



Home Buyers Warranty®
America's
Choice®

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2-10 Home Buyers Warranty® Booklet Limited Warranty Coverage 10-Year Structural Only

Dear Homeowner(s):

Congratulations! You are purchasing a Home with a Limited Warranty covering Structural Defects provided by a Builder enrolled in the 2-10 Home Buyers Warranty (2-10 HBW®) Program of Home Buyers Warranty Corporation.

This Warranty Booklet and Your Certificate of Warranty Coverage is Your Builder's Limited Warranty to you. Your Builder warrants that, within the limitations described in this document, Your Home will be free from qualifying Structural Defects.

Your Builder's Limited Warranty will be insured by the insurance company stated on the Certificate of Warranty Coverage which You will receive after Your Home is enrolled in the 2-10 HBW Program.

This Limited Warranty is a contract between You and Your Builder.

2-10 HBW is the warranty administrator, but NOT a warrantor under the contract. Your Builder's Warranty Insurer is not a party to this Limited Warranty contract, but Your Builder's Warranty Insurer has agreed to perform certain tasks and undertake certain obligations which are described in this Limited Warranty Booklet.

Congratulations and enjoy Your new home!

Home Buyers Warranty Corporation

SECTION I DEFINITIONS

You and Your means the person(s) who holds title to the Home. **Home** means the dwelling and garage. **Builder** means the Builder as listed on the Certificate of Warranty Coverage. **Warranty Insurer** is the Builder's Warranty Insurer as stated on Your Certificate of Warranty Coverage. **Effective Date of Warranty** is the earliest of Your closing date, first title transfer or the date You or anyone else first occupied the Home if that was before closing. **Condominium** means a multifamily residential dwelling, each title holder of which has 100% ownership of his own unit and partial ownership of common elements such as hallways, walkways, elevators, and owns the land wholly in common. **Certificate of Warranty Coverage** is the document which provides proof of warranty coverage for a certain address and the coverage provided by Your Builder. **Limited Warranty** means the express warranty described by the terms and provisions contained within this Warranty Booklet. **2-10 HBW** is the warranty administration company which performs certain tasks for the Warranty Insurer. **Warranty Term** is the period during which a warranted Structural Defect must first occur in order to be covered hereunder, and is that period which begins on the Effective Date of Warranty as defined above and ends ten years thereafter. **Warranty Limit** is the sum as stated in the Certificate of Warranty Coverage. **Builder Application for Home Enrollment** means the Builder Application for Home Enrollment Form signed by You and Your Builder before the Home was enrolled in the 2-10 HBW program. A **Common Element** is any portion of the structure in which enrolled units are located which is defined as a common element in either the state condominium law or in Your Declaration of Condominium. **Common Element Stairways and Landings** are defined as areas that are maintained by the Homeowners Association or someone other than the owner/occupant of the particular unit. **Structural Defect** is defined as actual physical damage to the designated load-bearing elements of the Home caused by failure of such load-bearing elements which affects their load-bearing functions to the extent that Your Home becomes unsafe, unsanitary, or otherwise unlivable. The Structural Defect warranty coverage is the same as that contained in regulations of the Department of Housing and Urban Development in effect at the time of the issuance of this Limited Warranty. This is coverage for catastrophic failure of load-bearing elements of Your home. The designated load-bearing elements that are covered under this Structural Defect warranty are:

1. Footings and Foundation systems;
2. Beams;
3. Girders;
4. Lintels;
5. Columns;
6. Masonry Arches;
7. Load-bearing walls and partitions;
8. Roof framing systems; and
9. Floor systems.

Examples of elements not covered by this Structural Defect warranty which are deemed NOT to have Structural Defect potential are:

1. Non-load-bearing partitions and walls;
2. Wall tile or paper, etc.;
3. Drywall and plaster;
4. Flooring and sub-flooring material;
5. Stucco, brick and stone veneer;
6. Any type of exterior siding;
7. Roof shingles, roof tiles, sheathing, and tar paper;
8. Heating, cooling, ventilating, plumbing, electrical and mechanical systems;
9. Appliances, fixtures or items of equipment;
10. Doors, trim, cabinets, hardware, insulation, paint, stains; and
11. Basement and other interior floating, ground-supported concrete slabs.

