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AFTER RECORDING RETURN TO: Altitude Community Law P.C. 555 Zang Street, Suite 100 Lakewood, CO 80228

## LIMITED AMENDMENT TO THE

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF

THE SONOMA VILLAGE AT UTE CREEK HOMEOWNERS ASSOCIATION AND

SUPPLEMENTAL AND ANNEXATION DECLARATION FOR

THE SONOMA VILLAGE AT UTE CREEK HOMEOWNERS ASSOCIATION (Buildings 19 & 20 and Outlots A and B)

THIS AMENDMENT is made this 12 day of August, 20 20

#### RECITALS

- A. Sonoma & Pinnacle, LLC, a Colorado limited liability company, created The Sonoma Village at Ute Creek community ("Community") by recording a Declaration of Covenants, Conditions and Restrictions of The Sonoma Village at Ute Creek Homeowners Association in the real property records of the County of Boulder, State of Colorado, at Reception No. 2500058, on September 9, 2003 (as subsequently amended and supplemented, the "Original Declaration") subjecting the real estate described therein to the terms and conditions set forth in the Original Declaration.
- B. The Original Declaration provides for and allows for this Limited Amendment to the Declaration of Covenants, Conditions and Restrictions of The Sonoma Village at Ute Creek Homeowners Association (the "Amendment") in Section 13.5, which provides as follows:

Except as otherwise provided in this Declaration, any provision, covenant, condition, restriction or equitable servitude contained in this Declaration may be amended, revised, removed or repealed, and new provisions, covenants, conditions, restrictions or equitable servitudes may be added, at any time and from time to time upon approval of Owners holding at least 67% of the votes in the Association. The amendment or repeal shall be effective upon the recordation in the office of the Clerk and Recorder of the County of Boulder, State of Colorado of a certificate setting forth the amendment in full and certifying that the amendment has been approved as set forth above, and containing the written consent and approval of the Association.

C. The Original Declaration also provides for and allows for this Amendment in Section 9.3, which provides as follows:

Unless at least sixty-seven percent (67%) of the Eligible Holders of first lien Security Interests (based on one (1) vote for each mortgage owned) of Units in the Association and requisite Unit Owners have given their written approval, neither the Association nor any Member shall...(g) amend any material provision of this Declaration...If an Eligible Holder of a first lien Security Interest receives written request for approval of the proposed act, omission, change or amendment by certified or registered mail, with return receipt requested, and does not deliver or post to the requesting party a negative response within thirty (30) days, it shall be deemed to have approved such request.

- D. All Owners are aware of the provisions of the Original Declaration allowing for amendment, by virtue of the record notice of the Original Declaration, by acts and disclosures, newsletters or notices of the Association and by other means.
- E. This Amendment has been prepared and determined by the Association and by the Owners that have approved this Amendment to be reasonable and not burdensome.
- F. The purpose of this Amendment is to provide for the annexation of Buildings 19 & 20, associated garages, Outlots A and B, and the surrounding property into the Community.
- G. The undersigned, being the President and Secretary of the Association, hereby certify that the Association and Owners holding at least 67% of the votes in the Association have approved this Limited Amendment. Alternatively, the Association has obtained approval for this Limited Amendment pursuant to the terms and conditions of the Colorado Common Interest Ownership Act. The undersigned further certify that there are no "Eligible Holders" as such term is defined in the Original Declaration.
- H. As amended by this Amendment, the Original Declaration is referred to as the "Declaration."

#### NOW THEREFORE,

- I. <u>Amendments</u>. The Original Declaration is hereby amended as follows:
- (a) Repeal and Replacement. Article 7, Section 7.10 is hereby repealed and replaced in its entirety with the following:

Section 7.10 Annexation of Buildings 19 & 20 and Outlots A and B. The Association and its Members have approved the annexation of the real property set forth on Exhibit 1 attached hereto and incorporate herein by reference ("Buildings 19 & 20 and Outlots A and B") subject to the prior satisfaction of the terms and conditions set forth in the Annexation Agreement attached hereto and incorporated herein by reference as Exhibit 2. Upon satisfaction of the terms and conditions set forth in the Annexation Agreement as determined in the discretion of the Association's Board of Directors, the Board of Directors is authorized and directed to take all action necessary and appropriate to annex Buildings 19 & 20 and Outlots A and B as contemplated by the Annexation Agreement including executing and recording a Notice of Annexation of Additional Land in the real property records of the County of Boulder, State of Colorado which document shall also be executed by the then owner of the property being annexed.

Upon annexation, the Allocated Interest of each Unit shall be equal to a fraction, the numerator of which is one (1) and the denominator of which is the total number of annexed Units within the Community; provided that such Allocated Interests are subject to change if additional Units are annexed to the Declaration.

II. No Other Amendments. Except as amended by the terms of this Amendment and previous amendments, the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment is executed by the undersigned.

SONOMA VILLAGE AT UTE CREEK HOMEOWNERS ASSOCIATION, INC.,

a Colorado nonprofit corporation

President

| Kathryn Cose|
| Secretary

STATE OF COLORADO )	
COUNTY OF <u>Boulder</u> )	88.
The foregoing was acknowledg  August, 2020, by  President of Sonoma Village at Ute Crononprofit corporation.	
Witness my hand and official so My commission expires:	
SYRENITY SKY BARQUIST  Notary Public  State of Colorado  Notary ID # 20174028428  My Commission Expires 07-07-2021	otary Public
STATE OF COLORADO )  COUNTY OF Boulder )	SS.
The foregoing was acknowledg  August ,-2020, by A  Secretary of Sonoma Village at Ute Cr nonprofit corporation.	ed before me this 12 day of  athery Concy, as eek Homeowners Association, Inc., a Colorado  Kathryh Covey
Witness my hand and official so My commission expires: <u>0</u>	
SYRENITY SKY BARQUIST  Motary Public  State of Colorado  Notary ID # 20174028428  My Commission Expires 07-07-2021	JASIA Totary Public

#### **EXHIBIT 1**

BLOCK 1 AND OUTLOTS A AND B SPRING VALLEY PHASE 10, PARCEL R, COUNTY OF BOULER, STATE OF COLORADO

As set forth on the Final Plat of Spring Valley Phase 10, Parcel R in the City of Longmont, State of Colorado, as recorded on May 7, 2002 at Reception No. 2285379 in the records of the office of the Clerk and Recorder of Boulder County, Colorado.

# EXHIBIT 2 ANNEXATION AGREEMENT

[attached]

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#### ANNEXATION AGREEMENT

THIS AGREEMENT is made this \( \frac{1}{2} \) day of \( \frac{1}{2} \), 2020, by and	
between the Sonoma Village at Ute Creek Homeowners Association, Inc., a Colorado nonpro-	fit
corporation ("Association") and Sonoma Village Properties LLC, a Colorado limited liability	
company ("SVP"). This Agreement shall continue for a period of three years following the day	ıte
first set forth above at which time it shall terminate. The term of this agreement may be	
extended prior to termination by further written agreement of the Parties.	

#### RECITALS

- (A) SVP is the contract purchaser for the property described on Exhibit A attached hereto and incorporated herein (the "Property"), which consists of common area to be conveyed to the Association, property previously dedicated to the City of Longmont, and sites for the construction of two future buildings to be known as "Building 19" and "Building 20" respectively, which buildings shall have associated garages; and
- (B) The Association is that certain Association named and referred to in the Declaration of Covenants, Conditions and Restrictions of the Sonoma Village at Ute Creek Homeowners Association, recorded on September 9, 2003 at reception No. 2500058 in the office of the Clerk and Recorded for Boulder County, Colorado, and all recorded amendments and supplements thereto (collectively, "Declaration"); and
- (C) SVP desires to purchase the Property, construct Building 19 and Building 20, provide for the annexation of Building 19 and Building 20 and their associated garages into the Association upon the completed construction of those two buildings, have two outlot parcels conveyed to the Association, and have those two outlots made a part of the Association's common elements; and
- (D) The Association and SVP agree that there would be mutual benefits to be realized from the annexation of the Property to the Association; and finally
- (E) The Association and SVP understand that the contemplated annexation of the Property is subject to the prior approval of the members of the Association and pending the receipt of such approval the Parties wish to set forth the terms and conditions upon which the annexation will occur.

NOW, THEREFORE, in consideration of the above premises, the covenants, premises and agreements set forth below, and for other good and valuable consideration, the Parties agree as follows:

#### 1. Annexation and Acceptance of Outlots.

Upon execution of this Agreement, the Association will submit to the Association's membership, for approval, a proposed amendment to the Declaration. The intent of the proposed amendment will be to provide homeowner approval for the acceptance of two common element outlots and the annexation of Building 19 and Building 20 and associated garages into the community as

more fully discussed in Paragraph 2 below. The Board will support the proposed amendment and recommend to the Association's membership that they approve the proposed amendment. In the event the Association membership fails to provide the requisite approval for the proposed amendment, then no annexation shall occur and the obligations of each Party under this Agreement shall terminate (except the obligations of SVP pursuant to Paragraph 5). In the event SVP does not close on its purchase the Property within 6 months following the date of this Agreement, this Agreement shall terminate (except the obligations of SVP pursuant to Paragraph 5)

- 2. Annexation of Buildings 19 and 20, Acceptance of Outlots, and Dedication to City.
- In the event the Association's membership approves the proposed amendment, then upon (a) the completion of Building 19 and/or Building 20 and associated garages by SVP and at the request of SVP, the Association shall inspect the buildings and garages to confirm that the buildings and garages are built in such a manner and quality as to be consistent with the existing buildings within the community and to confirm that they are reasonably free from defects and have been constructed in a workmanlike manner in accordance with industry standards and the plans and specifications for the buildings, garages, and surrounding common elements attached hereto and incorporated herein as Exhibit B (the "Plans"). In considering whether a building or garage is built in such a manner and quality as to be consistent with the existing buildings within the Association, the Association's determination shall be limited to confirming that the new building and/or garage conforms and harmonizes with the existing buildings within the community in terms of color scheme, materials and quality of materials, and architectural style. The Association's Board of Directors may retain an engineer or other professional to aid in such inspection. In the event the Association elects to retain an engineer or other profession to assist in the inspection, the cost for the inspection shall be split equally between the Parties. Any determination by the Association pursuant to this Agreement shall relate only to annexation purposes and shall not serve to waive any claims the Association may have against SVP related to the design and/or construction of any of improvements.
  - (i) If the Association reasonably confirms that the building and garage is built in such a manner and quality as to be consistent with the existing buildings and is reasonably free from defects and has been constructed in a workmanlike manner in accordance with industry standards and the Plans then the Parties shall execute a notice of annexation of additional land, maps, and any other documents necessary and appropriate to annex the building(s) and garage(s) into the community.
  - (ii) If the results of the inspection indicate that the building and garage is not reasonably free from defects, has not been constructed in a workmanlike manner in accordance with industry standards and the Plans, and/or or is not built in such a manner and quality as to be consistent with the existing buildings then the Parties will resolve such matters to their mutual satisfaction prior to the annexation. Upon the resolution of any such matters to the mutual satisfaction of each Party, the Parties shall execute a notice of annexation of additional land, maps, and any other documents necessary and appropriate to

annex the building(s) and garage(s) into the community. In the event such matters cannot be resolved to the mutual satisfaction of each Party then no annexation of the building(s) or garage(s) shall occur and the obligations of each Party under this Agreement shall terminate (except the obligations of SVP pursuant to Paragraph 5).

- (b) In connection with the annexation of Building 19 and Building 20 and the associated garages, SVP shall:
  - (i) Pay all expenses of construction on a timely basis and ensure that no liens are recorded against the building, garages, or common elements and indemnify and hold Association harmless from all liens or other claims that result from the construction of the building and garage. SVP shall obtain and deliver to the Association executed lien waivers from all contractors that work on the construction of the building.
  - (ii) Provide all purchasers of each Unit within the building a homeowner warranty program which is consistent with the warranty program set forth on Exhibit D attached hereto and incorporated herein.
  - (iii) Provide the Association with an express warranty of fitness of construction regarding all portions of the common elements and Units for which the Association has maintenance, repair, or insurance responsibility pursuant to the Declaration.
  - (iv) Provide the Association with a one-year warranty for the benefit of the Association on all common element landscaping including the sprinkler system which warranty period shall commence on the date of the filing of the annexation documents for the relevant property with the office of the Clerk and Recorded for Boulder County, Colorado.
  - (v) Complete all improvements required by the relevant Final Development Plan on file with the City of Longmont and comply with all requirements of, and agreements with, applicable governmental entities having jurisdiction over the Property.
- (c) In connection with the construction of Building 19 and Building 20 and the associated garages, SVP shall comply with and have the rights set forth on the construction rules and rights attached hereto and incorporated herein as *Exhibit C*.
- (d) Upon SVP's request for annexation of Building 19 and Building 20 and the associated garages (or the later of which if the building are to annexed separately), the Association shall accept a deed from SVP conveying Outlot A and Outlot B as those outlots are legally described on Exhibit A (collectively, the "Outlots") to the Association. Such Outlots are to be a part of the Association's common elements and shall be referenced as such in the deed. The Association's acceptance of the deed shall be contingent upon the following:

- (i) The Association's review and approval of the deed conveying the Outlots to the Association which shall be reviewed and approved by the Association prior to recording.
- (ii) The satisfaction of the terms and conditions set forth in this Agreement required for the annexation of Building 18 and Building 19 and the associated garages.
- (iii) The completion of all improvements on the Outlots as required by the City of Longmont.
- (iv) Inspection of the Outlots and improvements thereon by the Association and confirmation that the Outlots and improvements thereon are in good order, reasonably free from defects, and has been constructed in a workmanlike manner in accordance with industry standards and City requirements. The Association's Board of Directors may retain an engineer or other professional to aid in such inspection. In the event the Association elects to retain an engineer or other profession to assist in the inspection, the cost for the inspection shall be split equally between the Parties. Any determination by the Association pursuant to this Agreement shall relate only to acceptance of the deed and shall not serve to waive any claims the Association may have against SVP related to the design and/or construction of any of improvements on the Outlots.
- (v) If the Association reasonable determines that the conditions set forth in this Paragraph (d) above have not been satisfied, the Association shall not accept the deed to the Outlots until the Parties resolve such matters to their mutual satisfaction.
- (e) That portion of the Property to the north of Outlot A has been dedicated to the City of Longmont. Such portion of the Property shall not be annexed into the Association and the Association shall have no responsibility for said property.
- 3. Application of Association Covenants, Rules, Regulations and Policies.

