the property, we can not warrant the establishment of lawns.

Standards: Sod shall be laid in a straight uniform manner. There shall be no visible damage or dead sod upon delivery and initial installation of the sod.

Trees shall be installed in accordance with Builder specifications regarding spacing, sizing, and planting techniques. Trees, and shrubs will be healthy when planted, and be warranted to live for one year from date of installation, unless killed or otherwise damaged by neglect, improper maintenance, extreme weather, insects, or pets.

Sprinkler systems shall be designed to provide adequate coverage. Sprinklers shall be installed in accordance with Builder specifications for type, spacing, and placement. A control valve will be required for each sprinkler circuit. Size of control valves and pipes will be determined by system requirements. Anti-siphon valves or other backflow preventers will be installed as required by local codes. Maintenance of sprinkler system is the Buyer(s) or homeowners association's responsibility. Sprinkler systems should be checked and cleaned periodically to assure proper functioning. Systems must be winterized, by removing water from pipes, valves, and heads, before freezing occurs. Damage caused by freezing is the result of neglect and is not covered by this Limited Warranty.

Corrective Measures: Only damaged or dead sod noted upon delivery of the sodded area to the respective Buyer(s) or homeowners association will be replaced.

Trees or shrubs that do not survive for one year from

date of planting will be replaced one time only, unless damage results from mowing operations, pruning, impact or physical abuse, over-fertilizing, insects, pet urination, improper watering, fire, ice, wind storms, hail, or lightning. Replacement of any tree or shrub does not extend the warranty period.

Builder will correct sprinkler systems to meet standard only where, after adjustment of sprinklers, coverage is not possible.

3. CONCRETE FLATWORK

Discussion: Concrete Flatwork includes basement and garage floors, porches, patios, driveways, and sidewalks. To accommodate soil conditions in Colorado, concrete slabs are "floating", i.e., they are not attached to the home's foundation walls. Slabs constructed in this manner are not considered to be structural elements.

All concrete has a tendency to crack as a result of normal shrinkage and curing of materials. It is not possible to consistently produce crack-free concrete.

Isolation Joints

Discussion: Isolation joints are designed to allow for expansion and contraction attributable to thermal and moisture changes, and to avoid distress caused by different rates of anticipated settlement or heave. Isolation joints provide a complete separation for the full depth of the slab to allow free movement between abutting surfaces, and are typically used to separate basement and garage slabs from foundation elements, drive from garage slab, walks, and street.

Standard: Concrete slabs are designed to move at isolation joints.

Corrective Measure: None.

Basement Floors

Discussion: In order to allow basement floor slabs to move in response to expansive soils, there is a flexible collar around the top of the furnace plenum. Additionally, gas and water lines include flexible connections, and drain lines have slip joints. The basement stairs do not rest on the floor and the support posts under the I-beam are separated from the floor slab.

Slab movement will be minimized by close adherence to Colorado landscaping recommendations, the objective of which is to prevent moisture from reaching soils around and under the home.

Standards: Minor cracks in basement floors are normal. Random cracks of less than 3/16 inch in width or 1/8 inch in vertical displacement will not be repaired. Cracking at control joints (deliberately created lines of weakness for the purpose of crack control) of less than 1/4 inch in width or 1/4 inch vertical displacement will not be repaired.

Concrete slabs, except for that portion of a floor that has been designed for specific drainage purposes, shall not be out of level by more than 1 inch in 10 feet. Concrete slabs in rooms designed for habitability shall not have pits, depressions, or areas of unevenness exceeding 1/4 inch in 32 inches. Maximum settlement or heave shall not exceed 3 inches.

Corrective Measures: Builder will repair cracks exceeding maximum tolerances. Surface will be smoothed or nearly so. Patching, grouting, injecting, filling, caulking, and grinding are examples of acceptable repair methods. Repairs will not extend the length of warranty period, and after the first year are the Buyer's responsibility.

Cracks in concrete floors with finish flooring which rupture flooring material will be repaired.

Garage Floors

Discussion: Similar to basement slabs, garage slabs, porches, patios, and walks are designed to "float" and can move without affecting the foundation. Cleaning of the garage floor by hosing can cause settling, spalling (chipping and flaking), and increase soil movement by allowing water to penetrate any existing cracks. Ice melting agents, or road salts from vehicles, are other causes of spalling. The Builder will not be responsible for repairs needed due to such action.

Standard: Minor cracks in concrete garage floors are normal. Cracks in garage slabs of less than 1/4 inch in width or 1/4 inch in vertical displacement will not be repaired. Concrete garage slabs will slope toward street a minimum of 1/2 inch in 10 feet.

Corrective Measure: Builder will repair slabs exceeding maximum tolerances. Repair methods may include patching, caulking, grouting, injecting, filling, and grinding.

Driveway

Discussion: Minor cracking in exterior flatwork may occur due to normal expansion and contraction, and movement in the soils. Discoloring is a common occurrence, usually fades after a few years, and in no way affects the strength of the concrete. Scaling and

spalling of concrete surfaces can be caused by using de-icing salts.

To prevent damage to concrete surfaces, use only plain sand for de-icing purposes. Do not use de-icing salts. Remove snow and ice as soon as possible. When cracks appear, caulk with an acrylic concrete caulking material to prevent moisture from entering between cracks.

Do not allow overweight vehicles, such as trucks carrying concrete or containing landscape rock, to park on driveways.

Standards: Minor cracking, settlement, or heave, is normal. Random cracks in excess of less than 1/4 inch in width or 1/4 inch in vertical displacement will not be repaired. Cracking at control joints (deliberately created lines of weakness for the purpose of crack control) of less than 1/4 inch in width or 1/2 inch in vertical displacement will not be repaired. The driveway will slope to provide drainage and removal of surface water away from home and the minimum slope shall be 1%. Concrete shall not disintegrate to the extent that aggregate is exposed and loosed under normal conditions or weathering and use.

Builder is not responsible for repairs to concrete surfaces caused by repeated hosing for cleaning, over watering by sprinkler systems, animal urine, radiator overflow, fertilizer, failure to shovel snow and ice, ice melting agents, or road salts from vehicles.

Corrective Measures: Builder will repair driveway slabs exceeding maximum tolerances. Defective concrete surfaces will be repaired or replaced. Repair methods may include patching, caulking, grouting, injecting, filling, and grinding.

Porches, Patios and Sidewalks

Discussion: Similar to basement slabs, porches, patios, and walks are designed to "float" and can move without affecting the foundation. Movement and resulting cracking will be minimized by proper installation and maintenance of landscaping.

Standards: Porches, patios, and sidewalks shall not settle, heave, or separate in excess of 1 inch from the home. Porch and patios shall slope away from home a minimum of 1/2 inch in 10 feet, or 0.5%. Cracks in patio and or porch concrete of less than 1/4 inch in width or 1/2 inch vertical displacement will not be repaired. Cracking in walks is not covered.

Corrective Measures: Builder will repair porches, patios and sidewalks exceeding maximum tolerances.

Defective concrete surfaces will be repaired or replaced. Repair methods may include patching, caulking, grouting, injecting, filling, and grinding.

If Buyer changes in grading, drainage, landscape design, or failure to perform needed maintenance has caused the damage, corrective measures will be suggested, but Buyer will be responsible for their implementation.

4. CONCRETE FOUNDATIONS

Discussion: All concrete has a tendency to crack, and it is not possible to consistently produce crack-free concrete. Other cosmetic imperfections, such as discoloration, minor honeycombing, are common and do not affect the strength of concrete.

Basement and Crawl Space Walls

Standard: Shrinkage or backfill cracks are not unusual in basement or foundation walls, especially at the corners of basement windows. Cracks of less than 1/8 inch in width will not be repaired. Any cracks which permit water to enter basement, shall be repaired.

Corrective Measure: Builder will repair cracks exceeding maximum tolerances. Cracks may be repaired by patching, grouting, injection, grinding, or other appropriate method determined by Builder.

