



“THE MASTER BUILDER”

10 YEAR
LIMITED
WARRANTY

*Careful supervision of every detail.
That's what makes us the best
Homebuilder in Lake Havasu.
Ask anyone...*

AN ARIZONA FAVORITE
DBU Homes

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THE DBU LIMITED WARRANTY PLAN
'THE MASTER BUILDER'

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THE DBU WARRANTY PLAN

I. INTRODUCTION

This introduction provides a general overview of the coverages in the DBU Protection Plan that consists of the Limited Warranty, the Performance Standards and your Home Owner's Guide publication separately. The specific details, limitations and conditions of the DBU Protection Plan are described in the Limited Warranty that is provided to you in this book. In general, the DBU Protection Plan is a commitment on quality materials and workmanship.

Some appliances, equipment and other components included in the home are not warranted by DBU but are covered by separate warranties provided by the manufacturer or supplier. In the event that a claim is made under one of these warranties without response, DBU will assist the homebuyer in attempting to resolve the problem with the manufacturer or supplier.

THE SPIRIT OF THE WARRANTY - our warranty commitment is easy to understand and based upon COMMON SENSE. We believe you have a right to expect a clean home that is complete and free of defects (per Registrar of Contractors Minimum Standards) <http://www.azroc.gov/downloads/contractor.html#rules> at the time of closing. Things should work. If there are problems because of defects in materials and workmanship, as outlined above and described in more detail later, DBU will arrange for their repair or replacement. If some problems result from actions by occupants of the home or others or from ordinary wear and tear, DBU is not responsible for the resulting repair or replacement.

THE RIGHTS OF YOUR HOME - We view your warranty in terms of what you, the buyer, have a right to expect. We view the issue of preventive maintenance in terms of what your home has a right to expect from you. No materials used in the construction of your home will last forever. Most will last for a long time, if properly maintained. It is our desire to help you understand how to prolong the life of your home through regular maintenance that is appropriate for the types of materials used in your home.

The following page describes in general terms, WHAT YOU HAVE A RIGHT TO EXPECT FROM DBU and WHAT YOUR HOME HAS A RIGHT TO EXPECT FROM YOU. Following that is the LIMITED WARRANTY, WARRANTY EXCLUSIONS, LIMITATIONS OF LIABILITY, DISPUTE SETTLEMENT, REQUESTING WARRANTY SERVICE, DETAILED WARRANTY INFORMATION and helpful information on ways to keep your home in good condition.

YOUR RIGHTS AND THE RIGHTS OF YOUR HOME

This section covers in general layman's terms what you can expect from DBU in the construction of your home and what your home should get from you in ongoing maintenance and care. The DBU "Home Owners' Guide" (printed separately) will provide you with most of the information you need to provide your home with the appropriate level of preventive maintenance.

1. SOIL DRAINAGE

Your home (if the lot was graded by DBU) has been placed on good bearing soil. It was engineered to withstand the settlement that will occur. It should not settle in such a way as to create structural problems during the warranty period. We make no warranties or representation on lots not graded by DBU.

If you purchased a DBU home for construction, on a lot not graded by DBU, you have the responsibility for providing DBU with a buildable lot. A buildable lot means properly graded, engineered, and inspected to local and national code standards. DBU will perform a final grade to code standards.

Your home and lot were designed with a particular drainage pattern that should carry rainwater away from the foundation. You should not direct water to the edge of the foundation, either in the form of lot drainage or the watering of flowers. On hillside lots, as a part of landscaping (not provided by DBU), you are responsible for installing drainage to protect the seal and foundation of your house.

2. CONCRETE SURFACES

The concrete surfaces in your home will fulfill the functions for which they were intended without excessive settlement, cracking or secondary damage, such as leaking. Since concrete is likely to crack, standards are defined in a later section.

You should keep concrete surfaces free of salts and excessive weight such as a moving van. Yard drainage should be maintained to divert water away from concrete surfaces; if possible, to eliminate the chance it will undermine the surface and erode the bearing soil.

In Lake Havasu, we can safely **guarantee** that concrete will crack. This is due to minerals and other impurities in the water, sand and gravel as well as clay in the sub-soil. Wire mesh and/or fiberglass fibers (added at the mixing plant) will help control such cracking. However, the concrete sub-contractors will not guarantee crack free concrete. We will be glad to quote prices on wire mesh and fiberglass additives.

The following pages include standards on cracks. Approved materials used to repair cracks never completely match the color and texture of the original concrete.

House slabs have one or more expansion joints with rounded openings as large as 1" to 2" at the surface with a crack of up to 3/8". The objective is to relieve stress and to help control meandering hairline cracks.

