



LIMITED WARRANTY

California Civil Code Section 895 et seq. contained in Part 2 of Division 2, Title 7 of the California Civil Code ("Right to Repair Act") governs standards and procedures for the resolution of construction defect matters in residential developments. The legislative intent of the Right to Repair Act is, in part, to "improve the procedures for the administration of civil justice, including standards and procedures for early disposition of construction defects." The Right to Repair Act seeks to afford both homeowners and builders the opportunity for quick and fair resolution of construction defect claims. The Right to Repair Act (a) establishes statutory definitions and "functionality standards" for construction defects based upon how a home and its components should function ("Performance Standards"); (b) divides the Performance Standards into categories such as water intrusion, structural and soils related issues, fire protection issues, plumbing and sewer issues, electrical systems and other areas of construction; (c) specifies that the components of a home must meet the Performance Standards for specified periods that range from 1 year to 10 years as set forth in the Right to Repair Act; (d) excuses a builder from its obligations under the Right to Repair Act if a homeowner fails to properly maintain the home, fails to promptly notify the builder of damage, fails to permit builder access to inspect the home or if damage to a component is caused by a third party or act of nature or under certain other circumstances specified in the Right to Repair Act; (e) provides builders an absolute right to repair violations of the Performance Standards before the homeowner may file a suit or initiate alternative dispute resolution; (f) establishes specific "pre-litigation" or "non-adversarial" procedures for handling claims for the violation of the Performance Standards (California Civil Code Sections 910 through 938, inclusive) ("Act Dispute Procedures") and strict time periods for a homebuilder to respond to a claim; and (g) requires builders to maintain and provide to homeowners under certain circumstances specified information such as plans, specifications, reports and maintenance guidelines. Builder has adopted the specific functionality standards established by the Right to Repair Act as the core of this Limited Warranty coverages. Nothing in this Limited Warranty shall alter, limit, restrict, or in any way affect a Homeowner's rights, remedies and obligations under the Right to Repair Act.

Under this Limited Warranty, the components of your Residence are warranted against construction defects and to meet the levels of construction quality and performance set forth in this Limited Warranty ("Functionality Standards") for the time periods set forth in this Limited Warranty. The Functionality Standards describe what you should expect from the components that make up your Residence. This Limited Warranty also describes some common situations that can cause a component or system to be excluded from coverage under the Limited Warranty. For example, failure to perform routine maintenance or making modifications to your Residence may result in an item being excluded from coverage. For a complete description of exclusions, please consult this Limited Warranty. This Limited Warranty is not an insurance policy, nor a maintenance agreement, but defines what the Homeowner is to expect in terms of warranties. This Limited Warranty includes procedures for resolution of disputes, such as binding arbitration. Additional information on the binding arbitration procedure can be found in the "Resolving Disputes" section of this Limited Warranty.

A. WARRANTY COVERAGE

Except for the warranty for the Fit and Finish described in Section C below, the warranty period shall expire 10 years from the date of the Close of Escrow (as defined below) or at such earlier time as consistent with the limitations period assigned to a standard described in this Limited Warranty, or other applicable limitations period under California law, whichever is the shorter period. Please note that there are a significant number of such coverages that are for a duration of less than 10 years. The warranty period for the Fit and Finish components described in Section C expires one year from the Close of Escrow.

Please see the HUD Addendum for modifications to this section, where applicable.



The following Functionality Standards govern your Residence's Limited Warranty coverage, including the time periods of the Limited Warranty coverage:

Defined Terms For This Section A (Warranty Coverage)

1. "Structure" means any residential dwelling, other building, or improvement located upon a lot.
2. "Designed moisture barrier" means an installed moisture barrier specified in the plans and specifications, contract documents, or manufacturer's recommendations.
3. "Actual moisture barrier" means any component or material, actually installed, that serves to any degree as a barrier against moisture, whether or not intended as a barrier against moisture.
4. "Unintended water" means water that passes beyond, around, or through a component or the material that is designed to prevent that passage.
5. "Close of Escrow" means the date of the close of escrow between Builder and the original homeowner.
6. "Residence" means the residence you have purchased.
7. "Homeowner" includes the individual owners of residences.

Water Intrusion

1. A door shall not allow unintended water to pass beyond, around, or through the door or its designed or actual moisture barriers, if any.
2. Windows, patio doors, deck doors, and their systems shall not allow water to pass beyond, around, or through the window, patio door, or deck door or its designed or actual moisture barriers, including, without limitation, internal barriers within the systems themselves. For purposes of this paragraph, "systems" include, without limitation, windows, window assemblies, framing, substrate, flashings, and trim, if any.
3. Windows, patio doors, deck doors, and their systems shall not allow excessive condensation to enter the Structure (from outside the Residence) and cause damage to another component of the Residence. For purposes of this paragraph, "systems" include, without limitation, windows, window assemblies, framing, substrate, flashings, and trim, if any.
4. Roofs, roofing systems, chimney caps, and ventilation components shall not allow water to enter the Structure or to pass beyond, around, or through the designed or actual moisture barriers, including, without limitation, internal barriers located within the systems themselves. For purposes of this paragraph, "systems" include, without limitation, framing, substrate, and sheathing, if any.
5. Decks, deck systems, balconies, balcony systems, exterior stairs, and stair systems shall not allow water to pass into the adjacent Structure. For purposes of this paragraph, "systems" include, without limitation, framing, substrate, flashing, and sheathing, if any.
6. Decks, deck systems, balconies, balcony systems, exterior stairs, and stair systems shall not allow unintended water to pass within the systems themselves and cause damage to the systems. For purposes of this paragraph, "systems" include, without limitation, framing, substrate, flashing, and sheathing, if any.