Waterproofing

Standard: Dampness on foundation walls or slabs is not considered a defect. Slight dampness may be experienced in the crawl space. Leaks resulting in actual trickling of water shall be repaired. Standing water should be reported immediately for inspection.

Corrective Measure: Builder will repair waterproofing leaks, except where leaks are the result of failure to maintain proper grades, improper landscaping not installed by Builder, or improper maintenance.

Sump Pump

Discussion: If your home is equipped with a sump pump, a foundation drain has been installed around the basement perimeter of your home. The drain is an integral part of the foundation system, designed to remove water that may reach the basement level. The drain is connected to a sump pit, in which is located a sump pump. This pump will activate after the water reaches a certain level in the pit, normally 6 to 8 inches. Buyers should monitor the operation of the pump, to ensure it is working properly. The pump is connected to a discharge line, which directs water away from the home a minimum of 5 feet. Do not disconnect the

discharge line or in any way impede discharge.

Standard: Sump pumps will discharge water away from foundation a minimum of 5 feet. Discharge will be into a swale or other area which diverts water away from foundation. Sump pump and pit will have a cover, and be vented to the outside for radon abatement.

The sump pump is warranted directly by the manufacturer. Refer to the manufacturer's literature for specific details.

Corrective Measure: If a problem arises with the pump, the Buyer is direct to call the customer service number listed in the manufacturer's warranty.

5. ROUGH CARPENTRY

Floors

Discussion: Some floor squeaks are unavoidable. Although Builder does not warrant against floor squeaks, a reasonable effort will be made to correct them. Floors will deflect when walked on. This will be more noticeable next to hutches, book cases, chairs, etc. Minor deflection in floor assemblies is allowed for by building codes, and does not represent a defect or structural deficiency.

Standard: Floors shall not have more than 1/4 inch ridge or depression within any 32 inch measurement when measured parallel to the joists.

Corrective Measure: Builder will correct or repair to meet Standard.

Walls

Standard: All walls have slight variations in their finished surfaces. Bowing of walls shall not exceed 1/4 inch in any 32 inch measurement. Walls shall not be out of plumb by more than 1/2 inch in an 8 foot distance.

Corrective Measure: Builder will repair walls in order to meet Standard. Adjusting, restoring, and reframing are examples of acceptable repair methods.

Basement Stairs

Standard: Where slab on grade construction is utilized, basement stairs shall have a minimum 3/4 inch void between base of stairs and slab.

Corrective Measure: Builder will restore the appropriate void during the first year only.

6. FINISH CARPENTRY

Discussion: Wood is a naturally occurring material and variations in grain, texture, and color are to be expected. Minor imperfections may also be visible. Separation of wood trim from the adjacent material is a normal result of shrinkage of materials after construction, and seasonal changes may be noticed. Buyer can minimize seasonal effects by keeping thermostats set on lower temperatures during the winter months.

Interior Trim

Standard: Joints in moldings or joint between moldings and adjacent surface shall not be greater than 1/8 inch in width.

Corrective Measure: Builder will repair defective joints to meet Standard. Acceptable methods of repair include caulking, filling, patching, nailing, and sanding. Caulking separations less than 1/8 inch in width is a Buyer maintenance responsibility.

Cabinets

Standard: Readily noticeable variations in wood grain and color are common in all style selections. Replacements will not be made due to such variations. Only those chips, scratches and other flaws in surfaces which are noted on the Pre-Closing Agreement will be repaired.

Cabinets should operate properly under normal use. Doors, drawer fronts, and handles should be level and even. Warpage of doors or drawer fronts shall not exceed 1/8 inch within any 24 inch distance. Gaps between cabinets and ceiling, or cabinets and walls shall not exceed 1/8" (locations behind appliances excepted).

Corrective Measure: Warped doors or drawer fronts will be corrected if warpage is in excess of 1/8" within any 24" distance. Gaps between cabinets and ceiling, or cabinets and walls will be corrected by caulking or other means if they are in excess of 1/8" (locations behind appliances excepted).

7. DOORS AND WINDOWS

Doors

Discussion: Due to normal settling of the home, doors may require adjustment for proper fit. Panels of wood doors will shrink or expand in response to changes in temperature and humidity.

Standard: Doors shall operate with reasonable ease, as designed. Doors shall not warp in excess of 1/4 inch

measured diagonally from corner to corner. Split panels shall not allow light to be visible through door.

Door Panels that shrink and expand, exposing raw wood, will not be repaired. Such movements in panels are common, and do not indicate a defect. Touch up of unpainted surfaces with paint or stain is a Buyer responsibility. Chips or other damage in the finish, noted on the Pre-Closing Agreement will be repaired.

Corrective Measure: Builder will adjust doors as required for proper fit. Doors that warp in excess of Standard will be repaired. Split panels that allow light to be visible will be filled or otherwise repaired, and paint or stain will be matched as closely as possible.

Garage Overhead Door

Standard: The garage door should operate smoothly and with reasonable ease. Garage overhead doors are not air tight and typically some light will be visible around the edges and across the top of the door. Some entrance of the elements can be expected under severe and unusual weather conditions. Garage door openers installed by Builder shall operate properly. Dents or other damage on garage overhead doors noted on the Pre-Closing Agreement will be repaired. Touch-up paint may not match exactly.

Corrective Measure: Builder will adjust to insure proper operation, except where misalignment is due to electric garage door openers installed by someone other than Builder.

Garage door openers are warranted directly by the manufacturer. Refer to the manufacturer's literature for specific details on how to contact them for service in the event of a problem.

Windows

Discussion: There is no perfect window that can satisfy every situation. Building orientation, site location, climatic conditions, size, and operation mode can all affect window performance.

While windows installed in your home will have "insulating glass," the thermal performance as measured by the 'R' value will be many times lower than that of adjacent solid wall sections. Exterior walls are constructed using materials, including insulation, that offer better thermal performance. The dimension of the wall section, or thickness, is many times that of windows. Thermal transmittance, or the energy loss across a surface, is therefore lower in wall sections. In the design of your home, the relative energy loss through window surfaces has been weighed against the benefits

of light, ventilation, and view. You may occasionally notice, however, when standing or seated close to a window, some apparent temperature shift (thermal transmittance). This will be particularly evident in extreme weather and/or where there are large areas of glazing, and may be experienced as a "chill," "draft," or at other times, "bake". Drapes or other window coverings may mitigate this problem somewhat, but it is largely unavoidable, and does not represent a deficiency in the window unit. Buyers should keep tracks and rollers cleaned, lubricated and adjusted.

Windows will collect condensation on interior surfaces when extreme temperature differences and high humidity levels are present. Humidity levels are determined by individual living habits, and are beyond the control of Builder.

Some air leakage, however, is normal, and may be especially noticeable in high winds, dusty conditions, or during periods of cold temperatures.

Standard: Windows shall operate with reasonable ease. Force required to start the sash in motion, or maintain the sash in motion, shall not exceed 35 pounds. Locks should perform as designed.

Windows will be installed according to the manufacturer's standards.

All operative windows shall be weather-stripped and will meet air infiltration requirements determined by building codes at time of construction.

Under normally anticipated conditions, no water shall pass beyond the interior face of the window unit, overflow into the room, or flow into the wall cavity.

Corrective Measure: Builder will adjust windows as required so that they open and close within Standard for reasonable ease of operation. Window units shall be able to be locked.

Broken windows and damaged screens noted on the Pre-Closing Agreement will be replaced. Unless noted, Builder will repair window seals only where insulating seal is defective. Windows and/or seals that have been damaged as the result of neglect, hail, windstorm, fire, explosion, any other physical impact, or unforeseeable event, are not covered.

Builder will repair or replace windows where water passes beyond the interior face of window, overflows into room, or flows into wall cavity subject to the limitations set forth herein.