Vinyl or resilient type floor coverings are affected by concrete and cracks. Prior to installation of carpet, vinyl and ceramic tile, such cracks including the hairline cracks, are filled with a special material and troweled. They are sometimes sanded lightly. However, almost always, the hairline crack will continue up through the filler. Such small imperfections are due to the expansion of concrete and are impossible to control.

With lower or middle priced vinyl, hairline cracks will nearly always be “telegraphed” or “shadowed” up and through the vinyl. Nearly always, if you look at those areas at the right angle, with certain light reflections you will detect such fine cracks in concrete and in the mastic crack filler/sealer.

Moreover, if you look closely, you will see telegraphed through the vinyl, fine trowel marks in the concrete, in the mastic crack filler/sealer and even in the glue/mastic used to adhere the vinyl to the concrete.

With certainty, we can guarantee that you will be able to see most of these marks and other concrete imperfections if you look carefully.

Carpet/vinyl stores will quote prices on better quality materials and installation alternatives.

Concrete slab moisture also causes problems of discoloration of vinyl. DBU is one of the few contractors in Lake Havasu to use pea gravel directly next to the slab as an approved vapor/moisture barrier.

3. STRUCTURAL INTEGRITY

Your home was constructed plumb, level and square. Since homes are constructed by human beings, using a variety of materials, small tolerances are normal. What we consider unacceptable tolerances are defined in the detailed warranty section that follows.

Structural alterations by you to the home must be performed by professionals who understand the load-bearing requirements of the change. The reason that local municipalities require permits for building alterations is to make sure that the structural integrity of the home is maintained.

4. INTRUSION OF THE ELEMENTS

Your home should not leak. Exceptions might occur such as when some driving rain forces water into vents, windows or under doors. Under normal circumstances, your home should protect you from the intrusion of the elements.

5. MECHANICAL SYSTEMS

Those systems installed in your home to provide power, water, treated air, ventilation and waste disposal will work. Since the mechanical systems of your home were designed for normal usage, placing unreasonable demands upon them will present problems. Plugging several electrical devices into one circuit may cause it to overload. Loading materials into a drain may cause it to clog. Undue weight should not be placed upon pipes or showerheads because they can break. Some devices must be cleaned periodically (e.g., furnace filters) so that they can do what they were designed to do.

6. FINISHED SURFACES

Finished surfaces will maintain uniform or characteristic appearance for a reasonable period of time. Cracks or surface deterioration will be repaired as provided in the Limited Warranty.

Lake Havasu City has a very harsh hot summer environment. The sun is intense. As a homeowner, you need to take extra care in the protection of your home. In many cases, the seal around doors and windows is caulk. This material will require annual inspection and any necessary replacement as needed. Water from yard and lawn watering devices should not come in contact with the structure. If you leave the home for more than a day or two, you must maintain proper temperature and humidity. Otherwise, small cracks and splits will open in many surfaces. Such damage is not covered by any warranty.

7. CARE & MAINTENANCE

Although things wear out, components in your home should last a reasonable length of time (assuming you give them appropriate care and maintenance). This time will vary with geographical regions, with the types of materials involved and usage. As time goes on, adjustments will be required.

Wood requires cleaning and sealing to prevent problems of water penetration and continual exposure to the elements, particularly with Lake Havasu's intense sun. Painted or sealed surfaces must be cleaned and refinished according to the requirements of your geographic area. If this is not done, the surface will deteriorate.

Please read the instructions for care and maintenance of your home, including finished flooring, appliances and air handling equipment. Following such instructions will extend the life of these components.

8. PLUGGED OR SLOW DRAINS

At the time of the final code inspection of your home, your plumbing, electrical and mechanical systems were tested and certified as properly installed and working. The sink drains and toilets worked properly, repeatedly, at installation, at inspection, during the final cleaning phase and during your closing walk-through inspection.

If a drain becomes plugged after the initial week of occupancy, it is your responsibility. However, if a defect in material or workmanship can be verified, it is warranty obligation of the plumbing subcontractor, at no cost to you. If you call DBU or the plumbing subcontractor for a service call on a plugged drain, you will be properly and appropriately billed. The exception will be evidence of a warranty problem in which case the plumbing subcontractor is responsible. A plugged drain, as such, is not evidence of a warranty problem. The same principals apply to electrical and mechanical systems, appliances, flooring, finished surfaces, etc.

II. THE LIMITED WARRANTY

THIS LIMITED WARRANTY INCLUDES PROCEDURES FOR FORMAL SETTLEMENT OF DISPUTES, SUCH AS ARBITRATION, WHICH WILL BE BINDING ON YOU AND DBU: ADDITIONAL INFORMATION MAY BE RECEIVED BY CALLING DBU AT (928) 453-2414 OR THE REGISTRAR OF CONTRACTORS. YOU SHOULD READ THIS WARRANTY IN ITS ENTIRETY, INCLUDING THE ADDENDA AT THE END OF THIS WARRANTY BOOKLET, IN ORDER TO UNDERSTAND THE PROTECTION IT PROVIDES, EXCLUSIONS THAT APPLY, AND THE PERFORMANCE STANDARDS THAT DETERMINE COVERAGE IN EACH CASE.