7. Foundation systems and slabs shall not allow water or vapor to enter into the Structure so as to cause damage to another building component of the Residence.
8. Foundation systems and slabs shall not allow water or vapor to enter into the Structure so as to limit the installation of the type of flooring materials typically used for the particular application.
9. Hardscape, including paths and patios, irrigation systems, landscaping systems, and drainage systems, that are installed as part of the original construction, shall not be installed in such a way as to cause water or soil erosion to enter into or come in contact with the Structure so as to cause damage to another building component of the Residence.
10. Stucco, exterior siding, exterior walls, including, without limitation, exterior framing, and other exterior wall finishes and fixtures and the systems of those components and fixtures, including, but not limited to, pot shelves, horizontal surfaces, columns, and plant-ons, shall be installed in such a way so as not to allow unintended water to pass into the Structure or to pass beyond, around, or through the designed or actual moisture barriers of the system, including any internal barriers located within the system itself. For purposes of this paragraph, "systems" include, without limitation, framing, substrate, flashings, trim, wall assemblies, and internal wall cavities, if any.
11. Stucco, exterior siding, and exterior walls shall not allow excessive condensation to enter the Structure and cause damage to another component. For purposes of this paragraph, "systems" include, without limitation, framing, substrate, flashings, trim, wall assemblies, and internal wall cavities, if any.
12. Retaining and site walls and their associated drainage systems shall not allow unintended water to pass beyond, around, or through its designed or actual moisture barriers including, without limitation, any internal barriers, so as to cause damage. This standard does not apply to those portions of any wall or drainage system that are designed to have water flow beyond, around, or through them.
13. Retaining walls and site walls, and their associated drainage systems, shall only allow water to flow beyond, around, or through the areas designated by design.
14. The lines and components of the plumbing system, sewer system, and utility systems shall not leak.
15. Plumbing lines, sewer lines, and utility lines shall not corrode so as to impede the useful life of the systems.
16. Sewer systems shall be installed in such a way as to allow the designated amount of sewage to flow through the system.
17. Showers, baths, and related waterproofing systems shall not leak water into the interior of walls, flooring systems, or the interior of other components of the Residence.
18. The waterproofing system behind or under ceramic tile and tile countertops shall not allow water into the interior of walls, flooring systems, or other components of the Residence so as to cause damage.

Structural Issues



1. Foundations, load bearing components, and slabs, shall not contain significant cracks or significant vertical displacement.
2. Foundations, load bearing components, and slabs shall not cause the Structure, in whole or in part, to be structurally unsafe.
3. Foundations, load bearing components, and slabs, and underlying soils shall be constructed so as to materially comply with the design criteria set by applicable government building codes, regulations, and ordinances for chemical deterioration or corrosion resistance in effect at the time of original construction.
4. A Structure shall be constructed so as to materially comply with the design criteria for earthquake and wind load resistance, as set forth in the applicable government building codes, regulations, and ordinances in effect at the time of original construction.

Soil-Related Issues

1. Soils and engineered retaining walls shall not cause, in whole or in part, damage to the Structure built upon the soil or engineered retaining wall.
2. Soils and engineered retaining walls shall not cause, in whole or in part, the Structure to be structurally unsafe.
3. Soils shall not cause, in whole or in part, the land upon which no Structure is built to become unusable for the purpose represented at the time of original sale by Builder or for the purpose for which that land is commonly used.

Fire Protection Issues

1. A Structure shall be constructed so as to materially comply with the design criteria of the applicable government building codes, regulations, and ordinances for fire protection of the occupants in effect at the time of the original construction.
2. Fireplaces, chimneys, chimney structures, and chimney termination caps shall be constructed and installed in such a way so as not to cause an unreasonable risk of fire outside the fireplace enclosure or chimney.
3. Electrical and mechanical systems shall be constructed and installed in such a way so as not to cause an unreasonable risk of fire.

Plumbing and Sewer Issues

Plumbing and sewer systems shall be installed to operate properly and shall not materially impair the use of the Structure by its inhabitants. However, the Limited Warranty for plumbing and sewer issues described herein or in other aspects of this Limited Warranty related to plumbing and sewer issues shall be limited to a duration of 4 years from the Close of Escrow.

Electrical System Issues

Electrical systems shall operate properly and shall not materially impair the use of the Structure by its inhabitants. However, the Limited Warranty for electrical system issues described herein or in



other aspects of this Limited Warranty related to electrical system issues, shall be limited to a duration of 4 years from the Close of Escrow.

Other Areas of Construction

1. Exterior pathways, driveways, hardscape, sidewalls, sidewalks, and patios installed by Builder shall not contain cracks that display significant vertical displacement or that are excessive. The warranty against cracks and exterior pathways, driveways, hardscape, sidewalls, sidewalks and patios described herein or in other aspects of the Limited Warranty related to such issues, shall be limited to a duration of 4 years from the Close of Escrow.

2. Stucco, exterior siding, and other exterior wall finishes and fixtures, including, but not limited to, pot shelves, horizontal surfaces, columns, and plant-ons, shall not contain significant cracks or separations.

3. The Functionality Standards for Manufactured Products installed by Builder within the Residence are as follows:

- (A) To the extent not otherwise covered by other Functionality Standards, Manufactured Products shall be installed by Builder so as not to interfere with the Manufactured Product's useful life, if any. For purposes of this Section 3, "useful life" means a representation of how long a Manufactured Product is warranted, through its limited warranty or any written representations, to last by its manufacturer, including recommended or required maintenance. If there is no representation by a manufacturer, Builder shall install Manufactured Products so as not to interfere with the Manufactured Product's utility.

"Manufactured Products" includes, but is not limited to, windows, doors, roofing surface materials, plumbing products and fixtures, fireplaces, electrical fixtures, heating/ventilation/air-conditioning systems, countertops, cabinets, interior and exterior paint, and appliances. Further, among the "appliances" included in this definition include but are not limited to: barbeque, burglar alarm, dishwasher, fans, freezer, garbage disposal, garage door opener, hot water dispenser, ice maker, Interactive Home™ components, smart home systems, microwave oven, stove, refrigerator, smoke detector, trash compactor, washer, solar energy systems, dryer, water heater, water softener, and whirlpool bath. For purposes of this paragraph, "manufactured product" means also means a product that is completely manufactured offsite.

