

Hartz Construction Co., Inc.

New Home Warranty and Service Policy

Code of Ethics

We shall constantly seek to provide better values, so that an ever greater share of our people may enjoy the benefits of home ownership.

We shall at all times contribute our knowledge in home building to the best interest of those we serve.

We shall not obtain any business by means of fraudulent statements or by use of implications unwarranted by fact or reasonable probability.

We shall build high standards of health, safety and sanitation into every home.

We shall encourage research to develop new materials, new building techniques, new building equipment and improved methods of home financing, to the end that every home purchaser may get the greatest value possible for every dollar.

In emergency situations during non-business hours such as early morning, evening, weekend or holidays, the office is closed and the following steps should be taken:

1. Call the appropriate subcontractor from the emergency call list provided in your closing package.
2. Call the Hartz Construction Co., Inc. corporate home office @ 630-228-3800 and enter your superintendent's extension number provided to you at closing. At the prompt, leave a voice mail message for your superintendent. Your voice mail will page the superintendent during the hours of 7:00 a.m. to 7:00 p.m. seven days a week.

Hartz Construction Co., Inc. will not reimburse homebuyers for work done by an unauthorized contractor in an emergency.

Association issues for common areas only should be directed to the property manager at 630-228-3706.

This warranty does not cover ordinary wear and tear, neglect or general maintenance connected with home ownership. This warranty terminates if the property is sold, leased or ceases to be occupied by the original purchaser to whom this warranty is issued.

The provisions of this warranty shall not apply if there is any money owed to the warrantor or the construction contractor, including extras, unless such money is covered by a properly executed escrow agreement.

Where a separate contract exists between owner(s) and a particular contractor covering any phase of construction, the warrantor has no responsibility for warranty enforcement in the area of the separate contract.

Hartz Construction Co., Inc. warrants that for a period of one year from date of closing, or date of occupancy, whichever occurs first, and unless a shorter period is hereinafter specified:

1. We will correct structural defects as listed due to faulty construction and/or defective materials installed by builder, and not in any way modified by others, which are brought to our attention during the period of one year from date of closing, or date of occupancy, whichever occurs first except as otherwise stated herein. No actions taken by the builder to correct defects shall extend the warranty period beyond the initial term of one year. This certificate is applicable only to the matters warranted herein, and only if the noted defects are reported **in writing** before the end of the warranty year. Builder does not assume responsibility for any secondary or consequential damages caused by any defects. Specifically:

a. We warrant the roof and roof flashings to be free from leaks and will keep the roof and roof flashings free thereof during said period from leaks except where such conditions are caused by acts or circumstances beyond our control.

b. We warrant the basement to be waterproof against infiltration of free water due to penetration through walls or floors. This guarantee does not cover condensation, flash floods, hurricanes or leaks through window wells which are not properly maintained (free of debris i.e. paper, leaves, etc). Where wet basement conditions covered by this warranty result from ineffective facilities for the disposal of surface or storm drainage water, the warrantor is authorized to take such steps for corrective action as may be considered desirable. This warranty shall not apply if any person other than warrantor or his agent shall make any openings or holes of any kind in the basement walls or floor, or alter or disturb the builder's grade adjacent to the house, or elsewhere on the lot if the result is to change the drainage or the ground adjacent to or near the house. See Item 1 under "Conditions not covered by Warranty" in regard to foundation cracks and Item 11 of "Conditions not covered by Warranty" in further regards to drainage.

c. We warrant the plumbing system to be in proper working order and free from defective workmanship and materials. Failures caused by negligence of the buyer, or failure to keep foreign materials out of the system are excluded.

d. We warrant that the heating system has been installed in accordance with good heating practice, and has been designed in accordance with standard heat-loss factors so as to maintain an average 70 degree temperature in inside habitable areas with a -10 degree

temperature outside at a wind velocity of 15 mph. When installed, the central air-conditioning unit will maintain an average 75 degrees in all habitable areas inside, at 90 degrees outside temperature. The HVAC system of your home is sized for optimal performance. However, rooms over garages and sunrooms, even though insulated, are exposed to outside air. You may notice temperature differences in these areas. This is not a deficiency. It is also recommended to change all filters monthly. Failure to do so could damage your heating/air conditioning system. Any modification to originally installed heating or air-conditioning equipment by owner during the warranty period shall nullify any warranty of said equipment.

e. Dripping Faucets-Toilet Adjustments. We do not warrant the toilet for any failure or damage caused by the use of either chloramines or high concentration of chlorine in the treatment of public water supplies caused by tank type bowl cleaners containing chlorine, calcium hypochlorite or other chemicals.

