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SC Court of Appeals

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM CHARLESTON COUNTY
Court of Common Pleas

Deadra L. Jefferson, Circuit Court Judge

Case No. 2020-CP-10-02398
Appellate Case No. 2021-000779

Whitesides Park Townhomes Property Owners Association, Inc.,

Respondent,

v.

CalAtlantic Group, Inc., f/k/a The Ryland Group, Inc., f/k/a Standard Pacific Corp. and also d/b/a CalAtlantic Homes; Lennar Carolinas, LLC, Southend Exteriors, Inc., Alpha Omega Construction Group, Inc., Fogel Services Inc., Graciela Razo Rodile, and Melinda Rios Amador,

Of which CalAtlantic Group, Inc., f/k/a The Ryland Group, Inc., f/k/a Standard Pacific Corp. and also d/b/a CalAtlantic Homes; Lennar Carolinas, LLC and Lennar Carolinas, LLC are the Appellants.

RECORD ON APPEAL
VOL. I

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STATE OF SOUTH CAROLINA COUNTY OF CHARLESTON WHITESIDES PARK TOWNHOMES PROPERTY OWNERS ASSOCIATION, INC. Plaintiff, vs. CALATLANTIC GROUP, INC. F/K/A THE RYLAND GROUP, INC. F/K/A STANDARD PACIFIC CORP. AND ALSO D/B/A CALATLANTIC HOMES; LENNAR CAROLINAS, LLC, SOUTHEND EXTERIORS, INC., ALPHA OMEGA CONSTRUCTION GROUP, INC., AND FOGEL SERVICES INC. Defendants.	)	IN THE COURT OF COMMON PLEAS NINTH JUDICIAL CIRCUIT CASE NO.: 2020-CP-10-02398 **ORDER DENYING DEFENDANTS' MOTION TO DISMISS AND COMPEL ARBITRATION**

Presiding Judge:	Hon. Deadra L. Jefferson
Plaintiff's Attorney:	Amanda M. Blundy, Esq.
Defendants' Attorney:	Cheryl D. Shoun, Esq.
Date of Hearing:	March 22, 2021
Court Reporter:	N/A

This matter came before the Court on March 22, 2021 on Defendants CalAtlantic Group, Inc. f/k/a the Ryland Group, Inc. f/k/a Standard Pacific Corp. and also d/b/a CalAtlantic Homes ("CalAtlantic") and Lennar Carolinas, LLC's ("Lennar") Motion to Dismiss and Compel Arbitration, filed December 22, 2020. This Motion is disposed of without the necessity of a hearing pursuant to the Chief Justice's April 3, 2020 Order, As Amended March 4, 2021, Section (c)(4). This Motion is listed on the March 22, 2021 Charleston County Motions Roster published February 22, 2021. The Defendants filed their Motion and Memorandum in Support on December 22, 2020.

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The Plaintiff filed its Memorandum in Opposition on March 22, 2021. For the following reasons, the Defendants' Motion to Compel Arbitration is heard and respectfully Denied.

PROCEDURAL HISTORY

This case arises out of alleged deficiencies in the design, development, and construction of Whitesides Park Townhomes (hereinafter referred to as "the Project"), which is comprised of four (4) buildings containing thirteen (13) townhomes. Defendant CalAtlantic, along with its subcontractors Defendants Southend Exteriors, Inc., Alpha Omega Construction Group, Inc., and Fogel Services Inc., constructed the multi-family buildings. Plaintiff Whitesides Park Townhomes Property Owners Association, Inc. ("the Association" or "the Plaintiff") filed their Summons and Complaint against Defendants CalAtlantic, Lennar, and the subcontractors on June 1, 2020.[1]

The Plaintiff Association was created pursuant to a Declaration of Covenants, Conditions, Restrictions and Easements for Whitesides Park (the "Covenants") on September 8, 2016. The Covenants were drafted by Defendant CalAtlantic and executed by the same person, Don McDonough, as Operational Vice President of Defendant CalAtlantic, and as President of the Association, on behalf of both the Declarant, Defendant CalAtlantic, and Association. See Covenants at 45-46. The Covenants contain an arbitration provision, which sets forth specific claims that are exempt from arbitration. Id. at 34-35.

The fist townhome was sold on December 15, 2016. The remaining townhomes were sold subsequently. The individual townhome owners entered into Purchase Contracts with Defendant CalAtlantic at the time of purchase. The individual townhome owners also received the

[1] The Plaintiff brought suit against the Defendants alleging developer liability, breach of fiduciary duties, along with claims of negligence, breach of implied warranties, and unfair trade practices due to improper installation and/or designs of the heating and air condition system, ductwork, roof, membrane roofs related accessories, cementitious siding, exterior trim, deck boards, house wrap, trim, windows, doors, tile components, brick and stone veneers, framing, secondary weather barrier, paved driveway, and roads.

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Homeowner's Limited Warranty & Maintenance Manual, which included the New Home Warranty Program Insured Limited Warranty.

The Defendants contend that the Plaintiff must submit to binding arbitration pursuant to arbitration provisions contained in the Covenants, the Purchase Contracts, the Homeowner's Limited Warranty & Maintenance Manual, and the New Home Warranty Program Insured Limited Warranty. For the following reasons, the Defendants' Motion to Compel Arbitration is heard and respectfully Denied.

CONCLUSION OF LAW

Both federal law and South Carolina law favor the resolution of disputes through arbitration. See Landers v. Fed. Deposit Ins. Corp., 402 S.C. 100, 109, 739, S.E.2d 209, 213 (2013); see also Heffner v. Destiny, Inc., 321 S.C. 536, 471 S.E.2d 135 (1995); see also O'Neil v. Hilton Head Hosp., 115 F.3d 272, 273 (4th Cir. 1997). Where parties contractually agreed to arbitrate a dispute, the court must compel the parties to submit the dispute to arbitration for resolution. See 9 U.S.C. § 2; see also S.C. Code Ann. §§ 15-48-20 & -180; see also Volt Info. Sciences, Inc. v. Bd. of Trustees of Leland Stanford Junior Univ., 489 U.S. 468, 478 (1989).

"Although arbitration is viewed favorably by the courts, it is predicated on an agreement to arbitrate because parties are waiving their fundamental right to access to the courts." Wilson v. Willis, 426 S.C. 326, 337, 827 S.E.2d 167, 173 (2019) (citing E.E.O.C. v. Waffle House, Inc., 534 U.S. 279, 294, 122 S.Ct. 754, 151 L.Ed.2d 755 (2002) (recognizing that arbitration "is a matter of consent, not coercion"). "Even though arbitration has a favored place, there still must be an underlying agreement between the parties to arbitrate." Id. (citing Arrants v. Buck, 130 F.3d 636, 640 (4th Cir. 1997)); see also Zabinski v. Bright Acres Assocs., 346 S.C. 580, 596, 553 S.E.2d 110, 118 (2001) ("Arbitration is a matter of contract, and a party cannot be required to submit

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to arbitrate any dispute which he has not agreed to submit."). Accordingly, arbitration will be denied if a court determines no agreement to arbitrate existed. See S.C. Code Ann § 15-48-20(a).

"[T]he trial court should determine the threshold validity of the arbitration agreement." Simpson v. MSA of Myrtle Beach, Inc., 373 S.C. 14, 23, 644 S.E.2d 663, 667 (2007); see also Zabinsky, 346 S.C. at 596, 553 S.E.2d at 118 ("The question of the arbitrability of a claim is an issue for judicial determination, unless the parties provide otherwise.").

I. Defendants are not entitled to compel arbitration under the arbitration provisions in the Covenants because the Covenants are unconscionable.

A party may effectively challenge the arbitrability of a given claim based upon general contract defenses including fraud, duress, and unconscionability. See Munoz v. Green Tree Fin. Corp., 343 S.C. 531, 539, 542 S.E.2d 360, 363-64 (2001); see also Doe v. TCSC, LLC, 430 S.C. 602, 611, 846 S.E.2d 874, 878 (Ct. App. 2020). In South Carolina, an unconscionable provision in a contract is unenforceable. Unconscionability is defined as "the absence of meaningful choice on the part of one party due to one-sided contract provisions, together with terms that are so oppressive that no reasonable person would make them and no fair and honest person would accept them." Simpson v. MSA of Myrtle Beach, 373 S.C. 14, 25 644 S.E.2d 663, 668-69 (2007); see also Doe, 430 S.C. at 612, 846 S.E.2d at 879.

"While we analyze both prongs, they invite similar proof and often overlap, and 'if more of one [prong] is present, then less of the other is required.'" Doe, 430 S.C. at 612, 846 S.E.2d at 879 (citing Farnsworth on Contracts § 29.4 at 4-212 (2020-1 Supp.) and Corbin on Contracts § 29.4 at 388 (2002 ed.) (noting "most cases do not fall neatly" into categorical boxes). "Unconscionability is gauged at the time the contract was made." Id. "If a court as a matter of law finds any clause of a contract to have been unconscionable at the time it was made, the court may

refuse to enforce the unconscionable clause, or so limit its application so as to avoid any unconscionable result." Id.

When the Association was created, and at the time the Covenants were executed, Don McDonough was acting as both the Operational Vice President of CalAtlantic, and as President of the Association, and Mr. McDonough executed the Covenants on behalf of both Defendant CalAtlantic, and the Association. See Covenants at 45-46. A property owners' association lacks independent capacity during the period that the developer-controlled board is in place. Magnolia n. Prop. Owners' Ass'n, Inc. v. Heritage Communities, Inc., 397 S.C. 348, 372, 725 S.E.2d 112,125 (Ct. App. 2012).

The unilateral insertion of an arbitration provision in the Covenants while the Association was solely under Defendant CalAtlantic's control confirms the lack of an underlying agreement between the parties to arbitrate and substantiates that the arbitration provision is therefore unenforceable. See Zabinski v. Bright Acres Assocs., 346 S.C. 580, 596, 553 S.E.2d 110, 118 (2001) ("Arbitration is a matter of contract, and a party cannot be required to submit to arbitration any dispute which he has not agreed to submit.").

That the Covenants were executed by Mr. McDonough on behalf of both the Defendant and the Association as both the Operational Vice President of CalAtlantic, and as President of the Association is a clear conflict of interest, and the transaction between the Defendant and the Association was not arms-length.

Moreover, the Association had no bargaining power when the Covenants were signed as the Association was under the sole control of the Defendant CalAtlantic, and the Covenants were executed by Mr. McDonough on behalf of both parties. The Covenants contain a one-sided provisions which benefits Defendant CalAtlantic and restricts the rights of the Association, and

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they were offered in a take-it-or-leave it document in which the Association had no input or bargaining power. As the Association never voluntarily agreed to arbitrate, and no valid agreement existed, the Covenants cannot be enforced. The Association lacked a meaningful choice due to the one-sided provisions of the Covenants, as the provisions were introduced and executed by the same person, Don McDonough. Based on the foregoing, the Court finds the arbitration provision contained in the Covenants unconscionable, and declines to enforce the provision against the Plaintiff.

Accordingly, for this reason, the Defendants' Motion to Compel Arbitration is heard and respectfully Denied.

II. Defendants are not entitled to compel arbitration under the arbitration provisions in the Purchase Contract and Homeowner's Limited Warranty & Maintenance Manual because the Association is not a party to those documents, and the individual homeowners are not the plaintiffs in this action.

A party may only compel arbitration if it establishes the existence of a written agreement, including an arbitration provision, that purports to cover the dispute. Am. Gen. Life & Acc. Ins. Co. v. Wood, 429 F.3d 83, 87 (4th Cir. 2005). Arbitration is only available when the parties involved contractually agree to arbitrate. Towels v. United Health Corp., 338 S.C. 29, 37, 524 S.E.2d 839, 843-44 (Ct. App. 1999).

The Defendants assert that the Association is compelled to arbitrate its claims because the individual homeowners entered into Purchase Contracts and Limited Warranty & Maintenance Manuals that contained arbitration provisions. The Defendants cannot compel the Association to arbitrate pursuant to the arbitration provisions contained in the Purchase Contract or Limited Warranty & Maintenance Manual because the individual homeowners are not the plaintiffs in this action and are not suing for damages associated with their individual units. Rather, the Plaintiff's causes of action are brought by the Association under their duty to maintain and keep in good

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condition the common areas, and allege defects against the Defendants for the common areas of the property, not for each individual unit.[2] The relevant inquiry is not the arbitrability of each individual homeowner's claims against the Defendants. Rather, it is the arbitrability of the Association's claims regarding alleged defects in the common areas against the Defendants.

Therefore, in light of the foregoing, the Court finds that the Association did not contractually agree to the arbitration provisions contained in the Purchase Contract or the Homeowner's Limited Warranty & Maintenance Manual, and did not contractually agree to arbitrate in the Purchase Contract or Homeowner's Limited Warranty & Maintenance Manual. Therefore, any assertion that the Association is bound to the arbitration provisions in these documents is without merit.

Accordingly, for this reason, the Defendants' Motion to Compel Arbitration is heard and respectfully Denied.

CONCLUSION

For the foregoing reasons, the Defendants' Motion to Compel Arbitration is heard and respectfully Denied.

AND IT IS SO ORDERED.

_____
Hon. Deadra L. Jefferson
Presiding Judge
Ninth Judicial Circuit

May _____, 2021
Charleston, South Carolina

[2] Section 5.2 of Article V of the Covenants defines the common areas that the Association is responsible for maintaining. These areas include (1) all common areas, including the open space easement; (2) exterior maintenance of all dwellings including, but not limited to painting, repairing, replacing and caring for the following: roofs (including the roofs joists and trusses, crossbeams, roof decking and underlaying, and shingles or other covering and surface materials); exterior walls and surfaces, including the brick, siding, or other building material forming the exterior walls of any dwelling and/or garage; (3) exterior stoops, landings, railings and steps; and (3) all walkways, driveways, and other paved areas. See Covenants at Article V, Section 5.2.

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Charleston Common Pleas

Case Caption: Whitesides Park Townhomes Property Owners Association Inc VS Calatlantic Group Inc , defendant, et al

Case Number: 2020CP1002398

Type: Order/Other

IT IS SO ORDERED.

s/D.L. Jefferson Ninth Judicial Circuit Judge 2128

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STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	NINTH JUDICIAL CIRCUIT
COUNTY OF CHARLESTON	)	
	)	Case No.: 2020-CP-10-02398
Whitesides Park Townhomes Property Owners Association, Inc., Plaintiff,	)	
	)	**ORDER ON DEFENDANTS' MOTION TO ALTER OR AMEND**
v.	)	
	)	
CalAtlantic Group, Inc. f/k/a The Ryland Group, Inc. f/k/a Standard Pacific Corp. And also d/b/a Calatlantic Homes; Lennar Carolinas, LLC; Southend Exteriors, Inc.; Alpha Omega Construction Group, Inc.; and Fogel Services, Inc. Defendants.	)	

Presiding Judge:	Hon. Deadra L. Jefferson
Plaintiff's Attorney:	Amanda M. Blundy, Esq.
Defendants' Attorney:	Cheryl D. Shoun, Esq.
Date of Hearing:	March 22, 2021
Court Reporter:	N/A

This matter came before the Court on Defendants CalAtlantic Group, Inc. and Lennar Carolinas, LLC's Motion to Alter or Amend, filed May 17, 2021. The Defendants ask the Court to reconsider its Order denying Defendants' Motion to Dismiss and Compel Arbitration, filed May 7, 2021. The Court received a copy of the Motion to Alter or Amend on May 17, 2021 via email from counsel for the Defendants. The Plaintiff filed its response to Defendants Motion to Alter or Amend on May 26, 2021. After consideration of the record, as well as the various interests balanced by the Court at the time of the ruling, the Defendants' Motion to Alter or Amend is heard and respectfully Denied.[1]

[1] This Motion is disposed of without the necessity of a hearing and decided on the record and briefs. Rule 59(f), SCRCP; Pollard v. City of Florence, 314 S.C. 397, 401–402, 444 S.E.2d 534, 536 (Ct. App. 1994).

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CONCLUSIONS OF LAW

"The purpose of Rule 59(e), SCRCP, to alter or amend the judgment is to request the trial judge to reconsider matters properly encompassed in a decision on the merits." Arnold v. State, 309 S.C. 157, 172, 420 S.E.2d 834, 842 (1992). "A party may wish to file such a motion when she believes the court has misunderstood, failed to fully consider, or perhaps failed to rule on an argument or issue, and the party wishes for the court to reconsider or rule on it. A party *must* file such a motion when an issue or argument has been raised, but not ruled on, in order to preserve it for appellate review." Elam v. South Carolina Dept. of Transp., 361 S.C. 9, 24, 602 S.E.2d 772, 780 (2004) (emphasis in original). "A party cannot use a motion to reconsider to present an issue he could have raised prior to judgment but did not." Anderson Memorial Hosp., Inc. v. Hagen, 313 S.C. 497, 498, 443 S.E. 2d 399, 400 (Ct. App. 1994) (citing C.A.H. v. L.H., 315 S.C. 389, 434 S.E. 2d 268 (1993)); See also Arnold v. State, 309 S.C. 157, 172–73, 420 S.E.2d 834, 842 (1992).

"A motion to alter or amend the judgment shall be served not later than 10 days after receipt of written notice of the entry of the order." Rule 59(e), SCRCP. "[T]he ten-day deadline in Rule 59(e) is an absolute deadline. A trial court does not have the power to alter or amend a final order if more than ten days passes and no Rule 59(e) motion has been served, nor does a trial court have any power to grant the moving party an extension of time in which to file a Rule 59(e) motion." Overland, Inc. v. Nance, 423 S.C. 253, 256-57, 815 S.E.2d 431, 433 (2018) (citation omitted) (citing Leviner v. Sonoco Prods. Co., 339 S.C. 492, 530 S.E.2d 127 (2000)).

"A party filing a written motion under this rule shall provide a copy of the motion to the judge within ten (10) days after the filing of the motion." Rule 59(g), SCRCP; See also Smith v. Fedor, 422 S.C. 118, 126, 809 S.E.2d 612, 161 (Ct. App. 2017) ("Rule 59(g) would lack any purpose if trial courts committed error by denying the motion for failure to comply with the rule.

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Further, our language in Gallagher v. Evert, 353 S.C. 59, 63-64, 577 S.E.2d 217, 219 (Ct. App. 2002) implies a trial court may deny the motion solely on the basis of the rule.").

I. The Defendants' Motion to Alter or Amend is Denied.

The Defendants assert two grounds in support of their Motion to Alter or Amend. First, the Defendant contend that the Court erred in finding that the arbitration provisions in the Covenants are unconscionable. Second, the Defendants assert that the Purchase Agreements, Homeowners Manual, and Limited Warranty compel arbitration of the Plaintiff's claims.

As discussed in detail, infra, the Court fully considered and addressed each of the Defendants' assertions, and in the Motion to Alter or Amend, the Defendants seek only to reargue the issues on the same basis previously presented to the Court.

A. The Defendants' contention that the arbitration provisions in the Covenants are not unconscionable is without merit.

The Defendants contend that the Court should alter or amend its May 7, 2021 Order and enforce the arbitration provisions of the Covenants because the arbitration provisions are not unconscionable. This argument was previously presented to, and ruled upon by the Court, as discussed in detail herein.

The Court conducted a thorough review of the record and analyzed in detail the arbitration provisions contained in the Covenant. See May 7, 2021 Order at 4-6. The Court found that at the time the Plaintiff Association was created, and at the time the Covenants were executed, Don McDonough was acting as both the Operational Vice President of Defendant CalAtlantic, and as President of the Plaintiff Association, and that Mr. McDonough executed the Covenants on behalf of both Defendant CalAtlantic and the Association. Id. at Page 5, lines 3-9. The Court found that the unilateral insertion of the arbitration provision in the Covenants while the Plaintiff was solely under Defendant CalAtlantic's control confirmed the lack of an underlying agreement between the

parties to arbitrate, and substantiates that the arbitration provision was unenforceable. Id. at Page 5, lines 10-13.

The Court conducted a rigorous analysis of the unconscionability standard as applied to the facts of this case, and concluded that the Plaintiff Association lacked a meaningful choice due to the one-sided provisions of the Covenants, as the provisions were introduced and executed by the same person, Mr. McDonough. Id. at Page 6, lines 3-6.

In considering the Defendants' Motion to Alter or Amend, the Court finds that the Defendants seek only to reargue the issues on the same basis previously presented to the Court and presents no novel facts, arguments, or theories in support of their position. Accordingly, the Motion to Alter or Amend as to this ground is heard and respectfully Denied.

B. The Defendants' contention that the Purchase Agreements, Homeowners Manual, and Limited Warranty compel arbitration is without merit.

The Defendants next contend that the Purchase Agreements, Homeowners Manual, and Limited Warranty entered into by the individual homeowners compel the Plaintiff to arbitrate its claims. This argument was previously presented to, and ruled upon by the Court, as discussed in detail herein.

The Court conducted a thorough review of the record and analyzed in detail whether the Defendants were entitled to compel arbitration pursuant to the arbitration provisions contained in the Purchase Agreements, Homeowners Manual, and Limited Warranty that were entered into by the individual homeowners. See May 7, 2021 Order at 6-7. The Court found that the Defendants could not compel the Plaintiff Association to arbitrate pursuant to the arbitration provisions contained in these documents because the individual homeowners are not the Plaintiffs in this action, and were not suing for damages associated with their individual units. Id. at Page 6, lines 22-25. The Court found that the Plaintiff Association's causes of action were brought by the

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Association under their duty to maintain and keep in good condition the common areas, and allege defects against the Defendants for damage to those common areas. Id. at Page 7, lines 1-2.

The Court conducted a rigorous analysis of the arbitration provisions contained in the Purchase Agreements, Homeowners Manual, and Limited Warranty as applied to the facts of this case, and concluded that the Plaintiff Association did not contractually agree to the arbitration provisions contained in these documents. Id. at Page 7, lines 5-10. In considering the Defendants' Motion to Alter or Amend, the Court finds that the Defendants seek only to reargue the issues on the same basis previously presented to the Court and presents no novel facts, arguments, or theories in support of their position. Accordingly, the Motion to Alter or Amend as to this ground is heard and respectfully Denied.

CONCLUSION

After fully considering the Defendants' Motion to Alter or Amend, the Court finds that the Defendants seek only to reargue the issues on the same basis previously presented to the Court and present no novel facts, arguments, or theories in support of their position. The Defendants have not highlighted any portions of the record this Court may have misunderstood, failed to fully consider, or perhaps failed to rule on. Accordingly, the Motion to Alter or Amend is heard and respectfully Denied.

AND IT IS SO ORDERED.

_____
Hon. Deadra L. Jefferson
Presiding Judge
Ninth Judicial Circuit

June _____, 2021
Charleston, South Carolina

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Charleston Common Pleas

Case Caption: Whitesides Park Townhomes Property Owners Association Inc VS Calatlantic Group Inc , defendant, et al

Case Number: 2020CP1002398

Type: Order/Other

IT IS SO ORDERED.

s/D.L. Jefferson Ninth Judicial Circuit Judge 2128

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STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF CHARLESTON	)	2020-CP-10-02398
	)	
WHITESIDES PARK TOWNHOMES PROPERTY OWNERS ASSOCIATION, INC.	)	
	)	
Plaintiff,	)	
	)	**ORDER GRANTING PLAINTIFF'S MOTION TO STRIKE THE DECLARATION OF TRACEY ETHRIDGE**
vs.	)	
	)	
CALATLANTIC GROUP, INC. F/K/A THE RYLAND GROUP, INC. F/K/A STANDARD PACIFIC CORP. AND ALSO D/B/A CALATLANTIC HOMES; LENNAR CAROLINAS, LLC, SOUTHEND EXTERIORS, INC., ALPHA OMEGA CONSTRUCTION GROUP, INC., AND FOGEL SERVICES INC.	)	
	)	
Defendants.	)	
	)	

This matter came before the Court upon Plaintiff's Motion to Strike CalAtlantic Group, Inc. f/k/a The Ryland Group, Inc. f/k/a Standard Pacific Corp. and also d/b/a CalAtlantic Homes (hereinafter referred to as "CalAtlantic") and Lennar Carolinas, LLC's (hereinafter referred to as "Lennar") Declaration of Tracey Ethridge, filed on March 22, 2021. The Motion is disposed of without the necessity of a hearing pursuant to Chief Justice Donald W. Beatty's April 3, 2020 Order, As Amended March 4, 2021, Section (c)(4). The Plaintiff filed their Memorandum in Support on May 13, 2021. CalAtlantic and Lennar submitted a Response in Opposition to Plaintiff's Motion to Strike Declaration of Tracey Ethridge on May 20, 2021. For the following reasons, Plaintiff's Motion to Strike the Declaration of Tracey Ethridge is heard and **GRANTED**.

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PROCEDURAL HISTORY

This case arises out of alleged deficiencies in the design, development, and construction of Whitesides Park Townhomes (hereinafter referred to as "the Project"), which is comprised of four (4) buildings containing thirteen (13) townhomes. CalAtlantic, along with its subcontractors Southend Exteriors, Inc., Alpha Omega Construction Group, Inc., and Fogel Services Inc., constructed the multi-family buildings. Whitesides Park Townhomes Property Owners Association, Inc. (hereinafter referred to as the "Plaintiff") filed a Summons and Complaint against CalAtlantic, Lennar, and the subcontractors on June 1, 2020.

CalAtlantic and Lennar filed a Motion to Dismiss and Compel Arbitration on December 22, 2020, which included exhibits. Exhibit C to CalAtlantic and Lennar's Motion to Dismiss and Compel Arbitration was the Declaration of Tracey Ethridge (hereinafter the "Declaration"). CalAtlantic and Lennar's Motion to Dismiss and Compel Arbitration was Denied on May 7, 2021. Plaintiff filed a Motion to Strike the Affidavit of Tracey Ethridge on March 22, 2021. Plaintiff submitted a Memorandum in Support on May 13, 2021. CalAtlantic and Lennar submitted a Response in Opposition to Plaintiff's Motion to Strike Declaration of Tracey Ethridge on May 20, 2021.

After reviewing the Motion filed by Plaintiff, along with the Memorandum of Plaintiff and Response of CalAtlantic and Lennar, the Court **GRANTS** the Motion to Strike the Declaration of Tracey Ethridge.

CONCLUSION OF LAW

I. The Declaration of Tracey Ethridge is not permitted under the South Carolina Rules of Civil Procedure.

In order to be considered by the Court, pursuant to Rule 11(c) of the South Carolina Rules of Civil Procedure, "affidavits or verifications authorized or permitted under these Rules shall be

written statements or declarations by a party or his attorney of record or of a witness, sworn to or affirmed before an officer authorized to administer oaths, that the affiant knows the facts stated to be true of his own knowledge …" The South Carolina Court of Appeals has found that unsworn statements are not competent evidence. *Morris v. Jensen*, 309 S.C. 153, 157, 420 S.E.2d 710, 712 (Ct. App. 1992) (citing *Lineberger v. Colonial Life & Accident Insurance Company*, 12 N.C. App. 135, 182 S.E.2d 643 (1971) (unsworn allegations not evidence); *Bertha Mineral Co. v. Buie*, 27 Ga. App. 660, 109 S.E. 539 (1921) (unsworn affidavit not evidence); *Walters v. State, 128 Ga. App.*, 232, 196 S.E.2d 326 (1973) (defendant's unsworn statement not evidence)).

Ms. Ethridge's Declaration was not sworn to or affirmed before an officer authorized to administer oaths. The Declaration contains a DocuSign signature of Tracey Ethridge without any indication that the document was sworn to or affirmed before an officer authorized to administer oaths.

Furthermore, Ms. Ethridge's Declaration did not contain any language indicating that the facts stated to be true of her own knowledge. The Declaration further states that Ms. Ethridge is "familiar with CalAtlantic's selected corporate documents and the document retention policies of Defendants, including CalAtlantic." Ms. Ethridge goes on to state that she is "aware CalAtlantic is indicated as the Seller and Grantor in certain documents establishing and selling individual residence located in Whitesides Park townhomes." Attached to Ms. Ethridge's Declaration is the Homeowner's Limited Warranty & Maintenance Manual which she states is "a representative copy of such documents as provided to purchasers of homes from CalAtlantic from late 2016 through early to mid-2018 — the time period during which Whitesides Park townhomes were conveyed from CalAtlantic to original purchasers." Ms. Ethridge does not state that she has knowledge that these documents were actually given to the homeowners; instead, Ms. Ethridge simply states that

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from her "familiarity" with the corporate documents the documents attached to her Declaration were provided to homeowners during the same time period that the Project was sold. Ms. Ethridge also attaches to her declaration "a sample copy of the limited warranty provided by CalAtlantic ("Limited Warranty") to those who purchased homes from that entity, including those who purchased townhomes in Whitesides Park development." Ms. Ethridge admits in her Declaration that all documents related to Whitesides Park townhomes cannot be located; however, "it was the strict requirement and longstanding practice of CalAtlantic to provide the Manual and Limited Warranty to its purchasers and for its purchasers to acknowledge receipt thereof." Again, Ms. Ethridge cannot state that she has knowledge that these documents were given to the homeowners at the Project or that they acknowledge receipt of these documents.

Accordingly, for this reason, Plaintiff's Motion to Strike the Declaration of Tracey Ethridge is heard and Granted.

II. **The Declaration of Tracey Ethridge is not permitted under the South Carolina Rules of Evidence or the United States Code Service.**

South Carolina Rules of Evidence Rule 902 states that in ten (10) different instances "[e]xtrinsic evidence of authenticity as a condition precedent to admissibility is not required." SCRE 902. One of the ten instances in which extrinsic evidence of authenticity is not required is when documents are accompanied by a certificate of acknowledgement executed in the manner provided by law by a notary public or other officer authorized by law to take acknowledgements. SCRE 902 (8). In *Lister v. NationsBank of Delaware*, the Court found that an affidavit was admissible under SCRE Rule 902(8) and pursuant to the Uniform Recognition of Acknowledgement Act since it contained the Aruban notary. *Lister v. NationsBank of Delaware, N.A.*, 329 S.C. 133, 140, 494 S.E.2d 449, 453 (Ct. App. 1997).

The Declaration of Tracy Ethridge does not contain any acknowledgement from a notary public or any other officer authorized by law to take acknowledgments. The Declaration only contains Ms. Ethridge's DocuSign signature.

28 USCS §1746 states that "any matter is required or permitted to be supported . . . by the sworn declaration . . . in writing of the person making the same . . . with be supported . . . by the unsworn declaration . . . in writing of such person which is subscribed by him, as true under penalty of perjury, and dated . . ." In *United States v. Berry*, the Court found that the statements did not comply with the requirements of 28 U.S.C. §1746 since the document was not notarized, made no reference to the potential penalty for perjury, and was not dated. *United States v. Berry,* 169 Fed. Appx. 164, 165 (4th Cir. 2006). In *Barlow v. Connecticut*, the Court granted the Defendants' motion to strike letters presented by the Plaintiff since they were neither sworn or dated and did not end with an affirmation stating the statements were true. *Barlow v. Connecticut*, 319 F. Supp. 2d 250, 257 (D. Conn. 2004), aff'd, 148 Fed. Appx. 31 (2d Cir. 2005).

The Declaration of Tracey Ethridge is not notarized, does not contain any language indicating that the declarations are made under penalty of perjury, and is not dated.

For these reasons, the Plaintiff's Motion to Strike the Declaration of Tracey Ethridge is heard and Granted.

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IT IS ORDERED that Plaintiff's Motion to Strike the Declaration of Tracey Ethridge is hereby GRANTED.

AND IT IS SO ORDERED.

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Charleston Common Pleas

Case Caption: Whitesides Park Townhomes Property Owners Association Inc VS Calatlantic Group Inc , defendant, et al

Case Number: 2020CP1002398

Type: Order/Other

It is so ordered.

/s Roger M. Young, Sr. S.C. Circuit Judge 2134

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STATE OF SOUTH CAROLINA COUNTY OF CHARLESTON WHITESIDES PARK TOWNHOMES PROPERTY OWNERS ASSOCIATION, INC., Plaintiff, vs. CALATLANTIC GROUP, INC. F/K/A THE RYLAND GROUP, INC. F/K/A STANDARD PACIFIC CORP. AND ALSO D/B/A CALATLANTIC HOMES; LENNAR CAROLINAS, LLC, SOUTHEND EXTERIORS, INC., ALPHA OMEGA CONSTRUCTION GROUP, INC., AND FOGEL SERVICES INC., Defendants.	IN THE COURT OF COMMON PLEAS FOR THE NINTH JUDICIAL CIRCUIT C/A NO.: 2020-CP-10-02398 **ORDER DENYING MOTION TO ALTER OR AMEND ORDER GRANTING PLAINTIFF'S MOTION TO STRIKE**

Defendants, CalAtlantic Group, Inc., f/k/a The Ryland Group, Inc., f/k/a Standard Pacific Corp. and also d/b/a CalAtlantic Homes, and Lennar Carolinas, LLC, filed a motion pursuant to Rules 52(b) and 59(e), SCRCP, asking this Court to reconsider its Order dated June 10, 2021, granting Plaintiff's Motion to Strike the Declaration of Tracey Ethridge. Specifically, Defendants ask this Court to reconsider the following findings within the Order: 1) in holding that the Declaration was impermissible because it was not notarized, 2) in holding that the Declaration was impermissible because it did not indicate that the statements therein were made on the declarant's own knowledge, 3) in holding that the Declaration was impermissible because it was not dated, 4) in holding that the Declaration was impermissible because it "does not contain any language indicating that the declarations are made under penalty of perjury", and 5) the Order fails to consider the Second Supplemental Declaration of Tracey Ethridge, attached as Exhibit B

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to Defendants' Response in Opposition to Plaintiff's Motion to Strike Declaration of Tracey Ethridge.

STANDARD OF REVIEW

Motions for reconsideration will not be granted absent "highly unusual circumstances." U.S. ex rel. Becker v. Washington Savanah River Co., 305 F.3d 284, 290 (4th Cir. 2002) (stating that simple disagreements with the court's ruling will not support Rule 59(e) relief).[1] Courts have recognized three circumstances in which a court should grant a Rule 59(e) motion: (1) to accommodate an intervening change in controlling law; (2) to account for new evidence not available at trial; or (3) to correct a clear error of law or prevent manifest injustice." Hutchinston v. Staton, 994 F.2d 1076, 1081 (4th Cir. 1993). Importantly, a motion for reconsideration is not a vehicle to re-litigate previously raised issues or "to raise argument or present evidence that could have been presented prior to the entry of judgment." Dash v. Mayweather, C/A No. 3:10-1036-JFA, 2010 U.S. Dist. LEXIS 95277, *2 (D.S.C. Sept. 13, 2010) (quoting Exxon Shipping Co. v. Baker, 554 U.S. 471, n.5 (2008)). In other words, "[a] party cannot use Rule 59(e) to present to the court an issue the party could have raised prior to judgment but did not." Stevens & Wilkinson of S.C., Inc. v. City of Columbia, 409 S.C. 563, 567, 762 S.E.2d 693, 695 (2014); Patterson v. Reid, 318 S.C. 183, 185, 456 S.E.2d 436, 437 (Ct. App. 1995). Nor does "[a] party's mere disagreement with the court's ruling . . . warrant a Rule 59(e) motion." In re Pella Corp. Architect & Designer Series Windows Mktg., Sales Practices & Prods. Liab. Litig., 269 F.Supp. 3d 685, 691 (D.S.C. 2017); *see also* Lyons v. Fid. Nat'l Title Ins. Co., 415 S.C. 115, 135, 781 S.E.2d 126, 137 (Ct. App. 2015).

1 Rule 59 is substantially the same as the Federal Rule. *See* Elam v. S.C. Dep't of Transp., 361 S.C. 9, 21, 602 S.E. 2d 772, 779 (2004) ("Rule 59(e) in the South Carolina and federal rules of civil procedure is practically identical.").

After consideration of the issues raised in Defendants' motion, the Court hereby DENIES Defendants' Motion for Reconsideration.

AND IT IS SO ORDERED.

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Charleston Common Pleas

Case Caption: Whitesides Park Townhomes Property Owners Association Inc VS Calatlantic Group Inc , defendant, et al

Case Number: 2020CP1002398

Type: Order/Other

It is so ordered.

/s Roger M. Young, Sr. S.C. Circuit Judge 2134

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STATE OF SOUTH CAROLINA COUNTY OF CHARLESTON WHITESIDES PARK TOWNHOMES PROPERTY OWNERS ASSOCIATION, INC. Plaintiff, vs. CALATLANTIC GROUP, INC. F/K/A THE RYLAND GROUP, INC. F/K/A STANDARD PACIFIC CORP. AND ALSO D/B/A CALATLANTIC HOMES; LENNAR CAROLINAS, LLC, SOUTHEND EXTERIORS, INC., ALPHA OMEGA CONSTRUCTION GROUP, INC., FOGEL SERVICES, INC., Defendants.	)	IN THE COURT OF COMMON PLEAS 2020-CP-_____ **SUMMONS** **(Jury Trial Demanded)**

YOU ARE HEREBY SUMMONED and are required to answer the Complaint in this action, a copy of which is herewith served upon you, and to serve a copy of your Answer upon the subscribers, at 234 Seven Farms Drive, Suite 111-A, South Carolina, 29492, within thirty (30) days after the service thereof, exclusive of the day of such service, and if you fail to answer the Complaint within the time aforesaid, judgment by default will be rendered against you for the relief demanded in the Complaint.

[signature page to follow]

BLUNDY LAW FIRM, LLC

s:/ Amanda M. Blundy
Amanda M. Blundy
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Charleston, South Carolina
June 1, 2020

Attorneys for Plaintiffs

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STATE OF SOUTH CAROLINA COUNTY OF CHARLESTON WHITESIDES PARK TOWNHOMES PROPERTY OWNERS ASSOCIATION, INC. Plaintiff, vs. CALATLANTIC GROUP, INC. F/K/A THE RYLAND GROUP, INC. F/K/A STANDARD PACIFIC CORP. AND ALSO D/B/A CALATLANTIC HOMES; LENNAR CAROLINAS, LLC, SOUTHEND EXTERIORS, INC., ALPHA OMEGA CONSTRUCTION GROUP, INC., FOGEL SERVICES, INC., Defendants.	IN THE COURT OF COMMON PLEAS 2020-CP-_____ **COMPLAINT** **(Jury Trial Demanded)**

The Plaintiff Whitesides Park Townhomes Property Owners Association, Inc., by and through their undersigned counsel, complaining of the Defendants named herein, would respectfully allege and show the Court as follows:

PARTIES, CAPACITY, AND JURISDICTION

1. The Plaintiff, Whitesides Property Owners Association, Inc. (hereinafter "Whitesides POA") is a non-profit organization and existing under the laws of the State of South Carolina.

2. Whitesides POA is the property owners association for Whitesides Park Townhomes (hereinafter "Whitesides Park").

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3. Whitesides Park is comprised of thirteen (13) townhomes located in four (4) buildings and related common elements.

4. By virtue of governing documents, Whitesides POA is charged with certain duties, powers, rights and authority in connection with Whitesides Park.

5. Whitesides POA is charged with, *inter alia,* the management and administration of Whitesides Park, the investigation, maintenance and repair of Whitesides Park's common elements, and has the right and authority to bring this action on behalf of the Whitesides POA and its members and is also charged with pursuing claims enumerated hereafter by virtue of having been assigned individual claims by townhome owners at this project.

6. That, upon information and belief, Defendant, CalAtlantic Group, Inc., successor by merger to the former CalAtlantic Group, Inc., which was successor by merger to The Ryland Group, Inc., a Maryland corporation, f/k/a Standard Pacific Corp. and also, d/b/a CalAtlantic Homes (Together With Its Successors And Assigns "CalAtlantic") is a corporation, organized in the State of Delaware, conducting business in Charleston County, State of South Carolina, and at all times relevant hereto was engaged in the design, development, construction, repair and/or selling of the townhomes, known as Whitesides Park. Accordingly, jurisdiction over the Defendant is proper in this Court under South Carolina Code Ann. § 36-2-802 (1976).

7. That, upon information and belief, Defendant, The Ryland Group, Inc. is a foreign corporation organized and existing under the laws of the State of Maryland. At all times relevant to this action, The Ryland Group, Inc. was engaged in the design, development, construction, repair and/or selling of the townhomes, known as Whitesides Park. Accordingly, jurisdiction over the Defendant is proper in this Court under South Carolina Code Ann. § 36-2-802 (1976).

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8. That, upon information and belief, Defendant, Lennar Carolinas, LLC, successor by merger to CalAtlantic Group, Inc., is a limited liability company organized in the State of Delaware, conducting business in Charleston County, State of South Carolina, and at all times relevant here to was engaged in the design, development, construction, repair, and selling of the townhomes, known as Whitesides Park. Accordingly, jurisdiction over the Defendant is proper in this Court under South Carolina Code Ann. § 36-2-802 (1976).

9. Each of the foregoing Defendants were amalgamated so that they in effect operated as one and the same entity. Hereinafter, these Defendants may be collectively referred to as "Lennar."

10. Each of the foregoing Defendants commingled their corporate and developer such that each should be liable for the acts of the other and they should collectively be held severally liable for the entirety of Plaintiff's damages.

11. Each of the foregoing Defendants developed and placed one or more of the Whitesides Park Townhomes into the stream of commerce.

12. That, upon information and belief, Defendant Southend Exteriors, Inc. is a company organized in the State of North Carolina, conducting business in Berkeley County, State of South Carolina, and at all times relevant hereto was engaged in the design, development, construction and/or repair of residential housing and specifically, installed the exterior siding, exterior trim, deck boards, house wrap and related flashing and components in and to the property known as Whitesides Park Townhomes, located in Mount Pleasant, South Carolina.

13. That, upon information and belief, Defendant Alpha Omega Construction Group, Inc. is a company organized in the State of North Carolina, conducting business in Berkeley

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County, State of South Carolina, and at all times relevant hereto was engaged in the design, development, construction and/or repair of residential housing and specifically, the roof and related flashings and components to the property known as Whitesides Park Townhomes, located in Mount Pleasant, South Carolina.

14. That, upon information and belief, Fogel Services, Inc. is a corporation organized in the State of South Carolina, conducting business in Berkeley County, State of South Carolina, and at all times relevant hereto was engaged in the construction and/or repair of the Plaintiffs' residence and specifically the design of the heating and air conditioning system, installed the heating and air conditioning system, ductwork, and all related components, in and to the property known as Whitesides Park Townhomes, located in Mount Pleasant, South Carolina.

15. The Court has jurisdiction over the parties and subject matters hereto and that the allegations out of which this action arises from the development, construction, repair and sale of units and management and maintenance of the buildings at issue in the County of Charleston, State of South Carolina.

FACTUAL BACKGROUND

16. Upon information and belief, CalAtlantic was the owner of real property located on Myrick Road by virtue of the deed recorded in the Register of Mesne Conveyance for Charleston County in Deed Book 0582 at Page 101 upon which Whitesides Park is located.

17. Each of the foregoing Defendants commingled their corporate and developer existence such that each should be liable for acts of the other and they should collectively be held joint and severely liable for the entirety of Plaintiff's damages.

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18. Each of the foregoing Defendants developed and placed one or more of the townhomes at Whitesides Park into the stream of commerce.

19. This matter arises out of the design, development, construction, repair and sale of the townhomes located at Whitesides Park.

20. At the time the Certificates of Occupancy were issued, Whitesides Park townhomes contained latent building defects.

21. Plaintiff, Whitesides POA, has previously put one or more of the Defendants on notice of one or more of the deficiencies. However, the Defendants have not rectified the problems.

22. Defendants had the duty to design, develop, construct, and repair the townhomes with the proper details and components so as to prevent water intrusion into the buildings in accordance with a good and workmanlike manner and free from all defects and additionally, gave implied warranties of habitability to the Plaintiff herein that the townhomes would be habitable and useful as dwelling units with reasonably long life span.

23. Defendants are charged with, among other things, the duty to repair and maintain the exterior of all townhomes and common areas of the project known as Whitesides Park, located in Charleston County, South Carolina.

24. The Defendants were under a duty to develop, construct and/or repair the townhomes and buildings known as Whitesides Park in accordance with the building code and construction industry standards.

25. The Defendants' acts and omissions have resulted in building deficiencies, consequential damages, and partial loss of use and enjoyment.

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26. Remedying the above-wrongs will result in additional consequential damages and loss of use.

27. As a direct and proximate result of Defendants' violation of their legal duties, Plaintiff has been proximately damaged in an amount to be determined by the trier of fact and have had to incur reasonable attorneys' fees and costs for the retention of experts to determine the damage and scope of work for repair.

28. Upon information and belief, the water intrusion and resulting consequential damages commenced shortly after completion and have occurred and have been occurring in each and every year since commencement and constitute "occurences" and "property damage" under the standard and/or typical commercial general liability policies.

29. By virtue of each Defendants' capacity as developer and steward of Whitesides Park and control over the Plaintiff, including the duty to act in utmost good faith, to not place Defendants' interest in front of the Plaintiff's interests, to properly maintain Whitesides Park and to property develop, maintain, and transfer the capital accounts.

30. The Defendants have breached the foregoing duties by placing their interests ahead of the Plaintiff's interests.

31. Further, in breach of their fiduciary duties to the ensuing POA, Whitesides Park townhomes, Plaintiff, and in violation of public policy, Defendants have attempted to eliminate all avenues for recourse for the Plaintiff and owners by the insertion of certain language into the Governing Documents and other transaction documents severely limiting or eliminating all judicial remedies and restricting Plaintiff's rights to a dispute resolution process, which is

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inherently unfair as it is without remedy. These anti-suit provisions should be stricken, reformed, or deemed of no force and effect and the Defendants held accountable.

32. That the Plaintiff recently became aware of defects and deficiencies at the units within the community.

33. This project was substantially completed within the past (8) eight years, but to the extent it was not and it was completed more than eight years ago, this action is not subject to the limitation set forth in Section 15-3-640, Code of Laws of South Carolina, 1976, as amended, because, *inter alla*:

a. Defendants are guilty of fraud, gross negligence, or recklessness in providing components, in furnishing and manufacturing materials, in performing or furnishing the supervision testing, or observation of construction, and/or in construction and/or development of the project, and/or

b. The damages claimed herein were by their nature not discoverable in the exercise of reasonable diligence at the time of their occurrence; and were the result of exposure to a harmful or injury producing substance, element or particle over a period of time.

34. As a result of preliminary forensic examinations and testing conducted, it has been discovered that there are significant water intrusion problems with the building envelope and upon information and belief there appears now and has been since inception, generalized water intrusion into the building components which will require wholesale forensic examination of the entire building envelope, and most probably will require a wholesale reconstruction of the building exterior.

35. That as a result of the various defects and deficiencies relative to the development, construction and repair of this project, the Plaintiff has been damaged and will be required to expend large sums of money to repair, correct and replace various parts and

components of the townhomes and buildings and reconstruct major portions of the townhomes, have been exposed to and will be subject to loss of use, enjoyment and depreciation of the value of their property.

ESTOPPEL FROM PLEADING WARRANTY OBLIGATION

36. Defendants are also estopped from relying on any warranty obligation as a defense to Plaintiff's claims.

37. By virtue of Defendants' acts, the work performed and/or materials supplied at Whitesides Park have not lived up to Defendants' warranties and representations, and given the defective condition of Whitesides Park and the premature deterioration of the life expectancy of Whitesides Park building components that require unexpected maintenance, wear and/or replacement, the building components have not proven to be of value when compared to other building components.

38. Defendants, in the exercise of required diligence, which negligently failed to occur, should have known that Whitesides were defective in design, construction and/or repair, and its building components were not fit for their ordinary and intended use, were not merchantable, and failed to perform in accordance with the advertisements, marketing materials and warranties disseminated by Defendants or with the reasonable expectations of ordinary consumers such as Plaintiff. In fact, Defendants have previously seen other similar failures at other projects they have constructed.

39. Accordingly, any warranty provided by Defendants fails its essential purpose because its purpose to warrant that Whitesides Park and/or its building components will be free

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from defects for a limited period of time when in fact Whitesides Park and/or its building components fail far short of the expected life cycle of the townhomes.

40. Moreover, Defendants' warranties are woefully inadequate to repair and replace failed building components, let alone reimburse for any damage suffered to the undying structure. The remedies available under Defendants' warranties are limited to such an extent that they do not provide a minimum adequate remedy.

41. Moreover, given the comparative posture, resources, sophistication, and knowledge of the parties, the warranty limitations are procedurally unconscionable; and given Defendants knew or should have known that the defects existed at the time they issued the warranty, the limitations are substantively unconscionable.

42. As a result, any limitations on the remedies encompassed within the Defendants' warranties are unconscionable and unenforceable, and therefore, Defendants are estopped from relying on the same.

ESTOPPEL FOR PLEADING NOTICE OF OPPORTUNITY TO CURE

43. The Defendants are further estopped from relying on the Notice of Opportunity to Cure Act to stay the progression of Plaintiff's claims.

44. The Defendants were put on sufficient notice of Whitesides Park's defective condition within any statutory period prescribed by the Act.

45. In addition, the Defendants were provided opportunity to cure Whitesides Park's defective condition previously, but failed to adequately perform.

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ESTOPPEL FROM PLEADING ANY ANTI-SUIT PROVISIONS

46. The Defendants are estopped from relying on any anti-suit provisions contained in the Governing Documents and other transactional documents and contracts because such provisions do not apply to these claims, are void pursuant to public policy, and voidable as such constitute a breach of the Defendants' fiduciary duty to Plaintiff. Furthermore, said provisions are adhesive and one-sided in nature, and are therefore void as unconscionable.

FOR A FIRST CAUSE OF ACTION
(Negligence, Gross Negligence, Carelessness, Recklessness, Willfulness and Wantonness)
(AS TO ALL DEFENDANTS)

47. Plaintiff repeats and re-allege Paragraphs 1 through 46 above as if fully set forth verbatim.

48. The Defendants, by and through their agents, servants, employees, and subcontractors undertook and were under a duty to develop, construct and repair townhomes and buildings in accordance with the building code, construction industry standards and practices and in accordance with all requirements imposed by the laws and statutes of the State of South Carolina.