SECTION II LIMITED WARRANTY: TEN YEAR

For ten years from the Effective Date of Warranty Your Builder warrants Your Home against a Structural Defect. A Structural Defect is defined in Section I.

SECTION III REPORTING A STRUCTURAL DEFECT

If You believe Your Home has a Structural Defect that is covered under Your Limited Warranty as defined in Section I:

1. Complete the Notice of Claim form, which is found at the back of this Warranty Booklet. Fully describe the nature of the Structural Defect and the date You first noticed it on the Notice of Claim form.
2. For each claim, send a copy of Your completed Notice of Claim form, a copy of Your Certificate of Warranty Coverage, and a \$250 claim investigation fee payable to the Warranty Insurer stated on Your Certificate of Warranty Coverage to:
2-10 HBW Warranty Administration Office
10375 East Harvard Ave.
Denver, CO 80231

We recommend You send the notice by Certified Mail, *Return Receipt Requested*.

All Notices of Claim must be received by 2-10 HBW Warranty Administration not later than thirty (30) days after the expiration of the Warranty Term. Limited Warranty coverage for any Notice of Claim received after this date will be denied, and neither Your Builder nor the Warranty Insurer will have any obligation to You for the repair of these Structural Defects. The time limits are a material condition of Your Limited Warranty.

Except for authorized emergency repairs as defined below, do not repair a claimed Structural Defect before the Warranty Insurer has an opportunity to inspect the Structural Defect. Doing so will make it impossible for the Warranty Insurer to assess whether the Structural Defect was covered by Your Limited Warranty; whether the repair You performed or caused to be performed was cost-effective, necessary, and effective; and whether the Warranty Insurer would have been able to solve the problem in another way. As a result, the Warranty Insurer will not accept coverage for any claimed Structural Defect that You have had repaired or replaced. In addition, You will not be reimbursed for any costs or expenses You undertake to investigate a Structural Defect such as, but not limited to, engineering and attorney fees.

If You have a ten year Structural Defect warranty coverage emergency, You must contact the 2-10 HBW Warranty Administration Office at (720) 747-6000 in order to receive authorization for any emergency repairs. If You are unable to contact the 2-10 HBW Warranty Administration Office, You must

1. Make minimal repairs until authorization for more extensive repairs has been approved;
2. Take action in order that further damage can be mitigated; and
3. Report the emergency to 2-10 HBW Warranty Administration on the next business day.

Any unauthorized repairs will not be reimbursed unless You have followed the above procedures.

SECTION IV LIMITED WARRANTY: CONDOMINIUM

If Your Home is a Condominium unit as defined in this Limited Warranty, You are being provided coverage as described under Section II which extends to Common Elements as also defined in this Limited Warranty.

All exterior Common Element Stairways and Landings contained within multifamily projects will be covered only if they are constructed with metal and/or concrete materials. All exterior Common Element Stairways and Landings contained within multifamily projects are excluded from coverage unless Your Builder paid an additional fee for coverage of wood materials used in exterior Common Element Stairways and Landings as reflected on Your Certificate of Warranty Coverage. EXCEPTION: In the Las Vegas and Phoenix metropolitan areas, no additional fee is required for coverage of wood materials used on exterior Common Element Stairways and Landings. Common Elements and Common Element Stairways and Landings are defined in Section I.