8. HARDWARE

Standard: Doorknobs and locks should operate correctly. Some slight adjustments may be needed due to normal shrinkage of the framing.

Minor imperfections in hardware finishes may be noticeable upon close scrutiny, however large or obvious dents, chips, scratches, etc. are unacceptable. Hardware shall include: door hardware, towel bars, shower doors, medicine cabinets and mirrors. Only those dents, chips, scratches, etc. in door hardware, towel bars, shower doors, medicine cabinets, or mirrors which are noted on the Pre-Closing Agreement will be repaired.

Corrective Measure: Builder will make adjustments as required.

9. FINISHES

Drywall

Discussion: Some slight cracking, nail "pops" and/or drywall seams may become visible in walls and ceilings. These occurrences are normally caused by the shrinkage and other seasonal movements of the wood to which the drywall is attached.

Spot lighting or other artificial illumination may reveal minor imperfections not visible under ordinary daylight conditions. No corrective action is required on flaws which are only visible under particular lighting conditions.

Standard: Nail pops, blisters in tape, and other minor drywall imperfections are not unusual. Cracks which are less than 1/8 inch in width will not be repaired.

Corrective Measure: Builder will repair cracks exceeding 1/8 inch in width, one time only during the first year. If the drywall repair is required as a result of poor workmanship (such as blisters in tape), or other warranty-based repair (such as a plumbing leak), Builder will complete the repair of the area damaged with original paint. Such touch-up may not match surrounding paint exactly. Buyer will be responsible for custom paint colors or wallpaper that has been applied subsequent to closing. Custom paint color touch-up may not match surrounding area. Wallpaper dye lot variations will be the responsibility of Buyer.

Interior Paint and Stains

Discussion: Builder will touch-up interior paint only as indicated on the Pre-Closing Agreement. Buyer will receive a sample of each interior paint used for

subsequent touch-ups. This paint should be stored so as not to be affected by freezing temperatures. Paint touch-ups are sometimes visible under certain lighting conditions.

The appearance of natural finishes and stains is difficult to control. Wood is a naturally grown material. No two pieces of wood are ever exactly like, and variations in texture, color, and grain patterns will be evident.

Standard: Painted or finished surfaces shall present a smooth, unblemished, homogeneous appearance. Paint shall not display drops, runs, lumps, or visible color variations.

Natural finishes or stains shall not deteriorate during the first year.

Painting required as a corollary repair because of other work shall match surrounding areas as closely as possible.

Corrective Measure: Builder will touch-up or refinish paint to meet standard only those areas indicated on the Pre-Closing Agreement. Color will match as closely as possible.

Natural finishes or stains that deteriorate during the first year, unless due to Buyer negligence, will be retouched. Color will be matched as close as possible. Due to wood characteristics, color variation will result when stain is applied. There will be no repair or replacements on such variations.

Exterior Paint and Stain

Discussion: Exterior paints and stains are subject to moisture, temperature extremes, ultraviolet exposure, and other climatic conditions which result in gradual degradation. Weathering, fading, and other wearing of the finish is considered normal and not a defect.

The appearance of natural finishes and stains is difficult to control. Wood is a naturally grown material. No two pieces of wood are ever exactly like, and variations in texture, color, and grain patterns will be evident.

Standard: Painted or finished surfaces shall present a smooth, unblemished, homogeneous appearance. Paint shall not display drops, runs, lumps, or visible color variations.

Exterior paints or stains shall not peel or deteriorate during the first year. Fading of exterior paints and stains is normal and not a defect. Clear finishes used on exterior woodwork may deteriorate rapidly, and are not

covered.

Painting required as a corollary repair because of other work shall match surrounding areas as close as possible.

Corrective Measure: Unless exterior paint is peeling or deteriorated, Builder will touch-up or refinish to meet standard only those areas indicated on the Pre-Closing Agreement. Color will match as closely as possible.

If exterior paint or stain has peeled or physically deteriorated, Builder will refinish affected areas and match the color as closely as possible. Where deterioration of the finish affects more than 50% of the wall area, Builder will refinish the entire wall.

Color variations may be evident where stain or clear finishes are applied to exterior woodwork. There will be no repair or replacements on such variations. Clear finishes on exterior woodwork, such as varnish or lacquer, are not covered.

Countertops

Standard: Separations of countertops at walls and where backsplash meets the counter are the result of normal shrinkage of materials. Separation at the wall or at the counter of less than 1/8 inch will not be repaired.

Laminated countertops typically will have one or more discernible seams. Gaps at seams or differential at other joints of less than 1/16 inch will not be repaired.

Corian countertops shall be installed without chips or gouges. Edges should be smooth and even. Where backsplash joints occur at corners, the top edges shall be even within 1/16 inch.

Other major surface imperfections (chips, cracks, gouges, scratches, etc.) reported on the Pre-Closing Agreement will be repaired by Builder. Repairs of any damages not on the Pre-Closing Agreement will be the Buyer's responsibility.

Corrective Measure: Separations at the wall or at the counter in excess of 1/8 inch will be repaired, one time during the first year, by caulking. Thereafter, caulking will be a Buyer responsibility. It is important to keep moisture from reaching the wood under the laminates to prevent warping.

Builder will repair laminated countertops where gaps at seams or differential at other joints in exceed 1/16 inch. Repairs will be made where the top edges of Corian countertop backsplash joints exceed 1/16 inch.

Ceramic Tile

Discussion: Sealing grout is a Buyer option and responsibility. Cracks appearing in grouting of ceramic tiles at joints or junctions with other materials are commonly due to normal shrinkage conditions.

Cracked or badly chipped tiles noted on the Pre-Closing Agreement will be repaired or replaced as needed.

Standard: Ceramic tiles shall not become loose.

Corrective Measure: Builder will repair grouting if necessary, one time only during the first year. Builder is not responsible for color variations or discontinued colored grout. Any grouting or caulking that is needed thereafter is considered Buyer maintenance.

Builder will re-secure loose tiles unless the defects were caused by Buyer action or negligence. Builder is not responsible for variations in color or discontinued patterns. New grout and tiles may vary in color from the original.

10. FLOOR COVERING

Carpet

Discussion: Color selection sheets provide a record of the brand, style, and color of floor coverings in your home. Please retain this information for future reference.

In some areas, metal or other edging material may be used where carpet meets another floor covering.

Buyers should vacuum traffic lanes frequently. Spots should be removed quickly so that they do not become permanent stains. Refer to the manufacturer's brochures for details on stain removal.

Carpet is a fabric, and may change dimension, stretch or shrink if it becomes over-wet for any reason. Carpet may also stretch if heavy furniture is slid across the surface, whether rollers are or are not used. Other occupant activities, particularly in high traffic areas, may stretch or otherwise distort fabric floor coverings. Builder is not responsible for normal wear and tear, carpet stretching, or any other condition related to occupant activities. Buyer should consult the carpet manufacturer's literature for proper care and maintenance, and any other warranties that may apply.

Stains or spots noted on the Pre-Closing Agreement will be corrected by cleaning, patching, or replacement. Builder will not be responsible for dye lot variations if

replacements are made. Spots or minor fading may occur after occupancy when carpet is exposed to sunlight.

Carpet mills may offer a manufacturer's warranty in addition to the Limited Warranty coverage provided by Builder. Refer to the manufacturer's literature.

Standard: Carpet seams may be visible. No gap or fraying, however, is acceptable.

Carpet will be properly stretched and tacked or secured by adhesive at all perimeters. Edges of carpet along moldings and edges of stairs should be held firmly in place. Carpeting shall not come up, become loose, or separate from its point of attachment.

Only stains or spots noted on the Pre-Closing Agreement will be corrected.

Corrective Measure: Builder will correct gaps and carpet fraying.

Edges of carpet that come up, become loose, or separate will be re-stretched or re-secured as required.