- (B) If no useful life representation is made by the manufacturer for the Manufactured Product, or if the representation made by the manufacturer is less than one year for such Manufactured Product, then Builder represents that the useful life of such Builder Warranted Product shall be for one year from the Close of Escrow ("Builder Warranted Products"). All Manufactured Products which have warranty from the manufacturer for at least one year in duration are "Manufacturer Warranted Products." The Homeowner shall rely on the manufacturer's warranty for the warranty of any Manufacturer Warranted Product. Builder makes no representation as to the useful life of any Manufacturer-Warranted Products and Manufactured Warranted Products are not covered under this Limited Warranty. In the event of a defect or malfunction of a Builder Warranted Product during the one-year warranty period, such warranty claim should be submitted to Builder. In the event of a defect or malfunction of a Manufacturer Warranted Product,



Homeowner should make a claim directly to the manufacturer. Builder will assist you in such effort for one year from the Close of Escrow by providing information needed to contact the manufacturer. Builder hereby assigns to you any and all rights Builder may have under any original manufacturer warranties covering any Manufacturer Warranted Product in the Residence.

Only where a Manufactured Product is damaged as a result of another component of the Residence's failure to be in compliance with any of the Functionality Standards, will damage to the Manufactured Product will be a recordable element of damages, if any. This subparagraph does not limit recovery if there has been damage to another building component of the Residence caused by a defect in the product during the Manufactured Product's useful life.

4. Heating shall be installed so as to be capable of maintaining a room temperature of 70 degrees Fahrenheit at a point three feet above the floor in any living space.
5. Living space air-conditioning, if any, shall be provided in a manner consistent with the size and efficiency design criteria specified in Title 24 of the California Code of Regulations or its successor.
6. Attached Structures shall be constructed to comply with inter-unit noise transmission standards set by the applicable government building codes, ordinances, or regulations in effect at the time of the original construction. If there is no applicable code, ordinance, or regulation, this paragraph does not apply. However, the Warranty for inter-unit noise transmission in attached Structures, if any, described herein or in any other aspects of this Limited Warranty related to inter-unit noise transmission shall be limited to the later of (a) 1 year from the Close of Escrow or (b) one year from the date of the original occupancy of each applicable adjacent unit affecting the Homeowner.
7. Irrigation systems and drainage shall operate properly so as not to damage landscaping or other external improvements. However, the Limited Warranty for irrigation systems and drainage described herein or otherwise described in other aspects of this Limited Warranty related to irrigation systems and/or drainage, shall be limited to a duration of 1 year from the Close of Escrow.
8. Untreated wood posts shall not be installed in contact with soil so as to cause unreasonable decay to the wood based upon the finish grade at the time of original construction. However, the Limited Warranty for untreated wood posts described herein or elsewhere in this Limited Warranty related to untreated wood posts shall be limited to a duration of 2 years from the Close of Escrow.
9. Untreated steel fences and adjacent components shall be installed so as to prevent unreasonable corrosion. However, the Limited Warranty for steel fences and adjacent components described herein or elsewhere in this Limited Warranty related to untreated steel fences and/or adjacent components shall be limited to a duration of 4 years from the Close of Escrow.
10. Paint and stains shall be applied in such a manner so as not to cause deterioration of the building surfaces for the length of time specified by the paint or stain manufacturers' representations, if any. However, the Limited Warranty for paint and stains described herein or in other aspects in this Limited Warranty related to paint and/or stains shall be limited to a duration of 5 years from the Close of Escrow.
11. Roofing materials shall be installed so as to avoid materials falling from the roof of the Residence.



12. The landscaping systems shall be installed in such a manner so as to survive for not less than one year.

13. Ceramic tile and tile backing shall be installed in such a manner that the tile does not detach.

14. Dryer ducts shall be installed and terminated pursuant to manufacturer installation requirements. However, the Limited Warranty for dryer ducts described herein or in other aspects of the Limited Warranty related to dryer ducts, shall be limited to a duration of 2 years from the Close of Escrow.

15. Structures shall be constructed in such a manner so as not to impair the occupants' safety because they contain public health hazards as determined by a duly authorized public health official, health agency, or governmental entity having jurisdiction. This paragraph does not limit recovery for any damages caused by a violation of any other paragraph of this section on the grounds that the damages do not constitute a health hazard.

Comprehensive Intent; Other Matters Causing Damage:

The standards set forth in this Limited Warranty are intended to address every function or component of a residence. However, to the extent that a function or component of the Residence is not addressed by the standards set forth in this Limited Warranty, such function and/or component shall only be warrantable by Builder if and to the extent it causes damage and to the extent required by the Right to Repair Act.

Fit and Finish Standards

The warranty period for the fit and finish of the following building components is one year from the Close of Escrow: cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes, and trim. Fit and Finish as used in this Limited Warranty means the listed building components shall not exhibit readily observable defects or cosmetic deficiencies in material or installation.

During your New Home Orientation, you will have the opportunity to view the cosmetic condition of your Home. Damage that occurs after the Close of Escrow and that is not the result of a construction defect, such as scratched, stained, dented, chipped, or scuffed surfaces, finishes, countertops, fixtures, tile, or grout; torn screens; or broken glass in windows or mirrors are not covered under this Limited Warranty.

Statute of Limitations

Nothing contained in this Limited Warranty shall extend any statute of limitations applicable to a particular warranty claim as set forth in the Right to Repair Act or other applicable laws. Homeowner acknowledges and agrees that Builder, by adopting the Functionality Standards and other obligations set forth in the Right to Repair Act, the California Civil Code and in other provisions set forth herein, did not intend to create and has not created any separate or additional contractual statute of limitations based on such standards. Homeowner agrees to be bound solely and exclusively by the duration of warranty coverage periods set forth in this Limited Warranty.