Your Builder must enroll all Condominium units from Your Condominium building in order to receive any structural coverage for Your building's Common Elements. Coverage of the Common Elements begins on the date the Certificate of Occupancy was issued for the building containing Your unit, and Common Elements Structural Defects must be reported within the applicable Warranty Term for such defects. Claims pertaining to Common Elements must be filed by Your condominium association ("Association") or representative designated by the Association using one Notice of Claim Form for each affected building. The Notice of Claim form must list each unit of the building and a Certificate of Warranty Coverage must be attached for each unit of the building. Under the ten year Structural Defect warranty coverage, the maximum claim investigation fee is \$250 per unit in the building or \$5000 per building, whichever is less. By accepting this Limited Warranty, You agree to allow free access to, on, through or within Your unit during normal business hours (after receiving notice from Your Association, Your Builder, 2-10 HBW or the Warranty Insurer) so that repairs may be made to any adjacent unit or Common Element area. You also agree that if emergency repairs are required (which would be the responsibility of the Warranty Insurer) and You cannot be contacted within a reasonable period of time, You waive such notice.

SECTION V CONDITIONS

THIS IS A LIMITED WARRANTY OFFERED BY YOUR BUILDER. To the extent possible under the law of Your state, any implied warranty of habitability, is disclaimed and waived. No one can add to or vary the terms of this Limited Warranty, orally or in writing. In the event any provision of this Limited Warranty is determined by a court of competent jurisdiction to be unenforceable, that determination will not affect the validity of the remaining provisions.**

The aggregate obligation of Your Builder and the Warranty Insurer for all claims under this Limited Warranty is equal to the Warranty Limit stated in the Certificate of Warranty Coverage. This means that every time the Warranty Insurer pays a claim or pays for a repair, that payment is deducted from the Warranty Limit, and when the Warranty Limit is exhausted, You no longer have any Structural Defect warranty coverage. If the payment is made for the repair of a Common Element of a Condominium, the payment shall be deducted pro-rata from the Warranty Limit for each Condominium in the building. The obligations of the Warranty Insurer under this Limited Warranty and under any insurance policy insuring the Limited Warranty shall be excess to any other valid and collectible insurance issued to You, whether such other insurance is primary, excess or contingent.

WARRANTY NOT INSURANCE This Limited Warranty is not an insurance policy, a maintenance agreement nor service contract. If You have a mortgage on Your Home, Your lender may insist that You have a homeowner's insurance policy, and this is not it.

REPAIR The Builder or the Warranty Insurer shall have the option to repair, replace or pay You the reasonable cost of repair of any covered Structural Defect. The design, method and manner of such repair shall be within the sole discretion of the Warranty Insurer, if the Warranty Insurer pays for the repair. You are responsible for any damage to any improvement, fixture or property not constructed by the Builder which is damaged by, or during the repair of, a covered Structural Defect, and You shall pay for the cost of repair of such improvement, fixture or property necessitated by the repair of a covered Structural Defect. No repair shall extend the term of this Limited Warranty as to any covered Structural Defect, including without limitation, the Structural Defect which was the subject of the repair. Before the Warranty Insurer repairs or pays for the repair of a claim, You must assign to the Warranty Insurer any rights You may have against any other person with respect to the claim. You shall do nothing to prejudice these rights of subrogation. At the time of payment for reasonable cost of repairs or repair or replacement of warranted items, You must sign and deliver to 2-10 HBW a full and unconditional release of Your Builder, Warranty Insurer and 2-10 HBW, in recordable form, of all legal obligations with respect to the warranted items and condition arising therefrom. The repair of a Structural Defect consists of, and is limited to:

1. Repair of damage to the load-bearing portions of Your Home which is necessary to restore their load-bearing function;
2. Repair of those non-load-bearing portions damaged by the Structural Defect and whose repair is necessary to make Your Home once again safe, sanitary, or otherwise livable; and
3. Repair and cosmetic correction of only those surfaces, finishes and coverings, original with the Home, damaged by the Structural Defect or which require removal and replacement to repair the Structural Defect or to repair other damage directly attributable to the Structural Defect. Repairs are intended to restore the Home to approximately the condition just prior to the Structural Defect, but not necessarily to a like-new condition. The Warranty Insurer's costs of designing, accomplishing, and monitoring repairs to Your Home (or payments to You or to another instead) are deducted from Your Home's Warranty Limit. The Warranty Insurer's costs of determining the existence and/or extent of a covered Structural Defect, are not deducted.

