

Turn to: (enclose self-addressed stamped envelope)

Name:

Address:

This Instrument Prepared by:

SPACE ABOVE THIS LINE FOR PROCESSING DATA

SPACE ABOVE THIS LINE FOR PROCESSING DATA

Property Appraiser's  
Parcel Identification  
Number

**SPECIAL CONDOMINIUM WARRANTY DEED**

THIS INDENTURE, made this \_\_\_\_ day of \_\_\_\_\_, 200 \_\_, between CENTEX HOMES, a Nevada general partnership, whose Southeast Florida division office is located at 8198 Jog Road, Suite 200, Boynton Beach, Florida 33437, hereinafter referred to as "Grantor," and \_\_\_\_\_, whose post office address is \_\_\_\_\_, State of \_\_\_\_\_, hereinafter referred to as "Grantee."

WITNESSETH:

That the Grantor, for and in consideration of the sum of TEN DOLLARS (\$10) and other good and valuable consideration to it in hand paid by the Grantee, the receipt of which is hereby acknowledged, has granted, bargained and sold to the Grantee, and the Grantee's heirs and assigns forever, the following described real property situated, lying and being in City of Stuart, in Martin County, Florida, to wit:

The Condominium Parcel known as Unit \_\_\_\_\_, Phase \_\_\_\_ of LEXINGTON LAKES, A CONDOMINIUM ("Condominium"), according to the Declaration of Condominium thereof ("Declaration"), recorded in Official Records Book \_\_\_\_\_, Pages \_\_\_\_\_ through \_\_\_\_\_ of the Public Records of Martin, Florida, and any and all amendments thereto, together with an undivided interest in and to the common elements appurtenant thereto as specified in said Declaration.

Grantee, by acceptance hereof, and by agreement with Grantor, hereby expressly assumes and agrees to be bound by and to comply with all of the covenants, terms, conditions and provisions set forth and contained in the aforescribed Declaration, including, but not limited to, the obligation to make payment of assessments for the maintenance and operation of the Condominium.

This conveyance is made subject to the following:

1. Real estate taxes for the year of closing and subsequent years and any special taxes or assessments entered against said property after the date of closing;
2. Applicable zoning regulations and ordinances;
3. All of the terms, provisions, conditions, rights, privileges, obligations, easements and liens set forth and contained in the Declaration and all exhibits and any amendments thereto;
4. All of the covenants, agreements, conditions, restrictions and easements of record, if any, which may now affect the aforescribed property;
5. Perpetual easement for encroachments now existing or hereafter existing caused by the settlement or movement of improvements or caused by minor inaccuracies in building or rebuilding;
6. Such facts as an accurate survey would show.

AND FURTHER SUBJECT TO THOSE EXCEPTIONS  
AS LISTED ON EXHIBIT "A" ATTACHED AND MADE A PART  
HEREOF BUT WITHOUT REIMPOSING ANY OF SAME AND FURTHER SUBJECT TO  
THAT CERTAIN INVESTOR PROHIBITION RESTRICTION ATTACHED HERETO AND  
MADE A PART HEREOF AS EXHIBIT "B"

The Grantor does hereby warrant the title to said property by, through and under the said Grantor and will defend the same against lawful claims of all persons claiming by, through or under the Grantor.

IN WITNESS WHEREOF, Grantor has caused these presents to be executed in its name, and its corporate seal to be hereunto affixed, by its proper officers thereunto duly authorized, the day and year first above written.

Signed, sealed and delivered in the presence of:

CENTEX HOMES, a Nevada general partnership  
By: CENTEX REAL ESTATE CORPORATION,  
A Nevada corporation, Its: General Partner

\_\_\_\_\_  
Signature

By: \_\_\_\_\_

\_\_\_\_\_  
Printed Name of Witness

Printed Name: \_\_\_\_\_

\_\_\_\_\_  
Signature

Its: \_\_\_\_\_

\_\_\_\_\_  
Printed Name of Witness

Attest: \_\_\_\_\_

Printed Name: \_\_\_\_\_

STATE OF FLORIDA  
COUNTY OF MARTIN

The foregoing instrument was acknowledged before me this \_\_\_ day of \_\_\_\_\_, 200\_\_\_, by \_\_\_\_\_ and \_\_\_\_\_, the \_\_\_\_\_ and \_\_\_\_\_ respectively, of CENTEX REAL ESTATE CORPORATION, a Nevada corporation, on behalf of the corporation, the general partner of CENTEX HOMES. \_\_\_\_\_ and \_\_\_\_\_ are personally known to me, or have produced \_\_\_\_\_ and \_\_\_\_\_ respectively, as identification.

My Commission expires:

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Printed Name of Notary Public

\_\_\_\_\_  
Commission Number

ACCEPTED BY GRANTEE:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name of Witness

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name of Witness

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name of Witness

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name of Witness

\_\_\_\_\_  
Printed Name: \_\_\_\_\_

\_\_\_\_\_  
Printed Name: \_\_\_\_\_

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_ day of \_\_\_\_\_, 200\_\_, by \_\_\_\_\_ who is personally known to me, or who has produced \_\_\_\_\_ as identification and \_\_\_\_\_ who is personally known to me, or who has produced \_\_\_\_\_ as identification.

My Commission expires:

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Printed Name of Notary Public

\_\_\_\_\_  
Commission Number

## EXHIBIT "A"

1. Terms, covenants, conditions, easements, restrictions, reservations and other provisions, including provisions which provide for a private charge or assessment, according to that certain Declaration of Condominium of Lexington Lakes, a Condominium, and the exhibits and attachments thereto, recorded \_\_\_\_\_, in Official Records Book \_\_\_\_\_, Page \_\_\_\_\_, as amended, of the Public Records of Martin County, Florida.
2. Reservations, restrictions, covenants, easements and other matters as shown on the Plat of Lexington Lakes as recorded in Plat Book \_\_\_\_, Pages \_\_\_\_ through \_\_\_\_, of the Public Records of Martin County, Florida.
3. Any dispute as to the boundaries caused by a change in the location of any water body within or adjacent to the land prior to Date of Policy, and any adverse claim to all or part of the land that is, at Date of Policy, or was previously under water.
4. Any minerals or mineral rights leased, granted or retained by current or prior owners.
5. Any lien as provided for by Chapter 159, Florida Statutes, in favor of any city, town, village or port authority for unpaid service charges for service by any water, sewer or gas systems supplying the lands described herein.
6. Easement granted to City of Stuart by instrument recorded in Book 374, Page 1391.
7. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of Sewell's Point Land Company's Subdivision, as recorded in Plat Book 3, Page(s) 7, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
8. Ordinance No. 1342-94 by the City of Stuart recorded in Book 1059, Page 361.

## ATTACHMENT NO. 2

### Investor Prohibition Deed Restriction to be recorded as an Exhibit to the Deed

#### EXHIBIT "B" TO DEED

#### DEED RESTRICTION OCCUPANCY PERIOD AND USE OF THE PROPERTY

As a material consideration inducing the grantor under the attached deed ("Seller") to sell to the grantee under such deed ("Buyer") that certain real property described in this Deed (the "Property"), Buyer has represented to Seller that Buyer intends to and will occupy the Property as Buyer's principal or secondary residence or will rent the Property in accordance with neighborhood specific rules and regulations relating to such rentals for a period of at least twelve (12) months after Buyer's acquisition of the Property (the "Occupancy Period"). Seller and Buyer have entered into a separate unrecorded agreement (the "Agreement") pursuant to which Buyer has agreed to occupy the Property as provided herein, and Buyer has agreed not to sell the Property for the duration of the Occupancy Period. This Deed Restriction is to put third parties on notice of such commitments by Buyer, and Seller's rights upon a breach of such commitments by Buyer, as provided in the Agreement and nothing contained in this Deed Restriction shall, or shall be deemed to, modify or amend the Agreement in any respect. In the event of any conflict between the provisions of the Agreement and the provisions of this Deed Restriction, the provisions of the Agreement shall prevail. Notwithstanding the foregoing, this Deed Restriction includes certain mortgagee protections which shall be in addition to, and shall not be superseded by, the mortgagee protections in the Agreement.

Buyer acknowledges that Seller, as a developer and builder of single family and multi-family residences, has an interest in ensuring that such residences, and the communities in which they are built, including the Property and the community which the Property is a part (such community being referred to herein as the "Community" or the "Benefited Property") are purchased and occupied only by persons who will actually occupy them as a principal or secondary residence or will rent the Property in accordance with neighborhood specific rules and regulations relating to such rentals, to obtain a stabilized community of owner-occupied homes, and to mitigate a shortage of available homes for permanent residents.

1. Occupancy Covenants. Buyer, on behalf of itself and its successors and assigns, hereby covenants to and for the benefit of Seller that, during the Occupancy Period: (a) Buyer will occupy the Property as Buyer's principal or secondary residence after closing or will rent the Property in accordance with neighborhood specific rules and regulations relating to such rentals; and (b) Buyer shall not enter into any agreement for the sale or other transfer of the Property which would result in Buyer's failure to hold title thereto in fee simple for the duration of the Occupancy Period.

2. Permitted Transfers; Hardship Exceptions.

(a) Permitted Transfers. The following transfers ("Permitted Transfers") of title to the Property, or any estate or interest therein shall not constitute a breach of the foregoing covenants, provided, however, this Deed Restriction and the Agreement shall continue to burden the Property following such conveyance: (a) a good-faith transfer by gift, devise or inheritance to Buyer's spouse or issue, (b) a taking of title by a surviving joint tenant, (c) a court-ordered transfer of title to a spouse as part of a divorce or dissolution proceeding, (d) a transfer by Buyer to an inter vivos trust in which Buyer is a beneficiary, or (e) an acquisition of title, or of any interest therein, in conjunction with marriage.

(b) Hardship Exceptions. Notwithstanding the restrictions on transfers referenced above, Seller recognizes that a transfer of the Property may be desirable in certain circumstances and Seller may, in its sole and absolute discretion decided on a case-by-case basis, consent to a transfer of the Property during the Occupancy Period. Furthermore, Seller shall not unreasonably withhold its consent to a transfer in the following instances:

- (i) A transfer necessitated by the death of Buyer or Buyer's spouse;
- (ii) A transfer by Buyer to Buyer's spouse as co-owner;
- (iii) A transfer, conveyance, pledge, assignment or other hypothecation to secure the performance of an obligation, which transfer, conveyance, pledge, assignment, or hypothecation will be released or reconveyed upon the completion of such performance;
- (iv) A transfer in connection with a significant negative change in the financial circumstances of Buyer from Buyer's financial circumstances when Buyer acquired the Property, as evidenced by documentation reasonably acceptable to Seller;
- (v) A transfer necessitated by a medical condition of Buyer or another person living with Buyer for whom Buyer is the primary caretaker, as evidenced by documentation reasonably acceptable to Seller;
- (vi) A transfer in connection with a temporary (more than 6 months) or permanent employment related relocation of Buyer or Buyer's spouse, as evidenced by documentation reasonably acceptable to Seller;
- (vii) A transfer in connection with military activation or otherwise arising in connection with military service; or
- (viii) A transfer which, in Seller's sole independent judgment, constitutes a "hardship" situation consistent with the intent of this Deed Restriction.

3. Automatic Termination of Deed Restriction. The covenants set forth above, and the restrictions on transfer of the Property set forth herein, shall automatically terminate and be of no further force and effect on the date which is twelve (12) months after the date of recordation of this Deed.

4. Remedies for Breach. If Buyer or Buyer's successors and assigns, breaches, violates or fails to perform or satisfy any of the covenants set forth in the Agreement, Seller, and Seller's successors and assigns, may enforce the remedies set forth in the Agreement including, without limitation, the right and option to recover all "Appreciation" in value of the Property upon a sale of the Property in violation of the Agreement, determined as provided in the Agreement, and Buyer's obligation to pay the Appreciation shall constitute a lien on the Property which shall run with the land and shall be binding on successors and assigns.

5. No Duty to Enforce. Seller makes no representation or warranty to Buyer that Seller will impose these requirements on other buyers of homes in the Community and/or that, if Seller has imposed or in the future imposes these requirements on another buyer, that Seller will enforce the requirements set forth in this Deed Restriction against other owners in the Community. Buyer specifically acknowledges and agrees that Seller is not guaranteeing Buyer or assuring Buyer in any way that the Community will now or in the future be occupied only or primarily by owner occupants and/or that there will not be buyers in the Community who are purchasing homes in the Community for rentals or as an investment, with no intention of living in the home.

6. Survival of Covenant on Transfer. Except as provided in Paragraph 9, below, Buyer's obligations, and Seller's rights hereunder and under the Agreement shall survive any transfer of the Property by Buyer.
7. No Unreasonable Restraint. Buyer acknowledges that the purpose of this Deed Restriction is (i) to comply with Seller's intention to sell homes only to persons who will actually occupy them as a principal residence or will rent the homes in accordance with neighborhood specific rules and regulations relating to such rentals, (ii) to obtain a stabilized community of owner-occupied homes, and (iii) to prevent a shortage of available homes for permanent residents. Buyer agrees that the provisions and restrictions set forth in this Deed Restriction do not constitute an unreasonable restraint upon alienation of the Property.
8. Survival; Severability. All of the covenants contained herein shall survive the delivery and recordation of the deed conveying the Property from Seller to Buyer. The provisions of this Deed Restriction shall be independent and severable, and a determination of invalidity or partial invalidity or enforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision of this Deed Restriction or the Agreement.
9. Mortgagee Protection Provisions.
  - a) Permitted Financing. Notwithstanding anything to the contrary in this Deed Restriction or in the Agreement, Buyer may encumber the Property as security for a loan made by an institutional lender, the proceeds of which are used only to purchase the Property, improve the Property or both.
  - b) Subordination. Seller hereby acknowledges and agrees that a violation of this Deed Restriction by Buyer shall not defeat or render invalid the lien of any first mortgage or deed of trust in favor of an institutional lender or investor and made in good faith and for value by Buyer, and that the covenants and provisions of this Deed Restriction shall be inferior and subordinate to the lien of any such first or second mortgage or deed of trust made by an institutional lender or investor, whether recorded concurrently with or subsequent to the deed conveying the Property to Buyer.
  - c) Termination on Foreclosure. This Deed Restriction and the Agreement are subject and subordinate to any first or second priority deed of trust or mortgage on the Property made by or held by an institutional lender or investor. Any party and its successors and assigns, receiving title to the Property pursuant to a judicial or non-judicial foreclosure, or by any conveyance in lieu of such foreclosure, under a power of sale contained in such a first priority mortgage or deed of trust recorded against the Property in the Office of the Recorder of the County in which the Property is located shall take title free and clear of the provisions of this Deed Restriction and the Agreement.
  - d) HUD or VA Insured or Guaranteed Mortgages. If Buyer has acquired the Property by a mortgage insured by the Secretary of the United States Department of Housing and Urban Development, or guaranteed by the United States Department of Veteran's Affairs, then this Deed Restriction and the Agreement, shall automatically terminate if title to the Property is transferred by foreclosure or deed-in-lieu of foreclosure, or if the insured or guaranteed mortgage is assigned to the Secretary or the VA.
  - e) Insurance Proceeds and Condemnation Award. In the event the Property is damaged or destroyed, or in the event of condemnation, Seller shall have no claim or right to any proceeds thereof and such proceeds shall be held and distributed in accordance with the terms of any lien on the Property, in their order of priority.



10. Covenant Running with the Land. The Property shall be held and conveyed subject to the terms set forth in this Deed Restriction. The covenants contained herein are intended and shall be construed as covenants and conditions running with and binding the Property and equitable servitudes upon the Property and every part thereof; and subject to the next paragraph in this Paragraph 10, are for the benefit of the Benefited Property. Furthermore, all and each of the terms hereunder shall be binding upon and burden all persons having or acquiring any right, title or interest in the Property (during their ownership of such interest), or any part thereof, and their successors and assigns; and subject to the next paragraph in this Paragraph 10, shall inure to the benefit of the Benefited Property and all persons having or acquiring any right, title or interest in the Benefited Property, or any part thereof, which shall be deemed the dominant tenement for purposes of this Instrument. This Instrument is intended to bind and benefit said persons only and is not intended to be, nor shall it be construed as being, for the benefit of adjoining property owners or any other third party.

In the event that fee title to any portion of the Benefited Property is or has been conveyed by Seller to a third party (a "Transferred Parcel"), the terms of this Instrument shall cease to benefit said Transferred Parcel unless Seller expressly assigns to the transferee of the Transferred Parcel the benefits of all or a portion of the covenants contained herein, either concurrently with conveyance of the Transferred Parcel or at any time thereafter, in either case by recorded assignment document executed by Seller and specifically referencing this Instrument (general references to appurtenances or rights related to the acquired land will not suffice). Seller and, upon recordation of any such assignment executed by Seller in favor of a specific successor to the benefits hereof (a "Benefits Successor"), the Benefits Successor, and their successors alone shall have the right to enforce the terms of this Deed Restriction and the Agreement and to recover for violations by Seller hereunder.

Any merger of Seller or Seller's parent company with or into another entity or any acquisition of all or a portion of the stock or equity of Seller or Seller's parent company by a third party will not be deemed a conveyance of the Benefited Property triggering the applicability of this paragraph.

In witness whereof, Buyer has entered into this Deed Restriction as of the day and year this Deed is recorded.

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Date

This is a Contract to acquire a condominium parcel in a Florida condominium. As such, Florida law requires the following to be placed on the first page of the Contract:

**ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING THE REPRESENTATIONS OF DEVELOPER. FOR CORRECT REPRESENTATIONS, REFERENCE SHOULD BE MADE TO THIS CONTRACT AND THE DOCUMENTS REQUIRED BY SECTION 718.503, FLORIDA STATUTES, TO BE FURNISHED BY A DEVELOPER TO A BUYER OR LESSEE.**

**ANY PAYMENT IN EXCESS OF 10 PERCENT OF THE PURCHASE PRICE MADE TO DEVELOPER PRIOR TO CLOSING PURSUANT TO THIS CONTRACT MAY BE USED FOR CONSTRUCTION PURPOSES BY DEVELOPER.**

CONTRACT FOR PURCHASE AND SALE OF A CONDOMINIUM PARCEL IN  
LEXINGTON LAKES, A CONDOMINIUM

This Contract for Purchase and Sale ("Contract") is made between CENTEX HOMES, a Nevada general partnership (hereinafter called "Seller" or "Developer"), and \_\_\_\_\_ (hereinafter called "Purchaser" or "Buyer")

Permanent Address: \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
Phone Number (\_\_\_\_) \_\_\_\_\_

Temporary Address: \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
Phone Number (\_\_\_\_) \_\_\_\_\_

[Check box for address for any notices to be given or delivered under this Contract.]

Seller agrees to sell to Purchaser and Purchaser agrees to purchase from Seller the condominium parcel hereinafter described for the price and on the terms and conditions now about to be set forth. (All terms used herein with initial capital letters and quotation marks are defined later in this Contract or as defined in the Declaration.)

1. CONDOMINIUM PARCEL. Purchaser agrees to buy a condominium parcel ("Condominium Parcel") in Lexington Lakes, a Condominium ("Condominium"). The Condominium Parcel shall consist of:

- (i) Unit \_\_\_\_\_ (hereinafter referred to as the "Home") in the Condominium; and
- (ii) a percentage of undivided ownership interest in the common elements attributable to the Home; and
- (iii) other appurtenances as described in and subject to the Declaration of Condominium of Lexington Lakes, a Condominium ("Declaration") and any amendments thereto, as recorded or to be recorded in the Public Records of Martin County, Florida ("County"), furnished pursuant to Section 718.503, Florida Statutes.

2. PURCHASE PRICE.

2.1 Purchase Price

- 2.1.1 The "Purchase Price" for the Home (exclusive of closing costs set forth in Article V of the Standards).....\$ \_\_\_\_\_
- 2.1.2 Options ("Extras", as defined in Article IV.F of the Standards) ordered pursuant to any addenda attached hereto.....\$ \_\_\_\_\_
- 2.1.3 TOTAL PURCHASE PRICE.....\$ \_\_\_\_\_

2.2 Payment of Purchase Price: The Purchase Price is payable as follows:

- 2.2.1 Deposit:
  - (i) Initial deposit due upon the execution hereof.....\$ \_\_\_\_\_  
(If by check, subject to collection and final settlement.)

(ii) Additional deposit due on or before \_\_\_\_\_ \$ \_\_\_\_\_  
(If by check, subject to collection and  
final settlement.)

2.2.2 Balance of Purchase Price upon "Closing" (as  
defined in Article II of the Standards) by wire transfer  
or local cashier's check (subject to prorations and  
closing expenses).....\$ \_\_\_\_\_

3. ESTIMATED COMPLETION DATE. Without guaranteeing a completion date, it is estimated that completion of the Phase of the Condominium in which the Home will be located shall be \_\_\_\_\_ ("Completion Date") subject to Article IV of the Standards. In any event, however, Seller agrees to complete construction of the Phase of the Condominium in which the Home will be located within twenty-four (24) months after the date of execution of this Contract, plus such additional period of time equal to periods of delay in completion caused by impossibility of performance for reasons beyond the control of Seller.

This Contract has \_\_\_\_\_ has not \_\_\_\_\_ been entered into after the Completion Date as described in Article II of the Standards (Initial applicable provision) (If not initialed, Contract was entered into before the Completion Date)

4. BROKERAGE. The provision initialed below is selected by Purchaser:

\_\_\_\_\_ Purchaser hereby represents that the sale of the Condominium Parcel pursuant to this Contract was made by the following brokerage company: \_\_\_\_\_ ("Broker").

\_\_\_\_\_ Purchaser hereby represents that no broker was involved in procuring this Contract.

5. MISCELLANEOUS. Purchaser acknowledges that the Condominium shall contain a minimum of eight (8) Homes and shall contain two hundred sixty-four (264) Homes if all phases of the Condominium are submitted to condominium ownership as planned. The legal description of the portion of the land constituting the Initial Phase of the Condominium (Phase 24) is described in Exhibit B-24 attached to the Declaration and made a part thereof. The legal descriptions of the portions of the Land constituting each Subsequent Phase of the Condominium are described in Exhibits B-1 through B-23 and B-25 through B-35 inclusive, of the Declaration.

6. STANDARDS. The parties hereby agree that Seller shall sell and Purchaser shall buy the Condominium Parcel upon the foregoing terms and conditions and the Standards for Real Estate Transactions ("Standards"), consisting of 9 pages, attached hereto, and riders and addenda to this Contract.

IN WITNESS WHEREOF, the parties have hereunto affixed their respective hands and seals on the day and year set forth under their respective names.