B. WHO IS COVERED BY THIS LIMITED WARRANTY

This Limited Warranty protects you, the original party (referred to in this Limited Warranty as "you,"



“your,” or “Homeowner”) who purchased the new Home from Builder, as such entity is shown on the grant deed for your Home (referred to in this Limited Warranty as “we,” “our” or “Builder”). This Limited Warranty is provided solely by Builder and by no other entity. In addition, all of your rights and obligations under this Limited Warranty shall, unless previously released by you, or your successors, fully transfer to each successor owner of the Home, including any mortgagee in possession, for the remainder of the applicable Limited Warranty term and any transfer shall in no way affect, increase or reduce the coverage under this Limited Warranty for its unexpired term. If you sell your Home during the Limited Warranty term, you agree to give this Limited Warranty to the successor owner, to inform the successor owner of warranty rights, and to otherwise make it possible for the successor owner to fulfill the successor owners’ obligations under the terms of this Limited Warranty. If you are an owner other than the original purchaser of the Home, you are bound by all the terms and conditions of this Limited Warranty including, but not limited to, claims procedures and the requirement to submit any dispute that may arise under this Limited Warranty to binding arbitration.

C. HOMEOWNER MAINTENANCE OBLIGATIONS

Your new Home requires consistent maintenance and care by you to ensure the quality of your Home and its systems. The Owner Maintenance Manual, as well as documentation provided to you by manufacturers and installers, contains required guidelines to properly maintain your Home. Under the terms of this Limited Warranty, you are expected to maintain your Home properly to prevent damage and ensure proper functioning of your Residence and its systems. This Limited Warranty does not cover issues or damage that could have been prevented by following the maintenance requirements in the Owner Maintenance Manual, or in the documentation provided to you by manufacturers and installers. In the event of any inconsistency between the terms of this Limited Warranty and the Owner Maintenance Manual, the terms of this Limited Warranty apply.

D. NOT AN ENHANCED PROTECTION AGREEMENT

This Limited Warranty is not intended to be a Builder’s Enhanced Protection Agreement, nor an alternative non-adversarial contractual provisions under the Right to Repair Act. Nothing in this Limited Warranty shall diminish any rights, obligations or remedies that you or Builder may have under the Right to Repair Act.

E. LIMITATION ON BUILDER’S LIABILITY

It is understood and agreed that Builder’s liability, whether in contract, tort, statute, negligence, or otherwise is limited to the remedy provided in this Limited Warranty. Builder’s obligations under this Limited Warranty, and under the Purchase Agreement, are limited solely to repair, replacement or payment to you of the reasonable cost of the repair or replacement.

If an item is covered by this Limited Warranty, Builder will repair or replace it to conform to the Functionality Standards. In the case of a structural element of your Residence which does not conform with the Functionality Standards, Builder will repair or replace the structural element to restore the load bearing function, as designed. The repair of an item that does not conform with the Functionality Standards will include the correction, replacement, or refinishing of only those surfaces, finishes, and coverings that were damaged by the issue and were part of the Residence when the title was first transferred by Builder. Builder will repair or replace surfaces, finishes and coverings that require removal in order for Builder to repair or replace an item to conform with the Functionality Standards. The extent of the repair or replacement of these surfaces, finishes and coverings will be to approximately the same condition they were in prior to the issue, but not necessarily to a “like new” condition. Builder cannot guarantee, nor does it warrant, exact color



matches with the original surrounding area due to factors such as fading, aging, or unavailability of the original materials.

Builder's offer to resolve any issue for which it bears no responsibility under this Limited Warranty does not create the responsibility to provide the resolution in another situation for which it contends it has no responsibility.

Builder is not responsible for repairs performed without its inspection and approval and will not reimburse you for unauthorized repairs. Unauthorized repairs may void this Limited Warranty with respect to the components of the Residence that were impacted by the unauthorized repair.

To the fullest extent permitted by law, our total liability for all claims made pursuant to this Limited Warranty shall not exceed the total purchase price of the Residence shown on the final settlement statement. The amount that we spend to satisfy our obligations under this Limited Warranty will be calculated based on the cumulative total of all repairs and payments made pursuant to this Limited Warranty, including our costs of designing, performing, and monitoring repairs in the Residence. Once the limit on our financial obligations has been paid, no further claims can be made pursuant to this Limited Warranty.

Builder shall construct the Residence in a manner that passes all applicable municipal inspections; passage of such inspections indicates compliance with applicable codes and standards. Failure to meet an applicable code, standard, or design specification by itself for any element of the Residence does not give rise to strict liability and it is not negligence per se, breach of contract or breach of warranty and does not create a cause of action or warranty claim against Builder. A claim or allegation that there is a failure to meet applicable code must be accompanied by (1) identification of the actual code section violated and, either (2) actual physical damage resulting from that failure or violation of code to the Residence, or (3) an immediate threat to the health and safety for the occupants or invitees. Builder shall not be required to utilize any repair method that would result in economic waste or be required to repair items or areas that are not damaged.