A. THE LIMITED WARRANTY

DBU's Limited Warranty Commitment relates only to Covered Defects that are defined as defects in material and workmanship that are either part of the structure or elements of the home as supplied by DBU at the date of closing. This is not an insurance policy nor a maintenance agreement, but a definition of what the owners have a right to expect in terms of warranties. It is not in conflict with the Registrar of Contractors publication, "Minimum Standards" on workmanship and materials. DBU does carry liability insurance and is fully bonded.

This Limited Warranty is provided to the original purchaser of the home and to all subsequent owners who take title within the warranty periods identified below and use the home for their residence only.

SUBCONTRACTORS

All work on your home was performed by licensed subcontractor, consistent with the requirements of the Registrar of Contractors. Your contract with DBU requires you to cooperate with DBU, should it be necessary to file a complaint with The Registrar of Contractors against a subcontractor on a warranty issue. Such action is seldom necessary. However, the threat of the potential loss of one's license is important in maintaining discipline within the construction profession. Thus, within the section on warranty and the section on performance standards, reference to DBU includes the pertinent subcontractor. For example, the DBU Corporation does not do plumbing work. A licensed subcontractor in the specific trade performs that work and must be accountable under state law. DBU guarantees you that DBU will hold that subcontractor accountable, and if you are not satisfied, DBU will assist you with minimal effort on your part, in securing relief through The Registrar of Contractors. If the firm is no longer in business, DBU, as the prime contractor is obligated to retain an appropriately licensed subcontractor in that specific trade and perform the necessary warranty work.

One Year Coverage - DBU warrants the home and all elements not otherwise expressly limited in this warranty to be free of defects in materials and workmanship of the original construction, as defined in the Registrar's Performance Standards, <http://www.azroc.gov/downloads/contractor.html#rules> for a period of one year after the closing date. An example within the Registrar's Standards is the repair of ceramic tile grout cracks. The extreme variations of heat and humidity in Lake Havasu City will cause hairline cracks and splits

in most surfaces and finishes. Some defects must be identified on the final walk through and are not warranted beyond that inspection. These are noted in pages 9 through 16.

Two Year Coverage - DBU warrants workmanship, as defined in the Registrar's Performance Standards, of the plumbing, electrical, heating, ventilating, air conditioning and other mechanical systems for a period of two years after the closing date. See, <http://www.azroc.gov/downloads/contractor.html#rules>

Ten Year Coverage - DBU warrants the Structural Elements of the home for a period of ten years after the original closing date to be free from defects in materials and workmanship if the defects diminish the ability of those Structural Elements to perform their load-bearing functions as defined in the Performance Standards, rendering the home unsafe or uninhabitable. Structural Elements are defined as footings, bearing walls, beams, girders, trusses, rafters, bearing columns, lintels, posts, structural fasteners, sub-floors and roof sheathing.

If a defect occurs in an item covered by this Limited Warranty, DBU will repair or replace it to meet or exceed the Performance Standards. In the case of defects in Structural Elements, DBU will repair or replace such Structural Elements to restore their load-bearing functions, as designed, and make such other repairs as are necessary to return the home to safe living conditions and habitability. In such an event, there is a significant likelihood of action through the Registrar and civil court litigation against the responsible subcontractor. Again, your contract with DBU requires your cooperation with DBU in securing the proper response of DBU subcontractors in correcting the problem to your satisfaction.

DBU assigns to the homeowners, warranties for particular appliances and equipment selected by the buyer from local vendors (usually selected by the homebuyer). DBU provides no warranty on those items. If it is necessary to request warranty service in such a case, the homeowner must make a request directly to their vendor. In the unlikely event that the vendor is not responsive to the request, DBU will assist the homeowner in attempting to obtain the necessary repairs or replacements. In some instances, the Registrar's standards will apply.

The benefits included in this Limited Warranty are only available when service is requested according to the procedures established by DBU and included in your warranty materials. In addition, your failure to reasonably provide access to the home during normal working hours for making repairs will relieve DBU from its obligations under this warranty. DBU's aggregate total liability will not exceed the original contract price of the home.

DBU reserves the right to use its judgment in determining the most appropriate method of repairing warranty defects. DBU's offer to resolve an issue for which it bears no responsibility under this Limited Warranty does not create the responsibility to provide the resolution in another situation for which it bears no responsibility. Actions taken to cure defects will not extend the periods of coverage specified in this Limited Warranty.