**ANY PAYMENT IN EXCESS OF 10 PERCENT OF THE PURCHASE PRICE MADE TO DEVELOPER PRIOR TO CLOSING PURSUANT TO THIS CONTRACT MAY BE USED FOR CONSTRUCTION PURPOSES BY DEVELOPER.**

\_\_\_\_\_  
PURCHASER

\_\_\_\_\_  
PURCHASER  
Dated: \_\_\_\_\_

This Contract for Purchase and Sale is not binding until executed by an officer of Seller:

SELLER: CENTEX HOMES  
a Nevada general partnership  
By: CENTEX REAL ESTATE CORPORATION, a Nevada  
corporation, its managing general partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_

STANDARDS FOR REAL ESTATE TRANSACTIONS

I. PHASE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A. Plan of Development: Seller is developing the Condominium as a phase condominium as provided for by the "Act" (as defined in Paragraph B below) with each building and certain land constituting a separate phase of the Condominium in accordance with the plan of development described in the Declaration and in conjunction with the development of "Subsequent Phases" as described in such Declaration.

Purchaser acknowledges that Seller shall not be obligated to submit any or all of the Subsequent Phases to condominium ownership and the decision to submit any Subsequent Phase to condominium ownership as part of the Condominium shall be in the sole discretion of Seller. Purchaser further acknowledges that there will be one (1) condominium association responsible for the management of the Condominium which may also be responsible for the management of another condominium(s). If, as and when Subsequent Phases are added, the condominium property shall be enlarged and expanded so as to include the real property, the improvements thereon, the easements and rights appurtenant thereto which are submitted to condominium ownership as parts of the Subsequent Phases(s). Purchaser acknowledges that he/she has read and reviewed the Declaration which includes a complete description of the phasing plan of the Condominium and which is incorporated herein by reference.

B. Condominium Law Statement: The Condominium Act, Chapter 718, Florida Statutes, as amended through the date of execution of this Contract ("Act"), requires that the following statement be contained in contracts for the sale of a condominium parcel:

**THIS AGREEMENT IS VOIDABLE BY BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO CANCEL WITHIN FIFTEEN (15) DAYS AFTER THE DATE OF EXECUTION OF THIS AGREEMENT BY THE BUYER, AND RECEIPT BY BUYER OF ALL OF THE ITEMS REQUIRED TO BE DELIVERED TO HIM BY THE DEVELOPER UNDER SECTION 718.503, FLORIDA STATUTES. THIS AGREEMENT IS ALSO VOIDABLE BY BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO CANCEL WITHIN FIFTEEN (15) DAYS AFTER THE DATE OF RECEIPT FROM THE DEVELOPER OF ANY AMENDMENT WHICH MATERIALLY ALTERS OR MODIFIES THE OFFERING IN A MANNER THAT IS ADVERSE TO THE BUYER. ANY PURPORTED WAIVER OF THESE VOIDABILITY RIGHTS SHALL BE OF NO EFFECT. BUYER MAY EXTEND THE TIME FOR CLOSING FOR A PERIOD OF NOT MORE THAN FIFTEEN (15) DAYS AFTER THE BUYER HAS RECEIVED ALL OF THE ITEMS REQUIRED. BUYER'S RIGHT TO VOID THIS AGREEMENT SHALL TERMINATE AT CLOSING.**

C. Documents Described and Provisions to Cancel: Purchaser acknowledges that prior to the execution of this Contract all of the statutory information concerning this Condominium required by Sections 718.503 and 718.504 of the Act has been delivered to Purchaser, the receipt of which is hereby acknowledged by Purchaser. The information delivered to Purchaser includes the Offering Circular, and the exhibits thereto which include, but are not limited to, the following documents and all amendments or addenda thereto ("Condominium Documents"): the Declaration of Condominium for Lexington Lakes, a Condominium ("Declaration"); Form of Amendment to Declaration of Condominium of Lexington Lakes, a Condominium to Add a Phase; the Articles of Incorporation and Bylaws of Lexington Lakes Condominium Association, Inc. ("Association"); Rules and Regulations for the Condominium; Proposed Operating Budget; Form of Special Condominium Warranty Deed; Form of Contract for Purchase and Sale; Site Plan for the Condominium; Surveys, Plot Plans and Graphic Descriptions of Improvements; Floor Plans; Escrow Agreement; Management Agreement; Question and Answer Sheet; and Receipt for Condominium Documents. The terms and conditions of the Condominium Documents are hereby incorporated by reference into this Contract. Purchaser agrees to read and become familiar with the Condominium Documents referred to in this Paragraph prior to the expiration of the period in which Purchaser may cancel this Contract under Article I, Paragraph B, and to rely solely on these Condominium Documents to the exclusion of all other written or oral representations in deciding whether or not to exercise the right to cancel under Article I, Paragraph B. Purchaser has fifteen (15) days from the date indicated on the signature page on which Purchaser executes this Contract to exercise the right of cancellation set forth in Article I, Paragraph B by delivering written notice to Seller at 8198 Jog Road, Suite 200, Boynton Beach, FL 33437 (which is

the place for giving any notices to Seller under this Contract). Purchaser agrees that the Condominium Documents may be changed or amended, if necessary, to meet the requirements of a mortgagee, public authority or title insurance company. Purchaser agrees to be bound by the terms of the Condominium Documents, to acquire the Condominium Parcel subject thereto and to execute any documents required to implement the same, including the Special Condominium Warranty Deed described in Article V of these Standards.

## II. CLOSING

The specific time for Closing shall be designated by Seller in writing (which writing is hereinafter referred to as the "Closing Notice") to Purchaser at least ten (10) days prior to the date of Closing. The Closing will be at the place Seller designates in the Closing Notice. It is mutually agreed that the closing of this Contract ("Closing") shall not occur before the "Completion Date". If this Contract is signed after the Completion Date, the provisions of Article VI shall not apply to this Contract. The "Completion Date" for a Home shall be the later to occur of the following dates: (i) the date of issuance of a Certificate of Occupancy for the building in which the Home is located, provided that the Declaration has been recorded together with the Certificate of Substantial Completion as provided by Section 718.104(4)(e) of the Act; or (ii) the date of recording the Declaration together with a Certificate of Substantial Completion as provided by Section 718.104(4)(e) of the Act, provided the Certificate of Occupancy for the building in which the Home is located has been issued prior thereto.

## III. DEFAULT

A. Purchaser's Default: Purchaser shall be in default under this Contract in the event that: (i) Purchaser fails or refuses to complete and execute all of the instruments required of Purchaser under this Contract promptly or when requested to do so by Seller; or (ii) Purchaser fails or refuses to make timely payment of any payments required under this Contract; or (iii) Purchaser in any other manner fails or refuses to perform his/her obligations under this Contract. In the event of any such default by Purchaser, Seller shall give Purchaser written notice of such default and allow seven (7) days from date of such notice for Purchaser to cure such default except that Purchaser shall not be entitled to any such notice of or opportunity to cure a default resulting from Purchaser's failure to timely close as required by this Contract. If Purchaser shall fail to close as required by this Contract or, as to any other default, cure such other default within such seven (7) day period, Seller shall, and does hereby have, the unrestricted option to: (i) consider Purchaser in default under this Contract; (ii) retain all sums paid to it hereunder as agreed upon and liquidated damages and in full settlement of any claim for damages; and (iii) terminate all rights of Purchaser under this Contract. Purchaser and Seller recognize the difficulty of measuring Seller's damages if Purchaser defaults. Purchaser acknowledges the necessity and fairness of Seller retaining all sums paid to it hereunder as agreed upon and liquidated damages because Seller will be constructing the building within which the Home will be located in reliance upon this Contract and Seller's damages would include, but not be limited to: (i) withholding the Home from an immediate sale to any other party; (ii) overhead incurred in processing the Contract; (iii) costs associated with placing the Home back in the marketplace; and (iv) costs due to the delay in selling the Home. Purchaser and Seller recognize the impossibility of measuring Seller's damages if Purchaser defaults and acknowledges that Seller's right to keep the deposit in such event is fair and reasonable.

B. Seller's Default: If Seller defaults in the performance of this Contract, Purchaser shall give Seller written notice of such default, and if Seller within seven (7) days from receipt of such written notice shall fail to take action that would cure the default within a reasonable period of time, and if Purchaser has performed all his/her obligations hereunder, Purchaser shall have the option to cancel this Contract by giving written notice thereof to Seller and upon such cancellation Seller shall refund to Purchaser all monies paid by Purchaser to Seller hereunder plus such interest as is prescribed by the Act, in which event this Contract shall be terminated and neither party shall have any claim against the other. Nothing contained herein shall be deemed to restrict Purchaser's remedy of specific performance of this Contract or any other remedy if Purchaser shall be entitled to such remedy under applicable law.

C. In the event any litigation is commenced as a result of this Contract, the nonprevailing party shall also be liable for the prevailing party's legal fees resulting therefrom ("Legal Fees") which include: (i) reasonable fees for attorney and paralegal services incurred in negotiation and preparation for litigation, whether or not an action is actually begun, through and including all trial and appellate levels and postjudgment proceedings; and (ii) court costs through and including all trial and appellate levels and postjudgment proceedings.

## IV. CONSTRUCTION AND COMPLETION

A. Purchaser acknowledges that there has been made available to him/her and he/she has examined the model and/or the model floor plans of the Condominium and the type of Home being purchased by him/her hereunder, but that floor plan

dimensions are approximate. Purchaser further acknowledges that Seller has made available to Purchaser in the sales office complete plans and specifications for the Home and the improvements comprising the common elements of the Condominium. Where this Contract is executed prior to the Completion Date, Seller agrees to construct the Home substantially in accordance with the model and/or the model floor plans and plans and specifications, subject, however, to: (i) job site changes and architectural changes required during construction; (ii) modifications required by changes in the law, including but not limited to federal, state and local laws and applicable building codes; and (iii) shortages in materials or supplies or substantial increases in the cost of same which, in the sole discretion of Seller, may require a substitution of materials or supplies or the cancellation of a supplier. In the event of substitution, Seller agrees, whenever reasonably possible, to use materials or supplies of similar quality; but in no event shall any materials or supplies be of lesser quality than required by applicable building codes or substantially change the product for which Purchaser has contracted. Notwithstanding anything herein to the contrary, the Home shall be in compliance with all applicable building codes and shall meet or exceed hurricane resistance standards as set forth in such codes.

B. Purchaser acknowledges that all furnishings, fixtures, wall coverings, moldings or other decorative improvements appearing in the model home are not included in the Home herein purchased (and they may or may not be available as options) and that carpeting, other floor coverings, cabinets, mica and paints which will be included in the Home may be of a different quality, color or grade than as shown in the model home. Purchaser further acknowledges that quality, colors or grades of items supplied by Seller may vary from those selected by Purchaser due to shortages, discontinuances of selections or substantial increases in the costs of same or color run variations or requirements of governmental agencies. In addition, Purchaser acknowledges that certain kitchen appliances shown in some of the models may be upgrades. Unless otherwise indicated in the model or on the brochure feature sheet used by Seller, carpeting, other floor coverings, cabinets, mica, paints and plumbing fixtures as shown in the model homes, or substitutions of similar quality for reasons described above, are included in the Purchase Price of a home unless a different quality, color or grade is specified by addendum hereto.

C. Except as provided in this Article IV.C and Article VII.A, for reasons of safety and of requirements under policies of insurance held by Seller, neither Purchaser nor any agent of Purchaser shall enter the Condominium Parcel or the Condominium until after Purchaser has closed this Contract and taken possession of his/her Home, whereupon his/her rights shall be as set forth in the Condominium Documents. Purchaser agrees hereby to abide by such restriction and not to enter upon, nor interfere in any way with the construction of the Condominium.

D. Seller presently plans to install insulation in the building in which the Home is located. The location, type, thickness and R-value (according to the manufacturer(s) thereof) are as follows:

<u>Location</u>	<u>Type</u>	<u>Thickness</u>	<u>R-Value</u>
Exterior wood walls	BATT	3.625"	R-11
Exterior masonry walls	Foil	N/A	R-4.1
At Roof Trusses (top floor only)	Cellulose Blown	5.2"	R-19

\* The above R-values are minimums. Please refer to the specific features list for any variances.

\*\* Seller reserves the right to use different types of insulation with different thicknesses and R-values in accordance with the provisions of this Article IV.

E. Purchaser shall be permitted to make, as applicable and where Purchaser has a choice, selections of color, feature, style and material for the Home within thirty (30) days of execution of this Contract. In the event these selections are not made within such time, Purchaser hereby authorizes Seller to make such selection for the Home as Seller deems advisable. All selections made shall be final.

F. Any extras, alterations or improvements from the plans and specifications ("Extras") desired by Purchaser shall be ordered, if approved by Seller, pursuant to an addendum to this Contract. At the time the Extras are ordered, Purchaser shall be required to pay to Seller twenty-five percent (25%) of the total amount of the cost of the Extras ordered. This twenty-five percent (25%) payment for Extras is not kept in escrow as part of the first ten percent (10%) deposit as Extras are in addition to the Purchase Price for purposes of calculating the required ten percent (10%) deposit. If Purchaser orders Extras pursuant to any addendum hereto, Purchaser shall not be entitled to a refund of monies paid for such Extras except if: (i) this Contract is voided by Purchaser pursuant to Article III.B of the Standards; or (ii) Seller defaults hereunder. Purchaser acknowledges the

necessity and fairness of this provision because Seller will be incurring nonrefundable expenses in ordering these Extras to be installed or constructed within the Home in reliance upon this Contract and any addendum hereto.

G. Purchaser acknowledges that Purchaser has been made aware that under applicable building codes changes in the plans and specifications, sometimes called "field changes", are authorized by law and may be employed by Developer, the contractor and the subcontractors. Purchaser acknowledges that such field changes are not always required to be reflected in the plans and specifications and authorizes and approves such field changes as are contemplated by this Paragraph and as are otherwise lawful, whether or not incorporated into the plans and specifications or the final set of plans and specifications given to the Association and agrees that such field changes as are not required by building codes to be so incorporated need not be so incorporated in the final plans and specifications.

H. In the event this Contract is entered into after the Completion Date, the following provisions shall apply:

1. The provisions of Article IV.A shall not be applicable to this Contract, and Purchaser acknowledges that there has been made available to him/her and that he/she has been shown the model and/or the model floor plans of the Condominium and the type of Home being purchased by him/her hereunder. Purchaser further acknowledges that Seller has made available to Purchaser complete plans and specifications for the Home and the improvements comprising the common elements and that Purchaser has had the right and opportunity to examine the Home and the Condominium.

2. Article VI, relating to the escrow of deposit monies, shall not be applicable to this Contract.

V. SPECIAL CONDOMINIUM WARRANTY DEED; TITLE; CLOSING PROCEDURES

A. Seller covenants and agrees that the conveyance of the Condominium Parcel shall be by a Special Condominium Warranty Deed ("Deed") in such form as may be approved by a mortgage lender or a title insurance company doing business in the State of Florida which Purchaser shall sign with Seller. The proposed form of Deed is an exhibit to the Offering Circular.

The Condominium Parcel being sold hereunder shall be conveyed subject to all of the covenants and provisions set forth in the form of Deed, including, but not limited to, the following: (i) all of the terms, provisions, conditions, rights, privileges, obligations, easements and liens set forth and contained in the Condominium Documents; (ii) applicable zoning regulations and ordinances; (iii) real estate taxes for the year of Closing and subsequent years; (iv) such facts as an accurate survey would show; (v) all covenants, conditions, restrictions, agreements and easements of record and easements referred to in the Condominium Documents; (vi) perpetual easement for encroachments; (vii) rights of the United States Government and/or the State of Florida arising under the United States Government's and State of Florida's control over navigable waters; and (viii) any rights of adjoining riparian owners and the public. The acceptance of the Deed by Purchaser shall be deemed to be acceptance of full performance and discharge of every agreement and obligation on the part of Seller to be performed pursuant to the provisions of this Contract except obligations pursuant to Article V.D of these Standards and under the "Sole Warranties" as defined in Article VII.B of these Standards, which acknowledgments shall survive delivery of the Deed and possession of the Home.

B. The rights of Seller and Purchaser pursuant to the terms and conditions of this Contract are and will be subject and subordinate to the lien of any mortgage now or hereafter placed by Seller on the Condominium or on the Home prior to Closing, and to all amendments, modifications, renewals, consolidations and extensions thereof, and all voluntary and involuntary future advances thereunder; provided, however, unless Purchaser has agreed to assume same Seller shall cause any such mortgage to be discharged of record as to the Condominium Parcel contemporaneously with the delivery or recording of the Deed to the Condominium Parcel. At Seller's option, such mortgage may be discharged with the proceeds of the sale of the Condominium Parcel.

C. At Closing, it shall be the responsibility of Purchaser to pay: (i) for all costs of closing any Mortgage Loan including, but not limited to, any commitment fees paid by Seller, and any abstract of title and/or title insurance which may be required by a mortgagee; (ii) costs of officially recording the Mortgage Loan documents; (iii) documentary stamp tax and intangible tax on the Mortgage; (iv) costs of officially recording the Special Condominium Warranty Deed; (v) documentary stamps on the Special Condominium Warranty Deed; (vi) premium for the owner's title insurance policy; (vii) the Annual Assessment (as described in the Declaration) prorated from the date of the Closing to the end of the month in which the Closing takes place and collected in advance for the following calendar month; (viii) a working fund contribution equal to a three (3) months' share of Common Expenses pursuant to the initial budget; (ix) to Seller, a reimbursement for any and all amounts which Seller may have paid to the Association with respect to the Home for reserves for deferred maintenance or capital improvements; (x) all applicable sales or use tax arising out of this transaction; and (xi) to Seller, a reimbursement in an

amount equal to the initial capital assessment which Seller paid to the Association for the Home, if any. Seller may pay the aforesaid fees and charges prior to the Closing, in which case Purchaser shall reimburse Seller, at Closing, for whatever such amounts are advanced by Seller. Real estate tax bills shall be paid by Purchaser upon receipt of such bills. If taxes for the year of Closing are assessed on the Condominium as a whole, Purchaser shall pay Seller, at Closing, the Home's allocable share of those taxes (as estimated by Seller and subject to reparation when the actual tax bill is available) for the Home from the date of Closing through the end of the applicable calendar year of Closing. If taxes for the year of Closing are assessed on a unit-by-unit basis, Purchaser and Seller shall prorate taxes as of the Closing Date based upon the actual tax bill, if available, or an estimate by Seller, if not available, with Purchaser responsible for paying the full amount of the tax bill and Seller reimbursing Purchaser for Seller's prorated share of those taxes. Purchaser agrees that Seller's prorated share of taxes due as of Closing need not be paid to Purchaser, however, until the actual tax bill is presented to Seller, and any proration based on an estimate of the current year's taxes shall be subject to reparation upon request of either party. This last stated provision shall survive Closing of this Contract. Pending liens as of the date of this Contract shall be assumed by Purchaser. Certified, confirmed and ratified special assessment liens by governmental authorities as of the date of this Contract are to be paid by Seller. All amounts due under this Contract shall be paid by local cashier's check or wire transfer (in U.S. funds only).

D. Prior to Closing and upon notice from Seller, Purchaser shall inspect the Home with Seller and complete the "Pre-Closing Orientation List" presented to it by Seller specifying any work required to substantially conform the Home to the floor plans and plans and specifications. Seller shall have sixty (60) days from the date of inspection by Purchaser to complete all work required under the Pre-Closing Orientation List, however, Seller shall have a reasonable amount of time beyond the sixty (60) day period to correct those items on the Pre-Closing Orientation List which are beyond Seller's control. The fact that Seller has still to complete the work contemplated under the Pre-Closing Orientation List shall not delay or postpone the obligation of Purchaser to close and pay the balance of the Purchase Price nor shall the foregoing grant Purchaser the right to have any portion of the Purchase Price placed in escrow pending completion of those items set forth on the Pre-Closing Orientation List.

E. Purchaser also agrees to execute any closing statements or other documents which may be required in connection with the Closing of this Contract or closing of any mortgage financing desired by Purchaser, whether or not such financing is closed simultaneously with the Closing of this Contract. In the event the Closing is not completed on the date noticed for Closing (except due to the fault of Seller), Purchaser shall pay to Seller an amount equal to eighteen percent (18%) per annum on the unpaid balance of the Purchase Price from the date for Closing set forth in the Closing Notice until the actual Closing occurs and all monies to be paid by Purchaser to Seller pursuant to the terms of this Contract are received by Seller, though nothing contained herein shall be deemed to require Seller to waive Purchaser's default in failing to close on the date noticed therefor or to extend the time for the Closing. For purposes of calculating prorations at the Closing, the date for Closing specified in the Closing Notice shall be the date of Closing.

## VI. ESCROW OF DEPOSIT MONIES

A. Seller has established an escrow account in accordance with Section 718.202 of the Act with Ruden, McClosky, Smith, Schuster & Russell, P.A. ("Escrow Agent"), whose address is 200 East Broward Boulevard, Suite 1500, Fort Lauderdale, Florida 33301, Attention: Mark F. Grant, Esq. (which account shall hereinafter be referred to as the "Escrow Account"). Seller reserves the right to designate a different Escrow Agent ("New Escrow Agent") provided the New Escrow Agent is one of the parties designated by Section 718.202 of the Act. In the instance where this Contract is executed prior to the Completion Date, all deposit monies received by Seller from Purchaser prior to Closing pursuant to this Contract shall be deposited in the Escrow Account until the amount deposited shall equal ten percent (10%) of the Purchase Price. Such payments shall be held in the Escrow Account, together with payments of other purchasers of condominium parcels in the Condominium. Purchaser may, upon written request to the Escrow Agent, obtain a receipt for his or her deposit. Purchaser, by his or her execution of this Contract, expressly authorizes the Escrow Agent to disburse Purchaser's payments held in the Escrow Account to Seller upon written notice to the Escrow Agent by Seller that Closing has occurred or that Purchaser is in default as provided herein, whichever shall first occur. Escrow Agent is hereby authorized to act and rely exclusively on this last stated authorization as its instruction from Purchaser to so release such payments held in the Escrow Account. Notwithstanding the foregoing provision, Purchaser agrees that Escrow Agent may deliver Purchaser's deposit to Seller for Seller's use prior to Closing if Seller has otherwise complied with the escrow requirements of Section 718.202 of the Act including, but not limited to, by providing Escrow Agent with an irrevocable letter of credit or a surety bond approved by the Director of the Division of Florida Land Sales, Condominiums and Mobile Homes in accordance with the Act which can be drawn upon in the event Purchaser's deposit is to be refunded to Purchaser. Purchaser agrees to indemnify and hold Escrow Agent harmless from any claims or damages which may result from Escrow Agent's escrowing or disbursing of Purchaser's payments held in the Escrow Account other than those claims or damages resulting from Escrow Agent's gross negligence or willful malfeasance.