Once annexed, the Property (or annexed portion thereof) shall be subject to all terms and conditions of the Declaration, including membership in the Association and the obligation of the owner of each Unit to pay assessments as well as compliance with all Association covenants, rules, regulations and policies. The annexation of the Property will not be deemed effective until a notice of annexation of additional land executed by both the Association and SVP along with an associated Condominium Map setting forth the annexed property is recorded in the real property records for Boulder County, Colorado.

#### 4. Annexation Subject to Homeowner Approval

The Parties understand and agree that the annexations and transactions contemplated by this Agreement are contingent upon the Association's members approving the proposed amendment to the Association's Declaration approving of the annexation of the buildings, garages, and Outlots upon the terms and conditions of this Agreement. Upon execution of this Agreement, the Association will submit an amendment to the Declaration to the Association's membership for approval. The intent of the proposed amendment will be to seek membership approval for the annexation of the buildings, garages, and Outlots which annexation will be subject to the terms and conditions of this Agreement. In the event the membership approves of the proposed amendment no further membership approval will be necessary prior to the annexation any of building, garage, or portion of the Property and the annexation may proceed as set forth in this Agreement. In the event the Association's members fail to approve the proposed amendment to the Declaration, then no annexation or acceptance shall occur and the obligations of each Party under this Agreement shall terminate (except the obligations of SVP pursuant to Paragraph 5).

#### 5. Attorney Fees

SVP shall be responsible for any and all legal fees and associated costs incurred by Association up to \$3,500 as a result of, or in any way related to, the transactions contemplated by this Agreement and the associated amendment to the Declaration whether or not such amendment is approved by the Association's homeowners. Such funds shall be deposited by SVP with the Association. The obligation of SVP pursuant to this Paragraph 5 shall survive the termination of this Agreement. In the event of a default hereunder or any legal action pertaining to this Agreement, the prevailing party to such action shall be entitled to an award of its reasonable attorney fees and costs included in such matter, including any fees and costs incurred on appeal.

#### 6. No Waiver.

Nothing contained in this Agreement shall constitute or be interpreted as a repeal of existing codes or ordinances, or as a waiver or negation of the Association's legislative, governmental, or powers to promote and protect the health, safety or general welfare of the Association and its members. Nor shall this Agreement prohibit the enactment by the Association of any fee which is uniform or of general application.

#### 7. Severability.

The fact that any portion of this Agreement may be held unenforceable shall not affect the enforceability of the remaining portions hereof, it being the intent of the Parties, that any such unenforceable provisions shall be deemed severable from the remaining provisions of this Agreement. No waiver of any provision hereof in any circumstance shall constitute a waiver of such provision in other instances.

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#### 8. Entire Agreement.

This Agreement embodies the whole agreement of the Parties. There are no promises, terms, conditions, or obligations other than those contained herein. This Agreement shall supersede all previous communications, representations, or agreements, either verbal or written, between the Parties. This Agreement may not be modified except in writing and executed with the same formalities as this Agreement.

#### 9. Further Assistance and Assignment.

Each Party to this Agreement shall at the request of the other furnish, execute and deliver such documents, instruments, certificates, notices or other further assurances as the other party shall reasonably deem necessary or desirable for effecting complete consummation of the transactions contemplated by this Agreement.

#### 10. Assignment and Applicable Law.

This Agreement may be assigned only with the prior written consent of the other Party which consent shall not be unreasonably withheld. The assigning Party will provide thirty (30) days prior written notice to the other Party of any intent to assign, and any assignment is further contingent upon the assignee's written agreement to accept all of assignor's obligations pursuant to this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, and each of the Parties submits to the jurisdiction of the courts of the State of Colorado for the resolution of any dispute or controversy arising in connection herewith.

#### 11. Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement.

- 12. <u>Indemnity</u>. SVP shall indemnify and hold harmless the Association, and its officers, directors, managers, members, and agents against any and all loss, damage, liability, claims, demands, cost or expense, including attorney fees and costs of litigation, arising from or in any way attributable to the actual or alleged negligence, misconduct, or breach of this Agreement by SVP including without limitation, injuries or deaths to persons and damage to property.
- 13. <u>No Liens.</u> All improvements constructed by the SVP on the Property which are, or will become, part of the Association's common elements shall be constructed in a good and workmanlike condition, in accordance with industry standards, free and clear of all claims, liens and encumbrances arising by, through or under SVP. At all times, SVP shall defend and hold the Association harmless from and indemnify the Association from and against all such claims, liens or encumbrances, pending or threatened.

[signatures to follow]

Sonoma Village Properties LLC,
a Colorado limited liability company
Mark C Rehm  Its: Member Manager
t of the Sonoma Village at Ute Creek rofit corporation.
10/11/
for Mys a
ary Public
JOEL ADDINGTON Notary Public State of Colorado
Notary ID # 20184048652 My Commission Expires 12-27-2022
day of June, 2020 by of Sonoma Village Properties
Denue Bala ary Public
Geneva M Cruz-La Santa Notary Public State of Colorado Notary ID # 19954007168 My Commission Expires September 26, 2020

#### **EXHIBIT A**

BLOCK 1 AND OUTLOTS A AND B SPRING VALLEY PHASE 10, PARCEL R, COUNTY OF BOULER, STATE OF COLORADO

As set forth on the Final Plat of Spring Valley Phase 10, Parcel R in the City of Longmont, State of Colorado, as recorded on May 7, 2002 at Reception No. 2285379 in the records of the office of the Clerk and Recorder of Boulder County, Colorado.

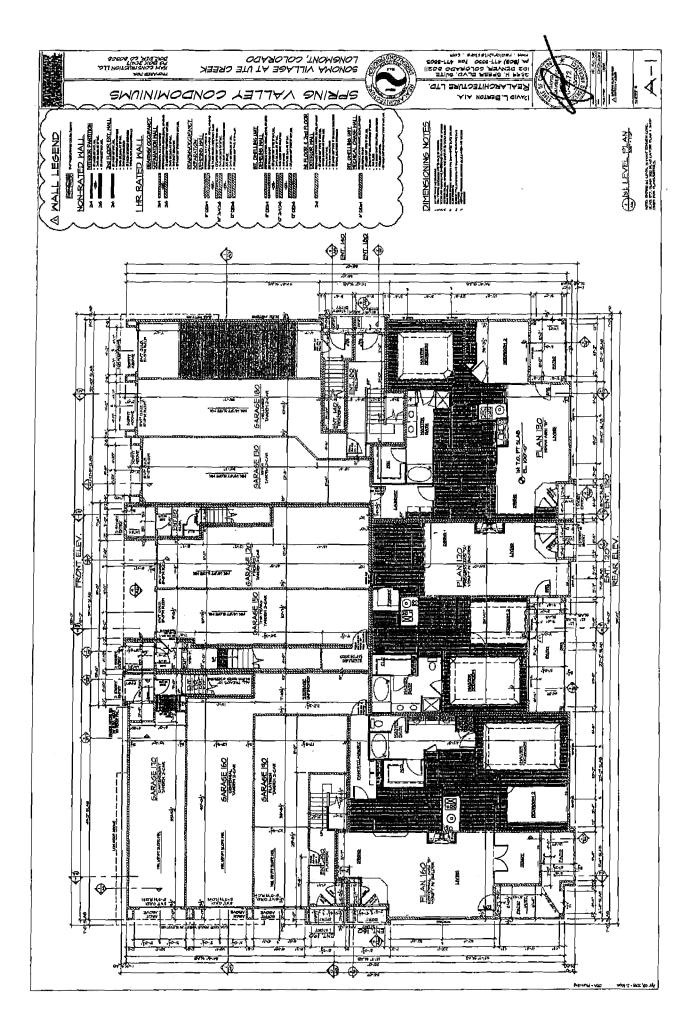
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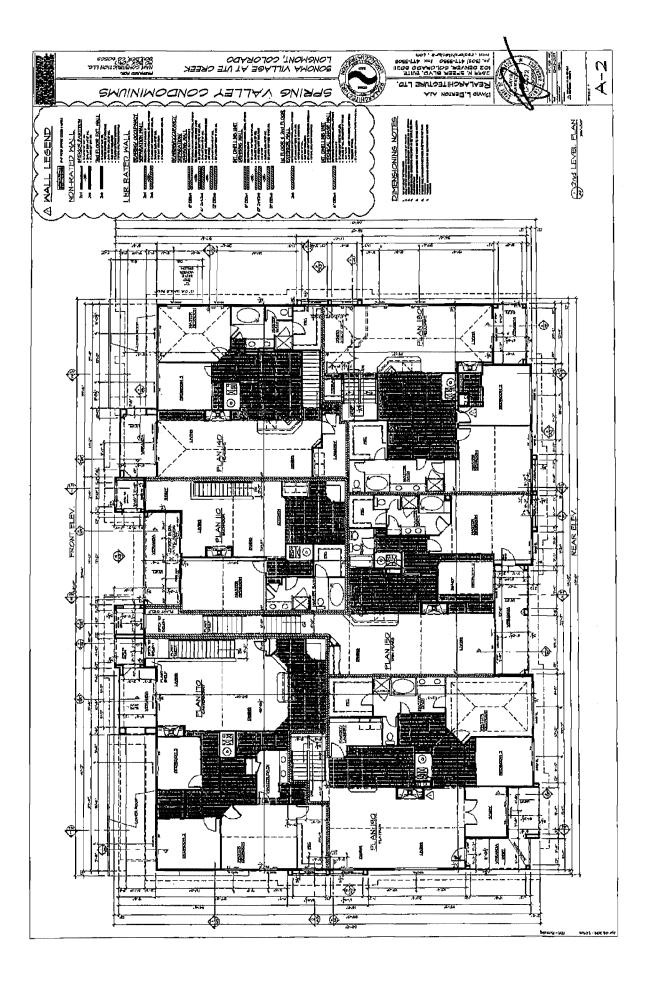
### **EXHBIT B**

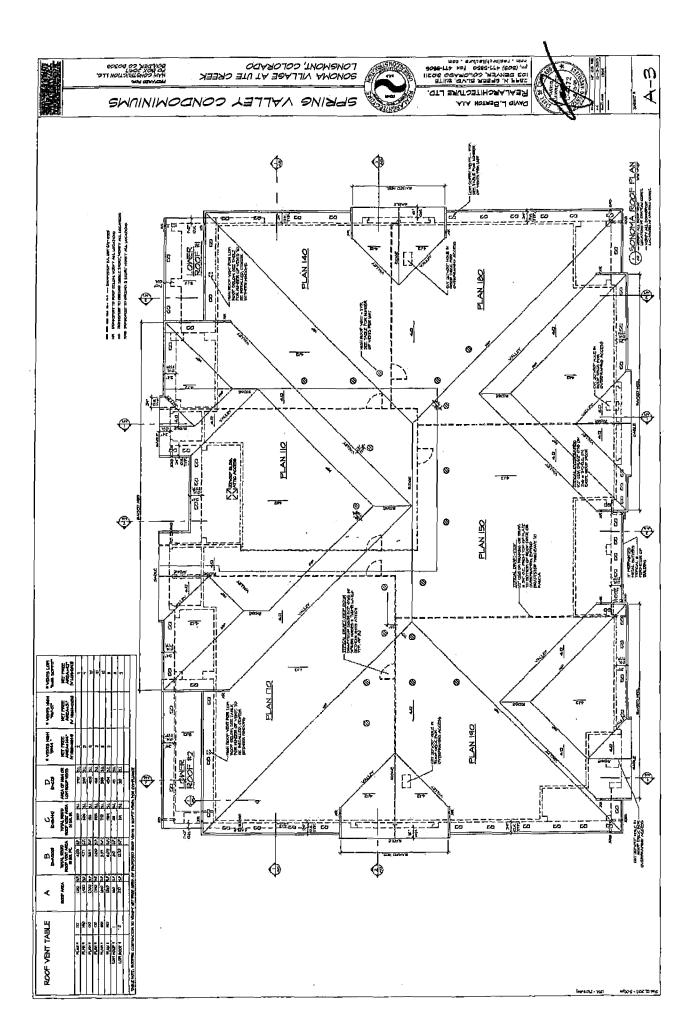
See attached plans and specification for Building 19 and Building 20