DBU can neither guarantee, nor does it warrant, exact color matches in situations where materials are replaced or areas are repainted or original materials are discontinued. For example,

while paint can be computer matched to a reasonably close (but never perfect) color, such precision is NOT possible with ceramic tile, concrete, stucco, grout, cabinets and most manufactured or finished surfaces.

B. EXCLUSIONS

This Limited Warranty excludes any loss or damage that is not a Covered Defect, including:

1. Loss of or damage to any Real Property which is not part of the home covered by this Limited Warranty and which is not included in the original purchase price of the home as stated in the closing documents.

2. Any damage, to the extent it is made worse by:

a. Negligence, improper maintenance, or intentional or improper operation by anyone other than DBU, its agents, or subcontractors.

b. Failure by you or anyone other than DBU, its agents or subcontractors to comply with the warranty requirements of manufacturers of appliances, fixtures and equipment.

c. Failure by you to give timely notice to DBU of any defects.

d. Changes in the grading of the ground by anyone other than DBU subcontractors working for DBU.

e. Changes, alterations or additions made to the home by anyone other than DBU, after the Limited Warranty commencement date.

f. Dampness or condensation due to your failure to maintain adequate ventilation.

3. Loss or damage that the homeowner has not taken timely action to minimize or mitigate.

4. Any defect caused by, or resulting from materials or work supplied by someone other than DBU, its agents or subcontractors.

5. Normal wear and tear or normal deterioration.

6. Loss or damage, not otherwise excluded under this Limited Warranty, which does not constitute a defect in the construction of the home by DBU, its agents or subcontractors.

7. Loss or damage caused by or resulting from accidents, riots and civil commotion, theft, vandalism, fire, explosion, power surges or failures, smoke, water escape, falling objects, aircraft, vehicles, acts of God, lightning, windstorm, hail, mud slide, earthquake and volcanic eruption.

8. Loss or damages caused directly or indirectly by flood, wind driven water surface water, waves, tidal waves, 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 at the time of construction, or 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. In Lake Havasu City, DBU does not perform test borings for sub-surface water. This cost and responsibility must be that of the homebuyer prior to the construction of the home. Hillside lots at the time of landscaping must be properly prepared for drainage.

9. Loss or damage caused by soil movement, including subsidence, expansion or lateral movement of the soil (excluding flood and earthquake) which is covered by any other insurance or for which compensation is granted by state legislation.

10. Loss or damage to the home, persons or property directly or indirectly caused by insects, birds, vermin, rodents or other wild or domestic animals.

11. Loss or damage resulting from use of the home for nonresidential purposes.

12. Any condition which does not result in actual physical damage to the home, including but not limited to, un-inhabitability or health risk due to the presence or consequence of unacceptable levels of radon gas, formaldehyde or other pollutants and contaminants or the presence of hazardous or toxic on-site materials.

13. Bodily injuries or damage to personal property.

14. Loss or damage caused by or resulting from abnormal loading of structural elements by you that exceeds design loads as mandated by codes.

15. Consequential damages.

C. LIMITATION OF LIABILITY

IT IS UNDERSTOOD AND AGREED THAT DBU'S LIABILITIES UNDER THIS WARRANTY WHETHER IN CONTRACT, IN TORT, IN NEGLIGENCE OR OTHERWISE, IS LIMITED TO THE REMEDY PROVIDED IN THIS LIMITED WARRANTY. DBU'S OBLIGATIONS UNDER THIS LIMITED WARRANTY AND UNDER THE PURCHASE AGREEMENT ARE LIMITED TO REPAIR AND REPLACEMENT. UNDER NO CIRCUMSTANCES IS DBU LIABLE FOR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES, INCLUDING WITHOUT LIMITATION ANY DAMAGES BASED ON A CLAIMED DECREASE IN THE VALUE OF THE HOME, EVEN IF DBU HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

THIS LIMITED WARRANTY IS THE ONLY WARRANTY APPLICABLE TO THIS PURCHASE. ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ALL IMPLIED WARRANTIES OF FITNESS, MERCHANTABILITY OR HABITABILITY, ARE DISCLAIMED AND EXCLUDED.

D. DISPUTE SETTLEMENT

This Dispute Settlement provision sets forth the exclusive remedy of all disputes, claims or controversies.

All disputes, claims or controversies concerning your home that cannot be resolved between DBU and you will be settled by arbitration, in accordance with paragraph #16 of the construction contract. The notice to DBU must include your name, address, phone number (both home and work) and a specific description of the defect. Certified notice must be received no later than ten days after the applicable warranty period expires.

E. REQUESTING WARRANTY SERVICE

The procedure varies for requesting warranty service under this Limited Warranty depending on where you purchase your home. As part of this warranty package, your DBU team will provide you with the proper procedure in your area.