Statement of certain conditions not covered by warranty

1. CONCRETE: We will not warrant against cracking or scaling of the concrete flat work (which includes, but not limited to sidewalks, patios, basement and garage floors) or the foundation walls. Cracks of foundation walls, if any, will be repaired only if infiltration of free water exists, not caused by improper grading as described in Item 11 of “Conditions not covered by Warranty.”

a. Cracks-Cracks may develop in concrete patios, walks, driveways, porches, basements, floors or foundations due to expanding and contracting of concrete as changes in temperature occur. Cracks may also develop because of the expanding and contracting of the soil on which the concrete is placed. There is no known way of completely eliminating these conditions and characteristics inherent to concrete. This is normal and not a sign of a construction defect. Cracks in foundation walls, if any, will be repaired only if infiltration of free water exists during the warranty period, subject to Item 11 hereinafter stated.

b. Flaking-The using of de-icing salt or other chemicals can cause flaking of concrete surfaces and should be avoided as much as possible. If the flaking process should appear there is no known cure for it. However, the structural value of the concrete is not affected. De-icing compounds picked up on the city streets due to normal winter driving and carried on to drives and garage floors may also cause flaking. Parking in the driveway, when the streets are salted, can result in your concrete flaking due to the thaw freeze cycle. Occasional washing down of these areas in thaw periods will minimize this damage.

WE RECOMMEND YOU DO NOT PARK ON YOUR DRIVEWAY.

c. Discoloration-Temperature, humidity, or slight variation in the material composition will very often affect the color of the surface. The final strength of concrete is not effected.

2. MASONRY: Efflorescence, a white powdery substance, often forms on new brick walls. This crystallization can be removed with a brush and a weak acid solution.

Light colored bricks have a tendency, due to the materials of which they are composed, to turn a mottled green. The extent of this action varies with the seasons of the year.

Non-uniformity of appearance of antique type brick or cleaning of rock face brick is to be expected. Brick may discolor due to the elements, rain, run-off, weathering, or its innate materials. Color, hardness and porosity of masonry and mortar is non-warrantable.

Cracks may develop in mortar used for bonding bricks together due to shrinkage in either the mortar or the brick. This is a normal condition. Note: Fireplace mortar is “green” and needs to be cured and tempered before being subjected to severe heat.

3. CONDENSATION: If you move into your house prior to having the furnace on for one heating season, you may see some condensation in the basement. This is caused by moisture-laden air striking a cold wall or floor surface on hot, humid days. The basement foundation of your home is backfilled with clay or dirt left over from the excavation. This backfill tends to retain minute air voids until all settlement occurs and the lawn takes hold. Although drain tile in many cases is installed around the basement foundations per plan, these air voids may permit the collection of water next to the foundation and produce minor amounts of dampness in the basement corners the first year. This condensation will disappear as settlement of the backfill is completed. It is recommended not to use a humidifier for the first year of occupancy.