49. That Defendant Lennar was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, repairing, supervising, and inspecting the work on the subject residence which was not built in accordance with the applicable building codes and not in conformance with accepted construction and industry standards, and in failing to construct and/ or repair said residence in accordance with applicable building codes, manufacturers' recommendations and in conformance with accepted construction and industry standards, all of which have directly and proximately caused damage to the Plaintiffs. The defects and

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deficiencies in and to the residence will need to be corrected, repaired, remediated and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness includes, but is not limited to, the following particulars, to wit:

a. In failing to use due care in development, construction, repair and sale of the townhomes and buildings at issue;
b. In developing, constructing, and selling townhomes and/or buildings which fail to provide sufficient barriers against the intrusion of water into the wall system and an adequate avenue for exit of water that gets into the system resulting in damage to the units and buildings;
c. In failing to select proper building materials and building materials free from defect;
d. In developing, constructing and repairing the townhomes and buildings in violation of the applicable building codes, standard building practices and accepted construction industry standards and practices;
e. In failing to properly coordinate trades including subcontractors;
f. In failing to properly supervise construction;
g. In failing to act as a reasonable person would in circumstances then and there prevailing;
h. In failing to recognize and disclose the deficiencies, and failing to construct an adequate exterior building envelope free from defect;
i. In failing to make proper repairs;
j. in improperly installing the cementitious siding and related flashings;
k. in improperly installing the trim;
l. in improperly installing the windows, doors, and flashing;
m. in improperly installing the roof, membrane roofs related accessories, and related flashing;
n. in improperly installing tile components;
o. in improperly installing brick and stone veneer and related flashing;
p. in improper installation the heating and air conditioning system including duct lines and related components;
q. in improperly installing the framing;
r. in failing to properly install the secondary weather barrier and flashings;
s. in failing to properly integrate the secondary weather barrier and flashings;
t. in installing a home exterior which fails to provide a sufficient barrier against the intrusion of water into the wall system and adequate avenue for exit of water that gets into the wall system;
u. in improperly installing and/or failing to install the sealants, caulks, and waterproofings at dissimilar materials in violation of the building code, standard building practices and accepted construction industry standards and practices;

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v. in improperly installing the sheathing;
w. in improper installation the heating and air conditioning system including duct lines and related components;
x. in failing to properly install the paved driveways, roads, and common areas;
y. in improperly installing the decks and related components; and
z. Other deficiencies or failures as will be proven at trial.

50. That Defendant Southend Exteriors, Inc., was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, repairing, supervising, and inspecting the work on the subject residence which was not built in accordance with the applicable building codes and not in conformance with accepted construction and industry standards, and in failing to construct and/or repair said residence in accordance with applicable building codes, manufacturers' recommendations and in conformance with accepted construction and industry standards, all of which have directly and proximately caused damage to the Plaintiffs. The defects and deficiencies in and to the residence will need to be corrected, repaired, remediated and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness includes, but is not limited to, the following particulars, to wit:

a. in failing to use due care in construction and/or repair of the subject residence;
b. in failing to adequately supervise the construction, repair, and building of the subject residence;
c. in failing to hire competent subcontractors or specialty contractors or employees;
d. in failing to adequately and competently supervise and/or train said subcontractors or specialty contractors or employees;
e. in building, constructing and repairing the subject residence in violation of applicable building codes, standard building practices, and accepted construction industry standards and practices;
f. in constructing a home which allowed water to intrude into the residence allowing deterioration of framing, sheathing, and other building components;
g. in improperly installing the cementitious siding and related flashings;

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h. in improperly installing the trim;
i. in improperly installing the windows, doors, and flashing;
j. in failing to properly install the secondary weather barrier and flashings;
k. in failing to properly integrate the secondary weather barrier and flashings;
l. in installing a home exterior which fails to provide a sufficient barrier against the intrusion of water into the wall system and adequate avenue for exit of water that gets into the wall system;
m. in improperly installing and/or failing to install the sealants, caulks, and waterproofings at dissimilar materials in violation of the building code, standard building practices and accepted construction industry standards and practices;
n. in improperly installing the sheathing;
o. in improperly installing the decks and related components; and
p. other deficiencies or failures will be proven at trial.

51. That Defendant Alpha Omega Construction Group, Inc., was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, repairing, supervising, and inspecting the work on the subject residence which was not built in accordance with the applicable building codes and not in conformance with accepted construction and industry standards, and in failing to construct and/or repair said residence in accordance with applicable building codes, manufacturers' recommendations and in conformance with accepted construction and industry standards, all of which have directly and proximately caused damage to the Plaintiffs. The defects and deficiencies in and to the residence will need to be corrected, repaired, remediated and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness includes, but is not limited to, the following particulars, to wit:

a. in failing to use due care in construction and/or repair of the subject residence;
b. in failing to adequately supervise the construction, repair, and building of the subject residence;
c. in failing to hire competent subcontractors or specialty contractors or employees;
d. in failing to adequately and competently supervise and/or train said subcontractors or specialty contractors or employees;

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e. in building, constructing and repairing the subject residence in violation of applicable building codes, standard building practices, and accepted construction industry standards and practices;
f. in constructing a home which allowed water to intrude into the residence allowing deterioration of framing, sheathing, and other building components;
g. in improperly installing the roof, membrane roofs related accessories, and related flashing;
h. in installing a home exterior which fails to provide a sufficient barrier against the intrusion of water into the wall system and adequate avenue for exit of water that gets into the wall system; and
i. other deficiencies or failures will be proven at trial.

52. That Defendant Fogel Services, Inc. was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, repairing, supervising, and inspecting the work on the subject residence which was not built in accordance with the applicable building codes and not in conformance with accepted construction and industry standards, and in failing to construct and/or repair said residence in accordance with applicable building codes, manufacturers' recommendations and in conformance with accepted construction and industry standards, all of which have directly and proximately caused damage to the Plaintiffs. The defects and deficiencies in and to the residence will need to be corrected, repaired, remediated and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness includes, but is not limited to, the following particulars, to wit:

a. in failing to use due care in construction and/or repair of the subject residence;
b. in failing to adequately supervise the construction, repair, and building of the subject residence;
c. in failing to hire competent subcontractors or specialty contractors or employees;
d. in failing to adequately and competently supervise and/or train said subcontractors or specialty contractors or employees;

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e. in building, constructing and repairing the subject residence in violation of applicable building codes, standard building practices, and accepted construction industry standards and practices;
f. in improper installation the heating and air conditioning system including duct lines and related components;
g. other deficiencies or failures will be proven at trial.

53. That as a direct and proximate result of the negligence, gross negligence, carelessness, willfulness, wantonness of these Defendants, the Plaintiff has suffered actual, incidental, consequential, and special damages including the expense of having to hire experts to investigate the causes of the water intrusion and construction defects and failures set forth above and having to spend substantial sums of money in order to renovate, correct, repair and restore the townhomes, buildings at issue to make them safe and habitable. Additionally, the Plaintiff has been injured and otherwise damaged in that there has been a continuous exposure to moisture and water that intruded and continues to intrude into the subject townhomes and buildings causing and resulting in damage to walls, deterioration, and other damages to the finishes and structural elements of the townhomes and buildings. These deficiencies as set forth above have caused damage to the wall sheathing, structural framing and other building components including, but not limited to, the wall sheathing, windows, doors, structural framing, floors, and interior finishes. Each year since completion new areas of damage have occurred, separate and apart from any damage already in progress of occurring. All of which has or will require the Plaintiff to expend great amounts of money to correct and repair as well as suffer the loss of use and enjoyment of their property by virtue of the defects and damages aforesaid.

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FOR A SECOND CAUSE OF ACTION
(Breach of Warranty of Habitability, Breach of Warranty Against Latent Defects, Breach of Warranty of Workmanlike Services, Breach of Warranty for Fitness for a Particular Purpose and Breach of Warranty of Merchantability and Serviceability and Breach of Express Warranty)
(AS TO ALL DEFENDANTS)

54. Each and every allegation contained in Paragraphs 1 through 53 above are incorporated herein by express reference as though fully set forth.

55. That the Defendants, implicitly and/or expressly warranted and provided warranties that the subject townhomes, buildings and the building components manufactured, distributed and installed therein, and common areas would be habitable and fit for its intended uses, and that said townhomes, buildings and manufactured components would be developed, constructed, repaired, manufactured, distributed and installed in a fit, serviceable, good and workmanlike fashion in accordance with the applicable building codes, and accepted construction and product industry standards applicable thereto and that the subject townhomes, buildings, manufactured components, and common areas would be merchantable, free from latent defects and fit for the particular purpose for which the townhomes, buildings, and products were developed, constructed, built, manufactured, distributed and sold.

56. That the Defendants, breached said warranties by developing, constructing, supervising and/or failing to supervise, repairing, manufacturing and distributing products, and selling the subject townhomes and buildings in such manner as to be in violation of applicable building codes, not in conformance with accepted construction and product industry standards.

57. As a direct and proximate result of the Defendants' breach of these warranties, the Plaintiff has suffered actual, direct, incidental, consequential and special damages, including but

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not limited to the expenses associated with having to hire experts to investigate the causes of the defects set forth above and having to spend substantial sums of money in order to renovate, correct, repair and restore the townhomes, buildings, building components, and common areas to make them safe and habitable. Additionally, the Plaintiff has been injured and otherwise damaged in that there has been a continuous exposure to moisture and water that intruded and continues to intrude into the subject townhomes and buildings causing and resulting in damage to walls, deterioration, and other damages to the finishes and structural elements of the townhomes and buildings. These deficiencies as set forth above have caused damage to the wall sheathing, structural framing and other building components including, but not limited to, the wall sheathing, windows, doors, structural framing, floors, and interior finishes. Each year since completion new areas of damage have occurred, separate and apart from any damage already in progress of occurring. All of which has or will require the Plaintiff to expend great amounts of money to correct and repair as well as suffer the loss of use and enjoyment of their property by virtue of the defects and damages aforesaid.

FOR A THIRD CAUSE OF ACTION
(Unfair Trade Practices)
(AS TO ALL DEFENDANTS)

58. Each and every allegation contained in Paragraphs 1 through 57 above are incorporated herein by express reference as though fully set forth.

59. The Defendants, are "persons" within the meaning of South Carolina Code § 39-5-10(a).

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60. The Defendants, by their actions in developing, constructing, repairing, supervising and overseeing construction activities are engaged in commerce within the meaning of South Carolina Code §39-5-10(b).

61. The Defendants, by their action(s) described hereinabove, constitute unfair and deceptive practices within the meaning of South Carolina Code §39-5-20(a).

62. The Defendants' act(s) are capable of repetition and, upon information and belief and in accord with the allegations herein, have been repeated.

63. The Defendants' conduct affects the public interest of the people of South Carolina.

64. The Defendants knew or should have reasonably known, that their conduct violated the Unfair Trade Practices Act.

65. As a direct, foreseeable and proximate result of the Defendants' unfair and deceptive practices, the Plaintiff has suffered actual, direct, incidental, consequential and special damages, including but not limited to, the expenses associated with having to hire experts to investigate the causes of the defects set forth above and having to spend substantial sums of money in order to renovate, correct, repair and restore the townhomes, buildings, building components and common areas to make them safe and habitable. Additionally, the Plaintiff has been injured and otherwise damaged in that there has been a continuous exposure to moisture and water that intruded and continues to intrude into the subject townhomes and buildings causing and resulting in damage to walls, deterioration, and other damages to the finishes and structural elements of the townhomes and buildings. Each year since completion new areas of damage occurred, separate and apart from any damage already in progress of occurring. All of

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which has or will require the Plaintiff to expend great amounts of money to correct and repair as well as suffer the loss of use and enjoyment of their property by virtue of the defects and damages aforesaid.

FOR A FOURTH CAUSE OF ACTION
(BREACH OF FIDUCIARY DUTY)
(AS TO CALATLANTIC GROUP, INC., RYLAND GROUP, INC. F/K/A STANDARD PACIFIC CORP. , D/B/A CALATLANTIC HOMES, AND LENNAR CAROLINAS, LLC)

66. Each and every allegation contained in Paragraphs 1 through 65 above are incorporated herein by express reference as though fully set forth.

67. The Defendants in their capacity as developer and seller of Whitesides Park owed fiduciary and fiduciary-like duties to the Plaintiff.

68. The Defendants were bound to act honestly and in good faith and with full disclosure with regards to all matters relating to the development and sale of the townhomes and buildings.

69. Given the existence of the Fiduciary and Fiduciary- like duties, the burden is on the Defendants to prove the appropriateness of their actions with and to the Plaintiff.

70. The Defendants attempted to circumvent their legal obligations and duties to the Plaintiff to benefit themselves at the Plaintiff's expense by, among other things, inserting anti-suit provisions in the Whitesides Park governing documents.

71. The Defendants breached their fiduciary duty owned to the Plaintiff by the following:

a. In failing to act in good faith and with due regard to the interests of the Plaintiff;
b. In failing to ensure that the buildings from which they profited complied with the applicable building code, industry standards, and state law;

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c. In failing to disclose that the buildings from which they profited were not constructed in compliance with the applicable building code, industry standards, and state law;
d. In attempting to circumvent their legal duties through an anti-suit provision;
e. In failing to provide the monies necessary to repair the common areas and limited common areas;
f. In failing to adequately perform its duties and responsibilities set forth in
g. the Governing Documents;
h. In making decisions for the Plaintiff that benefited their interests at the expense of the Plaintiff;
i. In negligently performing their duties; and
j. In such other acts which will be shown through the course of discovery and trial.

72. The Defendants, further breached their fiduciary duties to the Plaintiff by failing to take steps to remedy the foregoing wrongs while controlling the Association.

73. Plaintiff is informed and believes they is entitled to a judgment against Defendants for actual, consequential, incidental and punitive damages and the costs of this action in an amount of to be determined by the trier of fact.

FOR A FIFTH CAUSE OF ACTION
(DECLARATION ACTION/REFORMATION)
(AS TO CALATLANTIC GROUP, INC., RYLAND GROUP, INC. F/K/A STANDARD PACIFIC CORP. , D/B/A CALATLANTIC HOMES, AND LENNAR CAROLINAS, LLC)

74. Each and every allegation contained in Paragraphs 1 through 73 above are incorporated herein by express reference as though fully set forth.

75. Any anti-suit provisions, that may be alleged to apply, of Governing Documents for Whitesides Park are in violation of public policy, laws of this State and/or provisions of the Constitution, and these Defendants' fiduciary duties.

76. The Plaintiff is entitled to a declaration by this Court that the anti-suit provisions included within the Governing Documents by these Defendants do not apply to any of the claims

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brought by Plaintiff, are in violation of the laws of this State and/or provisions in the Constitution and therefore, inapplicable, void, and/or require reformation to eliminate the subject provisions.

77. As provisions in the Governing Documents are severable, the Plaintiff is entitled to a declaration by this Court that the anti-suit provisions are severable from the other terms of the Governing Documents.

78. The Plaintiff is also entitled to have ambiguous and contradictory provisions, as well as the anti-suit provisions in the Governing Documents and other transaction documents construed against the Defendants and/or reformed by the Court to more accurately reflect the reasonable expectations of the Plaintiff.

RELIEF REQUESTED

WHEREFORE, the Plaintiff respectfully prays that hold the Defendants, Calatlantic Group, Inc. f/k/a The Ryland Group, Inc. f/k/a Standard Pacific Corp. and also d/b/a Calatlantic Homes, Lennar Carolinas, LLC, Southend Exteriors, Inc., Alpha Omega Construction Group, Inc., Fogel Services, Inc., jointly and severally liable for the conduct complained of herein, enter a Judgment against the Defendants and in favor of the Plaintiff for the relief as requested in this Complaint, including actual and punitive damages and costs and attorney's fees, and for such other and further relief as may be deemed appropriate.

Plaintiff further demands a jury trial with respect to all issues so triable.

[signature page to follow]

BLUNDY LAW FIRM, LLC

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Charleston, South Carolina
June 1, 2020

Attorneys for Plaintiffs

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STATE OF SOUTH CAROLINA COUNTY OF CHARLESTON WHITESIDES PARK TOWNHOMES PROPERTY OWNERS ASSOCIATION, INC., Plaintiff, vs. CALATLANTIC GROUP, INC. F/K/A THE RYLAND GROUP, INC. F/K/A STANDARD PACIFIC CORP. AND ALSO D/B/A CALATLANTIC HOMES; LENNAR, CAROLINAS, LLC, SOUTHEND EXTERIORS, INC., ALPHA OMEGA CONSTRUCTION GROUP, INC., AND FOGEL SERVICES, INC., Defendants.	IN THE COURT OF COMMON PLEAS NINTH JUDICIAL CIRCUIT Case No. 2020-CP-10-02398 ANSWER TO COMPLAINT ON BEHALF OF CALATLANTIC GROUP, INC. F/K/A THE RYLAND GROUP, INC. F/K/A STANDARD PACIFIC CORP. AND ALSO D/B/A CALATLANTIC HOMES AND LENNAR CAROLINAS, LLC

COMES NOW, Defendants, CalAtlantic Group, Inc., f/k/a The Ryland Group, Inc., f/k/a Standard Pacific Corp. and also d/b/a CalAtlantic Homes, and Lennar Carolinas, LLC, (hereinafter collectively referred to as "Defendants"), by and through their undersigned counsel, and expressly reserving their rights to move to compel arbitration, respond to the Complaint showing unto this Honorable Court:

FOR A FIRST DEFENSE

1. Each and every allegation of the Complaint not hereinafter specifically admitted, denied or otherwise modified shall be deemed denied and strict proof thereof demanded.

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IN FURTHER DEFENSE
PARTIES, CAPACITY AND JURISDICTION

2. Defendants admit, upon information and belief, the allegations of Paragraphs 1, 2 and 3 of the Complaint.

3. In response to Paragraphs 4 and 5 of the Complaint, Defendants crave reference to the governing documents of Whitesides Property Owners Association, Inc. ("Whitesides POA") and deny any allegations of Paragraphs 4 and 5 that are or may be inconsistent with said documents.

4. Responding to Paragraph 6 of the Complaint, Defendants admit so much thereof as alleges or may be construed to allege that CalAtlantic Group, Inc. ("CalAtlantic"), a corporation organized and existing pursuant to the laws of the State of Delaware, is successor by merger to the former CalAtlantic Group, Inc., which was successor by merger to The Ryland Group, Inc. ("Ryland"), f/k/a Standard Pacific Corp. and also d/b/a CalAtlantic Homes, and that Ryland is, upon information and belief, dissolved, and that CalAtlantic conducted business in Charleston County, South Carolina and was, at relevant times, engaged in the design, development, construction, and/or selling of townhomes, including those known as and comprising Whitesides Park. The remaining allegations of Paragraph 6 set forth a legal conclusion to which Defendants are not required to respond. To the extent any response is required, Defendants deny the remaining allegations of Paragraph 6 of the Complaint and demand strict proof thereof.

5. Defendants are informed and believed Ryland is dissolved. Further, that Ryland was engaged in the design, development, construction, repair and/or selling of certain townhomes comprising, in whole or in part, Whitesides Park. The remaining allegations of Paragraph 7 set forth a legal conclusion to which Defendants are not

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required to respond. To the extent any response is required, Defendants deny the remaining allegations of Paragraph 7 of the Complaint and demand strict proof thereof.

6. Responding to Paragraph 8 of the Complaint, Defendants admit so much thereof as alleges or may be construed to allege Lennar is successor by merger to CalAtlantic, and is a limited liability company organized and existing pursuant to the laws of the State of Delaware, and conducts business in Charleston County, South Carolina. Further responding, Defendants admit Lennar was engaged in the design, development, construction, repair and selling of certain townhomes, in whole or in part, comprising Whitesides Park. The remaining allegations of Paragraph 8 set forth a legal conclusion to which Defendants are not required to respond. To the extent any response is required, Defendants deny the remaining allegations of Paragraph 8 of the Complaint and demand strict proof thereof.

7. Defendants admit, upon information and belief, so much of Paragraph 9 as alleges or may be construed to allege that Plaintiff collectively refers to these Defendants as “Lennar.” The remaining allegations of Paragraph 9 set forth a legal conclusion to which Defendants are not required to respond. To the extent any response is required, Defendants deny the remaining allegations of Paragraph 9 of the Complaint and demand strict proof thereof.

8. Defendants deny the allegations of Paragraphs 10 and 11 of the Complaint and demand strict proof thereof.

9. Paragraphs 12, 13 and 14 are not directed to these Defendants, therefore, no response is required.

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10. Defendants deny allegations of Paragraph 15 of the Complaint, as based upon valid and enforceable agreements, this dispute is and shall be subject to arbitration pursuant to the South Carolina Uniform Arbitration Act and/or the Federal Arbitration Act.

FACTUAL BACKGROUND

11. Defendants reallege and reaver the foregoing as fully as if restated verbatim.

12. Defendants admit the allegations of Paragraph 16 of the Complaint.

13. Defendants deny the allegations of Paragraphs 17 of the Complaint and demand strict proof thereof.

14. Responding to Paragraph 18, Defendants admit so much thereof as alleges or may be construed to allege that one or more of these Defendants sold townhomes at Whitesides Park, pursuant to certain terms and conditions.

15. Defendants admit, upon information and belief, the allegations of Paragraph 19 of the Complaint.

16. Defendants deny the allegations of Paragraph 20 of the Complaint and demand strict proof thereof.

17. Defendants crave reference to any documentation pursuant to which Plaintiff allegedly put Defendants on notice of any deficiencies, and deny any allegations of Paragraph 21 that are or may be inconsistent therewith. Further responding, to the extent Defendants have been properly notified of any alleged deficiencies, Defendants have properly responded thereto.

18. Paragraphs 22, 23 and 24 set forth legal conclusions to which Defendants are not required to respond. To the extent any response is required, Defendants deny

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the allegations of Paragraphs 22, 23 and 24 of the Complaint and demand strict proof thereof.

19. Defendants deny the allegations of Paragraphs 25, 26 and 27 of the Complaint and demand strict proof thereof.

20. Responding to Paragraph 28 of the Complaint, Defendants deny any wrongdoing, and affirmatively assert, to the extent any water intrusion and resulting consequential damage commenced shortly after completion [of the townhomes], and have occurred each and every year, Plaintiff, and those on whose behalf Plaintiff brings this action, knew or should have known of such water intrusion and/or resulting damage. Defendants are without sufficient information or knowledge to admit or deny the remaining allegations of Paragraph 28 of the Complaint, therefore, deny same and demand strict proof thereof.

21. Paragraph 29 sets forth legal conclusions to which Defendants are not required to respond. To the extent any response is required, Defendants deny the remaining allegation of Paragraph 29 of the Complaint and demand strict proof thereof.

22. Defendants deny the allegations of Paragraph 30 of the Complaint and demand strict proof thereof.

23. Responding to Paragraph 31, Defendants deny so much thereof as alleges or may be construed to allege they have breached any fiduciary duties and deny they attempted to eliminate avenues of recourse for Plaintiff and/or owners on whose behalf Plaintiff pursues this action, by any means, and demand strict proof thereof. Further responding, Defendants affirmatively assert Plaintiff, and the owners of townhomes at Whitesides Park, on whose behalf Plaintiff apparently pursues this action, agreed to

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alternative dispute resolution that should be enforced. Defendants deny any further allegations of Paragraph 31 and demand strict proof thereof.

24. Defendants deny, upon information and belief, the allegations of Paragraph 32 of the Complaint and demand strict proof thereof.

25. Defendants deny so much of Paragraph 33, and its subparts, as alleges or may be construed to allege any wrongdoing on behalf of Defendants, and further deny that to the extent Plaintiff or owners of Whitesides Park townhomes has incurred any damages, which is denied, such damages were, upon information and belief, discovered or discoverable in excess of three years prior to the filing of this action. Further responding to Paragraph 33, the remaining allegations set forth legal conclusions to which Defendants are not required to respond. To the extent any response is required, Defendants deny the remaining allegation of Paragraph 33 of the Complaint and demand strict proof thereof.

26. Defendants are without sufficient information or knowledge to admit or deny the content of any preliminary forensic examination and/or testing done by or on behalf of Plaintiff, or the owners of Whitesides Park townhomes, on whose behalf Plaintiff apparently pursues this action, therefore, deny the allegations of Paragraph 34 related thereto, along with the remaining allegations of Paragraph 34 and demand strict proof thereof.

27. Defendants deny the allegations of Paragraph 35 of the Complaint and demand strict proof thereto.

FURTHER RESPONDING TO THE COMPLAINT
ESTOPPEL FROM PLEADING WARRANTY OBLIGATION

28. Defendants reallege and reaver the foregoing as fully as if restated

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verbatim.

29. Paragraph 36 sets forth a legal conclusion to which Defendants are not required to respond. To the extent any response is required, Defendants deny the allegations of Paragraph 36 and demand strict proof thereof.

30. Defendants deny the allegations of Paragraphs 37, 38, 39, 40, 41 and 42 of the Complaint and demand strict proof thereof.

FURTHER RESPONDING TO THE COMPLAINT
ESTOPPEL FOR PLEADING NOTICE OF OPPORTUNITY TO CURE

31. Defendants reallege and reaver the foregoing as fully as if restated verbatim.

32. Paragraphs 43 and 44 set forth legal conclusion to which Defendants are not required to respond. To the extent any response is required, Defendants deny the allegations of Paragraphs 43 and 44 and demand strict proof thereof.

33. Defendants deny the allegations of Paragraph 45 of the Complaint and demand strict proof thereof.

FURTHER RESPONDING TO THE COMPLAINT
ESTOPPEL FROM PLEADING ANY ANTI-SUIT PROVISIONS

34. Defendants reallege and reaver the foregoing as fully as if restated verbatim.

35. Paragraph 46 sets forth legal conclusions to which Defendants are not required to respond. To the extent any response is required, Defendants deny the allegations of Paragraph 46 and demand strict proof thereof.

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FURTHER RESPONDING TO THE COMPLAINT AND ANSWERING PLAINTIFF'S FIRST CAUSE OF ACTION

36. Defendants reallege and reaver the foregoing as fully as if restated verbatim.

37. Paragraph 48 sets forth legal conclusions to which Defendants are not required to respond. To the extent any response is required, Defendants deny the allegations of Paragraph 48 and demand strict proof thereof.

38. Defendants deny the allegations of Paragraph 49, including all subparts, and demand strict proof thereof.

39. Paragraphs 50, 51 and 52 are not directed to these Defendants, therefore, no response is required.

40. Defendants deny the allegations of Paragraph 53 of the Complaint and demand strict proof thereof.

FURTHER RESPONDING TO THE COMPLAINT AND ANSWERING PLAINTIFF'S SECOND CAUSE OF ACTION

41. Defendants reallege and reaver the foregoing as fully as if restated verbatim.

42. To the extent Paragraph 55 makes allegations as to express warranties, Defendants crave reference to such warranties for the terms thereof, including any disclaimers, and deny any allegations of Paragraph 55 that are or may be inconsistent therewith. Further responding to Paragraph 55, allegations thereof relative to implied warranties are legal conclusions to which Defendants are not required to respond. To the extent any response is required, Defendants deny the allegations of Paragraph 55 and demand strict proof thereof.

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43. Defendants deny the allegations of Paragraphs 56 and 57 of the Complaint and demand strict proof thereof.

FURTHER RESPONDING TO THE COMPLAINT AND ANSWERING PLAINTIFF'S THIRD CAUSE OF ACTION

44. Defendants reallege and reaver the foregoing as fully as if restated verbatim.

45. Paragraphs 59, 60 and 61 set forth legal conclusions to which Defendants are not required to respond. To the extent any response is required, Defendants deny the allegations of Paragraphs 59, 60 and 61 of the Complaint and demand strict proof thereof.

46. Defendants deny the allegations of Paragraphs 62, 63, 64 and 65 of the Complaint and demand strict proof thereof.

FURTHER RESPONDING TO THE COMPLAINT AND ANSWERING PLAINTIFF'S FOURTH CAUSE OF ACTION

47. Defendants reallege and reaver the foregoing as fully as if restated verbatim.

48. Paragraphs 67, 68 and 69 set forth legal conclusions to which Defendants are not required to respond. To the extent any response is required, Defendants deny the allegations of Paragraphs 67, 68 and 69 of the Complaint and demand strict proof thereof.

49. Defendants deny the allegations of Paragraphs 70, 71, including all subparts, and 72 of the Complaint and demand strict proof thereof.

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50. Responding to Paragraph 73, Defendants deny so much thereof as alleges or may be construed to allege that Plaintiff, or those on whose behalf Plaintiff pursues this action, is entitled to any judgment against Defendants and demand strict proof thereof.

FURTHER RESPONDING TO THE COMPLAINT AND ANSWERING PLAINTIFF'S FIFTH CAUSE OF ACTION

51. Defendants reallege and reaver the foregoing as fully as if restated verbatim.

52. Paragraph 75 sets forth legal conclusions to which Defendants are not required to respond. To the extent any response is required, Defendants deny the allegations of Paragraph 75 of the Complaint and demand strict proof thereof.

53. Defendants deny the allegations of Paragraph 76 of the Complaint and demand strict proof thereof.

54. Defendants deny so much of Paragraph 77 as alleges or may be construed to allege any terms and/or provisions of governing documents, as defined by Plaintiff, are improper and/or unenforceable, and denies any allegations to the contrary. Further responding, the remaining allegations of Paragraph 77 set forth legal conclusions to which Defendants are not required to respond. To the extent any response is required, Defendants deny the allegations of Paragraphs 77 of the Complaint and demand strict proof thereof.

55. Responding to Paragraph 78 of the Complaint, Defendants deny so much thereof as alleges or may be construed to allege there are any ambiguous and/or contradictory provisions included in the governing documents, as defined by Plaintiff and denies any allegations to the contrary. Defendants also deny all remaining allegations of Paragraph 78 of the Complaint and demand strict proof thereof.

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FURTHER RESPONDING TO THE COMPLAINT AND AS A FIRST AFFIRMATIVE DEFENSE THERETO

57. Defendants are informed and believe that any and all claims asserted against them are subject to arbitration pursuant to the South Carolina Uniform Arbitration Act and/or the Federal Arbitration Act, pursuant to binding agreement with Plaintiff and owners of townhomes in Whitesides Park, on whose behalf Plaintiff apparently pursues this action. Therefore, this Court lacks subject matter jurisdiction.

FURTHER RESPONDING TO THE COMPLAINT AND AS A SECOND AFFIRMATIVE DEFENSE THERETO

56. Plaintiff lacks standing to assert claims against Defendants.

FURTHER RESPONDING TO THE COMPLAINT AND AS A THIRD AFFIRMATIVE DEFENSE THERETO

58. Some of all of the claims asserted on by or on behalf of Plaintiff and/or the owners of townhomes in Whitesides Park are barred by the applicable statute of limitations.

FURTHER RESPONDING TO THE COMPLAINT AND AS A FOURTH AFFIRMATIVE DEFENSE THERETO

59. The claims asserted on behalf of Plaintiff, and/or asserted by Plaintiff on behalf of owners of townhomes in Whitesides Park, are barred, or should be proportionately adjusted if any valid claims exist, which Defendants deny, for the comparative negligence of Plaintiff and/or those on whose behalf Plaintiff makes these claims.

FURTHER RESPONDING TO THE COMPLAINT AND AS A FIFTH AFFIRMATIVE DEFENSE THERETO

60. The claims of Plaintiff, and/or those on whose behalf Plaintiff pursues this action, are the direct and proximate result of intervening, superseding acts and/or

omissions of other individuals or entities over whom these Defendants neither had nor have any control, barring such claims.

FURTHER RESPONDING TO THE COMPLAINT AND AS A SIXTH AFFIRMATIVE DEFENSE THERETO

61. The claims of Plaintiff and/or the claims of the owners of townhomes of Whitesides Park, on whose behalf Plaintiff apparently pursues this action, are barred by the doctrine of laches.

FURTHER RESPONDING TO THE COMPLAINT AND AS A SEVENTH AFFIRMATIVE DEFENSE THERETO

62. The claims of Plaintiff and/or the claims of the owners of townhomes of Whitesides Park are barred by the final completion and acceptance of the work undertaken by or on behalf of Defendants.

FURTHER RESPONDING TO THE COMPLAINT AND AS AN EIGHTH AFFIRMATIVE DEFENSE THERETO

63. The claims of Plaintiff and/or the claims of the owners of townhomes at Whitesides Park are, upon information and belief, barred as the rightful owners of any such claims, if any, which is denied, were not timely submitted within or in accordance with the applicable warranty period nor in accordance with the applicable warranty terms.

FURTHER RESPONDING TO THE COMPLAINT AND AS A NINTH AFFIRMATIVE DEFENSE THERETO

64. The claims of Plaintiff and/or the claims of the owners of townhomes at Whitesides Park are barred by or should be proportionately reduced to the extent the rightful holders of such claims failed to mitigate their damages.

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FURTHER RESPONDING TO THE COMPLAINT AND AS A TENTH AFFIRMATIVE DEFENSE THERETO

65. The claims of Plaintiff and/or the claims of the owners of townhomes at Whitesides Park are subject to and governed by certain warranty obligations and limitations, some of which act to exclude liability for damages sought in this action, in whole or in part.

66. The failure of Plaintiff and/or those on whose behalf Plaintiff pursues this action, to comply with the terms and conditions of the warranty(ies), including, but not limited to the failure to timely and properly submit claims, within the warranty period, constitutes a bar to all claims.

FURTHER RESPONDING TO THE COMPLAINT AND AS AN ELEVENTH AFFIRMATIVE DEFENSE THERETO

67. Plaintiff and/or those on whose behalf Plaintiff pursues this action have waived and/or estopped from asserting the claims in this action.

FURTHER RESPONDING TO THE COMPLAINT AND AS A TWELFTH AFFIRMATIVE DEFENSE THERETO

68. The claims set forth in this action are barred, and/or stayed, as such claims are subject to a valid arbitration provision between Defendants and Plaintiff and/or those on whose behalf these claims are pursued.

FURTHER RESPONDING TO THE COMPLAINT AND AS A THIRTEENTH AFFIRMATIVE DEFENSE THERETO

69. The claims set forth in this action are barred and/or stayed or should be dismissed by virtue of the failure of Plaintiff and/or those on whose behalf it pursues these claims to comply with the South Carolina Notice and Opportunity to Cure Construction Dwelling Defects Act, S.C. Code §§ 40-59-10, *et seq*.

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FURTHER RESPONDING TO THE COMPLAINT AND AS A FOURTEENTH AFFIRMATIVE DEFENSE THERETO

70. The claims asserted herein are barred by the economic loss rule.

FURTHER RESPONDING TO THE COMPLAINT AND AS A FIFTEENTH AFFIRMATIVE DEFENSE THERETO

71. Plaintiff's claims and/or the claims of those on whose behalf Plaintiff asserts claims should be dismissed or stayed for failure to comply with valid and enforceable conditions precedent set forth in the various documents pursuant to which the premises at issue were purchased by those whose claims Plaintiff apparently pursues in this action. Such conditions precedent includes the necessity of pursuing certain alternative dispute resolution efforts.

FURTHER RESPONDING TO THE COMPLAINT AND AS A SIXTEENTH AFFIRMATIVE DEFENSE THERETO

72. The claims for punitive damages set forth in this action, entitlement to which is denied, are barred and/or limited by the South Carolina Constitution, the Constitution of the United States and/or S.C. Code Ann. §§ 15-32-500, *et. seq.*

RESERVATION TO PLEAD ADDITIONAL DEFENSES

73. Defendants expressly reserve the right to assert and do not waive further or additional defenses as they may be discovered upon amendment to the Complaint or other pleadings entered in this case, or as revealed by further discovery, and reserve the right to amend this Answer to assert any such defenses.

WHEREFORE, Defendants, CalAtlantic Group, Inc., f/k/a The Ryland Group, Inc., f/k/a Standard Pacific Corp. and also d/b/a CalAtlantic Homes, and Lennar Carolinas, LLC, respectfully request this Court deny the relief requested by Plaintiff, dismiss the

Complaint in its entirety with prejudice, and award Defendants their costs, attorneys' fees, and such other relief as the Court deems appropriate.

/s/ Cheryl D. Shoun

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August 14, 2020

Charleston, South Carolina

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STATE OF SOUTH CAROLINA COUNTY OF CHARLESTON	IN THE COURT OF COMMON PLEAS NINTH JUDICIAL CIRCUIT
Whitesides Park Townhomes Property Owners Association, Inc., Plaintiff, vs. CalAtlantic Group, Inc., f/k/a The Ryland Group, Inc., f/k/a Standard Pacific Corp. and also d/b/a CalAtlantic Homes; Lennar Carolinas, LLC, Southend Exteriors, Inc., Alpha Omega Construction Group, Inc., Fogel Services, Inc. Defendants.	Case No. 2020-CP-10-02398 MOTION TO DISMISS AND TO COMPEL ARBITRATION ON BEHALF OF DEFENDANTS CALATLANTIC GROUP, INC., F/K/A THE RYLAND GROUP, INC., F/K/A STANDARD PACIFIC CORP. AND ALSO D/B/A CALATLANTIC HOMES AND LENNAR CAROLINAS, LLC

PLEASE TAKE NOTICE THAT Defendants, CalAtlantic Group, Inc., f/k/a The Ryland Group, Inc., f/k/a Standard Pacific Corp. and also d/b/a CalAtlantic Homes, and Lennar Carolinas, LLC (hereinafter, collectively "Defendants"), by and through their undersigned counsel, will move before this Court for an Order, dismissing this action pursuant to Rule 12(1), *South Carolina Rules of Civil Procedure* and compelling Plaintiff, Whitesides Park Townhomes Property Owners Association, Inc. ("Whitesides") to submit any and all claims to mandatory and binding arbitration.

Defendants move to compel arbitration pursuant to the South Carolina Uniform Arbitration Act, S.C. Code Ann. § 15-48-10, *et seq*., and, pursuant to the Federal Arbitration Act, 9 U.S.C. § 1, *et seq.* Both federal law and South Carolina law favor the resolution of disputes through arbitration. *See Landers v. Fed. Deposit Ins. Corp.*, 402 S.C. 100, 109, 739, S.E.2d 209, 213 (2013). Therefore, any dispute that falls within the

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scope of an arbitration clause must be submitted to arbitration. *See Zabinski*, 346 S.C. at 592, 553 S.E.2d at 116 ("Unless a court can say with positive assurance that the arbitration clause is not susceptible to an interpretation that covers the dispute, arbitration should generally be ordered."). Moreover, "any doubt as to whether [a claim is] subject to arbitration must be resolved in favor of arbitration." *Hall v. Green Tree Servicing, LLC*, 413 S.C. 267, 275, 776 S.E.2d 91, 96 (2015).

This Motion to Compel Arbitration is based on the agreement of Plaintiff to participate in binding arbitration in the resolution of any dispute involving Whitesides Park Townhomes (the "Property"), as set forth in the Declaration of Covenants, Conditions, Restrictions and Easements for Whitesides Park, dated September 8, 2016 (the "Covenants"), and recorded in the office of the Register of Deeds for Charleston County, at Book 0582, Page 098. A copy of said Covenants is attached hereto as Exhibit A.

Moreover, Defendants are informed and believe Whitesides brings this action, at least in part, on behalf of the some or all individual owners of townhomes of which the Property consists, such owners being members of Whitesides. All, or a vast majority of the owners of townhomes, on whose behalf Whitesides brings this action, entered into one or more agreements with one or more Defendants pursuant to which they agreed to enter into binding arbitration in the resolution of any disputes arising relative to the Property, as follows:

Some or all owners entered into a Purchase Contract that specifically provides all disputes are subject to mandatory arbitration; some or all owners entered into a Dispute Resolution Agreement Addendum to Home Purchase Agreement that clearly provides that those individuals, as owners, and Defendants, as Seller, must follow the dispute

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resolution procedures set forth therein; specifically, all disputes must be submitted to arbitration. Representative copies of these documents are provided herewith and attached hereto, collectively, as Exhibit B.[1]

As further documented by the Declaration of Tracey Ethridge, attached hereto as Exhibit C, Defendants are informed and believe all owners of Whitesides townhomes received and acknowledged receipt of Homeowner's Limited Warranty & Maintenance Manual ("Manual"), which provides, in pertinent part:

> In the event any dispute arises relating to customer care issues for warranty claims, such disputes may be resolved pursuant to the arbitration procedures specified in the Limited Warranty.

The Insured Limited Warranty ("Limited Warranty"), Section 5, sets forth the procedure to be followed in making a warranty claim. The Limited Warranty provides, *inter alia*, that claims not resolved by repair, replacement, payment or mediation ("Unresolved Disputes") shall be submitted to binding arbitration governed by the procedures of the Federal Arbitration Act, 9 U.S.C.1, *et seq*.

Representative copies of the Manual and the Limited Warranty are attached to the Declaration of Ms. Ethridge.

In addition to the foregoing, all owners, believed to be represented by Whitesides in this action, took ownership of the townhomes comprising the Property pursuant to Title to Real Estate that clearly, substantially and specifically sets forth such Title is subject to the Covenants referenced hereinabove. In addition to the clear and obvious notice that the Covenants are subject to arbitration, either pursuant to the South Carolina Uniform

[1] As set forth in the supporting Declaration of Tracey Ethridge, due to various reasons, including the passage of time and the mergers of entities, some documents cannot be located. However, at least three sets of purchase documents have been located, which include those referenced herein. Additionally, Defendants are informed and believe the individual owners of townhomes may have copies of the documents referenced.

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Arbitration Act or the Federal Arbitration Act, that heads the document, the Covenants, Section X, provide the mandated procedure for dispute resolution, which requires arbitration of claims not otherwise resolved.

Appearing on the at the top of the first page of the Covenants, is the following language, in conspicuous, bold, underlined and all-caps:

> **THIS AGREEMENT IS SUBJECT TO ARBITRATION PURSUANT TO THE SOUTH CAROLINA UNIFORM ARBITRATION ACT, SECTION 15-48-10 ET SEQ., CODE OF LAWS OF SOUTH CAROLINA, 1976 (AS AMENDED) OR IF IT IS DEEMED NOT TO APPLY, PURSUANT TO THE FEDERAL ARBITRATION ACT, TITLE 9, SECTION 1 ET. SEQ. UNITED STATES CODE (AS AMENDED).**

This Motion is also based upon any supporting memorandum that may be subsequently submitted to the Court, the law of the State of South Carolina and argument of counsel, should the Court so allow.

AND IT IS SO MOVED.

/s/ Cheryl D. Shoun

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Attorneys for Defendants CalAtlantic Group, Inc., f/k/a The Ryland Group, Inc., f/k/a Standard Pacific Corp. and also d/b/a CalAtlantic Homes, and Lennar Carolinas, LLC

December 22, 2020

Charleston, South Carolina

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Exhibit A - Declaration of Covenants and Restrictions

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THIS AGREEMENT IS SUBJECT TO ARBITRATION PURSUANT TO THE SOUTH CAROLINA UNIFORM ARBITRATION ACT, SECTION 15-48-10 ET SEQ., CODE OF LAWS OF SOUTH CAROLINA, 1976 (AS AMENDED) OR IF IT IS DEEMED NOT TO APPLY, PURSUANT TO THE FEDERAL ARBITRATION ACT, TITLE 9, SECTION 1 ET. SEQ. UNITED STATES CODE (AS AMENDED).

DECLARATION OF

COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS

FOR WHITESIDES PARK

September 8, 2016

Charleston County, South Carolina

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THIS AGREEMENT IS SUBJECT TO ARBITRATION PURSUANT TO THE SOUTH CAROLINA UNIFORM ARBITRATION ACT, SECTION 15-48-10 ET SEQ., CODE OF LAWS OF SOUTH CAROLINA, 1976 (AS AMENDED) OR IF IT IS DEEMED NOT TO APPLY, PURSUANT TO THE FEDERAL ARBITRATION ACT, TITLE 9, SECTION 1 ET. SEQ. UNITED STATES CODE (AS AMENDED).

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR WHITESIDES PARK

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR WHITESIDES PARK (the "***Declaration***") made on the date hereinafter set forth by CalAtlantic Group, Inc., a Delaware corporation, successor by merger to The Ryland Group, Inc., a Maryland corporation, having a mailing address of 216 Seven Farms Drive, Suite 200, Charleston, SC 29492 (together with its successors and assigns, the "***Declarant***"), and is joined by Whitesides Park Townhomes Property Owners Association, Inc., a South Carolina nonprofit corporation (hereinafter referred to as the "***Association***").

WITNESSETH:

WHEREAS, the Declarant is the owner of certain real property located on Myrick Road in the Town of Mount Pleasant, Charleston County, South Carolina, which real property is more particularly described on Exhibit A attached hereto and incorporated herein by reference (the "***Property***"); and

WHEREAS, the Declarant intends to develop approximately thirteen (13) townhouses on the Property, which Declarant plans to submit to the plan and operation of this Declaration and designate as "Whitesides Park"; and

WHEREAS, the Declarant wishes to accomplish the following objectives for its benefit and the benefit of owners of property in Whitesides Park by the imposition of the covenants, conditions, restrictions and easements set forth herein:

(a) to maintain the value and the residential character and integrity of the Whitesides Park community;

(b) to preserve the quality of the natural amenities of the Whitesides Park community;

(c) to prevent any owner or any other persons from building or carrying on any other activity in the Whitesides Park community to the detriment of any other owner in Whitesides Park;

(d) to keep property values in Whitesides Park high, stable and in a state of

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reasonable appreciation; and

WHEREAS, as hereinafter provided in this Declaration, the Declarant has retained and reserved the right, privilege and option to submit to the provisions of this Declaration at a later time and from time to time, as a part of Whitesides Park community, additional property; and

WHEREAS, in addition to any other covenants, easements, instruments, agreements and/or other matters to which the Property is subject, the Property is subject to all matters shown on the Plat (as defined below).

NOW, THEREFORE, the Declarant hereby declares that all of the Property described on Exhibit A, and any additional property that Declarant, in its sole discretion, sees fit to develop or dedicate, as, by subsequent amendment and/or supplement hereto, may be subjected to this Declaration, shall be held, mortgaged, transferred, sold, conveyed, leased, occupied and used subordinate and subject to the following easements, restrictions, covenants, charges, liens and conditions which are hereby imposed for the purpose of protecting the value and desirability of the Property and which restrictions, easements, charges, liens conditions and covenants shall touch and concern and run with the title to the Property, and which shall be binding on all parties having any right, title or interest in the Property or any portion thereof. This Declaration also binds the respective heirs, devisees, fiduciary representatives, successors, successors in title and/or assigns, and shall inure to the benefit of anyone or anything who/which purchases, takes or holds any interest in the Property.

ARTICLE I
DEFINITIONS

SECTION 1.1. "***Additional Property***" shall mean and refer to the real property located adjacent to, or in the vicinity of, the Property and currently owned or later acquired by Declarant, that Declarant reserves the right, privilege and option to submit to the provisions of this Declaration at a later time and from time to time.

SECTION 1.2. "***Annual Assessment***" shall mean and refer to assessments levied in accordance with Section 4.3 hereto.

SECTION 1.3. "***Area of Common Responsibility***" shall mean the Common Area, together with any additional areas, if any, for which the Association has or assumes responsibility.

SECTION 1.4. "***Articles***" shall mean the Articles of Incorporation of the Association (as hereinafter defined). A copy of the Articles is attached hereto as Exhibit B and by reference made a part hereof.

SECTION 1.5. "***Association***" shall mean and refer to the Whitesides Park Townhomes Property Owners Association, Inc., a South Carolina nonprofit corporation, its successors and assigns, whose purpose is to administer the Property in accordance with the

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provisions of this Declaration.

SECTION 1.6. "***Board***" and/or "***Board of Directors***" shall mean and refer to the Board of Directors of the Association.

SECTION 1.7. "***Bylaws***" shall mean the Bylaws of the Association which establish the method and procedure of its operation. A copy of the Bylaws is attached hereto as Exhibit C, and by reference made a part hereof.

SECTION 1.8. "***Common Area***" shall mean all real property (including the improvements thereon) and personal property owned by the Association for the common use and enjoyment of the owners of Lots in Whitesides Park. The Common Area to be owned by the Association is described as follows:

> All areas shown and designated as "Common Area," "C/A," "HOA," or "Open Space" on the Plat referenced on Exhibit A, if any, and as may be designated as "Common Area," "HOA," or "Open Space" on any other plats of any property that may in the future become subject to this Declaration. Common Area shall also include the Recreational Facilities defined below.

Common Area shall also mean such property which from time to time is deeded to the Association by Declarant. Common Area may be conveyed subject to all applicable restrictive covenants of Record, and when tendered, title thereto shall automatically be deemed accepted by the Association without the need for any further action. Common Area may also include, without limitation, entry features, landscaping, walls, fences, signage, street lights, ponds, wetland areas, wetland buffers, entryways, planters and other areas that may or may not be deeded to the Association but will be maintained by the Association, including without limitation that certain "Exist. Variable Width Open Space Easement" shown on the 2016 Adjustment Plat ("***Open Space Easement***").

SECTION 1.9. "***Community***" shall mean and refer to Whitesides Park.

SECTION 1.10. "***Community Wide Standards***" shall mean and refer to the standards of conduct, maintenance or other activity generally prevailing throughout the Property, as the same may exist from time to time. Such standards may be more specifically determined by the Board of Directors, subject to the consent of Declarant so long as Declarant owns one or more Lots within the Property.

SECTION 1.11. "***Declarant***" shall mean and refer to CalAtlantic Group, Inc., a Delaware corporation, successor by merger to The Ryland Group, Inc., a Maryland corporation, as well as its successors and assigns, if Declarant shall make an express conveyance of its rights as developer hereunder to such successor or assign.