III. DBU PERFORMANCE STANDARDS

This section establishes the standards by which it will be determined whether the concern you have with some element of your home is covered by this Limited Warranty and is the obligation of DBU to correct. Where specific standards and actions are not shown, the standard will be the accepted industry practice for workmanship and materials. The "Standard of Workmanship and Materials" of the Registrar of Contractors applies, under "Action Required." With few exceptions, the term **DBU** refers to the subcontractor who performed the work for DBU and the homebuyer.

In each of the following paragraphs, we will list a category, list an item, make an observation, list action required, and note the DBU coverage.

BASEMENT:

EXPANSION JOINTS; Cracks appear in the expansion joints in basements or on concrete foundation surfaces. Such action up to 3/8" was the intent of the engineered joint. No action is required. N/A

FLOOR; Depression in floor exceeding 1/4" in 10' length. DBU will fill area to tolerance. 2 years

Uneven floor area where crown exceeds 1/4" in 32" length. DBU will level area to tolerance. 2 years

FOUNDATION WALLS; Cracks in the foundation walls that exceed 1/8" in width of vertical displacement. DBU will patch the voids in the wall. 2 years

WATERPROOFING; Leaks in basement or crawlspace. DBU will eliminate the cause of leaks. (Humidity and condensation issues are not warranted.) 2 years

CABINETS:

KITCHEN/BATH; Cabinets separate from wall or ceiling 1/8" measured diagonally. DBU will repair. 2 years

Cracks in door panels. DBU will repair. 1 year

Door warpage exceeding 1/8" in height and width. DBU will replace IF proper temperature and humidity were maintained inside.

Misalignment of doors. DBU will adjust. 1 year

Color. It is not unusual for cabinet color to be different from store samples.

Variation in stain color. Due to normal grain variations, DBU cannot guarantee stain color. N/A

CHIMNEY & FIREPLACE:

BRICK; Exterior and interior brick veneer cracking in excess of 1/8". DBU will repair joints or brick. 2 years

Firebox color is changed from fire and forms residue. Intense heat will alter color. DBU has no responsibility. N/A

CHIMNEY; Chimney separation exceeding 1/4" from attached structure. DBU will determine cause of separation and correct as necessary. 2 years

FIREPLACE; Smoke escapes into living area. DBU will correct if problem is caused by improper installation or design. NOTE: High winds or external factors such as trees can cause negative draft situations. Make sure damper is fully opened. 2 years

Water infiltration into firebox from the flue. A certain amount of rainwater can be expected under certain conditions. No action is required. N/A

MASONRY; Cracking of firebrick and mortar joints. Intense heat may cause cracking. No action is required. N/A

CONCRETE DRIVEWAYS:

Depressions that retain water in excess of 3/32" deep. DBU will repair. 2 years

FLATWORK; Concrete surfaces settle or heave in excess of 1/4" where it abuts another concrete surface. DBU will repair. 2 years

Cracks exceeding 3/32" in width or vertical displacement. DBU will repair by patching. 2 years

GARAGE FLOOR; Disintegrations of the concrete surface resulting in the appearance of coarse aggregate below the surface. DBU will repair concrete surfaces unless caused by salt, chemical damage, or use. 2 years

STOOPS; Stoop settles, heaves or separates in excess of 1/4" from home. DBU will repair. 2 years

COUNTER TOPS:

KITCHEN/BATHS; Delaminating of counter top material. DBU will repair.

Open seams in counter tops. DBU will repair. 1 year

Cracks in marble surfaces. Cracks and scratches must be reported on final walk-through. DBU will repair. 1 year

Gaps between counter top and wall in excess of 3/16". DBU will repair. 1 year

DOORS:

EXTERIOR; Failure to operate properly by binding, sticking, not latching or sealing. DBU will make necessary corrections. 1 year

Shrinkage of wood door panels. Panels will shrink and expand and may expose unpainted or unstained surfaces. No action is required. N/A

Spilt in door panel. Unless splits or cracks present problems of continual deterioration or leaking, DBU will take no action. Otherwise, DBU will correct. 1 year

Warping in excess of 1/4" measured diagonally from corner to corner or to the extent they become inoperable or cease to be weather resistant. DBU will correct or replace and refinish door. 1 year

GARAGE DOOR; Fail to operate properly. DBU will correct or adjust door as required. 1 year

Leak (through) or under door. DBU will make needed adjustments if necessary. Some entrance of the elements can be expected under high conditions. 1 year

DRYWALL (SHEETROCK):

INTERIOR FINISH; Cracks in drywall, nail pops. Hairline cracks are normal. DBU will repair other cracks, nail pops, blisters in tape, and corner bead pops on a one-time basis during first year. 1 year