Resilient Flooring

Standard: Resilient floor covering should adhere; lifting or bubbling will be repaired. Ridges or depressions due to subfloor irregularities greater than 1/8 inch shall be repaired.

Seams will occur and are sealed at the time of installation. Seams or shrinkage gaps shall not exceed 1/16 inch in width at floor covering joints, or 1/8 inch where dissimilar materials abut. There should be no curling at seams.

Corrective Measure: Builder will correct nail pops that have broken the surface, surface irregularities, and gaps in seams exceeding Standard. Builder will repair or replace, at Builder's option, the affected resilient flooring as required. Builder will not be responsible for discontinued patterns, color variations, or variations resulting from normal wear and tear.

Hardwood Floors

Discussion: The wood flooring in your home is made from a material that is organic in origin. Do not expect a monotone floor, a table top finish, or a dust-free finish. Wood is a naturally occurring material, and variations in grain, texture, and color are to be expected. The Buyer is responsible for regular maintenance of wood flooring surfaces.

Small splinters may appear. Dents, dimples and scratches can be caused by moving furniture, dropping heavy or sharp objects; indents may be caused by stiletto or high heel style shoes. While boards will be installed tight together, wood floors are subject to swell and shrinkage resultant from seasonal variations in the humidity level of the home, and cracks will appear. Areas near heat vents or other heat producing appliances are especially susceptible. Warping, discoloration of the wood, or a white, filmy appearance in the finish, may occur if the floor becomes wet repeatedly. Traffic patterns will show as the finish is worn. Since the effects of climate and normal wear and tear cannot be prevented, this Limited Warranty does not cover problems that occur due to these conditions.

Standard: Cracks between floor boards shall not exceed 1/8 inch in width. Cupping of any floor board shall not exceed 1/8 inch.

Corrective Measure: Builder will repair cracks that are more than 1/8 inch wide, or cupping of boards in excess of 1/8 inch, one time only during the first year. Filling, sanding, or replacing are examples of acceptable repairs, the method determined at Builder's sole option. Builder will not be responsible for repairs due to Buyer negligence.

Marble Floors

Discussion: Marble is a natural material. Numerous minerals may be present in minor to significant amounts in marbles; their presence and distribution accounting for the distinctive and varied appearance that many marbles possess. Minor variation between individual tiles or stones can be expected.

Marble is a porous stone; it readily absorbs liquids, and can stain. While hard, it can be damaged by impact. Serious defects noted on the Pre-Closing Agreement will be corrected by Builder. The Buyer is responsible for routine maintenance. Regular cleaning with warm water and a clear, non-abrasive, non-acidic soap to prevent staining or dirt build-up, is recommended.

Standard: Marble flooring shall not crack or loosen. Cracks in grouting of tile joints commonly result from normal shrinkage conditions.

Corrective Measure: Builder will replace cracked tile, marble, and stone, and resecure loose tile, marble, and stone, unless the condition was caused by Buyer's actions or negligence. Builder is not responsible for discontinued patterns or color variations in replacing tile, marble, or stone flooring.

Builder will repair grouting, if needed, one time only during the first year. Builder will not be responsible for color variations or discontinued color grout.

11. INSULATION, LOUVERS, AND VENTS

Insulation

Standard: Insulation will be installed to meet or exceed the building codes applicable at the time of construction. The existence of insulation does not make a wall or room soundproof.

Corrective Measure: Builder will install sufficient amounts of insulation to meet applicable codes.

Louvers and Vents

Standard: Attic and crawl spaces will be ventilated as required by the approved building code.

Corrective Measure: Builder will repair louvers and vents so that they provide adequate ventilation. Attic ventilation is required by the Uniform Building Code, and therefore cannot be omitted. Occasionally, depending on the force and direction of the wind, rain or snow will infiltrate through these vents causing spotting on the ceiling. Builder is not responsible for such weather damage and will not make repairs in these instances. Builder is not responsible for alterations to the original system.

12. ENVIRONMENTAL

Dust, Mold, Mildew and other Organisms

Discussion: Materials used in the construction of homes may be susceptible to mold, mildew, or other fungal growth or contamination in the presence of excessive moisture. These materials include; wood, natural and synthetic fabrics, paper, cellulose based thermal and sound insulation materials, drywall, and paints.

Fungi and bacteria exist everywhere, in air, airborne particles or dust, and on natural surfaces. The single most important factor that controls the presence of organisms is moisture. Water should not be allowed to stand inside the home for extended periods, and relative humidity of indoor air should not routinely exceed 75%. Buyers should report and/or correct as appropriate any water intrusion, such as plumbing, roof, or basement leaks. Builder will seal and/or otherwise protect all exposed surfaces that would normally be expected to come into contact with water, but since microorganisms are found naturally in the environment, Builder can not guarantee that fungal or bacterial growth will not occur.

Builder will only take corrective action to remedy defects as specifically described elsewhere in this Limited Warranty resulting in actual damage to the home.

Standard: None.

Corrective Measure: None.

Pollutants

Discussion: Pollutants refer to any microorganism, solid, liquid, or gaseous irritant or contaminant, including; bacteria, petroleum products, smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste.

Standard: None.

Corrective Measure: None.

Radon

Discussion: Radon is a naturally occurring gaseous emanation. It is colorless and odorless. It is produced by the natural decay of radium, and is given off by some soils and rocks. Since radon enters a house primarily through the soil, the foundation system will have a major bearing on the amount of infiltration which takes place. Any cracks, gaps, or in openings in the structure of below grade areas should be sealed. The sump pump pit should have a cover, and be sealed to the outside.

Since the largest contributor to indoor radon levels are gases naturally occurring in some soils, this Limited Warranty does not cover any condition related to the presence or consequence of unacceptable levels of radon gas, or any other pollutants and contaminants. Radon is, however, relatively easy to test for in the indoor air, and if found, the risk can be minimized. Buyers having concerns regarding radon gas may wish to contact local or state Boards of Health for up-to-date information on radon and testing methods.

Standard: None.

Corrective Measure: None.

13. ELECTRICAL

Discussion: Light fixtures are installed in the locations indicated on the house plans and will not be moved by Builder. All fixtures are installed with 60 watt bulbs or specified decorator bulbs. Buyer is responsible for replacing any burned out bulbs other than those listed on the Pre-Closing Agreement.

Electrical boxes on exterior walls may produce cold air flow through the outlet. This is normal and no corrective action will be taken by Builder.

Fixtures which are noted as damaged on the Pre-Closing Agreement will be repaired or replaced. There is no warranty on fixtures supplied by Buyer.

Wiring

Standard: Electrical wiring shall be capable of carrying its designated load for normal residential use.

Corrective Measure: Any electrical wiring that fails to carry its designed load will be repaired to meet specifications.

Fuses and Circuit Breakers

Standard: Fuses shall not blow or circuit breakers open under normal usage.

Corrective Measure: Builder will check the wiring circuits and ensure that they conform with approved local electrical requirements. Builder will repair circuits not conforming to code specifications. Buyer should not overload circuits, and Builder will take no corrective action where loads exceed intended usage.

GFI Breaker

Discussion: The Ground Fault Interrupter (GFI) is required by building code as a safety feature. The electrical outlets in all bathrooms, the garage, basement, patio or balcony are connected to this breaker. It is a sensitive system that trips easily to prevent electrical shock in these locations.

The test/reset buttons (located on only one of the outlets on the system) control the entire system.

Never plug a refrigerator or food freezer into any outlet on a GFI circuit. Food spoilage can result. Builder is not responsible for such an occurrence.

Standard: Ground Fault Interrupters are installed per code to provide protection against electrical shock. They are sensitive devices that can easily trip.

Corrective Measure: Builder will install GFI in accordance with approved electrical code. Tripping is to be expected. We will repair GFI only where tripping is due to a defect.

Power Surges

Discussion: A power surge is a sudden rise and/or fall in the transmission of electrical current by the local utility. Surges may occur from time to time and are the

result of conditions beyond the control of Builder.