SECTION 1.12. "***Declaration***" shall mean this Declaration of Covenants, Conditions, Restrictions and Easements for Whitesides Park, as the same may be amended, supplemented, renewed or extended from time to time in the manner herein provided.

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SECTION 1.13. "***Lease***" shall mean the agreement between an Owner and a lessee for the regular, exclusive occupancy of a Lot and the Home located thereon by any person other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity or emolument.

SECTION 1.14. "***Lot***" shall mean and refer to any separately numbered plot of land shown upon any Recorded map of Whitesides Park Community, including any similar plots of the Additional Property that may be so designated from time to time by the Declarant, with the exception of the Common Area.

SECTION 1.15. ***"Manager"*** shall mean that person, company or business entity which may, from time to time, be hired by the Association, at the determination of the Board, and shall responsible for (i) performing or arranging the performance of certain services within the Community and (ii) such other responsibilities so designated by the Board.

SECTION 1.16. "***Member***" shall mean and refer to every person or entity who holds membership with voting rights in the Association.

SECTION 1.17. "***Owner***" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, as hereinafter defined, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 1.18. "***Plat***" shall mean, collectively, those certain plats entitled as follows:

> "RECOMBINATION AND SUBDIVISION PLAT SHOWING THE ABANDONMENT OF THE PROPERTY LINES BETWEEN TMS NO. 532-08-00-040 & 169 AND THE SUBSEQUENT SUBDIVISION TO CREATE LOTS 7 THROUGH 13, HOA AND RESIDUAL OWNED BY THE RYLAND GROUP, INC. LOCATED IN THE TOWN OF MOUNT PLEASANT CHARLESTON COUNTY, SOUTH CAROLINA", dated April 6, 2015 and recorded in the RMC Office for Charleston County on June 1, 2015, in Plat Cabinet L15, at Page 0234 (the "***2015 Plat***").
>
> and
>
> "ADJUSTMENT PLAT SHOWING THE ADJUSTMENT OF THE PROPERTY LINES BETWEEN LOTS 7, 8, 9, 10 AND RESIDUAL, THE CREATION OF NEW MPW EASEMENTS, NEW PRIVATE GENERAL UTILITY EASWEMENTS, A NEW PUBLIC ACCESS EASEMENT AND THE ABANDONMENT OF A PORTION OF AN EXISTING MPW EASEMENT MYRICK ROAD TOWNHOMES - OWNED BY CALATLANTIC GROUP, INC. LOCATED IN THE TOWN OF MOUNT PLEASANT CHARLESTON COUNTY, SOUTH

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CAROLINA", dated January 7, 2016 and recorded in the RMC Office for Charleston County on January 15, 2016, in Plat Cabinet L16, at Page 0022 (the "***2016 Adjustment Plat***").

and

"SUBDIVISION PLAT SHOWING THE SUBDIVISION OF TMS NO. 532-08-00-040 TO CREATE LOTS 1 THROUGH 6 – MYRICK ROAD TOWNHOMES AND TO CREATE A NEW 10'X7' MPW EASEMENT OWNED BY CALATLANTIC GROUP, INC. LOCATED IN THE TOWN OF MOUNT PLEASANT CHARLESTON COUNTY, SOUTH CAROLINA", dated January 25, 2016 and recorded in the RMC Office for Charleston County on March 7, 2016, in Plat Cabinet S16, at Page 0050 (the "***2016 Subdivision Plat***").

SECTION 1.19. "***Property***" shall initially mean and refer to the approximately thirteen (13) Lots, the Common Area and other property, if any, described on Exhibit A, and such other property as may hereafter be made subject to this Declaration.

SECTION 1.20. "***Record,***" "***Recording***" and/or "***Recorded***" shall mean and refer to the appropriate recordation or filing of any document in the Register of Mesne Conveyances ("***RMC***") Office for Charleston County, South Carolina, or such other place which is designated as the official location for recording deeds and similar documents affecting title to real estate. The date of Recording shall refer to that time at which a document, map or plat is Recorded.

SECTION 1.21. "***Recreational Facilities***" shall mean and refer to such recreational facilities and improvements designated for, and dedicated to, the common use and enjoyment of the Owners of Lots in the Community, whether or not reserved for the exclusive use of the Owners of Lots in the Community, whether or not owned by Declarant and whether or not located within the Community or located within or dedicated to the Common Area, including without limitation, playground areas, picnic areas, ponds and any clubhouse, changing area, pool or other recreational facilities and improvements, if any. NO REPRESENTATION OR WARRANTY IS MADE BY DECLARANT THAT ANY OR ALL OF THESE RECREATIONAL FACILITIES WILL BE CREATED OR BUILT.

SECTION 1.22. "***Special Assessment***" shall mean and refer to assessments levied in accordance with Section 4.4 hereto.

SECTION 1.23. "***Specific Assessment***" shall mean and refer to assessments levied in accordance with Section 4.5 hereto.

SECTION 1.24. "***Supplemental Declaration***" shall mean and refer to a Recorded instrument which subjects Additional Property to this Declaration pursuant to Article XI and/or imposes additional restrictions and obligations on the land described in such instrument or removes any portion of the Property from the coverage of this Declaration.

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SECTION 1.25. "***Townhouse***" and/or "***Home***" shall mean and refer to each dwelling unit developed as an attached, single-family townhouse situate on the Property and shall include the Lot of and on which said Townhouse is situate if title to said Lot is held by the owner of the Townhouse.

ARTICLE II
PROPERTY RIGHTS

SECTION 2.1. OWNERS' EASEMENTS OF ENJOYMENT. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to permit the use of and to charge reasonable admission and other fees, including any applicable penalties, for the use of any Recreational Facilities and to impose reasonable limits upon the number of guests who may use these facilities;

(b) the right of the Association to suspend the voting rights and right to use of the Recreational Facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and, for a period not to exceed sixty (60) days, for any infraction of its published rules and regulations;

(c) the right of the Association and/or Declarant to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer is signed by two-thirds (2/3) of each class of Members and has been Recorded;

(d) the right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area;

(e) the right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and facilities thereon. No such mortgage of the Common Area shall be effective unless an instrument agreeing to such mortgage of Common Area is signed by three-fifths (3/5) of each class of Members. Also, so long as there are Class B Members, the mortgaging of any Common Area must also be approved by the U.S. Department of Veterans Affairs, if applicable;

(f) the right of the Association to exchange portions of the Common Area with the Declarant for substantially equal areas of the Property for the purpose of eliminating unintentional encroachments of improvements onto portions of the Common Area or any other purpose or reason. As long as there is Class B Members, no such exchange of portions of Common Area with the Declarant shall be effective unless an instrument agreeing to such exchange has been approved by the U.S. Department of Veterans Affairs, if applicable;

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(g) the right of the Association to grant easements for adjacent property owners, as set forth in Article VIII;

(h) the right of the Association to enter any Home or Lot in order to perform any maintenance, alteration, or repair required herein to be performed by the Association and the Owner of such Home shall permit the Association or its representatives to enter for such purpose at reasonable times and with reasonable notice;

(i) the right of the Association or its representatives to enter any Home or Lot in the case of any emergency threatening such Home or Lot or any other Home or Lot for the purpose of remedying or abating the cause of such emergency. Such right of entry shall be immediate;

(j) the easement rights of the Declarant reserved in Article VIII and Article IX of this Declaration;

(k) notwithstanding anything to the contrary herein, the right of the Declarant and/or the Association to grant to any natural gas utility company an easement or license that is reasonably necessary for the purpose of placing, operating, maintaining, repairing and using any equipment, lines, pipes and/or tanks that directly services any Home or Lot located within the Property;

(l) the right of the Declarant and/or the Association to grant any easement, reasonable in size, that is necessary for the construction, placement and/or maintenance of any sidewalks or other such pathways, which the Declarant or Association, in its sole discretion, deems to be in the best interest of the overall Community;

(m) the right of the Declarant and/or the Association to grant any easement or license, reasonable in size and scope, for any purpose that is reasonably necessary, in the opinion of the Declarant or Association, for the betterment of the Community as a whole; and

(n) the right and authority of the Declarant and/or the Association, hereby reserved, to grant to any Owner of a Home an easement that is reasonably necessary for the purpose of placing, operating, maintaining, repairing and using the air conditioning unit that services such Home. It is understood, for purposes of this paragraph, that if an air conditioning unit cannot otherwise be reasonably placed on a Home Owner's Lot due to circumstances beyond the control of such Home Owner, then it shall be deemed to be reasonably necessary for the Association to grant such Home Owner the easement described in this paragraph. Any easement granted by the Association pursuant to this paragraph shall be located on the Common Area that is immediately adjacent to the Owner's Unit, shall only be for the specific use described above, and shall only be of a size reasonably necessary to operate, place, maintain, repair and use the air conditioning unit.

SECTION 2.2. DELEGATION OF USE. Any Owner may delegate, in accordance with the Bylaws, his rights of enjoyment of the Common Area to the members of his family, his tenants or contract purchasers who reside on the Lot of such Owner.

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SECTION 2.3. LEASES OF HOMES AND LOTS. Any Lease shall provide that the terms of the Lease shall be subject in all respects to the provisions of this Declaration, the Articles and the Bylaws of the Association and that any failure by the lessee to comply with the terms of such documents shall be a default under the terms of the Lease. All Leases shall be in writing, and upon request of the Board, a copy of any Lease shall be delivered by the Owner to the Board within five (5) days of such request. The minimum term of any Lease shall be twelve (12) months and shall be for residential purposes only. In addition to the foregoing, each tenant under any Lease must acknowledge receipt of this Declaration. Other than the foregoing, there are no restrictions on the right of any Owner to lease his Home or Lot.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS; ASSOCIATION POWERS

SECTION 3.1. MEMBERSHIP. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

SECTION 3.2. VOTING. The Association shall have two classes of voting membership:

Class "A". Class "A" Members shall be all Owners other than the Declarant. Class "A" Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class "B". The Class "B" Member shall be the Declarant and shall be entitled to forty (40) votes for each Lot it owns that is subject to this Declaration. The Class "B" membership shall cease and be converted to Class "A" membership on the happening of any of the following events, whichever occurs earlier:

(a) the date on which all of the Townhouses have certificates of occupancy issued thereon and have been conveyed to Owners other than Declarant; or

(b) on December 31, 2035; or

(c) when Declarant elects by written notice to the Association to terminate its Class B membership.

SECTION 3.3. ACTION WHEN CLASS "B" MEMBERSHIP CEASES. At such time as the Class "B" membership ceases to exist on the happening of any of the events listed in Section 3.2 above, the Class "B" Member shall have no further liability for the action or inaction of the Association, and the existing Class "A" Members shall, in accordance with this Declaration and the Bylaws, promptly (1) notify all Members entitled to notice of a meeting of the Members, (2) hold a meeting to elect new directors, if necessary, and (3) make sure that the

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directors appoint corporate officers.

SECTION 3.4. PURPOSE OF ASSOCIATION. The Declarant has established the Association for the purpose of exercising powers of (i) owning, maintaining and/or administering the Common Area, the Recreational Facilities and common facilities; (ii) providing common services; (iii) administering and enforcing the covenants, conditions and restrictions contained herein; and (iv) levying, collecting and disbursing assessments and charges herein created. Further, the Declarant reserves the right to convey to the Association and the Association agrees to accept any or all of its rights and obligations set forth herein. With the exception of any and all roads, real property or other areas of responsibility which the Declarant dedicates in writing to the public, Charleston County or another appropriate governmental body or entity which formally accepts the maintenance of such roads, real property or other area of responsibility, the Association shall be authorized (but not required) to provide the following services:

(a) clean-up, maintenance, and landscaping of the Area of Common Responsibility, to include all open spaces and the Common Area within the Community;

(b) insect and pest control of the Common Area to the extent that it is necessary or desirable in the judgment of the Board of Directors of the Association to supplement the service provided by the state and local governments;

(c) construction, maintenance, landscaping and reconstruction of Recreational Facilities and other improvements within the Common Area;

(d) to set up and operate the Architectural Control Committee as provided herein;

(e) to construct improvements on open spaces and the Common Area and maintain the same;

(f) to provide administrative services including, but not limited to, legal accounting, financial and communication services informing members of activities, notice of meetings, referendums, etc., incident to the above listed services;

(g) to provide liability and hazard insurance covering improvements and activities on the open spaces and the Common Area, independently or in collaboration with the Declarant;

(h) to provide directors and officers liability insurance for the Association and its duly elected directors and officers;

(i) landscaping of common roads and parkways, sidewalks and walking paths within the Community and any common properties or spaces located therein;

(j) to take any and all actions necessary to enforce all covenants and restrictions affecting the Community and to perform any of the functions or services delegated to the Association in any covenants or restrictions applicable to the

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Community;

(k) to collect from the Owners, if appropriate, and to assume and pay any expenses, costs or assessments pursuant to any other covenants, instruments and/or agreements to which the Property is subject;

(l) to exercise such voting or other rights assigned to the Property subject to this Declaration as set forth in any other covenants, instruments and/or other agreements to which the Property is subject;

(m) to provide any and all services necessary or desirable (in the judgment of the Board of Directors of the Association) to carry out the Association's obligation and business under the terms of this Declaration.

ARTICLE IV
COVENANT FOR MAINTENANCE AND ASSESSMENTS

SECTION 4.1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay (a) to the Association: (i) Annual Assessments or charges; and (ii) Special Assessments for capital improvements, such assessments to be established and collected as hereinafter provided; and (iii) Specific Assessments; and (b) to the appropriate governmental taxing authority: (i) a pro rata share of ad valorem taxes levied against the Common Area; and (ii) a pro rata share of user fees and assessments for public improvements to or for the benefit of the Common Area if the Association shall default in the payment of either or both for a period of six (6) months as hereinafter provided. The Annual Assessments, Special Assessments and Specific Assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the joint and several obligation of each Owner of such property at the time when the assessment fell due and upon such Owner's successor in title if unpaid on the date of the conveyance of such property. Provided, however, that, with respect to the Additional Property, if any, Declarant is exempt from the assessment, charge and lien created herein until all or any portion of such Additional Property is added to the Community and subjected to this Declaration, and then only with respect to the portion or portions added to the Community and/or subjected to this Declaration.

SECTION 4.2. PURPOSE OF ASSESSMENTS.

(a) The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Property and in particular for the acquisition, improvement and maintenance of property, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, including but

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not limited to, the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area; the maintenance of water and sewer mains and lines and storm drains and storm water facilities in and upon the Common Area; the maintenance of open spaces, roads and streets which have not been accepted for dedication by a public authority, signage, roadway medians and islands (including signage, medians and islands located in dedicated rights-of way), drives and parking areas within the Common Area, the procurement and maintenance of insurance in accordance with the Bylaws; the maintenance of any "sign easement" and/or "landscape easement" areas located on any lot, as shown on a recorded plat, including the Plat; the maintenance of the Open Space Easement area; the maintenance of entranceways, landscaping and lighting of the Common Area, road medians and islands and entranceways, the lighting of streets (whether public or private); the payment of charges for garbage collection and municipal water and sewer services furnished to the Common Area, if any; the costs associated with duties of the Architectural Control Committee; the employment of attorneys and other agents to represent the Association when necessary; the provision of adequate reserves for the replacement of capital improvements including, without limiting the generality of the foregoing, paving, and any other major expense for which the Association is responsible; and such other needs as may arise. The obligation of each Owner of a Lot to pay assessments may not be amended to relieve any Lot Owners or the Association of their obligation to maintain any roads or rights-of-way so long as such roads and rights-of-way remain privately owned.

(b) If deemed necessary by the Board, the Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Area and those other portions of the Property which the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expense.

(c) All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Property, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles and the Bylaws of the Association. As monies for any assessment are paid to the Association by any Lot Owner, the same may be commingled with monies paid to the Association by the other Owners. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Lot. When a Lot Owner shall cease to be a Member of the Association by reason of his divestment of ownership of his Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the fund or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Property.

SECTION 4.3. ANNUAL ASSESSMENT. The annual assessment (the ***"Annual Assessment")*** shall established by the Board of Directors by preparation of a budget and

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assessment of the charges based upon each Lot's pro rata portion of this budget, except as otherwise provided herein. The budget shall include the cost of providing all services described in Section 4.2 above; provided, however, that only non-Declarant owned Lots shall be responsible for payment of the Annual Assessment. The Board may increase or decrease the Annual Assessment from calendar year to calendar year without approval by the Members. At the Board's option, the Annual Assessment may be collected monthly, quarterly, semi-annually or annually. The Annual Assessment shall be in addition to Special Assessments levied in accordance with Sections 4.4 below, if any. Notwithstanding anything contained herein to the contrary, for so long as Declarant owns Lots within the Community, the assessments due and owing from such Declarant-owned Lots shall not include Annual Assessments. As a result, Annual Assessments shall be greater on Lots owned by Owners other than the Declarant.

SECTION 4.4. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS. In addition to the Annual Assessments authorized above, the Association may levy, in any calendar year, a special assessment (the "***Special Assessment***") for the purpose of defraying in whole or in part the costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, or to make up any shortfall on the current year's budget, provided that any such assessment shall have the assent of two-thirds (2/3) of the aggregate votes of Class "A" and Class "B" Members who are voting in person or by proxy at a meeting duly called for this purpose. All Special Assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly, quarterly, semiannual, or annual basis.

SECTION 4.5. SPECIFIC ASSESSMENTS. The Association shall have the power to levy Specific Assessments against a particular Townhouse to cover the costs incurred in bringing the Townhouse into compliance with the terms of these Covenants and other governing documents of the Association, including the Bylaws, or costs incurred as a consequence of the conduct of the Owner or occupants of the Townhouse, their agents, contractors, employees, licensees, invitees or guests. In addition, fines levied by the Association shall constitute Specific Assessments.

SECTION 4.6 NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 4.3 AND 4.4. Written notice of any meeting called for the purpose of taking any action authorized under Section 4.3 or Section 4.4 shall be sent to all Members not less than ten (10) days nor more than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast fifty-one percent (51%) of all the votes of each class of Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. If the required quorum is not present at the second meeting, a third meeting may be called subject to the same notice requirements, and all those present at the third meeting shall constitute a quorum.

SECTION 4.7. RATE OF ASSESSMENTS. Annual Assessments and Special Assessments must be fixed at a uniform rate for all Lots to which they apply and may be

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collected on a monthly, quarterly, semiannual or annual basis at the Board's option.

SECTION 4.8. DATE AND COMMENCEMENT OF ASSESSMENTS & DUE DATES. The Annual Assessments provided for herein shall commence as to a Lot at such time as it is conveyed to an Owner, pro-rated from January 1 in the year of the date of the sale. Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of assessments at closing of the transfer of title to a Townhouse and impose special requirements for Owners with a history of delinquent payment. Provided, however, notwithstanding anything herein to the contrary, Declarant shall have the option each year of either (i) paying one hundred percent (100%) of the aggregate sum of the Annual Assessment and Special Assessment, as applicable, levied against all Lots owned by Declarant during each calendar year (which Annual Assessment shall be prorated for the period of time during which calendar year the Declarant is Owner of said Lot) or (ii) paying the greater amount of (a) twenty-five percent (25%) of the aggregate sum of the Annual Assessment and Special Assessment, as applicable, levied against all Lots owned by Declarant during each calendar year (which Annual Assessment shall be prorated for the period of time during which calendar year the Declarant is Owner of said Lot), or (b) such amount necessary to fund any difference between the Association's operating expenses and the Annual Assessments collected from Owners other than Declarant. If no operating deficit as described above exists for the current year, the Declarant shall not be required to pay any assessments. The Declarant's obligation to pay assessments as stated herein shall create a lien against the Declarant's Lots within the Property. The first Annual Assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each Annual Assessment period, the Board of Directors shall fix the amount of the Annual Assessment and promptly thereafter the Board of Directors shall cause written notice thereof to be sent to every Owner subject thereto. In the event the Board of Directors shall fail to fix the amount of Annual Assessments as described above, the assessment fixed for the immediately preceding year shall continue in effect until a new assessment amount is fixed. The due dates shall be established by the Board of Directors. The Association or their designee (e.g., a property management company) shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

SECTION 4.9. EFFECT OF NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION. Any assessment not paid within thirty (30) days after the due date shall become delinquent and shall be subject to a late payment penalty of ten percent (10%) of the amount due and owing for each month such installment is delinquent, or any portion of any month, from the date each such installment is due until such payment is received by the Association, not to exceed One Hundred and No/100 Dollars ($100.00) per month, and in addition thereto shall bear interest from the due date at the rate of twelve percent (12%) per annum or the highest rate allowed by law, whichever is lower. The Association may undertake reasonable collection efforts and may bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien created herein against the property in the same manner as prescribed by the laws of the State of South Carolina for the foreclosures of mortgages, and interest, costs and reasonable attorney's fees for representation of the Association

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in such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his Lot nor shall damage to or destruction of any improvements on any Lot by fire or other casualty result in any abatement or diminution of the assessments provided for herein. The remedies herein provided shall not be exclusive, and the Association may enforce any other remedies to collect delinquent assessments as may be provided by law.

SECTION 4.10. EFFECT OF DEFAULT IN PAYMENT OF AD VALOREM TAXES OR ASSESSMENTS FOR PUBLIC IMPROVEMENTS BY ASSOCIATION. Upon default by the Association in the payment to the governmental authority entitled thereto of any *ad valorem* taxes levied against the Common Area, user fees, or assessments for public improvements to the Common Area, which default shall continue for a period of six (6) months, each Owner of a Lot within the Property shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes, user fees, or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Lots in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien on the Lot of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner. This Section 4.10 shall not become applicable until Class "B" Membership ceases to exist.

SECTION 4.11. SUBORDINATION OF THE LIEN TO MORTGAGES. The liens provided for herein shall be subordinate to the lien of any first mortgage encumbering a Lot. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for in Section 4.10 above. However, the sale or transfer of any Lot which is subject to any such first mortgage pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage.

SECTION 4.12. NOTICE OF LIEN. Recordation of this Declaration constitutes Record notice and perfection of any claim of lien for assessment(s), and such lien relates back to the date of filing of this Declaration. No further recordation of any claim of lien is required.

SECTION 4.13. EXEMPT PROPERTY. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of South Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

SECTION 4.14. CAPITAL CONTRIBUTION. Notwithstanding any other provisions of this Declaration, during the time in which the Declarant is a Member (Class "A" or Class "B") of the Association pursuant to this Declaration and the Bylaws, the Declarant (a) may levy against

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each Lot, upon acquisition of record title by each Owner thereof other than Declarant, a one-time contribution to the working capital of the Association in an amount equal to one-third (1/3) of the Annual Assessment in effect as of the date of acquisition and (b) shall not be required to prepare a capital budget, set any other capital contribution, or otherwise collect or contribute any amounts for capital reserves. Any capital contribution collected by the Declarant shall not be collected against a mortgagee which takes title to a Lot pursuant to foreclosure.

SECTION 4.15. OTHER ASSESSMENTS. Each Owner, by acceptance of a deed to a Lot, acknowledges and agrees that the assessments and other charges provided for herein are in addition to, and not in lieu of, assessments and other charges that may be provided for in other covenants and/or declarations that may encumber the Lot. Unless otherwise agreed to in writing by the Association, the Association shall not be responsible for collecting such other assessments and charges on behalf of Owners of Lots within the Community.

ARTICLE V
MAINTENANCE AND INSURANCE

SECTION 5.1 TOWNHOUSE. The vertical boundaries of each Townhouse are as shown on the applicable subdivision plat Recorded in the RMC Office for Charleston County, South Carolina. Each plot of land constituting a Townhouse will consist of the land under the footprint of the Townhouse and the front, back and side yards, if any. All property within the Community not a part of a Townhouse or Lot will be Common Area maintained by the Association, with the exception of any and all roads which the Declarant dedicates in writing to the public, Charleston County or another appropriate governmental body which formally accepts the maintenance of such roads.

SECTION 5.2 MAINTENANCE – ASSOCIATION'S RESPONSIBILITY.

(a) The Association shall maintain and keep in good condition, order and repair the Area of Common Responsibility, which shall include, but need not be limited to:

(i) all Common Area, including the Open Space Easement;

(ii) all landscaping and other flora, structures, and improvements, including any entry features, sidewalks, and bike and pedestrian pathways, if any, situated upon the Common Area;

(iii) any furnishings, equipment or other personal property of the Association;

(iv) any irrigation system situated upon the Common Area;

(v) any landscaping and other flora, sidewalks, bike and pedestrian pathways/trails, if any, buffers, entry features, structures and improvements within public rights of-way within or abutting the Property or upon such other public land adjacent to the Property as deemed necessary in the discretion of the Board; and

(vi) such additional portions of any property included within the Area of Common Responsibility as may be dictated by this Declaration, any Supplemental Declaration, or any contract or agreement for maintenance thereof entered into by the Association.

(b) The Area of Common Responsibility shall also include certain portions of the Townhouses and the improvements thereon, including:

(i) exterior maintenance of all dwellings including, but not limited to, painting, repairing, replacing and caring for the following:

(1) roofs (including the roof joists and trusses, crossbeams, roof decking and underlaying, and shingles or other covering and surface materials);

(2) gutters and downspouts;

(3) exterior walls and surfaces, including the brick, siding, or other building material forming the exterior walls of any dwelling and/or garage (but not including the wood, drywall, plaster or other building material on the inside of any dwelling or garage, and not including foundations and footings below any dwelling or garage);

(4) exterior stoops, landings, railings and steps;

(5) projecting cornices and copings; and

(6) shutters.

(ii) all landscaping and other flora originally installed on a Lot by the Declarant; provided however, that the Association shall not be responsible for maintaining any improvements made to the landscaping by or on behalf of any Owner;

(iii) all grass located in the front, rear and side yards of each Townhouse; provided however, that the Association shall only be responsible for mowing and edging the grass and further provided that the Association shall not be responsible for maintaining any portion of an Owner's rear yard if the Owner encloses such area with a fence or other enclosure;

(iv) any irrigation system situated upon any portion of a Lot;

(v) all walkways, driveways, and other paved areas; and

(vi) all mailboxes serving Townhouses.

The Association may, as a common expense, maintain other property and improvements which it does not own, including, without limitation, property dedicated to the public, or provide maintenance or services related to such property over and above the level being provided by the property owner, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community Wide Standards.

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(c) The Association may be relieved of all or any portion of its maintenance responsibilities herein to the extent that (i) such maintenance responsibility is otherwise assumed by or assigned to an Owner, or (ii) such property is dedicated to any local, state, or federal government or quasi-governmental entity; provided, however, that in connection with such assumption, assignment or dedication, the Association may reserve or assume the right or obligation to continue to perform all or any portion of its maintenance responsibilities, if the Board determines that such maintenance is necessary or desirable to maintain the Community Wide Standards.

Except as provided above, the Area of Common Responsibility shall not be reduced by amendment of this Declaration or any other means without the consent of Declarant so long as Declarant owns one or more Lots within the Property.

(d) Except as otherwise specifically provided herein, all costs associated with maintenance, repair and replacement of the Area of Common Responsibility shall be a common expense to be allocated among all Townhouses as part of the Annual Assessment, without prejudice to the right of the Association to seek reimbursement from the owner(s) of, or other persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, any recorded covenants, or any agreements with the owner(s) thereof. Notwithstanding the foregoing, the Board may, within its sole discretion, allocate the expense of maintenance, repair, and replacement which benefits one (1) or more, but less than all Townhouses, as a Specific Assessment in accordance with the benefit so received by such Townhouses, pursuant to Section 4.5.

(e) As a matter of information to future Members of the Association, the Declarant desires to make it known that due to differing amounts of exposure to the elements and other factors, some Townhouses may require more maintenance than others and that it is in the best interest of the entire Association that all Townhouses be properly maintained and that the Association shall be required to provide such maintenance provided for herein and make a uniform charge without regard to the actual cost of maintenance of each dwelling.

(f) The Association, its successors and assigns agents, members, officers, directors, and employees of any of the foregoing, shall not be liable in any manner to the Owners or any other party for any type of injury to person or property, including death, arising from action taken or failure to act within the scope of this Declaration or by law, including its own negligence, unless caused by the wanton and willful misconduct or gross negligence of Association.

SECTION 5.3 MAINTENANCE – OWNER'S RESPONSIBILITY. Each Owner shall maintain his or her Townhouse and all structures, landscaping and other flora, and other improvements comprising the Townhouse in a manner consistent with the Community Wide Standards and this Declaration, except to the extent that such maintenance responsibility is assigned to the Association.

For instance, the responsibility of the Owner shall include the maintenance and repair of the wood, drywall, plaster, or other building material on the inside of the exterior walls and

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ceilings forming the boundaries of the dwelling. Owners shall also be responsible for the maintenance, repair and replacement of the windows, window casings, window shutters, exterior doors and door frames (including any and all front doors, back doors, sliding glass doors, and garage doors); and all hardware which is part of any window or door; and screens and exterior lights, if any, serving the Owner's Townhouse. Further, the maintenance and repair of those portions of the heating and air conditioning systems serving a Townhouse, including the air conditioning compressor and condenser located outside a dwelling, shall be the responsibility of the Owner of such Townhouse.

In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Association may perform such maintenance responsibilities and assess all costs incurred by the Association plus a ten percent (10%) administrative fee against the Townhouse and the Owner in accordance with Section 4.5. The Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry, except when entry is required due to an emergency situation.

All maintenance required by this Section shall be performed in a manner consistent with the Community Wide Standards. In the event that an Owner neglects or fails to maintain his Lot and/or his Townhouse in a manner consistent with the Community Wide Standards, the Association shall have the absolute right to contract for and to perform maintenance as shall be prescribed by the Board of Directors, and for this purpose, the Owner grants unto the Board of Directors, its agents, employees, and all others designated by the Board of Directors, the right to enter upon the property of the Owner for the purpose of completing such maintenance work, all without liability or responsibility, criminal or civil, for trespass or any other action. Provided, however, the Association shall first give written notice to the Owner of the specific items of exterior maintenance or repair the Association intends to perform, and the Owner shall have twenty (20) days from the date of mailing of said notice within which to perform such exterior maintenance. The determination as to whether an Owner has neglected or failed to maintain his Lot and/or Townhouse in a manner consistent with the Community Wide Standards shall be made by the Board of Directors of the Association, in its sole discretion. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article V. Advance notice shall not be required if the Association determines an emergency condition exists. The cost of such work required by the Board of Directors to cure maintenance deficiencies (together with an administrative surcharge equal to ten percent (10%) of such cost) shall be assessed against the Owner and his Lot as a Specific Assessment and shall be subject to all lien rights provided herein.

In the event a Townhouse constructed on a Lot is going to be unoccupied for a consecutive period of one (1) month or longer, the Association may require the Owner to designate a responsible firm or individual to undertake his general maintenance responsibilities, which responsibilities shall include, at a minimum, maintaining exterior appearance, safeguarding the property to prepare for severe weather and repairing the property in the event of any damage therefrom. At the request of the Association, the name(s) and address of such firm or individual must be furnished to the Association.

SECTION 5.4 ASSOCIATION INSURANCE.

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(a) Required Coverages. The Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available:

(i) Blanket property insurance on any Area of Common Responsibility; provided, however, that the Townhouse Owners shall be responsible for maintaining property insurance for all portions of their Townhouses, notwithstanding the inclusion of certain portions of the Townhouses within the Area of Common Responsibility, as set forth in Section 5.6 below;

(ii) Commercial general liability insurance on the Area of Common Responsibility, provided, however, that the Association shall not be responsible for maintaining commercial general liability on any Townhouse or portion thereof, notwithstanding the inclusion of certain portions of the Townhouses within the Area of Common Responsibility;

(iii) Workers compensation insurance and employers liability insurance, if and to the extent required by law;

(iv) Directors and officers liability coverage;

(v) Fidelity insurance covering all Persons responsible for handling Association funds;

(vi) Such additional insurance as the Board, in its best business judgment, determines advisable.

(b) Flood Insurance. In the event that any portion of the Common Area is or shall become located in an area identified by the Federal Emergency Management Agency ("***FEMA***"), or its successor entity as an area having special flood hazards, the Board shall obtain a "blanket" policy of flood insurance on the Common Area in the amount of one hundred percent (100%) of current "replacement cost" of all affected improvements and other insurable property or the maximum limit of coverage available, whichever is less. Notwithstanding the foregoing, until such time as the value of the Common Area improvements exceeds $10,000.00, the Board shall not be obligated to obtain the flood insurance set forth above.

(c) Premiums. Premiums for all insurance on the Area of Common Responsibility shall be a common expense and shall be included in the Annual Assessment. In the event of an insured loss, the deductible shall be treated as a common expense and assessed against all Townhouses. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct of one (1) or more Owners, their guests, invitees, or lessees, then the Board may specifically assess the full amount of such deductible against such Owner(s) and their Townhouses pursuant to Section 4.5.

SECTION 5.5 DAMAGE AND DESTRUCTION. In the event of any loss covered by

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insurance or bond maintained by the Association, only the Board or its duly authorized agent may file and adjust insurance claims and obtain reliable and detailed estimates of the cost of repair or reconstruction. Repair or reconstruction, as used in this subsection, means repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

Any damage or destruction to the Area of Common Responsibility (for purposes of this Section, the term "Area of Common Responsibility" shall not include any portion of any Townhouse, notwithstanding the inclusion of certain portions of the Townhouse within the Area of Common Responsibility pursuant to Section 5.2), shall be repaired or reconstructed unless the Members holding at least sixty-seven percent (67%) of the total Class "A" votes in the Association, and with the consent of Declarant so long as Declarant owns one or more Lots within the Property, decide within ninety (90) days after the loss not to repair or reconstruct. No mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Area of Common Responsibility shall be repaired or reconstructed.

If determined in the manner described above that the damage or destruction to the Area of Common Responsibility shall not be repaired or reconstructed and no alternative improvements are authorized, the affected property shall be cleared and maintained by the Association consistent with the Community Wide Standards.

Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of mortgagees and may be enforced by the mortgagee of any affected Townhouse.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Members, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 5.6.

SECTION 5.6 OWNERS' INSURANCE. By virtue of taking title to a Lot, each Owner covenants and agrees with all other Owners and with the Association to carry (i) property insurance for the full replacement cost of all insurable improvements on his or her Lot, less a reasonable deductible, except to the extent that such coverage is maintained by the Association, and (ii) flood insurance for the full replacement cost of all insurable improvements on his or her Lot or the maximum limit of coverage available, whichever is less. Owners may, at their option, obtain insurance coverage, at their own expense, upon their own personal property and for their personal liability and living expense and such other coverage as they may desire. Owners acknowledge and agree that the Association is not purchasing and shall not be responsible for any insurance related to the Lots or the Units, it being the sole responsibility of the Owners of Lots and/or Units. Upon request by the Board, the Owner shall furnish a copy of such insurance policy or policies to the Association within thirty (30) days from the date of such request. In the event that any such Owner fails to obtain insurance or fails to provide the Association with a copy of such policy or policies as required by this Section, the Association may purchase such insurance on behalf of the Owner and specifically assess the cost thereof to the Owner, to be

collected in the manner provided for collection of assessments under Article IV.

Each Owner further covenants and agrees that in the event of damage to or destruction of structures on or comprising his or her Townhouse, the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article VI. The Owner shall pay any costs which are not covered by insurance proceeds.

SECTION 5.7 PARTY WALLS.

(a) General Rules of Law to Apply. Each wall or fence which is built as a part of the original construction of the Townhouses upon the Property and placed on the dividing line which serves and/or separates any two adjoining Townhouses shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. No alterations may be made to any party wall other than alterations to the interior surfaces.

(b) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

(c) Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice; provided, however, any such Owner causing restoration to be made retains the right to call for a larger contribution from the other Owners under any rule of law regarding liability for negligent or willful acts or omissions.

(d) Weatherproofing. Notwithstanding any other provision of this Article V, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements and of repairing any damage resulting from such exposure.

(e) Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article V shall be appurtenant to the land and shall pass to such Owner's successor in title.

ARTICLE VI
ARCHITECTURAL CONTROL

SECTION 6.1. IMPROVEMENTS. No building, fence, wall, post, patio, deck, lighting, walk, driveway, banners, flags, flag poles, signs, antenna or other structure or planting or landscaping shall be commenced, erected or maintained upon any Lot, nor shall any exterior addition to or change or alteration therein including without limitation any plantings or

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landscaping be made until the plans and specifications showing the nature, kind, shape, height, materials, colors, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural control committee composed of three (3) or more members to be initially appointed by the Declarant for a term not to exceed three (3) years (hereinafter referred to as the "***Architectural Control Committee***"). Refusal of approval of plans, location or specifications may be based upon any ground, including purely aesthetic conditions, which in the sole and uncontrolled discretion of the Architectural Control Committee shall seem sufficient. The above notwithstanding, the Declarant, its successors or assigns, shall have the right to appoint one (1) member of the Architectural Control Committee until it divests itself of all Lots in the Community (including Lots located on any Additional Property or annexed property). Upon the divestiture of all Lots, unless the Declarant shall elect to do so sooner, the Board of Directors or Architectural Control Committee of the Association shall assume sole responsibility of the rights of approval.

SECTION 6.2. PROCEDURES.

(a) Any person desiring to make any improvement, alteration or change described in Section 6.1 above shall submit two (2) copies of the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the same, to the Architectural Control Committee which shall evaluate such plans and specifications in light of the purpose of this Article VI.

(b) Upon approval, one (1) copy of all plans and related documents bearing such approval, in writing, shall be returned to the applicant submitting the same. Approval for use in connection with any Lot of any plans and specifications shall not be deemed a waiver of the Architectural Control Committee's right, in its discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for use in connection with any other Lot. Approval of such plans and specifications relating to any Lot, however, shall be final as to that Lot and such approval may not be reviewed or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specifications, as approved, and any conditions attached to any such approval.

(c) Any approval granted by the Board of Directors, or by the Architectural Control Committee, shall not be construed to supersede the Owner's responsibility to acquire any necessary permits or approvals from any Governmental authority.

(d) Neither Declarant, nor any other member of the Architectural Control Committee, shall be responsible or liable in any way for any defects in any plans or specifications approved by the Architectural Control Committee, nor for any structural defects in any work done according to such plans and specifications approved by the Architectural Control Committee. FURTHER, NEITHER DECLARANT, NOR ANY MEMBER OF THE ARCHITECTURAL CONTROL COMMITTEE SHALL BE LIABLE IN DAMAGES TO ANYONE BY REASON OF MISTAKE IN JUDGMENT, NEGLIGENCE, MISFEASANCE, MALFEASANCE OR NONFEASANCE ARISING OUT OF OR IN CONNECTION WITH THE APPROVAL OR

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DISAPPROVAL OR FAILURE TO APPROVE OR DISAPPROVE ANY SUCH PLANS OR SPECIFICATIONS OR THE EXERCISE OF ANY OTHER POWER OR RIGHT OF THE ARCHITECTURAL CONTROL COMMITTEE PROVIDED FOR IN THIS DECLARATION. EVERY PERSON WHO SUBMITS PLANS AND SPECIFICATIONS TO THE ARCHITECTURAL CONTROL COMMITTEE FOR APPROVAL AGREES, BY SUBMISSIONS OF SUCH PLANS AND SPECIFICATIONS, AND EVERY OWNER OF ANY LOT AGREES, THAT HE WILL NOT BRING ANY ACTION OR SUIT AGAINST DECLARANT, THE ASSOCIATION, ITS BOARD MEMBERS OR OFFICERS, OR ANY MEMBER OF THE ARCHITECTURAL CONTROL COMMITTEE, TO RECOVER ANY SUCH DAMAGES AND HEREBY RELEASES, REMISES, QUITCLAIMS, AND COVENANTS NOT TO SUE FOR ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION ARISING OUT OF OR IN CONNECTION WITH ANY LAW WHICH PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS, DEMANDS, AND CAUSES OF ACTION NOT KNOWN AT THE TIME THE RELEASE IS GIVEN.

ARTICLE VII
USE RESTRICTIONS

SECTION 7.1. RESIDENTIAL USE OF PROPERTY. All Lots shall be used for single-family, residential purposes only, and in accordance with all applicable zoning regulations, including but not limited to those of the Town of Mount Pleasant.

SECTION 7.2. SETBACKS AND BUILDING LINES. Each dwelling which shall be erected on any Lot shall be situated on such Lot in accordance with the building and setback lines required by the Town of Mount Pleasant and/or Charleston County and shown in more detail on the Plat. The specific placement of each dwelling on a Lot must be approved in writing by the Architectural Control Committee before commencement of lot clearing preparatory to construction unless either a variance shall have been granted by Declarant or Declarant shall have amended the Plat. In no event shall any dwelling be erected and located upon any such Lot in a manner which violates the requirements and provisions of any applicable Town of Mount Pleasant or Charleston County zoning ordinances and/or subdivision regulations. Unless written approval is granted by the Architectural Control Committee and any applicable governmental agencies, no building shall be located on any Lot within any setback area.

SECTION 7.3. RULES AND REGULATIONS. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the yard space of each Lot, the streets and the Common Area. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof or for the violation of any covenants and conditions contained in this Declaration.

SECTION 7.4. DELIVERY RECEPTACLES AND PROPERTY IDENTIFICATION MARKERS. The Architectural Control Committee shall have the right to approve the location, color, size, design, lettering and all other particulars of receptacles for the receipt of mail, newspapers or similarly delivered materials, and of name signs for such receptacles, as well as

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property identification markers.

SECTION 7.5. USE OF OUTBUILDINGS AND SIMILAR STRUCTURES. No structure of temporary nature (unless approved in writing by the Architectural Control Committee) shall be erected or allowed to remain on any Lot, and no trailer, utility shed, camper, shack, tent, garage, barn or other structure of a similar nature shall be used as a residence, either temporarily or permanently; provided, however, this Section shall not be construed to prevent the Declarant and those engaged in construction activities on the Lots from using sheds or other temporary structures during construction, Notwithstanding the above, party tents or similar temporary structures may be erected for special events with the prior written approval of the Board of Directors of the Association or the Declarant.

SECTION 7.6. COMPLETION OF CONSTRUCTION. The Association shall have the right to take appropriate legal action, whether at law or in equity, to compel the immediate completion of any residence not completed within six (6) months from the date of commencement of construction at any time, except with the written approval of the Architectural Control Committee; provided, however, nothing herein shall prevent Declarant or any builder of homes in the Community approved by Declarant from using any Lot owned by Declarant or such builder of homes for the purpose of carrying on business related to the development, improvement and sale of property in the Community; and provided further that, to the extent allowed by applicable zoning laws, private offices may be maintained in dwellings located on any of the Lots so long as such use is incidental to the primary residential use of the dwellings.

SECTION 7.7. LIVESTOCK AND POULTRY. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other small household pets, not to exceed a total of two (2) without the prior written consent of the Board of Directors of the Association or the Declarant, may be permitted in a Home, provided that they are not kept, bred, or maintained for any commercial purposes. However, those pets which are permitted to roam free or, in the sole discretion of the Association, endanger health, make offensive noise, cause unsanitary conditions, or constitute a nuisance or inconvenience to the Owners of other Homes or the owner of any portion of the Property shall be removed upon the written request of the Board of Directors. If the Owner fails to honor such request, the pet may be removed by the Board of Directors. Dogs shall be confined on a leash held by a responsible person at all times whenever they are outside a Home. No dog runs or animal pens of any kind shall be permitted on any Lot. All excrement from dogs, or other pets, must be cleaned up by the Owner of such dogs or pets promptly.

SECTION 7.8. OFFENSIVE ACTIVITIES; DISCLOSURES; ONGOING CONSTRUCTION.

(a) Subject to the terms of subsections (b) and (c) below, no noxious, offensive or illegal activities shall be carried on upon any Lot, nor shall anything be done thereon which is or may become an annoyance or nuisance to the Owners of other Lots in the Community. Neither the Declarant, nor the Association, nor any of their respective directors, officers, employees, contractors, consultants, shareholders, members, affiliates, assignees, successors, nominees, attorneys or agents, shall be liable to any Owner for any inconvenience or damage sustained by

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such Owner as a result of any noxious, offensive or illegal activities.

(b) Each Owner, by acceptance of a deed to a Lot, hereby acknowledges the following:

(i) The Property is located adjacent to a street thoroughfare that may result in traffic and noise from time to time by vehicular traffic thereon and the same may be a nuisance. Neither the Declarant, nor the Association, nor any of their respective directors, officers, employees, contractors, consultants, shareholders, members, affiliates, assignees, successors, nominees, attorneys or agents, shall be liable to any Owner for any inconvenience or damage sustained by such Owner as a result of any such noise emanating from or in proximity to such street thoroughfares, including, but not limited to, such noise as may emanate from persons using any roadways or walkways adjacent thereto;

(ii) The views from a Lot may change over time due to, among other things, additional development and the removal or addition of landscaping. No view easement, express or implied, will be granted to any Owner in connection with the conveyance of a Lot to such Owner;

(iii) No representations are made regarding the zoning of adjacent property, or that the category to which adjacent property is zoned may not change in the future;

(iv) No representations are made regarding the schools that currently, or which may in the future, serve the Property;

(v) Since, in every neighborhood, there are conditions which different people may find objectionable, it is acknowledged that there may be conditions outside of the Property which an Owner may find objectionable and that it shall be the sole responsibility of the Owners to become acquainted with neighborhood conditions which could affect the Lots and the Property; and

(vi) No representations are made regarding the availability of cable or internet service to the Property.

(c) In addition, each Owner acknowledges, understands, and covenants to inform its lessees that the Property, including the Lots, and the areas adjacent to the Property are subject to further development and expansion, and therefore, there may be certain inconveniences during any period of construction, and Owner waives all claims with respect thereto. Owner agrees that if Owner or Owner's employees, lessees, invitees, guests, contractors, or agents enter onto any area of construction, they do so at their own risk, and neither the Declarant, a Declarant-related entity, the Association, nor their respective contractors, agents or employees shall be liable for any damage, loss or injury to such persons.

SECTION 7.9. SIGNS. No advertising, signs or billboard shall be erected on any Lot or

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Townhouse. The Association shall be entitled to enter upon any Lot and remove any such advertising, signs or billboard in violation of this Declaration. This restriction shall not apply to signs used to identify and advertise the Community as a whole, nor to signs for selling Lots and/or Homes, provided such signs are approved by the Board of Directors and/or the Architectural Control Committee. Also, the provisions of this Article VII shall not apply to notices posted in connection with judicial or foreclosure sales conducted with respect to a mortgage.

SECTION 7.10. AESTHETICS, NATURAL GROWTH & SCREENING; UNDERGROUND UTILITY SERVICE. Trees and shrubs, or distinctive flora, shall not be intentionally destroyed or removed except with the prior approval, in writing, of the Architectural Control Committee. Clotheslines, garbage cans and equipment shall be screened to conceal them from view of neighboring Lots and streets. All residential utility services and lines to residences shall be underground.

SECTION 7.11. ANTENNAE. No radio or television transmission or reception towers or antennae shall be erected on any Home or within the Property without the prior written approval of the Architectural Control Committee. In no event shall free standing transmission or receiving towers be permitted. Satellite dishes having a diameter of eighteen inches (18") or less will be allowed with proper screening and prior written approval of the Architectural Control Committee. Notwithstanding the foregoing, no radio or television transmission or reception towers or antennae or satellite dishes shall be visible from the street.

SECTION 7.12. TRAILERS; TRUCKS; SCHOOL BUSES; BOATS; BOAT TRAILERS. No house trailers, mobile homes, school buses, trucks over one (1) ton capacity, commercial vehicles, boats or boat trailers, motor homes, motorcycles, campers, and vans or vehicles on blocks or other inoperable vehicles shall be kept, stored or parked overnight either on any street or on any Lot, and no vehicle with exterior commercial equipment, lettering or logos may be parked overnight either on any street or on any Lot, except within area(s) which may be specifically designated for such purposes by the Association; provided, however, temporary buildings and other structures shall be permitted during the construction period of the Townhouses or as a temporary real estate sales office of Declarant for the sale of Homes. In addition, vehicles without current registration may not be kept, stored or parked on any Lot, but may be kept in garages. Notwithstanding the foregoing, passenger automobiles may be parked in driveways. The foregoing will not be interpreted or construed or applied to prevent the temporary nonrecurring parking of any vehicle, boat or trailer for a period not to exceed twenty-four (24) hours upon any Lot, and service and delivery vehicles may be parked in the Property during the daylight hours for such period of time as is reasonably necessary to provide service or make a delivery to a Home or the Common Area. No garage, outbuilding or other appurtenant structure shall be used for residential purposes, either temporarily or permanently, nor shall any portion of the Property (except as expressly stated in this Section) be used except for residential purposes incidental or necessary thereto. For purposes of this Section, a vehicle shall be considered "stored" if it is put upon blocks or covered with a tarpaulin and remains on blocks or so covered for five (5) consecutive days without the prior approval of the Board.

If any vehicle is parked on any Lot, street or Common Area in violation of this Section,

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or in violation of the Association's rules and regulations, the Board may place a notice on the vehicle specifying the nature of the violation and stating that after twenty-four (24) hours the vehicle may be towed. The notice shall include the name and telephone number of the person or entity which will do the towing and the name and telephone number of a person to contact regarding the alleged violation. If twenty-four (24) hours after such notice is placed on the vehicle the violation continues or thereafter occurs again within six (6) months of such notice, the vehicle may be towed in accordance with the notice without further notice to the Owner or user of the vehicle.

If a vehicle is parked in a fire lane, is blocking another vehicle or access to another Owner's Lot, is obstructing the flow of traffic, or otherwise creates a hazardous condition, no notice shall be required and the vehicle may be towed immediately. If a vehicle is towed in accordance with this subsection, neither the Declarant, nor the Association, nor any of their respective directors, officers, employees, contractors, consultants, shareholders, members, affiliates, assignees, successors, nominees, attorneys or agents, shall be liable to any person for any claim of damage as a result of the towing activity. Notwithstanding anything to the contrary herein, the Board may elect to impose fines or use other available sanctions rather than exercise its authority to tow.