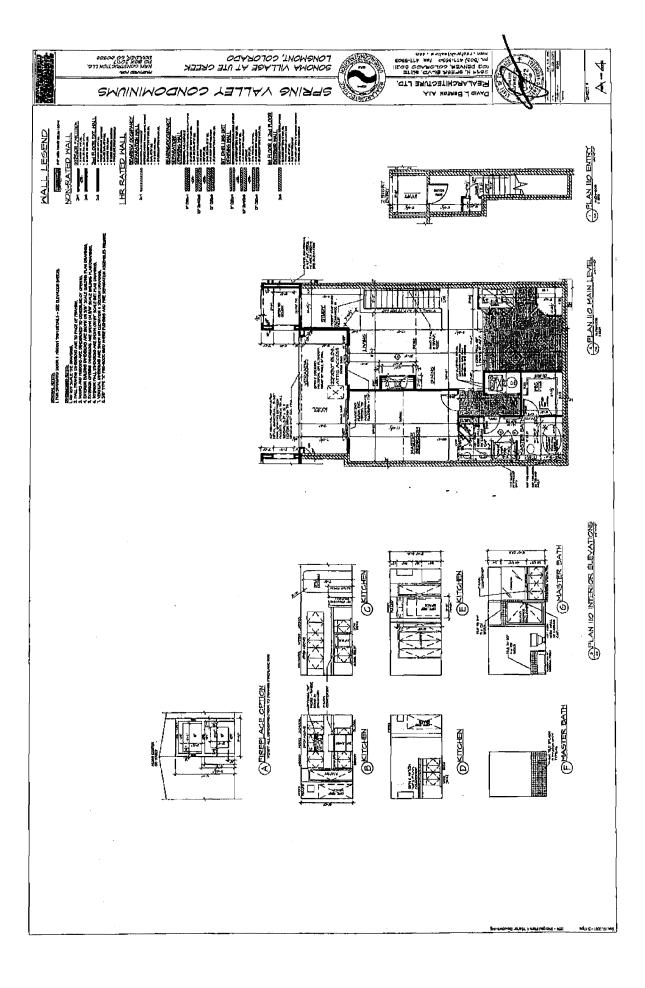
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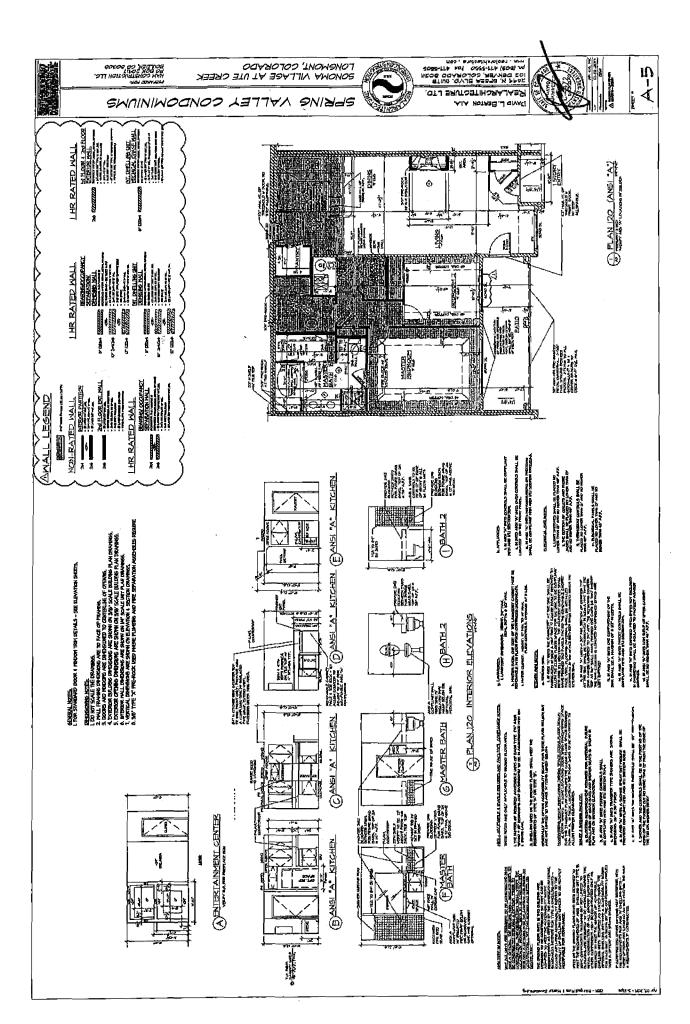
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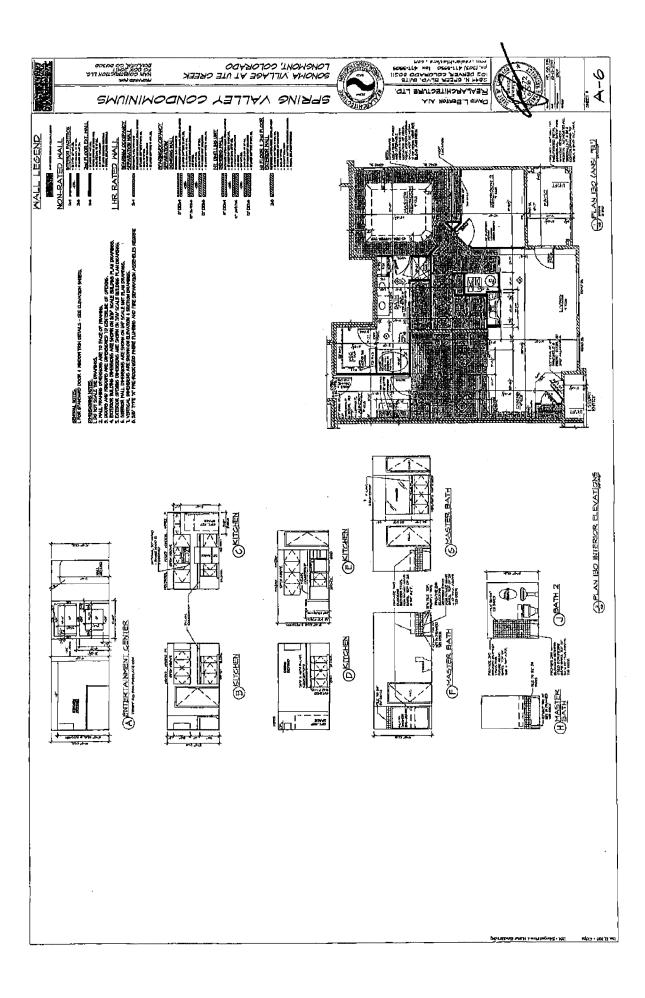