B. Seller has also established a special escrow account ("Special Escrow Account") in accordance with Section 718.202 of the Act with Escrow Agent. In the instance where this Contract is executed prior to the Completion Date, any deposit monies paid to Seller prior to Closing in accordance with this Contract in excess of ten percent (10%) of the Purchase Price shall be held in the Special Escrow Account, together with other deposits in excess of ten percent (10%) of the Purchase Price of condominium parcels of other purchasers in the Condominium. Purchaser agrees that the funds deposited in the Special Escrow Account may be withdrawn by Seller when the construction of improvements for the Condominium has begun and may be used in accordance with Section 718.202 of the Act. Purchaser expressly authorizes the Escrow Agent to disburse monies held in the Special Escrow Account to Seller upon request of Seller provided Seller shall state in such request that construction of improvements has begun and the Escrow Agent is entitled to rely on this authorization so as to release to Seller such payments from the Special Escrow Account. Purchaser agrees to indemnify and hold the Escrow Agent harmless from any claims or damages which may result from its escrowing or disbursing of Purchaser's payments held in the Special Escrow Account other than those claims or damages resulting from its gross negligence or willful malfeasance. Further, any of Purchaser's payments remaining in the Special Escrow Account may be withdrawn by Seller at the Closing or upon default by Purchaser as provided herein upon written authorization by Seller to the Escrow Agent of the fact of such default or the fact of such Closing and the Escrow Agent is hereby authorized to act and rely exclusively on these authorizations so as to release to Seller such payments held in the Special Escrow Account.

## VII. LIMITATION OF WARRANTIES

A. Purchaser shall have the right, pursuant to Article V.D, to inspect the Home and the common elements prior to Closing. Purchaser hereby agrees that from and after the Closing, Purchaser shall not make or bring, and shall not support the bringing of such action by others, any claim or action whatsoever against Seller or Seller's agents with respect to the dimensions of the Home or the common elements, the materials employed in the construction of the Home or the common elements, or the quality of workmanship or the merchantability or fitness of the Home or the common elements or fixtures or items of personal property sold pursuant to this Contract, or the merchantability or fitness thereof, except such claims or actions as may be permitted by Paragraph B below.

B. Purchaser acknowledges that at the time of execution of this Contract, Seller has no reason to know of any particular purpose of Purchaser in purchasing the Home and items of personal property sold pursuant to this Contract other than for normal residential use. Purchaser acknowledges and agrees that the only warranties applicable to the Condominium are those that may validly be imposed thereon by statutory law on the date hereof, as set forth in Section 718.203, Florida Statutes, as such section exists as of the date of this Contract and the additional ten (10) year warranty provided by Seller through Residential Warranty Corporation (in the form attached to this Contract as Exhibit A ("Sole Warranties"). Purchaser further acknowledges and agrees that, to the extent allowed by law, Seller makes no other express or implied warranties whatsoever in regard to the Home, the common elements, any fixtures or items of personal property sold pursuant to this Contract or any other real or personal property whatsoever sold hereby.

C. Notwithstanding anything to the contrary in this Contract, Purchaser acknowledges and agrees that Seller shall be irreparably harmed if Purchaser undertakes the repair or replacement of any defective portion of the Home, common elements, fixtures, items of personal property or any other real or personal property in connection with the Home during the time in which the Sole Warranties remain in effect. Accordingly, Purchaser hereby agrees: (i) to promptly, upon Purchaser's knowledge of the existence of any such defective portion, provide written notice to Seller specifying each such defective portion, upon the receipt of which Seller shall have sixty (60) days ("Repair Period") to commence to repair or replace such defective portion and diligently pursue the completion thereof; or (ii) not to repair, replace or otherwise adjust any such defective portion during the Repair Period; provided, however, that if Seller fails to commence the repair or replacement of such defective portion within the Repair Period, Purchaser may repair or replace same. If Purchaser fails to comply with the provisions of this Paragraph C, Purchaser will be deemed to have breached his/her obligation to mitigate damages and Purchaser's conduct shall constitute an aggravation of damages.

**SELLER MAKES THIS WARRANTY EXPRESSLY IN LIEU OF ALL OTHER EXPRESS OR IMPLIED WARRANTIES CONCERNING THE HOME SOLD OR TO BE CONSTRUCTED HEREUNDER AND THE PROPERTY SOLD HEREUNDER OR PREVIOUSLY PURCHASED FROM SELLER, AND ANY OTHER REPRESENTATIONS, STATEMENTS OR PROMISES MADE BY ANY PERSON ARE UNAUTHORIZED AND ARE NOT BINDING UPON SELLER. ALL OTHER WARRANTIES WITH RESPECT TO THE HOME AND THE PROPERTY HEREUNDER ARE HEREBY DISCLAIMED, TO THE EXTENT PERMITTED BY LAW, WHETHER IMPLIED OR ARISING BY OPERATION OF LAW, COURSE OF DEALING, CUSTOM AND PRACTICE, OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF HABITABILITY, MERCHANTABILITY, AND FITNESS FOR PARTICULAR PURPOSE; AND BUYER REPRESENTS THAT BUYER HAS READ AND UNDERSTOOD THIS PROVISION, AND THAT BUYER UNDERSTANDS AND AGREES THAT BY ENTERING INTO THIS CONTRACT AND ACCEPTING THE BENEFITS OF THE LIMITED WARRANTY DESCRIBED**

**ABOVE, BUYER HAS KNOWINGLY RELINQUISHED ANY AND ALL OTHER WARRANTIES OF ANY KIND OR NATURE REGARDING THE HOME AND THE PROPERTY.**

It is hereby agreed that the maximum liability of Seller under the Sole Warranties shall be the replacement cost of the defective portion of the Home, common elements, fixtures, items of personal property or other real or personal property. Seller shall have the sole right to determine whether the defect shall be corrected by repair or replacement. In addition, at Seller's sole option, rather than repairing or replacing the defective item, Seller may pay Purchaser the amount by which the value of the Condominium Parcel has decreased as a result of this defect. In no event shall Seller be liable to Purchaser or the Association or any other person or entity for consequential or exemplary damages, or for personal injuries arising from any breach of the Sole Warranties.

D. Purchaser hereby acknowledges that: (i) the Sole Warranties shall not apply if the defective portion of the Home, common elements, fixtures or any other real or personal property has resulted from or been caused by, in whole or in part, the misuse of same (whether intentional or unintentional) by any person, firm or entity other than Seller or from an accident, casualty or physical alteration or modification; and (ii) the Sole Warranties are further conditioned upon routine maintenance being performed unless such maintenance is an obligation of Seller or a Seller-controlled association.

E. The provisions of this Article VII shall survive the Closing and delivery of the Deed.

**VIII. MISCELLANEOUS PROVISIONS**

A. Unless otherwise indicated in this Contract, Purchaser represents and warrants that the sale of the Condominium Parcel pursuant to this Contract was made by \_\_\_\_\_ ("Agent"), and that no action or inaction or conduct on the part of Purchaser would give rise to a real estate commission being due to any other real estate broker or salesman other than said real estate broker(s) and/or salesmen. Purchaser agrees to indemnify and hold Seller harmless from the claims of other real estate brokers and/or salesmen claiming a real estate commission including, but not limited to, any Legal Fees which Seller may incur as the result of any such claims. This representation, warranty and agreement shall survive the Closing.

B. Any notice required or permitted to be given to Purchaser under this Contract may be delivered either personally or by mail or mailgram addressed to Purchaser at the address of Purchaser set forth above. Any notice required or permitted to be given to Seller under this Contract must be mailed by United States regular mail, postage prepaid, to Seller at 8198 Jog Road, Suite 200, Boynton Beach, FL 33437. Any notice to Purchaser or Seller under this Contract, except as otherwise expressly provided hereinabove, shall be deemed given and delivered when mailed or personally delivered in the manner set forth in this Paragraph B.

C. Purchaser acknowledges and agrees that there will be a lien against the Home for any assessment due from the owner of the Home and not paid to the Association.

D. Florida Statutes, Section 404.056, requires the following notification:

**RADON GAS:** Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risk to persons who are exposed to it over time. Levels of radon that exceed Federal and State Guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.

E. All prior understandings between the parties are superseded by and merged into this Contract, which constitutes the full, final and complete agreement between the parties. This Contract may not be changed or terminated orally and may be amended or modified only by an instrument in writing signed by Purchaser and an officer of Seller, and shall inure to the benefit of and shall be binding upon the parties hereto, their respective heirs, personal representatives, executors and assigns. No statements, inducement or representations made by Seller or Seller's agents, representatives or employees, shall in any way be binding on Seller and the same shall be of no force or effect unless expressly set forth in this Contract or the Offering Circular. Purchaser represents that he/she has not relied on any verbal or written statements, published by or under the authority of Seller in any advertising and promotional matter including, but not limited to, brochures, newspapers, and radio and television advertising, but has based his/her decision to purchase on personal investigation, observation and review of the Condominium Documents. This Contract may not be assigned, sold or transferred in whole or in part by Purchaser without the prior written consent thereto by Seller, which consent is in Seller's discretion and not unreasonably withheld. It is hereby

acknowledged by the parties hereto that time shall be of the essence in connection with this transaction. This Contract shall be construed in accordance with the laws of the State of Florida and venue shall be in Martin County, Florida. The captions and titles of the various sections of this Contract are for convenience and reference only and in no way define, limit, affect or describe the scope or intent of this Contract. All pronouns and variations thereof shall be construed so as to refer to the masculine, feminine, neuter, singular or plural form thereof as the identity of the person or persons, or as the situation may require. Purchaser acknowledges and agrees that the representations made to Seller hereunder are a material inducement to Seller to enter into this Contract and that such representations shall survive Closing. Purchaser shall not record this Contract amongst the Public Records of the County. Any such recording by Purchaser or anyone acting by, through or under Purchaser shall constitute a material breach by Purchaser of this Contract entitling Seller, at its election, to unilaterally terminate this Contract without the need to invoke the default provisions hereof.

F. Purchaser acknowledges that Seller or a company or other entity affiliated with Seller shall have the right to utilize all of the common elements of the Condominium and any models and/or sales office located or to be located in the Condominium in connection with the sale of Homes in this or in other projects or developments being developed by Seller or its affiliates.

G. By the execution hereof, Purchaser directs Escrow Agent to pay all monies received under this Contract by Escrow Agent to Seller at Closing.

H. Seller warrants that the Home has not been occupied.

I. FLORIDA LAW CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY FILE A LAWSUIT FOR DEFECTIVE CONSTRUCTION AGAINST A CONTRACTOR, SUBCONTRACTOR, SUPPLIER, OR DESIGN PROFESSIONAL FOR AN ALLEGED CONSTRUCTION DEFECT IN YOUR HOME. SIXTY DAYS BEFORE YOU FILE YOUR LAWSUIT, YOU MUST DELIVER TO THE CONTRACTOR, SUBCONTRACTOR, SUPPLIER, OR DESIGN PROFESSIONAL A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS YOU ALLEGE ARE DEFECTIVE AND PROVIDE YOUR CONTRACTOR AND ANY SUBCONTRACTORS, SUPPLIERS, OR DESIGN PROFESSIONALS THE OPPORTUNITY TO INSPECT THE ALLEGED CONSTRUCTION DEFECTS AND MAKE AN OFFER TO REPAIR OR PAY FOR THE ALLEGED CONSTRUCTION DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY THE CONTRACTOR OR ANY SUBCONTRACTORS, SUPPLIERS, OR DESIGN PROFESSIONALS. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER FLORIDA LAW.

J. Construction Industries Recovery Fund. Payment may be available from the construction industries recovery fund if you lose money on a project performed under contract, where the loss results from specified violations of Florida law by a state-licensed contractor. For information about the recovery fund and filing a claim, contact the Florida Construction Industry Licensing Board at the following telephone number and address: 1940 North Monroe Street, Tallahassee, FL 32399-0783, Phone: 850-487-1395.

K. Purchaser acknowledges that this form of Contract hereby executed by Purchaser and included as Exhibit 12 to the Offering Circular may not be the same form of Contract executed by other purchasers of Homes in the Condominium. Seller may modify the form of Contract in any manner and in particular without the consent of Purchaser. Any such modification of the form of Contract shall not invest Purchaser with any rights whatsoever.

## ATTACHMENT NO. 1

### Investor Prohibition Addendum to Purchase Agreement

**THIS INVESTOR PROHIBITION ADDENDUM TO PURCHASE AGREEMENT** ("Addendum") is attached to and forms a part of that certain Purchase Agreement dated \_\_\_\_\_, as amended ("Agreement"). Except as otherwise expressly provided in the Addendum, all capitalized words and phrases used herein shall have the same meanings as set forth in the Agreement.

#### RECITALS

- A. Buyer has offered to purchase from Seller the Property upon the terms and conditions set forth in the Agreement. If Seller accepts the offer, Seller agrees to sell the Property to Buyer pursuant to the terms and conditions set forth in the Agreement.
- B. Seller desires to sell the Property only to a buyer who will own and occupy the Property in accordance with the restrictions set forth below.

**NOW, THEREFORE**, in order to induce Seller to agree to sell the Property to Buyer, Buyer represents and agrees as follows:

1. Use of the Property. Buyer represents and warrants to Seller that (a) Buyer is purchasing the Property for use as Buyer's principal or secondary residence [or for use as rental property in accordance with neighborhood specific rules and regulations relating to such rentals]; (b) Buyer will occupy the Property as Buyer's principal or secondary residence after closing [or will rent the Property in accordance with neighborhood specific rules and regulations relating to such rentals]; (c) Buyer shall not assign or attempt to transfer Buyer's rights under the Agreement or enter into any agreement for the sale or other transfer of the Property which would result in Buyer's failure to occupy the Property as provided herein; and (d) Buyer shall hold title to the Property in fee simple for a period of twelve (12) months from the closing date of Buyer's purchase of the Property (the "Occupancy Period"). The provisions of this paragraph and the accuracy of the above representations and warranties constitute a covenant of Buyer and a condition precedent to Seller's performance under the Agreement. As used herein, the term "Primary Residence" shall mean the principal residence where Buyer resides the majority of the year and which is Buyer's homestead, and the term "Secondary Residence" shall mean a personal use residence, other than Buyer's Primary Residence, which is not held for investment or speculation purposes.

(a) Permitted Transfers. The following transfers ("Permitted Transfers") of title to the Property, or any estate or interest therein, including a lease thereof, shall not constitute a breach of the foregoing covenants, provided, however, this Agreement shall continue to burden the Property following such conveyance: (a) a good-faith transfer by gift, devise or inheritance to Buyer's spouse or issue, (b) a taking of title by a surviving joint tenant, (c) a court-ordered transfer of title to a spouse as part of a divorce or dissolution proceeding, (d) a transfer by Buyer to an inter vivos trust in which Buyer is a beneficiary, or (e) an acquisition of title, or of any interest therein, in conjunction with marriage.

(b) Hardship Exceptions. Notwithstanding Paragraph 1 above, Seller recognizes that a transfer of the Property may be desirable in certain circumstances and Seller may, in its sole and absolute discretion

decided on a case-by-case basis, consent to a transfer of the Property during the Occupancy Period. Furthermore, Seller shall not unreasonably withhold its consent to a transfer in the following instances (each a "Hardship Situation"):

- (i) A transfer necessitated by the death of Buyer;
- (ii) A transfer by Buyer to Buyer's spouse as co-owner;
- (iii) A transfer, conveyance, pledge, assignment or other hypothecation to secure the performance of an obligation, which transfer, conveyance, pledge, assignment, or hypothecation will be released or reconveyed upon the completion of such performance;
- (iv) A transfer in connection with a significant negative change in the financial circumstances of Buyer from Buyer's financial circumstances when Buyer acquired the Property, as evidenced by documentation reasonably acceptable to Seller;
- (v) A transfer necessitated by a medical condition of Buyer or another person living with Buyer for whom Buyer is the primary caretaker, as evidenced by documentation reasonably acceptable to Seller;
- (vi) A transfer in connection with a temporary (more than 6 months) or permanent employment related relocation of Buyer or Buyer's spouse, as evidenced by documentation reasonably acceptable to Seller;
- (vii) A transfer in connection with military activation or otherwise arising in connection with military service; or
- (viii) A transfer which, in Seller's sole independent judgment, constitutes a "hardship" situation consistent with the intent of this Deed Restriction.

2. No Other Contracts. Buyer represents and warrants to Seller that prior to Closing, Buyer has not and shall not directly or indirectly (through friends, relatives, entities owned or controlled by Buyer), enter into any other purchase contract or reservation agreement to purchase another home from Seller. Buyer further represents and warrants to Seller that prior to Closing, Buyer shall not list or advertise the Property for sale with any broker, in any multiple listing service, in any classified or other advertisement (including without limitation "buy owner"), or otherwise.

3. Breach Prior to Close of Escrow. In the event that Seller determines that any of Buyer's representations or warranties contained in this Addendum are or hereafter become inaccurate or untrue in any respect whatsoever, or in the event that Buyer otherwise breaches any of Buyer's covenants or agreements contained in this Addendum prior to the Closing Date, then Seller shall be entitled to exercise all remedies provided under the Agreement for Buyer's Default, including, but not limited to, terminating the Agreement and retaining the entire Deposit, as agreed liquidated damages.

4. Breach After the Closing Date. Except for a Permitted Transfer or a Hardship Situation, any sale or other transfer of fee simple title to the Property prior to the expiration of the Occupancy Period shall constitute a material breach of the Agreement. Any such material breach shall entitle Seller, at its sole election, to receive from Buyer as liquidated damages for such breach the amount of the Appreciation (defined below) of the Property after the Closing Date, which is the only remedy available

to Seller upon such a post-closing breach. Buyer shall pay the Appreciation to Seller concurrently with the sale or other transfer of fee title to the Property by Buyer, and Buyer's obligation to pay the Appreciation shall constitute a lien on the Property which shall run with the land and shall be binding on successors and assigns.

5. Certain Defined Terms. For purposes of this Addendum, the following terms have the following meanings:

(a) "Appreciation" shall mean the difference between (i) the "Fair Market Value" (determined as provided below) of the Property at the time of Buyer's sale thereof, and (ii) the "Purchase Price" (as defined in this Agreement) paid by Buyer to Seller for the Property, plus Buyer's actual costs paid for any capital improvements made by Buyer to the Property as evidenced by paid unrelated third-party invoices.

(b) "Fair Market Value" shall mean the fair market value of the Property at the time Buyer agrees to sell or otherwise transfer title to the Property during the Occupancy Period. If the sale or other transfer is a cash transaction with an unrelated third party in an arms length transaction, as determined by Seller in the exercise of Seller's sole and absolute discretion, then the Fair Market Value shall be the actual purchase price paid by such purchaser. If the sale or other transfer is not a cash transaction, or is not an arms length transaction as determined by Seller, in its sole and absolute discretion, then the Fair Market Value shall be determined by an M.A.I. licensed appraiser selected by Buyer from a list of no fewer than five (5) appraisers provided by Seller. The decision of such appraiser shall be final and binding on Buyer and Seller and the fees and costs of the appraiser shall be shared equally by Buyer and Seller.

6. No Duty to Enforce. Seller makes no representation or warranty to Buyer that Seller will impose these requirements on other buyers of homes in the community in which the Property is located (the "Community") and/or that, if Seller has imposed or in the future imposes these requirements on another buyer, that Seller will enforce the requirements set forth in this Addendum against other owners in the Community. Buyer specifically acknowledges and agrees that Seller is not guaranteeing Buyer or assuring Buyer in any way that the Community will now or in the future be occupied only or primarily by owner occupants and/or that there will not be buyers in the Community who are purchasing homes in the Community as an investment, with no intention of living in the home. Buyer is not a third party beneficiary to any such agreement with other homeowners. Buyer acknowledges that the Community may contain rental units, and/or that homes within the Community may be sold from time to time.

7. No Unreasonable Restraint. Buyer acknowledges that the purpose of this Addendum is (i) to comply with Seller's intention to sell homes only to persons who will actually occupy them as a principal residence [or will rent the homes in accordance with neighborhood specific rules and regulations relating to such rentals], (ii) to obtain a stabilized community of owner-occupied homes, and (iii) to prevent a shortage of available homes for permanent residents. Buyer agrees that the provisions and restrictions set forth in this Addendum do not constitute an unreasonable restraint upon alienation of the Property.

Survival; Severability. All of the covenants contained herein shall survive the delivery and recordation of the deed conveying the Property from Seller to Buyer. The provisions of this Addendum shall be independent and severable, and a determination of invalidity or partial invalidity or enforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision of this Addendum or the Agreement.

Deed Restriction. At the closing of Buyer's purchase of the Property, Buyer shall be required to enter into a deed restriction (the "Deed Restriction") in the form attached hereto as Exhibit "A", which shall be recorded with the deed conveying the Property to Buyer. Buyer acknowledges that the purpose of the Deed Restriction is to put third parties on notice of the lien rights and Buyer's obligations hereunder. In the event of any conflict between the terms and provisions of the Deed Restriction, and the terms and conditions of this Addendum or the Agreement, the terms and conditions of this Addendum or the Agreement, as applicable, shall prevail. The Deed Restriction contains certain mortgagee protections which shall be in addition to, and shall not be superseded by, the provisions of Paragraph 10 ("Subordination") of this Addendum.

Subordination. Buyer and Seller hereby acknowledge and agree that a violation of this Addendum by Buyer shall not take priority over, defeat or render invalid the lien of any first or second priority mortgage or deed of trust made in good faith and for value by Buyer, and that the lien rights, covenants and provisions of this Addendum shall be inferior and subordinate to the lien of any such first or second priority mortgage or deed of trust whether recorded concurrently with or subsequent to the deed conveying the Property to Buyer.

Lender Contact. In addition to the Seller's rights to contact Buyer's lender set forth in the Purchase Agreement, Buyer agrees that Seller may contact Buyer's lender, and/or the lender providing financing on any other homes owned by Buyer, either before or after Closing, in order to verify with such lender Buyer's occupancy status with respect to the Property.

Entire Agreement. The Agreement, together with this Addendum and any other addenda or amendments to the Agreement, contains the entire agreement between Buyer and Seller concerning the matters set forth herein. All prior discussions, negotiations and contracts relating to investors and occupancy requirements, if any, whether oral or written, are hereby superseded by these documents. No addition or modification of this Addendum or the Agreement shall be effective unless set forth in writing and signed by Buyer and an authorized officer of Seller.

\_\_\_\_\_  
Buyer  
Date: \_\_\_\_\_

\_\_\_\_\_  
Buyer  
Date: \_\_\_\_\_

Accepted by Seller:

CENTEX HOMES, a Nevada general partnership

By: Centex Real Estate Corporation, a Nevada corporation, it's managing general partner

By: \_\_\_\_\_  
Date: \_\_\_\_\_

## ATTACHMENT NO. 2

### Investor Prohibition Deed Restriction to be recorded as an Exhibit to the Deed

#### EXHIBIT "B" TO DEED

#### DEED RESTRICTION OCCUPANCY PERIOD AND USE OF THE PROPERTY

As a material consideration inducing the grantor under the attached deed ("Seller") to sell to the grantee under such deed ("Buyer") that certain real property described in this Deed (the "Property"), Buyer has represented to Seller that Buyer intends to and will occupy the Property as Buyer's principal or secondary residence or will rent the Property in accordance with neighborhood specific rules and regulations relating to such rentals for a period of at least twelve (12) months after Buyer's acquisition of the Property (the "Occupancy Period"). Seller and Buyer have entered into a separate unrecorded agreement (the "Agreement") pursuant to which Buyer has agreed to occupy the Property as provided herein, and Buyer has agreed not to sell the Property for the duration of the Occupancy Period. This Deed Restriction is to put third parties on notice of such commitments by Buyer, and Seller's rights upon a breach of such commitments by Buyer, as provided in the Agreement and nothing contained in this Deed Restriction shall, or shall be deemed to, modify or amend the Agreement in any respect. In the event of any conflict between the provisions of the Agreement and the provisions of this Deed Restriction, the provisions of the Agreement shall prevail. Notwithstanding the foregoing, this Deed Restriction includes certain mortgagee protections which shall be in addition to, and shall not be superseded by, the mortgagee protections in the Agreement.