SECTION 7.13. GARBAGE AND REFUSE DISPOSAL. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers designed for that purpose. All receptacles or other equipment for the storage or disposal of such waste material shall be kept in a clean and sanitary condition and shall always be stored in such a manner that they cannot be seen from the street or adjacent property. Such receptacles or other equipment for the storage or disposal of such waste material shall regularly be delivered by Lot owners to street side on the appropriate mornings for garbage and trash removal and said empty containers shall be retrieved from the street no later than 7:00 p.m. of the following day. If such litter or other materials is found on any Lot, the same will be removed by the Lot Owner of such Lot, at the Lot Owner's expense, upon written request of the Association. No trash, garbage or other waste may be placed within the Common Area, except in containers approved by the Board of Directors.

Such closed, sanitary trash and recycle containers. All such closed trash shall regularly be delivered by lot owners to street side on the appropriate mornings for garbage and trash removal and said empty containers shall be retrieved from the street no later than 7:00 p.m. of each such day.

SECTION 7.14. SEWAGE SYSTEM. Sewage disposal shall be through municipal system or type approved by appropriate state and local agencies.

SECTION 7.15. WATER SYSTEM. Water shall be supplied through municipal system or type approved by appropriate state and local agencies.

SECTION 7.16. UTILITY FACILITIES. Declarant reserves the right to approve the necessary construction, installation and maintenance of utility facilities, including but not limited to water, telephone and sewage systems, which may be in variance with these restrictions.

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SECTION 7.17. CHANGING ELEVATIONS. No Lot Owner shall excavate or extract earth for any business or commercial purpose. No elevation changes shall be permitted which materially affect surface grade of surrounding Lots, unless approved in writing by the Architectural Control Committee.

SECTION 7.18. MODEL TOWNHOUSES. Declarant, as well as any builder of Townhouses in the Community, shall have the right to construct and maintain model Townhouses on any of the Lots. "Model Townhouses" shall be defined as those Townhouses used for the purpose of inducing the sale of other Townhouses within the Community.

SECTION 7.19. QUIET ENJOYMENT. No obnoxious or offensive activity shall be carried on or upon the Property, nor shall anything be done which may be or may become a nuisance or annoyance to the neighborhood.

SECTION 7.20. NUISANCE. No activity deemed noxious or offensive by the Board shall be carried on upon any Lot or within any Home or the Common Area, nor shall anything be done thereon which may be or may become an annoyance or nuisance to Owners of Lots within the Community as determined by the Board. Examples of such offensive activities shall include, but not be limited to, the origination or emission of any loud or disturbing noise or vibrations, the maintenance of an auto repair site, the maintenance of unsightly outdoor storage or personal property (including toys, motorcycles, or other motor vehicles, tricycles, bicycles, wood piles or other miscellaneous items) on porches, patios, terraces, or yards, or similar unsightly activity not in keeping with the aesthetic character and high level of appearance of the Community.

SECTION 7.21. BUSINESS USE. No trade or business may be conducted in or from any Lot or Home, except that an Owner or occupant residing in a Home may conduct business activities within the Home so long as: (a) the existence or operation of the business activity is not apparent or detectible by sight, sound or smell from outside the Home; (b) the business activity conforms to all zoning requirements for the Property; (c) the business activity does not involve persons coming on the Property who do not reside in the Property or door to door solicitation of residents of the Property and does not constitute a nuisance or hazardous or offensive use or threaten the security or safety of other residents within the Property, as may be determined in the sole discretion of the Board. No garage sale, moving sale, rummage sale or similar activity shall be permitted without the prior written approval of the Board.

The terms "business" and "trade" as used in this Section shall be construed as having their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provisions of goods and services to persons other than the provider's family and for which the provider of services receives a fee, compensation or other form of consideration, regardless of whether: (i) such activity is full or part time; (ii) such activity is intended to or does generate a profit; and (iii) a license is required therefore. Notwithstanding the above, the leasing of a Home shall not be considered a trade or business within the meaning of this Section. This Section shall not apply to any activity conducted by the Declarant or a builder approved by the Declarant with respect to its development and/or sale of the Property or Declarant's use of any if the Homes which it owns or may own within the Property, including the operation of a time share or similar program.

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SECTION 7.22. FIREARMS AND FIREWORKS. The discharge of firearms or fireworks within the Community is prohibited. The term "firearms" includes without limitation, B-B guns, pellet guns, paintball guns and other firearms of all types, regardless of size. Notwithstanding anything to the contrary contained herein or in the Bylaws, the Association shall not be obligated to take action to enforce this Section.

SECTION 7.23. WAIVER OF SETBACKS. BUILDING LINES AND BUILDING REQUIREMENTS. The Architectural Control Committee may, for good cause and subject to appropriate waiver from the Town of Mount Pleasant and/or Charleston County, as applicable, waive violations of the setbacks and building lines provided for in Section 7.2. Such waiver shall be in writing and Recorded. A document executed by the Architectural Control Committee shall be, when Recorded, conclusive evidence that the requirements of Section 7.2 have been complied with. The Architectural Control Committee may also handle violations of setbacks and boundary lines by amending the Plat. Nothing contained herein shall be deemed to allow the Architectural Control Committee to waive violations which must be waived by an appropriate governmental authority.

SECTION 7.24. PORCHES AND PATIOS. No junk, bicycles or unsightly items shall be stored or left on a porch or patio. No towels, clothing, garments or other material is permitted to be hung or draped from a porch or patio. Nothing shall be thrown from porches or patios, especially cigarettes, matches, food, and children's toys.

SECTION 7.25. OCCUPANTS BOUND. All provisions of this Declaration, the Bylaws, and of any rules and regulations or use restrictions promulgated pursuant (t)hereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants, guests and/or invitees of any and all Homes. Every Owner shall cause all occupants of his/hers/its Home to comply with this Declarations, the Bylaws, and rules and regulations adopted pursuant (t)hereto, and shall be responsible for all violations and/or losses to the Common Area and/or property of other Owners caused by any such occupants, guests and/or invitees, notwithstanding the fact that such occupants, guests and/or invitees of such Home are fully liable and may be sanctioned for any violation of this Declarations, the Bylaws, and rules and regulations adopted pursuant (t)hereto.

SECTION 7.26. EASEMENTS, BUFFER AREAS AND RIGHTS OF WAY. Each Owner, by acceptance of a deed to a Lot, acknowledges that the Owner takes title subject to the buffer areas, easements, rights of way and all other matters shown on the Plat.

ARTICLE VIII
EASEMENTS

SECTION 8.1. GENERAL EASEMENTS RIGHTS. All of the Property, including Lots, Homes and Common Area, shall be subject to such easements for access, driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines and other public utilities and other purposes as shall be

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established by the Declarant or by its predecessors in title, prior to subjecting the Property to this Declaration; and the Association shall have the power and authority to grant and establish upon, over, under and across the Area of Common Responsibility (including the Common Area conveyed to it or maintained by it), such further easements as are required for the convenient use and enjoyment of the Property. There is hereby reserved to the Association, its successors and assigns, and its agents and employees an easement and right of ingress, egress, and regress across the Area of Common Responsibility for the purpose of maintaining such Area of Common Responsibility pursuant to the provisions of this Declaration. In addition, there is hereby reserved to the Declarant, its successors and assigns, and its agents and employees an easement and right of ingress, egress, and regress across the Common Area, now or hereafter owned by the Association, for the purpose of construction of improvements within the Property, including the right of temporary storage of construction materials on said Common Area.

So long as the Declarant owns any of the Property, Declarant reserves blanket easements and the right to grant such specific easements over, under and through all Homes, Lots and Common Area, as may be necessary in conjunction with the orderly development of the Property or any adjacent property (including without limitation the planning, construction, marketing, leasing, management or maintenance of improvements) for access, construction and maintenance of public or private utilities and storm drainage (whether subsurface or surface).

All Homes shall be subject to easements for the encroachment of initial improvements constructed on adjacent Homes by the Declarant to the extent that such initial improvements actually encroach including, but not limited to, such items as overhanging eaves and walls.

Declarant reserves access easements over all Homes for construction, either for that Home or any adjacent property and easements for the installation of public or private utilities and storm drainage (whether subsurface or surface).

Declarant reserves access easements over all Townhouses for construction, either for that Townhouse or any adjacent property and easements for the installation of public or private utilities and storm drainage (whether subsurface or surface). There are reserved cross-easements in favor of Owners of Townhouses that comprise a building for access to and from each other Townhouse comprising the building and the Common Area adjacent to the Townhouse comprising the building, including, but not limited to, the transportation of garbage receptacles; however, this does not include access to approved decks, patios or areas with approved fences. All rights and easements reserved under this Declaration shall also be reserved to the assigns and successors in the interest of the Declarant.

SECTION 8.2. UTILITIES AND ROADS. Easements for installation and maintenance of utilities (including cable television service) and drainage facilities are reserved as indicated on Recorded plats. Within these easements (and associated swails or drainage ditches) no structures, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the drainage easements, or which may obstruct or retard the flow of water through drainage channels in the easements. An easement is hereby established for the benefit of the Town of Mount Pleasant and Charleston County (and any other person or firm providing

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services to the Community under agreement with or at the direction of the Association) over all Common Area as may be reasonably necessary for the setting, removal and reading of water meters, and the maintenance and replacement of water, sewer and drainage facilities and for the fighting of fires and collection of garbage. The Association shall have the power and authority to grant and establish upon, over and across the Common Area such additional easements as are necessary or desirable for the providing of services or utilities to the Common Area. The Declarant shall have the power and authority to grant and establish upon, over and across the Lots such additional easements, and to expand, contract and/or reconfigure any existing easements, as are necessary or desirable for the providing of access, ingress, egress, services or utilities to the Lots.

As shown on the 2016 Adjustment Plat and the 2016 Subdivision Plat, certain "Variable Width MPW Easements" are located within the 15' and 10' "Buffer" areas. The Association acknowledges and agrees that should the Town of Mt. Pleasant be required to remove or destroy landscaped or improved areas within those Variable Width MPW Easements that are located within the Buffer areas in order to maintain the water lines, the Association will replace such landscaped or improved areas at the Association's sole cost and expense.

Unless and until such time as the Declarant dedicates the roads to the public and Charleston County or another appropriate governmental body formally accepts the maintenance of such roads in writing, all of the Owners shall have a non-exclusive appurtenant easement over and across the roads shown on the Plat, including without limitation Alagash Way, for access, ingress and egress to the Lots. Until said roads are dedicated to the public for public use and Charleston County or another appropriate governmental body formally accepts the maintenance of such roads in writing, the Declarant (or the Association if and when Declarant transfers title to such roads to the Association) shall maintain said roads and the associated drainage facilities.

The Declarant intends to install gang utility meters (including, but not limited to, water, electricity and gas) on the sides of buildings that contain more than one Townhouse and run utility lines on, under, over or through certain Townhouses in order to serve all of the Townhouses in a single building. In addition, the Declarant intends to install HVAC units and other mechanical systems on the sides of buildings that contain more than one Townhouse and run all necessary lines and equipment on, under, over or through certain Townhouses in order to serve all of the Townhouses in a single building. Accordingly, cross-easements for installation and maintenance of utilities and mechanical systems are hereby reserved in favor of Owners of Townhouses that comprise a building on, under, over and through the various Townhouses and Lots.

SECTION 8.3. SIGN AND LANDSCAPE EASEMENTS; OPEN SPACE EASEMENT. The Declarant reserves easements for the maintenance of Community signs and landscaping and lighting surrounding same within the Community. Declarant hereby grants, gives and conveys to the Association a perpetual, non-exclusive easement over any portions of the Lots designated as "sign easements" or "landscape easements" to maintain, repair and replace the Community signs which may be located thereon, as well as the lighting fixtures and any landscaping thereon.

In addition, the Declarant reserves easements for the maintenance of open space and park

areas within the Community and the construction or placement of improvements thereon. Declarant hereby grants, gives and conveys to the Association a perpetual, non-exclusive easement over any portions of the Lots burdened by the Open Space Easement to maintain, repair and replace the open space and park areas within the Community and construct or place improvements within the Open Space Easement area.

The costs of all such maintenance, repair and replacement shall be part of the common expenses of the Association, payable by the Owners as set out in Article IV hereof. In addition to the easements granted above, Declarant hereby gives, grants and conveys to the Association the right of ingress, egress and regress over other portions of such Lots as shall be reasonably necessary to effectuate the purposes stated above. The easements hereby granted shall run with the land in perpetuity and be binding upon and inure to the benefit of all persons and entities now owning or subsequently acquiring all or part of the Property.

SECTION 8.4. DRAINAGE AND ACCESS EASEMENTS. Easements for the construction and maintenance of drainage and Owner access to the Common Areas are reserved as indicated on recorded plats, including without limitation areas designated as "drainage easements". Within these easements no construction, structures, planting or other material shall be placed or permitted to remain which may obstruct or interfere with the maintenance of drainage and access to the Common Areas. Declarant reserves a perpetual, non-exclusive easement over any portions of Lots designated as "drainage easements" on the Plat, to effectuate the purposes stated above. The costs of all such maintenance, repair and replacement shall be part of the common expenses of the Association, payable by the Owners as set out in Article IV hereof. In addition to the easement granted above as to the portion of Lots designated "drainage easements", Declarant hereby reserves the right of ingress, egress and regress over other portions of such Lots as shall be reasonably necessary to effectuate the purposes stated above. The easements hereby granted shall run with the land in perpetuity and be binding upon and inure to the benefit of all persons and entities now owning or subsequently acquiring all or part of the Property.

SECTION 8.5. EASEMENTS FOR ADDITIONAL PROPERTY. There is hereby reserved in the Declarant, its successors, assigns and successors in title to the Additional Property, for the benefit of and as an appurtenance to the Additional Property and as a burden upon the Property, perpetual, non-exclusive rights and easements for: (i) pedestrian and vehicular access, ingress, egress and parking over, across, within and on all sidewalks, streets, trails and parking facilities from time to time located on or within the Common Area or within easements serving the Common Area; (ii) the installation, maintenance, repair, replacement and use of security systems and utility facilities and distribution lines, including without limitation drainage systems, storm sewers and electrical, gas, telephone, water, sewer and cable system lines; and (iii) drainage and discharge of surface water onto and across the Property, provided that such drainage and discharge shall not materially damage or affect the Property or any improvements from time to time located thereon.

Declarant and Declarant's agents may be developing the Additional Property and engaging in other construction activities related thereto. Such construction activities may, from time to time, produce certain conditions on the Property, including, without limitation: (i) noise or sound that is

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objectionable because of its volume, duration, frequency or shrillness; (ii) smoke; (iii) noxious, toxic, or corrosive fumes or gases; (iv) obnoxious odors; (v) dust, dirt or flying ash; (vi) unusual fire or explosion hazards; (vii) temporary interruption of utilities; and/or (viii) other conditions that may threaten the security or safety of persons within the Property. Notwithstanding the foregoing, the Owners agree that such conditions within the Property resulting from construction activities shall not be deemed a nuisance or discomfort to the Owners and shall not cause Declarant and its agents to be deemed in violation of any provision of this Declaration.

ARTICLE IX
DECLARANT'S RIGHTS

The right is hereby reserved by Declarant, or its agents, to place and maintain on the Property all Model Homes, sales offices, advertising signs and banners and lighting in connection therewith and other promotional facilities at such locations and in such forms as shall be determined by Declarant. There is also reserved unto Declarant, its agents and prospective purchasers and tenants, the right of ingress, egress and transient parking in and through the Property for such sales purposes. Declarant also reserves the right to maintain on the Property without charge (a) a general construction office for Declarant's contractors and (b) appropriate parking facilities for the employees of Declarant's agents and contractors. Declarant's aforesaid reserved rights shall exist at any time Declarant is engaged in the construction, sale or leasing of residences on any portion of the Property or on any land adjacent to the Property and no charge shall be made with respect thereto. Notwithstanding any provision herein to the contrary, the rights and easements created under this Declaration are subject to the right of Declarant to execute all documents and do all other acts and things affecting the Property, which in the Declarant's opinion are required to implement any right of Declarant set forth in this Declaration (including the making of any dedication or conveyance to public use), provided any such document or act is not inconsistent with then existing property rights of any Owner. All rights and easements reserved under this Declaration shall also be reserved to the assigns and successors in interest of the Declarant.

ARTICLE X
DISPUTE RESOLUTION AND LIMITATIONS ON LITIGATION

SECTION 10.1. AGREEMENT TO AVOID COSTS OF LITIGATION AND TO LIMIT RIGHTS TO LITIGATE DISPUTES. The Association, Declarant, all persons subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Article X (collectively, the "***Bound Parties***") agree to encourage the amicable resolution of disputes involving the Property in order to avoid the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that all claims, grievances or disputes between such Bound Party and any other Bound Party involving the Property, including, without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of this Declaration, the Bylaws, the Association rules, or the Articles (collectively and singularly, "***Claim(s)***"), except for those Claims authorized in Section 10.2 below, shall be resolved using the procedures set forth in Section 10.3 below, in lieu of filing suit

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in any court or initiating proceedings before any administrative tribunal seeking redress or resolution of such Claim.

SECTION 10.2. EXEMPT CLAIMS. The following Claims ("***Exempt Claims***") shall be exempt from the provisions of Section 10.3 herein below:

(a) Any suit by the Association against any Bound Party to enforce the provisions of Article IV;

(b) Any suit by the Association to obtain a restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Article VI and Article VII;

(c) Any suit between Owners (other than Declarant) seeking redress on the basis of a Claim which would constitute a cause of action under federal law or the laws of the State of South Carolina in the absence of a claim based on the Declaration, Bylaws, Articles or rules if the Association, if the amount in controversy exceeds Five Thousand and No/100 Dollars($5,000.00);

(d) Any suit arising out of any written contract between Owners or between the Declarant and any builder, which would constitute a cause of action under the laws of the State of South Carolina in the absence of a claim based on the Declaration, Bylaws, Articles or rules if the Association; and

(e) Any suit in which all parties are not Bound Parties.

Any Bound Parties having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Section 10.3 below, but there shall be no obligation to do so. The submission of an Exempt Claim involving the Association to the alternative dispute resolution procedures of Section 10.3 below shall require the approval of the Association.

SECTION 10.3. MANDATORY PROCEDURES FOR ALL OTHER CLAIMS. All claims other than Exempt Claims shall be resolved using the following procedures:

(a) Notice. Any Bound Party having a Claim ("***Claimant***") against any other Bound Party ("***Respondent***"), other than an Exempt Claim, shall notify each respondent in writing of the Claim (the "***Notice***"), stating plainly and concisely:

i. The nature of the Claim, including date, time, location, persons involved and Respondent's role in the Claim;

ii. The basis for the Claim (i.e. the provisions of this Declaration, the Bylaws, the Articles or rules or other authority out of which the Claim arise);

iii. What Claimant wants Respondent to do or not to resolve the Claim; and

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iv. That Claimant wished to resolve the Claim by mutual agreement with Respondent and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss in good faith ways to resolve the Claim.

(b) Negotiation.

i. Each Claimant and Respondent (each, a "***Party***", and collectively the "***Parties***") shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation.

ii. Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes its efforts will be beneficial to the Parties and to the welfare of the Community.

(c) Mediation.

i. If the Parties do not resolve the Claim through negotiation within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have thirty (30) additional days within which to submit the Claim to mediation under the auspice of any dispute resolution center or other such independent agency providing similar services in Charleston County, specifically including, but not limited to the National Association of Realtors Alternative Dispute Resolution System (NAR ADR) and in accordance with generally accepted mediation procedures.

ii. ***If Claimant does not submit the Claim to mediation within thirty (30) days after Termination of Negotiations, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim***; provided, however, nothing herein shall release or discharge Respondent from any liability to persons not a Party to the foregoing proceedings.

iii. If the Parties do not settle the Claim within (30) days after submission of the matter to the mediation process or within such time as determined reasonable or appropriate by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("***Termination of Mediation***"). The Termination of Mediation notice shall set forth when and where the Parties met, that the Parties are at an impasse, and the date that mediation was terminated.

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iv. Each Party shall, within ten (10) days of the Termination of Mediation, make a written offer of settlement in an effort to resolve the Claim. The Claimant shall make a final written settlement demand ("***Settlement Demand***") to the Respondent. The Respondent shall make a final written settlement offer ("***Settlement Offer***") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

(d) Final and Binding Arbitration.

i. If the Parties do not agree in writing to accept either the Settlement Demand, the Settlement Offer, or otherwise resolve the Claim within fifteen (15) days of the Termination of Mediation, the Claimant shall have fifteen (15) additional days to submit the Claim to arbitration in accordance with the Rules of Arbitration contained in the S.C. Arbitration Statute or the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, however, nothing herein shall release or discharge Respondent from any liability to persons not a Party to the foregoing proceedings.

ii. This Subsection (d) is an agreement of the Bound Parties to arbitrate all Claims, except Exempt Claims and is specifically enforceable under the applicable arbitration laws of the State of South Carolina. The arbitration award (the "Award") shall be final an binding, and judgment may be entered upon in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of South Carolina.

SECTION 10.4. ALLOCATION OF COSTS OF RESOLVING CLAIMS.

(a) Each Party shall bear its own cost incurred prior to and during the proceedings described in Section 10.3(a), 10.3(b) and 10.3(c) above, including the fees of its attorney or other representative. Each Party shall share equally all charges rendered by the mediator(s) pursuant to Section 10.3(c) above.

(b) Each Party shall bear its own costs (including attorney's fees or other representation) incurred after the Termination of Mediation under Section 10.3(c) above and shall share equally in the costs of conducting the arbitration proceeding (collectively, the "***Post Mediation Costs***"), except as otherwise provided in Section 10.4(c) below.

(c) Any Award which is equal to or more favorable to Claimant than Claimant's Settlement Demand shall add such Claimant's Post Mediation Costs to the Award, such Costs to be borne equally by all Respondents. Any Award which is equal to or less favorable to Claimant than Respondent's Settlement Offer to that Claimant shall award to such Respondent its Post

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Mediation Costs, such Costs to be borne equally by all such Claimants.

SECTION 10.5. ENFORCEMENT OF RESOLUTION. If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with Section 10.3 above and any Party thereafter fails to abide by the terms of such agreement, or if any Party fails to comply with the terms of any Award following arbitration, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award, without the need to again comply with the procedures set forth in Section 10.3. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Award, including, without limitation, attorney fees and court costs.

SECTION 10.6. COMMENCEMENT OF LITIGATION. Any litigation by the Association other than Exempt Claims shall require an affirmative vote of two-thirds (2/3) of the Members of the Association prior to the institution of such litigation.

ARTICLE XI
GENERAL PROVISIONS

SECTION 11.1. ENFORCEMENT. The Declarant, the Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Declaration, the Articles or Bylaws of the Association. Failure by the Declarant, Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Declarant or the Association shall have the right to request that law enforcement, public safety and animal control officers come on the Property to facilitate the enforcement of the laws, codes and ordinances of any governmental authority.

In addition to the rights and remedies hereinabove enumerated, and not as any limitation thereof, if the Association or the Declarant determines that any provision of this Declaration has been violated, the Association or the Declarant may, in its discretion, seek appropriate relief at law or equity to assure that the purposes of this Declaration are fulfilled. After having given fifteen (15) days written notice to the Owner of any Lot involved, setting forth the specific violation or breach of this Declaration and the action required to be taken by the Owner to remedy such violation or breach and if, at the end of such time, reasonable steps to accomplish such action have not been taken by the Owner, the Association or the Declarant can enforce this Declaration by entering upon a Lot to abate or remove any violation, and any such entry shall not be deemed a trespass. Failure to enforce any provision of this Declaration shall not be deemed a waiver of the right to do so.

The Declarant and the Association, as the case may be, shall have the right to establish, assess and collect reasonable fines and penalties for violations of this Declaration, which may be enforced by the filing of liens against Lots as provided herein. Such fines shall not exceed $50.00 per violation per day for first time violators, and up to $100.00 per violation per day for

repeated violations. All fines shall be the personal obligation of the Lot Owner.

SECTION 11.2. SEVERABILITY. Invalidation of any one of the covenants or restrictions contained herein by judgment or court order shall in no way affect any other provision, which shall remain in full force and effect.

SECTION 11.3. AMENDMENT.

(a) So long as Declarant owns property subject to this Declaration, or has the right to annex property pursuant to this Declaration, and for a period of twenty (20) years thereafter, Declarant hereby reserves and shall have the sole right to:

i) amend this Declaration or any Supplemental Declaration for the purpose of curing any ambiguity or any inconsistency among the provisions contained herein;

ii) include in any contract or Deed or other instrument hereafter made any additional covenants and restrictions, including restrictions on use, applicable to any Lot which do not lower the standards of the covenants and restrictions herein contained;

iii) release any Lot from any part of the covenants and restrictions contained herein which have been violated if the Declarant, in its sole judgment, determines such violation to be a minor or insubstantial violation;

iv) amend this Declaration or any Supplemental Declaration in any manner if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Lots; (c) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, to make, purchase, insure or guarantee mortgage loans on the Lots; (d) to enable any reputable private insurance company to insure mortgage loans on the Lots; and (e) to satisfy the requirements of any local, state or federal governmental agency;

v) amend this Declaration or any Supplemental Declaration for the purpose of annexing all or any portion of the Additional Property to the terms and conditions of this Declaration;

vi) amend this Declaration for the purpose of removing any portion of the Property from the coverage of this Declaration. Such amendment shall not require the consent of any person other than the Owner of the property to be withdrawn, if not the Declarant. If the property is Common Area, the Association shall consent to such withdrawal. Removal or withdrawal of all or any portion of the Property shall be accomplished by Recording a Supplemental Declaration and shall be effective upon the Recording of the Supplemental Declaration unless otherwise provided therein; and

vii) amend this Declaration or any Supplemental Declaration without vote or consent of the Owners for any other purpose.

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Except as provided therein, the foregoing amendments may be made without the joinder or approval of any Owner, mortgagee, or the Association.

(b) Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Owners, representing at least sixty-seven percent (67%) of the total Class "A" votes in the Association, and the consent of the Declarant, so long as the Declarant has an option to subject Additional Property to this Declaration pursuant to Section 11.5.

SECTION 11.4. FEDERAL LENDING REQUIREMENTS. Notwithstanding Section 11.3 above, Declarant may (at Declarant's option) amend and modify this Declaration without obtaining the consent or approval of the Owners if such amendment or modification is necessary to cause this Declaration to comply with the requirements of the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or other similar agency.

Any such amendment must be with the consent and approval of such agency and must be properly Recorded.

SECTION 11.5. ANNEXATION OF ADDITIONAL PROPERTY AND WITHDRAWAL OF PROPERTY.

(a) Declarant hereby reserves the option, to be exercised in its sole discretion, to unilaterally annex, subject and submit, at any time, or from time to time, the Additional Property, or a portion or portions thereof, to the provisions of this Declaration and thereby to cause the Additional Property or a portion or portions thereof to become part of the Property and part of the plan and operation of this Declaration, regardless of whether or not such Property is owned by Declarant, its successors and assigns. Declarant reserves the right to plan, design, develop, construct, maintain and manage the Common Area, the Additional Property, and any unsold Lot as Declarant deems necessary or convenient for its purposes, except as otherwise expressly stated in this Declaration, including without limitation, the right to expand the number, size and density of the unsold Lots, the Common Area, and the Additional Property. This option may be exercised by Declarant in accordance with the following rights, conditions and limitations, which are the only conditions and limitations on such option to add all or any portion of the Additional Property to the Community.

This option to add Additional Property/phase(s) may be exercised from time to time from the date of recordation of this Declaration until December 31, 2035 ("***Option Expiration Date***"); provided, however, that Declarant reserves the right to terminate such option at any time prior to the Option Expiration Date by executing and Recording an agreement evidencing such termination in the Office of the RMC Office for Charleston County, South Carolina, and, except for such termination by Declarant, no other circumstances will terminate such option prior to the Option Expiration Date.

The additions authorized under this Section 5 shall be made by filing of Record a

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Supplemental Declaration or amendment to this Declaration with respect to the Additional Property which shall expressly extend the operation and effect of the covenants and restrictions of this Declaration to such Additional Property. The Supplemental Declaration or amendment may contain such additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Declarant, to reflect the different character, if any, of the Additional Property.

The Additional Property is located adjacent to, or in the vicinity of, the Property described on Exhibit A; portions of the Additional Property may be added to the Community at different times, and there are no limitations fixing the boundaries of those portions or regulating the order, sequence or location in which any of such portions may be added to the Community. The exercise of the option to submit a portion of the Additional Property to the Declaration shall not bar the further exercise of this option as to other portions or the balance of the Additional Property.

If the Additional Property or any portion thereof is added to the Community, any improvements developed therein and any dwellings constructed thereon will be subject to the standards and restrictions set forth herein, including all assessments set forth herein.

If the Additional Property or any portion thereof is added to the Community, Declarant reserves the right to designate and restrict the boundaries of the Lots to be added to the Community in connection therewith.

Should the option to add the Additional Property or any portion of it not be exercised prior to the Option Expiration Date or earlier termination thereof by Declarant, such option shall in all respects expire and be of no further force and effect. DECLARANT SHALL NOT BE OBLIGATED TO IMPOSE ON THE ADDITIONAL PROPERTY OR ANY PORTION OF IT ANY COVENANTS, CONDITIONS, OR RESTRICTIONS SIMILAR TO THOSE CONTAINED HEREIN, AND THAT PROPERTY NOT SUBMITTED TO THIS DECLARATION WILL BE FREE OF ANY COVENANT OR CONDITIONS WHATSOEVER UNLESS OTHERWISE AFFIRMATIVELY IMPOSED.

The option reserved by Declarant to cause all or any portion of the Additional Property to become part of the Community shall in no way be construed to impose upon Declarant any obligation to add all or any portion of the Additional Property to the Community or to construct thereon any improvements of any nature whatsoever or to restrict or limit its use in any manner.

The option reserved under this Section 5 may be exercised by Declarant only by the execution of an amendment to this Declaration which shall be filed in the RMC Office for Charleston County, South Carolina, together with a revision of or an addition to the Community Plat showing the Additional Property or such portion or portions thereof as are being added to the Community by such amendment, as well as the Lots, Common Area, or other types of property located within the Community.

SUBSEQUENT TO INCLUSION AND/OR RESTRICTION AND IN ITS SOLE DISCRETION, DECLARANT MAY CONVEY TO THE ASSOCIATION THE COMMON

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AREA DESIGNATED BY DECLARANT OR ANY OTHER PROPERTY OWNED BY THE DECLARANT CONTAINED WITHIN THE PROPERTY OR THE ADDITIONAL PROPERTY OR SUCH PORTION OR PORTIONS OF ANY, EITHER, OR ALL OF THEM, ANY SUCH CONVEYANCE TO BE SUBJECT TO THE LIEN OF TAXES NOT YET DUE AND PAYABLE, ALL EASEMENTS AND RESTRICTIONS OF RECORD, UTILITY EASEMENTS SERVING OR OTHERWISE ENCUMBERING THE PROPERTY, AND/OR THE ADDITIONAL PROPERTY, AND ANY EXCEPTIONS WHICH WOULD BE DISCLOSED BY AN ACCURATE SURVEY OR PHYSICAL INSPECTION OF SUCH PARCEL(S).

Any such amendment shall expressly submit the Additional Property or such portion of it to all the provisions of this Declaration, and upon the exercise, if any, of such option or options, the provisions of this Declaration shall then be construed as embracing the real property described in Exhibit A and the Additional Property or such portion or portions thereof so submitted to the terms hereof, together with all improvements thereon. If the Additional Property or any portion or portions of it is added to the Community, then from and after the addition to the Community of the Additional Property or such portion or portions by such amendment to this Declaration, the number of votes in the Association shall be modified to include the Lots to be located on the Additional Property or such portion or portions of it as are added, so that there shall continue to be one vote in the Association per Lot owned by a Class "A" Member in the Community and twenty (20) votes in the Association per Lot owned by a Class "B" Member in the Community, and the total number of votes in the Association shall be increased by the number of Lots added as determined by the formula provided in this document for the voting rights for any Lot or Declarant-owned property located on the Additional Property or such portion or portions thereof as are added.

(b) With the exception of the Additional Property, which may be annexed in the Declarant's sole discretion, the Association may annex any other real property to the provisions of this Declaration with the consent of the owner of such property, the affirmative vote of Members representing a majority of the Class "A" votes of the Association represented at a meeting duly called for such purpose, and the consent of the Declarant so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 11.3.

Such annexation shall be accomplished by Recording a Supplemental Declaration describing the property being annexed in the RMC Office for Charleston County. Any such Supplemental Declaration shall be signed by the president or secretary of the Association, and by the owner of the annexed property, and by the Declarant, if the Declarant's consent is required. Any such annexation shall be effective upon filing unless otherwise provided therein.

(c) This Article XI shall not be amended without the prior written consent of Declarant so long as the Declarant owns any property described in Exhibit A or has the right to annex property pursuant to this Section 11.5.

SECTION 11.6. AMPLIFICATION. The provisions of this Declaration are amplified by the Articles and Bylaws; but no amplification shall alter or amend any of the rights or obligations

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of the Owners set forth in this Declaration. Declarant intends that the provisions of this Declaration, the Articles and the Bylaws to be interpreted, construed, and applied to avoid inconsistencies and conflicting results. If such conflict necessarily results, however, Declarant intends that the provisions of this Declaration control anything in the Articles or Bylaws to the contrary.

SECTION 11.7. TOTAL OR PARTIAL DESTRUCTION OF IMPROVEMENTS. In the event of a total or partial destruction of any improvements on the Common Area, and if available proceeds of insurance carried pursuant to this Declaration are sufficient to cover eighty-five percent (85%) of the repair or reconstruction, the Common Area shall be promptly repaired and rebuilt unless within one hundred twenty (120) days from the date of such destruction, seventy-five percent (75%) or more of the Owners entitled to vote at a duly called meeting, determine that such reconstruction shall not take place. If the insurance proceeds are less than eighty-five percent (85%) of the cost of reconstruction, reconstruction may nevertheless take place if, within one hundred twenty (120) days from the date of destruction, the Owners of seventy-five percent (75%) of the Lots elect to rebuild.

SECTION 11.8. FHA/VA APPROVAL. If applicable, so long as there is Class B Membership, the following actions require the prior approval of the Federal Housing Administration or the Veterans Administration: (a) annexation of Additional Property, (b) dedication of Common Area, and (c) amendment of this Declaration.

SECTION 11.9. DOCUMENTS. All papers and instruments required to be filed with or submitted to the Declarant, the Association, or the Architectural Control Committee shall initially be delivered personally or be sent by Certified or Registered Mail Return Receipt Requested to the Declarant, CalAtlantic Group, Inc., c/o Don McDonough, Operational Vice President, 216 Seven Farms Drive, Suite 200, Charleston, South Carolina 29492, or at such other address as the Declarant or the Association may specify.

SECTION 11.10. REGISTRATION OF MAILING ADDRESS. Each Member shall register his mailing address with the secretary of the Association from time to time, and notices or demands intended to be served upon or given to a Member shall be personally delivered to or sent by mail, postage prepaid, addressed in the name of the Member at such registered mailing address. If a Member does not reside within the Community, such Member shall register his or her address of residence or the address where such Member receives mail on a regular basis.

SECTION 11.11. NOTICE. All notices or requests required shall be in writing. Notice to any Member shall be considered delivered and effective upon personal delivery, or three (3) days after posting, when sent by Certified Mail, return receipt requested, to the address of such Member on file in the records of the Association at the time of such mailing. Notice to the Board, the Association, the Architectural Control Committee, or the Manager, if any, shall be considered delivered and effective upon personal delivery, or three (3) days after posting, when sent by Certified Mail, return receipt requested, to the Association, the Board, or the Architectural Control Committee, at such address as shall be established by the Association from time to time by notice to the Members and if to the Manager, if any, at its principal place of business. General notices to all Members or any classification thereof need not be Certified, but

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may be sent regular first class mail or electronic mail.

SECTION 11.12. LIMITATION OF LIABILITY. Neither the Association, the Architectural Control Committee, nor any officer or member of the Board shall be liable to any party for any action or for any failure to act with respect to any matter arising by, through, or under this Declaration if the action or failure to act was made in good faith. The Association shall indemnify all of the Committee members and officers and Board members with respect to any act taken in their official capacity to the extent provided in this Declaration and by law and in the Articles and Bylaws of the Association.

SECTION 11.13. ASSIGNMENT. Declarant may assign all or any part of its rights and reservations hereunder to any successor. Such successor shall be identified and the particular rights being assigned shall be specified in a written instrument duly Recorded.

SECTION 11.14. REFERENCES TO GENDER AND NUMBER TERMS. In construing this Declaration, feminine or neuter pronouns shall be substituted for those masculine in form and vice versa, and plural terms shall be substituted for singular and singular for plural in any place in which the context so requires.

ARTICLE XII
OTHER COVENANTS AND AGREEMENTS

In addition to the covenants and easements contained herein and any other covenants, easements, instruments, agreements and/or other matters to which the Property is subject (some or all of which may be shown and/or referenced on the Plat), including without limitation any prohibition against locating a house trailer or mobile home on the Property, all of the Property described herein shall be held, sold and conveyed subject to all matters shown on the Plat, including without limitation the following:

(a) that certain "14' Private Access Easement" area shown as "Alagash Way" on the 2016 Subdivision Plat (the "***Access Easement***");
(b) those certain "Variable Width MPW Easement" areas;
(c) those certain "5' MPW Easement" areas;
(d) those certain "15' Type D Buffer" areas;
(e) those certain "10' Type B Buffer" areas;
(f) that certain "5' Private G.U.E." area;
(g) that certain "5' Private Utility Easement" area;
(h) that certain Open Space Easement;
(i) those certain "Variable Width Public Access Easement" areas;
(j) that certain "10' Private G.U.E." area; and
(k) that certain "10'x7' MPW Easement" area.

*****Remainder of Page Intentionally Left Blank*****
[Signatures on Following Page]

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IN WITNESS WHEREOF, the undersigned has caused these presents to be executed in its company name by its member thereunto duly authorized on this the 8 day September, 2016.

IN WITNESS WHEREOF:

CalAtlantic Group, Inc.,
a Delaware corporation,
successor by merger to
The Ryland Group, Inc.,
a Maryland corporation

By _____

Its: Operational VP

STATE OF SOUTH CAROLINA)
)
COUNTY OF Berkeley)

ACKNOWLEDGMENT

I, the undersigned Notary Public for the State of South Carolina, do hereby certify that Dan McDonough [the person signing the above instrument], the Operational VP of CalAtlantic Group, Inc., a Delaware corporation, successor by merger to The Ryland Group, Inc., a Maryland corporation, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 8 day of September, 2016.

_____ (SEAL)
Notary Public, State of South Carolina
Notary Name Printed: Adrienne Leino
My Commission Expires: 2/19/2024

ADRIENNE LEINO
NOTARY PUBLIC
SOUTH CAROLINA
My Comm. Exp.
Feb. 19, 2024

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JOINDER OF ASSOCIATION

The undersigned hereby joins in this Declaration this 8 day of September, 2016.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

ASSOCIATION:

Whitesides Park Townhomes Property Owners Association, Inc.,
a South Carolina nonprofit corporation

By: _____

Its: President

STATE OF SOUTH CAROLINA)
)
COUNTY OF Berkeley)

ACKNOWLEDGMENT

I, the undersigned Notary Public for the State of South Carolina, do hereby certify that Don McDonough [the person signing the above instrument], the President of Whitesides Park Townhomes Property Owners Association, Inc., a South Carolina nonprofit corporation, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 8 day of September, 2016.

_____ (SEAL)
Notary Public, State of South Carolina
Notary Name Printed: Adrienne Leino
My Commission Expires: 2/19/24

ADRIENNE LEINO
NOTARY PUBLIC
My Comm. Exp. Feb. 19, 2024
SOUTH CAROLINA

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EXHIBIT A
TO DECLARATION FOR WHITESIDES PARK
(Description of Property)

ALL those certain pieces, parcels or lots of land situate, lying and being in the Town of Mount Pleasant, Charleston County, South Carolina, known and designated as Lots 7, 8, 9, 10, 11, 12 and 13, all as more particularly shown on a plat entitled "ADJUSTMENT PLAT SHOWING THE ADJUSTMENT OF THE PROPERTY LINES BETWEEN LOTS 7, 8, 9, 10 AND RESIDUAL, THE CREATION OF NEW MPW EASEMENTS, NEW PRIVATE GENERAL UTILITY EASWEMENTS, A NEW PUBLIC ACCESS EASEMENT AND THE ABANDONMENT OF A PORTION OF AN EXISTING MPW EASEMENT MYRICK ROAD TOWNHOMES - OWNED BY CALATLANTIC GROUP, INC. LOCATED IN THE TOWN OF MOUNT PLEASANT CHARLESTON COUNTY, SOUTH CAROLINA", dated January 7, 2016 and recorded in the RMC Office for Charleston County on January 15, 2016, in Plat Cabinet L16, at Page 0022. aid lots of land having such size, shape, buttings and boundings as will by reference to said plat more fully appear.

and

ALL that certain piece, parcel or lot of land situate, lying and being in the Town of Mount Pleasant, Charleston County, South Carolina, known and designated as "HOA", as more particularly shown on a plat entitled "RECOMBINATION AND SUBDIVISION PLAT SHOWING THE ABANDONMENT OF THE PROPERTY LINES BETWEEN TMS NO. 532-08-00-040 & 169 AND THE SUBSEQUENT SUBDIVISION TO CREATE LOTS 7 THROUGH 13, HOA AND RESIDUAL OWNED BY THE RYLAND GROUP, INC. LOCATED IN THE TOWN OF MOUNT PLEASANT CHARLESTON COUNTY, SOUTH CAROLINA", dated April 6, 2015 and recorded in the RMC Office for Charleston County on June 1, 2015, in Plat Cabinet L15, at Page 0234. Said lots of land having such size, shape, buttings and boundings as will by reference to said plat more fully appear.

and

ALL those certain pieces, parcels or lots of land situate, lying and being in the Town of Mount Pleasant, Charleston County, South Carolina, known and designated as Lots 1, 2, 3, 4, 5, and 6, all as more particularly shown on a plat entitled "SUBDIVISION PLAT SHOWING THE SUBDIVISION OF TMS NO. 532-08-00-040 TO CREATE LOTS 1 THROUGH 6 – MYRICK ROAD TOWNHOMES AND TO CREATE A NEW 10'X7' MPW EASEMENT OWNED BY CALATLANTIC GROUP, INC. LOCATED IN

THE TOWN OF MOUNT PLEASANT CHARLESTON COUNTY, SOUTH CAROLINA", dated January 25, 2016, and recorded in the RMC Office for Charleston County on March 7, 2016, in Plat Cabinet S16, at Page 0050. Said lots of land having such size, shape, buttings and boundings as will by reference to said plat more fully appear.

See Tax Map Numbers (TMS's) on the attached list.

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Whitesides Park (Lots per plat recorded in Plat Cabinet L16, at Page 0022)

TMS	Lot	
532-08-00-236	7	
532-08-00-237	8	
532-08-00-238	9	
532-08-00-239	10	
532-08-00-240	11	
532-08-00-241	12	
532-08-00-242	13	

Whitesides Park (HOA per plat recorded in Plat Cabinet L15, at Page 0234)

TMS	Common Area
532-08-00-169	HOA

Whitesides Park (Lots per plat recorded in Plat Cabinet S16, at Page 0050)

TMS	Lot	
532-08-00-040	1	
532-08-00-043	2	
532-08-00-044	3	
532-08-00-045	4	
532-08-00-046	5	
532-08-00-047	6	

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EXHIBIT B
TO DECLARATION FOR WHITESIDES PARK

(Articles of Incorporation – Whitesides Park Townhomes Property Owners Association, Inc.)

SEE ATTACHED

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CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE

AUG 29 2016

Mark Hammond
SECRETARY OF STATE OF SOUTH CAROLINA

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

NONPROFIT CORPORATION
ARTICLES OF INCORPORATION

TYPE OR PRINT CLEARLY IN BLACK INK

1. The name of the proposed corporation is Whitesides Park Townhomes Property Owners Association, Inc.

2. The initial registered office of the nonprofit corporation is 2 Office Park Court, Suite 103, Columbia, South Carolina 29223.

   The name of the registered agent of the nonprofit corporation at that office is: CT Corporation System

   I hereby consent to the appointment as registered agent of the corporation.

   CT Corporation System

   By: _____
   Terence Hardley Asst. Secretary
   Name and Title (Print)

3. Check "a", "b" or "c", whichever is applicable. Check only one box:

   ☞ [ ] The nonprofit corporation is a public benefit corporation.

   ☞ [ ] The nonprofit corporation is a religious corporation.

   ☞ [x] The nonprofit corporation is a mutual benefit corporation.

4. Check "a" or "b", whichever is applicable:

   ☞ [x] This corporation will have members.

   ☞ [ ] This corporation will not have members.

5. The address of the principal office of the nonprofit corporation is 216 Seven Farms Drive, Suite 200, Charleston, South Carolina 29492.

6. If this nonprofit corporation is either a public benefit or religious corporation (when box "a" or "b" of

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WHITESIDES PARK TOWNHOMES PROPERTY OWNERS ASS
Filing Fee: $25.00 ORIG
Mark Hammond South Carolina Secretary of State

paragraph #3 is checked), complete either "a" or "b", whichever is applicable to describe how the remaining assets of the corporation will be distributed upon dissolution of the corporation.

a)

☞ [ ] Upon dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code or the corresponding section of any future federal tax code, or shall be distributed to the Federal government, or to a state or local government, for a public purpose. Any such asset not so disposed of shall be disposed of by the Court of Common Pleas of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

b)

☞ [ ] Upon dissolution of the corporation, consistent with the law, the remaining assets of the corporation shall be distributed to:

_____

7. If the corporation is a mutual benefit corporation (when box "c" of paragraph 3 is checked), complete either "a" or "b", whichever is applicable, to describe how the (remaining) assets of the corporation will be distributed upon dissolution of the corporation.

a)

☞ [ ] Upon dissolution of the mutual benefit corporation, the (remaining) assets shall be distributed to its members, or if it has no members, to those persons to whom the corporation holds itself out as benefiting or serving.

b)

☞ [x] Upon dissolution of the mutual benefit corporation, the (remaining) assets, consistent with the law, shall be distributed to:

(1) a prorata individual interest to each lot owner in Whitesides Park subdivision, or

(2) in the Board of Director's discretion, to a successor corporation or other organization with a similar or related purpose.

8. The optional provisions which the nonprofit corporation elects to include in the articles of incorporation are as follows (See Section 33-31-202(b) through 33-31-201(e) of the 1976 South Carolina Code of Laws, as amended, the applicable comments thereto, and the instruction to this form).

The purpose for which this corporation is organized are to serve as a property owners association for Whitesides Park subdivision in Charleston County, South Carolina and to conduct any lawful activities related to the subdivision.

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9. The name and address of the incorporator is as follows:

CALATLANTIC GROUP, INC., a Delaware corporation
c/o Don McDonough, its Operational Vice President
216 Seven Farms Drive, Suite 200
Charleston, SC 29492

10. Each original director of the nonprofit corporation must sign the articles but only if the directors are named in these articles:

NOT APPLICABLE

11. The following is the name and signature of the incorporator:

August 12, 2016

CALATLANTIC GROUP, INC.,
a Delaware corporation

By: _____

Its: Operational VP

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EXHIBIT C
TO DECLARATION FOR WHITESIDES PARK

(Bylaws of Whitesides Park Townhomes
Property Owners Association, Inc.)

SEE ATTACHED

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****

BYLAWS

OF

WHITESIDES PARK TOWNHOMES PROPERTY OWNERS ASSOCIATION, INC.

****

August 12, 2016

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****

BYLAWS

****

ARTICLE I
COVENANTS AND DEFINITIONS

Section 1.1. Covenants. In the event of any conflict between the terms and provisions of these Bylaws and the Declaration of Covenants, Conditions, Restrictions and Easements for Whitesides Park Townhomes recorded in the Register Mesne Conveyance Office for Charleston County, as amended and/or supplemented from time to time (the "***Covenants***"), the terms and provisions of the Covenants shall control.

Section 1.2. Definitions. All terms not otherwise defined herein shall have the meaning ascribed to them in the Covenants.

Section 1.3. Name. The name of the corporation is **Whitesides Park Townhomes Property Owners Association, Inc.** ("***Association***" or "***Corporation***")

Section 1.4. Nonprofit Status. The Corporation is organized as a nonprofit corporation under the South Carolina Nonprofit Corporation Act. The Corporation is a mutual benefit corporation and shall have perpetual duration and succession.

Section 1.5. Purposes. The purpose for which the Corporation is organized, as stated in its Articles of Incorporation, is to serve as a property owners association for the Property located within a community known as Whitesides Park in Charleston County, South Carolina and to conduct any lawful activities related to such association.

ARTICLE II
OFFICES AND POWERS

Section 2.1. Registered Agent and Office. The initial registered agent of the Corporation shall be C T Corporation System and the initial registered office of the Corporation is 2 Office Park Court, Suite 103, Columbia, SC 29223.

Section 2.2. Additional Offices. The Corporation may also have offices at such other places, both within and without the State of South Carolina, as the Board of Directors may from time to time determine or as the business of the Corporation may required.

Section 2.3. Corporate Powers. In furtherance of the purposes of the Corporation, it shall possess all powers and authority granted to corporations under Title 33 of the Code of Laws of South Carolina, 1976, as amended, the Covenants and these Bylaws.

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ARTICLE III
MEMBERS

Section 3.1. Membership. The Association shall have the following two (2) classes of membership: Class "A" Members and Class "B" Members, as described in the Covenants. The terms of the membership described in the Covenants, including, without limitation, voting rights and rights to use the Common Area, are incorporated herein by reference.