Power surges can result in burned out bulbs and damages electrical equipment. Surge suppressers are recommended to protect sensitive electronic equipment, such as computers and televisions.

Standard: None.

Corrective Measure: None.

Outlets Switches and Fixtures

Standard: Outlets, switches, and fixtures shall operate as intended.

Corrective Measure: If electrical outlets, switches, or fixtures do not function as intended, Builder will repair or replace them.

14. PHONE AND SMOKE DETECTOR

Phone Jacks

Standard: Each home will be equipped with telephone jacks. There will be a minimum of one (1) phone jack in single story homes, and two (2) phone jacks in two story or multi-level homes. Outlets will be positioned so that a telephone can be installed by Buyer. Builder can not insure that the phone jack locations will coincide with every Buyer's preference in furniture placement. Moving outlets for decorating purposes or convenience is an owner expense.

Corrective Measure: Builder will install phone jacks that were omitted, or covered by wall finishes, in order to comply with Standard. If an outlet is positioned so that a phone cannot be installed (example; kitchen wall phone interfering with countertop cabinets), Builder will correct.

Smoke Detectors

Discussion: Builder does not represent that the smoke detection device will provide the protection for which it is installed or intended. Insurance, if any, must be obtained by Buyer.

Standard: Operation of smoke detector is covered by manufacturer's warranty.

Corrective Measure: None.

15. HEATING AND COOLING

Air Conditioning

Standard: When air conditioning is included in the home, the system should be capable of maintaining a temperature of 78 degrees, measured in the center of each room at a height of five (5) feet above the floor. If the outside temperature is above 95 degrees, the air conditioning system must be able to maintain a differential of 15 degrees from the outside temperature. Lower temperature settings are often possible but are not promised by the manufacturer or Builder.

Condensation lines may clog under normal usage, and unless obstructed at the time of closing, this does not indicate a defect. Builder will provide unobstructed condensation lines at time of closing. Buyer should check and maintain condensation lines at least each season thereafter to ensure the drain lines are clear.

Lack of air conditioning service is NOT an emergency. Problems will be handled by the heating and air conditioning contractor in the order received. During the "busy" season, this may mean a wait of several weeks.

Corrective Measure: Builder will correct cooling system so that it provides the required temperature, according to the Standard. The outside temperature must be 70 degrees or higher for refrigerant to be added to the system.

It is important to maintain the A/C compressor in a level position. If the compressor pad "settles" during the first year, Builder will correct the setting.

Heating

Discussion: The exact placement of heat ducts may vary slightly from those positions shown in similar floor plans.

An outside combustion air duct is included to supply fresh air for the furnace and water heater. The supply of fresh air is vital to the safe and efficient operation of both items and should not be obstructed in any way.

Buyers are responsible for adjusting the dampers in the heat register covers to regulate the heat flow within the home. Minor adjustments may be required by the change of seasons. In particular, attention is drawn to the fact that rooms further away from the furnace will need to have vents opened more.

For maximum efficiency and clean service, the furnace filter should be changed once each month during the winter and year round if you also have air conditioning.

This is the Buyer's responsibility.

Standard: Heating systems will be installed in accordance with local building codes, as well as engineering designs of the particular model home. Adequacy of the system is determined by its ability to establish a temperature of 70 degrees as measured in the center of the room, five feet above the floor. In periods of extremely cold outside temperatures (10 degrees below or colder), the system should maintain a temperature differential of 80 degrees from the outside temperature. Thermostats are calibrated to within plus or minus five degrees.

Expansion or contraction of metal ductwork will typically result in some ticking or popping sounds. It is not possible to totally eliminate these sounds. The loud booming noise referred to as "oilcanning," however, is not acceptable. The stiffening of the ductwork and the gauge of metal used should prevent oilcanning.

Although the heat system is not a sealed system, the ductwork should remain attached and securely fastened.

Corrective Measure: Builder will correct heating system to provide the required temperature in accordance with the Standard.

Loud "oilcanning" will be corrected by Builder. Ductwork that becomes unattached, will be secured or otherwise repaired as needed.

Humidity

Discussion: Moisture in buildings come from five general sources: construction material, interior activities, immediately surrounding exterior, above-grade environment, and adjacent soil. In properly constructed homes, the largest single moisture source is from interior activities, including; respiration, perspiration, cooking, and cleaning. The moisture load for a family of four can be around 10 L/day (21pt/day). Construction sources, such as the moisture trapped within fresh concrete and green lumber materials, double the moisture load in the first year to about 20 L/day.

Since the major variable for determining moisture emission rates is the number of household members and occupant activities, it is impossible for the Builder to predict or otherwise warrant humidity levels. Buyer should be advised that certain spaces in the home, such as basement or other below grade areas, may have higher humidity levels. Activities which add to humidity levels include frequent wet mopping, using a dryer not vented to outside, firewood storage, plants, and installation and

use of evaporative coolers or humidifiers.

In our semi-arid climate, a common complaint is not that the air is too humid, but rather too dry. This may be especially noticeable during the winter months. Air which enters the home from the outside, and as it is warmed, experiences a drop relative humidity. Buyers should avoid setting thermostats too high in the winter months, as this may lead to discomfort and will increase the amount of wood and other shrinkage in building materials.

Steps can be taken to maintain a more constant relative indoor humidity level. Buyers are advised not to set thermostats higher than 72 degrees during the winter months, particularly during the first year, to avoid excessive and/or rapid drying of construction materials. We discourage Buyers from installing evaporative coolers, as these devices produce elevated summer humidity levels.

Standard: It is recommended that indoor relative humidity be maintained between 30 and 50% for comfort.

Corrective Measure: None. Humidity levels are largely influenced by environment and occupant activities.

16. FIREPLACES

Discussion: In homes which are so equipped, Builder installs direct vent gas fireplaces that are both energy efficient and environmentally friendly. The reason for gas: frequent bans on wood burning in much of the Denver Metro area during high pollution days in the winter months have reduced the amount of time you can enjoy a conventional fireplace. In addition, in many areas within Colorado, local code restrictions no longer permit wood burning fireplaces in new homes. A gas fireplace is the best solution. Your fireplace is checked during the Orientation Walk to confirm it is operational. Be aware of a delay between turning the switch on and flame ignition. The flames should ignite gently and silently. Read and follow all manufacturer directions.

If you notice any gas smell, shut the switch off immediately and report it to Public Service Company.

Fireplaces are not intended to be the sole heat source in the home. The fireplace should function properly when Builder and the manufacturer's directions are followed.

Standard: Fireplace shall draw properly. High winds may cause temporary negative draft situations. Other

obstructions, such as large branches or trees too close to a chimney, may contribute to negative draft situations.

The heat from a fire will alter the finish on any firebox. This is unavoidable and does not represent a defect.

Corrective Measure: Builder will inspect and determine cause of draft problems. If draft problem is caused by improper installation, we will correct the problem. Builder is not responsible for temporary draft problems caused by high winds, or other environmental problems beyond Builder's control.

17. PLUMBING

Standards: No leaks of any kind will exist within any waste line, vent or water pipe. Condensation on pipes is not a defect.

All drains and sewer lines should operate freely.

Drain, waste and water lines will be installed in a manner to be protected from freezing as required by applicable building codes for normally anticipated weather conditions. To prevent freezing, the interior of the home should be heated to a temperature of at least 65 degrees at all times. It is Buyer's responsibility to ensure that the heat is not set below 65 degrees when away during extended periods in winter months, or the system must be drained. Garage doors should be kept closed to protect plumbing lines which may run through this area. Outside faucets are "freeze proof," but in order for this feature to be effective, hoses must be removed after each use. If a hose is left attached, the water that remains in the hose can freeze and expand back into the pipe, causing a break in the line. Builder will repair any problems with these faucets noted on the Pre-Closing Agreement. Subsequent to the Pre-Closing Agreement, repairs of broken lines to exterior faucets will be the Buyer's responsibility.