F. WAIVER OF ANY OTHER WARRANTY

TO THE FULLEST EXTENT PERMITTED BY LAW, ALL WARRANTIES REGARDING YOUR RESIDENCE AND ANY BUILDING COMMON ELEMENT, INCLUDING, BUT NOT LIMITED TO, STATUTORY AND IMPLIED WARRANTIES, ARE HEREBY DISCLAIMED BY US AND WAIVED BY YOU. THIS LIMITED WARRANTY IS SUBSTITUTED IN PLACE OF ALL SUCH WARRANTIES. THIS MEANS THAT THIS LIMITED WARRANTY IS THE ONLY WARRANTY THAT APPLIES AND GOVERNS YOUR AND BUILDER'S RIGHTS AND OBLIGATIONS RELATED TO YOUR RESIDENCE AND THAT THERE ARE NO OTHER WARRANTIES EXCEPT AS MAY BE REQUIRED BY LAW. EXAMPLES OF WARRANTIES THAT ARE DISCLAIMED BY US AND WAIVED BY YOU INCLUDE, BUT ARE NOT LIMITED TO, STATUTORY WARRANTIES, IMPLIED WARRANTIES, IMPLIED WARRANTY OF QUALITY OR FITNESS FOR USE OR A PARTICULAR PURPOSE, IMPLIED WARRANTY OF CONSTRUCTION IN A GOOD AND WORKMANLIKE MANNER, IMPLIED WARRANTY OF HABITABILITY, AND WARRANTY OF MERCHANTABILITY. NOTHING IN THIS LIMITED WARRANTY SHALL DIMINISH ANY RIGHTS, OBLIGATIONS, OR REMEDIES THAT YOU OR WE MAY HAVE UNDER THE RIGHT TO REPAIR ACT.

You are entitled to (and nothing in this section reduces) any warranty coverage provided by law that may not by law be waived, or reduced by this Limited Warranty or substituted with the terms of this Limited Warranty. If an arbitrator or court determines that a warranty cannot be waived, disclaimed or reduced by this Limited Warranty or substituted with the terms of this Limited



Warranty, then the specific term of this Limited Warranty that conflicts with the warranty term that may not be waived, disclaimed, reduced, or substituted will not apply, but all other terms will remain applicable to the extent permitted by law.

G. EXCLUSIONS FROM COVERAGE

This Limited Warranty does not cover the following conditions, items, damages or losses caused directly or indirectly or exacerbated by the following items, actions or events:

1. Homeowner Conduct. Ordinary wear and tear, or lack of proper Homeowner maintenance, including Homeowner's failure to minimize or prevent damages in a timely manner are not covered by this Limited Warranty. Any damage caused or exacerbated by your failure to properly maintain your Residence and your Property (as defined in your Purchase Agreement), including, but not limited to, failure to comply with the Owner Maintenance Manual, any maintenance obligations and schedules otherwise provided to you by Builder or any manufacturer or installer, any commonly accepted maintenance practices intended to prolong the life of the materials and construction on your Property, or any maintenance obligations imposed by the governing documents for the Community, is also not covered by this Limited Warranty. You are required to take any action necessary to mitigate damages resulting from an item that does not conform with the Functionality Standards.

2. Conduct of Maintaining Party Other than Homeowner. The governing documents for the Community in which the Property is located and/or applicable laws may require that parties other than Homeowner, such as an association or a neighboring homeowner, maintain in whole or in part certain improvements on the Property, including but not limited to walls, fences and hardscape. Any damage caused or exacerbated by such party's failure to properly maintain such improvement, including, but not limited to, failure to comply with the applicable Owner Maintenance Manual, any maintenance obligations and schedules otherwise provided by Builder or any manufacturer or installer, any commonly accepted maintenance practices intended to prolong the life of the materials and construction on your Property, or any maintenance obligations imposed by the governing documents for the Community, is also not covered by this Limited Warranty.

3. Cosmetic Issues. Except as provided under the Fit and Finish warranty described above, cosmetic issues to any component of the Residence are not covered by this Limited Warranty. Cosmetic issues include, but are not limited to dents in garage doors; torn screens; chipped or scratched countertops, cabinets, doors, walls, paint, flooring, porcelain, tile, plumbing fixtures, grout, marble, glass, windows or mirrors.

4. Natural Catastrophes, Occurrences and Accidents. The following are not covered by this Limited Warranty: natural catastrophes, occurrences or accidents, including, but not limited to: events such as severe wind, lightning, tropical storm, weight of ice, snow or sleet, volcanic eruption, hurricane, earthquake, drought conditions, fire, smoke, explosion, flood, electromagnetic fields, radon gas, sinkholes, presence of mold, mildew, spores, fungi or other related conditions, landslides and mud flows, storm surges, shockwaves, windstorm, hail or other Acts of God; the presence of hazardous or toxic materials, vehicles, falling objects, or nuclear hazard; intentional loss; governmental action (including, but not limited to, water conservation and rezoning); foreign invasion; power outages or surges; pollutants by third parties; and riots, civil commotion, theft or vandalism. Homeowner should directly consult with their state's department of insurance or their insurance agent to determine what coverage may be available in such events.

5. Grading and Soil Movement. Changes in the grading of the ground after the Close of Escrow by anyone other than Builder or its agents or subcontractors and soil movement (including,



but not limited to, subsidence, collapse, consolidation, expansion or lateral movement) are not covered by this Limited Warranty.

6. Modifications by Homeowner. Any material furnished or work completed to your Residence by you, your agents, employees or contractors, including, but not limited to, home or landscaping additions, alterations, remodeling or repairs performed by you or under your direction are not covered by this Limited Warranty.

7. Consequential Damages. Consequential, special, economic or incidental damages or losses of any kind caused by or related to matters warranted by this Limited Warranty, including, but not limited to, costs associated with temporary housing, transportation, food, moving, storage or other living expenses, pet boarding, furniture rental, personal or bodily injury, emotional distress, attorneys' fees and costs, medical care, loss of use, loss of wages, inconvenience, diminished market value or damage to personal property, even if Builder has been advised of the possibility of such damages, are not covered by this Limited Warranty, and therefore you waive and relinquish all rights to recover from Builder any of the damages described in this paragraph.

8. Variances in Materials and Discontinued Patterns. The color and texture of certain components used during construction or to repair/replace existing components (including, but not limited to, tile, brick, marble, stone flooring, wood, custom paint or grout) may not perfectly match due to varying conditions such as discontinued patterns, underlying surface, application technique, temperature, humidity and curing, as well as natural variations, aging, wear and tear, weathering and/or manufacturing variations are not covered under this Limited Warranty. During construction and any repair or replacement of such designated components, Builder will make reasonable efforts to match the texture and color of existing or adjacent components as closely as possible, but a perfect color and texture match is not covered by this Limited Warranty or guaranteed by Builder. Such variations are normal and expected conditions in the product and not considered items which fail to conform with the Functionality Standards.