Buyer acknowledges that Seller, as a developer and builder of single family and multi-family residences, has an interest in ensuring that such residences, and the communities in which they are built, including the Property and the community which the Property is a part (such community being referred to herein as the "Community" or the "Benefited Property") are purchased and occupied only by persons who will actually occupy them as a principal or secondary residence or will rent the Property in accordance with neighborhood specific rules and regulations relating to such rentals, to obtain a stabilized community of owner-occupied homes, and to mitigate a shortage of available homes for permanent residents.

1. Occupancy Covenants. Buyer, on behalf of itself and its successors and assigns, hereby covenants to and for the benefit of Seller that, during the Occupancy Period: (a) Buyer will occupy the Property as Buyer's principal or secondary residence after closing or will rent the Property in accordance with neighborhood specific rules and regulations relating to such rentals; and (b) Buyer shall not enter into any agreement for the sale or other transfer of the Property which would result in Buyer's failure to hold title thereto in fee simple for the duration of the Occupancy Period.

2. Permitted Transfers; Hardship Exceptions.

(a) Permitted Transfers. The following transfers ("Permitted Transfers") of title to the Property, or any estate or interest therein shall not constitute a breach of the foregoing covenants, provided, however, this Deed Restriction and the Agreement shall continue to burden the Property following such conveyance: (a) a good-faith transfer by gift, devise or inheritance to Buyer's spouse or issue, (b) a taking of title by a surviving joint tenant, (c) a court-ordered transfer of title to a spouse as part of a divorce or dissolution proceeding, (d) a transfer by Buyer to an inter vivos trust in which Buyer is a beneficiary, or (e) an acquisition of title, or of any interest therein, in conjunction with marriage.



(b) Hardship Exceptions. Notwithstanding the restrictions on transfers referenced above, Seller recognizes that a transfer of the Property may be desirable in certain circumstances and Seller may, in its sole and absolute discretion decided on a case-by-case basis, consent to a transfer of the Property during the Occupancy Period. Furthermore, Seller shall not unreasonably withhold its consent to a transfer in the following instances:

- (i) A transfer necessitated by the death of Buyer or Buyer's spouse;
- (ii) A transfer by Buyer to Buyer's spouse as co-owner;
- (iii) A transfer, conveyance, pledge, assignment or other hypothecation to secure the performance of an obligation, which transfer, conveyance, pledge, assignment, or hypothecation will be released or reconveyed upon the completion of such performance;
- (iv) A transfer in connection with a significant negative change in the financial circumstances of Buyer from Buyer's financial circumstances when Buyer acquired the Property, as evidenced by documentation reasonably acceptable to Seller;
- (v) A transfer necessitated by a medical condition of Buyer or another person living with Buyer for whom Buyer is the primary caretaker, as evidenced by documentation reasonably acceptable to Seller;
- (vi) A transfer in connection with a temporary (more than 6 months) or permanent employment related relocation of Buyer or Buyer's spouse, as evidenced by documentation reasonably acceptable to Seller;
- (vii) A transfer in connection with military activation or otherwise arising in connection with military service; or
- (viii) A transfer which, in Seller's sole independent judgment, constitutes a "hardship" situation consistent with the intent of this Deed Restriction.

3. Automatic Termination of Deed Restriction. The covenants set forth above, and the restrictions on transfer of the Property set forth herein, shall automatically terminate and be of no further force and effect on the date which is twelve (12) months after the date of recordation of this Deed.

4. Remedies for Breach. If Buyer or Buyer's successors and assigns, breaches, violates or fails to perform or satisfy any of the covenants set forth in the Agreement, Seller, and Seller's successors and assigns, may enforce the remedies set forth in the Agreement including, without limitation, the right and option to recover all "Appreciation" in value of the Property upon a sale of the Property in violation of the Agreement, determined as provided in the Agreement, and Buyer's obligation to pay the Appreciation shall constitute a lien on the Property which shall run with the land and shall be binding on successors and assigns.

5. No Duty to Enforce. Seller makes no representation or warranty to Buyer that Seller will impose these requirements on other buyers of homes in the Community and/or that, if Seller has imposed or in the future imposes these requirements on another buyer, that Seller will enforce the requirements set forth in this Deed Restriction against other owners in the Community. Buyer specifically acknowledges and agrees that Seller is not guaranteeing Buyer or assuring Buyer in any way that the Community will now or in the future be occupied only or primarily by owner occupants and/or that there will not be buyers in the Community who are purchasing homes in the Community for rentals or as an investment, with no intention of living in the home.

6. Survival of Covenant on Transfer. Except as provided in Paragraph 9, below, Buyer's obligations, and Seller's rights hereunder and under the Agreement shall survive any transfer of the Property by Buyer.
7. No Unreasonable Restraint. Buyer acknowledges that the purpose of this Deed Restriction is (i) to comply with Seller's intention to sell homes only to persons who will actually occupy them as a principal residence or will rent the homes in accordance with neighborhood specific rules and regulations relating to such rentals, (ii) to obtain a stabilized community of owner-occupied homes, and (iii) to prevent a shortage of available homes for permanent residents. Buyer agrees that the provisions and restrictions set forth in this Deed Restriction do not constitute an unreasonable restraint upon alienation of the Property.
8. Survival; Severability. All of the covenants contained herein shall survive the delivery and recordation of the deed conveying the Property from Seller to Buyer. The provisions of this Deed Restriction shall be independent and severable, and a determination of invalidity or partial invalidity or enforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision of this Deed Restriction or the Agreement.
9. Mortgagee Protection Provisions.
  - a) Permitted Financing. Notwithstanding anything to the contrary in this Deed Restriction or in the Agreement, Buyer may encumber the Property as security for a loan made by an institutional lender, the proceeds of which are used only to purchase the Property, improve the Property or both.
  - b) Subordination. Seller hereby acknowledges and agrees that a violation of this Deed Restriction by Buyer shall not defeat or render invalid the lien of any first mortgage or deed of trust in favor of an institutional lender or investor and made in good faith and for value by Buyer, and that the covenants and provisions of this Deed Restriction shall be inferior and subordinate to the lien of any such first or second mortgage or deed of trust made by an institutional lender or investor, whether recorded concurrently with or subsequent to the deed conveying the Property to Buyer.
  - c) Termination on Foreclosure. This Deed Restriction and the Agreement are subject and subordinate to any first or second priority deed of trust or mortgage on the Property made by or held by an institutional lender or investor. Any party and its successors and assigns, receiving title to the Property pursuant to a judicial or non-judicial foreclosure, or by any conveyance in lieu of such foreclosure, under a power of sale contained in such a first priority mortgage or deed of trust recorded against the Property in the Office of the Recorder of the County in which the Property is located shall take title free and clear of the provisions of this Deed Restriction and the Agreement.
  - d) HUD or VA Insured or Guaranteed Mortgages. If Buyer has acquired the Property by a mortgage insured by the Secretary of the United States Department of Housing and Urban Development, or guaranteed by the United States Department of Veteran's Affairs, then this Deed Restriction and the Agreement, shall automatically terminate if title to the Property is transferred by foreclosure or deed-in-lieu of foreclosure, or if the insured or guaranteed mortgage is assigned to the Secretary or the VA.
  - e) Insurance Proceeds and Condemnation Award. In the event the Property is damaged or destroyed, or in the event of condemnation, Seller shall have no claim or right to any proceeds thereof and such proceeds shall be held and distributed in accordance with the terms of any lien on the Property, in their order of priority.

10. Covenant Running with the Land. The Property shall be held and conveyed subject to the terms set forth in this Deed Restriction. The covenants contained herein are intended and shall be construed as covenants and conditions running with and binding the Property and equitable servitudes upon the Property and every part thereof; and subject to the next paragraph in this Paragraph 10, are for the benefit of the Benefited Property. Furthermore, all and each of the terms hereunder shall be binding upon and burden all persons having or acquiring any right, title or interest in the Property (during their ownership of such interest), or any part thereof, and their successors and assigns; and subject to the next paragraph in this Paragraph 10, shall inure to the benefit of the Benefited Property and all persons having or acquiring any right, title or interest in the Benefited Property, or any part thereof, which shall be deemed the dominant tenement for purposes of this Instrument. This Instrument is intended to bind and benefit said persons only and is not intended to be, nor shall it be construed as being, for the benefit of adjoining property owners or any other third party.

In the event that fee title to any portion of the Benefited Property is or has been conveyed by Seller to a third party (a "Transferred Parcel"), the terms of this Instrument shall cease to benefit said Transferred Parcel unless Seller expressly assigns to the transferee of the Transferred Parcel the benefits of all or a portion of the covenants contained herein, either concurrently with conveyance of the Transferred Parcel or at any time thereafter, in either case by recorded assignment document executed by Seller and specifically referencing this Instrument (general references to appurtenances or rights related to the acquired land will not suffice). Seller and, upon recordation of any such assignment executed by Seller in favor of a specific successor to the benefits hereof (a "Benefits Successor"), the Benefits Successor, and their successors alone shall have the right to enforce the terms of this Deed Restriction and the Agreement and to recover for violations by Seller hereunder.

Any merger of Seller or Seller's parent company with or into another entity or any acquisition of all or a portion of the stock or equity of Seller or Seller's parent company by a third party will not be deemed a conveyance of the Benefited Property triggering the applicability of this paragraph.

In witness whereof, Buyer has entered into this Deed Restriction as of the day and year this Deed is recorded.

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Date

Grantee, by acceptance hereof, and by agreement with Grantor, hereby expressly assumes and agrees to be bound by and to comply with all of the covenants, terms, conditions and provisions set forth and contained in the aforescribed Declaration, including, but not limited to, the obligation to make payment of assessments for the maintenance and operation of the Condominium.

This conveyance is made subject to the following:

1. Real estate taxes for the year of closing and subsequent years and any special taxes or assessments entered against said property after the date of closing;
2. Applicable zoning regulations and ordinances;
3. All of the terms, provisions, conditions, rights, privileges, obligations, easements and liens set forth and contained in the Declaration and all exhibits and any amendments thereto;
4. All of the covenants, agreements, conditions, restrictions and easements of record, if any, which may now affect the aforescribed property;
5. Perpetual easement for encroachments now existing or hereafter existing caused by the settlement or movement of improvements or caused by minor inaccuracies in building or rebuilding;
6. Such facts as an accurate survey would show.

**AND FURTHER SUBJECT TO THOSE EXCEPTIONS  
AS LISTED ON EXHIBIT "A" ATTACHED AND MADE A PART  
HEREOF BUT WITHOUT REIMPOSING ANY OF SAME AND FURTHER SUBJECT TO  
THAT CERTAIN INVESTOR PROHIBITION RESTRICTION ATTACHED HERETO  
AND MADE A PART HEREOF AS EXHIBIT "B"**

The Grantor does hereby warrant the title to said property by, through and under the said Grantor and will defend the same against lawful claims of all persons claiming by, through or under the Grantor.

Grantee, by acceptance hereof, and by agreement with Grantor, hereby expressly assumes and agrees to be bound by and to comply with all of the covenants, terms, conditions and provisions set forth and contained in the aforescribed Declaration, including, but not limited to, the obligation to make payment of assessments for the maintenance and operation of the Condominium.

This conveyance is made subject to the following:

1. Real estate taxes for the year of closing and subsequent years and any special taxes or assessments entered against said property after the date of closing;
2. Applicable zoning regulations and ordinances;
3. All of the terms, provisions, conditions, rights, privileges, obligations, easements and liens set forth and contained in the Declaration and all exhibits and any amendments thereto;
4. All of the covenants, agreements, conditions, restrictions and easements of record, if any, which may now affect the aforescribed property;
5. Perpetual easement for encroachments now existing or hereafter existing caused by the settlement or movement of improvements or caused by minor inaccuracies in building or rebuilding;
6. Such facts as an accurate survey would show.

AND FURTHER SUBJECT TO THOSE EXCEPTIONS  
AS LISTED ON EXHIBIT "A" ATTACHED AND MADE A PART  
HEREOF BUT WITHOUT REIMPOSING ANY OF SAME AND FURTHER SUBJECT TO  
THAT CERTAIN INVESTOR PROHIBITION RESTRICTION ATTACHED HERETO AND  
MADE A PART HEREOF AS EXHIBIT "B"

The Grantor does hereby warrant the title to said property by, through and under the said Grantor and will defend the same against lawful claims of all persons claiming by, through or under the Grantor.

**ATTACHMENT NO. 2**

**Investor Prohibition  
Deed Restriction to be recorded as an Exhibit to the Deed**

**EXHIBIT "B" TO DEED**

**DEED RESTRICTION  
OCCUPANCY PERIOD AND USE OF THE PROPERTY**

As a material consideration inducing the grantor under the attached deed ("Seller") to sell to the grantee under such deed ("Buyer") that certain real property described in this Deed (the "Property"), Buyer has represented to Seller that Buyer intends to and will occupy the Property as Buyer's principal or secondary residence or will rent the Property in accordance with neighborhood specific rules and regulations relating to such rentals for a period of at least twelve (12) months after Buyer's acquisition of the Property (the "Occupancy Period"). Seller and Buyer have entered into a separate unrecorded agreement (the "Agreement") pursuant to which Buyer has agreed to occupy the Property as provided herein, and Buyer has agreed not to sell the Property for the duration of the Occupancy Period. This Deed Restriction is to put third parties on notice of such commitments by Buyer, and Seller's rights upon a breach of such commitments by Buyer, as provided in the Agreement and nothing contained in this Deed Restriction shall, or shall be deemed to, modify or amend the Agreement in any respect. In the event of any conflict between the provisions of the Agreement and the provisions of this Deed Restriction, the provisions of the Agreement shall prevail. Notwithstanding the foregoing, this Deed Restriction includes certain mortgagee protections which shall be in addition to, and shall not be superseded by, the mortgagee protections in the Agreement.

Buyer acknowledges that Seller, as a developer and builder of single family and multi-family residences, has an interest in ensuring that such residences, and the communities in which they are built, including the Property and the community which the Property is a part (such community being referred to herein as the "Community" or the "Benefited Property") are purchased and occupied only by persons who will actually occupy them as a principal or secondary residence or will rent the Property in accordance with neighborhood specific rules and regulations relating to such rentals, to obtain a stabilized community of owner-occupied homes, and to mitigate a shortage of available homes for permanent residents.

1. Occupancy Covenants. Buyer, on behalf of itself and its successors and assigns, hereby covenants to and for the benefit of Seller that, during the Occupancy Period: (a) Buyer will occupy the Property as Buyer's principal or secondary residence after closing or will rent the Property in accordance with neighborhood specific rules and regulations relating to such rentals; and (b) Buyer shall not enter into any agreement for the sale or other transfer of the Property which would result in Buyer's failure to hold title thereto in fee simple for the duration of the Occupancy Period.

2. Permitted Transfers; Hardship Exceptions.

(a) Permitted Transfers. The following transfers ("Permitted Transfers") of title to the Property, or any estate or interest therein shall not constitute a breach of the foregoing covenants, provided, however, this Deed Restriction and the Agreement shall continue to burden the Property following such conveyance: (a) a good-faith transfer by gift, devise or inheritance to Buyer's spouse or issue, (b) a taking of title by a surviving joint tenant, (c) a court-ordered transfer of title to a spouse as part of a divorce or dissolution proceeding, (d) a transfer by Buyer to an inter vivos trust in which Buyer is a beneficiary, or (e) an acquisition of title, or of any interest therein, in conjunction with marriage.

(b) Hardship Exceptions. Notwithstanding the restrictions on transfers referenced above, Seller recognizes that a transfer of the Property may be desirable in certain circumstances and Seller may, in its sole and absolute discretion decided on a case-by-case basis, consent to a transfer of the Property during the Occupancy Period. Furthermore, Seller shall not unreasonably withhold its consent to a transfer in the following instances:

- (i) A transfer necessitated by the death of Buyer or Buyer's spouse;
- (ii) A transfer by Buyer to Buyer's spouse as co-owner;
- (iii) A transfer, conveyance, pledge, assignment or other hypothecation to secure the performance of an obligation, which transfer, conveyance, pledge, assignment, or hypothecation will be released or reconveyed upon the completion of such performance;
- (iv) A transfer in connection with a significant negative change in the financial circumstances of Buyer from Buyer's financial circumstances when Buyer acquired the Property, as evidenced by documentation reasonably acceptable to Seller;
- (v) A transfer necessitated by a medical condition of Buyer or another person living with Buyer for whom Buyer is the primary caretaker, as evidenced by documentation reasonably acceptable to Seller;
- (vi) A transfer in connection with a temporary (more than 6 months) or permanent employment related relocation of Buyer or Buyer's spouse, as evidenced by documentation reasonably acceptable to Seller;
- (vii) A transfer in connection with military activation or otherwise arising in connection with military service; or
- (viii) A transfer which, in Seller's sole independent judgment, constitutes a "hardship" situation consistent with the intent of this Deed Restriction.

3. Automatic Termination of Deed Restriction. The covenants set forth above, and the restrictions on transfer of the Property set forth herein, shall automatically terminate and be of no further force and effect on the date which is twelve (12) months after the date of recordation of this Deed.
4. Remedies for Breach. If Buyer or Buyer's successors and assigns, breaches, violates or fails to perform or satisfy any of the covenants set forth in the Agreement, Seller, and Seller's successors and assigns, may enforce the remedies set forth in the Agreement including, without limitation, the right and option to recover all "Appreciation" in value of the Property upon a sale of the Property in violation of the Agreement, determined as provided in the Agreement, and Buyer's obligation to pay the Appreciation shall constitute a lien on the Property which shall run with the land and shall be binding on successors and assigns.
5. No Duty to Enforce. Seller makes no representation or warranty to Buyer that Seller will impose these requirements on other buyers of homes in the Community and/or that, if Seller has imposed or in the future imposes these requirements on another buyer, that Seller will enforce the requirements set forth in this Deed Restriction against other owners in the Community. Buyer specifically acknowledges and agrees that Seller is not guaranteeing Buyer or assuring Buyer in any way that the Community will now or in the future be occupied only or primarily by owner occupants and/or that there will not be buyers in the Community who are purchasing homes in the Community for rentals or as an investment, with no intention of living in the home.

6. Survival of Covenant on Transfer. Except as provided in Paragraph 9, below, Buyer's obligations, and Seller's rights hereunder and under the Agreement shall survive any transfer of the Property by Buyer.
7. No Unreasonable Restraint. Buyer acknowledges that the purpose of this Deed Restriction is (i) to comply with Seller's intention to sell homes only to persons who will actually occupy them as a principal residence or will rent the homes in accordance with neighborhood specific rules and regulations relating to such rentals, (ii) to obtain a stabilized community of owner-occupied homes, and (iii) to prevent a shortage of available homes for permanent residents. Buyer agrees that the provisions and restrictions set forth in this Deed Restriction do not constitute an unreasonable restraint upon alienation of the Property.
8. Survival; Severability. All of the covenants contained herein shall survive the delivery and recordation of the deed conveying the Property from Seller to Buyer. The provisions of this Deed Restriction shall be independent and severable, and a determination of invalidity or partial invalidity or enforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision of this Deed Restriction or the Agreement.
9. Mortgagee Protection Provisions.
  - a) Permitted Financing. Notwithstanding anything to the contrary in this Deed Restriction or in the Agreement, Buyer may encumber the Property as security for a loan made by an institutional lender, the proceeds of which are used only to purchase the Property, improve the Property or both.
  - b) Subordination. Seller hereby acknowledges and agrees that a violation of this Deed Restriction by Buyer shall not defeat or render invalid the lien of any first mortgage or deed of trust in favor of an institutional lender or investor and made in good faith and for value by Buyer, and that the covenants and provisions of this Deed Restriction shall be inferior and subordinate to the lien of any such first or second mortgage or deed of trust made by an institutional lender or investor, whether recorded concurrently with or subsequent to the deed conveying the Property to Buyer.
  - c) Termination on Foreclosure. This Deed Restriction and the Agreement are subject and subordinate to any first or second priority deed of trust or mortgage on the Property made by or held by an institutional lender or investor. Any party and its successors and assigns, receiving title to the Property pursuant to a judicial or non-judicial foreclosure, or by any conveyance in lieu of such foreclosure, under a power of sale contained in such a first priority mortgage or deed of trust recorded against the Property in the Office of the Recorder of the County in which the Property is located shall take title free and clear of the provisions of this Deed Restriction and the Agreement.
  - d) HUD or VA Insured or Guaranteed Mortgages. If Buyer has acquired the Property by a mortgage insured by the Secretary of the United States Department of Housing and Urban Development, or guaranteed by the United States Department of Veteran's Affairs, then this Deed Restriction and the Agreement, shall automatically terminate if title to the Property is transferred by foreclosure or deed-in-lieu of foreclosure, or if the insured or guaranteed mortgage is assigned to the Secretary or the VA.
  - e) Insurance Proceeds and Condemnation Award. In the event the Property is damaged or destroyed, or in the event of condemnation, Seller shall have no claim or right to any proceeds thereof and such proceeds shall be held and distributed in accordance with the terms of any lien on the Property, in their order of priority.



10. Covenant Running with the Land. The Property shall be held and conveyed subject to the terms set forth in this Deed Restriction. The covenants contained herein are intended and shall be construed as covenants and conditions running with and binding the Property and equitable servitudes upon the Property and every part thereof; and subject to the next paragraph in this Paragraph 10, are for the benefit of the Benefited Property. Furthermore, all and each of the terms hereunder shall be binding upon and burden all persons having or acquiring any right, title or interest in the Property (during their ownership of such interest), or any part thereof, and their successors and assigns; and subject to the next paragraph in this Paragraph 10, shall inure to the benefit of the Benefited Property and all persons having or acquiring any right, title or interest in the Benefited Property, or any part thereof, which shall be deemed the dominant tenement for purposes of this Instrument. This Instrument is intended to bind and benefit said persons only and is not intended to be, nor shall it be construed as being, for the benefit of adjoining property owners or any other third party.