Section 3.2. Meetings of Members. Subject to Article IV, an annual meeting for the election of directors and for the transaction of such other business as may properly come before such meeting shall be held in the month of October in each year, or in such other month as may be designated by the Board of Directors, at such date and hour as may be fixed from time to time by the Board of Directors and stated in the notice of such meeting, unless such notice is waived as provided by law, the Articles of Incorporation or these Bylaws. If such annual meeting is not held as herein provided for, it may be held as soon thereafter as may be convenient. Such subsequent meetings shall be called in the same manner as hereinafter provided for special meetings of Members. Meetings of the Members may be called by the president or a majority of the directors and, after Turnover (as hereinafter defined), shall be called by the president or secretary at the request in writing of Members holding at least ten percent (10%) of the voting power. Such request shall state the purpose or purposes of the proposed meeting. The initial annual meeting of the Members may be called by the incorporator.

Section 3.3. Notice of Meetings. Written notice of the place, date and hour of the annual and any special meetings shall be given personally or by mail to each Member entitled to vote thereat not less than ten (10) nor more than thirty (30) days prior to the meeting. The notice shall state the purpose or purposes for which the meeting is called and by or at whose direction it is being issued. Members may waive notice of meetings.

Section 3.4. Quorum. Unless otherwise provided in the Covenants, Members who hold in aggregate thirty percent (30%) of the total vote of the membership, present in person or represented by proxy, shall be necessary to have, and shall constitute, a quorum for the transaction of business at all meetings of the Members. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. If the required quorum is not present at the second meeting, a third meeting may be called subject to the same notice requirements, and all those present at the third meeting shall constitute a quorum.

Section 3.5. Voting. Unless otherwise provided herein, in the Articles of Incorporation or in the Covenants, when a quorum is present, a majority of the total of votes cast in person or by proxy at a duly called meeting of the Corporation shall be the vote required to adopt and make decisions. The Board of Directors shall have the authority to decide all matters related to the number of votes that Members are entitled to cast.

Section 3.6. Proxies. Members may vote by limited proxy, but not by general proxy. Every proxy must be executed in writing and dated by the Member or by the Member's attorney-

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in-fact. A proxy shall be valid for eleven (11) months from the date thereof, unless otherwise expressly stated in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it.

Section 3.7. Action by Written Consent. Whenever by any provision of law the vote of the Members at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of Members may be dispensed with if Members holding eighty percent (80%) of the voting power consent to the action in writing and written notice of such Member approval is delivered to the Members (if any) who did not consent to such action. If written notice is required, Member approval is effective ten (10) days after such written notice is given.

Section 3.8. Meetings by Telephone or Similar. The Members may participate in a meeting by means of conference telephone or similar communications equipment by means of which all Members participating in the meeting can hear each other, and participation in such meeting shall constitute presence in person by such Member at such meeting.

Section 3.9. Turnover. In accordance with these Bylaws and the Covenants, the Declarant shall turn over control of the Association to the Members at the appropriate time (the "***Turnover***"). The Turnover shall occur on the earliest of the following conditions:

(a) Three (3) months after the Class "B" membership shall cease and be converted to Class "A" membership; or

(b) such earlier date as determined by the Class "B" Member, in its sole and absolute discretion.

The Declarant shall continue to be able to appoint one (1) member of the Board of Directors as long as the Declarant holds for sale in the ordinary course of business at least one (1) Lot within the Property. After the Declarant relinquishes control of the Association, the Declarant may exercise the right to vote all of its voting interests in the same manner as any other Member, except for purposes of reacquiring control of the Association, or selecting the majority of the members of the Board of Directors.

Section 3.10. Conduct of Meetings. The president shall preside over all meetings of the Association and the secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 3.11. Majority. As used in these Bylaws, the term "majority" shall mean those votes, Owners, Members or other group as the context may indicate totaling more than fifty percent (50%) of the total eligible number.

ARTICLE IV
BOARD OF DIRECTORS

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Section 4.1. General Powers. Except as otherwise provided by law or in the Articles of Incorporation, the property, affairs and business of the Corporation shall be managed by or under the direction of the Board of Directors. The number of directors of the Corporation shall be not less than three (3) nor more than five (5).

Section 4.2. Election or Appointment of Directors; Nomination.

(a) Election or Appointment. Until Turnover, the Declarant shall have the right to appoint all of the members of the Board of Directors. The Incorporator shall initially appoint three (3) persons who shall serve as the initial Board of Directors. The Declarant shall continue to be able to appoint one (1) member of the Board of Directors as long as the Declarant holds for sale in the ordinary course of business at least one (1) Lot within the Property. After Turnover, except as provided above or otherwise provided herein, all of the elected directors shall be elected by the Class "A" Members at-large. Except with respect to appointed directors, all directors shall be Members.

In order to effectuate the Turnover, the Declarant shall call for an election which shall be held within the timeframe set forth in Section 3.9. On the date specified by the Declarant, the following shall occur: (a) the existing directors shall resign; and (b) five (5) directors elected by the Members shall take office. The Declarant may, in its sole and absolute discretion, permit the Members to elect a portion of the directors earlier than the Turnover.

After Turnover, the Board shall consist of a total of five (5) directors. At the Turnover meeting, the five (5) nominees receiving the most votes will be elected to serve on the Board of Directors until the expiration of their term. The three (3) nominees receiving the most votes will serve for a three (3) year term, and the last two (2) nominees with the most votes will serve for a two (2) year term. Except for the first elected Board of Directors, the term for all Board of Directors will be three (3) years. Elections by Members shall be by sealed ballot in accordance with policies and procedures adopted by the Board of Directors. After Turnover, ballots shall be tallied at the annual meeting.

(b) Nomination of Directors. Immediately prior to the Turnover and each year thereafter, the Board of Directors will appoint a nominating committee consisting of three (3) Members who are not on the Board (the "***Nominating Committee***"). The Nominating Committee will review and approve candidates for inclusion on the ballot to be mailed to Members. A Member may nominate himself as a candidate for the Board at a meeting where the election is to be held.

The names of any nominees approved by the Nominating Committee, after having been certified by the secretary, or any other officer, that they are qualified for election and have been nominated in accordance with the provisions of these Bylaws and the policies adopted by the Nominating Committee, shall be included in any ballot mailing to the Members. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members through inclusion of a brief resume with the ballot package. The Nominating Committee may develop a standard resume form and dictate maximum resume length, which shall be uniform for all candidates.

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Family members or persons residing in the same household of candidates seeking nomination may not sit on the Nominating Committee. The Nominating Committee shall approve, if sufficient candidates are available, a minimum of two candidates for each position on the Board. Write in candidates are also permitted.

Section 4.3. Resignation. Any director may resign at any time by giving written notice of such resignation to the president or the secretary. Unless otherwise specified therein, such resignation shall take effect on receipt thereof by any such officer.

Section 4.4. Removal of Directors. Any director appointed may be removed, either with or without cause, only by the party entitled to appoint the director. Any director elected by the Members may be removed at any time, either with or without cause, by the affirmative vote of a majority of the Members then entitled to vote. Any vacancy on the Board of Directors resulting from any such removal may be filled in the manner provided in Section 4.5 of this Article IV.

Section 4.5. Vacancies. If any vacancy shall occur on the Board of Directors with respect to an elected director by reason of death, resignation, removal or otherwise, a successor shall be elected by the Board to fill the vacancy for the remainder of the term of such director. If any vacancy shall occur on the Board of Directors with respect to an appointed director by reason of death, resignation, removal or otherwise, a successor shall be appointed by the party entitled to appoint the director to fill the vacancy for the remainder of the term of such director.

Section 4.6. Annual and Regular Meetings. As soon as practicable after the annual meeting of Members in each year, an annual meeting of the Board of Directors shall be held for the appointment of officers and for the transaction of such other business as may properly come before the meeting. No notice shall be required for any such meeting if held immediately after the adjournment and at the site of the meeting of Members. If not so held, notice shall be given in the same manner as required for special meetings of the Board of Directors. Additional regular meetings of the Board of Directors may be held without notice at such times and places as the Board may from time to time determine by resolution duly adopted at any meeting of the Board.

Section 4.7. Special Meetings. A special meeting of the Board of Directors may be called at any time by the president and shall be called by the president or the secretary on the written request of at least one-half of the directors then in office, and shall be held at such time and place as may be fixed by the president or such directors in such request, as the case may be, provided that the time so fixed shall permit the giving of notice as provided in Section 4.8 of this Article IV.

Section 4.8. Notice of Special Meetings. Notice of the time and place of each special meeting of the Board of Directors shall be sent to each director by mail, facsimile, electronic mail or telephone, addressed to the director at his address as it appears on the records of the Corporation, or telephoned or delivered to the director personally, at least two (2) days before the day on which the meeting is to be held, and the method used for notice of such special meeting need not be the same for each director being notified. Unless otherwise provided by law, the

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Articles of Incorporation or these Bylaws, such notice need not state the purposes of the meeting.

Section 4.9. Presiding Officer and Secretary. Each meeting of the Board of Directors shall be presided over by the president or, in his absence or disability, by such person as may be designated from time to time by the Board of Directors. The secretary, or in his absence or disability, an assistant secretary, or in his absence or disability, such other person selected by the Board of Directors, shall act as secretary of each meeting of the Board of Directors.

Section 4.10. Quorum. At all meetings of the Board of Directors, the presence in person or by conference telephone of a majority of the total number of directors constituting the entire Board, whether then in office or not, shall be necessary and sufficient to constitute a quorum for the transaction of any business by the Board of Directors at such meeting, except as otherwise provided by law, by the Articles of Incorporation or by these Bylaws. At any meeting of the Board of Directors, no action shall be taken (except adjournment, in the manner provided below) until after a quorum has been established, except as otherwise provided by law, the Articles of Incorporation or these Bylaws. Except as otherwise provided by law, the Articles of Incorporation or these Bylaws, the act of a majority of directors who are present at a meeting at which a quorum previously has been established, or at any adjournment of such meeting (provided that a quorum previously shall have been established at such adjourned meeting) shall be the act of the Board of Directors, regardless of whether or not a quorum is present at the time such action is taken. In determining the number of directors who are present at the time any such action is taken, any director who is in attendance at such meeting but who, for just cause, is disqualified to vote on such matter, shall not be considered as being present at the time of such action for the purpose of establishing the number of votes required to take action on any matter submitted to the Board of Directors, but shall be considered as being present for purposes of determining the existence of a quorum.

In the event a quorum cannot be established at the beginning of a meeting, a majority of the directors present at the meeting, or the secretary of the Corporation, if there be no director present, may adjourn the meeting from time to time until a quorum be present. Notice of such adjournment need be given only as the Board of Directors may from time to time prescribe.

Section 4.11. Regulations. The Board of Directors shall adopt such rules and regulations for the conduct of its meetings and for the management of the property, affairs and business of the Corporation as it may deem proper and consistent with law, the Articles of Incorporation, these Bylaws and the Covenants.

Section 4.12. Compensation. Directors shall not receive compensation for their services.

Section 4.13. Participation in Meeting by Conference Telephone. Any and all members of the Board of Directors may participate in a meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section 4.13 shall constitute presence in person at such meeting.

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Section 4.14. Written Consent in Lieu of Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if a written consent or consents thereto shall be signed by all members of the Board then in office.

Section 4.15. Waiver of Notice by Directors. Whenever any notice is required to be given by law, the Articles of Incorporation or these Bylaws to a member of the Board of Directors, a written waiver thereof signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in any written waiver of notice unless so required by law, the Articles of Incorporation or these Bylaws. A director's attendance at or participation in a meeting waives any required notice to him of the meeting unless the director at the beginning of the meeting, or promptly upon his arrival, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 4.16. Assessments. The Board of Directors shall, on an annual basis, levy assessments against all of the Members in accordance with the Covenants. Assessments shall be levied for the purposes set forth in the Covenants. Assessments shall be binding legal obligations on Members and shall be enforceable by the Association as provided in the Covenants.

ARTICLE V
NOTICES

Section 5.1. Form; Delivery. Whenever, under the provision of law, the Articles of Incorporation or these Bylaws, notice is required to be given to any Member, personal notice shall not be required unless specifically provided. All notices or requests required shall be in writing. Notice to any Member shall be considered delivered and effective upon personal delivery, or three (3) days after posting, when sent by Certified Mail, return receipt requested, to the address of such Member on file in the records of the Association at the time of such mailing. Notice to the Board of Directors, the Association, the Architectural Control Committee, or the manager, if any, shall be considered delivered and effective upon personal delivery, or three (3) days after posting, when sent by Certified Mail, return receipt requested, to the Association, the Board of Directors, or the Architectural Control Committee, at such address as shall be established by the Association from time to time by notice to the Members and if to the manager, if any, at its principal place of business. General notices to all Members or any classification thereof need not be Certified, but may be sent regular first class mail or electronic mail.

ARTICLE VI
OFFICERS

Section 6.1. Designations. The officers of the Corporation shall be chosen by the Board of Directors. The Board of Directors shall appoint a president, a vice president, a secretary, a treasurer and such other officers as are appointed by the Board of Directors from

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time to time.. All officers of the Corporation shall exercise the powers and perform the duties as shall from time to time be determined by the Board of Directors. Any number of offices may be held by the same person.

Section 6.2. Term of Office; Removal. Each officer of the Corporation shall hold office until his successor is chosen and shall qualify. Any officer elected or appointed by the Board of Directors may be removed, with or without cause, at any time by the affirmative vote of a majority of the Board of Directors. Removal from office shall not prejudice the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights. Any vacancy occurring in any office of the Corporation may be filled for the unexpired portion of the term by the Board of Directors.

Section 6.3. Compensation. No officers of the Corporation shall be compensated for their services as such.

Section 6.4. President. The president, subject to the direction of the Board of Directors, shall have general charge of the business affairs and property of the Corporation and general supervision over its other officers and agents. In general, he shall perform all duties incident to the office of president and shall see that all orders and resolutions of the Board of Directors are carried into effect. The president may sign, with the secretary or any other proper officer of the Corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors have authorized to be executed, except in cases where the signing and executing thereof shall be expressly delegated by the Members or by these Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed.

Section 6.5. Vice Presidents. In the event that the Board of Directors appoint a vice president, or vice presidents, then the vice president, or the vice presidents in the order designated or appointed, shall, in the absence of the president or in the event of his disability or refusal to act, perform the duties and exercise the powers of the president, and shall generally assist the president and perform such other duties and have such other powers as may from time to time be prescribed by the Board of Directors.

Section 6.6. Secretary. The secretary shall attend all meetings of the Board of Directors and of the Members and shall record all the votes and proceedings of the meetings in a book to be kept for that purpose. The secretary shall give, or cause to be given, notice of all meetings of the Board of Directors and of the Members and shall keep a register of the post office address of each director and each Member. The secretary shall have custody of the seal of the Corporation, and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it. When so affixed, the seal may be attested by the secretary's signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing of it by their signature.

Section 6.7. Assistant Secretary. The assistant secretary, if any (or the assistant secretaries, in the order designated or appointed) shall, in the absence of the secretary or in the event of his disability, perform the duties and exercise the powers of the secretary, and shall

perform such other duties and have such other powers as may from time to time be prescribed by the Board of Directors.

Section 6.8. Treasurer. The treasurer shall have the custody of the corporate funds and other valuable effects, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation. The treasurer shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may from time to time be designated by the president or Board of Directors. The treasurer shall disburse the funds of the Corporation as may be ordered by the Members, taking proper vouchers for such disbursements, and shall render to the president and the Board of Directors, whenever they may require it, an account of all transactions he made as treasurer and the financial condition of the Corporation.

Section 6.9. Assistant Treasurer. The assistant treasurer, if any (or the assistant treasurers, in the order designated or elected) shall, in the absence of the treasurer or in the event of his disability, perform, the duties and exercise the powers of the treasurer, and shall perform such other duties and have such other powers as may from time to time be prescribed by the Board of Directors.

ARTICLE VII
INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 7.1. Statutory Indemnification. The Corporation shall indemnify any director or officer of the Corporation to the fullest extent permitted by law.

ARTICLE VIII
COMMITTEES

Section 8.1. Ad Hoc Committees. The president, subject to the approval of the Board of Directors, may, from time to time, appoint such ad hoc committees, with such powers and composition as the president, with the approval of the Board of Directors, shall determine.

Section 8.2. Powers of Committees. The several committees shall act only as committees and the individual members thereof shall have no power or authority to act on behalf of the Board of Directors or the Association. All committees shall be advisory only and shall report to and be under the supervision of the Board of Directors. Committee members may be removed, with or without cause, upon majority vote of the Board of Directors.

Section 8.3. Committee Meetings. All meetings of any committee of the Association shall be open to all Members. A Member's participation in a committee meeting may be limited by the chair of the meeting.

Section 8.4. Architectural Control Committee. The Architectural Control Committee shall be organized and governed by the Covenants. The Association does not have the right to appoint the Architectural Control Committee prior to the closing of the initial retail sale of all Lots to be developed within the Property to persons other than Declarant.

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ARTICLE IX
DISCIPLINE

Section 9.1. Enforcement. The Board of Directors or its delegate shall have the power to: (a) impose reasonable fines, not to exceed the maximum amount permitted by law per violation, which shall constitute an automatic and continuing lien upon the Lot of the violating Owner; (b) preclude contractors, subcontractors, agents and other invitees of an Owner or occupant, to the extent permitted by law, from working within the Property for violation of any duty imposed under the Covenants, these Bylaws or the rules and regulations; (c) suspend an Owner's use of the Common Areas and use by his family or guests; provided, however, nothing herein or in the Covenants shall authorize the Association or the Board of Directors to limit an Owner's or occupant's ingress and egress to or from the Owner's Lot; and (d) suspend the vote allocated to a Class "A" Member. In the event that any occupant of a Lot violates the Covenants, these Bylaws or the rules and regulations, and a fine is imposed, the fine shall first be assessed against the occupant residing therein; provided, however, if the fine is not paid by the occupant within the time period set by the Board of Directors, the Owner shall pay the fine upon notice from the Association. Fines may be levied on a daily or periodic basis for continuing violations, each such day or period being deemed a separate violation. To the extent authorized by law, fines shall be considered benefit assessments. The failure of the Board of Directors to enforce any provision of the Covenants or Bylaws shall not be deemed a waiver of the right of the Board of Directors to do so thereafter.

Section 9.2. Notice. Prior to imposition of any sanction hereunder which involves a fine or exclusion from access to use of any portion of the Property for a period in excess of fourteen (14) days, the Board of Directors or its delegate shall serve the accused with written notice describing (a) the general nature of the alleged violation, (b) the proposed sanction to be imposed, (c) a period of not less than fourteen (14) days within which the alleged violator may present a written request to the Board of Directors for a hearing, and (d) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge has been requested within the fourteen (14) day notice. A hearing shall not be required for suspension for failure to pay amounts owed to the Association in a timely manner.

Section 9.3. Hearing. If a hearing is requested within the allotted fourteen (14) day period, the sanction shall, unless the Board determines otherwise for health, safety or welfare, be stayed pending the hearing, which shall be held before a committee comprised of at least three (3) members appointed by the Board who are not officers, directors or employees of the Association, or the spouse, parent, child, brother or sister of an officer, director or employee of the Association. The committee shall set the date and time of the hearing which shall be within ten (10) days of the receipt of the notice requesting a hearing. Hearings shall be informal and provide the accused an opportunity to explain or resolve his acts or omissions. The Association shall not be required to provide any evidence or testimony at a hearing. If the committee, by majority vote, does not approve a proposed fine or suspension, it may not be imposed. Proof of proper notice shall be placed in the records of the Association. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the accused appears at the hearing. The minutes of any meeting shall

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contain a written statement of the results of the hearing and the sanction, if any, imposed.

Section 9.4. Additional Enforcement Rights. Notwithstanding anything to the contrary contained herein, the Association may elect to enforce any provisions of the Covenants, these Bylaws or the rules and regulations by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the violator shall pay all costs, including reasonable attorneys' and paralegals' fees actually incurred by the Association.

ARTICLE X
MISCELLANEOUS

Section 10.1. Fiscal Year. The fiscal year of the Corporation shall be the calendar year, beginning on January 1 and ending on December 31 of each year.

Section 10.2. Contracts, Checks, Bank Accounts, Etc. The Board is authorized to select such banks or depositories as it shall deem proper for the assets of the Corporation. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by the president or secretary or by such other members of the Board or officers of the Association as may be designated by resolution of the Board of Directors.

Section 10.3. Corporate Seal. The Corporation may have a corporate seal in such form as the Board of Directors may from time to time determine.

Section 10.4. Amendments. Until the Turnover, the Declarant may amend these Bylaws in its sole and absolute discretion. Prior to Turnover, Members shall have no right to amend these Bylaws. After the Turnover, amendments to these Bylaws shall require the affirmative vote of a majority of the Board of Directors and a majority of the Members; provided, however, the percentage of votes necessary to amend a specific clause shall be not less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Amendments to the Bylaws shall be effective upon adoption and recordation in the Register Mesne Conveyance Office for Charleston County, South Carolina.

No amendment may remove, revoke or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

Section 10.5. Investments. The Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it, according to the judgment of the Board of Directors, without being restricted to the class of investments which a director or trustee is or may hereafter be permitted by law to make or any similar restriction.

Section 10.6. References to Gender and Number Terms. In construing these Bylaws, feminine or neuter pronouns shall be substituted for those masculine in form and vice versa, and plural terms shall be substituted for singular and singular for plural in any place in which the

context so requires.

Section 10.7. Headings. The Article and Section headings in these Bylaws are inserted for convenience only and are not part of these Bylaws.

* * *

I, Frank Finlaw, Secretary of Whitesides Park Townhomes Property Owners Association, Inc., (the "***Association***" or "***Corporation***"), do hereby certify that the foregoing is a true and correct copy of the Association's Bylaws as adopted by the Incorporator on August 12, 2016, and ratified by the Board of Directors of the Corporation on August 12, 2016.

IN WITNESS WHEREOF I have set my hand and affixed the Corporate Seal of the Association, this the 18 day of August, 2016.

Frank Finlaw, Secretary

[CORPORATE SEAL]

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Charleston County, SC

Maker: CALATLANTIC GRP INC AL

Recipient: N/A

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# of Pages: 68

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Extra Reference Cost	$	-
Extra Pages	$	63.00
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Exhibit B – Purchase Agreement and Dispute Resolution Agreement Addendum

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CALATLANTIC HOMES

PURCHASE CONTRACT

NOTICE IS HEREBY GIVEN PURSUANT TO THE UNIFORM ARBITRATION ACT, SECTION 15-48-10, ET. SEQ., CODE OF LAWS OF SOUTH CAROLINA (1976 AS AMENDED) THAT THIS AGREEMENT IS SUBJECT TO MANDATORY ARBITRATION.

BUYER INFORMATION

Name: Alex Brown

Present Address: 735 Coleman Blvd Apt 211 City: Mt. Pleasant State: sc Zip: 29464

Home Phone: _____ Work Phone: _____ Cell Phone: 513-616-1641

Fax: _____ Email: Brownac420@gmail.com

Name: _____

Present Address: _____ City: _____ State: _____ Zip: _____

Home Phone: _____ Work Phone: _____ Cell Phone: _____

Fax: _____ Email: _____

Name: _____

Present Address: _____ City: _____ State: _____ Zip: _____

Home Phone: _____ Work Phone: _____ Cell Phone: _____

Fax: _____ Email: _____

PROJECT: Whitesides Park

SELLER'S SALES COUNSELOR: Tina Jones

TRANSACTION SUMMARY AND EXECUTION

This Transaction Summary and Execution ("**Transaction Summary**") sets forth some of the terms of this Purchase Contract ("**Contract**") between the Buyer identified above and CalAtlantic Group, Inc., a Delaware corporation ("**Seller**"). It is only part of this Contract; all of the terms of this Contract must be read carefully and understood before this Contract is signed. Capitalized terms are defined in Paragraph 1 of this Contract or as they appear throughout the Contract.

A. **PROPERTY.** Lot 0002, Block _____ (if applicable) as shown on that certain map/subdivision plat recorded in Book/Drawer/Volume/Cabinet/Document , at Page/Slide _____, in the official records of _____ County, Sc.

The Property is commonly identified as the following street address: 1094 Rifle Range Road, Mt Pleasant, Sc, 29464, and may also be referred to as all or any of the following: Plan Berkeley, Elevation A, Subdivision Name Whitesides Park, Unit _____, Phase/Section _____, Block _____ Tract _____ as set forth in the declaration recorded in the official records of _____, Sc.

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B. BUYER AND VESTING. The Buyer(s) ("**Buyer**") is(are):

Alex Brown

Title to the Property will vest as follows:

☑ To Be Determined ☐ Joint Tenancy with Right of Survivorship

☐ Sole Ownership ☐ Tenancy in Common

☐ Other

(How title is taken has legal and tax consequences. See Paragraph 6(b)).

C. PURCHASE PRICE.

Base Purchase Price	$	436,000.00
Lot Premium	$	
Price of Upgrades/Optional Items (as per Optional Items and Additional Deposit Amendment, if any):	$	63,121.00
Other Adjustments:	$	(30,200.00)
Total Purchase Price:[1]	**$**	**468,921.00**

D. METHOD OF PAYMENT OF PURCHASE PRICE.

(i) **Initial Deposit**. $ 2,000.00

Received by Seller as referenced on separate deposit receipt.

(ii) **Additional Deposits**.

Buyer agrees to make additional cash deposits with seller as follows:

on or before 03/15/2018	$	7,000.00
on or before _____	$	
on or before _____	$	
Total Additional Deposits.	$	**7,000.00**

(iii) **New Loan(s)**. *(Check if applicable)*

☐ Proceeds of new loan(s) to be obtained by financing Buyer on or before the Closing Date in the amount of $

(iv) **Balance of Purchase Price Paid in Cash by Buyer.**[2]

on or before _____ $

E. ESTIMATED CLOSING COSTS AND PRORATIONS.[3] $

F. MONTHLY ASSOCIATION ASSESSMENTS (SUBJECT TO CHANGE).

As of _____ $

[1] Does not include Upgrades/Optional Items ordered after the Contract Date which will be added to the Total Purchase Price.

[2] Does not include Closing Costs, Taxes, or Prorations.

[3] The amounts set forth in Paragraph E are estimates and such estimates will vary. Please read Paragraph 7 for more details regarding costs to be paid at Closing.

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G. TITLE INSURER:

(Check one.)

☒ Buyer elects to use Seller's affiliated title insurer, CalAtlantic Title Charleston, LLC

☐ Buyer elects to use the following alternate title insurer designated by Buyer:

_____

Any title insurer designated by Buyer must have the ability to issue an insured closing letter for the Selected Lender. If Buyer checks this box but does not designate the name of the alternate title insurer (or designates a company that does not provide such services), then Buyer will be deemed to have elected to use Seller's affiliated title insurer, CalAtlantic Title Charleston, LLC.

Buyer may later change Buyer's selection, subject to Paragraph 6(a)(i).

BUYER'S INITIALS: AB / _____ / _____

H. CLOSING AGENT:

(Check one.)

☒ Buyer elects to use Seller's affiliated closing agent, CalAtlantic Title Charleston, LLC

☐ Buyer elects to use the following alternate closing agent designated by Buyer:

_____

Any closing agent designated by Buyer must provide evidence to Seller that such closing agent maintains adequate errors and omissions insurance and fidelity insurance. Buyer is solely responsible for all costs and expenses relating to the use of any alternate closing agent. If Buyer checks this box but does not designate the name of the alternate closing agent (or designates a company that does not provide such services), then Buyer will be deemed to have elected to use Seller's closing agent set forth above.

Buyer may later change Buyer's selection, subject to Paragraph 6(a)(iii).

BUYER'S INITIALS: AB / _____ / _____

I. LENDER:

(Check one.)

☒ Buyer elects to use Seller's affiliated mortgage company, CalAtlantic Mortgage, Inc.

☐ Buyer elects to use the following alternate mortgage company designated by Buyer:

_____

If Buyer checks this box but does not designate the name of the alternate mortgage company (or designates a company that does not provide such services), then Buyer will be deemed to have elected to use Seller's affiliated mortgage company, CalAtlantic Mortgage, Inc.

Buyer may later change Buyer's Selected Lender, subject to Paragraph 4(b).

☐ Buyer elects to pay the Purchase Price in cash

Type of Loan: ☒ Conventional ☐ FHA ☐ VA ☐ Other ☐ Not applicable (paying cash)

BUYER'S INITIALS: AB / _____ / _____

J. REPRESENTATION. Seller's sales counselor represents Seller and does not represent Buyer.

(Check one.)

☐ Buyer represents that Buyer is not represented by an agent, broker, salesperson or any other person ("**Co-Broker**") with respect to the purchase of the Property.

☑ Seller, Buyer, and Co-Broker have executed a co-broker agreement ("**Co-Broker Agreement**").

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Except as provided in any Co-Broker Agreement executed by Seller, Buyer represents and warrants that Buyer has not dealt with any other agents, brokers, salesperson, finders or person of any kind who could make a claim for a commission or finder's fee in connection with this transaction (other than finder or referral fees that may be offered to other CalAtlantic homeowners in Seller's sole discretion and as allowed by law) ("**Claim**") and Buyer will defend, indemnify and hold Seller harmless for, from and against any and all liability, responsibility, claims, losses, damages, costs, controversies, expenses or attorney's fees sustained or incurred by Seller resulting from such Claim.

K. **SIGNIFICANT DATES/DEADLINES.**

(i) Contract Date: The date on which this Contract is executed by an officer or authorized representative of Seller.

(ii) Loan Application Deadline: 03/02/2018

(iii) Loan Approval Deadline: 03/25/2018

(iv) Options Selection Deadline(s):

(a) _____ _____

(b) _____ _____

(c) _____ _____

(d) _____ _____

☐ See Options Selection Deadlines and Policies Addendum

(v) Estimated Closing Date: 03/28/2018

L. **RECEIPT OF DOCUMENTATION.** Buyer should completely review all reports and disclosures relating to the Property. Buyer is aware of Buyer's affirmative duty to exercise reasonable care to protect Buyer by reviewing such reports and disclosures and by identifying and evaluating those facts that are known to or within the diligent attention and observation of Buyer. Buyer acknowledges that Buyer has received the following documents. Buyer understands that these documents contain important information regarding the Property.

X	Limited Warranty
X	CalAtlantic Homeowner Limited Warranty & Maintenance Manual
X	Disclosure Statement
X	Agency Disclosure Brochure
X	Final Public Report / Receipt for Public Report / Subdivision Disclosure Report
	Plot Plan/Site Plan
	Articles of Incorporation of the Association
	Bylaws of the Association
	Declaration
	Architectural Guidelines / Architectural Rules & Landscape Guidelines
	Association Rules
	Current pro forma operating budget and other current financial and other related statements

_____

_____

M. **DELIVERY OF DOCUMENTS TO LENDER BY BUYER.** Buyer agrees that Buyer will promptly provide the entire purchase contract, all addenda and all amendments to any lender loaning purchase money to Buyer for this transaction. Such documents must be provided to such lender(s) within five (5) business days of the execution of such documents and in no event later than the Loan Approval Deadline, if applicable, or the Closing Date, if the Loan Approval Deadline has passed or the Contract does not set forth a Loan Approval Deadline. If the lender(s) will not accept documents directly from Buyer, Buyer agrees to provide such documents to the closing agent and will confirm that the closing agent has provided the documents to the lender(s).

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N. **EFFECTIVENESS OF CONTRACT**. EXECUTION OF THIS CONTRACT BY BUYER ALONE WILL CONSTITUTE AN OFFER TO PURCHASE THE PROPERTY. SELLER RESERVES THE RIGHT TO REJECT SUCH OFFER FOR ANY REASON. RECEIPT AND ACKNOWLEDGEMENT OF A DEPOSIT BY THE SALES COUNSELOR DOES NOT CONSTITUTE ACCEPTANCE BY SELLER. THIS CONTRACT WILL BECOME EFFECTIVE AND BINDING UPON THE PARTIES ONLY WHEN IT IS SIGNED AND DELIVERED BY AN OFFICER OR AUTHORIZED REPRESENTATIVE OF SELLER. THE DELIVERY OF A COPY OF THE FULLY EXECUTED CONTRACT TO BUYER WILL CONSTITUTE NOTICE TO BUYER THAT BUYER'S OFFER HAS BEEN ACCEPTED. IF BUYER'S OFFER IS NOT ACCEPTED, SELLER WILL RETURN TO BUYER ANY FUNDS DEPOSITED BY BUYER IN PAYMENT OF THE PURCHASE PRICE.

O. **ENTIRE AGREEMENT**. This Contract contains the entire agreement between the parties, and no addition or modification of any term will be effective unless set forth in writing and signed by both parties. All advertising material and all prior representations or agreements, if any, whether oral or written, are hereby superseded, and Buyer has not relied upon any of them in deciding to enter this Contract. No salesperson, employee or agent of Seller has authority to modify the terms of this Contract. Therefore, Buyer should write in below any representations or promises that are not set forth in this Contract, but that have been made by a salesperson, employee or agent of Seller or contained in the advertising material of Seller and upon which Buyer is relying in making this purchase. If Buyer fails to write in any statements below, Seller will be deemed not to have made any representations or promises that are not set forth in this Contract.

Alex Brown None

BUYER'S INITIALS: AB / /

P. **BUYER'S ACKNOWLEDGMENT**. NOTWITHSTANDING THAT THIS CONTRACT IS EXECUTED ON THIS PAGE, BUYER ACKNOWLEDGES THAT BUYER HAS READ AND UNDERSTANDS AND WILL BE BOUND BY EACH AND EVERY TERM OF THIS CONTRACT IF SELLER ACCEPTS BUYER'S OFFER WHETHER SUCH TERM APPEARS BEFORE OR AFTER THIS EXECUTION.

BUYER:

Signature — Date: 2/28/2018

Alex Brown
Name

Signature — Date

Name

Signature — Date

Name

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ACCEPTANCE OF CONTRACT BY SELLER:

CalAtlantic Group, Inc.,
a Delaware corporation

By Jennifer Petras
Title: Authorized Representative
Date Signed by Seller: 3/2/2018

ADDRESS OF SELLER:
,
,
Phone:
Fax:

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THIS PURCHASE CONTRACT, including the foregoing Transaction Summary, together with the addenda and exhibits attached hereto, and amendments to any of the foregoing, constitutes an agreement by which Seller agrees to sell and the Buyer agrees to purchase the property described in Paragraph A of the Transaction Summary (which property may or may not be owned by Seller at the time of this Contract) upon the terms and conditions set forth herein.

1. DEFINITIONS.

(a) "**Association**" (when applicable) means any homeowner's association referred to in a Declaration.

(b) "**Buyer's Title Policy**" means the standard coverage owner's policy of title insurance issued by Title Insurer on its standard coverage policy form insuring Buyer's title to the Property to be obtained under this Contract.

(c) "**Closing**" means the day that the Deed is recorded in the office of official land records of the County in which the Property is located.

(d) "**Closing Agent**" means the closing agent set forth in Paragraph H of the Transaction Summary or other closing agent as selected by Buyer as authorized by this Contract.

(e) "**Contract Date**" means the date set forth as the "Date Signed by Seller" in the Transaction Summary directly below Seller's execution of this Contract.

(f) "**Declaration**" means any recorded Declaration of Covenants, Conditions and Restrictions, Declaration of Condominium or similar instrument for the Project as amended and supplemented.

(g) "**Deed**" means the executed general warranty deed to be executed by Seller, subject to the exceptions set forth in Paragraphs 6 and 13.

(h) "**Lender's Title Policy**" means the policy of title insurance required by Selected Lender.

(i) "**Loan**" means the loan secured by a first deed of trust or mortgage to be obtained by Buyer under this Contract if so indicated by Paragraph D(iii) of the Transaction Summary. If Buyer is also obtaining a loan secured by a second deed of trust or mortgage, "Loan" will include such additional loan.

(j) "**Loan Approval**" means Selected Lender's unconditional approval of the Loan to Buyer in the full amount necessary to complete the purchase of the Property under the terms of this Contract, subject only to the appraisal of the Property and any other conditions approved by Seller in its reasonable discretion.

(k) "**Occupancy Approval**" means the approval permitting occupancy of the Property issued by the appropriate City or County department, whether provided orally or in writing by a certificate or other document. Such Occupancy Approval may include temporary certificates of occupancy issued by the appropriate city or county.

(l) "**Option(s)**" means the various selections, upgrades, and/or extra items that Seller may offer for installation in the Property.

(m) "**Options Selection Deadline**" means the deadline(s) set forth in Paragraph K(iv) of the Transaction Summary or, if applicable, the Options Selection Deadlines and Policies Addendum.

(n) "**Property**" means the property described in Paragraph A of the Transaction Summary including the Residence of the plan type set forth in Paragraph A of the Transaction Summary together with any upgrades or optional items purchased in this Contract or purchased by separate document executed by Seller and Buyer that is delivered to Buyer by Seller. In the event of any discrepancy between the legal description of the Property and the street address set forth in Paragraph A of the Transaction Summary, the legal description will control.

(o) "**Project**" means the real estate development in which the Property is located.

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(p) "**Purchase Price**" or "**Total Purchase Price**" means the "Total Purchase Price" indicated in Paragraph C of the Transaction Summary together with the purchase price of any upgrade or optional item subsequently purchased by separate document executed by Seller and Buyer and made a part of this Contract.

(q) "**Residence**" means the dwelling unit and related improvements to be constructed by Seller on the Property.

(r) "**Selected Lender**" means the lender selected by Buyer on or before the Loan Application Deadline, which will be the lender set forth in Paragraph I of the Transaction Summary, Seller's Designated Lender, or such other lender consented to in writing by Seller pursuant to Paragraph 4(b).

(s) "**Seller's Designated Lender**" means Seller's affiliate, CalAtlantic Mortgage, Inc.

(t) "**Title Insurer**" means the title company set forth in Paragraph G of the Transaction Summary or other title insurance company as selected by Buyer as authorized by this Contract.

(u) "**Total Deposit**" means the Initial Deposit in the amount set forth in Paragraph D(i) of the Transaction Summary together with any additional cash deposits by Buyer.

(v) "**Transaction**" means the transaction contemplated under this Contract.

(w) "**Transaction Summary**" means the Transaction Summary and Execution appearing at the beginning of this Contract.

2. RESIDENCE AND PROJECT.

(a) **Residence**. If not already completed, Seller will construct or cause to be constructed a Residence on the property described in Paragraph A of the Transaction Summary and obtain Occupancy Approval. The Closing is conditioned upon the prior issuance of Occupancy Approval. Construction of the Residence will be substantially in accordance with the Residence plans and the Options selected by Buyer and accepted by Seller in writing, unless: (i) modified by Seller in Seller's sole discretion; (ii) requested by Buyer and approved by Seller in writing; or (iii) the variation falls within the tolerances specified in the CalAtlantic Homeowner Limited Warranty & Maintenance Manual. Items such as structural bearing points, heating systems, water heater, plumbing lines and laundry trays, wiring and electrical system, gas and electric meters, basement exit and stairwell, garage and/or deck steps and garage service doors will be located by Seller at Seller's sole discretion.

(b) **Selection of Upgrades/Options**. Seller may, but has no obligation to, offer Buyer Options. If Seller offers Options to Buyer, then Buyer agrees to notify Seller of Buyer's decision regarding the Options no later than the Options Selection Deadline. Seller will not be obligated to install any Options, and Seller will not be bound by Buyer's decision regarding said Options, unless Options as requested by Buyer are accepted by Seller in writing. If Buyer fails to notify Seller within the time required, Seller may hold Buyer in default and pursue the remedies set forth in Paragraphs 10 and 11. If Seller chooses to proceed with the Closing despite Buyer's failure to notify Seller within the time required, Buyer will be presumed conclusively to have accepted standard items and to have elected no Options. Buyer should refer to the Options Selection Deadlines and Policies Addendum.

(c) **Completion Within Two Years**. Seller will in all events complete the construction of the Residence within two (2) years after the date Buyer executes this Contract (assuming the Contract is also executed and delivered by Seller), as extended by any Unavoidable Delay. "**Unavoidable Delay**" means delay caused by matters which are legally recognized as defenses to contract actions pursuant to the laws of the state in which the Property is located. If Seller fails to complete the Residence within this two-year period (or within the period beyond two years when extended by Unavoidable Delay), Buyer may (i) terminate this Contract in which case all sums Buyer has deposited will be refunded to Buyer within fifteen (15) days after Seller's receipt of Buyer's written cancellation request, or (ii) seek any available remedy at law or in equity against Seller.

(d) **Homeowner Inspection**. Prior to the Closing, Buyer will be notified that construction of the Residence on the Property has been substantially completed (if not completed as of the Contract Date) and date(s) will be scheduled for the Buyer's orientation and inspection of the Residence. Buyer and Seller's representatives will inspect the Residence and Buyer will be oriented to the care and maintenance of Buyer's Residence and have an opportunity to inspect the Property. During the orientation and inspection, Buyer agrees to note to Seller's representative any conditions that Buyer requests Seller to correct. If Seller agrees corrections should be made, Seller will make such corrections within a reasonable period of time, which may be before or after the Closing. Provided that Occupancy Approval has been issued, Buyer agrees that Buyer will not delay the Closing because corrections have not been completed. Should Buyer fail to inspect the Property on the date(s) scheduled

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for Buyer's orientation and inspection, Buyer will waive Buyer's opportunity to inspect the Property and be oriented to the care and maintenance of Buyer's Residence, and Buyer authorizes Seller to, at Seller's sole and absolute discretion, perform the orientation and inspection on Buyer's behalf, and Buyer agrees to close on the date set for the Closing. If after such an inspection there is a disagreement between Seller and Buyer concerning any items Seller agreed in writing to make, then the dispute will be settled as provided in Paragraph 12 below.

(e) **Substitutions and Conveyance of Easements**. Seller reserves the right to make substitutions or changes that may, in its sole and absolute discretion, be necessary or desirable to any improvement provided that such changes are of substantially equivalent value and comply with the appropriate City or County building codes. Seller may substitute other materials, fixtures, or methods of construction if, in Seller's judgment, such substitutions become necessary or desirable. Consultation with Buyer will not in any case be deemed a waiver of Seller's right to make any such changes. Elevations, roof tile type, color, and paint colors are selected by site-coordinator and may vary by lot. Seller reserves the right, prior to the Closing, to convey easements for landscaping and for the maintenance of the landscaping and the irrigation systems appurtenant thereto over any portion of the Property that may be located outside a fence on the Property but within the boundary of the Property ("**Easement Area**") if in the sole judgment of Seller such Easement Area is not likely to be used by the occupant of the Property and should therefore be maintained in a clean and attractive condition by the owner of property adjacent to the Easement Area or by an Association for the benefit of the Project.

(f) **Insulation**. Insulation will be installed in the Property as follows:

(i) Exterior Walls will be insulated with Batt insulation to a thickness of 3 1/2 inches, which, according to the manufacturer, will yield an R-value of R-13.

(ii) Ceiling Insulation will be insulated with Blown insulation to a thickness of 11.1 inches, which, according to the manufacturer, will yield an R-value of R-30.

(iii) Vertical walls adjacent to attic areas will be insulated with Batt insulation to a thickness of 3 1/2 inches, which, according to the manufacturer, will yield an R-value of R-13.

(iv) Areas over garages adjacent to living space will be insulated with Batt insulation to a thickness of 6 1/2 inches, which, according to the manufacturer, will yield an R-value of R-19.

(The higher the R-Value, the greater the insulating power. Savings vary. Higher R-Values mean greater insulating power. If Seller advertised a comparison of one type of insulation to another, ask Seller for a fact sheet on R-Values. Locations specified do not include ceilings and walls surrounding patios, or any areas beyond the exterior walls of the home. Notwithstanding the foregoing, the insulation installed in certain areas may be of lesser thickness and R-Value than indicated because the structural integrity or design of the Residence does not permit any greater thickness. Examples of locations where thickness and R-Values may vary include, without limitation, locations where studs are placed in walls, at corners and windows, and where roof trusses attach to outside walls. The R-Values shown are according to the manufacturer and/or installers of the insulation, and Seller does not warrant or represent the accuracy or correctness of this information.)

(g) **Site Visits.** CONSTRUCTION SITES ARE INHERENTLY DANGEROUS. Buyer, on Buyer's behalf and on behalf of Buyer's agents, charges and invitees, agrees not to enter the Project or the Property before obtaining the express written permission of the Seller. Seller reserves the absolute right to deny or restrict Buyer's access to the Project and the Property. If Buyer receives Seller's written permission to enter the Project or the Property, then at all times during such entry Buyer and Buyer's agents, charges, and invitees must be accompanied by a representative of Seller and must comply with all safety requirements imposed by Seller including, without limitation, use of a hard hat. If Buyer or Buyer's agents, charges, or invitees enter the Project or the Property prior to Closing with or without Seller's written permission, Buyer assumes all risk of personal injury and damages resulting for, from and against such construction site entry, and further agrees to defend, indemnify, and hold Seller harmless from any injury or damages sustained or suffered by Buyer or Buyer's agents, charges, or invitees while present at the Project or the Property.

(h) **Move-In; Alterations; Advertising**. Except as set forth in Paragraph 2(g) above, Buyer and Buyer's agents are prohibited from entering, occupying, altering or moving possessions into the Property until after the Closing. If Buyer or Buyer's agents make alterations to the Property before the Closing, Seller may, at its option and without notice to Buyer, and in addition to any other remedies Seller may have, remove any or all of such alterations at Buyer's sole expense. Buyer agrees to defend,

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indemnify, and hold harmless Seller and its agents, employees, and independent contractors for, from and against all liability, losses, claims or damages arising as a result of such alterations. Until after the Closing, Buyer and Buyer's agents are not permitted to advertise the Property or show the Property to prospective purchasers or tenants or place any signs at or near the Property.

(i) **Surrounding Improvements**. Seller will use reasonable efforts to complete the required public and private improvements surrounding the Property in a timely manner. If Seller is unable to complete improvements including, without limitation, finish grading, landscaping, hardscaping, and fencing, Buyer agrees that the Closing may occur and all documents may be recorded without installation of such improvements, provided the Residence is habitable and that such improvements are thereafter installed without additional cost to Buyer. Buyer agrees to allow Seller to enter the Property to complete the improvements.

(j) **Sidewalks, Curbs, and Gutters**. Buyer understands and acknowledges that the controlling governmental agency may have imposed upon Seller obligations for the maintenance and repair of sidewalks, curbs, and gutters located within the Project. If such obligations have been imposed, Buyer will accept full responsibility for the payment of any and all costs and expenses arising out of or related to the repair and/or replacement of all or any sidewalks, curbs, and gutters located within the Project that have been damaged or destroyed by Buyer or Buyer's agents. Buyer agrees to pay Seller for any damage to the sidewalks, curbs, and gutters caused by Buyer or its agents within ten (10) days after receipt of written notice from Seller describing such damage and requesting payment for the same.

(k) **Utility Services**. Seller will make reasonable efforts to coordinate the initiation of utility services at the Property, such as gas, electric, and telephone services. Notwithstanding the foregoing, Buyer understands and agrees that Seller will not be responsible for scheduling of such utility services and that the Closing and the orientation and inspection described in Paragraph 2(d) above are not dependent upon utility installation or activation.

3. PAYMENT OF PURCHASE PRICE.

(a) **Purchase Price**. Buyer agrees to pay the Purchase Price in the manner specified in the Transaction Summary. Whether Buyer elects to pay the balance of the Purchase Price with a Loan by providing the Loan amount in Paragraph D(iii) of the Transaction Summary or with cash, Buyer will not be permitted to change the method selected without Seller's prior written consent. Seller may withhold such consent in its sole and absolute discretion.

(b) **Initial Deposit**. Buyer agrees to make an initial cash deposit toward the Purchase Price in the amount set forth in Paragraph D(i) of the Transaction Summary. The Initial Deposit will be disbursed or applied in accordance with the applicable terms of this Contract. If Seller does not accept this Contract, the Initial Deposit will be returned to Buyer.

(c) **Additional Cash Deposits**. Buyer agrees to deposit the cash amount(s) set forth in Paragraph D(ii) of the Transaction Summary on or before the date(s) therein set forth. Upon making each such additional cash deposit, Buyer will execute and deliver to Seller an Additional Deposit Amendment in the form provided by Seller. Buyer's failure to deposit any portion of the cash amount(s) set forth in Paragraph D(ii) or D(iv) of the Transaction Summary on or before the date(s) therein set forth (or as otherwise required by Seller) will constitute a default by Buyer under the terms of this Contract. Any deposits paid by Buyer will be applied toward the Purchase Price unless otherwise provided by this Contract (including the Options Selection Deadlines and Policies Addendum).

4. NEW LOAN. This paragraph will apply if a portion of the Purchase Price will be paid with a Loan.

(a) **Buyer's Obligation to Obtain Loan**. It will be the obligation of Buyer to obtain a Loan in the full amount necessary to complete the purchase of the Property under the terms of this Contract. Buyer expressly represents to Seller that Buyer is qualified to obtain the Loan. Buyer understands that if Seller accepts Buyer's offer to purchase the Property, Seller's acceptance will be in reliance upon Buyer's express representation that Buyer is qualified to obtain the Loan. Except as provided in Paragraph 4(e) below, Buyer's failure to obtain the Loan will be a default

(i) Loan Terms. The Loan will be evidenced by a promissory note secured by a first deed of trust or mortgage (and, if applicable, a second deed of trust or mortgage) on the Property. The deed(s) of trust or mortgage(s) and the note(s) will be in forms designated by Selected Lender and the note(s) will provide for payments of principal and interest, the

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amortization period of the principal and the rate of interest as specified by Selected Lender. Except as expressly set forth herein, the terms and conditions of the Loan are a matter of concern solely between Buyer and Selected Lender and will not in any way affect the rights or obligations of the parties under this Contract. BUYER ACKNOWLEDGES THAT SELLER MAKES NO REPRESENTATION THAT THE TERM OR INTEREST RATE PREVAILING AT THE CLOSING WILL BE THE TERM OR RATE QUOTED BY SELECTED LENDER TO BUYER AT THE TIME OF LOAN APPROVAL. BUYER ACKNOWLEDGES THAT THE SALE AND PURCHASE OF THE PROPERTY IS NOT CONTINGENT UPON BUYER'S ABILITY TO RETAIN THE TERM OR INTEREST RATE QUOTED AT THE TIME OF LOAN APPROVAL AND THAT BUYER WILL BE REQUIRED TO PAY THE INTEREST RATE CHARGED OVER THE TERM REQUIRED BY SELECTED LENDER AT THE CLOSING. Buyer agrees to make such impound payments for real property taxes and assessments, Association dues (when applicable), and fire and other hazard insurance premiums as may be required by Selected Lender.