9. Ventilation and Temperatures. Dampness or condensation due to Homeowner's failure to maintain adequate ventilation are not covered under this Limited Warranty. Loss or damage caused by failure to maintain proper temperatures (heating and cooling) within the Residence are not covered by this Limited Warranty.

10. Timely Reporting. Issues which are not reported in writing to Builder within the applicable Limited Warranty term are not covered by this Limited Warranty.

11. Termites, Pests and Other Animals. Loss or damage to your Residence, persons or property, including uninhabitability of your Residence, caused directly or indirectly by insects, wood-destroying organisms (including termites), birds, vermin, rodents or other wild or domestic animals is not covered by this Limited Warranty.

12. Water Damage. Flood, surface water, waves, tidal water, storm surges, overflow of a body of water or spray from any of these, whether or not driven by wind, water which backs up from municipal sewers or storm water drains, changes in the water table, or water below the surface of the ground (including water which exerts pressure on, seeps, or leaks through your Residence, sidewalk, driveway, foundation, swimming pool, or other Structure), wetlands, springs, aquifers or water from the irrigation of the landscaping on your property is not covered by this Limited Warranty.

13. Use of Residence for Non-Residential Purposes. Use of your Residence for non-residential purposes (e.g., childcare facility, pet sitting services, etc.), which involve an unusual level of traffic and wear and tear on your Residence is not covered by this Limited Warranty.



14. **Abnormal Loading.** Abnormal loading on floors and/or attic, decking, cabinetry, doors, shelving or closet bars is not covered by this Limited Warranty.

15. **Utility Services.** Utility services that were not installed by Builder are not covered by this Limited Warranty.

16. **Noise.** Exterior noises audible in your Residence, including, but not limited to, from air conditioning units, heaters, appliances, televisions, radios, pets, children, neighbors, street or foot traffic, commercial activity, construction activity, aviation traffic, or adjacent homes, are not covered under this Limited Warranty.

H. **REQUESTING A REPAIR**

1. **Procedure.** If you believe that a component of your Residence is covered by this Limited Warranty, you must take the steps detailed below. If you fail to follow this procedure or fail to timely submit a claim under this Limited Warranty, Builder will not be responsible for any repairs or any other costs or expenses (including, but not limited to, attorneys' fees and contractor/consultant fees) you incur to address the issue.

Step 1 – Set Up Account. Within two (2) business days of your final walkthrough, you will receive an email from Builder or Builder's representative providing instructions to set up an account to submit warranty claims through an online portal ("[Warranty Claims Portal](#)").

Step 2 - Contact Builder. Contact us on the Warranty Claims Portal with details of your concerns as soon as possible. Conditions that could cause additional damage, such as water leaks, should be reported immediately. Communication of warranty claims must be made through the Warranty Claims Portal to be deemed valid. Except as otherwise required by law, all Limited Warranty claims must be received by us through the Warranty Claims Portal prior to the expiration of the applicable Limited Warranty term. Please note this provision does not extend the applicable Limited Warranty term.

Step 3 – Allow Builder to investigate. We will review the information you give us on the Warranty Claims Portal and investigate your concerns. By submitting a Limited Warranty-related request, you agree to grant Builder and/or its representatives prompt and complete access to your Residence during normal business hours between Monday and Friday from 8 a.m. to 5 p.m. to inspect, repair and conduct tests in your Residence as we may deem necessary. If you refuse to allow us access to your Residence, such denial of access shall void this Limited Warranty with respect to your claim.

Step 4 – Our response. After investigation, we will inform you of whether there is a component of your Residence which does not conform with the Functionality Standards covered under this Limited Warranty. If there is a component of your Residence which does not conform with the Functionality Standards covered by this Limited Warranty, we will, at our option, repair or replace the non-conforming component as provided in this Limited Warranty. Alternatively, instead of correcting the component of your Residence which does not conform with the Functionality Standards, we may decide at our option to pay you the reasonable cost of correction.

Step 5 – Repair process. We will need access to your Residence during our normal working hours between Monday and Friday from 8:00 a.m. and 5:00 p.m. to perform the repair work. Occasionally, after hours or extended hours may be necessary to complete certain work and we will so advise you. We will not perform work in your Residence unless you or your representative over the age of seventeen is at the Residence when the work is performed. We will not compensate



you for any lost income or wages as a result of you taking time off work to attend repairs or for the cost of having a representative attend. We will start and complete the work as soon as possible based on your schedule, our work schedule, and the availability of the contractors and materials required to do the work. Your cooperation and flexibility are needed for us to complete the work promptly. Actions taken to cure items which do not conform with the Functionality Standards will not extend the applicable Limited Warranty term specified in this Limited Warranty.

2. Failure to Allow Repairs/Interference with Repair Work. If you fail to allow us to make timely repairs, we are not responsible for any damage that occurs. If you interfere with or impede our efforts to perform repairs, Builder shall have no liability or responsibility regarding the proposed repair, nor any damage related to or arising out of the failure to repair. Throughout the warranty process, use of profanity, threats, intimidation, abuse and/or hostility whether in writing, verbal, or through postings on social media, is strictly prohibited when dealing with Builder and its trades and such conduct will be considered interference and a failure to cooperate by the Homeowner. Mutual cooperation is essential as is consistent and reliable points of contact such that parties can make representations and agreements upon which the other side may rely.

3. Emergencies. If an emergency condition exists that requires immediate repairs to protect the safety of occupants of your Residence or to prevent imminent serious damage to your Residence, contain us immediately at (925) 430-5229.

