

HOME BUYERS WARRANTY CORPORATION
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Home Buyers Warranty®

HOME BUYERS WARRANTYSM BOOKLET
WORKMANSHIP/SYSTEMS AND STRUCTURAL
LIMITED WARRANTY COVERAGE

TABLE OF CONTENTS

SECTION I Definitions

SECTION II Express Limited Warranty:
One & Two Year

SECTION III Reporting a One Year
Workmanship or
Two Year Systems Defect

SECTION IV Express Limited Warranty:
Ten Year

SECTION V Reporting a Structural Defect

SECTION VI Express Limited Warranty:
Condominium

SECTION VII Conditions

SECTION VIII Exclusions

SECTION IX Construction Quality Standards

Dear Homebuyer(s):

Congratulations! You are purchasing a Home with express limited warranty protection provided by a Builder enrolled in the Home Buyers WarrantySM program which is offered by Home Buyers Warranty Corporation. The specific warranty coverage(s) selected by your Builder is stated on your Certificate of Warranty Coverage.

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 these two documents, your Home will be free from qualifying structural defects, and if so indicated on your Certificate of Warranty Coverage, will also be free from defects in workmanship and systems.

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 with Home Buyers Warranty Corporation (HBW).

This Warranty is a contract between you and your Builder. HBW is the warranty administrator, but NOT a warrantor under the contract. Your Builder's warranty insurer is not a party to this Warranty Contract, but your Builder's warranty insurer has agreed to perform certain tasks and undertake certain obligations which are described in this booklet.

Congratulations and enjoy your new home!

Home Buyers Warranty Corporation

SECTION I DEFINITIONS

You means the person(s) who holds title to the Home, **Home** means the dwelling and does not include outbuildings nor any appurtenant structure or attachments to the dwelling, other than attached garages or carports (SECTION VIII Exclusions), and **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 your closing date, first title transfer or the date you or anyone else first occupied the Home if that was before closing. For FHA/VA homes, the Effective Date of Warranty is the date of 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. **HBW** means a warranty administration company which performs certain tasks for the Warranty Insurer. **Warranty Term** is the period during which a warranted 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 one, two, four, or ten years thereafter. **Defect** is defined in each instance as a failure to meet the Construction Quality Standards for workmanship and systems as set forth in this Agreement. **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 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. All four parts of this definition must be satisfied in order for a condition to qualify as a **Structural Defect**. This 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 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 warranty are:

1. Foundation systems and footings;
2. Beams;
3. Girders;
4. Lintels;
5. Columns;
6. Roof sheathing only if your Home has original FHA/VA financing still in effect;
7. Walls and partitions;
8. Roof framing systems;
9. Floor systems; and
10. State of Colorado: Basement slabs for the first four years of the Structural Warranty period only if your Home has original FHA/VA-insured financing.

Examples of elements not covered by this structural 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. Plaster, laths, or drywall;
4. Flooring and sub-flooring material;
5. Brick, stucco, stone or 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 EXPRESS LIMITED WARRANTY: ONE AND TWO YEAR*
(*Indiana residents: Please read ADDENDUM at the end of Section VIII)

If your Certificate of Warranty Coverage indicates your Builder is providing One and Two Year Coverage*, for one year from the Effective Date of Warranty your Builder warrants that your Home will be free from defects in materials and workmanship as defined in the Construction Quality Standards in Section IX; and for two years from the Effective Date of Warranty, your Builder warrants that your Home will be free from defects in the electrical, plumbing, and mechanical systems to the extent stated in the same Construction Quality Standards.

SECTION III REPORTING A ONE YEAR WORKMANSHIP OR TWO YEAR SYSTEMS DEFECT

If you believe your Home has a Defect that is covered under your Builder's One Year Workmanship or Two Year Systems Warranty, which occurred during the applicable Warranty Term, you must first write a letter to your Builder listing the specific warranty Defect(s) and the date the Defect(s) occurred. Do this as soon as you notice a warranty problem and before your Warranty Term expires. Your Builder should perform or pay for (at their option) these warranty repairs if a Defect occurs.

Once you have written to your Builder, if repairs are not made within sixty (60) days, complete the following steps (unless your Warranty Term will expire within those sixty (60) days, in which case, take these steps immediately:

1. Complete the Notice of Complaint Form, which is found at the back of this Warranty Booklet.
2. Send one copy of the Form to your Builder. We recommend you send it certified mail, *return receipt requested*.
3. Send one copy of the Form, a copy of your Certificate of Warranty Coverage, and a copy of all correspondence between you and your Builder about the warranty problem in question to:

HBW Customer Service Office
2675 S. Abilene Street,
Aurora, CO 80014

We recommend you send this information by certified mail, *return receipt requested*.