In the event that fee title to any portion of the Benefited Property is or has been conveyed by Seller to a third party (a "Transferred Parcel"), the terms of this Instrument shall cease to benefit said Transferred Parcel unless Seller expressly assigns to the transferee of the Transferred Parcel the benefits of all or a portion of the covenants contained herein, either concurrently with conveyance of the Transferred Parcel or at any time thereafter, in either case by recorded assignment document executed by Seller and specifically referencing this Instrument (general references to appurtenances or rights related to the acquired land will not suffice). Seller and, upon recordation of any such assignment executed by Seller in favor of a specific successor to the benefits hereof (a "Benefits Successor"), the Benefits Successor, and their successors alone shall have the right to enforce the terms of this Deed Restriction and the Agreement and to recover for violations by Seller hereunder. Any merger of Seller or Seller's parent company with or into another entity or any acquisition of all or a portion of the stock or equity of Seller or Seller's parent company by a third party will not be deemed a conveyance of the Benefited Property triggering the applicability of this paragraph.

In witness whereof, Buyer has entered into this Deed Restriction as of the day and year this Deed is recorded.

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Date



## RESIDENTIAL WARRANTY CORPORATION

PRESENTS

# THE LIMITED WARRANTY

10 YEAR WRITTEN WARRANTY FOR NEW HOMES

SUBJECT TO CHANGE.

NO WARRANTY WILL BE ISSUED UNLESS THE BUILDER COMPLIES WITH ALL WARRANTY PROGRAM STANDARDS.

Within 90 days after receiving this Warranty book, you should receive a validation sticker from RWC. If you do not, contact your **Builder** to verify that the forms were properly processed and sent to RWC. You do not have a warranty without the validation sticker.

Place validation sticker here.  
Warranty is invalid without sticker.

*This Limited Warranty does not cover consequential or incidental damages. The Warrantor's total aggregate liability of this Limited Warranty is limited to the Final Sales Price listed on the Application For Warranty form.*

*The Builder makes no housing merchant implied warranty or any other warranties, express or implied, in connection with the attached sales contract or the warranted Home, and all such warranties are excluded, except as expressly provided in this Limited Warranty. There are no warranties which extend beyond the face of this Limited Warranty.*

*Some states do not allow the exclusion or limitation of incidental or consequential damages by the Builder so all of the limitations or exclusions of this Limited Warranty may not apply to you.*

- For your Limited Warranty to be in effect, you should receive the following documentation:
- Limited Warranty #389 • Application For Warranty form #316 (Refer to I.B.3. for applicability)
  - Validation Sticker #385 •

Insurer: Western Pacific Mutual Insurance Company, A Risk Retention Group



# RESIDENTIAL WARRANTY CORPORATION

5300 Derry Street, Harrisburg, PA 17111-3598

(717) 561-4430 FAX (717) 561-4494

Dear Home Buyer,

*Congratulations on the purchase of your new home. This is probably one of the largest, most important investments you've ever made and we wish you many years of enjoyment. You've chosen a home built by a leading Builder which includes the RWC Limited Warranty, assurance that your investment is well protected. This book explains the Limited Warranty in its entirety, and we encourage you to take time to READ IT CAREFULLY.*

*This Limited Warranty provides you with protection in accordance with this warranty book for ten full years of home ownership. During the first two years, your Builder is responsible for specified warranty obligations. In the unlikely event your Builder is unable or unwilling to perform, the Warranty is provided subject to the conditions, terms and exclusions listed. For the remaining eight years, your Warranty applies to the specified Designated Structural Elements of the Home.*

*This is not a warranty service contract but a written ten year limited warranty which your Builder has elected to provide with your home.*

*Take time now to read this book. Familiarize yourself with the Warranty and its limitations. Contact your Builder regarding specific construction standards and how they apply to your home.*

*Again, congratulations and enjoy your new home!*

*Very truly yours,*

**RESIDENTIAL  
WARRANTY  
CORPORATION**

## TABLE OF CONTENTS

<b>Section I. Definitions .....</b>	<b>1</b>
<b>Section II. The Limited Warranty .....</b>	<b>3</b>
<b>Section III. Warranty Standards .....</b>	<b>7</b>
<b>Section IV. Requesting Warranty Performance .....</b>	<b>18</b>
<b>Section V: Addenda .....</b>	<b>20</b>
A. Newark, Delaware	
B. State of New York	
C. State of Indiana	
D. HUD (Applicable to VA/FHA financed homes only)	
E. Maryland Addendum	



## Section

### L Definitions

#### A. Introduction

To help you better understand your Limited Warranty, refer to the following list of definitions which apply in this book.

#### B. Definitions

1. **Administrator**

Residential Warranty Corporation (RWC) is the Administrator of this Limited Warranty. RWC is neither Warrantor nor Insurer.

2. **Appliances and Items of Equipment, including Attachments and Appurtenances**

Water heaters, pumps, stoves, refrigerators, compactors, garbage disposals, ranges, dishwashers, washers and dryers, bathtubs, sinks, commodes, faucets, light fixtures, switches, outlets, thermostats, furnaces and oil tanks, humidifiers, oil purifiers, air conditioning materials, in-house sprinkler systems and similar items.

3. **Application For Warranty**

The form signed at closing by you, the Purchaser, and your Builder which identifies the location, the Effective Date Of Warranty and the Final Sales Price of the enrolled Home. If the Builder is participating in the RWC electronic enrollment process, the Application for Warranty form is eliminated.

4. **Arbitrator**

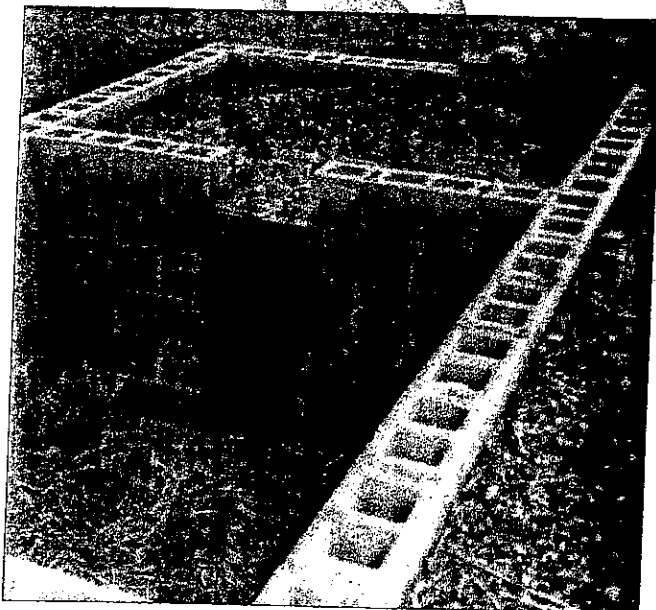
A representative of an independent arbitration service agreed upon by you, the Purchaser, and the Administrator to determine coverage on an Unresolved Warranty Issue.

5. **Builder**

The person, corporation, partnership or other entity which participates in the RWC Limited Warranty Program and has obtained this Limited Warranty for you.

6. **Building Codes**

The following codes are acceptable to the Insurer



of the Limited Warranty:

a. **Building Codes**

- (1) CABO 1 & 2 Family Dwelling Code
- (2) National Building Code (BOCA)
- (3) Standard Building Code (SBCCI)
- (4) Uniform Building Code (ICBO)

b. **Mechanical Codes**

- (1) CABO 1 & 2 Family Dwelling Code
- (2) National Mechanical Code (BOCA)
- (3) Standard Mechanical Code (SBCCI)
- (4) Uniform Mechanical Code (ICBO)

c. **Plumbing Codes**

- (1) CABO 1 & 2 Family Dwelling Code
- (2) International Plumbing Code
- (3) National Plumbing Code (BOCA)
- (4) Standard Plumbing Code (SBCCI)
- (5) Standard Gas Code (SBCCI)
- (6) Uniform Plumbing Code (ICBO)

d. **Electrical Codes**

- (1) CABO 1 & 2 Family Dwelling Code
- (2) National Electrical Code (BOCA)

7. **Consequential Damages**

All consequential damages including, but not limited to, damage to the Home that is caused by a warranted Defect but is not itself a warranted Defect and costs of shelter, transportation, food, moving, storage or other incidental expenses related to relocation during repairs.

8. **Cooling, Ventilating and Heating Systems**

All ductwork, refrigerant lines, steam and water pipes, registers, convectors and dampers.

9. **Defect**

A condition of any item warranted by this Limited Warranty which exceeds the allowable tolerance specified in this Limited Warranty. Failure to complete construction of the Home or any portion of the Home, in whole or in part, is not considered a Defect.

10. **Deflection**

A turning or bending of a Designated Structural Element from its original position. Deflection is measured from any two end points and a third reference point. The reference point may be located at any distance between the two end points.

11. **Designated Structural Elements (DSE)**

Those items defined specifically in the Limited Warranty Standards Section III.C. This Warranty is limited to only those Designated Structural Elements of the Home (or common elements related thereto) which exceed the tolerances explicitly set forth in Section III.C. This Limited Warranty applies ONLY to specific elements or standards designated in this Limited Warranty.\*

12. **Effective Date Of Warranty**

The date coverage begins as specified on the Application For Warranty form. If the builder is participating in the electronic enrollment process, the effective date is date of closing or occupancy, whichever occurs first.\*

\*FHA/VA Homeowners, refer to HUD Addendum, Section V.

## Section

### L

#### Definitions (continued)

- 13. Electrical Systems**  
All wiring, electrical boxes and connections up to the house side of the meter base.
- 14. Home**  
The single family dwelling, identified on the Application For Warranty form, which may be a townhome, condominium or duplex.
- 15. Insurer**  
Western Pacific Mutual Insurance Company, a Risk Retention Group (WPIC). Located at 1655 Lafayette Street, Suite 200, Denver, CO 80218. Phone: 303-388-5688.
- 16. Limited Warranty**  
The terms and conditions contained in this book including any applicable addenda.
- 17. Movement**  
See Deflection.
- 18. Owner**  
See Purchaser.
- 19. Plumbing Systems**  
All pipes located within the Home and their fittings, including gas supply lines and vent pipes.
- 20. Purchaser**  
You. The Purchaser includes the first buyer of the warranted Home and any and all subsequent owners who take title within the warranty period.
- 21. Residence**  
See Home.
- 22. Sewage Disposal System (Private or Public)**  
This system includes, but is not limited to, all waste, drainage, sewer pipes and lines, cleanouts, tanks, pumps, drainfields and seepage pits, outside and beyond the exterior wall of the Home.
- 23. Structurally Attached**  
An integral part of the Home being structurally supported by footings, block walls or reinforced concrete and connected to the foundation of the Home.
- 24. Unresolved Warranty Issue**  
All requests for warranty performance, demands, disputes, controversies and differences that may arise between the parties to this Limited Warranty that cannot be resolved among the parties. An Unresolved Warranty Issue may be a disagreement regarding:
- the coverages in this Limited Warranty;
  - an action performed or to be performed by any party pursuant to this Limited Warranty;
  - the cost to repair or replace any item covered by this Limited Warranty.
- 25. Warrantor**  
Your Builder in Years 1 and 2; the Insurer in Years 3 through 10 and in Years 1 and 2 if your Builder defaults.
- 26. Water Supply System (Private or Public)**  
This system includes, but is not limited to, all supply and distribution pipes, fittings, valves, pumps and wells, outside the exterior wall of the Home, which supply water to the Home.



## Section

### II The Limited Warranty

#### A. Introduction to the Limited Warranty

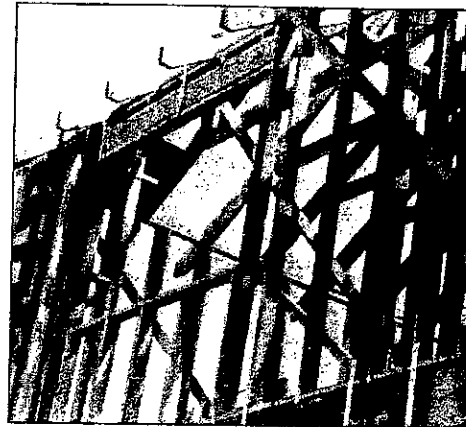
1. This book provides specific details, conditions and limitations of the Limited Warranty including procedures for requesting warranty performance and for binding arbitration, in accordance with the procedures of the Federal Arbitration Act. Additional information may be received by calling RWC at (717) 561-4480. Read this document in its entirety to understand the protection it affords, the exclusions applicable to it, the Warranty Standards which determine its interpretations and operation and your responsibilities.
2. This is NOT an insurance policy, a maintenance agreement or a service contract. It is an explanation of what you, the Purchaser, can expect from this Limited Warranty.
3. Appliances and Equipment included in the Home are not warranted under this Limited Warranty, but may be covered by separate warranties provided by the manufacturer or supplier. These warranties are passed on to you by your Builder at closing and are separate from this Limited Warranty.
4. You are responsible for maintenance of your new Home. General and preventative maintenance are required to prolong the life of your new Home.
5. This Limited Warranty is **automatically transferred** to subsequent Owners during the ten-year term of this Limited Warranty.
6. This Limited Warranty is subject to changes required by various regulating bodies. FHA and VA, as well as some local agencies have mandated the additions noted in the Addenda Section of this Limited Warranty book. Notations throughout indicate where the Addenda apply.

#### B. The Limited Warranty

1. Actions taken to cure Defects will NOT extend the periods of specified coverages in this Limited Warranty.
2. Only warranted items which are specifically designated in the Warranty Standards are covered by this Limited Warranty.
3. The Warrantor has the choice to repair, replace or pay the reasonable cost to repair or replace warranted items which do not meet the Warranty Standards and are not excluded in the Limited Warranty.
4. If a warranted DSE exceeds the tolerances in Section III.C during the appropriate coverage period, and is reported as required in Section IV, the Warrantor will repair, replace or pay you the reasonable cost to repair or replace the warranted DSE, limited to actions necessary to restore the DSE to the specified tolerances in Section III.C.

#### C. Warranty Coverage

1. **ONE YEAR COVERAGE:** Your Builder warrants that for a period of one (1) year after the Effective Date Of Warranty, warranted items will function and op-



erate as presented in the Warranty Standards of Year 1, Section III.A. Coverage is ONLY available where specific Standards and Actions are represented in this Limited Warranty.\*

2. **TWO YEAR COVERAGE:** Your Builder warrants that for a period of two (2) years from the Effective Date Of Warranty, specified portions of the heating, cooling, ventilating, electrical and plumbing systems, as defined in this Limited Warranty, will function and operate as presented in the Warranty Standards of Years 1 and 2 only, Section III.B.†
3. **TEN YEAR COVERAGE:** Designated Structural Elements (DSE) are warranted for ten (10) years from the Effective Date Of Warranty. DSE will function and operate as presented in the Warranty Standards Section III.C.  
Your Builder is the Warrantor during Years 1 and 2 of this Limited Warranty and the Insurer is the Warrantor in Years 3 through 10.
4. **CONDOMINIUM COVERAGE:** This Limited Warranty shall only apply to warranted common elements. Warranted common elements are those portions of the defined electrical, heating, ventilating, cooling, plumbing and structural systems which serve two (2) or more residential units, and are contained wholly within a residential structure. Warranty coverage for common elements shall be for the same periods and to the same extent as similar or comparable items in individual residential units. Examples of common elements which are covered by this Limited Warranty are hallways, meeting rooms and other spaces wholly within the residential structure designated for the use of two or more units. Examples of common elements which are not covered under this Limited Warranty are club houses, recreational buildings and facilities, exterior structures, exterior walkways, decks, balconies, arches or any other non-residential structure which is part of the condominium.

#### D. Conditions\*

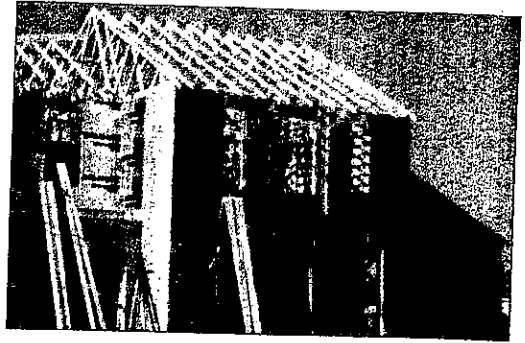
1. This Limited Warranty provides coverage only in excess of coverage provided by other warranties or insurance, whether collectible or not.

\*FHA/VA Homeowners, refer to HUD Addendum, Section V.

†Homeowners in Indiana, refer to State of Indiana Addendum, Section V.C.

**Section  
II  
The  
Limited  
Warranty  
(continued)**

2. This Limited Warranty is binding on the Builder and you and your heirs, executors, administrators, successors and assigns.
3. This Limited Warranty shall be interpreted and enforced in accordance with the laws of the state in which the Home is located.
4. This Limited Warranty is separate and apart from your contract and/or other sales agreements with your Builder. It cannot be affected, altered or amended in any way by any other agreement which you may have.
5. This Limited Warranty cannot be modified, altered or amended in any way except by a formal written instrument signed by you, your Builder and the Administrator.
6. If 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.
7. All notices required under this Limited Warranty must be in writing and sent by certified mail, postage prepaid, to the recipient's address shown on the Application For Warranty form, or to whatever address the recipient may designate in writing.
8. If actions by the Warrantor on any obligations under this Limited Warranty are delayed by an event beyond its control, such performance will be excused until the delaying effects of the event are remedied. Such events include, but are not limited to, acts of God, acts of the common enemy, war, riot, civil commotion or sovereign conduct, or acts or omissions by you or any other person not a party of this Limited Warranty.
9. If your Builder fails to complete any part of the Home that is reasonably foreseeable to cause structural damage to the Home, then it is your responsibility to complete such parts of the Home to avoid the structural damage. If you fail to complete the work, then any resulting structural damage is not covered under this Limited Warranty.
10. Costs incurred for unauthorized repairs to warranted items are not reimbursable. Written authorization prior to incurring expenses must be obtained from the Administrator.
11. Whenever appropriate, the use of one gender includes all genders and the use of the singular includes the plural.
12. Under this Limited Warranty, the Warrantor is not responsible for exact color, texture or finish matches in situations where materials are replaced or repaired, or for areas repainted or when original materials are discontinued.
13. Your Builder must assign to you all manufacturers' warranties on products included in the Final Sales Price of your Home. Neither the Insurer nor the Administrator shall not be liable for your Builder's failure to do so.
14. You are responsible for establishing a written, final



walk-through inspection list of items in need of service prior to occupancy or closing, whichever is first. This list must be signed and dated by you and your Builder. Keep a copy for your records.

**E. Exclusions**

The following are NOT covered under this Limited Warranty:

1. Loss or damage:
  - a. to land
  - b. to the Home, persons or property directly or indirectly caused by insects, birds, vermin, rodents, or wild or domestic animals.
  - c. which arises while the Home is used primarily for non-residential purposes.
  - d. caused by soil movement, including subsidence, expansion or lateral movement of the soil which is covered by any other insurance or for which compensation is granted by legislation.\*
  - e. resulting directly or indirectly from flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these (whether or not driven by wind), water which backs up from sewers or drains, changes in the water table which were not reasonably foreseeable, water below the surface of the ground (including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool, or other structure), wetlands, springs or aquifers.
  - f. from normal deterioration or wear and tear.
  - g. caused by material or work supplied by anyone other than your Builder or its employees, agents or subcontractors, including the items listed as additional exclusions on the Application For Warranty form.
  - h. from your or the condominium association's failure to perform routine maintenance on the Home, common areas, common elements or your or the condominium association's grounds.
  - i. after Year 1, to, resulting from, or made worse by all components of structurally attached decks, balconies, patios, porches, porch roofs and porticos.
  - j. after Year 1, to, resulting from, or made worse

\*FHA/VA Homeowners, refer to HUD Addendum, Section V.

## Section

### II.

#### The Limited Warranty (continued)

- by elements of the Home which are constructed separate from foundation walls or other structural elements of the Home such as, but not limited to, chimneys and concrete floors of basements and attached garages.
- k. to wiring, to and between communication devices from the source of power, whether or not connected to the interior wiring system of the Home. Such devices shall include, but not be limited to, telephone systems, television cable systems, intercom systems, computer systems and security systems. Sources of power shall include, but not be limited to, service entrance conductors, switches, outlets, receptacles and junction boxes.
2. Loss or damage resulting from, or made worse by:
- changes in the grading of the property surrounding the Home by anyone except your Builder or its employees, agents or subcontractors.
  - changes in grading caused by erosion.
  - modifications or additions to the Home, or property under or around the Home, made after the Effective Date Of Warranty (other than changes made in order to meet the obligations of this Limited Warranty).
  - intrusion of water into crawl spaces.\*
  - the weight and/or performance of any type of waterbed or any other furnishing which exceeds the load-bearing design of the Home.
  - the presence or consequence of unacceptable levels of radon, formaldehyde, carcinogenic substances or other pollutants and contaminants; or the presence of hazardous or toxic materials resulting in uninhabitability or health risk within the Home.
  - acts or omissions by you, your agents, employees, licensees, invitees; accidents, riots, civil commotion, nuclear hazards, acts of God or nature, fire, explosion, blasting, smoke, water escape, windstorms, hail, lightning, ice, snow, falling trees, aircraft, vehicles, flood, mud slides, sinkholes, mine subsidence, faults, crevices, earthquake, land shock waves or tremors occurring before, during or after a volcanic eruption.
- your failure to perform routine maintenance.
  - your failure to minimize or prevent such loss or damage in a timely manner.
  - defects in, but not limited to: recreational facilities; driveways; walkways; patios, porches and stoops not structurally attached; decks and balconies which are not bolted to or cantilevered from the main structure of the Home; boundary and/or retaining walls; bulkheads; fences; landscaping, sodding, seeding, shrubs, trees and plantings; subsurface drainage systems (other than footer drains); lawn sprinkler systems; off-site improvements, including streets, sidewalks, adjacent property and the like; or any other improvements not part of the Home itself.
  - defects in detached garages or outbuildings (except those which contain plumbing, electrical, heating, cooling or ventilating systems serving the Home, and then only to the extent where Defects would affect these systems). A detached garage is one which is constructed on its own foundation, separate and apart from the foundation of the Home. A breezeway, fence, utility line or similar union shall not cause a garage or outbuilding to be considered attached.
  - negligent maintenance or operation of the Home and its systems by anyone other than your Builder or its agents, employees or subcontractors.
  - any portion of a Water Supply System, private or public, including volume and pressure of water flow.\*
  - quality and potability of water.
  - any portion of a Sewage Disposal System, private or public, including design.\*
3. Failure of your Builder to complete construction of the Home or any part of the Home on or before the Effective Date Of Warranty or damages arising from such failure. An incomplete item is not considered a Defect, although your Builder may be obligated to complete such items under separate agreements between you and your Builder.
4. Any deficiency which does not result in actual physical damage or loss to the Home.
5. Any Consequential Damages.
6. Personal property damage or bodily injury.
7. Violation of applicable Building Codes or ordinances unless such violation results in a Defect which is otherwise covered under this Limited Warranty. Under such circumstances, the obligation of the Warrantor under this Limited Warranty shall only be to repair the defective warranted portion of the Home, but not to restore or bring the \*FHA/VA Homeowners, refer to HUD Addendum, Section V.