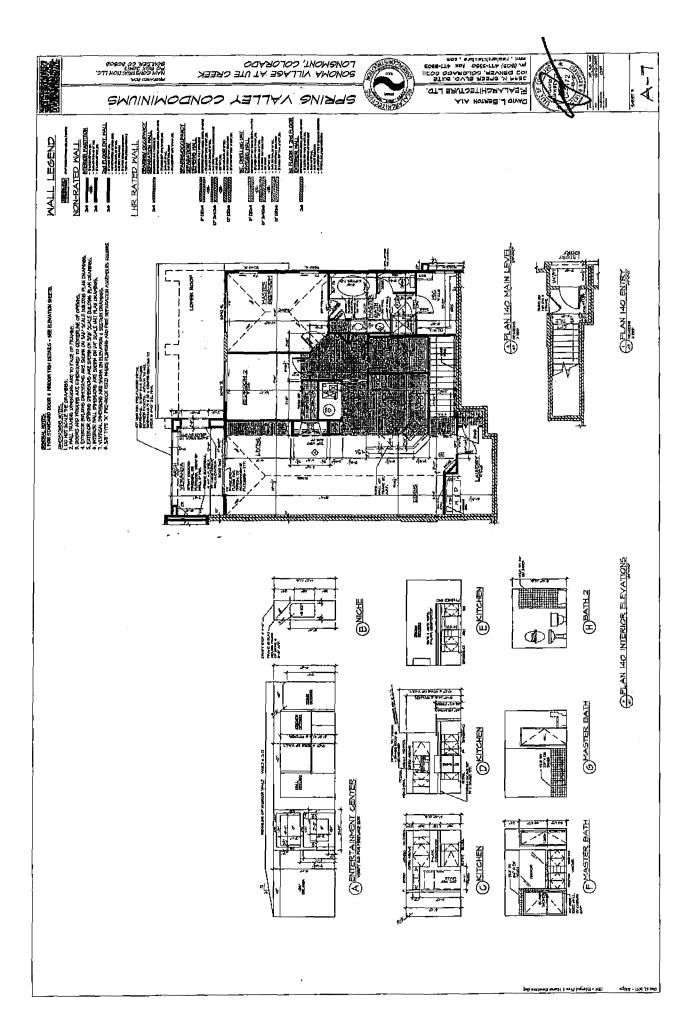


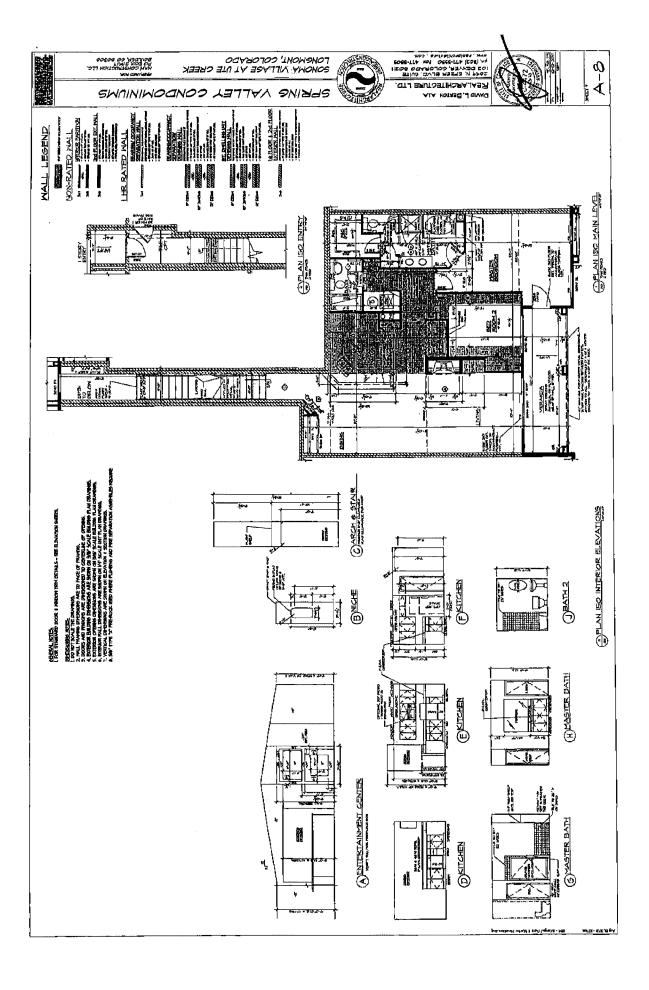


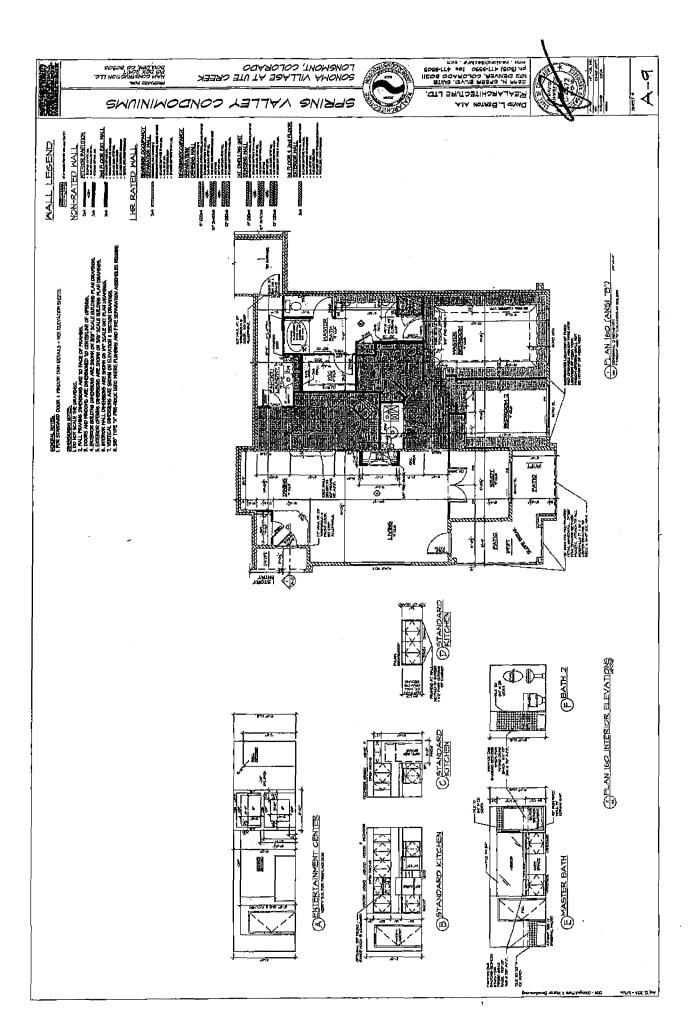


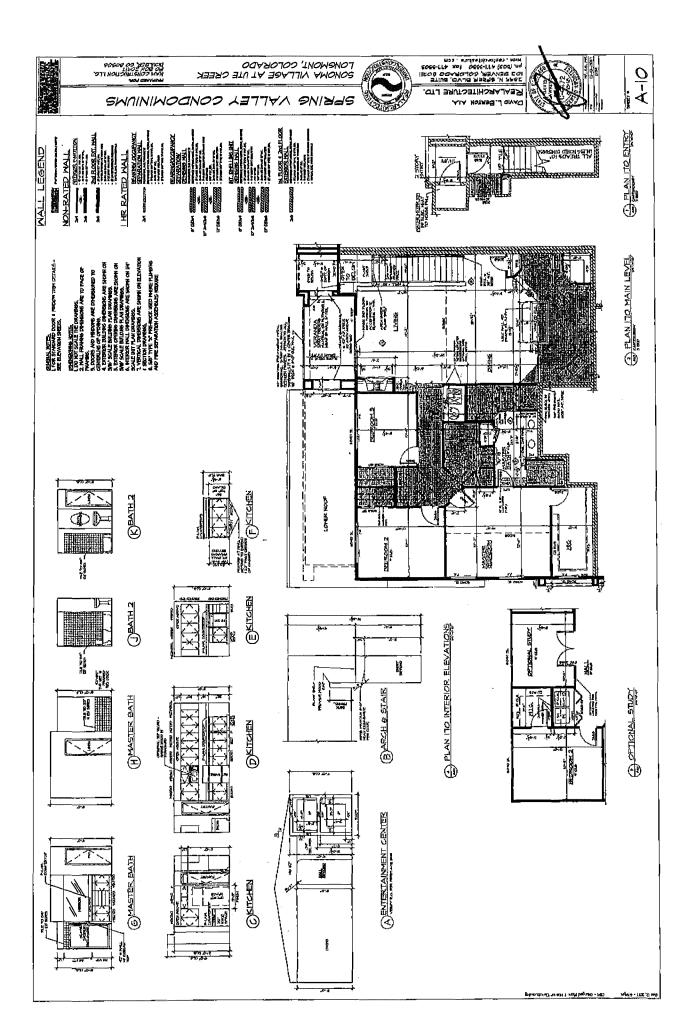


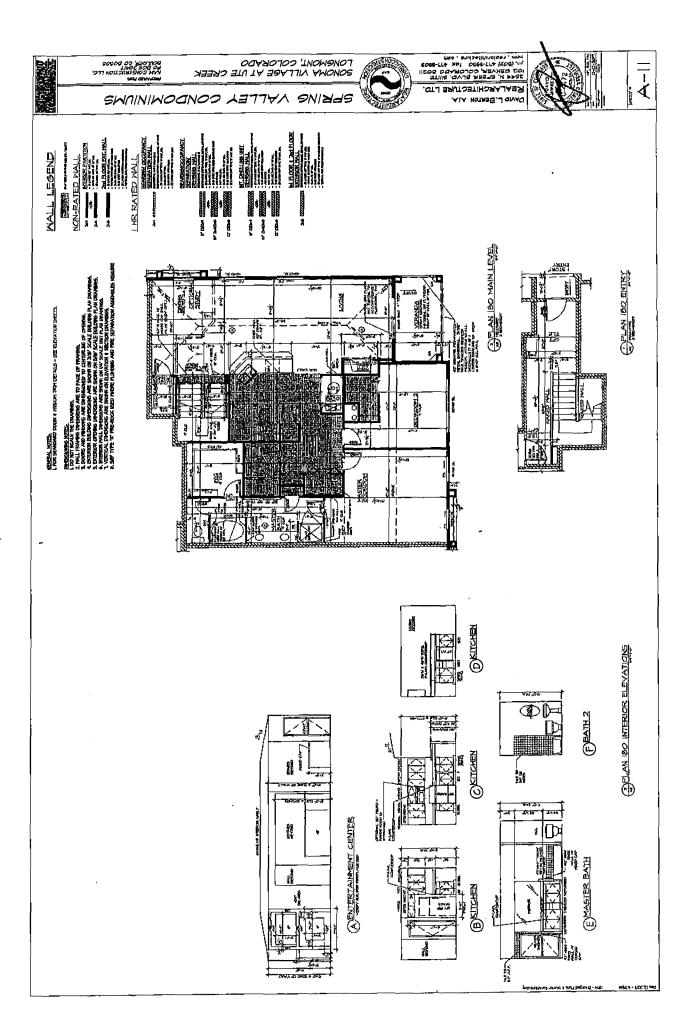


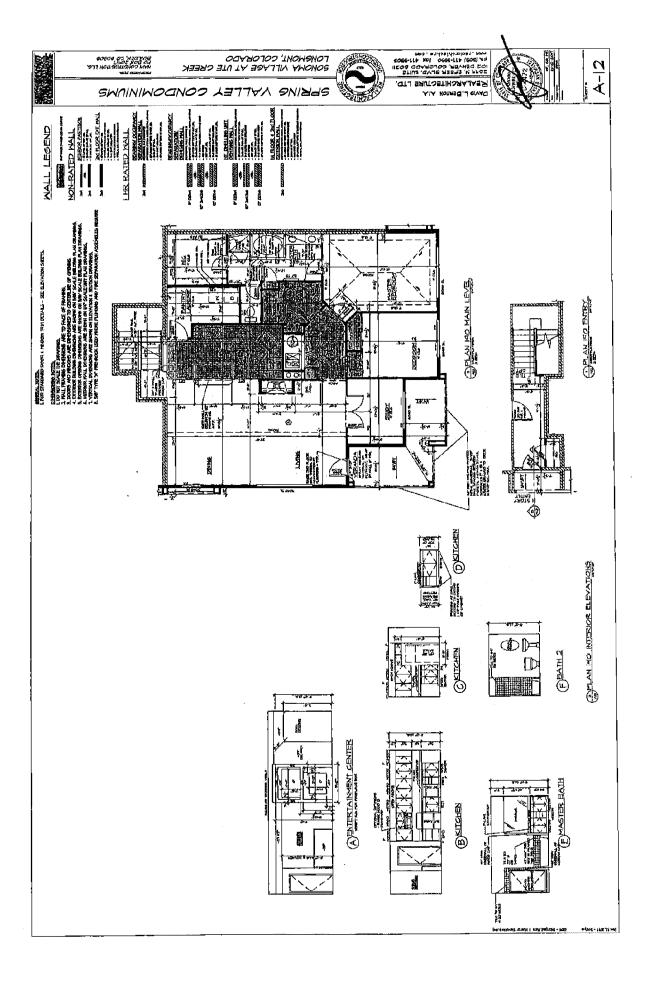


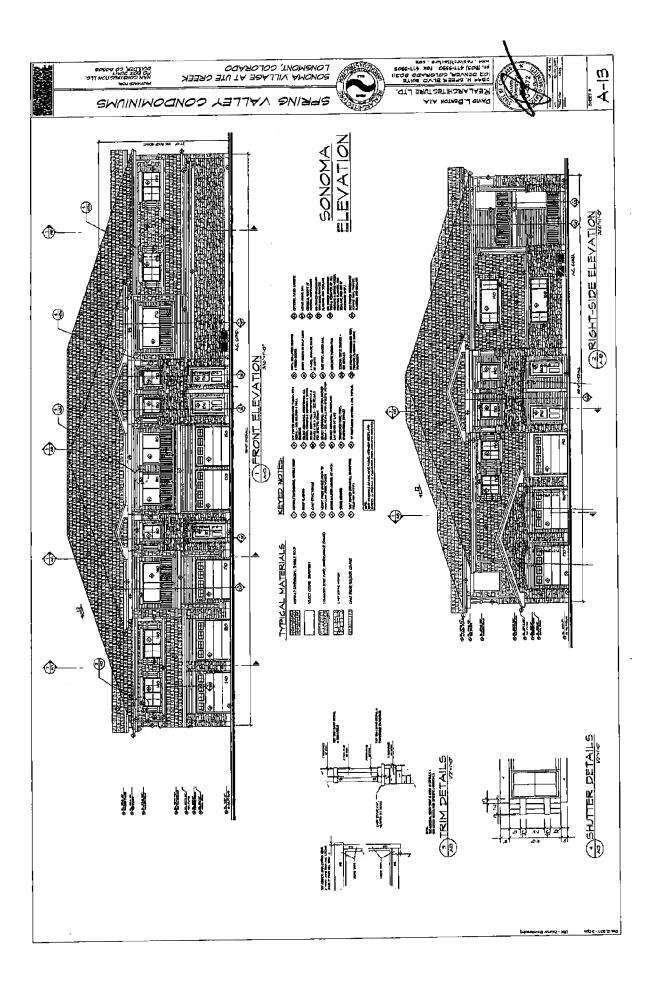


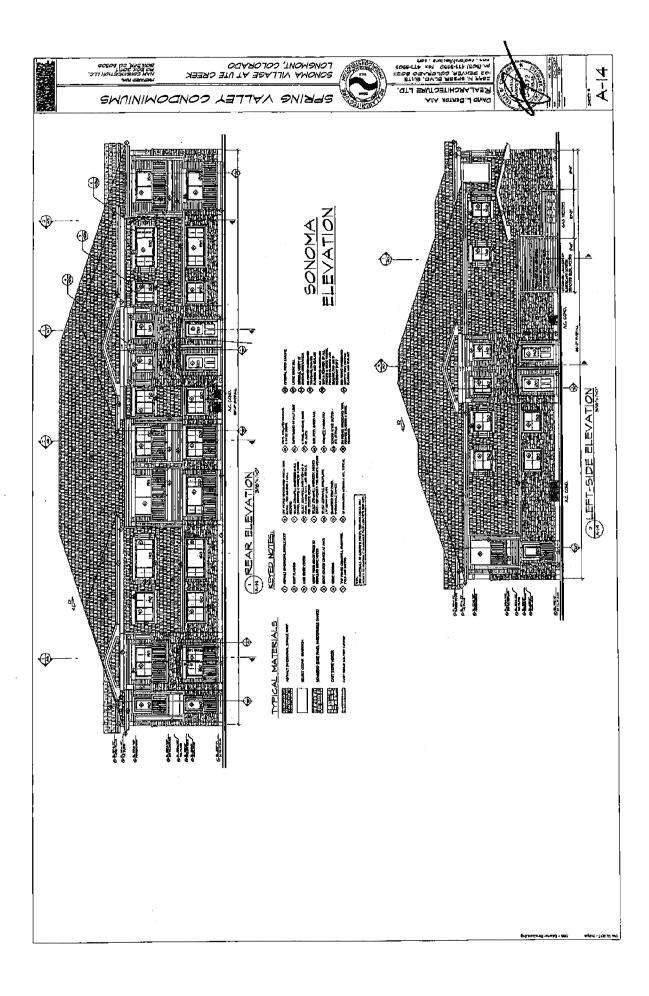


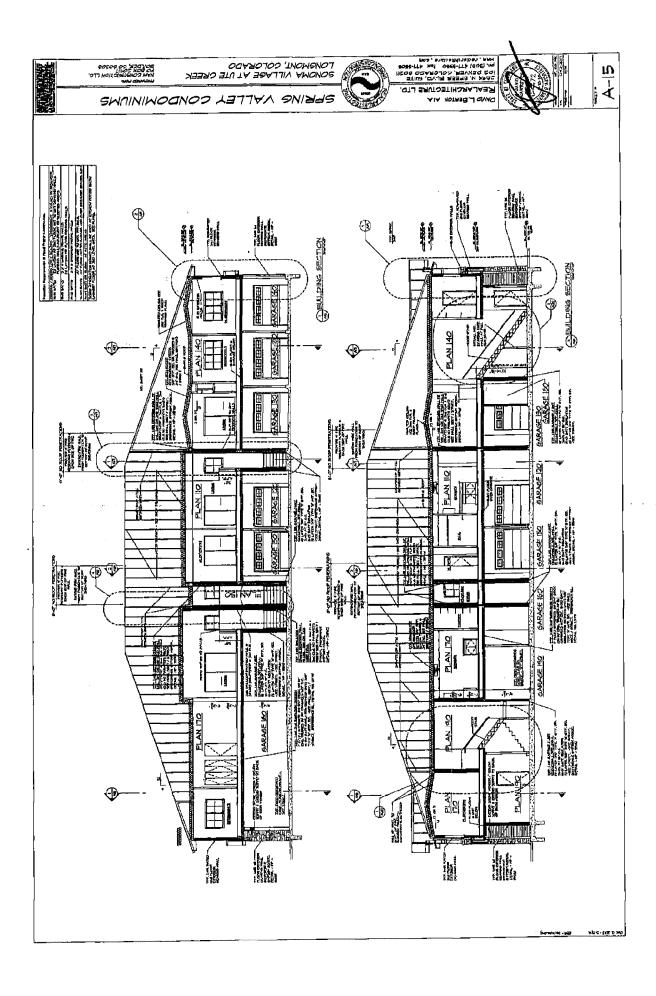


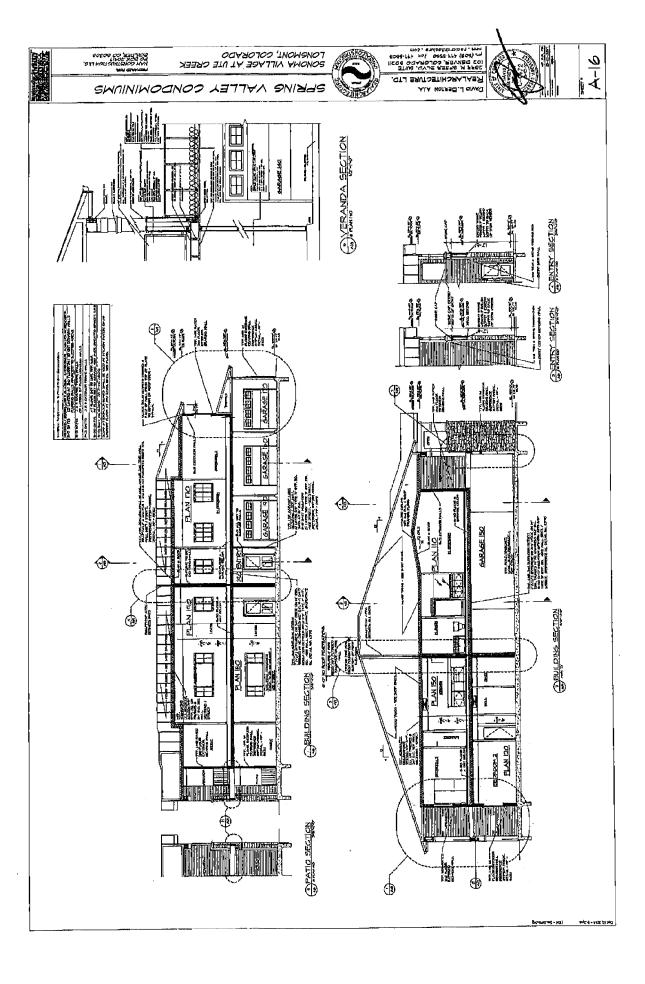


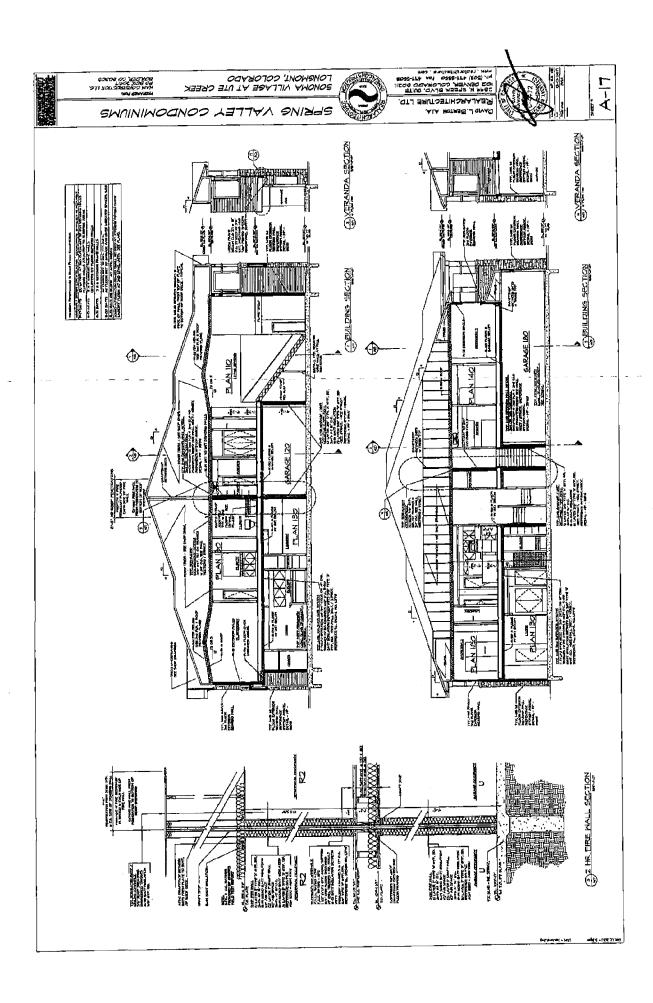


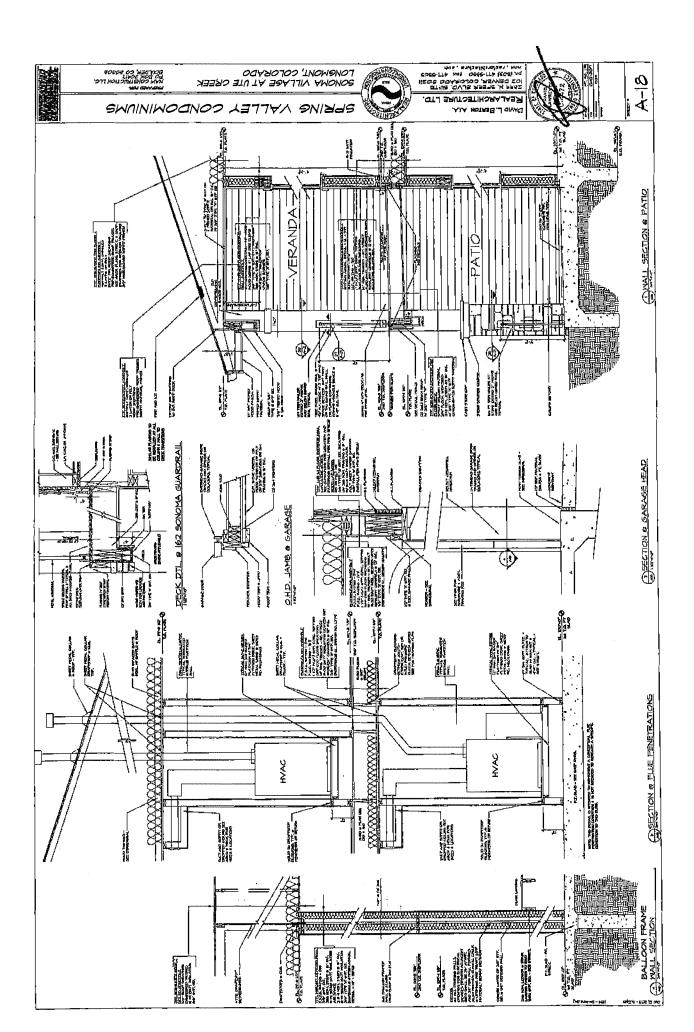


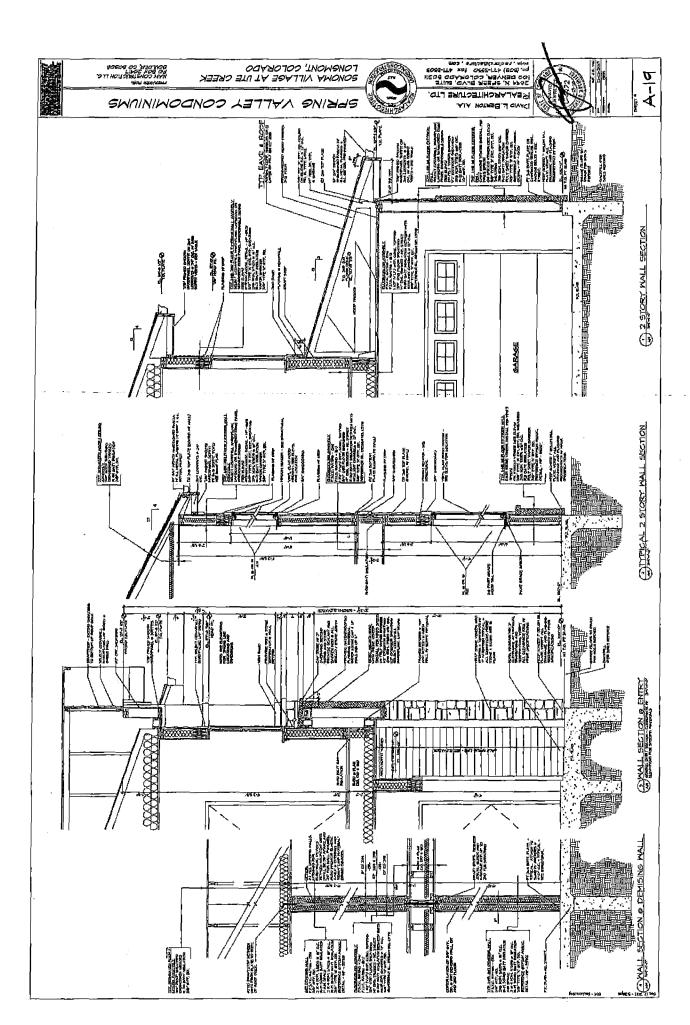


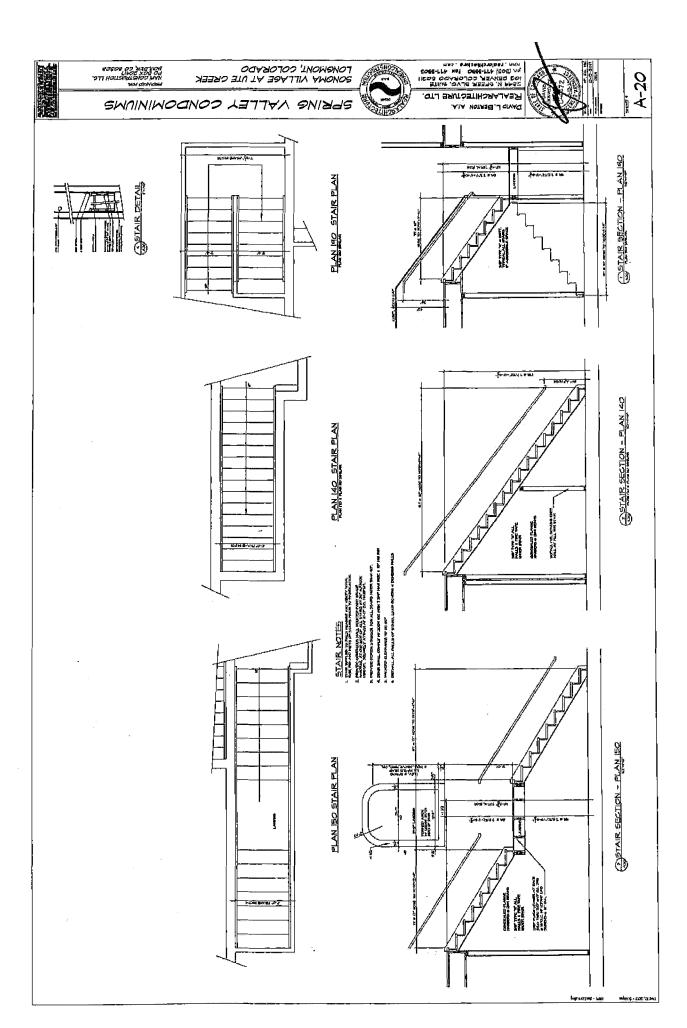


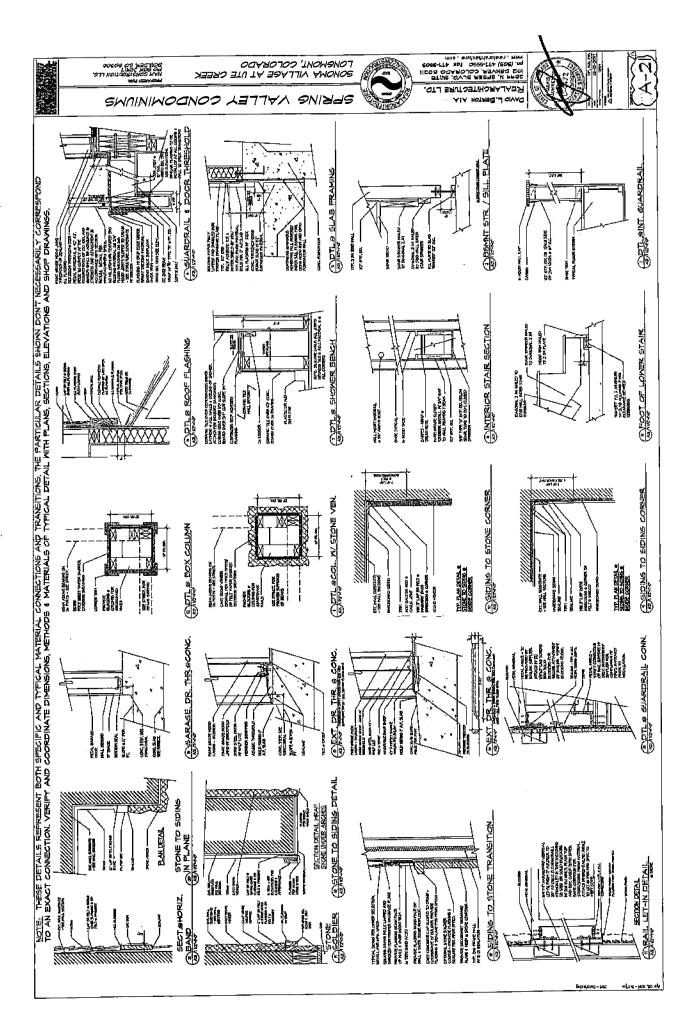


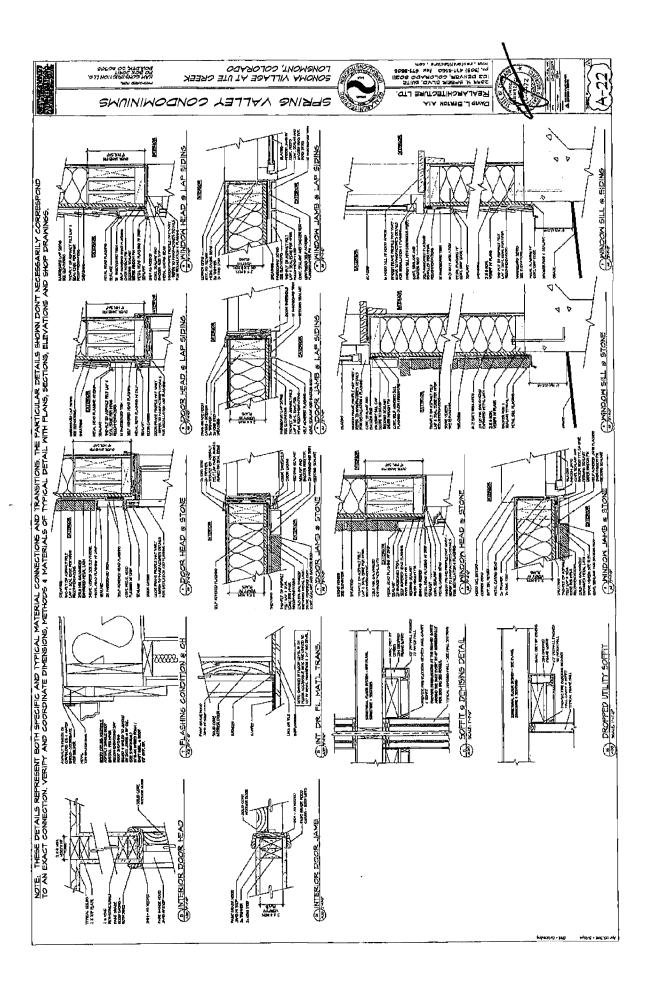


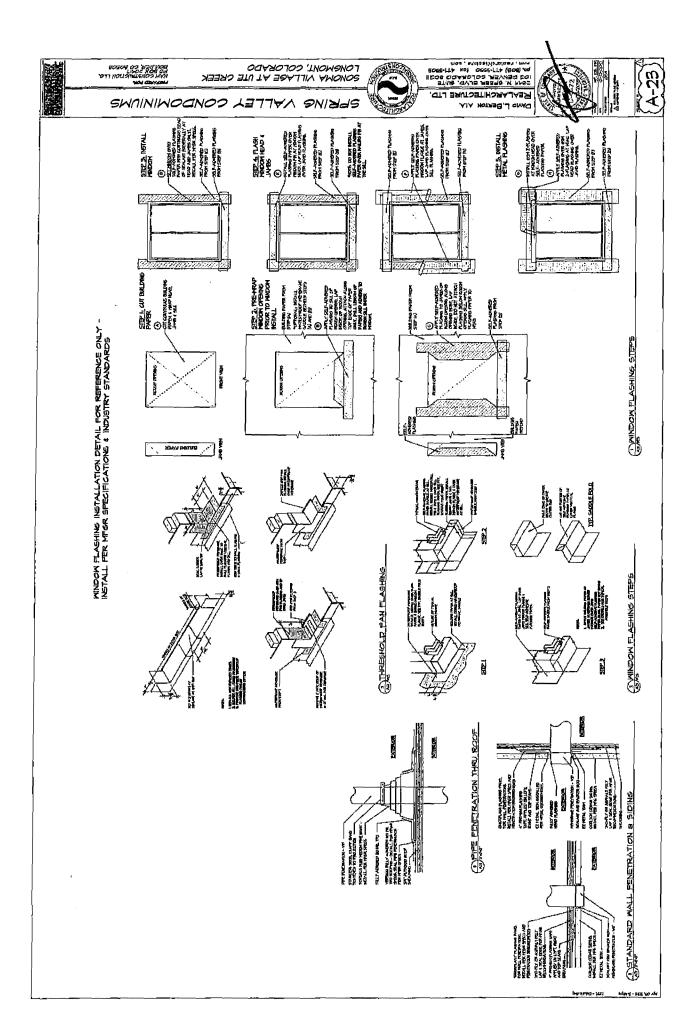


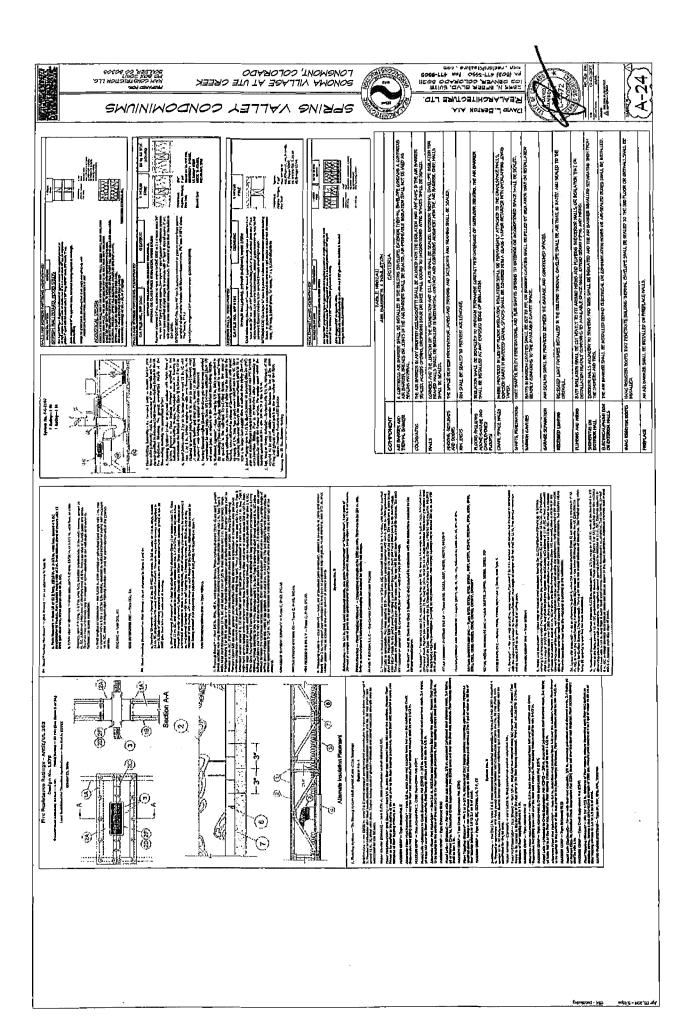


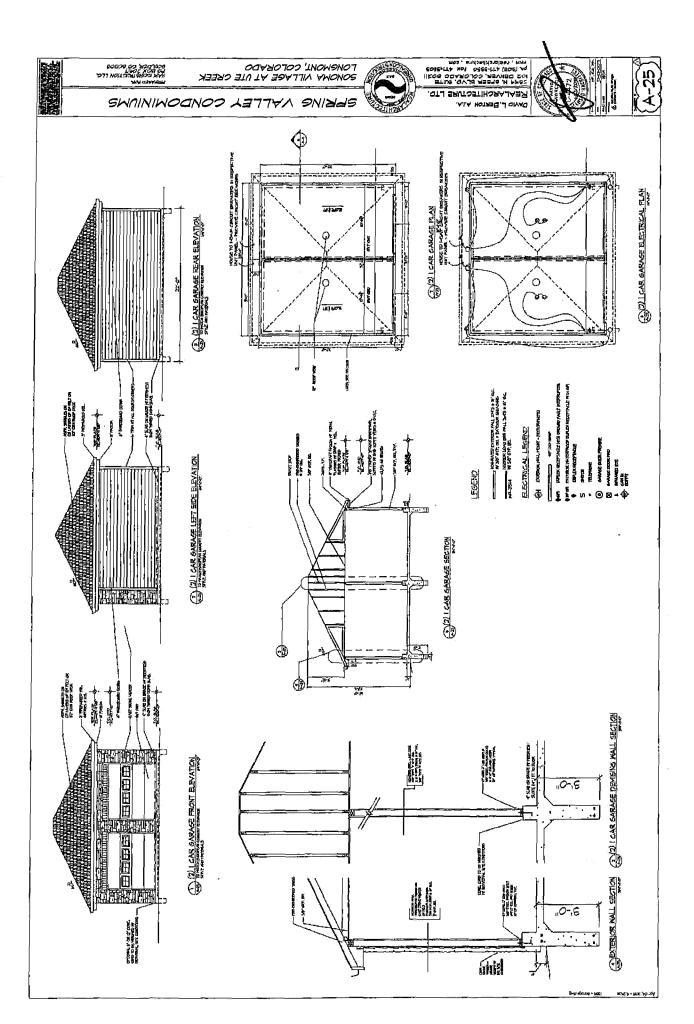












### **EXHBIT C**

See attached Construction Rules and Rights

10

### Construction Rules and Rights

- a. All construction activity will be limited to the hours of 7:00 AM to 7:00 PM Mondays through Fridays and 8:00 AM to 6:00 PM on Saturdays. No construction activity is permitted on Sundays.
- b. Construction fencing shall be installed around the perimeter of construction areas as required by law.
- c. Construction shall not unreasonably interfere with the current homeowners' access to their residences. In the event portions of the project will cause reduced access to any residence, a construction manager from SVP will notify the affected homeowner(s), which notice shall be in writing, of the type and expected duration of the inconvenience. In no event shall any owner be deprived of access to his/her residence at any time during the construction process. In no event shall construction equipment impede or interfere with snow removal in the winter months.
- d. No music shall be played on the construction site in construction vehicles at volumes that are disturbing to surrounding residents. There shall be no unnecessary loud or boisterous conduct or profanity use on the construction site.