Changes in temperature or the flow of the water itself will cause some noise in water supply pipes. This is normal. Pipes should not, however, make a loud pounding noise known as water hammer. Temperature variations can be expected if water is being used in more than one location in the home.

Flow noise in waste lines is normal, and not a defect.

No valve or faucet shall leak or fail to operate properly.

Chips and cracks in the porcelain or fiberglass surfaces of sinks, tubs, showers, and toilets may occur if the surface is hit with a sharp or heavy object. Only fixture

damage noted on the Pre-Closing Agreement will be repaired. Chips, scratches, etc. reported subsequent to the Pre-Closing Agreement will not be repaired. Buyer is responsible for following manufacturer's directions for caring for fiberglass products.

Corrective Measures: Builder will repair leaks in the plumbing system. If a plumbing leak caused by a warranted item results in drywall or floor covering damage, such damage will also be repaired by Builder.

Obstructions in drain pipes resulting from construction debris will be corrected by Builder. Builder will correct clogged drains that occur during the first ten (10) days after closing. Obstructions removed during this time period, which are shown to be the result of Buyer action will be corrected at Buyer's expense.

Provided the home is heated at a normal level, pipes should not freeze. Builder will correct only situations not meeting code at time of construction.

Consistent "water hammer," which may result from improperly anchored pipes, will be repaired.

Plumbing fixtures, valves, or facets, that do not operate properly will be repaired or replaced. Brass, chrome, or other finishes may be damaged by abrasive cleansers, solvents, and other neglect, and are not covered.

18. ROOFING AND SIDING

Roofs

Discussion: Extreme caution should always be used when walking on the roof to avoid accidental injury or causing damage to the roof. Builder is not responsible for damage to roofs caused by persons other than our employees, agents, or subcontractors, including damage caused by: cable, satellite dish or other antenna installation; skylight installation or any other modification; maintenance operations that may have individuals walking on roofs for the purpose of pest control, cleaning gutters, or removing branches; falling objects, or any other unforeseen event.

Ice build-up may develop in the eaves during extended periods of cold and snow. This condition occurs when snow and ice accumulate, and gutters and downspouts freeze up. Damage from hail, high wind and ice build-up is normally covered by the Buyer's or the homeowners association's insurance. Builder has no responsibility for loss or damage caused by these events.

Standards: Roof and flashing should not leak under normally anticipated conditions.

Corrective Measures: Builder will repair roof leaks other than those caused by severe weather, such as hail and high wind damage. Roof repairs can only be made when the roof is dry.

Gutters & Downspouts

Discussion: As part of normal maintenance, gutters and downspouts should be kept clear of debris which might clog them and cause the water to run over the downspouts. Gutters should be checked periodically to ensure proper functioning. Excess snow should be brushed off downspouts with a broom as soon as possible. Severe ice or snow build-up can damage gutters.

Downspout extensions are provided to protect foundation elements, and prevent soil erosion. They should always be kept in the down position. Extensions should discharge outside of the rock or bark beds so that water is not dammed behind the edging materials which might be used.

Standard: Gutters shall not leak, but may overflow during periods of excessively heavy rain. It is expected that small amounts of water (up to 1") will stand for short periods of time in gutters immediately after rain.

Downspouts shall be placed to carry water to the ground and into extensions, which then direct the flow away from the foundation of the home.

Corrective Measure: Builder will repair leaks.

Siding

Discussion: Wood base and other sidings may be manufactured by various producers. No representation or assumption of manufacturer's warranty on siding, if any, is made by Builder. Builder will not be responsible, regardless of whatever extent installation or any other action on our part affects an outcome, for a manufacturer's warranty determination. Builder's responsibility is solely determined by this Limited Warranty.

Expansion and contraction of siding materials caused by changes in relative humidity may cause buckling, bulges, and waves. Even with proper installation, siding may tend to bow inward and outward, buckle, or joints may open.

Some siding manufacturers may offer warranties that

provide additional coverage. Builder will assist Buyer or applicable homeowners associations in determining and contacting the manufacturer.

Standard: Siding shall be installed according to manufacturer's and industry accepted standards, and shall be adequately painted or otherwise protected. Separations or delaminations shall be repaired.

Bows exceeding 1/4 inch in 12 inches are unacceptable. Siding shall not project more than 1/2 inch from the face of adjacent siding. End or joint separations shall not be wider than 1/8 inch.

Corrective Measure: Builder will repair or replace any siding with bows or buckling exceeding Standard. End gaps or joints exceeding Standard may be repaired by providing joint covers or by caulking the gap. Builder will repair or replace siding which does not meet the stated Standard. Builder will only paint the new materials. Builder will match the paint as closely as possible, but due to weathering and other factors affecting original surfaces, an exact match should not be expected.

Exterior Trim

Standards: Joints between exterior trim elements, including siding and masonry, shall not result in gaps wider than 3/8 inch.

Splits in exterior trim boards shall not exceed 1/8 inch in width. Bows and twists shall not exceed 5/16 inch in 8 feet. Cupping of any board shall not exceed 1/4 inch.

Corrective Measures: Builder will repair open joints which exceed Standard. Caulking is an acceptable repair.

Builder will repair splits which exceed Standard by filling with a permanent filler, or replace boards. Builder will refasten or replace deformed boards. The decision of whether to repair or replace is at Builder's sole and absolute discretion.

19. MASONRY

Standards: Small hairline cracks resulting from shrinkage are common in mortar joints in masonry construction. Cracks shall not, however, exceed 1/8 inch in width.

Cut bricks used in the course directly below an opening shall not vary from one another in thickness by more than 1/4 inch. No point along any bottom course shall

be more than 1/4 inch higher or lower than any other point within 10 feet along the bottom of the same course, or 1/2 inch in any length.

Exterior brick and stone shall be free from mortar stains detracting from the appearance of the finished wall when viewed from a distance of 20 feet.

Corrective Measures: Builder will repair cracks exceeding Standard by tuck pointing or patching. Builder will not be responsible for color variations between original and new mortar.

Builder will repair cut bricks that are of different thickness, or veneer courses that are not straight, as needed, to meet Standard. Builder will not be responsible for color variations between original and new bricks or mortar.

Builder will only clean mortar stains to meet the Standard that have been noted on the Pre-Closing Agreement.

20. APPLIANCES

Appliances are warranted directly to you by their manufacturers. For most items, this warranty is for one year. Refer to literature on each appliance for details and limitations.

Mail warranty registration cards directly to the manufacturer.

If a problem arises with an appliance, call the customer service number listed in the manufacturer's warranty. When reporting warranty items to the appliance manufacturer, be prepared to supply the following:

1. The date of purchase (closing date);
2. The serial and model numbers (found on a metal plate on side or bottom of the appliance); and
3. A description of the problem.

Standard: Appliances are considered consumer products when sold as part of the home, and are covered by the individual manufacturer's warranties.

Corrective Measure: Contact the manufacturer for warranty repairs.

STRUCTURAL COVERAGE

This Limited Warranty generally provides a warranty against specified structural defects for a period of ten (10) years from the Commencement Date set forth above. For the purposes of this Limited Warranty, a "structural defect" is actual physical damage to the load-bearing elements of the home caused by failure of such items to the extent that such failure affects such element's load-bearing functions causing the home to be unsafe, unsanitary, or otherwise unlivable.