## Section

## II.

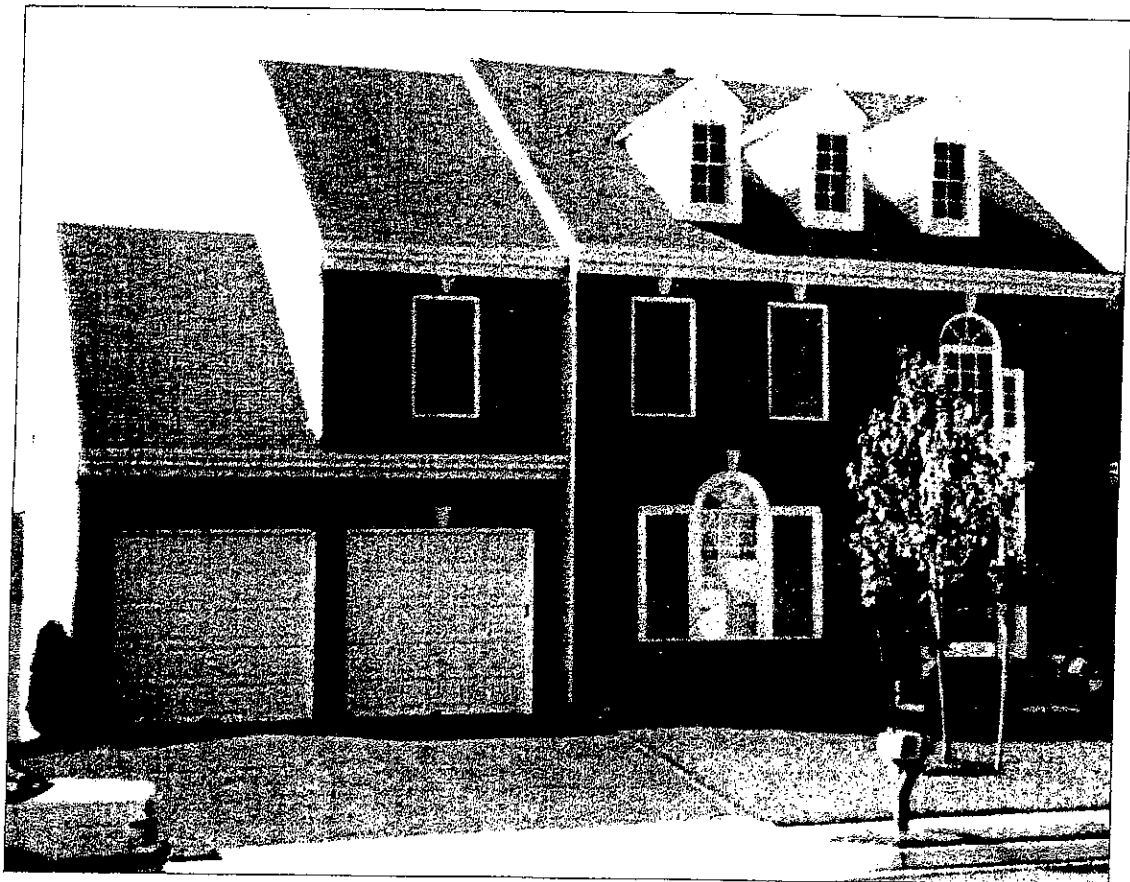
### The Limited Warranty (continued)

- Home to conform to code.
8. Any request for warranty performance submitted to the Administrator after an unreasonable delay or later than 30 days after the expiration of the applicable warranty period.
  9. Warranted Defects that you repair without prior written authorization of the Administrator.
  10. Any damages to, or resulting from a swimming pool whether located within or outside the Home, as a result of its construction, placement, use, equipment, maintenance, etc.
  11. The removal and/or replacement of items specifically excluded from coverage under this Limited Warranty, such as landscaping or personal property, and items not originally installed by your Builder, such as wallpaper, where removal and replacement are required to execute a repair.
  12. Any Defect consisting of, caused by, contributed to, or aggravated by moisture, wet or dry rot, mold, mildew, fungus or rust.
  13. Sound transmission and sound proofing between rooms or floor levels.

14. Appliances and Equipment included in the Home are not warranted under this Limited Warranty, but may be covered by separate warranties provided by the manufacturer or supplier. These warranties are passed on to you by your Builder at closing and are separate from this Limited Warranty.†

### F. Limitation of Liability

1. The Warrantor's liability and obligations are limited to the repair, replacement or the payment of the reasonable cost of repair or replacement of warranted items not to exceed an aggregate equal to the Final Sales Price of the Home listed on the Application For Warranty form or in the absence of an Application for Warranty form, as otherwise provided to the Administrator by the Builder. The choice to repair, replace or make payment is the Warrantor's.
2. All other warranties, express or implied, including, but not limited to, all implied warranties of fitness, merchantability or habitability, are disclaimed and excluded to the extent allowed by law.



The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.†

**SECTION III.  
WARRANTY STANDARDS  
A. YEAR I  
COVERAGE ONLY**

CATEGORY	OBSERVATION	ACTION REQUIRED	COMMENTS
<b>FOUNDATIONS</b>			
<b>BASEMENT</b>	1.1 Cracks appear in control joints.	No action required.	The expansion/contraction joint is placed to control cracking. This is not a deficiency.
	1.2 Pit, depression or areas of unevenness in areas designed for living purposes.	Builder will correct those areas in which Defect exceeds 1/4 in. within a 32 in. measurement.	In rooms not initially designed as finished living areas or where a floor or a portion of a floor surface has been designed for specific drainage purposes, a slope which exceeds 1/4 in. within a 32 in. measurement is not a deficiency.
	1.3 Cracks in poured concrete foundation walls.	Builder will correct any crack which exceeds 1/8 in. in width.	Shrinkage cracks are common and should be expected. Surface patching and epoxy injection are examples of acceptable repair methods.
	1.4 Cracks in block or veneer wall.	Builder will correct cracks which exceed 1/4 in. in width.	Some cracks are common through masonry and mortar joints. Cracks 1/4 in. or less are considered routine Owner maintenance.
	1.5 Leaks resulting in actual flow or trickling of water through wall or floor, causing an accumulation.	Builder will correct.	A one-time occurrence may not indicate a Defect. Owner must maintain proper grading around the Home and maintain any surface water control systems installed by Builder. Dampness and condensation are normal conditions and are not covered by this Limited Warranty.
	1.6 Disintegration of the concrete floor surface.	Builder will correct disintegrated surfaces caused by improper placement of concrete.	Disintegration caused by erosion due to salt, chemicals, implements used and other factors beyond Builder's control is not a warranted deficiency.
	1.7 Cracks in concrete floor which rupture or significantly impair performance of floor covering.	Builder will correct so Defect is not readily noticeable when floor covering is in place.	Minor impressions in floor covering are not considered significant imperfections.
	1.8 Condensation on walls, joists, support columns and other components of basement area.	No action required.	Maintaining adequate ventilation and moisture control is considered Owner maintenance.
<b>CRAWL SPACE</b>	1.9 Cracks in poured concrete foundation walls.	Builder will correct any crack which exceeds 1/8 in. in width.	Surface patching and epoxy injection are examples of acceptable repair methods. Shrinkage cracks of 1/8 in. or less are common and should be expected.
	1.10 Cracks in block or veneer wall.	Builder will correct cracks greater than 1/4 in. in width.	Surface patching and epoxy injection are examples of acceptable repair methods. Shrinkage cracks of 1/4 in. or less are common and should be expected.
	1.11 Inadequate ventilation.	Builder will install properly sized louvers or vents.	Maintaining adequate ventilation and moisture control, including seasonal adjustment of vent openings, is considered Owner maintenance.
	1.12 Condensation on walls, joists, support columns and other components of the crawl space area.	No action required.	Maintaining adequate ventilation and moisture control, including seasonal adjustment of vent openings, is considered Owner maintenance.

† Homeowners in the State of New York, refer to State of New York Addendum, Section V.B.

**SECTION III.  
WARRANTY STANDARDS  
A. YEAR I  
COVERAGE ONLY**

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

CATEGORY	OBSERVATION	ACTION REQUIRED	COMMENTS
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**1. FOUNDATIONS (CONTINUED)**

<b>SLAB ON GRADE</b>	1.13 Cracks appear at control joints.	No action required.	Expansion/contraction joint is placed to control cracking. This is not a deficiency.
	1.14 Pits, depressions or areas of unevenness in areas designed for living purposes.	Builder will correct areas in which Defect exceeds 1/4 in. within a 32 in. measurement.	In rooms not initially designed as finished living areas or where a floor or a portion of a floor surface has been designed for specific drainage purposes, a slope which exceeds 1/4 in. within a 32 in. measurement is acceptable.
	1.15 Disintegration of concrete floor surface.	Builder will correct disintegrated surfaces caused by improper placement of concrete.	Disintegration caused by erosion due to salt, chemicals, implements used and other factors beyond Builder's control is not a warranted deficiency.
	1.16 Crack in concrete floor which ruptures or significantly impairs performance of floor covering.	Builder will correct so Defect is not readily noticeable when floor covering is in place.	Minor impressions in floor covering are not considered significant imperfections.
	1.17 Cracks in attached garage slab.	Builder will correct cracks which exceed 1/4 in. in width or vertical displacement.	Surface patching and epoxy injections are examples of acceptable repair methods. Shrinkage cracks are common and should be expected.
	1.18 Cracks in concrete floor of unfinished area (no floor covering) or in areas not designed for living.	Builder will correct cracks which exceed 1/4 in. in width or vertical displacement.	Surface patching and epoxy injections are examples of acceptable repair methods. Shrinkage cracks are common and should be expected.
	1.19 Cracks in visible face of foundation.	Builder will correct cracks in excess of 1/8 in. in width.	Surface patching and epoxy injections are examples of acceptable repair methods. Shrinkage cracks are common and should be expected.

**2. FRAMING**

<b>CEILING</b>	2.1 Uneven ceiling.	Builder will correct if unevenness exceeds 1/4 in. within a 32 in. measurement.	Some minor framing imperfections should be expected.
<b>FLOOR</b>	2.2 High and low areas.	Builder will correct if high or low areas exceed 1/4 in. within a 32 in. measurement.	Some minor framing imperfections should be expected.
	2.3 Floor squeaks.	Builder will correct if caused by a defective joist or improperly installed subfloor.	A squeak-proof floor cannot be guaranteed. Lumber shrinkage as well as temperature and humidity changes may cause squeaks.
<b>ROOF</b>	2.4 Split or warped rafters or trusses.	No action required.	Some splitting and warping is normal and is caused by high temperature effects on lumber.
<b>WALL</b>	2.5 Bow or bulge.	Builder will correct if bow or bulge exceeds 1/4 in. within 32 in. horizontal or vertical measurement.	Minor framing imperfections should be expected.
	2.6 Out-of-plumb.	Builder will correct where out-of-plumb condition exceeds 3/4 in. within 8 ft. vertical measurement.	Minor framing imperfections should be expected.
	2.7 Wall is out-of-square.	No action required.	A wall out-of-square is not a Defect.

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

**SECTION III.  
WARRANTY STANDARDS  
A YEAR I  
COVERAGE ONLY**

CATEGORY	OBSERVATION	ACTION REQUIRED	COMMENTS	
<b>EXTERIOR</b>				
<b>STRUCTURALLY ATTACHED WOOD DECKS</b>	3.1 Wood twisting, warping or splitting.	Builder will correct only if due to improper installation.	Twisting, warping or splitting of wood deck material is normal due to exposure to the elements. Owner maintenance is required.	
	3.2 Settlement.	Builder will correct slope of deck which exceeds a ratio of 2 in. in a 10 ft. measurement.	Some slope is often provided to allow for water drainage.	
	3.3 Loose railing or post.	Builder will correct if due to improper installation.	Owner maintenance is required.	
<b>DOOR</b>	3.4 Binds, sticks or does not latch.	Builder will correct if caused by faulty workmanship or materials.	Seasonal changes may cause doors to expand and contract, and are usually temporary conditions.	
	3.5 Wood door panel shrinks.	No action required.	Panels will shrink and expand and may expose unfinished surfaces.	
	3.6 Warping.	Builder will correct warping which exceeds 1/4 in., measured vertically, horizontally or diagonally.	Seasonal changes may cause doors to expand and contract, and are usually temporary conditions.	
	3.7 Split in panel.	Builder will correct if split allows the entrance of elements.	Splits which do not allow the entrance of elements are considered normal. Owner maintenance is required.	
	3.8 Separation between door and weather-stripping.	Builder will correct if daylight is visible or if entrance of elements occurs under normal conditions.	Even with properly installed weather stripping, some movement of the door, when closed, may be expected. Owner maintenance is required for minor alterations to adjustable thresholds and other parts of the door.	
	3.9 Screen mesh is torn or damaged.	Builder will correct only if damage is documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.	
	3.10 Overhead garage door fails to operate or allows rain or snow to leak through.	Builder will correct garage doors which do not fit or operate properly.	Some entrance of elements can be expected and is not considered a deficiency. If Owner installs a garage door opener, Builder is not responsible for operation of door.	
	<b>ROOFING</b>	3.11 Roof and roof flashing leaks.	Builder will correct if leak occurs under normal conditions.	No action is required if leak is due to snow or ice build-up, high winds or driving rains.
		3.12 Lifted, torn or curled shingles.	Builder will correct if due to poor installation.	Owner maintenance is required.
		3.13 Inadequate ventilation.	Builder will provide adequate ventilation.	Moisture accumulation in attics which are not adequately vented is a deficiency. It is Owner's responsibility to keep existing vents clear of obstructions to promote air flow.
3.14 Water stays in gutters.		Builder will correct to limit standing water depth at 1 in.	Owner is responsible for keeping gutters and downspouts clean.	
3.15 Gutter or downspout leaks.		Builder will correct leaks at connections.	Owner is responsible for keeping gutters and downspouts clean. Gutters may overflow during heavy rains.	

**SECTION III.  
WARRANTY STANDARDS  
A. YEAR 1  
COVERAGE ONLY**

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

CATEGORY	OBSERVATION	ACTION REQUIRED	COMMENTS
<b>EXTERIOR (CONTINUED)</b>			
<b>SITE WORK</b>	3.16 Standing water within 10 ft. of the foundation.	Builder will correct water which stands for more than 24 hours, or more than 48 hours in swales.	Standing water beyond the 10 ft. perimeter of the foundation is not covered by this Limited Warranty. Owner is responsible for establishing and maintaining adequate ground cover.
	3.17 Settling of ground around foundation walls, utility trenches or other filled areas on property where there has been excavation and backfill which affected foundation drainage.	If final grading was performed by Builder, he will replace fill in excessively settled areas only once.*	If settlement does not exceed 6 in., it is Owner's responsibility to fill affected areas. The party responsible for establishing the final grade shall provide for positive drainage away from foundation. Owner is responsible for establishing and maintaining adequate ground cover.
<b>STRUCTURALLY ATTACHED STOOP, PORCH &amp; PATIO</b>	3.18 Settlement, heaving or movement.	Builder will correct if movement exceeds 1 in. from the Home for stoops, porches and patios which are structurally attached.	Stoops, porches and patios which are poured separately and simply abut the house are not covered by this Limited Warranty.
	3.19 Concrete splatters on adjacent surfaces.	Builder will correct only if damage is documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
<b>WALL COVERING</b>	3.20 Entrance of elements through separations of siding or trim joints, or separation between trim and surfaces of masonry or siding.	Builder will correct entrance of elements or separations exceeding 3/8 in. by caulking or other methods.	Any separations 3/8 in. or less are considered routine Owner maintenance.
	3.21 Cracks in stucco, cement and plaster surfaces.	Builder will correct cracks which exceed 1/8 in. in width.	Hairline cracks are common.
	3.22 Siding materials deteriorate, delaminate or come loose.	Builder will correct affected area if due to improper workmanship or materials.	Separated, loose or delaminated siding can also be due to improper maintenance. Wavy siding may be due to temperature changes and can be expected.
	3.23 Paint or stain peels or deteriorates.	Builder will correct. If 75% of a particular wall is affected, entire wall will be corrected.	Some fading is normal and is caused by weathering. Mildew and fungus on siding are caused by climatic conditions and are considered routine maintenance. Varnish or lacquer will deteriorate quickly and is not covered by this Limited Warranty.
	3.24 Paint splatters and smears on other surfaces.	Builder will correct only if damage is documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
	3.25 Faulty application of paint on wall and trim surfaces.	Builder will correct affected area. If greater than 75% of wall or trim piece is affected, entire surface will be corrected.	Some minor imperfections such as overspray, brushmarks, etc., are common and should be expected.
	3.26 Knot holes bleed through paint or stain.	Builder will correct affected areas where excessive bleeding of knots appear.	Knot holes will be apparent depending on the quality of material used.
	3.27 Vent or louver leaks.	Builder will correct if caused by improper installation.	Properly installed louvers or vents may at times allow rain or snow to enter under strong wind conditions and is not a deficiency.

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

**SECTION III.  
WARRANTY STANDARDS  
A. YEAR I  
COVERAGE ONLY**

CATEGORY	OBSERVATION	ACTION REQUIRED	COMMENTS
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**3. EXTERIOR (CONTINUED)**

<b>WALL COVERING (CONTINUED)</b>	3.28 Cracks in masonry, veneer, stone, etc.	Builder will correct cracks which exceed 1/4 in. in width.	Some cracks are common through masonry and mortar joints. Cracks 1/4 in. or less are considered routine Owner maintenance.
<b>WINDOWS</b>	3.29 Condensation or frost on interior window surface.	No action required.	Condensation is relative to the quality and type of windows. Temperature differences in high levels of humidity along with individual living habits will cause condensation.
	3.30 Clouding or condensation between panes of glass.	Builder will correct only if damage is documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
	3.31 Glass breakage.	Builder will correct only if damage is documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
	3.32 Excessive drafts and leaks.	Builder will correct poorly fitted windows.	Relative to the quality and type of windows, some drafts are normally noticeable around windows, especially during high winds. It may be necessary for the Owner to have storm windows installed to provide a satisfactory solution in high wind areas. All caulking materials expand and contract due to temperature variation and dissimilar materials. Maintenance of weather stripping is Owner's responsibility.
	3.33 Difficult to open, close or lock.	Builder will correct.	Windows should open, close and lock with reasonable pressure.

**4. INTERIOR**

<b>DOORS</b>	4.1 Latch is loose or rattles.	No action required.	Some minor movement should be expected.
	4.2 Binds, sticks or does not latch.	Builder will correct if due to faulty workmanship and materials.	Seasonal changes may cause doors to expand and contract, and is usually a temporary condition.
	4.3 Warping.	Builder will correct warping which exceeds 1/4 in., measured vertically, horizontally or diagonally.	Seasonal changes may cause doors to expand and contract, and are usually temporary conditions.
	4.4 Excessive opening at bottom.	Builder will correct gaps in excess of 1-1/2 in. between bottom of passage door and finished floor or 2 in. between bottom of closet door and finished floor.	Gaps under doors are intended for air flow.
	4.5 Rubs on carpet.	Builder will correct.	Builder is not responsible if Owner installs carpet.

**SECTION III.  
WARRANTY STANDARDS  
A. YEAR I  
COVERAGE ONLY**

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

CATEGORY	OBSERVATION	ACTION REQUIRED	COMMENTS
<b>INTERIOR (CONTINUED)</b>			
WALLS, CEILINGS, SURFACES, FINISHES & TRIM	4.6 Cracks and separations in drywall, lath or plaster, nail pops.	Builder will correct cracks in excess of 1/8 in. in width. Builder will correct nail pops which have broken finished surface.	Minor seam separations and cracks, along with other slight imperfections, are common and should be expected. Minor depressions and slight mounds at nail heads are not Defects.
	4.7 Peeling of wallpaper.	Builder will correct if not due to Owner neglect or abuses.	Builder is not responsible for wallpaper installed by Purchaser. Owner is responsible for maintaining adequate ventilation in areas of high humidity, such as kitchens and bathrooms.
	4.8 Separated seams in wallpaper.	Builder will correct if wall surface is readily visible.	Minor imperfections can be expected.
	4.9 Lumps, ridges and nail pops in wallboard which appear after Owner has wall covering installed by himself or others.	No action required.	Owner should insure that surface to be covered is suitable for installation of wall covering.
	4.10 Surface deficiencies in finished woodwork.	Builder will correct readily apparent splits, cracks, hammer marks and exposed nail heads, only if documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
	4.11 Gaps between trim and adjacent surfaces, and gaps at trim joints.	Builder will correct gaps in excess of 1/8 in. at trim joints and 1/4 in. between trim and adjacent surfaces.	Some separation due to lumber shrinkage is normal and should be expected.
	4.12 Cracks in ceramic grout joints.	Builder will correct cracks in excess of 1/8 in. one time only.	Cracking of grout joints is common and is considered routine Owner maintenance unless excessive.
	4.13 Ceramic tile cracks or becomes loose.	Builder will correct only if documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
	4.14 Cracking or deterioration of caulking.	No action required.	All interior caulking shrinks and deteriorates. Owner maintenance is required.
	4.15 Wall or trim surfaces visible through paint.	Builder will correct affected area. If greater than 75% of wall, trim piece, or ceiling is affected, entire surface will be corrected.	Some minor imperfections such as overspray, brushmarks, etc., are common and should be expected.

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

**SECTION III.  
WARRANTY STANDARDS  
A. YEAR I  
COVERAGE ONLY**

CATEGORY	OBSERVATION	ACTION REQUIRED	COMMENTS
<b>4. INTERIOR (CONTINUED)</b>			
<b>FLOOR COVERING*</b>	4.16 Resilient flooring comes loose at edge.	Builder will correct.	Owner maintenance is required.
	4.17 Fades, stains or discolors.	Builder will correct stains or spots only if documented prior to occupancy.	Fading is not a deficiency. Owner is responsible for establishing a pre-closing walk-through inspection list.
	4.18 Premature wearing of carpet.	No action required.	Excessive wear in high-traffic areas such as entryways and hallways is normal. Wearability is directly related to quality of carpet.
	4.19 Visible gaps at carpet seams.	Builder will correct gaps.	Seams will be apparent. Owner maintenance is required.
	4.20 Carpet becomes loose or buckles.	Builder will correct.	Some stretching is normal. Owner should exercise care in moving furniture.
	4.21 Gaps at seams of resilient flooring.	Builder will correct gaps of similar materials in excess of 1/8 in., and 3/16 in. where dissimilar materials abut.	Minor gaps should be expected.
	4.22 Fastener pops through resilient flooring.	Builder will correct where fastener has broken through floor covering.	Sharp objects such as high heels, table and chair legs, can cause similar problems, and are not covered by this Limited Warranty.
	4.23 Depressions or ridges in resilient flooring at seams of sub-flooring.	Builder will correct depressions or ridges which exceed 1/8 in. in height or depth.	This is determined by placing a 6 in. straight edge over ridge or depression, with 3 in. on either side, and measuring height or depth at sub-flooring seam.
	4.24 Cuts and gouges in any floor covering.	Builder will correct only if documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
<b>SUB-FLOORING</b>	4.25 Loose sub-flooring.	Builder will correct if due to a defective joist or improper fastening.	Lumber shrinkage as well as temperature and humidity changes may cause loose sub-flooring.