ACCESS TO YOUR HOME In order for the Warranty Insurer to carry out its responsibilities under this Limited Warranty, it will require access to Your Home from time to time. By signing the Builder Application for Home Enrollment or by using the coverage provided by the Limited Warranty, You hereby agree to grant access to the Warranty Insurer and its agents and contractors during normal business hours to inspect, repair, and conduct tests in Your Home as in its judgment may be required. Failure to allow access to Your Home will eliminate the Builder's and the Warranty Insurer's obligation under this Limited Warranty.

ARBITRATION. Any and all claims, disputes and controversies by or between the homeowner, the Builder, the Warranty Insurer and/or 2-10 HBW, or any combination of the foregoing, arising from or related to this Warranty, to the subject Home, to any defect in or to the subject Home or the real property on which the subject Home is situated, or the sale of the subject Home by the Builder, including without limitation, any claim of breach of contract, negligent or intentional misrepresentation or nondisclosure in the inducement, execution or performance of any contract, including this arbitration agreement, and breach of any alleged duty of good faith and fair dealing, shall be settled by binding arbitration. Agreeing to arbitration means you are waiving your right to a jury trial.

The arbitration shall be conducted by the American Arbitration Association pursuant to its Construction Industry Arbitration Rules in effect at the time of the Effective Date of Warranty; or by Construction Arbitration Services, Inc., pursuant to its applicable rules in effect at the time of the Effective Date of Warranty; or by DeMars & Associates, Ltd. pursuant to its applicable rules in effect at the time of the Effective Date of Warranty. The choice of arbitration service shall be that of the homeowner if the homeowner is a claimant. If the homeowner is not a claimant, the choice of arbitration service shall be that of the Builder. Any dispute concerning the choice of an arbitration service shall be submitted to a court of competent jurisdiction, which shall have authority to enforce this paragraph.

This arbitration agreement shall inure to the benefit of, and be enforceable by, the Builder's subcontractors, agents, vendors, suppliers, design professionals, insurers and any other person alleged to be responsible for any defect in or to the subject Home or the real property on which the subject Home is situated. Any party shall be entitled to recover reasonable attorney's fees and costs incurred in enforcing this arbitration agreement. The decision of the arbitrator shall be final and binding and may be entered as a judgment in any State or Federal court of competent jurisdiction.

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

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

The arbitrator shall possess sufficient knowledge in the residential construction industry as determined by the arbitration service. The arbitration hearing shall occur whenever possible in the home which is the subject of the arbitration.

All administrative fees of the arbitration service and fees of the arbitrator shall be borne equally by the parties to the arbitration, subject to the discretion of the arbitrator to reallocate such fees in the interests of justice.

The Warranty Insurer shall have the right, in advance of the arbitration proceeding, to reinspect any Home which is the subject of the arbitration proceeding if the request for arbitration was made more than sixty (60) days following the last claim decision of Warranty Insurer concerning such Home. No arbitration proceeding shall involve more than one single-family detached dwelling or more than one multifamily building.

The parties expressly agree that this Warranty and this arbitration agreement involve and concern interstate commerce and are governed by the provisions of the Federal Arbitration Act (9 U.S.C. § 1, et seq.) now in effect and as the same may from time to time be amended, to the exclusion of any different or inconsistent state or local law, ordinance or judicial rule; and to the extent that any state or local law, ordinance or judicial rule shall be inconsistent with any provision of the rules of the arbitration service under which the arbitration proceeding shall be conducted, the latter rules shall govern the conduct of the proceeding.

If any provision of this arbitration agreement shall be determined by the arbitrator or by any court to be unenforceable or to have been waived, the remaining provisions shall be deemed to be severable therefrom and enforceable according to their terms.