- e. All construction workers shall park only in legally allowable spaces on SVP property, except that exceptions for deliveries and certain construction practices such a concrete construction and craning of materials shall be allowed on SVP property outside legally allowable spaces for short periods not to exceed 24 hours.
- f. All personal trash will be removed from the site daily and equipment, materials and, vehicles safely stored. SVP shall not stage or store any materials on Association property without written permission from the Association.
- g. Construction on the project will continue in a reasonably expeditious manner barring unforeseen or uncontrollable delays including but not limited to weather conditions, and labor and/or material strikes or shortages. Construction shall be completed within 12 months of commencement, subject to unforeseen or uncontrollable delays.
- h. All construction on the project will be done in compliance with all applicable laws, ordinances, and City codes including but not limited to compliance with all applicable laws related to storm water and drainage and obtaining all required permits.
- i. SVP will not use or connect to any utilities owned, managed, or maintained by the Association without prior written consent from the Association.
- j. Any damages caused by SVP or its contractors to real or personal property owned, managed, or insured by the Association shall be repaired by SVP. Prior to commencement of construction, SVP and a representative of the Association shall walk the project and document any deficiencies in asphalt, concrete and other improvements.

- k. Prior to construction, SVP shall provide Association with proof of its and its contractors' and subcontractors' liability, workman's compensation, and automobile insurance policies as well as copies of all necessary permits for the project. All such insurance policies shall name the Association as an additional insured.
- I. Any material changes, deviations, and/or modifications to the plans set forth on Exhibit B require the advanced written approval of the Association.
- m. Association agrees to allow SVP to place marketing and signage in mutually agreeable locations throughout the community through the sales timeline for Buildings 19 and 20.