Excessive waviness or seams visible in normal light; DBU will repair cracks 1/8" or greater or obvious irregularities. DBU cannot be responsible for color variation. 1 year

EXTERIOR:

TRIM; Excess warping, cupping, splitting or rotting of wooden members. DBU will repair or replace as necessary. 1 year

Exterior trim pulls away from its surface. DBU will re-nail and seal the material to the surface on which it is attached. 1 year

Open joints in exterior trim exceeding 1/4". DBU will correct the problem, on a one-time basis. 1 year

FLASHING; Leaks due to improperly installed flashing will be corrected. 2 years

WALLS; Cracks in stucco walls. Hairline cracks in masonry are normal. Those 1/8" or greater will be repaired. 1 year

Siding materials become loose or detached. Unless the problem is a result of catastrophic winds. DBU will correct. 2 years

Siding materials show signs of deterioration and/or Delaminating. DBU will hold manufacturer responsible for repairing or replacing faulty material. 2 years

Staining from rain. In the desert, dust build up on roofs and staining from infrequent wind driven rain is normal. N/A

FLOORING:

CARPET; Carpet becomes loose at edges. DBU will repair. 1 year

Carpet buckles. DBU will re-stretch carpet on a one-time basis. 1 year

Fading, staining or discoloration. Manufacturer's warranty will apply if due to carpet defect. 1 year

Premature wearing. Manufacturer's warranty will apply. N/A

Crush. Some pile crushing on new carpet is common and usually corrects itself or can be alleviated.

Visible gaps in seams. DBU will repair. 1 year

WOOD FLOORS; Gaps in floors. DBU will make a one-time repair to gaps in excess of 1/8". Hardware floors will expand and contract due to humidity and heat changes within your home.

Loose boards. DBU will repair. 1 year

RESILIENT; Becomes loose or bubbles. DBU will repair. 1 year

Fading or discolorations. Manufacturer's warranty will apply. N/A

Gaps in seams (sheet goods). DBU will repair. 1 year

Gaps in seams exceed 1/8" (resilient block tile). DBU will repair. 1 year

Indentations and marks due to normal traffic. No action required. N/A

Subfloor causing depressions or ridges exceeding 1/4" on 12' run. DBU will repair. 1 year

Fasteners popping through. DBU will repair. 1 year

FOUNDATION:

FLOOR SLAB; Serious cracks and/or deterioration in the foundation floor slabs that cause the home to be unsafe or uninhabitable. DBU will repair cracks and repair the finished floor. 10 years

FOOTINGS & WALLS; Serious cracks and/or deterioration in the foundation footings or foundation walls that cause the home to be unsafe or uninhabitable. DBU will make the necessary repairs and/or replacement to the structural elements and related damage. 10 years

FRAMING:

BEARING WALLS & BRACES; Deterioration of the bearing walls and/or braces that cause the home to be unsafe or uninhabitable. DBU will make the necessary repairs and/or replacement to the structural elements and related damage. 10 years

FLOOR & ROOF SHEATHING; Deterioration of floor and/or roof sheathing that caused the home to be unsafe or uninhabitable. DBU will make the necessary repairs and/or replacement to the structural elements and related damage. 10 years

STRUCTURAL FASTENERS; Failure of structural fasteners associated with the structural elements of the home that cause the home to be unsafe or uninhabitable. DBU will make the necessary repairs and/or replacement to the structural elements and related damage. 10 years

TRUSSES AND/OR JOISTS; Deterioration of floor trusses or joists and/or roof trusses or joists that cause the home to be unsafe or uninhabitable. DBU will make the necessary repairs and/or replacement to the structural elements and related damage. 10 years

VENTS; Leaking through vents or louvers. DBU will correct if there are problems with the vents or louvers, but not if the leak is from wind-driven rain. 2 years

WALLS/FLOORS; Crowns in walls or floors exceeding 3/8" in 8' length. DBU will correct the problem. 1 year

Delaminating or deterioration of sub-flooring. DBU will repair or replace faulty material.

Depression in walls or floors exceeding 3/16" in 3' length and level within 1/2" in 12' length. DBU will correct the problem. 1 year

The floor squeaks. DBU will take corrective action to eliminate loose flooring and minimize squeaks on a one-time basis. The absence of squeaks cannot be guaranteed. 1 year

Wall is out of plumb over 1/4" in an 8' vertical measurement. DBU will correct the problem. 1 year

WINDOWS; Condensation. Condensation on interior window surfaces is the result of extreme temperature differences and high levels of humidity inside the home. No action is required. N/A

Defects, including stress, cracks or failed seals in insulated windows. DBU will replace defective glass. Manufacturer's warranty will apply. 2 years

Scratches. Observable at 15' (mirrors at 3') at walk-through. N/A

Excessive air infiltration. Some infiltration around windows is normal especially during high winds. DBU will take necessary corrective action by adjusting windows or weather-stripping. 2 years

Windows fail to operate properly. DBU will correct or repair on a one-time basis. 1 year

INSULATION:

INFILTRATION; Insufficient insulation. Insulation will be installed in accordance with applicable energy and building codes. 2 years

INTERIOR:

CERAMIC TILE; Cracks in grout. DBU will repair one time. 1 year

Tile cracks or loosens. DBU will repair. 1 year

Grout discoloration and variation are normal.