WARRANTIES TRANSFERABLE All of Your rights and obligations hereunder shall fully transfer, up to the remaining amount of the Warranty Limit, to each successor in title to the Home, including any mortgagee in possession, for the remainder of the Warranty Term and any such transfer shall in no way affect or reduce the coverage under this Limited Warranty for its unexpired term. There is no limit to the number of such transfers during the Warranty Term, nor any cost hereunder as a result of such successions. If You sell Your Home during the Warranty Term, You agree to give this Limited Warranty to Your buyer, to inform Your buyer of warranty rights and to make it possible for the buyer to fulfill the obligations under the terms of this Limited Warranty. If You are a subsequent owner of the Home (that is, an owner other than the original purchaser), Your Home may benefit from the coverage provided by this express Limited Warranty. Likewise, You are also bound by all the terms and conditions of the Limited Warranty including but not limited to claims procedures and participation in binding arbitration.

YOUR OBLIGATIONS The Limited Warranty coverage pays for the cost of labor and materials to correct a covered Structural Defect. Your obligation is to care for Your Home in such a way as to prevent or minimize damage to it. You should be aware that all new homes go through a period of settlement and movement. During this period, Your Home may experience some minor material shrinkage, cracking and other events which are normal and customary. Remember that You are responsible for proper maintenance of Your Home including maintaining Builder-set grades around Home, planting trees and shrubs at the proper distance, and conforming to generally accepted landscape practices for Your region.

SECTION VI EXCLUSIONS

This Limited Warranty does not provide any coverage for the following items, which are specifically excluded:

1. Damage to land and other real property that is not part of Your Home, or any property that was not included in the purchase price stated on the Certificate of Warranty Coverage;
2. Damage to swimming pools and other recreational facilities; driveways; boundary walls, retaining walls and bulkheads (except where boundary walls, retaining walls and bulkheads are necessary for the structural stability of the Home); fences; landscaping (including sodding, seeding, shrubs, trees, and plantings); sprinkler systems; patios, decks, stoops, steps and porches, outbuildings, carports, or any other appurtenant structure or attachment to the dwelling; or other additions or improvements not a part of Your Home;
3. Loss or damage which arises while Your Home is being used primarily for nonresidential purposes;
4. Changes in the level of underground water table which was not reasonably foreseeable at the time of construction of Your Home;
5. Failure of Your Builder to complete construction;
6. Noncompliance with plans and specifications; violations of local or national building codes, ordinances or standards;
7. Any condition which has not resulted in actual physical damage to Your Home;
8. Any loss or damage that is caused or made worse by any of the following causes, whether acting alone or in sequence or concurrence with any other cause or causes whatsoever:
 - a. Negligence, improper maintenance, defective material or work supplied by, or improper operation by, anyone other than Your Builder or its employees, agents or subcontractors, including failure to comply with the warranty requirements of manufacturers of appliances, equipment or fixtures;
 - b. Your failure to give prompt and proper notice to 2-10 HBW and Your Builder of any Structural Defect;
 - c. Change of the grading of the ground that does not comply with accepted grading practices, or failure to maintain the original grade;
 - d. Riot or civil commotion, war, vandalism, hurricane, tornado or other windstorm, fire, explosion, blasting, smoke, water escape, tidal wave, flood, dampness, condensation, hail, snow, ice storm, lightning, falling trees or other objects, aircraft, vehicles, mudslide, avalanche, earthquake, or volcanic eruption;
 - e. Abuse or use of Your Home, or any part thereof, beyond the reasonable capacity of such part for such use;
 - f. Microorganisms, fungus, decay, wet rot, dry rot, soft rot, rotting of any kind, mold, mildew, vermin, termites, insects, rodents, birds, wild or domestic animals, plants, corrosion, rust, radon, radiation, formaldehyde, asbestos, any solid, liquid or gaseous pollutant, contaminant, toxin, irritant or carcinogenic substance, whether organic or inorganic, and electromagnetic field or emission, including any claim of health risk or uninhabitability based on any of the foregoing;
 - g. Your failure to minimize or mitigate any defect, condition, loss or damage as soon as practicable;
9. Any loss or damage caused by buried debris, underground springs, sinkholes, mineshafts or other anomalies which were not reasonably foreseeable in a building site provided by You;
10. Any defect or damage You knew about prior to the Effective Date of Warranty;
11. Any request for warranty performance submitted to 2-10 HBW or Your Builder after an unreasonable delay or later than 30 days after the expiration of the applicable Warranty Term;
12. Loss caused, in whole or in part, by any peril or occurrence for which compensation is provided by state legislation or public funds;
13. Any loss or damage to the extent the loss or damage is covered by any other insurance, whether primary, excess, pro-rata or contingent;
14. Costs of shelter, transportation, food, moving, storage, or other incidental expenses related to relocation during repair, or any other costs due to loss of use, inconvenience, or annoyance;
15. Diminished market value of Your Home; and
16. Any and all consequential loss or damage, including without limitation, any damage to property not covered by this Limited Warranty, any damage to personal property, any damage to property which You do not own, any bodily damage or personal injury of any kind, including physical or mental pain and suffering and emotional distress, and any medical or hospital expenses, or lost profits.