4. Repairs by or Payment from Insurance Company – Waiver of Claims. Coverage for components of your Residence which do not conform with the Functionality Standards is provided by this Limited Warranty, and we encourage you to submit claims to us. This Limited Warranty, however, is not a homeowner's insurance policy, which typically provides coverage for certain property damages and casualty losses. If you receive from an insurance company or any other party payment or repairs relating to or arising from a Construction Defect or a component of your Residence which does not conform with the Functionality Standards, then to the extent permitted by law you hereby waive for yourself and on behalf of anyone acquiring rights through you, including, but not limited to, any insurance company, all subrogation claims, and other claims against us for such payments or repairs received by you.

Builder is not responsible for repairs performed without its inspection and approval and will not reimburse you for unauthorized repairs. Unauthorized repairs may void this Limited Warranty with respect to the components of the Residence that were impacted by the unauthorized repair.

I. DISPUTE RESOLUTION

If we are unable to resolve your concerns pursuant to the process addressed in this Limited Warranty, then the dispute must be resolved by binding arbitration, as provided below. Unless otherwise recoverable by law or statute, you and Builder shall bear your own costs and expenses, including attorney's fees, for any arbitration.

Please see the HUD Addendum for modifications to this section, where applicable.

1. Arbitration. Any and all claims, controversies, breaches or disputes by or between you and Builder arising out of or relating to this Limited Warranty (each a "Dispute"), shall be arbitrated pursuant to the Federal Arbitration Act and subject to the procedures set forth as follows:

(a) Appointment of Arbitrator. The arbitration will be conducted before an arbitrator appointed by the Judicial Arbitration and Mediation Services ("**JAMS**"). In the event JAMS is for any reason unwilling or unable to serve as the arbitration service, or through mutual agreement by



the parties, then the parties shall select another reputable arbitration service. If the parties are unable to agree on an alternative service, then either you or Builder may petition any court of competent jurisdiction in the County in which the Residence is located to appoint such an alternative service, which shall be binding on the parties. The rules and procedures of such alternative service in effect at the time the request for arbitration is submitted shall be followed so long as they are equivalent to the rules and procedures of JAMS.

Notwithstanding the foregoing, any dispute concerning the interpretation or the enforceability of this arbitration provision, including, without limitation its revocability or voidability for any cause, any challenges to the enforcement or the validity of this Limited Warranty or this arbitration provision, or the scope of the arbitrable issues under this arbitration provision, and any defense relating to the enforcement of this arbitration provision including, without limitation, waiver, estoppel, or laches, shall be decided by an arbitrator in accordance with this arbitration provision and not by a court of law.

(b) Arbitration Rules. The arbitration will proceed in accordance with the JAMS rules applicable to the Dispute. Homeowner and Builder will be entitled to visually inspect and perform testing on any component claimed to not conform with the Functionality Standards, and no JAMS rule shall apply if it is inconsistent with the provisions of this Limited Warranty. Notwithstanding the foregoing, to the extent that any state or local law, ordinance, regulation, or judicial rule is inconsistent with any provision of the rules of the arbitration service under which the arbitration proceeding shall be conducted, the latter arbitration rules shall govern the conduct of the proceeding.

(c) Participation by Other Parties. Homeowner and Builder both agree that any such arbitration shall only be between Homeowner and Builder and shall not be joined or consolidated with the claims or arbitration of any other party unless specifically agreed to in writing by you and Builder, and the arbitrator shall not authorize any such consolidation or joinder without the written consent of you and Builder. Notwithstanding the preceding sentence, Builder may join consultants, subcontractors and/or suppliers involved in the design and construction of the improvements to the Residence. This arbitration provision shall inure to the benefit of, and be enforceable by, Builder and Builder's affiliated and related entities and each of their respective employees, officers, directors, agents, representatives, contractors, subcontractors, consultants, agents, vendors, suppliers, design professionals, insurers and any other person whom you contend is responsible for any alleged Construction Defect in or to the Residence or any improvement or appurtenance thereto. The participation by any party, or any party who you contend is responsible for a Dispute, in any judicial proceeding concerning this arbitration provision or any matter arbitrable hereunder shall not be asserted or accepted as a reason to delay, to refuse to participate in arbitration, or to refuse to compel arbitration, including instances in which the judicial proceedings involve parties not subject to this arbitration provision and/or who cannot otherwise be compelled to arbitrate.

(d) Class Action Waiver. Homeowner and Builder have agreed to arbitrate Disputes under the Federal Arbitration Act due to the mutual advantages of arbitration over bringing an action in court to resolve a Dispute. Homeowner acknowledges that group and class actions are inconsistent with arbitration under the Federal Arbitration Act. Arbitration of a group or class action destroys the advantages of the arbitration process such as speed, efficiency, and lower costs due to the complexities involved in a group or class action. For these reasons, Homeowner and Builder mutually agree to waive the right to bring a group or class action claim in the arbitration, including, without limitation, claims brought as a class representative, class member, representative on behalf of others or private attorney general on behalf of the general public.



(e) **Initiating Arbitration.** Either party may begin the arbitration process by filing a demand for arbitration with JAMS and serving a copy of the demand on the other party. To the extent not consistent with the FAA, all of the provisions of this paragraph are subject to the general qualifications of state law, requirements and rules, including, but not limited to, state filing limitations (such as statutes of limitation and statutes of repose), that may affect how and when arbitration may be initiated and administered. The following is a brief description of the steps to initiate arbitration and the arbitration process:

Step 1 – Filing a request. The party initiating arbitration must notify JAMS in writing of the request for arbitration under the terms of this Limited Warranty. The party initiating arbitration will pay the JAMS' filing fee and any other administrative fee or cost charged by JAMS to initiate the arbitration. All fees and costs shall be borne separately between the parties, including, but not limited to, all attorneys' fees, arbitration fees and expert witness costs resulting from the Dispute. Notwithstanding the foregoing, the filing fees to initiate arbitration shall be advanced by Builder in accordance with the JAMS or AAA equivalent fee schedule. Except as otherwise required by law, your arbitration request must be received by JAMS by the earlier of (i) the expiration of your claim under the applicable state statute of limitations or (ii) 90 days after the expiration of the applicable Limited Warranty term. Please note that this provision does not extend the applicable Limited Warranty term.