DOORS;

Door rubs on jamb. DBU will repair one time. 1 year

Split in door panel DBU will fill split and finish to match as close as possible. 1 year

Delaminating of doorframe. Manufacturer's warranty will apply. N/A

Warping exceeds 1/4" vertically or horizontally. DBU will replace one time. 1 year

Door is loose or rattles at latch. DBU will repair one time. 1 year

WALL COVERING; Edges mismatched. DBU will repair. 1 year

Nails popping through wall covering. DBU will repair one time. 1 year

Open seams. DBU will repair one time. 1 year

Peeling of wall covering. DBU will repair one time. 1 year

MASONRY (BRICK):

EXTERIOR FINISH; Cracks 1/8" or greater. DBU will repair cracks 1/8" or greater by refinishing joints. 2 years

Efflorescence on masonry walls. DBU will evaluate. Lake Havasu City has excessive minerals in the sand, ground and water, which affect the finish of all concrete surfaces. 1 year

Moisture entering homes through masonry. DBU will correct. 2 years

MECHANICAL:

ELECTRICAL; Circuit breakers trip excessively. DBU will correct. 2 years

Malfunction of outlets, switches or fixtures. DBU will correct. 2 years

HEATING & COOLING; Condensation lines clog up. DBU will correct. 2 years

Ductwork separates. DBU will correct. 2 years

Leak in refrigerant lines. DBU will correct. 2 years

Not heating (cooling) properly. DBU will take corrective action, if ASHRAE standards are not met. 2 years

Settling of exterior HVAC unit. DBU will correct excessive settling of 2" or more on a one-time basis. 2 years

PLUMBING; Cracks or chips in plumbing fixtures. DBU is not responsible unless condition is noted on the final walk-through. N/A

Defective plumbing, fixtures, fittings or appliances. DBU will repair or replace. 2 years

Faulty water supply system. DBU will make necessary corrections to improperly installed water supply systems, but cannot be held responsible for conditions beyond their control, such as municipal system problems and the minerals in Lake Havasu City water. 2 years

Freezing and bursting of plumbing pipes. DBU will make necessary corrections to assure that interior plumbing pipes are adequately protected against normal anticipated cold weather. Homeowner must protect exterior faucets and lines. Occasionally, it does freeze in Lake Havasu. 2 years

Leakage from any piping (not including condensation). DBU will make necessary repairs in any soil, waste, vent or water pipe. 2 years

Leaky faucets. DBU will repair as necessary. 2 years

Noisy water pipes (e.g., water hammer). DBU will correct as necessary. 2 years

Septic system fails to operate properly. Soil saturation, underground springs, water run-off, excessive use and increase in the water table are among the causes not covered by this warranty. DBU will repair or replace faulty workmanship and materials and conform with the Mohave County instructions as per design and installation only. 2 years

Stopped-up sewer, fixtures or drains. DBU will assume responsibility for clogged sewers, fixtures and drains only where defective construction or workmanship caused the problem and can be clearly verified on final walk-through. 2 years

PAINTING & CAULKING:

EXTERIOR; Separation or deterioration of caulking. DBU will repair one time. 1 year

Excessive fading or uneven fading on a wall surface in Lake Havasu City sun. DBU will correct, matching colors as closely as reasonable. 1 year

Flaking or scaling of painted surfaces. DBU will correct. 2 years

Mildew appears on painted surfaces. Fungus must be cleaned when detected by homeowner as a maintenance item. No action is required. N/A

INTERIOR; Excessive or differential fading of painted surfaces. DBU will repair matching color as closely as reasonable. 1 year

Scaling or flaking of painted surfaces. DBU will repair. 2 years

Cracking or deterioration of caulking. DBU will repair on a one-time basis. 1 year

ROOFING:

EXTERIOR; Roof and roof flashing leaks. DBU will make necessary repairs. 2 years

Shingles blow off roof. DBU will reseal or replace unless caused by wind velocities exceeding manufacturers' tolerances. 2 years

Uneven shading of roof shingles. Shade variation in shingles is normal. No action is required. N/A

SURFACE; Sun damage. Repair and resealing of surfaces exposed to Lake Havasu City's intense sun is the responsibility of homeowner. N/A

SHEET METAL:

GUTTERS; Gutters do not drain (not normally used in Lake Havasu City). DBU will assure adequate fall to limit standing water depth to 1/2". Homeowner will be responsible for keeping gutters clean.