(ii) Lender Approval of Options. Options can only be financed with the permission of the Selected Lender.

(b) **Selection of Lender**. Although Buyer may select Buyer's lender at the time of Buyer's execution of this Contract by providing the name of such lender in Paragraph I of the Transaction Summary, Buyer has until the Loan Application Deadline to select the Selected Lender. Any selection or change of lender after the Loan Application Deadline requires Seller's prior written consent, which will not be unreasonably withheld. The Selected Lender must be a state or federally chartered bank or credit union, or a state licensed mortgage banking institution. IN NO EVENT WILL BUYER BE REQUIRED TO USE SELLER'S DESIGNATED LENDER.

(c) **Loan Application to Selected Lender**. Buyer agrees to submit a complete loan application package to the Selected Lender on or before the Loan Application Deadline specified in Paragraph K(ii) of the Transaction Summary. A complete loan application package will include the application, credit information, and any other documents or information required by Selected Lender, and such application will not be "complete" for purposes of this Paragraph 4(c) unless all of the information required by Selected Lender has been accurately and fully provided. Buyer agrees to provide any additional documents or information required by the Selected Lender within seventy-two (72) hours of a request for such documents or information. Buyer's failure to submit a complete loan application package on or before the Loan Application Deadline or provide further documents or information within seventy-two (72) hours will be a default. Buyer hereby authorizes Seller to communicate directly with Selected Lender for purposes of determining Buyer's ability to obtain loan approval and to confirm that Buyer has sufficient funds to close, and Buyer does hereby authorize Selected Lender to release all information reasonably requested by Seller for such purposes.

(d) **Loan Approval**.

(i) Loan Approval Deadline. Written Verification of Loan Approval (defined below) must be provided to Seller on or before the Loan Approval Deadline specified in Paragraph K(iii) of the Transaction Summary. Buyer's failure to provide Seller Written Verification of Loan Approval on or before the Loan Approval Deadline will be a default.

(ii) Written Verification of Loan Approval. Not later than three (3) days after obtaining Loan Approval, Buyer agrees to provide Seller written verification from Selected Lender that Buyer has obtained Loan Approval ("**Written Verification of Loan Approval**"). Such Written Verification of Loan Approval may include reasonable conditions, as determined by Seller in its reasonable discretion. Buyer's failure to provide Written Verification of Loan Approval to Seller within three (3) days after obtaining Loan Approval will be a default. Once Written Verification of Loan Approval is obtained, Buyer will not take any action that would jeopardize Buyer's Loan Approval. Buyer agrees, within ten (10) days after receiving a written request from Seller, to verify to Seller's reasonable satisfaction the availability of funds to close. Buyer's failure to verify, upon Seller's request, that Buyer has sufficient funds to close (including, if requested by Seller, a statement from the Selected Lender that Buyer still has Loan Approval) will be a default.

(e) **Cancellation by Buyer on or Before Loan Approval Deadline**. Notwithstanding the foregoing, a Buyer who (i) has submitted a complete loan application package to Selected Lender pursuant to Paragraph 4(c), (ii) is not otherwise in default under the terms of this Contract, (iii) has not yet obtained Loan Approval, and (iv) has received written denial of Buyer's application for a Loan from Selected Lender ("**Loan Denial**"), may terminate the Contract on or before the Loan Approval Deadline by delivering written notice of such cancellation and a copy of the Loan Denial to Seller. If Buyer terminates the Contract in accordance with this Paragraph 4(e), then immediately upon Seller's receipt of Buyer's notice of cancellation,

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Seller will be released from its obligations to sell the Property to Buyer, Buyer will have no further rights against Seller and Seller will have no further obligation to Buyer, except that Seller will, within fifteen (15) days after Seller's receipt of Buyer's notice of cancellation, order that Buyer's Total Deposit be refunded to Buyer. Except as provided in Paragraph 2(c) above, any cancellation by a Buyer after the Loan Approval Deadline or Loan Approval, whichever occurs first, will be a default.

(f) **Not a Loan Application or Commitment**. This Contract does not constitute either a loan application to, or loan approval or commitment by, any lending institution. Buyer agrees to obtain, and will be solely responsible for obtaining, the Loan.

(g) **Lender's Title Policy**. Any Lender's Title Policy obtained by Selected Lender must be provided by the Title Insurer unless Buyer provides Seller with written notice of Buyer's selection of a different title insurance company, acceptable to Selected Lender, to provide the Lender's Title Policy. If Buyer provides such written notice within forty-five (45) days prior to the Estimated Closing Date, Buyer will be solely responsible for any additional costs incurred as a result of changing the title insurance company.

(h) **Appraisal**. Seller will have no obligation to adjust the Purchase Price or otherwise compensate Buyer if Buyer is unable to procure an appraisal of the Property equal to or exceeding the Purchase Price. If the Loan is guaranteed by the Federal Housing Administration or the Department of Veterans Affairs, further restrictions relating to appraisals will be set forth in a FHA/VA Financing Addendum executed by Buyer and Seller.

(i) **Independent Appraiser and Lender**. Both the Selected Lender and the appraiser conducting the appraisal of the Property must be independent of and unrelated to Buyer and cannot be affiliated with Buyer in any respect.

5. ALL CASH BUYER. This paragraph will apply if, as indicated by Paragraph D of the Transaction Summary, Buyer elects to pay the Purchase Price in cash (i.e., without using the proceeds of a Loan).

(a) **Representation Regarding Sufficient Funds**. Buyer represents that Buyer has sufficient funds to pay the Purchase Price in cash and covenants that Buyer will continue to have sufficient funds until such funds are delivered to Seller by Buyer.

(b) **Financial Document Submittal**. Buyer agrees, within five (5) days after the Contract Date, to verify to Seller's reasonable satisfaction that Buyer has sufficient funds to pay the Purchase Price in cash by providing financial documents (including specific financial documents requested by Seller) to Seller. Thereafter, Buyer agrees, within ten (10) days after receiving a written request from Seller, to verify to Seller's reasonable satisfaction that Buyer has sufficient funds to pay the Purchase Price in cash by providing such financial documents to Seller. Buyer's failure to provide such financial documents within five (5) days after the Contract Date or within ten (10) days after receiving Seller's written request will be a default.

(c) **Seller's Notification of Inadequacy of Funds and Buyer's Option to Cancel**. If Seller determines, in its reasonable judgment, that Buyer does not have sufficient funds to pay the Purchase Price in cash, Seller may give Buyer notice of such determination. As long as Buyer is not in default, Buyer may terminate the Contract and cancel the Closing by delivering written notice of such cancellation to Seller within ten (10) days of receiving notice of Seller's determination that Buyer has insufficient funds. If Buyer terminates the Contract and cancels the Closing in accordance with this Paragraph 5(c), then immediately upon Seller's receipt of Buyer's notice of cancellation, Seller will be released from its obligations to sell the Property to Buyer, Buyer will have no further rights against Seller and Seller will have no further obligation to Buyer, except that Seller will, within fifteen (15) days after Seller's receipt of Buyer's notice of cancellation, order that Buyer's Total Deposit be refunded to Buyer. Nothing herein prevents Buyer from providing Seller additional information regarding Buyer's financial condition after Seller gives Buyer notice of Seller's determination that Buyer does not have sufficient funds to pay the Purchase Price in cash. However, if, within ten (10) days of receiving notice of Seller's determination that Buyer has insufficient funds, Buyer has not canceled the Contract and Seller has not notified Buyer that it has withdrawn its determination that Buyer has insufficient funds, Buyer will be in default. Nothing in this Paragraph 5 obligates Seller to notify Buyer that Buyer has insufficient funds to pay the Purchase Price in cash and the determination of whether or not to give such notification will be made in Seller's sole and absolute discretion.

6. CLOSING AND TITLE.

(a) **Deposits of Documents and Funds**. By the Closing Date (i) Buyer agrees to deposit with Seller all funds and documents required to pay the Purchase Price and to comply with Buyer's obligations under this Contract, and (ii) Seller agrees to deposit a Deed and all other documents required to comply with Seller's obligations under this Contract. The Deed may be subject to (i) real property taxes, assessments, fees or charges not yet due or delinquent, (ii) those matters which would be shown on a

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survey of the Property or would be apparent upon an inspection of the Property, (iii) matters affecting title suffered or created by or with Buyer's written consent, (iv) building, zoning, and other applicable ordinances and regulations of the applicable governing authority, (v) matters resulting from the inclusion of the Property in a special district, (vi) the Limited Warranty provisions referenced in Paragraph 13, below, (vii) the Declaration (if any), and (viii) covenants, conditions, restrictions, easements, rights, rights-of-way, encumbrances and all other matters set forth in the Deed or which are of record at the time the Deed is recorded ("**Permitted Exceptions**"). Seller will not be obligated to escrow deposits or other funds unless provided in the Transaction Summary or otherwise required by law.

(i) Title Policy. Any Title Policy obtained by Buyer must be provided by the Title Insurer unless Buyer provides Seller with written notice of Buyer's selection of a different title insurance company for Buyer's Title Policy. If Buyer provides such written notice within forty-five (45) days prior to the Estimated Closing Date, Buyer will be solely responsible for any additional costs incurred as a result of changing the title insurance company.

(ii) The Closing. The Closing will occur ten (10) days after written notice to Buyer (or more, if specified in such written notice) by Seller ("**Closing Date**"), provided that the Closing Date will be no earlier than the date Occupancy Approval is issued. Seller will have the right to extend the Closing Date for any reason by delivering written notice to Buyer, and Seller will not have any liability to Buyer for any extension of the Closing Date. At Buyer's request, Seller may, in Seller's sole and absolute discretion, grant Buyer an extension of time in which to close. Any such extension granted by Seller must be in writing, signed by Buyer and Seller, and the date set forth therein will be the "**Extended Closing Date**." Buyer agrees to pay Seller an extension fee equal to one-thirtieth ($1/30^{th}$) of one percent (1%) of the Total Purchase Price for each day the Closing Date is extended. If Seller agrees to postpone the closing date until the Extended Closing Date, Seller may, at Seller's sole and absolute discretion, demand that the aforementioned extension fee be paid by Buyer in advance, directly to Seller, by check, cashiers check, cash, or money order, at the time the parties execute the written agreement setting forth the Extended Closing Date, or at any other time, or in any other manner. The extension fee will not be applied to the Purchase Price, and will be non-refundable to Buyer unless the purchase of the Property does not close due to a default by Seller. THE DATE OF ACTUAL CLOSING COULD SUBSTANTIALLY DIFFER FROM THE ESTIMATED CLOSING DATE. BUYER HEREBY ACCEPTS THE UNCERTAINTY OF THE ESTIMATED CLOSING DATE, AND, EXCEPT AS EXPRESSLY PROVIDED IN PARAGRAPH 2(c) ABOVE, BUYER HEREBY WAIVES ANY AND ALL CLAIMS AGAINST SELLER, ITS AGENTS, EMPLOYEES AND INDEPENDENT CONTRACTORS ARISING AS A RESULT OF THE FAILURE OF SELLER TO CLOSE BY THE ESTIMATED CLOSING DATE.

(iii) Closing Agent. The Closing Agent will coordinate the Closing unless Buyer provides Seller with written notice of Buyer's selection of a different closing agent to coordinate the Closing, subject to the requirements set forth in Paragraph H of the Transaction Summary. If Buyer provides such written notice within forty-five (45) days prior to the Estimated Closing Date, Buyer will be solely responsible for any additional costs incurred as a result of changing the closing agent.

(iv) No Contingency for Prior Sale. Unless otherwise indicated below, Buyer acknowledges that the purchase and sale of the Property contemplated by this Contract is not contingent upon the prior sale of other property Buyer owns (including, without limitation, real property, stocks, 401K holdings and personal property) and that Buyer will be in default under this Contract for failure to close on or before the Closing Date because of Buyer's inability to sell any such property.

☑ Buyer's purchase is not contingent.

☐ Buyer's purchase is contingent upon the sale of present residence (see Contingent Upon Sale Addendum).

BUYER'S INITIALS: AB _____ / _____

(b) **Vesting**. The manner of taking title may have significant legal and tax consequences. Buyer should consult with Buyer's professional advisor regarding such consequences. Unless Buyer designates otherwise to Seller, title to the Property will be vested as set forth in Paragraph B of the Transaction Summary. If not designated in Paragraph B, Buyer agrees to inform Title Insurer how title will vest prior to the Closing Date.

7. **CLOSING COSTS AND REAL PROPERTY TRANSFER TAXES.** All closing costs and real property transfer taxes (if applicable) will be paid by Buyer. Such closing costs include all costs, expenses, fees and charges relating to (a) the Loan

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(including, without limitation, the cost of the Lender's Title Policy, credit reports, Loan fees and impound payments), (b) the delivery of title (including, without limitation, recording fees, stamp taxes (if applicable) and the cost of Buyer's Title Policy), and (c) the Association, if any (including, without limitation, assessments, a contribution to the reserve account, or transfer or set-up fees). Such closing costs will also include prepaid items (including, without limitation, prepaid real estate taxes, initial association fees, and prepaid interest). THE ACTUAL CLOSING COSTS AND PRORATIONS COULD SUBSTANTIALLY DIFFER FROM THE ESTIMATED CLOSING COSTS AND PRORATIONS. BUYER HEREBY ACCEPTS THE UNCERTAINTY OF THE ESTIMATED CLOSING COSTS AND PRORATIONS, AND BUYER HEREBY WAIVES ANY AND ALL CLAIMS AGAINST SELLER, ITS AGENTS, EMPLOYEES, AND INDEPENDENT CONTRACTORS RELATING TO SUCH ESTIMATE.

8. **PRORATIONS**. Real property taxes and assessments will be prorated as of the Closing Date between Seller and Buyer based upon the latest available tax and assessment bills at the Closing on a calendar year basis. If any such bill covers real property owned by Seller in addition to the Property, the amount of real property taxes and assessments allocable to the Property for proration purposes will be provided by Seller. Association assessments (when applicable) will also be prorated as of the Closing. ANY DIFFERENCE BETWEEN THE AMOUNT OF TAXES USED FOR PRORATION PURPOSES AND THE AMOUNT OF ANY ACTUAL TAX LIABILITY WILL BE SETTLED BETWEEN THE PARTIES ON A PRORATED BASIS AFTER CLOSING. All prorations will be made on the basis of a thirty-day (30) month.

9. **TAXES**.

   a) **Supplemental Tax**. **ALL PARTIES ARE AWARE THAT THE PROPERTY HAS BEEN OR MAY BE REASSESSED FOR REAL PROPERTY TAX PURPOSES, THAT ADDITIONAL TAX AMOUNTS MAY BE ASSESSED BY THE COUNTY ASSESSOR AND MAY BECOME A LIEN AGAINST THE PROPERTY ON THE DATE OF CHANGE IN OWNERSHIP OR COMPLETION OF NEW CONSTRUCTION, AND THAT A SUPPLEMENTAL TAX BILL MAY BE ISSUED FOLLOWING THE CLOSING TO BUYER. SELLER WILL HAVE NO OBLIGATIONS WITH RESPECT TO ANY SUPPLEMENTAL ASSESSMENT. BUYER AGREES TO DEFEND, INDEMNIFY, AND HOLD SELLER HARMLESS FOR, FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, LOSSES OR LIABILITY ARISING FROM BUYER'S FAILURE TO PAY ANY SUCH SUPPLEMENTAL ASSESSMENTS.**

   b) **No Withholding.** Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor (i.e. Seller) is a foreign person. To inform Buyer that withholding of tax is not required in connection with this transaction, Seller certifies that Seller is not a foreign corporation, foreign partnership, foreign trust, or foreign estate.

10. **BUYER'S DEFAULT; REMEDY FOR DEFAULT**. Buyer's failure or refusal to comply or perform within the time or in the manner required under any of the provisions of this Contract will constitute Buyer's default whether or not such provision expressly states that such failure or refusal is a default. Buyer's express or implied refusal to perform under this Contract prior to the time Buyer's performance is due (i.e. anticipatory repudiation) will also constitute a default. In the event of any default by Buyer, Seller will have a continuing right to terminate the Contract, cancel the Closing and have no further obligation to Buyer, and Seller may further pursue any available remedy at law or in equity that Seller may have against Buyer, or if Seller and Buyer have initialed the Liquidated Damages paragraph contained in this Contract (Paragraph 11), Seller will be entitled to the sum set forth in Paragraph 11 as liquidated damages for default.

11. **LIQUIDATED DAMAGES. IF BUYER DEFAULTS UNDER ANY TERM OR PROVISION OF THIS CONTRACT, SELLER WILL BE RELEASED FROM ITS OBLIGATION TO SELL THE PROPERTY TO THE BUYER AND SELLER MAY FURTHER PURSUE ANY REMEDY IN LAW OR EQUITY THAT SELLER MAY HAVE AGAINST BUYER ON ACCOUNT OF SUCH DEFAULT. HOWEVER, BY INITIALING HERE**

BUYER: AB / _____ / _____ **AND SELLER:** JP **AGREE THAT:**

IF BUYER DEFAULTS UNDER ANY TERM OR PROVISION OF THIS CONTRACT, BUYER AND SELLER AGREE THAT IT WOULD BE EXTREMELY DIFFICULT AND IMPRACTICAL TO ASCERTAIN THE ACTUAL DAMAGES SUFFERED BY SELLER, THAT BUYER DESIRES TO LIMIT THE DAMAGES FOR WHICH BUYER MAY BE LIABLE AS THE RESULT OF A DEFAULT BY BUYER, AND THAT BUYER AND SELLER BOTH DESIRE TO AVOID THE COSTS AND DELAYS OF LEGAL PROCEEDINGS. THEREFORE, IN THE EVENT OF A DEFAULT BY BUYER PRIOR TO THE CLOSING, SELLER WILL BE ENTITLED TO TERMINATE THIS

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CONTRACT, CANCEL THE CLOSING AND RETAIN, AS LIQUIDATED DAMAGES, AN AMOUNT EQUAL TO BUYER'S DEPOSITS, WHICH AMOUNT WILL BE DEEMED TO BE A REASONABLE ESTIMATE OF SELLER'S DAMAGES RESULTING FROM THE FAILURE TO CLOSE THIS TRANSACTION AND NOT A PENALTY. IN DETERMINING THE REASONABLENESS OF THE AMOUNT OF LIQUIDATED DAMAGES WITH RESPECT TO OPTIONS, THE PARTIES HAVE CONSIDERED THE AMOUNT EXPENDED OR COMMITTED BY SELLER IN INSTALLING OR PREPARING TO INSTALL SUCH OPTIONS AND THE ADVERSE IMPACT ON THE MARKETABILITY OF THE PROPERTY ONCE THE OPTIONS SELECTED HAVE BEEN INSTALLED. NOTHING CONTAINED HEREIN IS INTENDED TO LIMIT SELLER'S RIGHT TO SEEK INDEMNIFICATION FROM BUYER FOR THE SPECIFIC ACTS DESCRIBED IN PARAGRAPH J OF THE TRANSACTION SUMMARY AND PARAGRAPHS 2(g), 2(h) AND 9(a). FOR PURPOSES OF THIS PARAGRAPH 11, "BUYER'S DEPOSITS" WILL MEAN AND REFER TO BUYER'S PURCHASE DEPOSIT AND TO ALL OTHER MONEYS DEPOSITED BY BUYER WITH SELLER IN CONNECTION WITH THE PURCHASE OF THE PROPERTY, INCLUDING WITHOUT LIMITATION OPTION DEPOSITS.

12. **DISPUTE RESOLUTION**. ANY DISPUTES OR CLAIMS OR CONTROVERSIES OF ANY TYPE BETWEEN BUYER (OR ANY REPRESENTATIVE OF BUYER ACTING WITH RESPECT TO BUYER'S RIGHTS, INCLUDING ANY HOMEOWNERS' ASSOCIATION) AND SELLER (OR ANY OTHER PARTIES INCLUDED WITHIN THE DEFINITION OF "SELLER" CONTAINED IN THE DISPUTE RESOLUTION AGREEMENT ADDENDUM TO THIS CONTRACT "ADR ADDENDUM")) ARISING OUT OF OR RELATING TO THIS CONTRACT, THE PROPERTY, OR ANY OTHER MATTER AS DESCRIBED IN THE ADR ADDENDUM, WILL BE RESOLVED PURSUANT TO THE PROCEDURES SPECIFIED IN THE ADR ADDENDUM. **UNDER THE ADR ADDENDUM, BUYER AGREES, AMONG OTHER THINGS, TO SUBMIT SUCH DISPUTES OR CLAIMS OR CONTROVERSIES TO BINDING ARBITRATION AND TO WAIVE ANY AND ALL RIGHTS TO A JURY TRIAL.** BUYER AND SELLER EACH ACKNOWLEDGE THAT THEY HAVE READ, UNDERSTAND AND AGREE TO THE TERMS OF THIS PARAGRAPH.

BUYER'S INITIALS: AB / _____ / _____ **SELLER'S INITIALS:** JP

13. **LIMITED CONTRACTUAL WARRANTY AND WARRANTY DISCLAIMERS**. Prior to signing this Contract, Buyer was provided the Limited Warranty and the Homeowner Limited Warranty & Maintenance Manual ("**Manual**") for review. Buyer has reviewed, understands, and agrees to be bound by the terms of the Limited Warranty and the Manual. Seller's election to provide and be subject to the Limited Warranty and the Manual is in consideration of Buyer's and Seller's agreement to the dispute resolution procedures and waiver of jury trial set forth in the Dispute Resolution Agreement Addendum. After Closing, this Contract will serve as proof of Buyer's enrollment into the Limited Warranty program and any Application for Home Enrollment called for by the Limited Warranty. Buyer, on behalf of Buyer and Buyer's successors, assigns, subsequent owners, heirs and parties holding rights to the Property ("**Subsequent Owners**"), agrees to be bound by the Limited Warranty, including the binding arbitration procedure and limitation on statutory and common law remedies described therein. The Limited Warranty will run with the land and will bind Subsequent Owners. The Deed may reference the Limited Warranty and/or the Manual. The Limited Warranty is insured by Columbia National Risk Retention Group, Inc., which is an affiliate of Seller. THE LIMITED WARRANTY, WHEN ISSUED, WILL BE THE ONLY WARRANTY, EXPRESS OR IMPLIED, MADE BY SELLER WITH REGARD TO THE PROPERTY, AND SELLER DISCLAIMS ALL OTHER WARRANTIES AS MORE FULLY SET FORTH IN THE "DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS ADDENDUM" TO THIS CONTRACT.

BUYER'S INITIALS: AB _____ / _____

14. **SUCCESSORS AND ASSIGNS**. This Contract cannot be assigned or transferred by Buyer in whole or in part, whether voluntarily or by operation of law, without the prior written consent of Seller in its sole and absolute discretion, and any such assignment or transfer without such prior written consent will be null and void and will constitute a default by Buyer. This Contract and the rights, duties and obligations of the parties will be binding upon and inure to the benefit of the successors and assigns of Seller and, subject to the preceding sentence, to the heirs, executors, administrators, successors and assigns of Buyer.

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15. MISCELLANEOUS PROVISIONS.

(a) **Severability**. If any portion of this Contract is declared by any court or arbitrator to be invalid, illegal or unenforceable, such portion will be deemed severed from this Contract and the remaining parts of this Contract will remain in full force and effect, as fully as though the severed portion had never been part of this Contract.

(b) **No Recordation of Lis Pendens or Assertion of Lien**. In no event will this Contract or any document or other memorandum related to the subject matter of this Contract be recorded without the consent of Seller. Buyer further agrees not to file any lis pendens or other instrument, nor assert or record any purchaser's or similar lien, against the Property prior to the Closing; except that a lis pendens may be filed by Buyer provided that (a) Buyer is not in default under the Contract; (b) Buyer is pursuing an action for specific performance and has demonstrated a bona fide intent to purchase the Property; and (c) such lis pendens is not filed more than ten (10) days after Buyer became aware or should have become aware of Seller's default entitling Buyer to pursue its specific performance action and in no event later than ten (10) days after the date the Closing is supposed to occur pursuant to Paragraph 6(a)(ii).

(c) **Required Actions of Buyer and Seller**. Buyer and Seller agree to execute all instructions and documents and take all actions (including the deposit of funds in addition to such funds as may be specifically provided for herein) as may be required in order to consummate the Transaction contemplated by this Contract and will use their reasonable good faith efforts to accomplish the Closing in accordance with the terms of this Contract. All amounts due from Buyer must be paid by wire transfer.

(d) **Notice of Cancellation**. The failure or express refusal by one party to perform any obligation within the time and upon the terms and conditions required under the Contract will be a default. Any notice of cancellation by either Buyer or Seller, including the notice by Seller given pursuant to the Liquidated Damages paragraph of this Contract, may be given only in writing and delivered to the other party to this Contract in accordance with Paragraph 15(j) below.

(e) **Transaction Summary**. The Transaction Summary is an integrated part of this Contract. In the event of any discrepancy between the information contained in the Transaction Summary and the provisions of the remainder of this Contract, the provisions of the remainder of this Contract will control.

(f) **Counterparts**. This Contract may be executed in counterparts, each of which will be deemed an original, and said counterparts will constitute one and the same instrument.

(g) **Survival**. All of the covenants and representations set forth in this Contract which are not conditions of the Closing will survive the Closing and delivery of the Deed. The following provisions will survive any termination of this Contract: (i) Paragraph 12 (dispute resolution); (ii) Paragraphs J of the Transaction Summary and Paragraphs 2(g), 2(h), and 9(a) (indemnification of Seller); and (iii) Paragraph 15(b) (limitations on lis pendens).

(h) **No Waiver**. The waiver by Seller of any term or provision of this Contract will not be construed as a waiver of any other or subsequent term or provision of this Contract. Seller's failure to assert and pursue the remedies set forth in this Contract for a default will not constitute a waiver of Buyer's default.

(i) **Time of the Essence**. Time will be considered of the essence of this Contract.

(j) **Notices**. All notices or other communication required or permitted under this Contract must be in writing, and must be hand delivered, sent by certified mail return receipt requested, sent by Express Mail of the U. S. Postal Service or any other courier guaranteeing overnight delivery, or sent by facsimile (unless otherwise provided herein). Notices must be addressed to the person to receive such notice at the addresses (or facsimile numbers) of Buyer and Seller set forth in this Contract or at any other address (or facsimile number) substituted therefor by written notice to the other party to this Contract. Notices will be deemed received upon actual receipt if hand delivered, 48 hours after deposit in the United States mail if sent by certified mail, or 24 hours after deposit in the Express Mail of the U.S. Postal Service or with another courier guaranteeing overnight delivery. If the notice is sent by facsimile, it will be deemed received on the date set forth on the confirmation sheet printed by the sending facsimile machine showing delivery of the notice without errors to the facsimile number of the receiving party. Failure of the addressee to accept or acknowledge receipt will not invalidate notice given in accordance with this paragraph. If Buyer is more than one person, service on one of such persons will be deemed to be service on Buyer.

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(k) **Construction**. If the day on which any action is required to be taken under the terms of this Contract is not a business day (e.g., a Saturday, Sunday, or state or national holiday), the action will be taken on the next succeeding business day.

(l) **Incorporation of Addenda**. All addenda referred to herein or otherwise provided to Buyer are incorporated into this Contract as though fully set forth herein.

[END]

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CalAtlantic Homes

DISPUTE RESOLUTION AGREEMENT ADDENDUM TO HOME PURCHASE AGREEMENT

PROJECT NAME: Whitesides Park

PROPERTY: Lot or Unit: 0002 Street Address: 1094 Rifle Range Road, Mt Pleasant, Sc, 29464

BUYER: Alex Brown

THIS DISPUTE RESOLUTION AGREEMENT ADDENDUM TO HOME PURCHASE AGREEMENT ("**Dispute Resolution Agreement**") constitutes a part of the Contract between Buyer and Seller pertaining to the Property. **THIS DISPUTE RESOLUTION AGREEMENT HAS IMPORTANT LEGAL CONSEQUENCES AND SHOULD BE READ THOROUGHLY BEFORE SIGNING. BUYER IS ENCOURAGED TO CONSULT AN ATTORNEY PRIOR TO THE EXECUTION OF THIS DISPUTE RESOLUTION AGREEMENT.**

1. DEFINITIONS. For purposes of this Dispute Resolution Agreement only: (i) "**Seller**" means and includes Seller, any director, officer, partner, member, employee, agent, or representative of Seller, any affiliate of Seller (other than an affiliated mortgage lender) and any contractor, subcontractor, consultant, design professional, engineer, or supplier who provided labor, services or materials to the Project and who is bound or has agreed to be bound to the following dispute notification and resolution procedures; (ii) "**Dispute**" means any and all actions or claims by, between or among any Seller party and any Owner arising out of or in any way relating to the Property, the Project, the Contract, liquidated damages issues under the Contract, the Limited Warranty, the Home Builder's Limited Warranty and Maintenance Manual, and/or any other agreements or duties or liabilities as between any Seller party and an Owner relating to the sale of the Property, or events, representations or omissions which pre-date this Contract, or regarding the use or condition of the Property, or the design or construction of or any condition on or affecting the Project, including without limitation construction defects, surveys, soils conditions, grading, specifications, installation of improvements, or disputes which allege strict liability, negligence, nuisance, breach of contract, negligent or intentional misrepresentation, or breach of implied, express or statutory warranties as to the condition of the Property or other portions of the Project, or repairs or replacements made or the reasonableness of costs offered for any defect covered by the Limited Warranty and not resolved during the mediation period described in the Limited Warranty; (iii) "**Owner**" means Buyer, any individuals or entities comprising Buyer, any representative of Buyer acting with respect to Buyer's rights (including without limitation any class representative or homeowners' association so acting), and any successor or assign of Buyer with respect to the Property, the Contract, the Limited Warranty, or any other agreements or obligations with respect to Seller, the Property, or the Project; (iv) "**Project**" means the development, construction and marketing of the Property, and the community of which it is a part; and (v) "**Limited Warranty**" means that Limited Warranty provided to Buyer prior to Contract execution.

2. ARBITRATION OF DISPUTES.

(a) BINDING ARBITRATION. WITH RESPECT TO ALL DISPUTES, SELLER AND OWNER MUST COMPLY WITH THE FOLLOWING DISPUTE RESOLUTION PROCEDURES. THESE PROCEDURES ALSO APPLY TO DISPUTES RELATING TO THE LIMITED WARRANTY. SINCE THE PROCEDURES CONTAINED IN THE LIMITED WARRANTY ARE SUBSTANTIVELY THE SAME, BUYER MAY REFER TO THIS DOCUMENT OR THE LIMITED WARRANTY IN ORDER TO DETERMINE HOW TO FILE FOR ARBITRATION FOR WARRANTY DISPUTES.

(i) BUYER MAY COMMENCE THE ARBITRATION PROCESS BY FILING A COMPLETED "REQUEST FOR ARBITRATION" FORM WITH COLUMBIA NATIONAL RISK RETENTION GROUP, INC. ("**CLAIMS ADMINISTRATOR**"), 100 BANK STREET, SUITE 610, P.O. BOX 350, BURLINGTON, VERMONT, 05402-0530. THIS FORM IS ATTACHED TO THE LIMITED WARRANTY. WHETHER OR NOT THE DISPUTE INVOLVES CONSTRUCTION DEFECTS, BUYER AGREES TO DESCRIBE THE DISPUTE ON THE FORM UNDER THE HEADING "NATURE OF DEFECT".

(ii) THE DISPUTE WILL BE SUBMITTED TO AN INDEPENDENT ARBITRATION SERVICE CHOSEN BY THE CLAIMS ADMINISTRATOR WITHIN TWENTY (20) DAYS AFTER THE CLAIMS ADMINISTRATOR'S RECEIPT OF YOUR REQUEST FOR ARBITRATION. THE PARTIES AGREE THAT DEMARS AND ASSOCIATES, LTD. (WWW.DEMARSASSOCIATES.COM) ("**DEMARS**") IS AN ACCEPTABLE ARBITRATION SERVICE AND AGREE TO USE THE DEMARS CONSTRUCTION ARBITRATION PROGRAM.

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BUYER MAY OBJECT TO THE USE OF DEMARS OR THE ARBITRATION SERVICE APPOINTED BY THE CLAIMS ADMINISTRATOR (BUT NOT TO THE BINDING ARBITRATION PROCEDURE ITSELF). IF BUYER OBJECTS TO THE ALTERNATIVE INDEPENDENT ARBITRATION SERVICE DESIGNATED BY CLAIMS ADMINISTRATOR, EITHER PARTY MAY, PURSUANT TO THE APPLICABLE PROVISIONS OF THE FEDERAL ARBITRATION ACT, APPLY TO A COURT OF COMPETENT JURISDICTION TO DESIGNATE AN ARBITRATION SERVICE PROVIDER. THIS DESIGNATION WILL BE BINDING UPON BOTH PARTIES.

(iii) IF YOU SUBMIT A REQUEST FOR ARBITRATION, YOU MUST PAY THE ARBITRATOR'S FILING FEE PRIOR TO THE MATTER BEING REFERRED TO THE ARBITRATOR EXCEPT IN ANY STATE OR MUNICIPAL JURISDICTION THAT PROVIDES THAT NO PORTION OF THE FEES SHALL BE ADVANCED OR PAYABLE BY THE HOME OWNER, IN WHICH CASE SELLER WILL ADVANCE OR PAY SUCH FEES AS REQUIRED BY LAW. IN ALL REQUESTS FOR ARBITRATION, SELLER WILL INITIALLY ADVANCE (OR, UPON SATISFACTORY EVIDENCE, REIMBURSE) THE AMOUNT OF ANY ARBITRATION INITIATION/FILING FEES IN EXCESS OF THE AMOUNT OF THE FILING FEES FOR A CIVIL LAWSUIT REQUIRED UNDER APPLICABLE LOCAL LAW AT THE TIME THE ARBITRATION INITIATION/FILING FEES ARE INCURRED. OTHER AND/OR ONGOING FEES AND COSTS OF THE ARBITRATOR WILL BE DIVIDED EQUALLY BETWEEN THE CLAIMANT(S), ON THE ONE HAND, AND SELLER AND ANY OTHER PARTIES TO THE PROCEEDING, ON THE OTHER HAND. IN THE EVENT THAT ANY OF THE FOREGOING PROVISIONS FOR THE PAYMENT OF THE ARBITRATOR'S FEES AND COSTS ARE DETERMINED BY THE ARBITRATOR, OR BY A COURT, TO BE UNENFORCEABLE FOR ANY REASON, THEN SUCH UNENFORCEABLE PROVISIONS WILL BE DEEMED SEVERED AND SELLER WILL INSTEAD ADVANCE ALL ARBITRATOR FEES AND COSTS ASSOCIATED WITH THE PROCEEDING. IN ANY EVENT, THE ARBITRATOR MAY ULTIMATELY RE-ALLOCATE SUCH FEES AND COSTS (BUT NOT THE ATTORNEYS' AND EXPERT FEES OF THE PARTIES) AMONG ALL PARTIES TO THE PROCEEDING IN HIS OR HER DISCRETION AS THE INTERESTS OF JUSTICE DICTATE

(iv) THE ARBITRATION OF LIMITED WARRANTY DISPUTES WILL BE CONDUCTED IN ACCORDANCE WITH THE ARBITRATOR'S RULES AND REGULATIONS RELATING TO HOME WARRANTIES IN EFFECT AT THE TIME OF THE ARBITRATION TO THE EXTENT THAT THEY ARE NOT IN CONFLICT WITH THE FEDERAL ARBITRATION ACT. IF THE DISPUTE DOES NOT RELATE TO THE LIMITED WARRANTY OR THE ARBITRATOR DOES NOT HAVE RULES AND REGULATIONS RELATING TO WARRANTIES, THE ARBITRATOR WILL FOLLOW THE APPLICABLE RULES AND REGULATIONS OF THE ARBITRATION SERVICE TO THE EXTENT THAT THEY ARE NOT IN CONFLICT WITH THE FEDERAL ARBITRATION ACT.

(v) THE DECISION OF THE ARBITRATOR SHALL BE FINAL AND BINDING UPON ALL PARTIES EXCEPT AS PROVIDED IN SECTION G OF THE HUD/VA ADDENDUM OF THE LIMITED WARRANTY.

(b) WAIVER OF BUYER LITIGATION RIGHTS. BUYER ACKNOWLEDGES AND AGREES THAT BY AGREEING TO BINDING ARBITRATION AS PROVIDED HEREIN:

(i) BUYER IS GIVING UP ANY RIGHTS BUYER MIGHT POSSESS TO HAVE A DISPUTE LITIGATED IN A COURT OR JURY TRIAL;

(ii) BUYER'S DISCOVERY AND APPEAL RIGHTS WILL BE LIMITED;

(iii) BUYER'S AGREEMENT TO THIS DISPUTE RESOLUTION AGREEMENT IS VOLUNTARY AND BUYER UNDERSTANDS ITS PROVISIONS;

(iv) IF A DISPUTE INVOLVES PROPERTY OR COMMON AREA OWNED OR MANAGED BY OTHERS, INCLUDING A HOMEOWNERS' ASSOCIATION, THE PROCEDURES SET FORTH HEREIN ARE ALSO ACCEPTABLE FOR RESOLVING DISPUTES WITH RESPECT TO SUCH MATTERS AND BUYER WILL TAKE ALL ACTIONS NECESSARY TO SECURE PARTICIPATION BY SUCH OTHER PARTIES IN THE DISPUTE RESOLUTION PROCEDURES SET FORTH HEREIN; AND

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(v) THE HOMEOWNERS' ASSOCIATION FOR THE PROPERTY OR PROJECT, IF ANY, AND THE INTEREST OF ALL OWNERS IN THE HOMEOWNERS' ASSOCIATION WILL BE BOUND BY THE DISPUTE RESOLUTION PROCEDURES DESCRIBED HEREIN.

NOTICE IS HEREBY GIVEN PURSUANT TO THE UNIFORM ARBITRATION ACT, SECTION 15-48-10, ET. SEQ., CODE OF LAWS OF SOUTH CAROLINA (1976 AS AMENDED) THAT THIS AGREEMENT IS SUBJECT TO MANDATORY ARBITRATION.

(c) Choice of Law and Scope of Arbitrator's Authority. All disputes will be governed, interpreted and enforced according to the Federal Arbitration Act (9 U.S.C. §§ 1-16), which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy court proceedings. Interpretation and application of these procedures will conform to federal court rulings interpreting and applying the Federal Arbitration Act. References to state law will not be construed as a waiver of any rights of the parties under the Federal Arbitration Act or the right of the parties to have the procedures set forth in the Limited Warranty and elsewhere within this Dispute Resolution Agreement interpreted and enforced under the Federal Arbitration Act. However, to the extent necessary, and whenever such laws are not in conflict with other provisions of this Dispute Resolution Agreement or the procedures of any selected alternative dispute resolution service, the arbitrator must apply the laws of the state in which the Property is located. This includes statues of limitations and statutes of repose that would apply if the dispute were brought in court. The arbitrator's award may be enforced in any court of competent jurisdiction. The arbitrator will have the authority to try and must try all issues, whether of fact or law, including without limitation, the validity, scope and enforceability of these dispute resolution provisions, and may issue any remedy or relief that the courts of the state in which the Property is located could issue if presented the same circumstances.

(d) No Recovery of Attorneys' Fees or Expert Witness Fees. To the fullest extent permitted by law, and except to the extent prohibited by law, Buyer and Seller waive any right to recover attorneys' fees or expert witness fees incurred in any dispute.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

Buyer's Initials: AB / _____ **Seller's Initials:** JP

3. WAIVER OF JURY TRIAL. IN THE EVENT THAT THE DISPUTE RESOLUTION PROCEDURES SET FORTH OR REFERENCED HEREIN ARE DETERMINED TO BE INVALID OR UNENFORCEABLE IN WHOLE OR IN PART, SUCH THAT THE DISPUTE PROCEEDS BY WAY OF CIVIL LITIGATION PROCEEDINGS IN ANY COURT, THE PARTIES NONETHELESS WAIVE ANY AND ALL RIGHTS TO A JURY TRIAL. THE PARTIES MAKE THESE WAIVERS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY.

4. DISPUTES TO BE RESOLVED INDEPENDENTLY. Notwithstanding Paragraph 1(iii) above, Buyer and Seller agree that it is in the best interest of Buyer and Seller that the dispute resolution procedures set forth in this Dispute Resolution Agreement be utilized independently of any actions (including actions brought pursuant to alternative dispute resolution procedures) involving disputes between Seller and other buyers or homeowners. Accordingly, Buyer knowingly waives any right to participate in any form of "class," "joint" or "representative" litigation (including in any "private attorney general capacity") or dispute resolution procedures against Seller. Buyer and Seller make this Agreement on the grounds that they wish to assure, in advance, that any disputes, actions or claims by or between Buyer and Seller will not be combined with the disputes, actions or claims by or between Seller and any other buyer or homeowner. Buyer and Seller include this provision on the additional grounds that: (i) the Property is unique from other properties in the Project, and any potential problems it may suffer will not necessarily be common to other properties; (ii) it may provide Buyer increased ability to control any dispute involving the Property; (iii) Buyer's interests will not be subordinated to the interests of other parties who might otherwise become involved in these dispute resolution procedures; (iv) this approach is likely to foster faster resolution of most disputes that may arise; (v) it will help to avoid conflicts of interest among Buyer's and Seller's representatives; and (vi) it is intended to foster better communication between Buyer and Seller focused on resolving the actual issues that may arise in any dispute between them. Notwithstanding the foregoing, the restrictions of this Paragraph 4 will not apply to actions (including actions brought pursuant to alternative dispute resolution procedures) for damages in the amount of One Thousand Dollars ($1000) or less per action; provided however, that Buyer will still be required to meet any legal requirements for any form of "class," "joint" or "representative" litigation or dispute resolution procedures with respect to such actions.

5. DISPUTES UNDER FHA/VA WARRANTY. Notwithstanding the provisions set forth above, this Paragraph 5 will apply to the extent Buyer is issued a builder's limited warranty approved by U.S. Department of Housing and Urban Development for issuance to certain Federal Housing Administration or Veterans Administration Financed Buyers ("**FHA/VA Warranty**"). With respect to all

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disputes regarding the FHA/VA Warranty ("**FHA/VA Warranty Disputes**"), Seller and Owner must comply with the dispute resolution procedures and provisions specified in the FHA/VA Warranty. Specifically, the parties agree that the arbitration of FHA/VA Warranty Disputes will not be mandatory; provided however, that in the event of an action in a court of law, the waiver of jury trial set forth in Paragraph 3 will remain effective. All other disputes will continue to be governed by the provisions set forth above, including, without limitation, the provisions requiring binding arbitration. However, in the event that Owner files an action in a court of law regarding an FHA/VA Dispute while at the same time pursuing an arbitration for other disputes, Seller may elect to have all disputes resolved in the court action.

6. SURVIVAL OF PROVISIONS. All provisions of this Dispute Resolution Agreement shall be deemed independent and severable. If any provision or any part of this Dispute Resolution Agreement is for any reason held to be invalid, unenforceable or contrary to any public policy, law, statute and/or ordinance, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision or portions of provisions of this Dispute Resolution Agreement. It is the intent of the parties that the arbitrator shall interpret and enforce all enforceable provisions of this Dispute Resolution Agreement as binding contractual obligations. Buyer's covenants under this Dispute Resolution Agreement shall survive the Closing.

IN WITNESS WHEREOF, the parties have executed this Dispute Resolution Agreement Addendum as of the date of Seller's acceptance below.

ACCEPTED BY:

SELLER:

CalAtlantic Group, Inc.
a Delaware corporation
By Jennifer Petras
Title: Authorized Representative
Date Signed by Seller: 3/2/2018

BUYER:

Signature — Date: 2/28/2018
Alex Brown
Name

Signature — Date
Name

Signature — Date
Name

Exhibit C – Declaration of Tracey Ethridge

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STATE OF SOUTH CAROLINA COUNTY OF CHARLESTON Whitesides Park Townhomes Property Owners Association, Inc., Plaintiff, vs. Calatlantic Group, Inc. F/K/A The Ryland Group, Inc. F/K/A Standard Pacific Corp. and also D/B/A Calatlantic Homes; Lennar Carolinas, LLC, Southend Exteriors, Inc., Alpha Omega Construction Group, Inc., Fogel Services, Inc. Defendants.	IN THE COURT OF COMMON PLEAS NINTH JUDICIAL CIRCUIT Case No. 2020-CP-10-02398 DECLARATION OF TRACEY ETHRIDGE

PERSONALLY APPEARED BEFORE ME, Tracey Ethridge, who swears or affirms as follows:

I am over the age of majority and otherwise mentally and physical competent to make this Declaration on behalf of CalAtlantic Group, Inc. f/k/a The Ryland Group, Inc. F/K/A Standard Pacific Corp. and also D/B/A CalAtlantic Homes; Lennar, Carolinas, LLC ("Defendants"), and do so of my own accord, without duress or influence;

I serve as a litigation paralegal for Lennar Carolinas, LLC and also act as a records custodian for The Ryland Group, Inc., f/k/a Standard Pacific Corp. and also d/b/a CalAtlantic Group, Inc. and CalAtlantic Homes (CalAtlantic Group, Inc. and CalAtlantic Homes collectively referred to as "CalAtlantic");

Pursuant to my role as litigation paralegal and records custodian, I am familiar with CalAtlantic's selected corporate documents and the document retention policies of Defendants, including CalAtlantic;

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Based upon my familiarity with CalAtlantic's selected corporate documents, and document retention policies, I am aware CalAtlantic is indicated as the Seller or Grantor in certain documents establishing and selling individual residences located in the Whitesides Park townhome community, located in Mt. Pleasant, South Carolina;

Based upon my familiarity with the corporate documents of CalAtlantic, I hereby attest that the Homeowner's Limited Warranty & Maintenance Manual ("Manual"), attached hereto as Exhibit A, is a representative copy of such document as provided to purchasers of homes from CalAtantic from late 2016 through early to mid-2018 – the time period during which Whitesides Park townhomes were conveyed from CalAtlantic to original purchasers.

Referenced in and included with the Manual, attached as Exhibit A hereto, is a sample copy of the limited warranty provided by CalAtlantic ("Limited Warranty") to those who purchased homes from that entity, including those who purchased townhomes in the Whitesides Park development. The Limited Warranty provides, among other things, the procedures for resolution of disputes between CalAtlantic. and its purchasers. It conspicuously states, in bold, all capital font, as follows:

> **THIS AGREEMENT INCLUDES PROCEDURES FOR SETTLEMENT OF DISPUTES, INCLUDING MEDIATION AND BINDING ARBITRATION IN ACCORDANCE WITH THE PROCEDURES OF THE FEDERAL ARBITRATION ACT.**

The Limited Warranty further sets forth the procedures to be followed in the event of a warranty claim by or on behalf of an owner, providing if CalAtlantic fails to respond to a request for information within 30 days from the submission of a claim, or if the claim is not resolved by an agreement by CalAtlantic to repair, replace or submit payment for

an item(s), such constitutes an “unresolved dispute” that shall be submitted to mediation. If the unresolved dispute remains, the claim(s) must be submitted to binding arbitration governed by the procedures of the Federal Arbitration Act, 9 U.S.C. 1, *et seq.* (See, Section 5. e-h).

Due to the passage of time and the merger of corporate entities, all documents relative to sale of the subject townhomes have not been located; however, it was the strict requirement and longstanding practice of CalAtlantic to provide the Manual and the Limited Warranty to its purchasers and for its purchasers to acknowledge receipt thereof, upon the closing on any sale of a residence. Additionally, I have reviewed the Motion to Dismiss, Or, In The Alternative to Compel Arbitration being submitted on behalf of Defendants and am generally familiar with the Purchase Contract and the Dispute Resolution Agreement Addendum to Home Purchase Agreement referenced therein and attached thereto as Exhibit B, and attest that such documents were generally utilized by CalAtlantic at the time period relevant to this action.

DocuSigned by:
Tracey Ethridge
E98F00556ECB430...

TRACEY ETHRIDGE

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Exhibit A – Limited Warranty and Maintenance Manual

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HOMEOWNER'S LIMITED WARRANTY & MAINTENANCE MANUAL

CHARLESTON

10/2/17 80430002
1704035DH (Charleston)

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CalAtlantic HOMES℠

1. WELCOME TO YOUR NEW HOME

The entire staff at CalAtlantic has taken great pride in building your new home and would like to thank you for choosing CalAtlantic.

This Manual will provide you with important information about your new home, its limited warranty, and our Customer Care procedures.

The "Customer Care" section of this Manual describes our normal Customer Care procedures, which are the procedures you will use to obtain performance under CalAtlantic's Limited Warranty. It also contains procedures to use in case you need emergency repairs to your house. Copies of "Request for Service" forms normally used to request non-emergency Customer Care services are included with this Manual and are also available through CalAtlantic's company website at *www.calatlantichomes.com*.

In the "Warranty" section, we have reprinted a copy of our standard Limited Warranty, which details the limited warranty coverage provided by CalAtlantic for your new home. The Limited Warranty also describes the features of various components of your new home and the condition or level of performance that you can expect throughout the term of the Limited Warranty.