Step 2 – Hearing. The arbitrator appointed to serve shall be a neutral and impartial individual. The arbitration should be held in the County where the Residence is located unless the Homeowner and Builder agree otherwise. The hearing typically will be scheduled by the arbitrator or the arbitration organization at a time mutually agreeable to all parties. At the hearing, the arbitrator will hear and consider evidence presented by all parties. If a party timely notifies JAMS of a request for a record of the hearing prior to the earlier of the hearing date or the date, if specified, in the JAMS' rules, the arbitrator will preserve all evidence presented at the arbitration. Oral evidence will be preserved in a manner that it can be converted to written transcript. The costs of the record will be paid by the party requesting the record or shared equally among the parties requesting a copy. Notwithstanding anything inconsistent in the rules and procedures of the arbitration service, the parties to the arbitration shall have the right to conduct a reasonable amount of discovery, including written discovery, depositions and inspections and testing, all as approved and coordinated by the arbitrator.

Step 3 – Award. The arbitrator's award will decide whether there is a component of your Residence which does not conform with the Functionality Standards that is covered by this Limited Warranty and, if requested by a party, the scope and manner of correction. The arbitrator's award will be based on applicable law of the state in which the Residence is located, except to the extent the FAA overrides and preempts state, local, or other law, and will include findings of fact and conclusions of law. If permitted by the AAA/JAMS rules, either party may request a written explanation of the award.

(f) **Right to appeal award.** Each party has the right to appeal the arbitrator's award to JAMS by filing a written notice with JAMS (with a copy to the other party) within the time period specified in the applicable appellate rules for JAMS. The party appealing the award shall pay the fees necessary to initiate the appeal. If both sides appeal, the fees shall be split 50/50. The notice of appeal must include specific items the party seeks to change in the award and the supporting facts and law. The appeal will be heard by a panel of three arbitrators from JAMS. The appeal will be conducted in accordance with the applicable rules of JAMS and the provisions of this Limited Warranty as if the claim was being initially filed with JAMS, except that: (1) the only issues to be determined on appeal are the issues described in the notice of appeal and any issues raised by the non-appealing party in response to the issues in the notice of appeal, (2) the arbitrator's award



on appeal will be final, binding, and non-appealable, and (3) no new evidence will be accepted or considered by the arbitrators if a record of the initial arbitration was made.

(g) Award Final. The award of the arbitrator will be final, subject to appeal as provided above. If a notice of appeal is not received by JAMS within the time period specified in the applicable appellate rules after the arbitrator's issuance of the proposed final order, then the initial award will be final. Once the award is final, it will be binding on and enforceable against all parties, except as modified, corrected or vacated according to the applicable arbitration rules and procedures or to the extent not consistent with the FAA or applicable state law.

Step 4 – Repairs. Unless designated otherwise in the award (and unless appealed), we will, within 10 days after a final award, elect to either perform the correction awarded by the arbitrator or, at our option, pay you the reasonable cost of such correction. If we elect to perform the correction under an award, we will complete the correction within 90 days after a final award or as may be specified by the arbitrator. If the correction cannot be reasonably completed in that time, the arbitrator must grant reasonable additional time to make the correction. If you believe that the correction was not performed satisfactorily or in a timely manner, you may have these issues arbitrated in a later arbitration. If the cost of the correction is not specified in the award and we elect to pay you the reasonable cost of the correction, you may have the amount of that payment arbitrated in a later arbitration.

HUD ADDENDUM

This Addendum is only applicable to original FHA or VA financed homes only.

The following language is added to the section of this Limited Warranty entitled “Warranty Coverage”

One Year Limited Warranty. The effective date of the one year Limited Warranty term for workmanship will be the date on which Close of Escrow occurs in connection with the initial sale of the Residence. In no event will the effective date of the one year Limited Warranty term be later than the date of FHA endorsement of your mortgage on the Residence.

Notwithstanding anything to the contrary herein contained, during the one year Limited Warranty term for workmanship, Builder will correct Construction Deficiencies in workmanship and materials resulting from the failure of the Residence to comply with the standards of quality as measured by acceptable trade practices. “Construction Deficiencies” are defects (not of a structural nature) in the Residence that are attributable to poor workmanship or to the use of inferior materials, which result in the impaired functioning of the Home or some part thereof.

Defects resulting from abuse by the Homeowner or someone else or from normal wear and tear are not considered Construction Deficiencies. The Homeowner may ask for a review and resolution of a disputed claim by HUD prior to engaging in arbitration.

Ten Year Limited Warranty. Structural defect is actual physical damage to the designed load-bearing portions of the Residence caused by failure of such load-bearing portions that affects their load-bearing functions to the extent that the Residence becomes unsafe, unsanitary, or otherwise unlivable. Load-bearing components, for the purpose of defining structural defects, are defined as follows: footing and foundation systems; beams; girders; lintels; columns; load-bearing walls and partitions; roof framing systems; and floor systems, including basement slabs for the first through fourth years where the Residence is located in an area designated by HUD regulations on the effective date of this Limited Warranty as containing expansive or collapsible soils.



The following language is added to the section of this Limited Warranty entitled “Dispute Resolution”

The Homeowner of a home with original FHA or VA financing is not required to submit disputes related to or arising out of this Limited Warranty to the binding arbitration procedure required by this Limited Warranty; however, if the Homeowner elects to pursue the dispute to a final resolution, including judicial resolution of disputes, such election shall bar the Homeowner from pursuing the same dispute against this Limited Warranty through the binding arbitration procedure provided herein.