Leaking gutters. DBU will correct as necessary. 2 years

Color fading. None. This is to be expected with metal awnings. N/A

SITE WORK:

ASPHALT DRIVEWAYS; Indentations or depressions caused by settlement that retain water in excess of 1/2" deep. DBU will repair. 1 year

Cracks 1/8" in width. DBU will repair. 1 year

DRAINAGE; Improper drainage of the site; standing or ponding water in the yard beyond a 24-hour period (48 hours on swales). DBU will re-grade yard or swales in 1st year if proper grades were not established initially. Homeowner is responsible for maintaining drainage of lot. No grading determination can be made during frost conditions. 1 year

GRADING; Settlement of soil exceeding 6" in depth. DBU will fill affected areas on a one-time basis, reinstalling displaced plant material only if originally installed by DBU. 1 year

LANDSCAPING; Trees, shrubs, and grass die after move-in. DBU does not assume responsibility for any landscaping. N/A

APPENDICES

HUD ADDENDUM (Applicable to FHA/VA Financed Homes Only):

The following language is added to Section II.A:

Notwithstanding anything to the contrary herein contained, during the first year of coverage, DBU will correct problems with, or restore the reliable function of appliances and equipment damaged during installation or improperly installed by DBU. In addition, DBU 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 that result in the impaired functioning of the home or some part thereof. Defects resulting from abuse by you or someone else or from normal wear and tear are not considered Construction Deficiencies. Buyer may ask for a review and resolution of a disputed claim by HUD prior to engaging in arbitration.

Where a covered defect is determined to exist and where DBU elects to pay the reasonable cost of repair or replacement in lieu of making such repair or replacement, the cash offer must be in writing and you will be given two (2) weeks to respond. Cash offers more than \$5,000 are subject to an on-site review by a HUD-approved fee inspector (inspection costs to be paid by DBU, as appropriate) unless:

- (a) The cash offer is made pursuant to a binding bid by an independent third party contractor that will accept an award of a contract from you pursuant to such bid;
- (b) Payment is being made in settlement of legal action; or
- (c) You are represented by legal counsel.

The effective date 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 be later than the date of FHA endorsement of your mortgage on the home.

The following sections are amended as indicated and will apply to all new homes constructed by DBU, for which footer concrete has been placed or poured after 1990.

Section II.A

YEAR ONE COVERAGE:

Commencing on the effective date of warranty and subject to the terms and conditions listed herein. DBU warrants that for a period of one year your home will be free from defects due to nonconformity with the warranty standards set forth in Section IV of this warranty. With respect to fixtures, appliances and items of equipment, the warranty is for one year; except for those

fixtures, appliances and items of equipment relating to the heating, cooling, electrical or mechanical systems that will be covered for two (2) years.

YEARS ONE AND TWO COVERAGES:

Commencing on the effective date of warranty and subject to the terms and conditions listed herein, DBU warrants that for a period of two years, your home will have no major Structural Defects (as defined by Section II of this warranty) and that the cooling, heating, ventilating, electrical and plumbing systems will be free from defects due to nonconformity with the warranty standards set forth in Section IV of this warranty.

Actions taken to cure defects will not extend the periods of coverage specified in this warranty provided that DBU does not attempt to conceal or cosmetically repair the defect in effecting a cure.

When DBU finishes repairing or replacing a defective item, you must sign and deliver to DBU a full and unconditional release of all legal obligations with respect to the defect. If the subcontractor fulfills such obligations for DBU, you must sign and deliver to DBU, a full and unconditional release of all legal obligations of DBU with respect to the defect when the subcontractor finishes repairing or replacing a defective item or prior to the subcontractor paying you the reasonable cost of doing so. This release is binding provided that DBU (or the subcontractor or its agents) does not attempt to conceal or cosmetically repair the defect in effecting a cure.

Section II.B.15

Exclusions include all consequential damages including but not limited to costs of transportation, food, moving, storage, or other incidental expenses related to relocation during repairs. DBU's responsibility will include actual reasonable shelter expenses during repairs. In order for the dispute settler to award shelter expenses, a determination must be made that the repair activity renders the house unsafe or uninhabitable during the term of the repair. Consequential damages to real property because of a defect or repair of a defect are covered.

Section III.A

If performance by DBU or any of the respective obligations under this Agreement is delayed by an event not resulting from their own conduct, such performance will be excused until the delaying effects of the event are remedied. Such events include acts of God or the common enemy, war, riot, civil commotion or sovereign conduct.

THANK YOU!

Dr. Bill Ullery
DBU Homes