### EXHBIT D

See attached Homeowner Warranty Program

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# EXHIBIT 1 TO ADDENDUM C CPM CONSTRUCTION SERVICES, INC. LIMITED WARRANTY TABLE OF CONTENTS

Introduction Introduction The Spirit of Warranty The Rights of Your Home	1 1 1-3
THE LIMITED WARRANTY The Limited Warranty Exclusions Limitation of Liability Warranty Coverage Disputes Requesting Warranty Service	
CPM PERFORMANCE STAND	DARDS
Expansion Joints Floor Foundation Walls Sump Pump Waterproofing	
CABINETS Kitchen/Bath	11
CHIMNEY AND FIREPLACE Brick Chimney Fireplace	
CONCRETE  Driveways Flatwork Garage Floor Stoop	
COUNTER TOPS Kitchen/Baths	13
DOORS Exterior Garage	13 14



DRYWALL (SHEET ROCK)	www.CPANDM.net
Interior Finish	14
EXTERIOR	
Trim	
Flashing	,
Shingles	.,,,,
Walls	
=1.00=11.0	
FLOORING	40
Carpet	15
Hardwood	16
Resilient	16
FOUNDATION	40
Floor Slab	16
Footings & Walls	16
55.4574.0	
FRAMING	40
Bearing Walls and Braces	
Floor & Roof Sheathing	16
Structural Fasteners	16
Trusses and/or Joists	
Vents	
Walls/Floors	
Windows	
INCLU ATION	
INSULATION	40
Infiltration	18
INTERIOR	
Ceramic Tile	10
Doors	18
Dools	18
MASONRY (BRICK)	
Exterior Finish	
LATERIOR I MISH	
MECHANICALS	
Electrical	18
Heating and Cooling	19
Plumbing	19
ridilibilig	
PAINTING AND CAULKING	
Exterior	20
Interior	20
intenoi	
ROOFING	
Exterior	,
Surface	21
Juliave	

<b>ا</b> لم			
- 5	CAN COLORS	D. Property	Marie .
	$\mathbf{C}$	PM	
Constr	uction S	ervices.	lue

SHEET METAL	www.CPANDM.net	
Gutters	21	
SITE WORK		
Asphalt Driveways	21	
Drainage	22	
Grading		
Landscaping	22	
APPENDIX		
HUD Addendum	23	



### CPM CONSTRUCTION SERVICES, INC.LIMITED WARRANTY PLAN

### I. INTRODUCTION

This introduction provides a general overview of the coverage in the CPM Construction Services, INC.("CPM") Limited Warranty. The specific details, limitations and conditions of the CPM Limited Warranty are provided to you in this book. In general, the Limited Warranty is a commitment that materials and workmanship are warranted for one year from the time of closing. Defects in materials and workmanship in the structural elements of the home are not warranted by the CPM Limited Warranty Plan.