Load-bearing elements which are covered by this Limited Warranty include the following:

- Foundation systems and footings
- Beams
- Girders
- Lintels
- Columns
- Load-bearing walls and partitions
- Floor systems
- Roof framing systems

Structural elements which are not considered to be load-bearing elements and which are therefore NOT covered by the terms of this Limited Warranty include the following:

- Non-load-bearing partitions and walls
- Wall coverings
- Plaster, laths, or drywall
- Flooring and subflooring material
- Brick, stucco, stone or veneer
- Exterior siding
- Roof shingles, sheathing, and tar paper
- Doors, trim, cabinets, hardware, insulation, paint, stains
- Basement and other interior floating, ground-supported concrete floor slabs

LIMITATION ON LIABILITY

Buyer has agreed to accept this Limited Warranty in lieu of any and all other warranties, expressed or implied, including, but not limited to, and implied warranty of merchantability, fitness for a particular purpose, habitability and workmanship. This Limited Warranty is also in lieu of any claims for consequential damages, personal injury, mental anguish or distress, annoyance or inconvenience, and for damages based upon fraud or misrepresentation.

No warranties, either expressed or implied, are made with respect to any items installed in the Property which have been ordered specifically or separately by the Buyer.

Damages, whether for breach of warranty, negligence, tort, statutory claims, regulatory claims, pursuant to equity or otherwise, shall be limited to any amount equal to actual damages necessary to compensate the injured party, and in no event greater than that which would be awarded under the terms and provisions of this Limited Warranty. In no event shall consequential, incidental, treble damages (or any other damages based upon a multiplier) or punitive damages be recoverable under this Limited Warranty. In no event and under no circumstances shall damages ever exceed the initial Buyer(s) purchase price paid for the home.

If Builder repairs, replaces, or pays the Buyer for a defect covered by this Limited Warranty which is covered by insurance, the Buyer(s) must, upon request from Builder, assign the proceeds of such insurance to Builder to the extent of the cost of repair, replacement, or payment.

EMERGENCY PROCEDURES

An "emergency condition" is an event or situation which creates an imminent threat of damage to the home or injury to its occupants, or results in an immediately unsafe living condition as a result of a defective condition. Typically, emergency conditions would include:

- Electrical outages (not the result of power service failures)
- Sparks from electrical outlets or switches (non static)
- Furnace outage
- Gas leak
- Water leak
- Non-operating exterior door or lock

An air conditioner outage is not an emergency condition. Air conditioning problems will be serviced during normal working hours in the order in which they are reported.

When you become aware of an emergency condition, contact the Builder at **(303) 280-9630, extension 104**, as soon as possible, and we will attempt to coordinate a service call as soon as possible.

If you become aware of an emergency condition at a time other than during normal business hours, take appropriate action to stabilize the condition or prevent further damage, and contact Builder as soon as possible on the next business day. During non-business hours, you may contact the following emergency service numbers.

Gas leaks - Excel Energy (800) 895-2999

Water leaks – Johnson Diversified (303) 356-8898

- Water shut-off valves are typically located behind toilets and under sinks.
- Turn the valves in order to shut off the water supply to a particular fixture or appliance.
- The water supply into your home can be shut off by turning the main valve typically located in the vicinity of the water heater, or in the basement (if applicable) and shown to you during your orientation walk through.
- Use buckets, pans, towels or any other means to prevent water from further damaging your home.

Electrical – Chadwick Electric (970) 484-0544

Furnace - Controlling Systems (303) 762-1421

Locks and Doors - Prodigy (303) 464-7564

CLAIMS PROCEDURES

COMMON ELEMENT CLAIMS

Site improvements, where installed by Builder for use in common, such as landscaping, parking areas, open spaces, swimming pools, private streets and drives, are typically considered "Common Elements." Common Elements also refers to any portions of a building, including structure and components of enclosure, which are provided for the use in common by the residents of the building, with free or limited access by those residents, and those portions of the plumbing or electrical systems serving two or more living units. Further clarification of the Common Elements within a specific condominium or townhome project are set forth within the Homeowners association documents for that project.

The Builder generally warrants Common Elements for a period of one year, beginning with the date the Common Elements were turned over to the Homeowners association, or in the case of a building containing homes, on the date the first home within the building is transferred to a homeowner. Under the terms of the Limited Warranty, during the first year, the Common Elements will conform to the Standards described in the "Covered Items" section of this Limited Warranty.

Claims for alleged defects to a Common Element may only be made by the Homeowners association or a representative designated to make such claims. Should you become aware of a possibly defective condition involving a Common Element, notify your Homeowners association representative of the condition so that the appropriate action can be taken.

HOMEOWNER CLAIMS

If a covered defect is discovered during the applicable warranty period, the Builder will repair, replace, or pay the Buyer the actual cost of repairing or replacing the defective item within a reasonable time after the Builder's inspection confirms the defect. The choice of repair, replacement, or payment is at Builder's sole and absolute discretion.

Written notice of a defect in any item under this Limited Warranty must be received by Builder no later than ten (10) days after the Limited Warranty coverage on that item expires. Requests for warranty coverage received by Builder after the ten (10) day grace period will not be considered.

Except in the case of an emergency condition, the Buyer must inform Builder in writing of any problems under this Limited Warranty. Issues communicated only by

telephone or in face-to-face discussions will not protect the Buyer's rights under this Limited Warranty. No action may be brought by Buyer against the Builder for the failure to repair any defect for which the Builder has not received timely written notice. Buyer must also provide prompt written notice to Builder of dissatisfaction with any warranty repair, or such repair shall be deemed accepted by Buyer.

Except in the case of an emergency condition as defined in this document, Buyer must provide Builder with access to the home during normal business hours, and the opportunity to inspect and determine what, if any, corrective action is required. Builder will not reimburse the Buyer for any non-emergency work which was not authorized by Builder in writing, regardless of whether the item was covered under this Limited Warranty.

For the Buyer's convenience, and to help the Builder's warranty personnel operate more efficiently, it is suggested that Buyer wait for a period of thirty (30) days after moving into their new home before submitting an initial warranty request. This gives the Buyer time to get settled, and become more familiar with the home and its components. After the completion of any items on the thirty (30) day list, it is further suggested that the Buyer wait until the eleventh (11th) month before requesting additional service, and submit a "year end request". By accumulating any requested warranty claims, multiple inspections and repair visits are avoided.

Emergencies should always be addressed immediately, and a major structural defect reported it as soon as possible.

When submitting a warranty request, the following information must be included:

- Include name, address, and telephone number(s) where you can be reached during normal business hours Monday through Friday.
- Include the name of the Community in which you live.
- Include your street address, building number and unit number.
- Include a complete description of the problem. For example, one may state, "Tile is cracking," it would be helpful if this were described as "a tile is loose and cracking in the southeast corner of the master bathroom shower."

A sample warranty request form is included in the Forms section below.

Upon receipt of the warranty request, a representative of Builder will contact the Buyer to set a time to inspect the property. Appointments will be available Monday through Friday, during normal business hours. If subcontractors are required to make repairs, they will be scheduled at the Buyer's convenience during normal business hours, to complete the necessary work. Buyer's must provide reasonable workday access to the property in order to perform the warranty service required under this Limited Warranty. Failure to provide such access may relieve Builder's obligations under the Limited Warranty.

Work delays may occur due to availability of materials and supplies, weather conditions, scheduling availability and the Buyer's schedule. Some work assignments may require multiple trips, which will be scheduled at the mutual convenience of the parties involved. In the event the Buyer cancels appointments for warranty work, or the home is made unavailable to workers at the scheduled date and time, the completion of the warranty work may be significantly delayed and builder shall not be responsible for any damage resulting there from.

DISPUTE RESOLUTION

In the event of a dispute relating to this Limited Warranty or the treatment of any claims made hereunder, whether arising in contract, tort, by common law, statute or otherwise, and the dispute cannot be resolved by the agreement of the Buyer and the Builder, the parties in such dispute shall first proceed in good faith to submit the matter to mediation. Mediation is a process in which the parties attempt to resolve a dispute by submitting it to an impartial, neutral mediator who is authorized to facilitate the resolution of the dispute but who is not empowered to impose a settlement on the parties. The parties will jointly appoint an acceptable mediator and will share equally in the cost of such mediation. In the event the dispute is not resolved within thirty (30) calendar days from the date written notice requesting mediation is sent by one party to the other, the mediation, unless otherwise agreed, shall terminate, and the dispute shall be resolved by mandatory binding arbitration.