All three of these steps must be completed. Sending a notice to your Builder does not constitute notice to HBW. Also, we cannot initiate work on your warranty problem with a phone call; we must have written documentation. In addition, the Builder and HBW must receive your Notice of Complaint Form no later than 30 days after the expiration of your warranty. Complaints filed after that date will be denied because your warranty coverage will have expired.

Once your notification has been received by HBW, HBW will again notify your Builder of your complaint. If your Builder and you are unable to resolve your differences either by yourselves or with HBW's help, you must arbitrate your dispute (see SECTION VII, ARBITRATION). HBW will provide a form to request arbitration after you have followed the above procedure.

If HBW determines that your Builder cannot or will not resolve the problem, arbitrate, comply with an arbitration award, or is found not to be in compliance with an arbitration award by an arbitrator, HBW will so notify you. You must then forward to HBW at the above address a onetime \$250.00 claim deductible (check payable to the Warranty Insurer stated on your Certificate of Warranty Coverage). At that point, HBW will forward the check and your file to the Warranty Insurer, and the Warranty Insurer will adjust the claim. (If you are the original owner and your Home has original FHA/VA-financing still in effect, the \$250.00 is collected after the claim is accepted and the amount of loss is determined.)

In summary: The reporting procedures described above must be completed prior to the applicable warranty's expiration date, and all notices must be received by HBW Customer Service no later than 30 days after your warranty's expiration date. Warranty coverage for any Notice of Complaint 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 Defects. Delays caused by you that would make it impossible for the Warranty Insurer to collect reimbursement from your Builder for work the Warranty Insurer would pay for will void your warranty coverage. The time limits are a material condition of your Warranty.

WHAT TO DO IN THE CASE OF AN EMERGENCY: An emergency is a condition which if not immediately repaired may cause danger to the Home or its occupants. If you have a One or Two Year Warranty coverage emergency, you must contact your Builder immediately. If you are unable to contact your Builder, you must contact the HBW Customer Service office at (303) 368-4805 or (303) 368-5204 in order to receive authorization to make any emergency repairs. If you have a Ten Year Structural Warranty coverage emergency, you must contact the HBW Customer Service office in order to receive authorization for any emergency repairs. If neither your Builder nor the HBW Customer Service office is available for emergency authorization, 1) you must make minimal repairs until authorization for more extensive repairs has been approved, 2) you must take action in order that further damage can be mitigated, and 3) you must report the emergency to the HBW Customer Service office on the next business day. All unauthorized repairs will not be reimbursed unless you have followed the above procedures.

SECTION IV EXPRESS LIMITED WARRANTY: TEN YEAR

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

SECTION V REPORTING A STRUCTURAL DEFECT

If you believe your Home has a Structural Defect that is covered under your Structural 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 Form.
2. For each claim, send a copy of your completed 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:

HBW Customer Service Office
2675 S. Abilene Street
Aurora, CO 80014

We recommend you send this information by certified mail, *return receipt requested*.

If you are the original owner and your Home still has the original FHA/VA-financing in effect, you do not have to send the \$250 claim investigation fee with your Notice of Claim Form. The fee will be collected after your claim is accepted and the amount of loss determined.

As your Builder's insurer, the Warranty Insurer is entitled to assess claimed Structural Defects and decide upon an appropriate repair plan. The Warranty Insurer is also entitled to choose to repair or replace, or to pay you the reasonable value of the repair or replacement of a covered Structural Defect.

Except for authorized emergency repairs as defined in Section III of this Warranty Booklet, do not repair (or cause the repair of) a claimed Structural Defect before the Warranty Insurer has an opportunity to inspect the Defect. Doing so will make it impossible for the Warranty Insurer to assess whether the structural defect was covered by your 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, nor will the arbitrator be able to award to you, 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's fees.

SECTION VI EXPRESS LIMITED WARRANTY: CONDOMINIUM

If your Certificate of Warranty Coverage indicates your Builder is providing One and Two Year Coverage, your Builder is providing the same coverage for your unit as described above under EXPRESS LIMITED WARRANTY: ONE AND TWO YEAR in addition to the EXPRESS LIMITED WARRANTY : TEN YEAR.