Some appliances, equipment and other components included in the home are not covered under the CPM Limited Warranty, but are covered by separate warranties provided by the manufacturer or supplier. These warranties are assigned to you at the time of closing.

THE SPIRIT OF THE WARRANTY - Our warranty commitment is easy to understand and based upon common sense. We believe you have the right to expect a clean home which is complete and reasonably free of defects 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, CPM will arrange for 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 preventative 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 CPM and WHAT YOUR HOME HAS A RIGHT TO EXPECT FROM YOU. Following that is the LIMITED WARRANTY, WARRANTY EXCLUSIONS, LIMITATION 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 discusses in general layman's terms what you can expect from CPM in the construction of your new home and what your home should expect from you in ongoing maintenance and care.

## YOU HAVE A RIGHT TO EXPECT FROM CPM

#### 1. SOIL DRAINAGE

Your home has been placed on reasonably 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.

#### 2. CONCRETE SURFACES

The concrete surfaces in your home should 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

### 3. STRUCTURAL INTEGRITY

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

### 4. INTRUSION OF THE ELEMENTS :

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

## YOUR HOME HAS A RIGHT TO EXPECT FROM YOU

Your home and lot were designed with a particular drainage pattern which should carry rainwater away from the foundation. Water should not be directed to the edge of the foundation either in the form of lot drainage or the watering of flowers

Concrete surfaces should be free of salts (for ice) 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

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

In many cases, the seal around doors and windows is caulk. This material will require annual inspection and any necessary replacement after one to two years. Water from yard and lawn watering devices should not come in contact with the structure.



### YOUR RIGHTS AND THE RIGHTS OF YOUR HOME

## YOU HAVE A RIGHT TO EXPECT FROM CPM

### 5. MECHANICAL SYSTEMS

Those systems installed in your home to provide power, water, treated air, ventilation and waste disposal are in working condition.

#### 6. FINISHED SURFACES

Finished surfaces should maintain uniform or characteristic appearance for a reasonable period of time. Cracks or surface deterioration shall be repaired as provided in the Limited 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 the types of materials involved and usage. As time goes on, adjustments will be required.

### 8. COMMON ELEMENTS

If your new home is part of a multifamily development, the common elements should be in the same reasonably clean and completed condition as your unit. This includes entries, common hallways and common utility and service areas.

# YOUR HOME HAS A RIGHT TO EXPECT FROM YOU

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 shower heads because they can break. Some devices must be cleaned periodically (e.g., furnace filters) so that they may operate as designed.

Wood requires cleaning and sealing to prevent problems of water penetration and continual exposure to the elements. 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.

Instructions for care and maintenance are included with many components of your home, including finished flooring, appliances and air handling equipment. Following these instructions will extend the life and improve the performance of these components.

The common areas require the same care and maintenance as your home. Although your homeowner or condo association is responsible for maintenance, all residents should strive to keep these areas clean and useable.



### II. THE LIMITED WARRANTY

THIS LIMITED WARRANTY INCLUDES PROCEDURES FOR INFORMAL SETTLEMENT OF DISPUTES, SUCH AS ARBITRATION, WHICH WILL BE BINDING ON YOU AND AMBER DEVELOPEMENT IF PERMITTED BY STATE LAW. YOU SHOULD READ THIS WARRANTY IN ITS ENTIRETY, INCLUDING THE ADDENDA AT THE END OF THIS LIMITED WARRANTY INFORMATION, IN ORDER TO UNDERSTAND THE PROTECTION IT PROVIDES, EXCLUSIONS THAT APPLY, AND THE PERFORMANCE STANDARDS WHICH DETERMINE WHETHER THERE IS COVERAGE IN EACH CASE.

#### A. THE LIMITED WARRANTY

CPM Limited Warranty Commitment relates only to Covered Defects which are defined as defects in material and workmanship that are either part of the structure or are elements of the home as supplied by CPM 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.

This Limited Warranty is provided to the original purchaser of the home and is not transferable. If the original owner sells or rents the property, uses the home for a commercial use or any use other than originally intended, the warranty becomes null and void.

One Year Coverage – CPM 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 Performance Standards, for a period of one (1) year after the closing date.

One Year Coverage – CPM warrants the workability, as defined in the Performance Standards, of the plumbing, electrical, heating, ventilating, air conditioning and other mechanical systems for a period of two years after the closing date.

10 Year Coverage – CPM warrants the Structural Elements of the home are 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 foundation systems and footings; load-bearing beams and girders; lintels (other than those supporting veneers); roof framing members (rafters and trusses); floor framing systems (joists and trusses); bearing walls; load-bearing columns; and structural roof sheathing (only if your Home has the original FHA financing in effect).

If a defect occurs in an item covered by this Limited Warranty, CPM will repair or replace it to meet or exceed the Performance Standards. In the case of defects in Structural Elements, CPM 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.

CPM assigns to the homeowners warranties for particular appliances and equipment furnished by the manufacturer to CPM. CPM 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 the manufacturer. In the unlikely event that the manufacturer is not responsive to the request, CPM will assist the homeowner in attempting to obtain the necessary repairs or replacements from the manufacturer.

The benefits included in this Limited Warranty are only available when service is requested according to the procedures established by your local CPM team 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 CPM from its obligations under this warranty. CPM aggregate total liability shall not exceed the original contract price of the home.

CPM reserves the right to use its reasonable judgment in determining the most appropriate method of repairing warranty defects. CPM 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 exceed the periods of coverage specified in this Limited Liability.

CPM cannot guarantee, nor does it warrant, exact color matches in situations where materials are replaced or areas are repainted or original materials are discontinued.

### B. EXCLUSIONS

This Limited Warranty excludes any loss or damage which 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 CPM, it agents, or subcontractors.
  - b. Failure by you or anyone other than CPM, 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 CPM of any defects.



- d. Changes in the grading of the ground by anyone other than CPM, its employees, agents or subcontractors.
- e. Changes, alterations or additions made to the home by anyone other than CPM, after the Limited Warranty commence date.
- f. Dampness or condensation due to your failure to maintain adequate ventilation.
- 3. Loss or damage which the homeowner has not taken timely action to minimize.
- 4. Any defect caused by, or resulting from materials or work supplied by someone other than CPM, its agents or subcontractors.
- 5. Normal wear and tear or normal deterioration.
- Loss or damage, not otherwise excluded under this Limited Warranty, which does not constitute a defect in the construction of the home by CPM, 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 damage 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.
- 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 mold or any similar substance within the home.
- 12. Loss or damage resulting from use of the home for non-residential purposes.



- 13. Any condition which does not result in actual physical damage to the home, including but not limited to, uninhabitability 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.
- 14. Bodily injury or damage to personal property.
- 15. Loss or damage caused by or resulting from abnormal loading of structural elements by you which exceed design loads as mandated by codes.
- 16. Consequential damages.

### C. LIMITATION OF LIABILITY

IT IS UNDERSTOOD AND AGREED THAT CPM LIABILITY UNDER THIS WARRANTY WHETHER IN CONTRACT, IN TORT, IN NEGLIGENCE OR OTHERWISE, IS LIMITED TO THE REMEDY PROVIDED IN THIS LIMITED WARRANTY. CPM OBLIGATIONS UNDER THIS LIMITED WARRANTY AND UNDER THE PURCHASE AGREEMENT ARE LIMITED TO REPAIR AND REPLACEMENT. UNDER NO CIRCUMSTANCES SHALL CPM BE 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 CPM 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. WARRANTY COVERAGE DISPUTES

### INTENT OF PARTIES

Homeowner recognizes that the procedure described in this Limited Warranty are the only methods by which Homeowner may demand that CPM correct alleged defects in the Home. CPM and the Homeowner agree that all disputes in any way related to the coverage of this warranty (the "Disputes") shall be resolved according to the "Negotiation" and "Arbitration" provision of this section.

The Homeowner must make written claim and give CPM adequate opportunity to inspect any alleged defect and to fix such defects.

In the event that the Homeowner is not satisfied with CPM rejection or handling of the Warranty claim, Homeowner understands and agrees that this Warranty requires Homeowner to go through the entire process described in the following, and the result of the arbitration described in the following shall be final and binding on the Homeowner and CPM.



### **NEGOTIATION**

- 1. The parties each agree to participate in a period of good faith negotiations (the "Negotiation") as described in this section as the first step in resolving any dispute.
- Homeowner recognizes that the Negotiation process described in this section must be completed before Homeowner can begin the Arbitration process described in this section.
- 3. If Homeowner disputes, or is unsatisfied with CPM' handling or rejection of a particular Warranty claim, Homeowner must first give written notice to CPM of such dispute. The notice must contain the following information:
  - A description of the nature of the Dispute and a description of what the Homeowner believes CPM is obligated to do under the Warranty to resolve the dispute;
  - b. A description of the facts upon which the Homeowner bases its belief that CPM is obligated to provide Warranty Service.
  - c. A proposed date and time for a Conference, which date must fall on a business day between twenty (five) 25 and sixty (60) days after the date the Homeowner sends the notice to CPM. The conference shall be held at the Home, unless otherwise agreed.
  - d. The notice shall be addressed to CPM at the address set forth in this Warranty. The notice and all other notices described in the Warranty must be sent by either (1) personal delivery (2) a nationally-recognized overnight courier, prepaid with instructions for next business day delivery or (3) prepaid certified or registered mail, return receipt requested.
- 4. Within ten (10) days of the Homeowner sending the Conference notice, CPM shall provide a follow-up notice to the Homeowner confirming the time of the Conference and stating the name and title of CPM representative to the Conference.
- 5. Prior to the Conference, CPM and Homeowner agree that they will in good faith discuss and consider possible resolutions of the Dispute. At the conference, the parties' representatives shall confer together to resolve the dispute for the maximum period of two hours, although the parties may extend or adjourn the meeting by mutual agreement. In addition, the Parties agree to consider, in their reasonable discretion, using a third-party mediator at CPM cost to resolve the dispute informally.
- 6. If after such conference, the entire Dispute has not been resolved, the Homeowner may, but shall not be required to, proceed to arbitration as described in the following section. If, as a result of the Conference, certain issues in the Dispute have been resolved, the parties shall jointly state in writing, the issues that have been resolved and the issues which remain unresolved and will require Arbitration. Although arbitration is the next formal step in the procedure, the Parties may continue to negotiate informally to resolve the Dispute and/or mutually agree to submit the Dispute to a third-party mediator following the conference and prior to arbitration.



7. In order to increase the likelihood that the dispute can be informally resolved outside of the Arbitration and to promote the free flow of candid discussion between the parties, agree that any offers of compromise or settlement shall be deemed to be in the interest of resolving the dispute and therefore such offers of compromise or settlement are not admissible as evidence in the arbitration.

### **ARBITRATION**

- 1. In the event that the parties have completed negotiation as required by the previous sections, but failed to resolve the Dispute, then, if either of the parties wishes to pursue the matter further, the unresolved aspects of the Dispute shall be resolved by arbitration in accordance with the Commercial Arbitration Rules then in effect of the American Arbitration Association. By agreeing to submit disputes to arbitration, each party agrees it is giving up any rights it may possess to have the Dispute litigated in a court or jury trial and it is giving up judicial rights to appeal and to discovery (except such discovery as is permitted under the Commercial Arbitration Rules).
- 2. Homeowner and CPM agree that in addition to the Commercial Arbitration Rules, the following additional rules shall govern the arbitration: (A) The arbitrator shall not be any past or present owner, officer, director, employee, consultant, agent, attorney or other representative of any homebuilder or real estate agent, or any affiliate of any of them; (B) The location for the arbitration shall be at the home or at such a place as is mutually agreed; (C) a transcript may be made of the proceedings at either party's request; (D) The party requesting the arbitration shall post the initial fee for such arbitration although the Arbitrator shall have the discretion to require reimbursement of the fee in connection with any award; (E) the Arbitrator may act as a mediator to attempt to resolve the Dispute before commencing any formal Arbitration proceedings; (F) The Arbitration award shall state findings of fact and conclusions of law. Homeowner further agrees that Homeowner and CPM shall be bound by the results of the arbitration and that such results may not be appealed by either Homeowner or CPM. Either Homeowner or CPM may enter the arbitrator's decision as a judgment in any court of competent jurisdiction. Regardless of the outcome of the Arbitration, neither Homeowner nor CPM has the right to take legal action in state or federal courts, before or after the arbitration decision has been issued.

#### STATUTES OF LIMITATIONS

A demand for Arbitration must be filed under the rules of commercial arbitration within the time periods described by the applicable statutes of limitations. The notice described in the above sections shall not stop the running of any statute of limitations.