We have also provided a "Maintenance" section providing homeowner maintenance requirements and schedules, to help you maintain your home in excellent condition. Please pay close attention to the maintenance section of this Manual, and contact the Customer Care Department if you have any questions.

We hope that you will find our Homeowner Limited Warranty and Maintenance Manual both helpful and informative. WE URGE YOU TO TAKE THE TIME TO READ THE MANUAL CAREFULLY AND COMPLETELY.

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CalAtlantic Homes

2. YOUR BUILDER

CalAtlantic Homes is one of the nation's largest and most respected homebuilders offering well-crafted homes in thoughtfully designed communities from coast to coast. At CalAtlantic Homes, we take great pride in our reputation as one of the nation's leading homebuilders for quality construction, outstanding customer service and beautiful home designs that stand the test of time. The Company utilizes its over five decades of land acquisition, development and homebuilding expertise to acquire and build desirable communities in locations that meet the high expectations of the today's homebuyers. The Company's long-standing commitment to excellence has earned the trust and respect of homeowners year after year. At CalAtlantic Homes it is an honor to build what you cherish most of all. Home.

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3. CUSTOMER CARE

CalAtlantic is dedicated to excellence in everything we do, and outstanding customer care is a prime example of that dedication. Our Customer Care Representatives are trained building professionals who are ready to respond to your customer care needs in a courteous and timely manner.

New Home Orientation

The New Home Orientation typically occurs about seven business days prior to your Closing, and provides you with the opportunity to view and celebrate the completion of your new home. CalAtlantic Homes will send you a letter approximately one month prior to your Closing explaining the details of your New Home Orientation.

Approximately two weeks before closing, CalAtlantic will contact you to schedule your New Home Orientation. This appointment will take approximately two to three hours. Since a home is a big investment which needs your full attention, please make any childcare arrangements prior to the appointment.

At the New Home Orientation, you will be able to view and confirm the quality features included in each room and ensure that each installation has been made as promised. CalAtlantic will point out and demonstrate the various features and operating systems within your home and will make sure that all of the options you have selected have been installed in accordance with your purchase contract. Ask questions. This is your chance to learn how your new home works.

House to Home Delivery

Approximately two to five days after the New Home Orientation and prior to your Closing, you will participate in our House to Home Delivery conducted by a CalAtlantic Representative. Your House to Home Delivery is your opportunity to review your warranty and maintenance manual in detail to (1) better understand how the features and systems of your home can be maintained and (2) to confirm that any adjustments noted on your previous New Home Orientation have been completed.

Following the House to Home Delivery, you will be given a form that will itemize those things that require repair and replacement as of the House to Home Delivery. Your signature on this form indicates that except for those items, you are accepting the condition of the home. You may move into your new home anytime after completing your House to Home Delivery and closing escrow.

It is important that all service items existing as of the House to Home Delivery be listed on the New Home Orientation/House to Home Delivery Form, so that we may address them in a timely and complete manner. Though we will make every effort to complete any necessary service work prior to your move-in, occasionally we will be unable to complete a repair or replacement due to unforeseen circumstances. Delays can be caused by shortage of materials, back-ordered parts, labor problems, weather, or other unanticipated events.

Remember: Ask questions. Try features out to see how they work. Get to know your new home.

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New Home Orientation/House to Home Delivery Checklist

Please note that the following discrepancies must be noted on the Construction/House to Home Delivery Form. Because of the potential for damage during the move-in, CalAtlantic will not be responsible for these items following the House to Home Delivery unless they are specifically listed on the New Home Orientation/House to Home Delivery Form:

- Appliances – Marred, scratched or damaged
- Cabinets and Cabinet Doors –Scratched, chipped or damaged
- Ceramic tile – Broken, chipped, loose, cracked or damaged tiles on counter tops and floor
- Concrete driveways, garage slabs and walkways – Stained, marred, chipped or damaged
- Countertops –Scratched, chipped or damaged; seams sealed
- Doors and hardware – Scratched, marred or damaged
- Drainage – Blocked or non-functioning drainage devices (gutters, catch basins and area drains, subsurface drains), and absence of ponding or puddling particularly near concrete.
- Drywall (Sheetrock) – Marred, damaged or gouged
- Electrical fixtures and light fixtures – Scratched, chipped, cracked, broken or damaged
- Fireplace and door – Scratched, marred, cracked, chipped, broken or damaged
- Floor coverings – Stained, scratched, chipped, marred or damaged
- Landscaping – Broken, damaged or non-working irrigation heads or lines, and dead plant material
- Mirrors – Scratched, chipped, cracked, broken, or damaged
- Paint – Marred, scratched, or damaged paint on walls, trim and doorways
- Plumbing fixtures – Cracked, chipped, scratched, or damaged
- Screens – Missing, torn, gouged, or damaged window and door screens
- Sinks, tubs and showers – Scratched, cracked, chipped, marred or damaged
- Windows – Scratched, chipped, cracked or broken glass
- Yard – Clean and free of debris

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Customer Care Requests

Requests for repairs and replacements to your home after your Closing must be covered by your Limited Warranty and must be requested in writing. CalAtlantic has prepared a Request for Service form for this purpose. Copies of the Request for Service form are provided with this Manual. Additional Request for Service forms may be obtained from our Customer Care Department. Alternatively, a Request for Service form may be submitted through CalAtlantic's company website, at ***www.calatlantichomes.com***.

If you believe that you have a warranty claim, we suggest that you review the Warranty section and the Performance Standards section of this Manual before you request the service. This will help you to decide if the claim is covered by the Limited Warranty, if it is covered by a separate manufacturer's warranty, or if it is your responsibility. If you believe that your claim is covered by the Limited Warranty, you may request service either on an emergency basis or a non-emergency basis as circumstances require.

Service calls are scheduled between the hours of 8 a.m. and 5 p.m., Monday through Friday. We will contact you to let you know the day we would like to enter your home to do the necessary inspections, repairs or replacements. Requests for repairs or replacements will be generally scheduled for completion within thirty (30) days after submission of the item to CalAtlantic per the procedures described in this Manual. Please note that the CalAtlantic representative cannot accept homeowner keys.

Our Sales Center is not responsible for, nor is it qualified to make judgments, regarding repairs and replacements. All such decisions must come from our Customer Care Department.

If you believe you have an emergency requiring immediate attention, please refer to the section in this Manual titled "Emergencies (Section 4)." If your situation is not an emergency, please follow the steps below for requesting service.

How to Request Non-Emergency Customer Care Services

For your protection, to assure quality and so that we may maintain a complete file on your property, all requests for Customer Care services must be submitted in writing. Copies of CalAtlantic's Request for Service form are provided with this Manual. Alternatively, a Request for Service form may be submitted through CalAtlantic's company website, at ***www.calatlantichomes.com***.

Please fill out a Request for Service form **completely**, including the name of your Neighborhood, address, and work, home, and cell phone numbers. Provide a brief description of the work requested and its location in your home. For example, please indicate the room, the location in the room and a general description of the problem. Also, please indicate the time and date that are the most convenient for the work to be scheduled within the hours of **8 a.m. and 5 p.m., Monday through Friday.**

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Please email your Request for Service form to the Customer Care Department through CalAtlantic's company website at:

www.calatlantichomes.com

Alternatively, a Request for Service form may be mailed or faxed to our Customer Care Department as follows:

Customer Care Department
CalAtlantic Homes
216 Seven Farms Dr., Suite 200
Charleston, SC 29492
Fax (843) 375-5554

Telephonic or face-to-face discussions do not constitute a Request for Service. All Requests for Service under this Limited Warranty must be submitted in writing.

When we receive your Request for Service form, we will evaluate if the item is covered by the CalAtlantic Limited Warranty, if it is the responsibility of a product manufacturer, or if it is your responsibility. In most cases, we must inspect the problem to review and fully understand the Request for Service and to determine warranty coverage and responsibility for subsequent actions.

Service requests that are the responsibility of product manufacturers can generally be brought to the attention of the appropriate manufacturers by telephone. The product manufacturers and their telephone numbers (or other service procedures) are listed in the manufactured product warranty documents delivered during your House to Home Delivery.

You need to reasonably cooperate in permitting our Customer Care Department and their agents to inspect, investigate, test (including destructive testing), monitor, repair, replace or otherwise correct an alleged Construction Defect. This includes keeping service and repair appointments made with our Customer Care Department. We do not reimburse for the time taken off work for repairs. **You must not incur any expense, make any voluntary payments, or assume any obligations to remedy a claimed defective condition without our Customer Care Department Manager's prior written approval.**

Before you request service, please have in mind a time when the service call will be convenient for you. Please make every attempt possible to keep your scheduled appointments with our Customer Care Representatives and trade contractors.

CalAtlantic will not be responsible for expenses that you incur for repair work that is done by persons other than CalAtlantic unless that work is authorized, in writing, by our Customer Care Department Manager. **Our Customer Care Department Representatives in the field do not have permission to authorize repair work by others and they do not have the authority to extend or alter the Limited Warranty in any way.**

Requests for Customer Care services are usually scheduled for completion within thirty (30) days of receipt of the written request. Occasionally, due to circumstances beyond our control, this process may take more than thirty (30) days. Delays can be caused by shortage of materials, back-ordered parts, labor problems, weather, or other unanticipated events. We will keep you informed of the

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anticipated completion date. Some service calls will need to be scheduled over several days, according to the work to be done. For example, drywall repairs might be done at one time and repairs to cabinets might be done at another. This enables the Customer Care Department to complete repairs efficiently.

When Customer Care work is completed, you will be asked to sign an acknowledgment of performance of the work and, where appropriate, a release of claims relating to the repaired construction defect. Any such release will not prevent you from making claims for subsequent or different construction defects.

In the event any dispute arises relating to customer care issues for warranty claims, such disputes may be resolved pursuant to the arbitration procedures specified in the Limited Warranty.

For a Request for Service form, an electronic form is available through CalAtlantic's company website at ***www.calatlantichomes.com***. To speak directly with the CalAtlantic Customer Care Department, they may be reached during regular business hours, from **8 a.m. until 5 p.m. at (843) 375-5556.**

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To submit a warranty request you may either:

1. **Visit www.CalAtlanticHomes.com, select Homeowner Resources, On-line Service Request and then follow the prompts to complete your request.**
2. **Or you can mail or fax your request to the Builder's local office.**

WARRANTY REQUEST FORM

Please read the Your New Home Warranty documents for filing instructions and pertinent information.

HOMEBUYER'S NAME

_____

ADDRESS

_____

CITY, STATE, ZIP

_____

HOME PHONE (___)_____ BUSINESS PHONE (___)_____

BUILDER'S ADDRESS

_____

CITY, STATE, ZIP

_____

PHONE NUMBER (___)_____

EFFECTIVE DATE
OF WARRANTY: _____/_____/_____
(Mo.) (Day) (Year)

(DATE OF CLOSING OR SETTLEMENT)

NATURE OF DEFECT (BE SPECIFIC; IF AVAILABLE, ENCLOSE PHOTOGRAPHS)

_____

_____

_____

_____

_____

_____

_____

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DATE DEFECT FIRST OBSERVED _____/_____/_____
(Mo.) (Day) (Year)

This form is to be filled out and sent to the Builder.

_____
Homebuyer(s) Signature (Date)

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4. EMERGENCIES

We define emergencies as problems that require immediate attention to protect you and your family from harm and/or to avoid immediate and significant damage to your property, your home or your homesite. These problems include:

1. **TOTAL SEWER STOPPAGE –** A total stoppage is defined as a situation in which your plumbing drainage system ceases to work, causing all of your sinks, tubs or toilets to function improperly. A single toilet stoppage when others are working properly is not an emergency.

2. **WATER SUPPLY LEAK** – A water leak which requires that the water supply to your home be shut off to avoid serious water damage. A leak which can be isolated by the shut offs under the cabinet or at a specific plumbing fixture is not an emergency. Please refer to the water shut off procedure set forth below in this section of this Manual.

3. **TOTAL ELECTRICAL FAILURE** – In the event of a total electrical failure, check with your neighbors to determine if the failure is widespread or limited to your house. If the failure is widespread, contact your electrical utility company. Before calling, check to ensure that all circuit breakers in the main electrical panel are in the "ON" position.

4. **NATURAL GAS LEAK –** In the event of a natural gas leak, immediately have every person vacate the home and contact your gas utility company from another location.

5. **TOTAL LOSS OF WATER** – In the event of total water loss, please check with your water company to determine if there is a general outage in your area.

6. **TOTAL LOSS OF HEAT OR AIR CONDITIONING** – Total loss of heat or air conditioning is considered an emergency only during extreme weather conditions. **It is not considered an emergency if a home has two units and one is not working.**

7. **POTENTIAL FOR BODY HARM** – Any other problem that, without immediate correction and precautionary measures, creates a potential for bodily harm that cannot be reasonably avoided.

Emergency service is provided for your convenience and safety. It is a function of the Customer Care Department and does not extend the coverage of the Limited Warranty. The cost of any repairs that are made in response to an emergency request that are not covered by the Limited Warranty will be the responsibility of the homeowner.

In case of an emergency, your first step should be to protect your family from harm. Once you are sure of their safety, and if your safety will not be jeopardized, you should take steps to correct or lessen the effects of the emergency (using water shut-offs or unplugging appliances, etc.) as described below, and/or you should immediately contact our Customer Care Department.

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In case an emergency occurs after normal business hours, please call the following phone number:

(843) 297-3223

Do not delay in reporting an emergency. Damage caused by a delay in reporting an emergency will not be the responsibility of CalAtlantic. Damage to personal property is not covered by the Limited Warranty.

Some circumstances that may constitute emergencies are not covered by CalAtlantic's Limited Warranty, such as fires, earthquakes, severe weather, invasions of insects or other pests, etc. These circumstances may be covered by your homeowners' insurance or other insurance.

If your situation is covered by CalAtlantic's Limited Warranty and does not fall within these emergency guidelines (such as an inoperative appliance, a loss of hot water only, a toilet stoppage, a dripping faucet or leak under the sink), you should use the normal procedures outlined above for requesting routine Customer Care Department services. If you believe that lack of immediate action in response to your situation could result in further damage, please call our Customer Care Department (or, if after normal business hours, the emergency service number).

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Utility Shut-Off Procedures

During the New Home Orientation, you will be shown the locations of the various utility "shut off" locations at your new home, and you will be shown how to shut off those utilities at those locations. The following summarizes standard shut off procedures.

Gas

Follow these steps if you suspect a gas leak or can smell escaping gas:

1. Immediately have everyone vacate the home.
2. Do not turn off or on any lights.
3. Call the gas company from another location to report the leak.

How to Shut-Off Electricity

1. Locate the circuit breaker box.
2. Locate the main breaker within the circuit breaker box.
3. Flip the main breaker switch to the OFF position.

How to Shut Off Water

1. If the leak is at a sink, toilet, washing machine, water heater or other location with a secondary shut-off valve for that specific location, and the leak is occurring at a point past the shut-off valve, turn the handle or valve to the right (clockwise) to tighten and shut off the flow.
2. If the foregoing procedure does not work, use the same procedure at the secondary shut-off valve (usually located at the front of the house or in the garage where the water service enters the home) or at the main water meter shut-off (usually located near the curb at the street), as necessary due to the location of the leak.
3. Check with your neighbors or the local water utility to confirm the service has not been shut down in your area.

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Emergency Instructions

Total Loss of Heat or Air Conditioning

If you find yourself with no heat or air conditioning, the checklist that follows may help identify the cause. You should also review the furnace manufacturer's literature for additional information. The following items are normal homeowner maintenance items. If we or our trade contractor makes a service call to turn on a switch, replace a fuse, or reset a breaker, you will be obligated to pay a service charge.

Check the following to determine if any are the cause of the non-operation:

1) Thermostat temperature setting and switches;
2) The ON/OFF switch in the furnace room;
3) The fuse on your furnace itself, if it has one;
4) The gas valve on the furnace;
5) ON/OFF switch on furnace; see manufacturer's book for location;
6) Breaker on the electrical panel; and
7) Safety switch for the fan cover.

If none of these items corrects the problem, call our Customer Care Department or (after normal business hours) our Emergency Service phone number listed above.

Total Loss of Electricity

The main electrical control panel and meter will be located on the outside of your home. This panel contains electrical breakers that control all of the electrical power to your home. In addition, individual breakers that control the separate circuits will be found in a secondary panel either in the garage or in the home. The breakers in this secondary panel are labeled to indicate the area they control. There is also a separate 220 switch for the air conditioner, usually located near the outside compressor unit.

In the event of a total loss of power, check the main breaker in the panel next to the meter. Next, check with your neighbors and local utility company to see if power is out in your area for some reason. Both of these sources should be checked prior to calling for emergency service.

Circuit breakers have three positions: on, off, and tripped. When a circuit breaker trips it must first be turned "off" before it can be turned "on." Switching the breaker directly from "tripped" to "on" will not restore service.

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IMPORTANT NOTE: If your main circuit breaker trips or is turned off, wait 2-3 minutes before turning it on. Then, restore power to the other circuits one by one. This avoids overloading the system.

If none of these items correct the problem, call our Customer Care Department or (after normal business hours) our Emergency Service phone number listed above.

PLEASE NOTE, LOSS OF POWER IN A LIMITED AREA OF THE HOME IS NOT CONSIDERED AN EMERGENCY. If electricity is off in one area only, check the following items. If this checklist does not solve the problem, submit your written "Request for Service" form according to normal procedures.

Wall Switches: If a wall outlet is not working, check first to see if it is one that is controlled by a wall switch. In rooms that do have ceiling lights, the wall switch will control half of one outlet. Also confirm that the light bulb or appliance being used is working.

Ground Fault Interrupter Circuits: GFI receptacles quickly sense fluctuations in power. Installation of these receptacles is required by building codes for bath, kitchen, exterior, and garage outlets. Excessive moisture and heavy appliances such as power tools can trip the GFI breaker. Faulty appliances, especially hair dryers, are a common cause of tripped GFI breakers. GFI circuits have a test and reset button on the breaker. To return service, press the reset button.

Total Loss of Water

The main water shut-off valve is located at the water meter box at the street. Each sink and commode has an individual shut off for its water supply. The locations of these shut-offs will be shown to you during the New Home Orientation.

If your water supply stops completely, check the main water meter shut-off to determine if that valve is open. Also, check with your neighbors or the local water utility to confirm the service has not been shut down in your area.

If these items do not correct or explain the problem, call our Customer Care Department or (after normal business hours) our Emergency Service phone number listed above.

PLEASE NOTE, LACK OF HOT WATER IS NOT CONSIDERED AN EMERGENCY. If you discover you have no hot water, check the pilot (if a gas unit) or check the breaker located in the garage (if an electric unit). In addition, check the temperature setting, and water supply valve of your water heater before calling for service. Refer to the manufacturer's literature for specific locations of these items and other "trouble shooting" information.

Plumbing Leaks That Require the Entire Water Supply to Be Shut Off

If a major plumbing leak occurs the first step is to turn off the supply of water to the area involved in order to prevent further damage from occurring.

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If this means shutting off the water to the entire home, the problem is categorized as an emergency. During normal business hours, call our Customer Care Department or (after normal business hours) our Emergency Service phone number listed above.

PLEASE NOTE: HAVING TO SHUT OFF THE WATER TO AN ISOLATED ITEM IN THE HOME (SUCH AS ONE TOILET) IS NOT AN EMERGENCY. Submit a "Request for Service" form through the Customer Care Department according to normal procedures to avoid paying unnecessary emergency service charges.

Total Sewer Stoppage

If a clogged sewer line prevents using water anywhere in your home, the problem is categorized as an emergency. During normal business hours, call our Customer Care Department or (after normal business hours) our Emergency Service phone number listed above.

Drains and sewer lines should operate freely. All the drain lines in the home are tested for the city or county inspection prior to Closing. Therefore CalAtlantic will take responsibility only for obstructions that are the result of construction debris. If not construction debris, the homeowner will be responsible for any charges.

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5. LIMITED WARRANTY

A sample copy of CalAtlantic's Limited Warranty is reprinted on the following pages. Like any contractual limited warranty, this one specifies limits of CalAtlantic's responsibility and conditions under which it is valid or applicable. Please read the Limited Warranty completely. If you have any questions, we will be pleased to discuss them with you.

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CALATLANTIC HOMES

YOUR NEW HOME WARRANTY PROGRAM
INSURED LIMITED WARRANTY

INSURER: COLUMBIA NATIONAL RISK RETENTION GROUP, INC.

THIS LIMITED WARRANTY DOES NOT COVER CONSEQUENTIAL OR INCIDENTAL DAMAGES, INCLUDING ANY DAMAGES BASED ON A CLAIMED DECREASE IN VALUE OF THE HOME.

LIABILITY UNDER THIS LIMITED WARRANTY IS LIMITED TO THE REMEDIES EXPRESSLY PROVIDED HEREIN.

BUILDER MAKES NO IMPLIED WARRANTY OR ANY OTHER WARRANTIES, EXPRESS OR IMPLIED, IN CONNECTION WITH THE AGREEMENT OF SALE OR THE WARRANTED HOME, AND ALL SUCH WARRANTIES ARE EXCLUDED, EXCEPT AS EXPRESSLY PROVIDED IN THIS LIMITED WARRANTY. THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE FACE OF THIS LIMITED WARRANTY.

Some states do not allow the exclusion or waiver of certain implied or statutory warranties or the exclusion or limitation of incidental or consequential damages by a builder so all of the exclusions and limitations may not apply to You.

CalAtlantic Homes
15360 Barranca Parkway
Irvine, CA 92618-2215

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CalAtlantic Homes
216 Seven Farms Dr., Suite 200
Charleston, SC 29492

Dear Homebuyer:

Congratulations on the purchase of Your new Home. As one of the nation's leading builders, Your Builder is pleased to provide you with its exclusive, limited "Your New Home Warranty Program."

This New Home Warranty affords You protection for ten years of home ownership. As part of this coverage, We warrant against defects in materials and workmanship for the first year, and for certain components for the second year; but the continued performance of Your Home depends on the care You give Your Home. Please consult your Homeowner's Manual and, if applicable, the Soils Maintenance Kit for information and instructions on the care of Your Home. The warranty contains certain exclusions and limitations. It is just as important for You to understand these exclusions and limitations as it is for You to understand Your coverage.

Take the time now to become familiar with this warranty. It defines Our responsibilities to You and Your responsibilities to Your Home. It is vital that You perform required maintenance. Without such maintenance, this warranty will be voided.

Again, congratulations and enjoy Your New Home!

Very truly yours,

CalAtlantic Homes

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YOUR NEW HOME WARRANTY PROGRAM

INTRODUCTION

During the ten-year term of **Your New Home Warranty Program,** Your builder ("Builder") is the warrantor. Your Builder has purchased warranty coverage from Columbia National Risk Retention Group, Inc. ("CN"). CN will act if Your Builder fails to perform its obligations as described in this Agreement. CN's obligation to perform Your Builder's obligations is limited to the sales price of the home or one million dollars, whichever is less.

Section A defines the terms used in this Agreement.

Section B describes the protection which **Your New Home Warranty Program** gives You.

Section C sets forth performance standards that will govern the program.

Section D describes the exclusions from the program.

THIS AGREEMENT INCLUDES PROCEDURES FOR SETTLEMENT OF DISPUTES, INCLUDING MEDIATION AND BINDING ARBITRATION IN ACCORDANCE WITH THE PROCEDURES OF THE FEDERAL ARBITRATION ACT. YOU SHOULD READ THIS AGREEMENT IN ITS ENTIRETY IN ORDER TO UNDERSTAND THE PROTECTION IT AFFORDS, THE PERFORMANCE STANDARDS THAT WILL GOVERN ITS INTERPRETATION AND OPERATION, THE EXCLUSIONS APPLICABLE TO IT, AND YOUR RESPONSIBILITIES.

Every home needs maintenance to prolong its life. It is Your responsibility, not Your Builder's, to maintain the Home. Regular maintenance includes such items as preserving soil drainage conditions, caulking, cleaning, resealing or painting of finished surfaces as necessary, routine maintenance of mechanical systems, etc. You should read the Homeowner's Manual for details regarding the care and maintenance of Your Home.

Any damage or defect caused by, resulting from, contributed to, or aggravated or made worse by, in whole or part, Your neglect, Your failure to promptly report defects, abnormal use, or improper maintenance and operation of the Home will not be covered by this Agreement.

SECTION A. DEFINITIONS

For the purpose of this Agreement, the following terms have the meanings set forth below:

1. Builder: The builder of the Home, which is CalAtlantic Group, Inc. or one of its subsidiaries. Your Builder markets under the names: Ryland Homes, Standard Pacific Homes and CalAtlantic Homes

2. Claims Administrator: Columbia National Risk Retention Group, Inc. ("CN").

3. Effective Date: The first to occur of the date of (1) transfer of title to the first Home Owner or (ii) first occupancy by the first Home Owner.

4. Electrical Systems: All wiring, electrical boxes, switches, outlets, and connections, up to the public utility connection.

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5. Fixtures, Appliances and Items of Equipment: Water heaters, pumps, stoves, refrigerators, compactors, garbage disposals, stoves and ranges, dishwashers, washers and dryers, bathtubs, sinks, commodes, faucets and valves, lights and fixtures, circuit breakers, thermostats, furnaces, oil tanks, humidifiers, oil purifiers, ventilating fans, air conditioning material, in-house sprinkler systems, and similar items, including attachments and appurtenances.

6. Heating , Ventilating and Air-Conditioning (HVAC) Systems: All ductwork, refrigerant lines, steam and water pipes, registers, convectors, dampers, and radiation elements.

7. Home: (i) A single-family dwelling, (ii) one unit in a two-or-more unit structure in which each unit may be conveyed separately, or (iii) the common elements which comprise the building in which a condominium unit is situated and which such unit shares in common with other units in the building.

8. Home Owner: The Home Owner includes the first purchaser of the Home and any and all successors in title during the term of this Agreement, lessees having a leasehold interest of at least fifty (50) years in the Home, and a mortgagee in possession of the Home. With respect to condominium common elements, the Condominium Association is the Home Owner.

9. Insurer: Columbia National Risk Retention Group, Inc.

10. Load-Bearing Components of the Home are:
    (i) roof framing members (rafters and trusses);
    (ii) floor framing members (joists and trusses);
    (iii) bearing walls;
    (iv) columns;
    (v) lintels (other than lintels supporting veneers);
    (vi) girders;
    (vii) load-bearing beams; and
    (viii) foundation systems and footings.

    Examples of Non-Load-Bearing Components, damage to which does not constitute a Major Structural Defect are:
    (i) non-load-bearing partitions and walls;
    (ii) drywall;
    (iii) floor covering; sub-floor material; or wall covering material;
    (iv) brick, stucco, decorative cementitious finish, stone, or veneer;
    (v) any type of exterior siding;
    (vi) roof shingles, sheathing and tar paper;
    (vii) heating, ventilating, air-conditioning, plumbing, electrical, and mechanical systems;
    (viii) appliances, fixtures, or items of equipment;
    (ix) doors, windows, trim, cabinets, hardware, insulation, paint, and stains; and
    (x) concrete floors in attached garages and basements that are built separately from foundation walls or other structural elements of the Home.

11. Major Structural Defects (MSD): A Major Structural Defect occurs when there is actual physical damage to one or more of the Load-Bearing Components that results in the failure of the load-bearing capacity of the Load-Bearing Component, such that the Home becomes unsafe, unsanitary or otherwise uninhabitable.

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12. Plumbing Systems: All pipes (supply and waste) and their fittings; gas supply lines and vent pipes located within the Home and their extension to the property line which tie into a public or common utility connection.

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13. Property: The land owned by the Home Owner on which the Home is located.

14. Warrantor: Your Builder.

15. We, Us: Terms referring to the Builder or CN, if the Builder fails to act.

16. You, Your: Terms referring to the Home Owner.

17. Wind Driven Rains: Rain accompanied with wind in excess of 54 miles per hour. Winds need not be of any specified duration.

SECTION B. THE LIMITED WARRANTY PROGRAM

We, as Your Builder, are the warrantor during the term of this Agreement. CN, the insurer, will perform Our obligations if We fail to do so.

1. PROTECTION PROVIDED

Your New Home Warranty Program provides you with the following protection:

a. Beginning of Coverage: Your limited warranty coverage begins on the Effective Date.

b. Coverage During Year One: We warrant that for a period of one year Your Home will be free from defects in materials and workmanship. We determine whether a defect exists by referring to the performance standards in Section C of this Agreement. Manufactured items of fixtures, appliances and equipment that are covered by a manufacturer's warranty are not covered by this warranty. We assign manufacturer's warranties to You at closing. We will, however, administer any claim that you have for a defective manufactured item during the first year.

c. Coverage During Years One and Two: We warrant that for a period of two years, specified portions of the heating, ventilating and air conditioning (HVAC) system, and the electrical and plumbing systems will be free from defects. Again, We determine whether a defect exists by referring to the performance standards set forth in Section C of this Agreement. Manufactured items of fixtures, appliances and items of equipment covered by a manufacturer's warranty that are part of these systems are not covered by this warranty. We assign manufacturer's warranties to You at closing.

d. Coverage During Years One Through Ten: We warrant for a period of ten years that Your Home is protected against loss resulting from Major Structural Defects (as defined in Section A of this Agreement).

e. **YOUR WARRANTY COVERAGE MAY NOT BE CANCELLED AFTER THE EFFECTIVE DATE BY EITHER THE BUILDER OR THE INSURER.**

2. CONDOMINIUM COVERAGE -- COMMON ELEMENTS

This Agreement applies to condominium units as well as specified common elements. In a condominium, the Association has the maintenance responsibilities for the common elements. Warranted common elements are those portions of a condominium which serve two or more residential units that We constructed. Warranty coverage for common elements shall be for the same periods and to the same extent as similar or comparable items in individual residential units. Examples of common elements which are covered by the warranty are hallways, meeting rooms and other spaces wholly within the residential structure and designated for the use of two

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or more units; and those portions of the electrical, heating, ventilating, cooling, and plumbing systems which serve two or more units.

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3. OUR RESPONSIBILITY AND YOUR RIGHTS

If a defect occurs in Your Home evidenced by nonconformity with the performance standards during the first year of this Agreement, provided you notify Us of the defect within 30 days of the end of such one year period, or if a covered defect in portions of Your Home's HVAC, electrical or plumbing systems occurs evidenced by nonconformity with the performance standards during the first two years of this Agreement, provided you notify Us of the defect within 30 days of the end of such two year period,We will repair, replace or, at our option, pay You the reasonable cost of repairing or replacing the defective item.

The warranty against Major Structural Defects is limited to actions that are necessary to restore load-bearing capability to the Load-Bearing Components of the Home and to repair those elements of the Home damaged by the Major Structural Defect which make the Home unsafe, unsanitary or otherwise uninhabitable.

In each instance, Our warranty coverage under this program is subject to the following:

a. The decision of whether to repair or replace a defective item, or, at our option, to pay You the reasonable cost of repair or replacement, is solely Ours.

b. **TO THE FULLEST EXTENT PERMITTED BY LAW, OUR TOTAL LIABILITY FOR ALL CLAIMS MADE DURING THE TERM OF THIS LIMITED WARRANTY AGREEMENT SHALL NOT EXCEED THE ORIGINAL SALE PRICE OF THE HOME.**

c. No actions taken to cure defects will extend the periods of coverage specified in this Agreement or be an admission of liability for any claim not covered by this Warranty.

d. Before We repair or replace a defective item, We may, subject to applicable law, require that You acknowledge in writing Your agreement to the proposed repair or replacement and deliver to Us an agreement to release Us with respect to the defect and any conditions arising from the defect once the repair or replacement is completed by Us. The repair of a covered Home will be to a condition approximating the condition just prior to the manifestation of the defect. **Repaired areas or replaced items will be finished and/or touched up to match the surrounding area as closely as reasonably possible. Finish material, such as paint, wallpaper, flooring, ceramic tile, grout, stone, brick, marble, countertops, cabinets or other hard surfaces, such as concrete, asphalt, or cementitious finishes will be matched to the original specification as closely as reasonably possible. We are not responsible for discontinued patterns, or color or texture variations upon repair or replacement.** The repairs or replacement item will continue to be covered by this warranty for the remainder of the warranty period.

e. If You agree to accept payment for the reasonable cost of repairs or replacement of a defective item instead of replacing or repairing the item, then prior to such payment, You must sign and deliver to Us a full and unconditional release, in recordable form, of all legal obligations with respect to the defect, any condition arising from the defect and any repair or replacement of the defective item. Any payment will be made jointly to You and Your mortgagee However, We may ask that Your mortgagee join in the release. A mortgagee and any subsequent Home Owner shall be completely bound by any release executed by You.

f. If We repair or replace a defective item, or, at our option, pay You the reasonable cost of the repair or replacement of any defective item covered by this Agreement, We will be subrogated to all of your rights of recovery therefor against any person or entity. You agree to execute and deliver any papers and

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to take any actions necessary to secure such rights, including, but not limited to, assignment of the proceeds of any other insurance or warranties to Us. You shall do nothing to prejudice such rights of subrogation.

g. If a claim under this Agreement involves a common element in a condominium, the claim may be made only by an authorized representative of the Condominium Association. However, if We retain a voting interest in the Association of more than 50%, the claim may be made by unit owners representing 10% of the voting interests in the Association.

h. If a claim under this Agreement involves a common element affecting multiple units, and all affected units are not warranted by this **Your New Home Warranty Program,** CN's liability will be limited to only those units insured by CN. CN's limit of liability will be prorated based upon the number of units insured by CN.

4. CN'S RESPONSIBILITY

In the ten-year term, if Your Builder does not fulfill its obligations under this Agreement, CN will be responsible for Your Builder's obligations.

5. HOW TO MAKE A WARRANTY CLAIM; DISPUTE SETTLEMENT -- PLEASE REFER TO "HOW TO MAKE A WARRANTY CLAIM" ATTACHED AS ADDENDUM E5 FOR A SUMMARY OF THIS SECTION.

a. NOTICE TO BUILDER OF WARRANTED ITEM
If you have a defect that you believe is covered by this Agreement, you should contact Your Builder's local office. Your Builder's local division office address is at the beginning of this warranty. Even if You report a defect orally, You must also give written notice. When submitting written notice to Your Builder, clearly describe the defect. Use the form entitled "Warranty Request Form" in the back of this booklet. You must notify Your Builder in writing no later than the expiration of the applicable warranty period.

b. INITIAL INSPECTION PERIOD
We will investigate, inspect and report to You within 30 days of receipt of a request for warranty service. If We agree that the defect is covered by the warranty, We will advise You whether We will repair, replace or pay the reasonable cost of repairing or replacing the defective item. We will have 60 days from the inspection date to complete repairs or replacement or, at our option, to pay You. The time may be extended to allow for seasonal inability to complete work.

c. MEDIATION
After We complete repairs or replacement, if You believe that Our repair work is unsatisfactory, You will have 30 days to file a written request for mediation with CN. Use the form entitled "Request for Mediation" in the back of this booklet. In no event may You request mediation later than 120 days after Your initial written notice was given to Us or 30 days after the date of completion of repairs or replacement, whichever is later.

You may also request mediation if You have a problem that you believe is covered by this Agreement and Our local office advises You that it does not believe We have any obligation to You.

Your written request should be given to CN as Claims Administrator at 100 Bank Street, Suite 610, P.O. Box 530, Burlington, Vermont 05402-0530, ATTN - Claims Department. The notice should describe each defect in reasonable detail

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and should be forwarded by Certified Mail, Return Receipt Requested. Written notice may include any item which is unresolved between You and Our local office.

During the first 30 days following the Claims Administrator's receipt of a proper request for mediation, the Claims Administrator will review and mediate the claim by communicating with You and any other individuals or entities whom the Claims Administrator believes possess relevant information. The Claims Administrator may engage an independent claims adjuster to assist in the mediation process as the Claims Administrator deems necessary. The Claims Administrator may refer the claim to an independent mediation association to mediate the claim. The cost of the independent mediator shall be paid by Your Builder. If the Claims Administrator believes that You and Your Builder are at an impasse, then the Claims Administrator will notify You that Your claim is an "unresolved dispute." If no resolution is achieved within thirty (30) days following the Claims Administrator's receipt of a proper request for mediation, or such longer period of time as the parties may agree, then the Claims Administrator will notify the parties that the claim is an "unresolved dispute."

The Claims Administrator, at any time following the receipt of proper notice of Your claim, may schedule an inspection of the defect. You must provide the Claims Administrator reasonable access for any such inspection as discussed in sub-paragraph (i.) below.

d. COOPERATION

You and the Builder have an obligation to cooperate with the Claims Administrator's inspection and investigation of Your claim. From time to time, the Claims Administrator may request information from You or the Builder regarding Your claim. If You fail to respond to a request for information within 30 days of the request, Your claim file will be closed. If Your Builder fails to respond to a request for information within 30 days of the request, Your claim will be deemed an "unresolved dispute" and You should refer the matter to CN. If CN fails to resolve the matter, You shall have the rights set forth in e. below.

e. BINDING ARBITRATION PURSUANT TO THE FEDERAL ARBITRATION ACT

Any "unresolved dispute" that You may have with Us shall be submitted to binding arbitration governed by the procedures of the Federal Arbitration Act, 9 U.S.C. 1 et. seq. Copies of this Act are available from the Claims Administrator. You commence the arbitration process by giving the Claims Administrator written notice of Your demand for Arbitration of an unresolved dispute on the form entitled "Request for Arbitration" in the back of this booklet. The dispute will be submitted to an independent arbitration service that is agreeable to the Claims Administrator within twenty (20) days after the Claims Administrator's receipt of Your Request for Arbitration. The person selected from the arbitration service is called the Arbitrator. If You submit a Request for Arbitration, You must pay the Arbitrator's filing fee prior to the matter being referred to the Arbitrator except in any state or municipal jurisdiction that provides that no portion of the fees shall be payable by the Home Owner. The Arbitration will be conducted in accordance with the Arbitrator's rules and regulations relating to home warranties to the extent that they are not in conflict with the Federal Arbitration Act or this Agreement.

f. UNRESOLVED DISPUTE

The term "unresolved dispute" means all claims, demands, disputes, controversies, and differences that may arise between You and Your Builder, including without limitation, disputes: (1) as to events, representations, or omissions which pre-date this Agreement; (2) arising out of this Agreement or

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other action performed or to be performed by Your Builder pursuant to this Agreement; (3) as to repairs or warranty claims arising during the term of this Agreement; or (4) as to repairs or replacements made or the reasonableness of costs offered for any defect covered by this Agreement which have not been resolved during the mediation period.

g. EFFECT OF ARBITRATOR'S DECISION
Either party may, within one year after an arbitration award, apply to the U.S. District Court in which the Home is situated, to confirm the award. Filing a written Request for Arbitration will toll the running of any applicable statute of limitations for the matter to be arbitrated. THE DECISION OF THE ARBITRATOR SHALL BE FINAL AND BINDING UPON ALL PARTIES EXCEPT AS PROVIDED IN SECTION G OF THE HUD/VA ADDENDUM.

h. COMPLIANCE
We will have 60 days after the Arbitrator's decision to comply with the Arbitrator's decision, subject to any seasonal repairs or items that would reasonably take more than 60 days to complete. We will complete such repairs or replacement with diligence but without the necessity of incurring overtime or weekend expenses.

i. RIGHT OF ACCESS
You must provide reasonable weekday access during normal business hours in order for Us to perform Our obligations. If You fail to provide such access to Us, it may relieve Us of Our obligations under this Agreement.

6. GENERAL TERMS AND CONDITIONS AFFECTING THIS AGREEMENT

The following terms and conditions of general applicability will govern the interpretation and operation of this Agreement:

a. Your Builder will assign to You all manufacturers' warranties on products included in the sales price of Your Home.

b. All notices required under this Agreement must be in writing and sent by certified mail, postage prepaid:

1. If to the Home Owner – to the address of the Home

2. If to Your Builder -- to the local office of the Builder, Attn: Division President. The address of the local office of Your Builder is on the cover letter to this warranty document.

IF THERE IS NO LOCAL OFFICE, TO:
CALATLANTIC HOMES
15360 BARRANCA PARKWAY, IRVINE, CA 92618-2215
TELEPHONE NO. 1-949-789-1600

3. **IF TO COLUMBIA NATIONAL RISK RETENTION GROUP, INC.**
100 BANK STREET, SUITE 610, P.O. BOX 530
BURLINGTON, VERMONT 05402-0530, ATTN: CLAIMS DEPARTMENT
TELEPHONE NO. 1-888-379-9171

c. Should any provision of this Agreement be determined by a court of competent jurisdiction to be unenforceable, that determination will not affect the validity of the remaining provisions.

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d. This Agreement is binding on the Builder and the Home Owner and their respective heirs, executors, administrators, successors and assigns. Subsequent purchasers of the Home after the original Home Owner should notify the Builder and CN in writing of transfer of title. Failure to notify the Builder or CN will not affect the warranty. The protection provided under the Limited Warranty Program automatically transfers to subsequent purchasers for the ten-year term of this Agreement, subject to its terms.

e. This Agreement shall be interpreted and enforced in accordance with the laws of the state in which the Home is located.

f. This Agreement cannot be modified, altered or amended in any way except by a written instrument signed by all of the parties hereto.

g. If performance by the Builder of its obligations under this Agreement is delayed by an event not resulting from its own conduct, Builder's performance will be excused until the delaying effects of the event are remedied. Such events include acts of God or the common enemy, war, riot, civil commotion or sovereign conduct, or acts or omissions by the Home Owner or any other person, not a party to this Agreement.

h. If CN is required to fulfill any of the Builder's obligations under this Agreement, the rights of the Builder are assigned to CN.

i. If the performance by the Builder or CN of its obligations under this Agreement is prevented or delayed by acts or omissions by the Home Owner, then the Builder or CN, whichever is applicable, is relieved of its obligations under this Agreement.

SECTION C. PERFORMANCE STANDARDS

1. PURPOSE OF THE STANDARDS

This section describes the standards by which We will determine whether Your Home has a defect that is covered by this Agreement and whether Your Builder has an obligation to correct the defect. Your Home is constructed in accordance with specifications that comply with the requirements of applicable building codes in effect at the time of construction. If specific standards and obligations are not set forth in this Section C, then the applicable building code in effect at the time of construction of the Home will be used to determine whether Your Builder has an obligation to correct the defect. If neither the standards nor the building code addresses the issue, then the manufacturer's recommended installation procedures shall govern. If none of the previous is applicable, the standard shall be the accepted industry practice for workmanship and materials.

2. HOME OWNER'S RESPONSIBILITY

This warranty coverage is conditioned upon Your proper maintenance of the Home, the Condominium Association's proper maintenance of common elements (if applicable) and Your maintenance of the surrounding property to prevent damage. Your Home Owner's Manual gives You detailed instructions on how to maintain Your Home. Wherever You see an *, please refer to details in the Homeowner's Manual.

3. PERFORMANCE STANDARDS RELATING TO SPECIFIC PROBLEMS – YEAR ONE ONLY

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ISSUE	COMMENTS	OWNER'S OBLIGATIONS (Performance Standard)
	a. MASONRY AND CONCRETE	**COVERAGE: YEAR ONE ONLY**
1. Cracks in Concrete Foundation Wall	Shrinkage or settlement cracks are common and should be expected within certain tolerances.	We will repair any cracks greater than 1/8 inch in width.
2. Cracks in block or veneer walls	Settlement cracks are not unusual and can be expected within certain tolerances.	We will repair any cracks greater than 1/4 inch in width.
3. Cracks in concrete floor slab	Shrinkage (hairline) cracks are common and should be expected within certain tolerances.	We will repair any cracks greater than 1/4 inch in width or vertical displacement in conditioned space.

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ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
4. Vertical or horizontal movement of concrete floor slabs at joints	Concrete floor slabs are engineered to move at expansion joints and control joints.	None.
5. Uneven concrete floors in rooms designed for living	Slopes purposefully created for drainage are not covered.	We will correct any unevenness that exceeds 1/4 inch in a 32-inch measurement.
6. Cracks in concrete floors in rooms designed for living	Cracks should not cause finished floor coverings to rupture.	We will replace cracked tiles, bricks, marble, or stone flooring, one time during the first year. Hollow tiles occasionally occur and will be replaced according to the Tile Council of America's recommendation.
7. Powdering, scaling or pitting of interior concrete (aggregate showing or loose)	Interior concrete surfaces should not disintegrate. Minor scaling is not controllable. Exterior surfaces are not warranted.	We will repair if the deterioration occurs under normal use and conditions. Normal conditions do not include the presence or use of salt or other chemicals. ***See Your Homeowner's Manual for preventive maintenance.**
8. Vertical or horizontal separation of stoops away from the house or driveways or sidewalks from adjoining slab or apron due to settling or heaving (exclusive of expansion joints)	Minor separation is normal.	We will repair separation of adjoining assemblies that exceed 1 inch
9. Cracks in exterior concrete (porches, steps, stoops, driveways, patios and sidewalks)		We will correct any crack that exceeds 1/4 inch in width or 1/4 inch in vertical displacement.
	b. LOT GRADING AND DRAINAGE	**COVERAGE: YEAR ONE ONLY**
1. Ground settles around foundation, utility trenches, or other filled areas	Ground settlement should not disrupt water drainage away from the house. You can expect some settlement around the foundation at utility trenches and other filled areas.	If We have provided final grading, upon Your request, We will fill settled areas affecting proper drainage in excess of 6 inches, one time only during the warranty period. *** You are responsible for the removal and replacement of landscaping.**
2. Improper grades and swales that cause standing water and affect the drainage in an area that	After normal rainfall, water should not stand in yard for more than 24 hours nor 48 hours in swales. No decision regarding coverage will	We will establish the proper grades and swales to eliminate excess standing water. *** After closing, You must maintain proper**

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may affect the foundation	be made while frost or snow or saturation exist on the ground.	**grades and swales**.

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ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
c. FOUNDATION MOISTURE AND LEAKS		**COVERAGE: YEAR ONE ONLY**
1. Water leaks into basement	This should not happen.	We will correct actual flow and accumulation of water in the basement so long as it is not caused by improper landscaping maintenance or Home Owner neglect. *Note: Dampness on the basement wall or floor due to condensation of water vapors on cool walls and floor are not Our responsibility.* *** See Your Homeowner's Manual for details.**
2. Ventilation of crawl spaces		We will correct to meet applicable building code at time of construction.
d. CARPENTRY (ROUGH-IN)		
1. Walls that bulge, bow or are out-of-plumb	All interior and exterior framed walls have minor differences.	We will correct walls that bulge or bow in excess of 1/4 inch within a 32-inch measurement (floor to ceiling or wall to wall) and walls that are out of plumb in excess of 3/4 inch within a vertical measurement of eight feet.
2. Floors squeak or subfloor appears loose	Floor squeaks and loose subfloor are often temporary conditions common to new home construction, and a squeak-proof floor cannot be guaranteed.	We will correct the problem, one time, if caused by faulty construction within reasonable repair capability. Where a finished ceiling exists under the floor, the corrective work may be attempted from the floor side. Where necessary, We may remove the floor finish materials to make the repair and reinstall or replace the floor covering, if damaged.
3. Uneven wood floors	Floors should be even within certain tolerances.	We will correct if high or low areas exceed l/4 inch within a 32-inch distance, measuring perpendicular to the high or low area or if floor slopes exceed 1/240 of the width or length within a room, measured in the direction of the slope.

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ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
	e. ROOFING	**COVERAGE: YEAR ONE ONLY**
1. Roof Leaking	The roof should not leak. The area around flashing should not leak. However, leaks may occur if snow and ice are allowed to build up or there are wind driven rains	We will repair all roof and flashing leaks not caused by snow and ice buildup; wind driven rains or other neglect by the Home Owner. *** Prevention of snow and ice buildup is Your responsibility.**
2. Leaks in gutters and downspout leaders	Gutters and leaders should not leak. However, during heavy rains, overflow could occur.	We will repair leaks not caused by Your neglect. *** You are responsible for keeping the gutters and leaders open and free from debris.**
3. Leakage of elements through attic louvers and vents, including ridge and soffit vents	This is not a defect; vents and louvers must be provided for proper ventilation of attics.	Even if vents are properly installed, wind driven snow and rain may enter. We will install vents in accordance with manufacturer's installation requirements and applicable building codes.
	f. SIDING	**COVERAGE: YEAR ONE ONLY**
1. Exterior Trim	Under normal weather conditions, siding and trim should be capable of excluding the elements.	We will correct any separation at joints, exterior trim, or between trim and surfaces of siding and trim that exceeds 1/4 inch.
2. Wall leaks	Walls may leak due to shrinkage of caulking.	We will recaulk one time only all junctions and separations of affected wall surfaces to prevent further water leakage. *** Caulking replacement is a Home Owner's maintenance item.**
3. Exterior joint separation of siding, delamination of veneer siding or loose siding	Siding should not be loose or separate or delaminate unless You have failed to maintain properly. ***See Your Homeowner's Manual for details.**	We will correct if failure is due to installation not in accordance with manufacturer's recommendations and so long as the problem is not due to Your failure to maintain.
4. Paint or stain peels	Exterior paints and stains should not peel or deteriorate during the first year of warranty coverage. However, some fading is normal and is caused by weathering. Varnish and lacquer are not covered by this warranty.	We will correct if paint or stain peels.
5. Mildew and fungus	Mildew and fungus on siding are	*** This is a Home Owner's**

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caused by climactic conditions or nearby bodies of water, and are not covered by this warranty.

maintenance item.