**SECTION III.  
WARRANTY STANDARDS  
A. YEAR 1  
COVERAGE ONLY**

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

CATEGORY	OBSERVATION	ACTION REQUIRED	COMMENTS
<b>5. MECHANICAL</b>			
<b>ELECTRICAL</b>	5.1 Circuit breakers trip excessively.	Builder will correct if tripping occurs under normal usage.	Ground Fault Circuit Interrupters (GFCI) are intended to trip as a safety factor.
	5.2 Outlets, switches or fixtures malfunction.	Builder will correct if caused by defective workmanship or materials.	Owner should exercise routine care and maintenance. Replacement of light bulbs is Owner's responsibility.
<b>HEATING &amp; COOLING</b>	5.3 Condensation lines clog under normal use.	No action required.	Condensation lines will clog under normal conditions. Continued operation of drain line requires Owner maintenance.
	5.4 Noisy duct work.	Builder will correct oil canning noise if caused by improper installation.	When metal heats and cools, ticking and cracking may occur and are not covered by this Limited Warranty.
	5.5 Insufficient heating.	Builder will correct if heating system cannot maintain a 70 degree Fahrenheit temperature, under normal operating and weather conditions. Temperature shall be measured at a point 5 ft. above center of floor in affected area. On extremely cold days, a 6 degree difference between actual inside temperature and thermostat setting is acceptable. All rooms may vary in temperature by as much as 4 degrees.	Orientation of the Home, location of rooms and location of vents will also provide a temperature differential. There may be periods when outdoor temperature falls below design temperature thereby lowering temperature in the Home. Certain aspects of the Home including, but not limited to, expansive stairways, open foyers, sunrooms or cathedral ceilings may cause abnormal variation from these Standards and are not covered by this Limited Warranty.
	5.6 Insufficient cooling.	Builder will correct if cooling system cannot maintain a 78 degree Fahrenheit temperature, under normal operating and weather conditions. Temperature shall be measured at a point 5 ft. above center of the floor in the affected room. On excessively hot days, where outside temperature exceeds 95 degrees Fahrenheit, a difference of 17 degrees from outside temperature will be difficult to maintain. All rooms may vary in temperature by as much as 4 degrees.	Orientation of the Home, location of rooms and location of vents will also provide a temperature differential. There may be periods when outdoor temperature rises above design temperature thereby raising temperature in the Home. Certain aspects of the Home including, but not limited to, expansive stairways, open foyers, sunrooms or cathedral ceilings may cause abnormal variation from these Standards and are not covered by this Limited Warranty.
	5.7 Refrigerant line leaks.	Builder will correct.	Owner maintenance is required on the system.
<b>PLUMBING*</b>	5.8 Pipe freezes and bursts.	Builder will correct if due to faulty workmanship or materials.	Proper winterization of pipes is considered routine maintenance and Owner should maintain suitable temperatures inside the Home.
	5.9 Noisy water pipe.	Builder will correct hammering noise if caused by improper installation.	Some noise can be expected due to flow of water and pipe expansion. This is not a Defect.
	5.10 Plumbing fixtures, appliances and trim fittings leak or malfunction.	Builder will correct if due to faulty workmanship and materials.	Owner maintenance is required. Scratches, tarnishing or marring must be noted on a pre-closing walk-through inspection list.

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

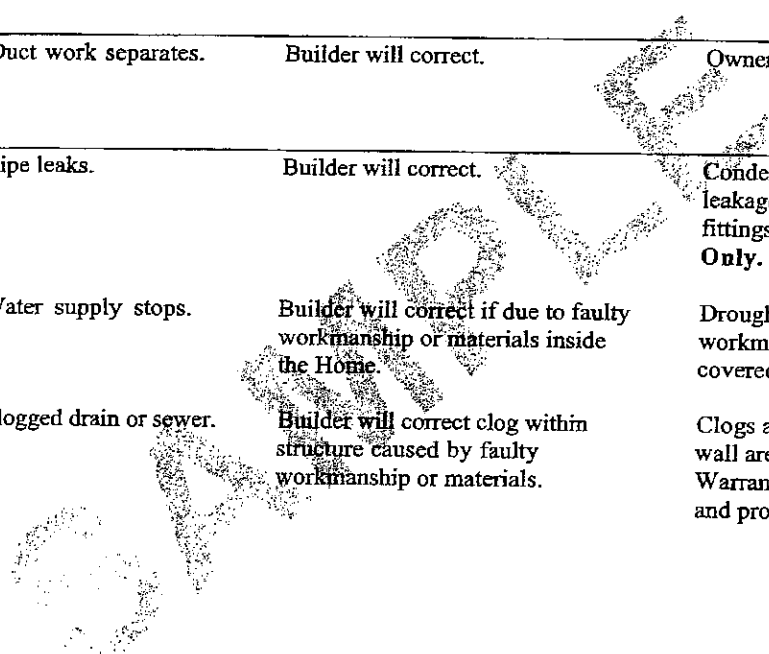
**SECTION III.  
WARRANTY STANDARDS  
A. YEAR I  
COVERAGE ONLY**

CATEGORY	OBSERVATION	ACTION REQUIRED	COMMENTS
<b>SPECIALTIES</b>			
<b>BATHROOM &amp; KITCHEN</b>	6.1 Cabinet separates from wall or ceiling.	Builder will correct separation in excess of 1/4 in.	Some separation is normal. Caulking is an acceptable method of repair.
	6.2 Crack in door panel.	Builder will correct only if documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
	6.3 Warping of cabinet door or drawer front.	Builder will correct if warp exceeds 3/8 in. as measured from cabinet frame.	Seasonal changes may cause warping and may be a temporary condition.
	6.4 Doors or drawers do not operate.	Builder will correct.	Owner maintenance is required.
	6.5 Chips, cracks, scratches on countertop, cabinet fixture, fitting or appliance.	Builder will correct only if documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
	6.6 Delamination of countertop or cabinet.	Builder will correct only if documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
	6.7 Cracks or chips in fixture.	Builder will correct only if documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
	6.8 Defective fixture, fitting or appliance.	Builder will correct.	Owner maintenance is required.
<b>CHIMNEY &amp; FIREPLACE</b>	6.9 Exterior and interior masonry veneer cracks.	Builder will correct cracks in excess of 1/4 in. in width.	Some cracks are common in masonry and mortar joints. Cracks 1/4 in. in width or less are considered Owner maintenance.
	6.10 Firebox color is changed; accumulation of residue in chimney or flue.	No action required.	Owner maintenance is required.
	6.11 Chimney separates from the Home.	Builder will correct separation in excess of 1/2 in. within 10 ft.	Newly built chimneys will often incur slight amounts of separation.
	6.12 Smoke in living area.	Builder will correct if caused by improper construction or inadequate clearance.	Temporary negative draft situations can be caused by high winds; obstructions such as tree branches too close to the chimney; the geographic location of the fireplace; or its relationship to adjoining walls and roof. In some cases, it may be necessary to open a window to create an effective draft. Since negative draft conditions could be temporary, it is necessary that Owner substantiate problem to Builder by constructing a fire so the condition can be observed.
	6.13 Water infiltration into firebox from flue.	No action required.	A certain amount of rainwater can be expected under certain conditions.
	6.14 Firebrick or mortar joint cracks.	No action required.	Intense heat may cause cracking.
<b>INSULATION</b>	6.15 Air infiltration around electrical receptacles.	No action required.	Air flow around electrical boxes is normal and is not a deficiency.

**SECTION III.  
WARRANTY STANDARDS  
B. YEARS 1 AND 2  
COVERAGE ONLY**

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

CATEGORY	OBSERVATION	ACTION REQUIRED	COMMENTS
<b>SYSTEMS — YEARS 1 AND 2</b>			
<b>ELECTRICAL</b>	<b>B.1</b> Wiring fails to carry specified load.	Builder will correct if failure is due to improper installation or materials.	Switches, outlets and fixtures are applicable to <b>Year 1 Coverage Only</b> .
<b>HEATING &amp; COOLING</b>	<b>B.2</b> Duct work separates.	Builder will correct.	Owner maintenance is required.
<b>PLUMBING</b>	<b>B.3</b> Pipe leaks.	Builder will correct.	Condensation on pipes does not constitute leakage. Faulty faucets, valves, joints and fittings are applicable to <b>Year 1 Coverage Only</b> .
	<b>B.4</b> Water supply stops.	Builder will correct if due to faulty workmanship or materials inside the Home.	Drought or causes other than faulty workmanship and materials will not be covered under this Limited Warranty.
	<b>B.5</b> Clogged drain or sewer.	Builder will correct clog within structure caused by faulty workmanship or materials.	Clogs and stoppages beyond the exterior wall are not covered by this Limited Warranty. Routine Owner maintenance and proper use is required.



The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

**SECTION III,  
WARRANTY STANDARDS  
C. TEN YEAR DSE  
COVERAGE ONLY**

CATEGORY	OBSERVATION	ACTION REQUIRED	COMMENTS
<b>C. DESIGNATED STRUCTURAL</b>			
<b>CONCRETE ELEMENTS</b>	C.1 Concrete beam/ structural cracks.	Warrantor will correct structural cracks which exceed 1/8 in. in width.	Common shrinkage and non-structural cracks are normal and should be expected.
	C.2 Poured concrete wall cracks.	Warrantor will correct cracks which exceed 1/4 in. in width in conjunction with vertical or horizontal displacement.	Common shrinkage and non-structural cracks are normal and should be expected.
	C.3 Cracks in poured concrete slab with finished floor covering.	Warrantor will correct cracks which exceed 1/4 in. in width and 1/4 in. vertical displacement.	Warrantor is only responsible to repair floor finishes in the direct location of the structural repair and will match finish as closely as possible.
	C.4 Poured concrete floor movement.	Warrantor will correct movement which exceeds 1-1/2 in. per 10 ft. from original construction.	Some movement should be expected due to regional soil conditions and seasonal climate changes.
<b>MASONRY ELEMENTS</b>	C.5 Concrete/masonry wall cracks	Warrantor will correct cracks which exceed 3/8 in. in width in conjunction with vertical or horizontal displacement.	Common shrinkage and non-structural cracks are normal and should be expected. Masonry veneer and its components are not deemed to be Designated Structural Elements.
<b>COLUMNS</b>	C.6 Wood column movement.	Warrantor will correct movement which exceeds 1 in. per 8 ft. of vertical height.	Some bowing, splitting and checking is normal and should be expected.
	C.7 Steel column movement.	Warrantor will correct movement which exceeds 1/2 in. in any direction.	
	C.8 Concrete masonry unit column movement.	Warrantor will correct movement which exceeds 1 in. per 8 ft.	
<b>WOOD FOUNDATIONS</b>	C.9 Movement of a wall framing member.	Warrantor will correct movement which exceeds 1 in. per 8 ft.	
<b>WOOD/STEEL FRAMING</b>	C.10 Wood beam Deflection.	Warrantor will correct Deflection which exceeds 1 in. per 10 ft.	
	C.11 Steel beam Deflection.	Warrantor will correct Deflection which exceeds 1 in. per 10 ft.	
	C.12 Floor joists or truss Deflection.	Warrantor will correct Deflection which exceeds 1 in. per 10 ft.	
	C.13 Movement of wall framing members.	Warrantor will correct movement which exceeds 1 in. per 10 ft.	
	C.14 Ceiling joists, rafter or ridge beam Deflection.	Warrantor will correct Deflection which exceeds 1 in. per 10 ft.	
	C.15 Roof truss Deflection.	Warrantor will correct Deflection which exceeds 1 in. per 10 ft.	
	C.16 Broken wood framing member.	Warrantor will correct.	Minor warping, checking or splitting is common as the wood dries out and is not considered a Defect.

## Section

### IV.

#### Requesting Warranty Performance

#### A. Notice to Warrantor in Years 1 & 2

1. If a Defect occurs in Years 1 and 2, you must notify your Builder in writing. Your request for warranty performance should clearly describe the Defect(s) in reasonable detail. You must provide the Builder reasonable access for any such inspection as discussed in **Section IV.E.2**.
2. Request for warranty performance to your Builder does not constitute notice to the Administrator, and it will not extend applicable coverage periods.
3. If a request for warranty performance to your Builder does not result in satisfactory action within a reasonable time, written notice must be given to RWC, Administrator, 5300 Derry Street, Harrisburg, Pennsylvania 17111-3598, Attn: Warranty Resolution Department. This notice should describe each item in reasonable detail and should be forwarded by certified mail, return receipt requested.
4. *Please note that a written request for warranty performance must be postmarked no later than thirty (30) days after the expiration of the applicable warranty period. For example, if the item is one which is warranted by your Builder during your second year of coverage, a request for warranty performance must be postmarked no later than thirty (30) days after the end of the second year to be valid.*

#### B. Notice to Warrantor in Years 3-10

If a Defect related to a warranted DSE occurs in Years 3 through 10 of this Limited Warranty, you must notify the Administrator to review the item. All such notices must be presented in writing to RWC, Administrator, 5300 Derry Street, Harrisburg, Pennsylvania 17111-3598, Attn: Warranty Resolution Department, by certified mail, return receipt requested, within a reasonable time after the situation arises. Any such notice should describe the condition of the DSE in reasonable detail. Requests for warranty performance postmarked more than thirty (30) days after the expiration of the term of this Limited Warranty will not be honored.

#### C. Purchaser's Obligations

1. **Your notice to the Administrator must contain the following information:**
  - a. Enrollment # and Effective Date Of Warranty;
  - b. Your Builder's name and address;
  - c. Your name, address and phone number (including home and work numbers);
  - d. Reasonably specific description of the warranty item(s) to be reviewed;
  - e. A copy of any written notice to your Builder.
  - f. Photograph(s) may be required.
2. You have an obligation to cooperate with the Administrator's mediation, inspection and investigation of your warranty request. From time to time, the Administrator may request information from you regarding an alleged defect. Failure by you or your appointed representative to respond with the requested information within thirty (30) days of the date of the Administrator's request can result in the closing of your warranty file.

#### D. Mediation and Inspection

Within thirty (30) days following the Administrator's receipt of

proper notice of request for warranty performance, the Administrator may review and mediate your request by communicating with you, your Builder and any other individuals or entities who the Administrator believes possess relevant information. If, after thirty (30) days, the Administrator has not been able to successfully mediate your request, or at any earlier time when the Administrator believes that your Builder and you are at an impasse, then the Administrator will notify you that your request has become an Unresolved Warranty Issue. At any time following the receipt of proper notice of your request for warranty performance, the Administrator may schedule an inspection of the item. You must provide the Administrator reasonable access for any such inspection as discussed in **Section IV.E.2**. The Administrator, at its discretion, may schedule a subsequent inspection to determine Builder compliance.

**When a request for warranty performance is filed and the deficiency cannot be observed under normal conditions, it is your responsibility to substantiate that the need for warranty performance exists including any cost involved. If properly substantiated, you will be reimbursed by the Warrantor.**

#### E. Arbitration<sup>†</sup>

1. **You begin the arbitration process by giving the Administrator written notice of your request for arbitration of an Unresolved Warranty Issue.** Within twenty (20) days after the Administrator's receipt of your notice of request for arbitration, any Unresolved Warranty Issue that you have with the Warrantor shall be submitted to an independent arbitration service upon which you and the Administrator agree. This **binding** arbitration is governed by the procedures of the Federal Arbitration Act, 9 U.S.C. 1 et. seq. If you submit a request for arbitration, you must pay the arbitration fees before the matter is submitted to the arbitration service. After arbitration, the Arbitrator shall have the power to award the cost of this fee to any party or to split it among the parties to the arbitration. The arbitration shall be conducted in accordance with this Limited Warranty and the arbitration rules and regulations to the extent that they are not in conflict with the Federal Arbitration Act.

Within one (1) year after an arbitration award, either party may apply to the U.S. District Court where the Home is situated to confirm the award. The Administrator's receipt of a written request for arbitration in appropriate form shall stop the running of any statute of limitations applicable to the matter to be arbitrated until the Arbitrator renders a decision. The decision of the Arbitrator shall be final and binding upon all parties.

Since this Limited Warranty provides for mandatory binding arbitration of Unresolved Warranty Issues, if any party commences litigation in violation of this Limited Warranty, such party shall reimburse the other parties to the litigation for their costs and expenses, including attorney fees, incurred in seeking dismissal of such litigation.\*

In Years 1 & 2, the Builder shall have sixty (60) days from the date the Administrator sends the Arbitrator's award to the Builder to comply with the Arbitrator's decision. In Years 3-10, the Warrantor shall have sixty (60) days from the date the Administrator receives the

<sup>†</sup> Homeowners in the State of New York, refer to State of New York Addendum, Section V.B.

**Section  
IV.  
Requesting  
Warranty  
Performance  
(continued)**

Arbitrator's award to comply with the Arbitrator's decision. Warranty compliance will begin as soon as possible and will be completed within the sixty-day compliance period with the exception of any repair that would reasonably take more than sixty (60) days to complete, including, but not limited to, repair delayed or prolonged by inclement weather. The Warrantor will complete such repair or replacement as soon as possible without incurring overtime or weekend expenses.

You may request a compliance arbitration within twenty (20) days after the sixty-day compliance period has expired by giving the Administrator written notice of your request. You must pay the fees for the compliance arbitration prior to the matter being submitted to the arbitration service.

2. You must provide the Warrantor with reasonable weekday access during normal business hours in order to perform its obligations. Failure by you to provide such access to the Warrantor may relieve the Warrantor of its obligations under this Limited Warranty. If your Builder does not fulfill its obligations under this Limited Warranty, the Administrator will process the request for warranty performance as described in this Limited Warranty and subject to the provisions in Section IV.F.

**F. Conditions of Warranty Performance**

1. When your request for warranty performance is determined to be a warranted issue, the Warrantor reserves the right to repair or replace the warranted item, or to pay you the reasonable cost of repair or replacement.
2. In Years 1 and 2, if your Builder defaults in its warranty obligations, the Administrator will process the request for warranty performance provided you pay a warranty service fee of \$250 for each request prior to repair or replacement.\*
3. In Years 3 through 10 you must pay the Administrator a warranty service fee of \$500 for each request.
4. If the Administrator elects to award you cash rather than repair or replace a warranted item, the warranty service fee will be subtracted from the cash payment.
5. If the Warrantor pays the reasonable cost of repairing a warranted item, the payment shall be made to you and to any mortgagee or mortgagee's successor as each of your interests may appear; provided that the mortgagee has notified the Administrator in writing of its security interest in the Home prior to such payment. Warrantor shall not have any obligation to make payment jointly to the Purchaser and mortgagee where the mortgagee has not notified your Builder or the Administrator in writing of its security interest in the Home prior to such payment. Any mortgagee shall be completely bound by any mediation or arbitration relating to a request for warranty performance between you and the Warrantor.\*
6. Prior to payment for the reasonable cost of repair or replacement of warranted items, you must sign and deliver to the Builder or the Administrator, as applicable, a full and unconditional release, in recordable form, of all legal obligations with respect to the warranted Defects and any conditions arising from the warranted items.

7. Upon completion of repair or replacement of a warranted Defect, you must sign and deliver to the Builder or the Administrator, as applicable, a full and unconditional release, in recordable form, of all legal obligations with respect to the Defect and any conditions arising from the situation. The repaired or replaced warranted item will continue to be warranted by this Limited Warranty for the remainder of the applicable period of coverage.
8. If the Warrantor repairs, replaces or pays you the reasonable cost to repair or replace a warranted item, the Warrantor shall be subrogated to all your rights of recovery against any person or entity. You must execute and deliver any and all instruments and papers and take any and all other actions necessary to secure such rights, including, but not limited to, assignment of proceeds of any insurance or other warranties to the Warrantor. You shall do nothing to prejudice these rights of subrogation.
9. Any Warrantor obligation is conditioned upon your proper maintenance of the Home, common elements and grounds to prevent damage due to neglect, abnormal use or improper maintenance.

**10. Condominium Procedures:**

- a. In the case of common elements of a condominium, at all times, owner(s) of each unit affected by the common elements in need of warranty performance shall each be responsible to pay the warranty service fee (\$250 in Years 1 and 2, \$500 in Years 3 through 10) for each request for warranty performance.\*\*
- b. If a request for warranty performance under this Limited Warranty involves a common element in a condominium, the request may be made only by an authorized representative of the condominium association. If the Builder retains a voting interest in the association of more than 50%, the request may be made by unit owners representing 10% of the voting interests in the association.
- c. If a request for warranty performance under this Limited Warranty involves a common element affecting multiple units, and all affected units are not warranted by the RWC Warranty Program, the Insurer's liability shall be limited to only those units warranted by the RWC Warranty. The limit of liability shall be prorated based upon the number of units warranted by this Limited Warranty.

\*FHA/VA Homeowners, refer to HUD Addendum, Section V.

\*\*Homeowners in Maryland, refer to Maryland Addendum, Section V.E.

\*Homeowners in Newark, Delaware, refer to Newark, Delaware Addendum, Section V.A.

**Section  
V.  
Addendum**

**A. Newark, Delaware, Addendum**

The warranty service fee as described in Sections IV.F.2 and IV.F.3 will be waived for homes built in the city of Newark, Delaware.

**B. State of New York Addendum**

Except as expressly provided in this Addendum, the warranties and rights listed herein are in addition to, and are not exclusive of, any warranties or rights listed in this Limited Warranty.

1. **Appliances and Items of Equipment** — Subject to other terms and conditions listed in this Limited Warranty, the exclusion concerning deficiencies in Appliances and Items of Equipment described in Section II.E.14 of this Limited Warranty shall not apply during the first two (2) years of the warranty term wherever (i) such appliances and items of equipment are components of the cooling, ventilating, heating, electrical or plumbing systems; and (ii) the deficiencies in such fixtures, appliances or items of equipment are the result of defective installation by your Builder.
2. **Standards** — Section III — If the statutes of the State of New York provide greater coverage than the provisions of this Limited Warranty, those provisions shall modify the warranty to allow for the greater coverage.
3. **Alternative Dispute Resolution** — When making a request for warranty performance pursuant to Section IV.E. of this Limited Warranty, you have no obligation to submit to binding arbitration, nor do you have to pay any fee or charge for participation in non-binding arbitration or any mediation process concerning your request. However, any Unresolved Warranty Issues must be submitted to arbitration before a legal proceeding may be commenced. Further, if an Owner resorts to litigation, the rights and obligations imposed by Section IV.E shall apply to such litigation.