4. LUMBER AND MILLWORK: We will not warrant against the normal effects of settlement, expansion, contraction or warping of materials that may occur in walls, ceilings, doors, windows, etc. Nail pops and cracks in the drywall will occur as the result of the natural shrinkage and drying out of the framing materials.

a. Structural wood members will shrink during the drying out process of your home and, it is a natural characteristic of wood to continue to expand and contract with the changing humidity. The joints of paneled doors, mitered casings, hardwood flooring, and solid paneling may open up. This is normal and will not affect the house structurally. Restoration is a function of homeowner maintenance.

b. Cedar siding and cedar posts of all types have inherent characteristics such as checking, cracking, color variance and knot holes that are natural and are not warrantable.

c. Drywall cracks, nail pops or seams may show in a new home because of drying out and normal expansion and contraction of the wood or masonry to which it has been secured. All measures found effective by research have been taken to avoid these faults, but complete elimination at present is impossible. These items can be repaired easily at the time of your next redecorating.

d. Extensive studies on the subject of floor squeaks conclude that much has been accomplished in eliminating floor squeaks, but complete avoidance is impossible. Generally these will appear and disappear with changes in weather conditions.

5. SURFACES: Smudges in painted surfaces, marks in kitchen countertops and vanity tops, chipping of porcelain surfaces in any item of equipment, chipping or cracking of tile, torn screens, cracked or broken glass in windows, mirrors, and electrical fixtures, readily visible to the human eye, which are not noted for correction at the time of final inspection by the buyer before closing, are excluded from our warranty.

a. **RESILIENT FLOORS:** Normal walking and heavy furniture will cause most resilient floors on the market today to show indentation marks. Expansion and contraction of resilient materials as well as movement of the wood sub-floor may cause butt joints in flooring to show. These are characteristics of the materials and do not affect the inherent quality of the floor. Discoloration in the floor tile may also occur from inherent characteristics or use of certain caustic agents when maintaining these floors.

b. **GROUTING OF CERAMIC TILE:** Separation of tile from tub, at the intersection of wall and floor, or where it is joined with other materials results in loose grout and is inevitable. This is caused by the normal expansion and contractions of all materials involved. This is clearly an item of maintenance and can be easily repaired by the homeowner with tile grout or sealant obtained from almost any hardware store.

c. **EXTERIOR CAULKING:** Exterior caulking material will crack and is considered homeowner's maintenance. Shrinkage of the wood materials used in your home is natural and normal. It is recommended that re-caulking on a regular basis is part of your home maintenance program.

d. **PAINT:** Color fastness under conditions of exposure to extreme sun and weather cannot be maintained although wood surfaces will still have protection of paint. Checks, cracks, and peeling are common items due to causes other than the paint or its application (e.g., allowing lawn sprinkler to hit painted areas will greatly reduce the life expectancy of the painted area involved). Variations in wood grain will absorb the same stain differently (e.g., wood cabinets, doors, paneling, and wood trim). These variances cannot be controlled. You will receive a supply of the paint used in your home for touch-up. The color matching of any paint touch-up is not guaranteed.

e. **COUNTERTOPS:** Plastic laminate tops are used to cover certain kitchen countertops and vanities. These materials are very hard and durable. However, they must be protected from scratches and cuts by sharp objects. Use only mild cleanser and water when cleaning; harsh abrasives will remove the gloss. Though the countertop is resistant to temperatures up to 275 degrees F., do not place hot utensils from the stove on the surfaces, as this will burn the top.

6. ASPHALT SHINGLE ROOFS: Solid covered roofs may show some variation in shade at certain angles of reflection. This is caused by the varying absorption and

reflection of light from the minute granules that make up the surface of the shingles. The position of the granules cannot be controlled by the manufacturer.

7. ELECTRICAL EQUIPMENT: Thousands of home fires are caused each year by abused or misused electrical equipment. Do not let an amateur handyman alter the wiring in your home or repair your electrical equipment.

8. APPLIANCES: Appliances which may be furnished with the home such as oven, range, dishwasher, disposer, etc., shall be warranted in accordance with the manufacturer's specific warranty (generally one year for parts and labor). However, the manufacturer's warranty shall become null and void if the subject appliance is misused, altered, or used for anything other than normal private household use.

9. ASPHALT DRIVEWAYS: "Blacktop" is subject to soil and temperature conditions especially in Northern climates where changes are extreme. Expansion cracks are unavoidable. Sharp objects such as bicycle kick stands, ladders, tire jacks, etc., will cause indentations. Gas or oil spilled on an asphalt surface will cause the material to soften and disintegrate.