Any arbitration required under this Agreement shall be conducted in Denver, Colorado in accordance with the rules and procedures of the American Arbitration Association with respect to Buyer warranty claims, and pursuant to the provisions of the Uniform Arbitration

Act of the State of Colorado, as may be supplemented by the rules of the American Arbitration Association. The parties shall each select an impartial and unrelated arbitrator, and the two arbitrators so selected shall select a third arbitrator. In the event the two arbitrators are unable to agree upon a third arbitrator, the parties shall have the District Court for the City and County of Denver appoint the third arbitrator. Judgment upon any award rendered in such arbitration may be entered in any court having jurisdiction thereof.

Any disputes arising under this Limited Warranty, relating to common elements in a single family attached or multi-family structure, must be submitted to binding arbitration by the homeowners association or its designated representative.

Binding arbitration shall be the sole and exclusive remedy of the parties for resolving any and all disputes, regardless of whether the disputes arise out of this Limited Warranty, principles of contract, principles of tort, common law, statutory law, and any and all other claims which might otherwise be the subject of a lawsuit in the county or district courts of the State of Colorado. This includes, but not by way of limitation, all disputes for allegations of negligence, breach of warranty, express or implied, violation of consumer protection laws, unfair trade practices, failure to disclose, and all other causes of action, whether enumerated herein or not.

Builder reserves the right to include subcontractors and suppliers as parties in any mediation or arbitration hereunder.

The decision of the arbitrators shall be final, binding and enforceable on all parties, and their heirs and assigns.

In the event the Buyer prevails in arbitration, Builder shall be given the opportunity to repair the alleged problem or defect within 60 days following the arbitration award. This 60 day period may be extended by delays which are due to circumstances beyond the control of Builder, including, but not limited to, delays caused by weather, material availability, or other conditions which may delay completion of repairs. In the event that Builder does not complete the repairs in a timely fashion, the arbitrator may award damages in lieu of repairs, which damages shall be paid within 30 days. In no event shall any such damage award exceed the cost to complete repairs. In no event shall consequential, incidental, treble damages (or any other damages based upon a multiplier) or punitive damages be recoverable under this Limited Warranty. In no event and under no

circumstances shall damages ever exceed the initial Buyer's purchase price paid for the home.

JURY WAIVER

BY ACCEPTANCE OF THIS LIMITED WARRANTY, BUYER SPECIFICALLY AGREES THAT ANY AND ALL DISPUTES ARISING UNDER THIS LIMITED WARRANTY WILL BE SUBJECT TO THE PROVISIONS OF THE DISPUTE RESOLUTION SECTION ABOVE, AND BUYER THEREFORE WAIVES AND RELINQUISHES ANY RIGHT TO HAVE SUCH DISPUTE TRIED BEFORE A JURY.

MISCELLANEOUS

Any repairs required under this Limited Warranty shall be performed in the manner and using such materials and methods as shall be deemed advisable by the Builder.

Repairs will be finished or touched up to match surrounding areas as closely as practicable, however, exact matches cannot be guaranteed.

Any steps taken to repair or correct any warranty item shall not act to amend or extend the term of the Limited Warranty.

Should any term or provision of this Limited Warranty be deemed unenforceable by a court of competent jurisdiction, that determination shall not affect the enforceability of validity of the remaining provisions.

This Limited Warranty is to be interpreted and construed in accordance with the laws of the State of Colorado.

This Limited Warranty may not be modified or amended in any manner except upon the written agreement of the Builder and the Buyer.

In the event Builder chooses to repair, replace, address or discuss the repair or replacement of any non-warranted condition, the Builder is not obligated or committed to repair, replace, address or discuss any other non-warranted condition thereafter.

AGREEMENT REGARDING HOME WARRANTY

This Agreement Regarding Home Warranty ("Agreement") is executed this _____ day of _____, 200__ by _____

("Buyer(s)") in favor of _____, a Colorado limited liability company ("Seller") and in favor of Builder Custom Builders, Inc., a Colorado corporation, doing business as Builder Development Company ("Builder") with respect to that certain real property ("Property") described as:

(Legal Description)

and more commonly known as:

(Street Address)

RECITALS

- A. Buyer has previously contracted for the purchase of the Property and related improvements from Seller. The residence built upon the Property was constructed by Builder.
- B. The purchase of the Property by Buyer and the Commencement Date under the Limited Warranty will occur concurrently with the execution of this Agreement.
- C. Pursuant to the agreement for the purchase of the Property, Builder is providing Buyer with a Limited Warranty ("Limited Warranty") with respect to the Property. Buyer has been given the opportunity to review a copy of the Limited Warranty prior to the execution of this Agreement and the purchase of the Property.
- D. Buyer(s) acknowledge that the Limited Warranty is specifically provided in lieu of all other warranties, obligations, claims and liabilities with respect to the design and construction of the improvements related to the Property, and that any and all claims relating thereto shall be resolved in accordance with the claims resolution process set forth within the Limited Warranty.

In consideration of the conveyance of the Property from Seller to Buyer, Buyer, for itself and succeeding owners of the Property, hereby agrees as follows:

- 1. Buyer acknowledges that the Limited Warranty is the only express warranty made and provided to the Buyer(s) by Seller or Seller's agents or Builder.
- 2. In consideration for the conveyance of the Property at the purchase price provided for in the agreement for the purchase thereof (which purchase price would have been greater had Buyer not executed this Agreement) Buyer agrees to accept the Limited Warranty in lieu of any and all other warranties, expressed or implied, including but not limited to and any implied warranties of merchantability, fitness for a particular purpose, habitability or workmanship.
- 3. The Limited Warranty is further provided in lieu of any claims or damages for consequential damages, personal injury, mental anguish or distress, annoyance, inconvenience, negligence, fraud or misrepresentation. Buyer expressly waives and disclaims any such implied warranties or claims with respect to the Property.
- 4. The limitation on damages and remedies contained within the Limited Warranty shall survive the acquisition of the Property by Buyer and any succeeding owner.

5. The terms of this Agreement shall be considered a covenant running with the land with respect to the Property, and shall be binding upon the Property and all persons hereafter acquiring title to or an interest in the Property.

Executed as of the date first written above.

Buyer

Buyer

STATE OF COLORADO)

) ss.

COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 200__ by _____.

Witness my hand and official seal.

_____ My commission expires: _____

Notary Public

**LIMITED WARRANTY
ACKNOWLEDGMENT AND TRANSFER FORM**

Project Name: _____

Property Address: _____

Prior Owner(s): _____

Upon the execution and delivery of this form to Chateau Development Company, any coverage for the term remaining under the Chateau Limited Warranty applicable to the above referenced "Property" is transferred to the subsequent home buyer listed below.

The undersigned as the "Subsequent Purchasers" acknowledge and agree as follows:

I/we have received a copy of the Chateau Limited Warranty document.

I/we understand that warranty coverage for the Property is strictly governed by the Chateau Limited Warranty document.

I/we understand that no subcontractor, real estate agent or broker, prior owner, seller, or any other party, is authorized to make representations regarding coverage which are inconsistent with the Chateau Limited Warranty document.

I/we understand that coverage commenced from date of closing by original purchasers, and that only the remaining warranty coverage, if any, shall be transferred.

I/we understand that disputes which may arise relating to the warranty for the Property shall be subject to the Dispute Resolution section of the Chateau Limited Warranty document.

I/we understand that failure to maintain the home can result in damage which is not covered by the Chateau Limited Warranty.

_____	_____	_____	_____
Subsequent Purchaser	Date	Subsequent Purchaser	Date
Name: _____		Name: _____	

Mail this form and a photocopy of the Deed or settlement/closing documents showing transfer of title to: Chateau Development Company, (please check for current address), _____