**C. State of Indiana Addendum**

The warranties and rights listed above are in addition to, and are not exclusive of, any warranties listed in this book.

Notwithstanding anything contained in the attached printed form of the RWC Limited Warranty, this Limited Warranty shall include the following protection per Section II.C, and is amended to read as follows:

1. **TWO YEAR COVERAGE** — Commencing on the Effective Date of this Limited Warranty as specified on the Application For Warranty form, and subject to the terms and conditions listed herein, your Builder warrants that for a period of two (2) years your Home will be free from Defects due to nonconformity with the Warranty Standards set forth in Section III of this Limited Warranty. With respect to fixtures, appliances and items of equipment, the Warranty is for one (1) year or the manufacturer's written warranty, whichever is less.
2. **YEARS 3 AND 4 COVERAGE ONLY** — During the third and fourth year following the Effective Date Of Warranty as specified on the Application For Warranty form, and subject to the terms and conditions listed in this Limited Warranty, your home will be free from Defects caused by poor workmanship and materials in its roof and roof systems.

**D. HUD Addendum (Applicable to VA/FHA Financed Homes only)**

1. Section I.B.11 Designated Structural Elements --

The following language is added: Delamination or rupture of roof sheathing shall be deemed a Designated Structural Element in need of warranty performance.

2. **Section I.B.12 Effective Date Of Warranty** — The following language is substituted: The Effective Date Of Warranty will be the date on which closing or settlement occurs in connection with the initial sale of the Home. In no event will the Effective Date Of Warranty be later than the date of FHA endorsement of your Mortgage on the Home.
3. **Section II.C.1 One Year Coverage** — The following language is added: Notwithstanding anything to the contrary contained in this Limited Warranty, during the first year of coverage, your Builder will repair or restore the reliable function of Appliances and Equipment damaged during installation or improperly installed by your Builder. In addition, your Builder will correct Construction Deficiencies in workmanship and materials resulting from the failure of the Home to comply with standards of quality as measured by acceptable trade practices. Construction Deficiencies are Defects (not of a structural nature) in the Home 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 of the Home. Defects resulting from your abuse or from normal wear and tear are not considered Construction Deficiencies.
4. **Section II.C.1 Condominium Coverage** -- The following language is substituted: The Limited Warranty shall only apply to warranted common elements which are those portions of the defined electrical, heating, ventilating, cooling, plumbing and structural systems which serve two (2) or more residential units and are contained wholly within a residential structure that, if defective, would constitute a health or safety condition for the occupants. Examples of common elements which are covered by this Limited Warranty are hallways, meeting rooms, stairwells and other spaces wholly within the residential structure serving two (2) or more units; and structurally attached balconies, arches and decks. Examples of common elements which are not covered under this Limited Warranty are club houses, recreational buildings and facilities, walkways, exterior structures, or any other non-residential structure which is part of the condominium.
5. **Section II.D** — The following statement is added: This agreement is non-cancelable by the Warrantor.
6. **Section II.E.1.d** — The following language is substituted: Loss or damage caused by soil movement, including subsidence, expansion or lateral movement of the soil which is covered by any other insurance or for which compensation is granted by state legislation.
7. **Section II.E.1.e** -- The following language is substituted: resulting directly or indirectly from flood, waves, tidal water, overflow of a body of water, or spray from any of these (whether or not driven by wind), water which backs up from sewers or drains, changes in the water table which were not reasonably foreseeable, wetlands, springs or aquifers. Surface water and underground water which cause an unforeseeable hydrostatic condition with resultant damage to the structure are covered.
8. **Section II.E.2.d** is deleted.

**Section  
V.  
Addendum  
(continued)**

9. **Section II.E.2.m** — The following language is substituted: any portion of a public Water Supply System, including volume and pressure of water flow.
10. **Section II.E.2.o** — The following language is substituted: any portion of a public Sewage Disposal System, including design.
11. **Section III.A**
  - a. **SITE WORK** — The following language is substituted:
    - (1) **3.17 (Action Required)** If final grading was performed by the Builder, he will replace fill in excessively settled areas.
  - b. **FLOOR COVERING** — The following language is added:
    - (1) **4.26 (Observation)** Gaps or cracks between finished floor boards. **(Action Required)** Builder will correct gaps or cracks which exceed 1/8 in. in width, one time only. **(Comments)** Finished wood floors expand and contract due to humidity changes in your home. Cracks and gaps which shrink and disappear in non-heating seasons are considered normal.
    - (2) **4.27 (Observation)** Cupping, crowning or loose finished floor boards. **(Action Required)** Builder will correct only if caused by a defect in installation. **(Comments)** Finished wood flooring cups from gaining or losing moisture on one side faster than the other. Some cupping and crowning should be considered normal due to growth rings in the tree and the part of the tree used. The Builder is not responsible for natural properties of the product, or for climatic conditions and personal living habits which can affect moisture content of floor boards. Cupping or crowning action may have loosened nails or adhesive. Owner is responsible if condition is caused by conditions beyond Builder's control.
    - (3) **4.28 (Observation)** Ceramic tile cracks or loosens. **(Action Required)** Builder will correct only if documented prior to occupancy. **(Comments)** Owner is responsible for establishing a pre-closing walk-through inspection list.
12. **Section III.B.6** — The following language is added:

**(Observation)** Septic system fails. **(Action Required)** Builder will correct if damage is due to poor workmanship or materials, which are not in conformance with Sewage Enforcement Officer's instructions as per design and installation only. **(Comments)** Builder is required to abide by state or local requirements for the installation of on-site sewage disposal system. Any deficiency or failure which occurs or is caused by a condition other than faulty workmanship or materials, such as design, is not covered by this Limited Warranty. Owner is responsible for routine maintenance of system, which may include, but not be limited to: pumping the septic tank; adding chlorine to a chlorinator; and refraining from driving or parking vehicles or equipment on the system. Damages caused by freezing, soil saturation, underground springs, water run-off, excessive use and an increase in level of water table are among causes not covered by this Limited Warranty.
13. **Section III.C.4 Poured Concrete Floor Movement**

The following language is substituted: **(Action Required)** Warrantor will correct movement which exceeds 3/4 in. per 10 ft. from original construction.
14. **Section IV.E.1 Arbitration** — Because HUD does not require binding arbitration, the following is deleted: Since this Limited Warranty provides for mandatory binding arbitration of disputes, if any party commences litigation in violation of this Limited Warranty, such party shall reimburse the other parties to the litigation for their costs and expenses, including attorney fees, incurred in seeking dismissal of such litigation.
15. **Section IV.F.2, F.3, and F.10.a** — The following language is substituted: In the first two (2) years, if you, Builder, does not fulfill its obligations under this Limited Warranty, the Insurer will be responsible for your Builder's obligations, subject to a one-time warranty service fee of \$250. The Insurer's liability in Years 3 through 10 under this Limited Warranty is subject to a warranty service fee of \$250 per request for warranty performance. In each instance, you must pay the fee prior to the Insurer's repair or replacement. In the event of payment, the fee will be subtracted from the cash payment. In the case of the common elements of a condominium, the warranty service fee shall be \$250 per home affected by each common element in need of service, limited to a maximum of \$5,000 per free standing structure.
16. **Section IV.F.5** — The following language is added: Where a warranted Defect is determined to exist and where the Warrantor elects to pay the reasonable cost of repair or replacement in lieu of performing such repair or replacement, the cash offer must be in writing. You will be given two (2) weeks to respond. Cash offers over \$5,000 are subject to an on-site review by a HUD approved fee inspector (inspection costs will be paid by the Warrantor) unless:
  - a. the cash offer is made pursuant to a binding bid by an independent third party contractor, which will accept an award of a contract from you pursuant to such bid;
  - b. payment is being made in settlement of legal action;
  - c. you are represented by legal counsel.

**E. Maryland Addendum**

You should contact the Administrator personally to verify the existence of your Warranty. Further, you should report any Warranty problems, which are not promptly resolved by your Builder, to the Administrator.

1. **Section IV.F.2 and IV.F.3** are not applicable for the state of Maryland.



**SOMETHING EXTRA FROM  
CENTEX HOMES**

**AN EXTRA YEAR OF FIT AND FINISH WARRANTY**

1. **Basic Coverage.** When you buy a home from us, Centex Homes gives you a written Limited Warranty administered by Residential Warranty Corporation. We call this the "RWC Warranty." It provides three types of protection, including a one-year warranty on the general workmanship of the home and a 10-year warranty on designated structural elements. For ease of reference, we call the general workmanship warranty a "fit and finish" warranty, and we call the warranty on designated structural elements a "structural" warranty.
2. **An Extra Year of Coverage.** If you signed your home purchase contract on or after April 1, 2004, Centex Homes will provide you with an additional year's worth of the warranty on fit and finish items, covering your second year of home ownership.
3. **Combined Coverage.** Putting these two warranties together, you get a warranty on fit and finish items for two full years as well as a 10-year structural warranty, all described in the chart below.

**CHART SHOWING COMBINED  
WARRANTY COVERAGE**

Type of Warranty	Duration	Formal Description in RWC Warranty	Warrantor	Backed By	Whom to Contact for Service
Fit and Finish (Workmanship)	First Year	"Year 1 Coverage"	Centex Homes	Western Pacific*	Centex Homes
Fit and Finish (Workmanship)	Second Year	"Year 1 Coverage"	Centex Homes	Centex Homes only, Not Western Pacific*	Centex Homes
Certain Systems	First and Second Years	"Year 1 and 2 Coverage"	Centex Homes	Western Pacific*	Centex Homes
Structural	10 years	"DSE Coverage"	Western Pacific*	Western Pacific*	RWC, Administrator

\* Western Pacific Mutual Insurance Company, a Risk Retention Group

4. **Terms and Conditions; Important Document.** Requests for service under the second year of the "fit and finish" warranty must be written and must be postmarked no later than 30 days after the second anniversary of the Effective Date. Please see the back of this document for other important terms and conditions, and put this document in a safe place with your other important paperwork.

**TERMS AND CONDITIONS**

1. **Basic Coverage from Residential Warranty Corporation including "Year 1 Coverage".** Centex Homes participates in the Limited Warranty Program of the Residential Warranty Corporation and has obtained for you a written Limited Warranty (the "RWC Warranty") that you will receive soon after you move into your home. The RWC Warranty gives you "Year 1 Coverage" and "Years 1 and 2 Coverage" for which Centex Homes is responsible, backed by Western Pacific Mutual Insurance Company, a Risk Retention Group ("Western Pacific"). The RWC Warranty also gives you 10 years of structural coverage coming directly from Western Pacific. "Year 1 Coverage" is much broader than "Years 1 and 2 Coverage," which warrants only the performance of certain systems in your home. This means that the RWC Warranty offers reduced coverage in the second year of ownership (which we address with the additional coverage that we provide during the second year).
2. **What is "Fit and Finish" Coverage?** The RWC Warranty does not use the expression "fit and finish," but we use the expression as a convenient way to describe the "Year 1 Coverage" of the RWC Warranty. So "fit and finish" coverage is the "Year 1 Coverage" described in the RWC Warranty.

3. **An Additional Year of "Year 1 Coverage" from Centex Homes.** Centex Homes now gives you an additional year of "Year 1 Coverage," taking you through your second year of home ownership. Specifically, and using the words defined in the RWC Warranty, Centex Homes warrants that for the second year after the Effective Date of the RWC Warranty, warranted items will function and operate as presented in the Warranty Standards of Year 1, Section III.A of the RWC Warranty. This additional coverage comes solely from Centex Homes and is not backed by the RWC or by Western Pacific.
4. **You Still Get the Other Basic Coverage.** Because Centex Homes still gives you the RWC Warranty, you get the benefit of all of the coverage in the RWC Warranty, including the "Years 1 and 2 Coverage" and the 10-year warranty on designated structural elements. But the extra coverage from Centex Homes ensures that you get the same overall coverage for the first two years, offsetting the reduced scope of the RWC Warranty in the second year of ownership.
5. **No Greater Role for RWC or Western Pacific.** Neither RWC nor Western Pacific has any role to play in the extra year of fit and finish coverage provided by Centex Homes. If you have any comment, question or complaint about the additional "Year 1 Coverage" that you get from Centex Homes during your second year of home ownership, please direct it to your local Centex Homes warranty department.
6. **Conditions: Disagreements.** The extra warranty coverage from Centex Homes is subject to the same definitions, exclusions and other terms as the "Year 1 Coverage" in the RWC Warranty, except that Section IV ("Requesting Warranty Performance") does not apply, nor does Section II.D.4. Instead of following the provisions of Section IV, you should contact only your Centex Homes warranty department for service. Also, any disagreements you have with Centex Homes about the extra warranty coverage from Centex Homes will be resolved in accordance with the provisions of the home purchase contract between you and Centex Homes.
7. **Transferable.** The extra warranty coverage from Centex Homes transfers automatically to anyone who buys the home at any time up to the second anniversary of the Effective Date.

X  
 Purchaser \_\_\_\_\_ Date

X  
 Purchaser \_\_\_\_\_ Date

X  
 Sales Representative \_\_\_\_\_ Date

**CENTEX HOMES - SOUTHEAST FLORIDA  
CONTROLLED BUSINESS ARRANGEMENT DISCLOSURE**  
(Page 1 of 2)

**CTX MORTGAGE COMPANY NOTICE**

This is to give you notice that Centex Homes has a business relationship with CTX Mortgage Company ("CTX Mortgage"). CTX Mortgage and Centex Homes are both companies under common ownership or control of Centex Corporation. Because of this relationship, this referral may provide Centex Homes a financial or other benefit. Set forth below is the estimated charge or range of charges by CTX Mortgage for the following settlement services:

	FHA	VA	CONVENTIONAL
Appraisal Fee	\$325	\$275	\$275
Inspection Fee	\$ 75	\$ 75	\$ 75
Credit Report (1 Only)	\$ 55	\$ 55	\$ 55
Tax Service Fee	--0--	--0--	\$ 72
Documentation Preparation	--0--	--0--	\$200
Underwriting Fee	--0--	--0--	\$200
Amortization Schedule	--0--	--0--	--0--
Processing Fee	--0--	--0--	\$160
Delivery Fee	--0--	--0--	\$ 20
Wire Fee	--0--	--0--	--0--
Assignment Fee	\$ 6.60	\$ 6.60	\$ 6.60
Flood Certification	\$ 17	\$ 17	\$ 17
Doc Stamps (% of Mortgage Amount)	.2%	.2%	.2%
State Tax (% of Mortgage Amount)	.35%	.35%	.35%

You are NOT required to use CTX Mortgage as a condition for the purchase of the subject property. THERE ARE FREQUENTLY OTHER SETTLEMENT SERVICE PROVIDERS AVAILABLE WITH SIMILAR SERVICES. YOU ARE FREE TO SHOP AROUND TO DETERMINE THAT YOU ARE RECEIVING THE BEST SERVICES AND THE BEST RATE FOR THESE SERVICES.

**COMMERCE TITLE COMPANY NOTICE**

This is to give you notice that Centex Homes has a business relationship with Commerce Title Company ("Commerce Title"). Commerce Title and Centex Homes are both companies under common ownership or control of Centex Corporation. Because of this relationship, this referral may provide Centex Homes a financial or other benefit. You are NOT required to use Commerce Title as a condition for the purchase of the subject property. Set forth below are Commerce Title estimated costs. These charges are typical regardless of the closing agent. Set forth below are the estimated charges or range of charges by Commerce Title for the following settlement services.

Title Insurance	\$ 5.75/\$1,000
Closing Fee	\$ 85 - \$200
Search/Abstract Fee	\$150 - \$350
Simultaneous Issue	\$300
8.1 Endorsements (Environmental Lien)	\$ 25 - \$50
Florida 9 Endorsement (Affirmative Language)	10% of standard rate
PUD Endorsement (If PUD Property)	\$ 25 - \$50
Adjustable Rate Endorsement (If Adjustable Loan)	\$ 25 - \$50

X  
Purchaser    Date

X  
Sales Representative    Date

X  
Purchaser    Date

**CENTEX HOMES - SOUTHEAST FLORIDA  
CONTROLLED BUSINESS ARRANGEMENT DISCLOSURE  
(Page 2 of 2)**

**CLOSING COSTS FOR ALL BUYERS**

Documentary Stamps on Deed	\$ 7.00/\$1,000
Final Survey	\$100 Multi-Family
	\$250 Single-Family
Termite Soil Treatment	\$ 0 FHA/VA
	\$250 Multi-Family Conventional/Cash
	\$350 Single-Family Conventional/Cash

**ACKNOWLEDGMENT**

I/We have read this disclosure form, and understand that Centex Homes is referring me/us to purchase the above-described settlement services from CTX Mortgage Company and Commerce Title, and may receive a financial or other benefit as a result of this referral.

X  
Purchaser \_\_\_\_\_ Date \_\_\_\_\_

X  
Sales Representative \_\_\_\_\_ Date \_\_\_\_\_

X  
Purchaser \_\_\_\_\_ Date \_\_\_\_\_

## ELECTRIC TRANSMISSION LINE AND ELECTRIC MAGNETIC FIELDS (EMF) DISCLOSURE

This disclosure contains important health information about property located in the Lexington Lakes community. Please read this information carefully and satisfy yourself that you understand the information and accept the responsibilities and limitations described in this document. This disclosure document gives you a three-day cancellation right.

This disclosure is given by Centex Homes ("Centex Homes" or "We") and is intended for the purchaser(s) (the "Purchaser(s)" or "You") of the home in the Lexington Lakes community (the "Community"), built by Centex Homes in the City of Stuart, Martin County, Florida, described as Lot \_\_\_\_, Block/Tract \_\_\_\_, also known as \_\_\_\_\_ [insert street address] (the "Home"). This disclosure is an addendum to and is hereby incorporated into the contract for sale of the Home as if it were a part of that contract.

A company (the "Electric Company") owns an easement in or near this Community that is generally described on the map or plat attached to this disclosure. The Electric Company has the right to install and operate high voltage electric transmission lines, transformers and related facilities and equipment within this easement area. In the future, the Electric Company may construct, expand or otherwise modify transmission facilities located within this easement area.

Power lines, transformers and related facilities and equipment give off electric and magnetic fields ("EMF"), and may also give off audible sounds. All electric appliances and electrical devices, including household appliances such as televisions, electric blankets, shavers, hair dryers and toasters, also generate EMF. Production of EMF from power lines is directly related to the amount of current the Electric Company sends through the transmission lines, and the Electric Company has the right to increase the amount of this current at any time. Centex Homes has no control over the flow of electricity in the transmission lines or the strength of the EMF produced by the transmission lines. Also, Centex Homes has no control over the Electric Company and cannot predict if the Electric Company will (i) need to work in its easement, (ii) install more transmission lines and/or equipment, and/or (iii) replace those transmission lines now in existence. Electric service is essential to the very existence of this home and the other homes in the area, and EMF is a by-product of the use of electricity.

In June 1999, the National Institute of Environmental Health Sciences ("NIEHS") concluded that while some evidence for the risk of cancer and other human disease from EMF around power lines does exist, it is "weak." Nonetheless, NIEHS decided that a "weak" connection was enough to call EMF a "possible" carcinogen. On the other hand, the NIEHS said that the evidence did not seem to meet the standard for listing EMF as a known or even "anticipated" human carcinogen in the National Toxicology Program's *Report on Carcinogens*.

You should also know that there is a risk that certain devices such as heart implant devices may not work properly when near certain power lines.

You have received this disclosure because the Home is located within 350 feet of electric transmission lines or a transmission line easement. Transmission lines are high-voltage power lines carrying electricity from electrical generation facilities to substation transformers, with most operating at voltages between 115 and 765 kV, although some can have voltage as low as around 50 kV. Under Centex Homes' self-imposed company policy we give this notice to purchasers of homes located 350 feet or less from transmission lines. We chose 350 feet as the dividing line because your level of exposure to EMF is modest at distances over 350 feet from even the largest power transmission lines, but it increases significantly as you get closer to the transmission lines. This does not mean that any particular distance from power lines is certain to be safe or unsafe; we have simply chosen 350 feet as the range within which we will bring EMF from electric transmission lines to the attention of our customers.

A great deal of information on the subject of EMF is available to you, including the following:

- a booklet produced by the NIEHS and the U.S. Department of Energy in January 1995, entitled

“Questions and Answers about EMF”;

- a press release from the NIEHS issued in June 1999, concerning its report to Congress on the health effects of EMF; and
- the Executive Summary of the NIEHS Report on Health Effects from Exposure to Power-Line Frequency Electric and Magnetic Fields.

The items listed above are available for review on the Internet in either the PDF format or the HTML format at <http://www.niehs.nih.gov/emfrapid>. If you cannot access one of these items on the Internet, please ask a friend to get a copy for you.

Centex Homes encourages you to investigate the potential risks associated with EMF and to draw your own conclusions. Your salesperson does not have the knowledge or training to help resolve the question of, or express an opinion on, the health effects of EMF. You can get more information (a) by browsing the NIEHS website, which as of the date of this notice can be found at <http://www.niehs.nih.gov/>, (b) by using the abbreviation “EMF” in an Internet search and reading the materials that the search reveals, and (c) from the Electric Company, which may have its own literature about EMF, and should also be willing to give you more detailed information about the specific transmission lines and facilities and their associated EMF exposure levels. You can also discuss this with your family doctor.

**By signing a copy of this disclosure statement, you acknowledge that you have received, read, and understood this disclosure, and that you accept the impact and/or potential risk that EMF may or may not present, which may include the risk of cancer. By signing a copy of this disclosure statement, you also acknowledge and agree that Centex Homes shall have no responsibility to you for any costs, expenses, losses, liabilities or obligations of any kind or nature whatsoever arising out of or in any way related to EMF, or the transmission lines or related facilities.**

*[Remainder of page intentionally left blank.]*

You also acknowledge that you should disclose to any future purchasers of the Home the proximity (or proposed proximity) of the transmission lines and related facilities and potential impacts of EMF exposure, and you hereby promise Centex Homes that you will do so.

**PURCHASER(S):**

Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

**CENTEX HOMES**, a Nevada general partnership

By: Centex Real Estate Corporation, a Nevada corporation, and its managing partner

Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**CANCELLATION RIGHT:** If the potential health risk posed by electric transmission lines near the Home is unacceptable to you, you can cancel your new home sale contract without obligation and without penalty at any time up to **THREE DAYS** after the date that you sign this disclosure. Your earnest money, plus any additional funds that you may have paid for options or upgrades, will be refunded to you promptly if you sign in the space provided below and return this disclosure to your salesperson on or before 5:00 p.m. local time on the third day after you have signed this disclosure.

**WE HEREBY CANCEL OUR NEW HOME SALE CONTRACT AND REQUEST A FULL REFUND OF OUR EARNEST MONEY PLUS ANY ADDITIONAL FUNDS PAID FOR OPTIONS OR UPGRADES.**

**PURCHASER(S):**

Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_