### E. REQUESTING WARRANTY SERVICE

If a defect occurs during the one (1) year Warranty Period, you must notify your builder in writing (a Warranty Service Request form has been provided to you). Your request for warranty service should clearly describe the defect in reasonable detail. Multiple requests may be included on the same form.



# **NOTES**

# CPM Construction Services, Inc.

# III. CPM Construction Services Performance Standards LIMITED WARRANTY - PERFORMANCE STANDARDS

This section establishes the standards for determining whether the concern you have with some element of your home is covered by this Limited Warranty. Where specific standards and actions are not shown, the standard shall be the accepted industry practice for workmanship and materials.

CATEGORY BASEMENTAL	ITEM	OBSERVATION	ACTION REQUIRED	COVERAGE
, <b>学心</b> 对于所得成了多少多数	EXPANSION JOINTS	Cracks appear in the expansion joints in basements or on concrete foundation surfaces	Such action was the intent of the engineered joint. No action is required.	N/A
	FLOOR	Depression in floor exceeding 1/4" in 32" length	CPM will fill area to tolerance.	1 year
		Uneven floor area where crown exceeds 1/4" in 32" length	CPM will level area to tolerance.	1 year
-	FOUNDATION WALLS	Cracks in the foundation walls that exceed 1/8" in 32" length	CPM will patch the volds in the wall	1 year
	SUMP PUMP	Sump pump fails to operate	CPM will repair or replace	1 year
	WATERPROOFING	Leaks in basement or crawlspace	CPM will eliminate the cause of leaks. (Humidity and condensation issues are not warranted.)	1 year
CARINETS	KITCHEN/BATH	Cabinets separate from wall or ceiling 1/4" measured diagonally	CPM will repair.	1 year
		Cracks in door panels	CPM will replace	1 year
		Door warpage exceeding 1/4" in height and width	Door will be replaced.	1 year
		Misalignment of doors	CPM will adjust.	1 year

CATEGORY	ITEM	OBSERVATION Variation in stain color	ACTION REQUIRED  Due to normal grain variations, CPM cannot guarantee stain color.	COVERAGE N/A
CHIMNEY & STATE OF THE PLACE	BRICK	Exterior and interior brick veneer cracking in excess of 1/8"	CPM will repair joints or brick.	1 year
	CHIMNEY	Chimney separation exceeding 1/2" from attached structure	CPM will determine cause of separation and correct as necessary.	1 year
	FIREPLACE	Smoke escapes into living room	CPM 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.	1 year
		Water infiltration into firebox from the flue	A certain amount of rainwater can be expected under certain condition. No action is required.	N/A
CONCRETE	DRIVEWAYS	Depressions which retain water in excess of 1" deep	CPM will repair.	1 year
	FLATWORK	Concrete surfaces settle or heave in excess of 2" where it abuts another concrete surface	CPM will repair.	1 year
		Cracks exceeding 1/4" in width or vertical displacement	CPM will repair by patching.	1 year
	GARAGE FLOOR	Disintegration of the concrete surface resulting in the appearance of course aggregate below the surface	CPM will repair concrete surfaces unless caused by salt or chemical damage.	e 1 year

CATEGORY	ITEM	OBSERVATION	ACTION REQUIRED	COVERAGE
	STOOP	Stoop settles, heaves, or separates in excess of 1" from home	CPM will repair	1 year
COUNTERVORS	KITCHEN/BATHS	Delamination of counter top material	CPM will repair.	1 year
		Open seams in counter tops	CPM will repair.	1 year
		Cracks in marble, granite surfaces	CPM will repair	1 year
		Gaps between counter top and wall in excess of 3/16"	CPM will repair	1 year
DOORS	EXTERIOR	Failure to operate properly by binding, sticking; not latching or sealing	CPM 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
		Split in door panel	Unless splits or cracks present problems of continual deterioration or leaking, CPM will take no action; otherwise CPM 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	CPM will correct or replace and refinish door.	1 year
	GARAGE	Faiure of garage door to operate properly	CPM will correct of adjust door as required.	1 year

CATEGORY	OBSERVATION	ACTION REQUIRED	COVERAGE
	Leak (through) or under door	CPM will make needed adjustments if necessary. Some entrance of the elements can be expected under high wind conditions.	1 year
DRYWALLS (SHEETROCK)			
INTERIOR FINISH	Crack in drywall, nail pops	CPM will repair any cracks, nail pops, bilsters in tape, and corner bead pops on a one-time basis during first year.	1 year
	Excessive waviness or seams visible in normal light	CPM will repair cracks 1/8" or greater or obvious irregularities. CPM cannot be responsible for color variation.	1 year
· EVYENTA 古人的主义和政府的思想的发展的政府的发展。			
TRIM	Excess warping, cupping, splitting or rotting of wooden members	CPM will repair or replace as necessary.	1 year
	Exterior trim pulls away from its surface	CPM will re-nail and seal the material on the surface to which it is attached.	1 year
	Open joints in exterior trim exceed 1/4"	CPM will correct the problem, on a one-time basis	1 year
FLASHING	Flashing leaks	Leaks due to improperly installed flashing will be corrected.	1 year

CATEGORY	ITEM SHINGLES	OBSERVATION lice-daimming causing leaks into living areas	In some conditions; snow build-up on roofs due to freeze/thaw cycles can result in ice-damming at the gutters, causing water to back up under shingles and enter the home. No action is required if condition is caused by radical swings of freezing and thawing in the weather. If condition is caused by poor insulation, CPM	COVERAGE:
	•		will repair.	
	WALLS	Siding materials become loose or detached	Unless the problem is a result of catastrophic winds, CPM will correct.	1 year
		Siding materials show signs of deterioration and/or delamination	CPM will hold manufacturer responsible for repairing or replacing faulty material.	1 year
FLOORING	CARPET	Carpet becomes loose at edges	CPM will repair.	1 year
		Carpet buckles	CPM will restretch 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
		Visible gaps in seams	CPM will repair.	1 year
	HARDWOOD	Gaps in floors	CPM will make a one- time repair to gaps in excess of 1/8". Hardwood floors will expand and contract due to humidity changes within your home.	1 year

CATEGORY	ITEM	OBSERVATION	ACTION REQUIRED	COVERAGE
**************************************		Loose boards	CPM will repair.	1 year
	RESILIENT FLOORING	Becomes loose or bubbles	CPM will repair.	1 year
		Fading or discolorations	Manufacturer's warranty will apply.	N/A
		Gaps in seams (sheet goods)	CPM will repair.	1 year
		Gaps in seams exceed 1/8" (resilient block tile)	CPM will repair.	1 year
•		Indentations due to normal traffic	No action required.	N/A
		Subfloor causing depressions or ridges exceeding 1/8" on 6" span	CPM will repair.	1 year
•		Fasteners popping through	CPM will repair.	1 year
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### FOUNDATION Not Covered by CPM Limited Warranty

### FRAMING

VENTS	Leaking through vents or louvers	CPM will correct if there are problems with the vents or louvers, but not if the leak is from wind-driven rain or snow.	1 year
WALLS/FLOORS	Crowns in walls or floors exceeding 1/4" in 32" length	CPM will correct the problem.	1 year
	Delamination or deterioration of subflooring	CPM will repair or replace faulty material.	1 year
	Depressions in walls or floors exceeding 1/4" in 32" length	CPM will correct the problem.	1 year

CATEGORY	ITEM	OBSERVATION The floor squeaks	ACTION REQUIRED CPM will take corrective action to eliminate loose flooring and minimize squeaks on a one-time basis. The absence of squeaks cannot be guaranteed.	COVERAGE 1 year
		Wall Is out of plumb over 1/4" in a 32" vertical measurement	CPM will correct the problem.	1 year
	WINDOWS	Condensation (or frost)	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.	CPM will replace defective glass. Manufacturer's warranty will apply after 1 YEAR.	1 year
		Excess air infiltration	Some infiltration around windows is normal especially during high winds. CPM will take necessary corrective action by adjusting windows or weather stripping.	1 year
		Fail to operate properly	CPM will correct or repair as needed.	1 year

CATEGORY	ITEM	OBSERVATION	ACTION REQUIRED	COVERAGE
insulation :	INFILTRATION	Insufficient insulation	Insulation shall be installed in accordance with applicable energy and building codes.	1 year
INTERIOR	CERAMIC OR OTHER TILE	Cracks in grout	CPM will repair.	1 year
		Tile cracks or loosens	CPM will repair.	1 year
	DOORS	Door is loose or rattles at latch	CPM will repair.	1 year
		Door rubs on jamb	CPM will repair.	1 year
		Split in door panel	CPM will fill split and finlsh to match as close as possible.	1 year
		Delamination of door frame	Manufacturer's warranty will apply.	N/A
		Warping exceeds 1/4" vertically or horizontally	CPM will replace.	1 year
		Door is loose or rattles at latch	CPM will repair.	1 year
MASONRY (BRICK)				
n in Televisia de la companya de la	EXTERIOR FINISH	1/8" or greater cracks	CPM will repair cracks 1/8" or greater by refinishing joints.	1 year
		Efflorescence on masonry walls	CPM will correct.	1 year
		Moisture entering home through masonry	CPM will correct.	1 year
MECHANICALS	ELECTRICAL	Circuit breakers trip excessively	CPM will correct.	1 year
		Malfunction of outlets, switches or fixtures	CPM will correct.	1 year
	HEATING & COOLING	Condensation lines clog	CPM will correct.	1 year

CATEGORY	OBSERVATION	ACTION REQUIRED	COVERAGE
	Ductwork separates	CPM will correct	1 year
	Leak in refrigerant lines	CPM will correct	1 year
	Not heating (cooling) properly	CPM will take corrective action if ASHRAE standards are not met	1 year
·	Settling of exterior HVAC unit	CPM will correct excessive settling of 2" or more on a one-time basis.	1 year
PLUMBING	Cracks or chips in plumbing fixtures	CPM is not responsible unless condition is noted on the final walk-through.	N/A
	Defective plumbing, fixtures, fittings, or appliances	CPM will repair or replace	1 year
· .	Faulty water supply system	CPM 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.	1 year
	Freezing and bursting of plumbing plpes	CPM will make necessary corrections to assure that plumbing pipes are adequately protected against normal anticipated cold weather (except undrained exterior faucets).	1 year
	Leakage from any piping (not including condensation)	CPM will make necessary repairs in any soil, waste, vent, or water pipe.	1 year
	Leaky faucets	CPM will repair as necessary.	1 year
	Noisy water pipes (e.g. water hammer)	CPM will correct as necessary.	1 year

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CATEGORY	ITEM	OBSERVATION	ACTION REQUIRED	COVERAGE
		Stopped up sewer, fixtures, or drains	CPM will assume responsibility for clogged sewers, fixtures, and drains where defective construction or workmanship caused the problem.	1 year
PAINTING &				
GAULKING #	EXTERIOR	Separation or deterioration of caulk	CPM will repair.	1 year
		Excessive fading or uneven fading on a wall surface	CPM will correct.	1 year
		Flaking, scaling of painted surfaces	CPM will correct.	1 year
		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	CPM will repair.	1 year
	•	Scaling or flaking of painted surfaces	CPM will repair.	1 year
		Cracking or deterioration of caulking	CPM will repair on a one-time basis.	1 year
ROOFING	EXTERIOR	Roof and roof flashing leaks	CPM will make necessary repairs.	1 year
		Shingles blow off roof	CPM will reseal or replace unless caused by wind velocities exceeding manufacturer tolerances.	1 year
		Uneven shading of roof shingles	Shade variations in shingles is normal. No action is required.	N/A

CATEGORY	ITEM	OBSERVATION	ACTION REQUIRED	COVERAGE
	SURFACE	Snow and Ice buildup on roof	Prevention of ice build- up is the responsibility of homeowner.	N/A
SHEETEMETALOR	GUTTERS	Gutters do not drain	CPM will assure adequate fall to limit standing water depth to 1/2". Homeowner is responsible for keeping gutters clean.	1 year
		Leaking gutters	CPM will correct as necessary:	1 year
SITEWORK	ASPHALT DRIVEWAYS	Indentations or depressions caused by settlement which retain water in excess of 1" deep	CPM will repair.	1 year
		Crack 1/4" in width	CPM 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)	CPM will regrade 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" deep	CPM will fill affected areas on a one-time basis, reinstalling displaced plant material if originally installed by CPM.	1 year

CATEGORY	ITEM	OBSERVATION	ACTION REQUIRED	COVERAGE
	LANDSCAPING	Trees, shrubs and grass die after move-in	If an irrigation system has not been installed, there is no warranty for landscaping. If the system was installed, trees, shrubs and sod planted from April to October are warranted for 30 days. If planted from November to March, due to winter conditions, the plantings must be evaluated in April for viability before warranty will apply.	30 Days



### **APPENDIX**

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, CPM CONSTRUCTION SERVICES, INC. ("CPM") will correct problems with, or restore the reliable function of appliances and equipment damaged during installation or improperly installed by CPM. In addition, CPM 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 the use of inferior materials which 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 either CPM or the Insurer 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 over \$5,000 are subject to an on-site review by a HUD-approved fee inspector (inspection costs to be paid by CPM or the Insurer, as appropriate) 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; or
- (c) You are represented by legal counsel.

The effective date will be the date on which closing of 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 warranty for basement slabs in the state of Colorado is extended from the first through the fourth year.