10. BACKFILL: You may notice some depressions in backfill of trenches outside the house and beside the concrete walls. This will vary depending on the depth and width of trenches, the type and moisture condition of soil used for backfill. In the event of such settling of backfills and trenches, you may wish to lift up the sod and fill in the depression with dirt. This is normal settlement not included in our warranty.

11. GRADING: Your lot and surrounding lot grades were established by professional engineers to provide drainage away from the building. Should you wish to change the drainage pattern for some reason, be sure that a proper drainage slope is retained. Do not fill above the top of the foundation. Water may enter the typical joint between the foundation and brick or siding. Your builder assumes no responsibility for the grading if established patterns are altered or for water problems caused by improper drainage contrary to his recommendations. If it shall be the buyer's responsibility to install the rough and/or finish grade on the site, the homeowner shall be sure that said grade is such so that water shall not flow towards the foundation in order to cause possible leakage or infiltration. Any leakage or infiltration caused by improper installation of grade shall relieve builder of any responsibility for repair.

12. LANDSCAPING: The grounds around your house must be graded so that the earth slopes away from the building. Sometimes the owner in planting around the house, digs near the foundation and forms a low spot, not realizing that he is creating a dangerous condition. Sodded or seeded areas become the responsibility of the homeowner from the time of closing or date of occupancy, whichever occurs first. Keep in mind that whether or not seed or sod will root and grow depends on the care it is given. In summer or during dry periods continued soaking is essential.

The builder is not responsible for seed or sod washout before it has taken root. Shrubbery, trees, plants, etc., are not warrantable. Existing natural trees are also not warrantable.

13. FROZEN PIPES: Frozen pipes or sillcocks caused by failure to close crawl space vents or overhead doors in freezing weather, or by failure to drain sillcocks and close cutoff valves are not warrantable. Do not leave hose attached to sillcocks in the fall which may cause the cracking of the sillcock pipe in freezing weather.

14. ICE DAMS: Where roof gutters are used on a house, sudden freezing of any water standing in these gutters may create the build-up of an ice dam. Subsequent melting on the roof side of this ice dam can cause leakage underneath the shingles and damage to interior walls. It is important that you inspect for this condition as often as possible. It is also important that leaves, twigs and other foreign materials be kept out of gutters and down spouts so as not to impede the normal flow of water.

The “Extended Coverage” insurance that you carry along with the fire insurance on your house protects you against hail and wind damage to your roof. We urge that you read your “Fire and Extended Coverage Insurance Policy” so that you will know just what protection you have. We are not responsible for any damage of this type.

15. HARDWARE: Door handles and cabinet knobs will loosen with regular use. Tighten and adjust the hardware as needed.

EXPRESS WARRANTY AND DISCLAIMER OF IMPLIED WARRANTIES

Buyer hereby acknowledges receipt of Seller’s “New Home Warranty and Service Policy” certificate which sets forth the terms and conditions of the express one-year warranty which Seller gives hereunder. Seller’s obligation under such express warranty is limited to the repair or replacement, at Seller’s election, of such defects which are brought to Seller’s attention **in writing** during the warranty period and which are proven to be defective upon inspection by Seller.

The limited express one-year warranty as contained in this booklet entitled “New Home Warranty and Service Policy” is in lieu of all other warranties of Seller, express or implied (including but not limited to any implied warranty of merchantability, habitability or fitness for a particular purpose) and inures only to the benefit of original Buyer, and not the Buyer’s successors, assigns, grantees or any other subsequent owners.

BUYER HEREBY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES HEREIN INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTY OF HABITABILITY. BUYER UNDERSTANDS THAT THE CONSEQUENCE OF SUCH DISCLAIMER IS THAT BUYER’S WARRANTY RIGHTS ARE LIMITED

TO THOSE RIGHTS ARISING UNDER THE ABOVE MENTIONED ONE-YEAR EXPRESS WARRANTY.

In no event shall seller be liable for incidental, special or consequential damages arising out of any warranty, express or implied.

We wish you many years of happiness in your new home