The Limited Warranty covers only those Structural Defects which first occur during the Warranty Term; any Structural Defects You knew about prior to the Effective Date of Warranty such as “walk-through” or “punch-list” items are not covered.

ADDENDUM

**** California:** State of California Only - The protection provided under this Limited Warranty is not in limitation of, but is in addition to, any other rights provided to You under California law.

**** Kansas:** State of Kansas Only - You have not waived the implied warranties. You may have other remedies as provided to You under Kansas law.



Home Buyers Warranty®



HOME BUYERS WARRANTY CORPORATION

Warranty Administration Office
10375 E. Harvard Ave., 5th Floor
Denver, Colorado 80231
720-747-6000

NOTICE OF CLAIM FORM
FOR STRUCTURAL CLAIMS ONLY

Please read the Home Buyers Warranty™ Booklet for filing instructions and pertinent information.

YOUR NAME _____

ADDRESS OF CLAIM _____
(Street)

(City) (State) (Zip)

HOME PHONE (_____) BUSINESS PHONE (_____) _____

EFFECTIVE DATE OF WARRANTY ____/____/____
(Mo.) (Day) (Year)
(Date of Closing or First Occupancy)

[Empty box for HBW Certificate of Warranty Coverage #]

HBW Certificate of Warranty Coverage #

Please note that Home Buyers Warranty™ provides Limited Structural Warranty Coverage which is subject to exclusions and conditions. You are encouraged to review the Structural Coverage provisions of your Warranty Booklet.

Please answer the following questions:

- 1. Have you reviewed the Definition of a Structural Defect in your Warranty Booklet? [] Yes [] No
2. Do you believe that you have actual physical damage to one or more of the listed load bearing portions of your home? [] Yes [] No
3. Have you reviewed the list of non-load-bearing elements which would not qualify as a Structural Defect under this coverage? [] Yes [] No
4. Do you feel that your home is unsafe, unsanitary or otherwise unlivable as a result of the defect? [] Yes [] No

NATURE OF DEFECT (BE SPECIFIC; IF AVAILABLE, ENCLOSE PHOTOGRAPHS; ATTACH SEPARATE SHEET IF NECESSARY) _____

DATE DEFECT FIRST OBSERVED ____ (Mo.) ____ (Day) ____ (Year)

IT IS UNLAWFUL TO KNOWINGLY PROVIDE FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES, DENIAL OF INSURANCE, AND CIVIL DAMAGES. ANY INSURANCE COMPANY OR AGENT OF AN INSURANCE COMPANY WHO KNOWINGLY PROVIDES FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO A POLICYHOLDER (BUILDER) OR CLAIMANT (HOMEOWNER) FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE POLICYHOLDER (BUILDER) OR CLAIMANT (HOMEOWNER) WITH REGARD TO A SETTLEMENT OR AWARD PAYABLE FROM INSURANCE PROCEEDS SHALL BE REPORTED TO THE INSURANCE COMMISSIONER OF YOUR STATE.

CHECK ONE (if applicable)
1. [] FHA 2. [] VA 3. [] RHS
Case # _____
If you are the original owner, and your Home has FHA/VA financing, please provide the following:
Name of Mortgage Company: _____
Address of Mortgage Company: _____

Homeowner Signature (Date)

Homeowner Signature (Date)



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