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ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
6. Cracks in cementitious finish	Cracks in cementitious finishes are common and should be expected within certain tolerances.	We will repair cracks in excess of 1/8 inch in width one time.
7.Melted siding and vinyl distortion	Melted or distorted siding as a result of sunlight reflection from Lowe window glass.	On a one-time basis We will replace the affected siding and install material or other products, to block the path of sunlight, either to the window or between the window and the affected siding to reduce the problem. This includes the strategic placement of trees, bushes, or other landscaping elements and/or the use of sunshades over windows, at our discretion.
	g. CHIMNEYS AND FIREPLACES	**COVERAGE: YEAR ONE ONLY**
1. Not enough draw, or down draft	High winds can cause down drafts. Some homes are extremely air-tight, and You may need to open a window in order to maintain an effective draft.	We will correct the problem if it is caused by improper construction or design.
2. Chimney separated from home	Some minor separation is normal and should be expected within certain tolerances.	We will correct separation in excess of 1/2 inch in any 10-foot measurement.
3. Cracking of firebrick	Heat will cause some cracking. Cracks in firebrick are not warranted.	None.
4. Fireplace brick veneer cracking	Some cracking should be expected within certain tolerances.	We will repair cracks in brick veneer greater than 1/4 inch in width
5. Creosote or resin build up or creosote seepage through chimney	Creosote and resin buildup are not warranted.	None. *** Chimney flues should be cleaned regularly.**
6. Water infiltration into the firebox	Some water infiltration can be expected under certain weather conditions, such as during wind driven rains and snow. This is not covered by this warranty.	None.

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ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
	h. WINDOWS AND DOORS	**COVERAGE: YEAR ONE ONLY**
1. Doors warp	Some warping, cupping, bowing or twisting, especially of exterior doors, is normal and is caused by surface temperature and humidity changes.	We will repair or replace defective doors whose warp, bow, cup or twist exceeds 1/4 inch.
2. Door panel shrinks	Expansion and contraction is normal and may cause unfinished surfaces to appear. This is not warranted.	None.
3. Door panel splits	Light should not be visible through split.	We will correct a split panel if light is visible through the split
4. Glass breakage	This is not covered by your warranty. You should inspect your property and bring any glass breakage to Our attention prior to occupancy.	None.
5. Garage door malfunctions	Following proper installation, maintenance is Your responsibility.	The warranty is voided if homeowner installs a garage door opener. We will correct if the malfunction is not due to improper maintenance.
6. Rain or snow enters through garage door	Some entrance of the elements can be expected under certain weather conditions.	We will install the door to meet the manufacturer's specifications. We will correct if problem is due to improper installation or manufacture.
7. Windows do not operate	Reasonable pressure should open and close windows.	We will correct if windows do not properly operate according to manufacturer's specifications.
8. Drafts around windows and doors		We will correct defective weather-stripping and improperly fitted windows and doors. *** Adjustments to thresholds and caulking are considered routine maintenance and are Your responsibility.**
9. Door and window adjustment	Door and window adjustment may be necessary throughout the year and is considered a Home Owner maintenance item.	Gaps in window and doors due to temperature changes are not covered by this warranty.
10. Condensation and frost on windows	Condensation or frost on windows is caused by temperature	None.

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differences between the interior and the exterior of the home, as well as the personal living habits of the occupants. These conditions are beyond Our control and are not covered by this warranty.

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ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
11. Water infiltration around doors and windows	No water should pass beyond the interior face of the unit or flow into the wall area or the room in wind speeds under 54 miles per hour. All caulking materials expand and contract due to temperature variations and dissimilar materials.	We will correct the situation. *** Adjustment to weather-stripping is Your responsibility.**
12. Screen panels	The screen panels should fit properly. The function of screen panels is to deter insects from entering the Home; they are not safety grids for children.	We will correct improperly fitted screen panels. *** Rips, holes and gouges are Home Owner's responsibility.**
	i. INTERIOR WALLS AND TRIM	**COVERAGE: YEAR ONE ONLY**
1. Trim	Some separations at joints in moldings and between moldings and adjacent surfaces are normal and should be expected within certain tolerances.	We will correct separation of moldings and adjacent surfaces in excess of 1/4 inch; We will correct miter joint separations in excess of 1/8 inch.
2. Wall or ceiling cracks	Hairline cracks and seam or tape cracks are normal and should be expected within certain tolerances.	We will repair cracks exceeding 1/8 inch in width one time during the warranty period. It will be the homeowner's responsibility to sand and repaint the affected area.
3. Nail pops	Nail pops are to be expected, and, except as provided below, are not covered by this warranty. Nail pops that are readily visible from a distance of 6 feet under normal lighting conditions are unacceptable.	We will correct nail pops one time only. It will be the homeowner's responsibility to sand and repaint the affected area.
4.Cracking of ceramic tile; grout joints	Cracks appear in tile or grouting of ceramic tile joints or at junctions to other material such as bathtub, countertop and/or flooring transition.	We will replace cracked tiles one time , during the one year warranty period. We will repair cracking of grout joints or junction joints one time , during the one year warranty period.
5.Wallpaper or covering begins to peel		We will correct Builder-installed wallpaper that peels.
	j. FLOORING AND COVERING	**COVERAGE: YEAR ONE ONLY**
1. Separation between finished floor boards		We will correct separations in excess of 1/8 inch.
2. Nails popping through resilient flooring		We will repair nail pops that have broken through floor covering.

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3.	Imperfections causing ridges or depressions in resilient flooring	We will correct ridges or indentations exceeding 1/8 inch.

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ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
4. Cracking of ceramic tile; grout joints		We will replace cracked tiles one time, during the one year warranty period. We will repair cracking of grout joints one time, during the one year warranty period
5. Floor covering becomes loose or bubbles		We will repair or replace the affected area
6. Gaps in seams of resilient coverings		We will correct gaps and separations in seams in excess of 1/16 inch. * **If You install the flooring and covering, sub-floor preparation is Your responsibility. If sub-floor repairs are to be made where You installed floor covering, the removal and replacement of the floor covering is Your responsibility.**
7. Gaps in carpet seams	Gaps at seams should not be apparent. Observable seams in carpet are normal. Carpet should perform in accordance with manufacturer's specifications.	We will correct apparent gaps at seams.
	k. CABINETS AND COUNTER TOPS	**COVERAGE: YEAR ONE ONLY**
1. Counter and vanity tops	Cracks, chips, scratches and color variations not reported to Us prior to occupancy will not be covered by this warranty. Counter and vanity top material should not delaminate.	We will repair or replace delaminated counter and vanity tops.
2. Cabinet doors or drawers	Some warping, cupping, bowing or twisting is normal and caused by surface temperature and humidity changes.	We will correct warpage in excess of 1/4 inch measured diagonally from corner to corner on the face of the cabinet
3. Cabinet separates from wall or ceiling	Some separation is common and could be experienced within certain tolerances.	We will correct separation in excess of 1/4 inch.
	l. COOLING AND HEATING	**COVERAGE: YEAR ONE ONLY**
1. Insufficient heating	Heating system should be capable of maintaining an inside temperature of 70 degrees F. as measured in the center of each room at a height of 5 feet above the floor, under local outdoor winter design conditions as specified in the ASHRAE Handbook: Fundamentals.	We will correct the heating system to provide the required temperatures.

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Federal, state or local energy codes supersede ASHRAE standards where such codes have been locally adopted.

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	ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
2.	Insufficient cooling	Where applicable, the cooling system should be able to maintain a temperature of 78 degrees (measured 5 feet above the center of the floor) under local outdoor summer ASHRAE specifications. In the case of outdoor temperature exceeding 95 degrees Fahrenheit, a 15 degree difference is acceptable. Homeowner is responsible for minor adjustments such as balancing dampers and registers. Federal, state or local energy codes shall supersede this standard where such codes have been adopted.	We will correct the cooling system to meet applicable codes at the time of construction.
3.	Ductwork noisy	When metal ducts heat and cool, some noise will result. Very loud noise known as oil canning is not acceptable.	We will correct the oil canning noise only.
		m. PLUMBING	**COVERAGE: YEAR ONE ONLY**
1.	Pipes burst	*** You are responsible for maintaining suitable temperatures in the Home to prevent pipes from freezing. Proper winterization, including draining water supply lines connected to outside faucets, is a Home Owner's maintenance item.**	We will correct burst pipes if the problem is caused by defective workmanship, materials or design.
2.	Leaks or malfunctions in plumbing fixtures, appliances and trim fittings		We will correct leaks or malfunction in pipes, faucet valves, appliances and trim fittings caused by defects in materials or workmanship.
3.	Noisy pipes	Expansion and contraction caused by water flow could cause some noise.	We will correct loud, hammering noises in pipes.
4.	Cracks or chips in porcelain or fiberglass	You should inspect these items before taking occupancy and report them to Us prior to occupancy.	We will be responsible for these items only if reported prior to occupancy.
		n. ELECTRICAL	**COVERAGE: YEAR ONE ONLY**
1.	Outlets, switches or fixtures fail		We will correct defective outlets, switches and fixtures.
2.	Consistently blown	Ground-fault Circuit-interrupters	We will correct defects caused by

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fuses or circuit breakers kicking off	(GFCI's) are designed to kick off as necessary for safety reasons. This is not considered a defect. We do not recommend plugging a refrigerator or freezer into GFCI outlets.	improper workmanship and materials. We are not responsible if caused by the Home Owner overloading the system.

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ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
o. ASPHALT SURFACES/DRIVEWAYS		
1. Cracks in asphalt driveway		We will repair longitudinal or transverse cracks greater than 1/8" in width or vertical displacement within the warranty period using a material designed to fill cracks * See Your Homeowner's Manual for asphalt maintenance guidelines.
2. Standing water on asphalt driveway	Standing water greater than 3/8 inch in depth will not remain on the surface 24-hours after a rain event.	We will repair affected area. * See Your Homeowner's Manual for asphalt maintenance guidelines.

4. PERFORMANCE STANDARDS APPLICABLE TO SPECIFIC PROBLEMS – THROUGH YEAR TWO

ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
a. COOLING AND HEATING		**COVERAGE: THROUGH YEAR TWO**
1. Ductwork separates	Ductwork shall remain intact and secure.	We will re-attach and re-secure.
2. Refrigerant lines leak	Refrigerant lines damaged by homeowner are not covered by this warranty.	We will repair leaking lines and re-charge the unit if due to faulty installation.
b. PLUMBING		**COVERAGE: THROUGH YEAR TWO**
1. Water supply system fails	On-site connections to water main or private water supply are Our responsibility.	We will correct if failure is the result of faulty workmanship or materials.
2. Sewage system fails to operate properly	**We will not be responsible for sewers, fixtures and drains which are clogged through Home Owner negligence.**	We will correct if failure is caused by inadequate design or faulty installation as determined by local code requirements in effect at the time of construction.
3. Pipe leaks	**Condensation on pipes is normal and is not covered by this warranty. Burst pipes due to freezing are a Home Owner responsibility.**	We will correct leaks within the pipe only. Leaks in faucets, valves, joints and fittings are the Home Owner's responsibility.
c. ELECTRICAL		**COVERAGE: THROUGH YEAR TWO**
1. Wiring fails to carry		We will correct wiring not

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specified load

conforming to code specifications if caused by a defect in workmanship or materials.

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5. STANDARDS APPLICABLE DURING YEARS ONE THROUGH TEN

ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
	a. MAJOR STRUCTURAL DEFECTS	**COVERAGE: YEARS ONE THROUGH TEN**
1. Major Structural Defects as set forth in Section B.1.(d) of this Limited Warranty and defined in Section A.11		We will correct a defective Major Structural Defect by taking such actions as are necessary to restore the load-bearing capability of the Load-Bearing Component(s) and will correct any items of the Home damaged by the Major Structural Defect.

SECTION D. EXCLUSIONS

Notwithstanding anything to the contrary, the following are not covered under this Agreement:

1. Any claim reported after an unreasonable delay or not reported as required by this Agreement.

2. Any loss or defect that arises while the Home is used primarily for nonresidential purposes.

3. Loss or damage caused by soil movement, including subsidence, expansion or lateral movement of the soil which is covered by any other insurance or for which compensation is granted by legislation.

4. Normal wear and tear or normal deterioration.

5. Any deficiencies or damage caused by material or work supplied by anyone other than Your Builder or its employees, agents, or subcontractors.

6. Damages or losses not caused by a defect in construction of the Home by Your Builder or its employees, agents, or subcontractors, such as damages or losses resulting from acts or omissions of the Home Owner, his agents, employees, licensees, invitees; accidents; vandalism; riots; civil commotion; nuclear hazards; acts of God or nature; fire; explosion; blasting; smoke; water escape; windstorms; tropical storms; hail; hurricanes; wind driven rain; avalanches; tornados; lightning; falling trees or other objects; aircraft; vehicles; flood; mud slides; sinkholes; faults; crevices; earthquake including land shock waves or tremors before, during or after a volcanic eruption or other external cause; insects, birds, vermin, rodents, or wild or domestic animals.

7. **LOSS OR DAMAGE RESULTING FROM HOME OWNER'S FAILURE TO PERFORM ROUTINE MAINTENANCE.**

8. 8. Loss or damage resulting from, caused by, contributed to or aggravated by the Home Owner's failure to minimize or prevent such loss or damage in a timely manner, such as, for example, failure to notify the Builder within a reasonable amount of time.

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9. Loss or damage to real property, such as land, fence, retaining walls, pergolas, and flatwork, which is not part of the Home.

10. Loss or damage resulting from, caused by, contributed to or aggravated by, changes in the grading of the property surrounding the Home by anyone except the Builder or its employees, agents or subcontractors, or changes in the grading or drainage resulting from erosion or subsidence.

11. Loss or damage resulting from, caused by, contributed to or aggravated by, modifications or additions to the Home, or property under or around the Home, made after the Effective Date (other than changes made in order to meet the obligations of this Agreement).

12. Loss or damage resulting from, caused by, contributed to or aggravated by dampness, condensation or heat build-up caused by the failure of the Home Owner to maintain proper ventilation.

13. Any defect, damage, or loss resulting from, caused by, contributed to or aggravated by anyone other than the Builder or its agents, employees, or subcontractors to comply with the manufacturers' warranty requirements concerning appliances, fixtures or items of equipment.

14. Loss or damage resulting from, caused by, contributed to or aggravated by, neglect, abnormal use, negligent or improper maintenance or operation of the Home and its systems or the common elements of a condominium by anyone other than the Builder or its employees, agents, or subcontractors.

15. Loss or damage resulting from, contributed to or aggravated by a condition not resulting in actual physical damage to the Home. This includes uninhabitability or health risk due to the presence or consequences of such things as insects, organic compound vapors, radon, formaldehyde, mold, other potentially carcinogenic substances, or other pollutants; contaminants; or hazardous or toxic materials.

16. Loss or damage caused directly or indirectly by flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these (whether or not driven by wind), water which backs up from sewers or drains originating off the property, changes in the water table which were not reasonably foreseeable, 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.

17. Any loss or damage resulting from loading on floors which exceeds design load, such as a waterbed or any other furnishings excessive in weight for which the Home was not designed.

18. Loss or damage to sod, shrubs, plants or trees that were planted as part of the contract. Following settlement, proper lawn and landscaping care, to include watering, are the homeowner's responsibility. * See Your Homeowner's Manual for landscaping maintenance guidelines.

19. Any defect that does not result in actual physical damage or loss to the Home, such as items that are purely cosmetic.

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20. Consequential damages, including but not limited to, (a) costs of shelter, transportation, food, moving, storage, and lost wages or (b) other incidental expenses related to relocation during repairs.

21. Violations of applicable building codes or ordinances that do not result in a defect otherwise covered under this warranty.

22. After the first year of the warranty, loss or damage occurring in concrete floors of basements and attached garages and chimneys that are constructed separate from foundation walls or other structural elements of the Home.

23. Loss or damage to off-site improvements.

24. Failure of the Builder to complete construction of the Home or any part of the Home before the Effective Date or damages arising from such failure.

SECTION E. ADDENDA AND APPENDIX

E.1 HUD/VA ADDENDUM (Applicable to FHA/VA Financed Homes Only)

A. The following language is substituted: SECTION A.3. Effective Date. 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 the first Home Owner's Mortgage on the Home.

B. In SECTION A.10(i) (Load-Bearing) "roof framing members" shall include roof sheathing and "floor framing members" shall include basement slabs in homes constructed in the State of Colorado on expansive or collapsible soils; and in SECTION A.10(vi) examples of Non-Load-Bearing Components shall not include roof sheathing.

C. SECTION B.I.b. Coverage During Year One. The following language is added: Notwithstanding anything to the contrary herein contained, during the first year of coverage, the Builder will correct problems with, or restore the reliable function of, appliances and equipment damaged during installation or improperly installed by the Builder.

D. SECTION B.Ed. Coverage During Years One Through Ten. We warrant for a period of ten years that Your Home is protected against loss resulting from Major Structural Defects (as defined in Section A of this Agreement), except that coverage for defects in basement slabs built on expansive or collapsible soils in Colorado shall be covered from the first through fourth years only.

E. The following is added to SECTION B.3.e.: Where a covered defect is determined to exist and where either the Builder or CN elects to pay the reasonable cost of repair or replacement in lieu of effectuating such repair or replacement, the cash offer must be in writing and the Home Owner will be given ten (10) business days 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 the Builder or CN, as appropriate) unless:

(i) 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 the Home Owner pursuant to such bid;
(ii) Payment is being made in settlement of legal action; or
(iii) The Home Owner is represented by legal counsel.

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When CN elects to pay the reasonable cost of repair in lieu of effectuating a repair or replacement, the payment will be made jointly to the Home Owner and the mortgagee. Endorsement of the check by the mortgagee will signify its acceptance of the settlement offer.

F. The following sentence is substituted for the 4th sentence in the 4th paragraph of SECTION B.5.c: and SECTION E.5. E: The Builder shall pay the cost of the mediation.

G. THE FOLLOWING LANGUAGE IS SUBSTITUTED FOR THE FIRST SENTENCE OF SECTION B.5.E: ANY "UNRESOLVED DISPUTE" (DEFINED BELOW) THAT YOU MAY HAVE WITH THE BUILDER YOU MAY SUBMIT TO BINDING ARBITRATION GOVERNED BY THE PROCEDURES OF THE FEDERAL ARBITRATION ACT, 9 U.S.C. I ET SEQ., OR YOU MAY FILE SUIT IN A COURT OF PROPER JURISDICTION.

H. Notwithstanding anything otherwise contained in the warranty document, repair of a Major Structural Defect is limited to (1) repair of damage to designated load bearing portions of the Home which is necessary to restore their load-bearing ability; (2) repair of those Non-Load-Bearing Components damaged by the Major Structural Defect (MSD), which make the Home unsafe, unsanitary or otherwise unlivable; and (3) repair and cosmetic construction of only those surfaces, finishes and coverings, original to the Home, damaged by the MSD or which require removal and replacement (a) attendant to repair of the MSD or (b) in order to repair other damage directly attributable to the MSD.

I. SECTION C.3.b.i. The Year One Coverage is as follows: We will fill settled areas affecting proper drainage. **You are responsible for the removal and replacement of landscaping.**

E.2 STATE OF INDIANA ADDENDUM -- RIDER AMENDMENTS

Notwithstanding anything contained in the attached printed form of **Your New Home Warranty Program,** the warranty shall include the following protection:

A. **SECTION A.3.** is revised to read as follows: "Effective Date" means the date of the first occupancy of the new home as a residence by the initial homebuyer.

B. **SECTION A.11.** is revised to read as follows: "Major Structural Defect" means actual damage to the load-bearing part of a new home including actual damage due to subsidence, expansion, or lateral movement of the soil affecting the load-bearing function unless the subsidence, expansion, or lateral movement of the soil is caused by flood, earthquake, or some other natural disaster.

C. **SECTION B.1. PROTECTION PROVIDED** is amended to read as follows:

Your New Home Warranty Program provides you with the following protection:

(a.) During the two-year (2) period beginning on the Effective Date, the Home will be free from defects caused by faulty workmanship or defective materials.

(b.) During the two-year (2) period beginning on the Effective Date, the Home will be free from defects caused by installation of plumbing, electrical, heating, cooling, or ventilating systems, exclusive of fixtures, appliances, or items of equipment.

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(c.) During the four-year (4) period beginning on the Effective Date, the Home will be free from defects caused by faulty workmanship or defective materials in the roof or roof systems of the Home.

(d). During the ten-year (10) period beginning on the Effective Date, the Home will be free from Major Structural Defects.

E.3 MARYLAND ADDENDUM

You should contact the New Home Warranty Security Plan at 1-888-379-9171, personally, to verify the existence of your warranty. Further, you should report any warranty problems, which are not promptly resolved by the Builder, to the New Home Warranty Security Plan.

SECTION B.1.C. shall be amended to read as follows:

Coverage During Years One and Two: We warrant that for a period of two years, the Home shall be free of any defect in the electrical, plumbing, heating, cooling and ventilating systems, except that in the case of appliances, fixtures and items of equipment, the warranty shall not exceed the length and scope of the manufacturer's warranty.

SECTION A.6. is revised to read as follows:

Heating, Cooling and Ventilating Systems: All duct work, steam, water and refrigerant lines, registers, convectors, radiation elements and dampers.

SECTION A.12. is revised to read as follows:

Plumbing Systems: Gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; and water, gas, and sewer service piping and their extensions to the tie-in of a public utility connection; or on-site wells and sewage disposal systems.

Notwithstanding anything to the contrary contained herein, the Home Owner shall have benefit of the provisions of Section 10, Subtitle 2 of the Real Property Article of the Maryland Code.

The fourth sentence of SECTION B.2. is revised to read as follows:

The warranty on common elements commences with the first transfer of title to a unit owner. The warranty of any common elements not completed at that time shall commence with the completion of that element or with its availability for use by all unit owners, whichever occurs later. The warranty extends for a period of three years.

E.4 MONTGOMERY COUNTY, MARYLAND ADDENDUM

The provisions of this warranty are intended to be consistent with the minimum warranty standards set forth in Chapter 31C of the Montgomery County Code and regulations promulgated thereunder. In the event of any conflict, omission or inconsistency between the terms of this warranty and the minimum warranty requirements set forth in the Montgomery County Code and regulations resulting in less coverage than required under the Montgomery County Code and regulations, the minimum warranty coverage required by the Montgomery County Code and regulations shall apply. Where specific standards

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and obligations are set forth, the standard shall be the good industry practice for workmanship and materials.

* * *

The following sections are amended by substituting the following for the original and shall apply to all new homes constructed by Your Builder.

The following language is substituted for SECTION A.4.
Electrical Systems: includes but is not necessarily limited to the following: all wiring, electrical boxes, circuit boards switches, outlets, overload protector devices and connections up to the public utility connections.

The following language is substituted for SECTION A.6.
Heating, Ventilating, Cooling and Mechanical Systems: includes but is not necessarily limited to the following: duct work, steam, water, and refrigerant lines, registers, convectors, radiation elements, dampers, boiler, heat pump, thermostat, furnace, air conditioning equipment, exhaust fans, oil tanks and fittings, air handling equipment and air purifiers.

The following language is added to SECTION A.11.
To the extent required by Montgomery County law (i.e. for 5 years after the Effective Date), a Major Structural Defect shall include damage due to subsidence, expansion, or lateral movement of the soil (but not damage caused by movement of the soil caused by flood or earthquake).

The following language is substituted for SECTION A.12.
Plumbing Systems: includes but is not necessarily limited to the following: gas supply lines and fittings; water supply; waste and vent pipes and their fittings; septic tanks and their drainfields; water, gas and sewer service piping and their extension to the property line which tie into a public utility connection or on-site weel and/or sewage disposal system; valves; faucets, fixtures and trim fittings, pumps, water heater and sprinkler systems.

The following language is substituted for SECTION B.1.b.
COVERAGE DURING YEAR ONE
Commencing on the Effective Date and subject to the terms and conditions listed herein, Your Builder warrants that for a period of one year your Home will be free from defects due to nonconformity with the performance standards set forth in Section C of this Agreement. With respect to fixtures, appliances and items of equipment, the warranty is for one year, except for those fixtures, appliances, and items of equipment relating to the heating, cooling, electrical or mechanical systems, which will be covered for two years.

The following language is substituted for SECTION B.1.c.
COVERAGE DURING YEARS ONE AND TWO
Commencing on the Effective Date of warranty and subject to the terms and conditions listed herein, Your Builder warrants that for a period of two years, the cooling, heating, ventilating, electrical and plumbing systems will be free from defects due to nonconformity with the performance standards set forth in Section C of this Agreement.

The following language is substituted for SECTION B.3.c.
Actions taken to cure defects will not extend the periods of coverage specified in this Agreement provided that the Builder (or CN or its agents) does not attempt to conceal or cosmetically repair the defect in effecting a cure.

The following language is substituted for the first sentence of SECTION B.3.e.
When the Builder or CN pays you the reasonable cost of repair or replacement, you must sign and deliver to the Builder or CN, as the case may be, a full and unconditional release in recordable form, of all legal obligations with respect to the defect. This release is

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binding provided that the Builder (or CN or its agents) does not attempt to conceal or cosmetically repair the defect in effecting a cure.

The following language is added to SECTION B.5.c.
Notice to the warrantor or the administrator can be sent by regular first class mail.

The following language is substituted for the fourth and sixth sentences of SECTION B.5.e.
Any unresolved dispute shall be submitted for arbitration to an independent arbitration service as may be agreed upon between the parties within 20 days after the Claims Administrator's receipt of Your Request for Arbitration, for resolution in accordance with the procedures and standards established by the laws and regulations of Montgomery County, Maryland regarding new home warranties and builder licensing. The cost of arbitration shall be borne by the Builder or CN. They have agreed to be bound by the final award of arbitration.

The following language is substituted for (or added to, as noted) the corresponding PERFORMANCE STANDARDS RELATING TO SPECIFIC PROBLEMS in SECTION C.3.:

ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
a.3. Cracks in basement floors	Shrinkage (hairline) cracks are common and should be expected within certain tolerances.	We will repair cracks exceeding 3/16 inch in width or 1/8 inch vertical displacement.
a.8. Cracking, settling or heaving of stoops and steps	Stoops and steps are not to settle, crack or heave in excess of certain tolerances.	We will correct separation of one inch in relation to the house structure; cracks, in excess of 1/8 inch and separation greater than 1/2 inch where the stoop or steps abut the house or where an expansion strip has been installed. In cases where repair is made to the concrete surface, We will match the adjoining surfaces as closely as possible or resurface or replace the entire area.

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ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
Add: a.9. Cracks in structurally attached patios with footing or foundation systems		We will repair cracks in excess of 1/4 inch in width or 1/4 inch in vertical displacement. Where cracks are caused by settlement or improper installation, We will replace that portion which has settled and finish as close as possible to match existing surface. Where a major portion of the patio has cracked, the entire patio will be replaced.
a.10. Standing Water on Stoops	Water should drain from outdoor stoops and steps. Minor water standing on stoops for a short period after rain can be anticipated.	We will take corrective action to assure drainage of steps and stoops.
b.1. Settlement of ground around foundation, utility trenches or other areas	Settling of ground around foundation walls, utility trenches or other filled areas should not interfere with water drainage from the home.	If We are required to provide final grading, We will fill settled areas affecting proper drainage. We are responsible for removal and replacement of shrubs and other landscaping installed by Us affected by placement of the fill. Grassed or landscaped areas which are disturbed during repair work are defects. We will restore grade, seed and landscape to meet proper condition. *** Landscaping added by the Home Owner is not Our responsibility.**
d.1. Walls which bulge, bow or are out-of-plumb	All interior and exterior walls have minor differences.	We will correct walls bowing more than 1/4 inch within a 32-inch vertical or horizontal measurement.
d.2. Floors squeak or subfloor appears loose	Floor squeaks and loose subfloor are often temporary conditions common to new home construction, and a squeak-proof floor cannot be guaranteed.	We will correct the problem, one time, if caused by faulty construction within reasonable repair capability. Where a finished ceiling exists under the floor, the corrective work may be attempted from the floor side. Where necessary, We may remove the floor finish materials to make the repair and reinstall or replace the flooring material if damaged.
e.2. Leaks in gutters and downspout leaders	Gutters and downspouts should not leak and are to be sized not to overflow during heavy rainfall.	We will repair leaks. *** It is the Home Owner's responsibility to keep gutters and downspouts free from leaves and debris which could cause overflow.**

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e.3. Leaks due to snow or rain driven into the attic through louvers or vents	Louvers and vents must not permit penetration of the elements under normal conditions. However, properly installed louvers and vents may, at times, allow penetration of rain and snow under strong wind conditions.	We will correct to meet requirements of the standard.
ISSUE	**COMMENTS**	**BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)**
Add: e.4. Water stays in gutters	A gutter improperly pitched to drain water is a deficiency. Water should not stand in gutters in excess of 1/2 inch.	We will pitch gutters properly to meet the standards. *** You are responsible for keeping gutters and downspouts free from leaves and debris.**
Add: e.5. Insufficient insulation		We will install insulation in accordance with applicable energy and building code requirements.
f.6. Cracks in stucco wall finish	Cracks in stucco wall finishes are common and can be expected within certain tolerances.	We will repair cracks in excess of 1/8 inch in width.
h.5. Garage doors fail to operate properly under normal use	Garage doors should operate properly and fit the door opening.	We will make necessary adjustments.
i.1. Trim	Some separations at joints in moldings and between moldings and adjacent surfaces is normal and should be expected within certain tolerances.	We will correct separation in excess of 1/8 inch.
i.4. Ceramic tile cracks or becomes loose	Ceramic tile should not crack or become loose. Some separation is normal and should be expected within certain tolerances.	We will replace cracked tiles and re-secure loose tiles. We will correct a separation in excess of 1/8 inch. We will correct the cause of the loose or cracking tile condition.
Add: i.6. Cracks appear in grouting of ceramic tile joints or at junctions with other material such as a bathtub	Cracks in grouting of ceramic tile joints are commonly due to shrinking condition.	We will repair grouting as necessary, one time only. *** Regrouting of these cracks is a maintenance responsibility of the Home Owner after the first year.**
i.7. Inadequate interior paint application and coverage	Interior paint is to be applied in a manner sufficient to visually cover wall, ceiling and trim surfaces.	We will repaint wall, ceiling or trim surfaces where inadequate paint has been applied. Where a large area is affected, the entire surface will be repainted.
j.1. Separations between finished floor boards	Minor gaps are common and should be expected within certain	We will correct separations exceeding 1/16 inch in width in

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	tolerances.	resilient flooring joints.
j.5. Carpeting becomes loose, seams separate or stretching occurs	Wall-to-wall carpeting, installed by Us as the primary floor covering, when stretched and secured properly should not come up, become loose or separate from its point of attachment.	We will re-stretch or re-secure carpeting as needed.
k.1. Surface cracks, delaminations and chips in high pressure laminates, porcelain and fiberglass fixtures and counter tops of vanity and kitchen cabinets	Counter tops fabricated with high pressure laminated coverings should not delaminate, crack or chip.	We will repair or replace laminated, porcelain or fiberglass counter tops and fixtures having chips, cracks, scratches or delaminations if reported on a pre-closing inspection report. If a pre-closing inspection report was not performed, the owner shall notify Us within 30 days of the effective date of warranty.

Add:

THE FOLLOWING PERFORMANCE STANDARDS ARE APPLICABLE DURING YEARS ONE AND TWO

ISSUE	**COMMENTS**	**BUILDER'S AND HOME OWNER'S Obligations (Performance Standard)**
Water supply stops or water pressure is too low	All service connections to municipal water main or private water supply are Our responsibility when installed by Us. If conditions exist which disrupt or eliminate the source of water supply that are beyond Our control, then We will not be responsible.	We will repair as required if failure is due to faulty workmanship or materials.
Water supply system fails to deliver water or pressure is too low	All on-site service connections to municipal water main and private water supply is Our responsibility.	We will repair if failure is the result of defective workmanship or materials.
Pipes, faucet or valve leak	A valve or faucet leak due to material or workmanship is a deficiency. No leaks of any kind are to be present in any sanitary soil, waste vent or water piping. Condensation on piping does not constitute leakage and is not covered except where pipe insulation is required.	We will repair or replace the leaking faucet or valve and will make repairs to eliminate pipe leakage.
Septic system fails to operate properly	Septic system will function adequately during all seasons, under climatic conditions normal or reasonably anticipated, based on local records, for the location of the home. Septic systems shall be designed and installed to comply with applicable State	We will repair, or otherwise correct, a malfunctioning or non-operating system, if failure is caused by inadequate design, faulty installation, or other cause relating to actions of the builder or contractors or subcontractors under the builder's control. We will not be

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	laws.	responsible for system malfunction or damage which is caused by owner negligence, lack of system maintenance, or other causes attributable to actions of the owner or owner's contractors, not under the control of Builder; including, but not necessarily limited to: the addition of fixtures, items of equipment, appliances or other sources of waste or water to the plumbing system served by the septic system; and damage, or changes to the septic system installation or surrounding soil conditions critical to the system's functioning.
Refrigerant lines leak	Refrigerant lines should not develop leaks during normal operation.	We will repair leaking refrigerant lines and re-charge unit as required.
Improper mechanical equipment operation of evaporative cooling system	Equip. should function properly at temperature standard set w/o unreasonable fuel consumption.	We will correct and adjust so that blower and water system operate as designed.

The following language is substituted for SECTION D.3.
Except as included in Section A.11, loss or damage caused by soil movement, including subsidence, expansion or lateral movement of the soil which is covered by any other insurance or for which compensation is granted by legislation.

E.5 HOW TO MAKE A WARRANTY CLAIM

A. To submit a warranty request for a claim that You think is covered by the Warranty you may either:

1. **Visit www.CalAtlanticHomes.com, select Homeowner Resources, On-line Service Request and then follow the prompts to complete your request.**

2. **Or you can mail or fax your request to the local office of your Builder.**

Notice must be made no later than thirty (30) days after the warranty period expires

B. The Builder's local office has 30 days from receipt of claim to investigate the claim.

Builder will notify you in 30 days from receipt of claim if Builder will (a) repair, (b) replace, (c) pay the cost of repair/replacement or (d) do nothing because the item is not covered by the warranty.

C. If Builder agrees to repair, replace or pay, Builder has 60 days after notice to you to do so.

D. If you think the Builder's resolution is unsatisfactory, send a Request for Mediation to Columbia National (CN) on the form provided in your Warranty Booklet.

E. CN will attempt to mediate the claim with the Builder; if CN is unsuccessful, CN may refer the claim to an independent mediation association (the "Mediator") for mediation.

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The cost of any independent Mediator shall be paid by Builder.

F. CN or the Mediator will determine within 30 days whether the dispute is unresolvable. If the dispute is unresolvable, CN will notify both You and Your Builder and either party may then submit to CN a Request for Arbitration (or, for FHA insured mortgages, You may submit the issue to the local HUD field office for resolution) on the form entitled "Request for Arbitration" provided in the warranty booklet.

Within 20 days after receiving a Request for Arbitration, CN will refer the matter to an independent arbitration association.

The requesting party will pay the Arbitrator's fee initially, but the arbitrator has the authority to reallocate such fee.

G. The Arbitrator's ruling will be final and unappealable (except for FHA insured mortgages, which You may appeal to the local HUD office within 30 days of the arbitrator's decision).

H. The Builder will have 60 days after the arbitrator's or HUD's decision (as the case may be) to comply with the decision (subject to any seasonal items that would reasonably take more than 60 days to complete).

E.6 ACTIVE SOILS ADDENDUM

Home Owner Maintenance Responsibilities for Homes Constructed on Active Soils

Soils having a high clay content can expand and contract when variations occur in the moisture content of the soils. Where seasonal moisture changes in the sub-surface soils are common, it is the Home Owner(s) responsibility to provide proper ongoing maintenance. Although foundations are specifically designed for soil conditions in each area, conditions may be encountered that were not revealed by sub-surface exploration and testing.

Improper Home Owner maintenance can adversely affect the performance and structural integrity of any foundation constructed on active soils and void the warranty coverage. These post-construction practices are beyond the control of the design engineer and the Builder.

To minimize the probability of movement and displacement in the foundation caused by moisture content variations, You must follow post-construction maintenance requirements. Your failure to do so will void the warranty coverage provided by this Warranty.

1. The final grade that has been established by the Builder meets the warranty requirements. You are responsible for maintaining such grades. You should maintain the grade around the foundation in such a manner that surface drainage is away from the foundation. You should not permit water to pond or become trapped in localized areas against the foundation as this can cause variations in moisture content that can damage the foundation.

2. Watering should be done in a uniform systematic manner as equally as possible on all sides of the foundation to keep the soil moist, NOT SATURATED. Areas of soil that do not have ground cover may require more moisture as they are more susceptible to evaporation, causing a moisture content imbalance.

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3. During extreme hot and dry periods, close observations should be made around the foundation to insure adequate watering is being provided, preventing soil from separating or pulling back from the foundation.

4. Gutters and downspouts shall be maintained to prevent injection of moisture into the soil from roof run-off in localized areas. Keep downspout extensions in place.

5. Trees planted in close proximity to the foundation can damage the structural integrity of the foundation because they can develop a root system which can penetrate beneath the foundation and draw moisture from the soil. Areas around trees will require more water in periods of extreme drought. If You plant a tree closer to the foundation than 1½ times the anticipated tree foliage diameter at maturity, warranty coverage can be affected. Precautionary measures such as the installation of a root shield or root injection system should be taken to maintain moisture equilibrium.

6. Placing flower gardens and beds or shrubs next to the foundation and watering these areas heavily will generally result in a net increase of the soil moisture content in that localized area. This may result in soil expansion in that localized area of the foundation.

7. You must maintain a balanced soil moisture content around the perimeter of the foundation.

E.7 NEW CASTLE COUNTY, DELAWARE ADDENDUM

To the extent of any conflict or omission between the provisions of this warranty document and the New Castle County, Delaware, New Home Minimum Warranty Standards, a copy of which is attached hereto, the New Castle County New Home Minimum Warranty Standards shall prevail.

E.8 COLORADO ADDENDUM

This Addendum is applicable only to homes located in Colorado and supplements and amends the CalAtlantic Homes Homeowners Manual and Your New Home Warranty Program ("Manual and Warranty") provided to You with the purchase of your new Home.

The Manual and Warranty is intended to conform to the Colorado Construction Defect Action Reform Act, C.R.S. § 13-20-801 *et seq.* ("CDARA"), which provides that any waiver or limitation contained in a residential home sales contract or warranty: (i) on the legal rights, remedies or damages provided by CDARA related to a construction defect claim; or (ii) on the length of time that a homeowner has to enforce such rights, is unenforceable. The Manual and Warranty is intended to be in compliance with CDARA, removing from the Manual and Warranty any unenforceable limitations on your rights.

In this regard, the disclaimer of any implied warranties in the Manual and Warranty is expressly deleted and withdrawn. The sentence in the third paragraph, cover page of the Warranty section of the Manual and Warranty that states, **"THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE FACE OF THIS LIMITED WARRANTY"** is deleted and withdrawn and replaced with the following language, **"THERE ARE NO EXPRESS WARRANTIES WHICH EXTEND BEYOND THE FACE OF THE LIMITED WARRANTY SET FORTH IN THE MANUAL AND WARRANTY."**

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Limitations of liability or remedies in the Manual and Warranty are applicable only as to claims for breach of CalAtlantic Homes' obligations or undertakings under the terms of the Manual and Warranty and nothing in the Manual and Warranty is intended to constitute a waiver of, or limitation on, the legal rights, remedies or damages provided by CDARA, or provided by the Colorado Consumer Protection Act, Article 1 of Title 6, C.R.S., as described in CDARA.

This Addendum further specifically amends and revises the Manual and Warranty as follows:

Specifically, on page 4 of the Manual and Warranty, SECTION B(3)(a), (b), (c), (d), and (e) and the complete sentence immediately preceding such paragraphs are deleted in their entirety and replaced with the following language:

In each instance, Our warranty coverage under this program is subject to the following:

a. The decision whether to repair or replace a defective item, or to pay You the reasonable cost of repair or replacement, is solely Ours, subject to the regulations, terms and conditions of the Colorado Construction Defect Action Reform Act, C.R.S. § 13-20-801 et seq. ("CDARA").

b. OUR TOTAL LIABILITY FOR ALL CLAIMS MADE FOR BREACH OF THE EXPRESS WARRANTIES CONTAINED HEREIN DURING THE TERM OF THIS LIMITED WARRANTY AGREEMENT SHALL NOT EXCEED THE ORIGINAL SALE PRICE OF THE HOME.

c. No actions taken to cure defects will extend the periods of coverage specified in this Agreement.

d. Before We repair or replace a defective item, We will ask You to acknowledge in writing Your agreement to the proposed repair or replacement. The repair of a covered Home will be to a condition approximating the condition just prior to the manifestation of the defect, not to a "like new" condition. The repairs or replacement item will continue to be covered by this warranty.

e. If We pay You the reasonable cost of repairs or replacement of a defective item instead of replacing or repairing the item, then prior to such payment, subject to the regulations, terms and conditions of CDARA, We will not have any obligation to make payment jointly to You and Your mortgagee unless the mortgagee has notified Us in writing of its security interest in the Home prior to the payment of the claim. Subject to the regulations, terms and conditions of CDARA, a mortgagee and any subsequent Homeowner shall be completely bound by any agreement accepted by You and any claim shall be arbitrated in accordance with this Agreement.

The Manual and Warranty time frames established with respect to Your claim notification to CalAtlantic Homes and CalAtlantic Homes' response thereto are also modified. Specifically, SECTION B(5)(b) at page 5 is deleted in its entirety and replaced with the following:

b. <u>INITIAL INSPECTION PERIOD</u>

We will investigate, inspect and report to You within 30 days of receipt of Your request for warranty service. If We agree that the item is covered by the warranty, We will advise You whether We will repair, replace or pay the reasonable cost of repairing or replacing the defective item. You agree that We will have no less than 30 days from Your receipt of Our written response to complete repairs or replacement or to pay You. That time may be extended to allow for seasonal inability to complete work.

Additionally, paragraphs B and C of SECTION E.5 at page 27 of the Warranty are deleted in their entirety and replaced as follows:

B. The Builder's local office has thirty (30) days to investigate the claim and undertake an inspection of matters comprising the basis for the claim. You agree You shall provide Builder and its agents reasonable access to the Home during normal working hours to inspect the Home and the claims You have identified on Your written notice provided to Builder.

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C. Following completion of Builder's inspection and investigation, Builder agrees within thirty (30) days thereafter to provide You with written notice of Builder's acknowledgement of its intent (if any) to repair, replace, or pay or of its in intent (if any) not to repair, replace or pay."

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YOUR New HOME WARRANTY

To submit a warranty request you may either:

1. **Visit www.CalAtlanticHomes.com, select Homeowner Resources, On-line Service Request and then follow the prompts to complete your request.**
2. **Or you can mail or fax your request to the Builder's local office.**

WARRANTY REQUEST FORM

Please read the Your New Home Warranty documents for filing instructions and pertinent information.

HOMEBUYER'S NAME

_____

ADDRESS

_____

CITY, STATE, ZIP

_____

HOME PHONE (___)_____ BUSINESS PHONE (___)_____

BUILDER'S ADDRESS

_____

CITY, STATE, ZIP

_____

PHONE NUMBER (___)_____

EFFECTIVE DATE
OF WARRANTY: _____/_____/_____
(Mo.) (Day) (Year)

(DATE OF CLOSING OR SETTLEMENT)

NATURE OF DEFECT (BE SPECIFIC; IF AVAILABLE, ENCLOSE PHOTOGRAPHS)

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DATE DEFECT FIRST OBSERVED _____/_____/_____
(Mo.) (Day) (Year)

This form is to be filled out and sent to the Builder.

_____
Homebuyer(s) Signature (Date)

CHECK ONE (if applicable)
1. FHA 2. VA 3. FmHa
Case # _____

YOUR NEW HOME WARRANTY

ATTN: CLAIMS DEPARTMENT
COLUMBIA NATIONAL RISK RETENTION GROUP, INC.
100 BANK STREET, SUITE 610, P.O. BOX 530
BURLINGTON, VERMONT 05402-0530
TELEPHONE 1-888-379-9171

REQUEST FOR MEDIATION

Please read the Your New Home Warranty documents for filing instructions and pertinent information.

If you believe your Builder's performance of its warranty obligations is unsatisfactory, then send this completed form directly to Columbia National Risk Retention Group, with a copy of the Application for Home Enrollment and copies of all relevant correspondence between the Builder and Homebuyer(s) involving this matter, including any past conciliation or arbitration proceedings. Please provide any correspondence that indicates that the Builder has failed to perform its warranty obligations, if applicable. Send copies of this notice to the Builder also.

HOMEOWNER'S NAME:
_____

ADDRESS:
_____

CITY, STATE, ZIP
_____

HOME PHONE (___)_____ BUSINESS PHONE
(___)_____

BUILDER'S ADDRESS:
_____

CITY, STATE, ZIP
_____

PHONE NUMBER: (___)_____

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EFFECTIVE DATE
OF WARRANTY: _____/_____/_____
(Mo.) (Day) (Year)

(DATE OF CLOSING OR SETTLEMENT)

NATURE OF DEFECT (BE SPECIFIC; IF AVAILABLE, ENCLOSE PHOTOGRAPHS)

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_____

DATE DEFECT FIRST OBSERVED_____/_____/_____ DATE FIRST REPORTED TO BUILDER_____/_____/_____
(Mo.) (Day) (Year) (Mo.) (Day) (Year)

_____
Homebuyer(s) Signature (Date)

CHECK ONE (if applicable)
1. FHA 2. VA 3. FmHa
Case # _____

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YOUR New
HOME WARRANTY

COLUMBIA NATIONAL RISK RETENTION GROUP, INC.
100 BANK STREET, SUITE 610, P.O. BOX 530
BURLINGTON, VERMONT 05402-0530
TELEPHONE 1-888-379-9171

REQUEST FOR ARBITRATION

Please read the Your New Home Warranty documents for filing instructions and pertinent information.

If you believe your Builder's performance of its warranty obligations is unsatisfactory, **and you have been notified by Columbia National that your claim is an unresolved dispute and you wish to pursue the claim further**, then send this completed form directly to Columbia National Risk Retention Group, with a copy of the Application for Home Enrollment and copies of all relevant correspondence between the Builder and Homebuyer(s) involving this matter, including any past conciliation or arbitration proceedings. Please provide any correspondence that indicates that the Builder has failed to perform its warranty obligations, if applicable. Send copies of this notice to the Builder also.

HOMEOWNER'S NAME:

_____

ADDRESS:

_____

CITY, STATE, ZIP

_____

HOME PHONE (___)_____ BUSINESS PHONE
(___)_____

BUILDER'S ADDRESS:

_____

CITY, STATE, ZIP

_____

PHONE NUMBER: (___)_____

EFFECTIVE DATE
OF WARRANTY: _____/_____/_____
(Mo.) (Day) (Year)

(DATE OF CLOSING OR SETTLEMENT)

NATURE OF DEFECT (BE SPECIFIC; IF AVAILABLE, ENCLOSE PHOTOGRAPHS)

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_____

_____

_____

_____

DATE DEFECT FIRST OBSERVED_____/_____/_____ DATE FIRST REPORTED TO BUILDER_____/_____/_____

(Mo.) (Day) (Year) (Mo.) (Day) (Year)

_____

Homebuyer(s) Signature (Date)

CHECK ONE (if applicable)
1. FHA 2. VA 3. FmHa
Case # _____

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CalAtlantic Homes℠

Model Homes and Production Homes

If you are purchasing a model home, your purchase agreement describes how the home differs from what you have seen. If you are not purchasing a model home, your new home is a production home. Model homes and production homes may differ in several ways, including but not limited to specifications, features, decorator items and landscaping, to name a few. The following are some examples, though not a complete list, of these differences:

Air Conditioning

Due to the sales traffic in the model homes, the air conditioning units may be more powerful than those in the production homes (if the production homes include air conditioning at all).

Design and Decorating

Production homes can have design features that differ from those in the model homes. The differences could be in materials, interior and exterior colors, surface covering, doors, windows, and location of windows, garage doors and other features.

Dimensions

Production homes can have different interior and exterior dimensions than those of the model homes. The differences can result from variations in the elevations of homesites, changes in design that are made after the models are completed and other factors. The differences can be seen in ceilings, windows, room size, homesite set back and in other areas.

Elevations

The plan and elevation on your homesite can differ significantly from those of the model homes. These differences sometimes result from topographical variations and grading plans. As a result, the exterior appearance of your home may be different from the models, resulting in changes of window and door sizes or locations, materials used, etc.

Entrance and Walkways

The materials in the entrance and walkways of the model homes can vary. In production homes, standard concrete may be used.

Interior Features

The model homes suggest how a home might be decorated and landscaped. Therefore, the models may have items such as window coverings, window tinting, built-in cabinets, built-in security systems, music systems and other features that differ from the production homes. Usually, the Sales Centers are in decorated garages of model homes. The Sales Center is not intended to represent the finish of production garages.

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Landscaping
Model homes are landscaped with more mature plantings, special plant selections, and unique hardscape features that are not provided in a production home landscaped by CalAtlantic. Production homes may not include builder-installed landscaping in the rear yard, front yard, or both.

Marketing
The representations of features, settings, finishes and other items that are used in advertising and sales materials may differ from those in the production homes.

Paint
The interior and exterior paints in the model homes demonstrate a variety of finishes, colors, textures, and techniques. In the production homes, a uniform palette of paint colors and finishes is used.

Manufacturers' Warranties

Items ordinarily covered by manufacturer's warranties are listed below. All of these items are excluded from the Limited Warranty. All items listed below may or may not be in your particular home, and/or your home may contain other items covered by manufacturer's warranties. Therefore, all manufactured products excluded from the Limited Warranty may not be on the following list.

Please review the information that is provided by the manufacturers for these items, particularly warranty limitations and maintenance procedures. Brochures and other information are supplied with most of these items and are provided to you at the House to Home Delivery. Additional copies may be maintained by the Customer Care Department.

The following items are typical products that may be covered by manufacturers' warranties, rather than the Limited Warranty (your home may or may not contain any or all of the following):

Appliances

Refrigerator	Dishwasher	Oven Hood
Freezer	Clothes Dryer	Clothes Washer
Range	Trash Compactor	Oven
Metal Fireplaces		

Heating and Ventilation

Space Heater	Heat Pump	Furnace
Air Conditioning System		

Flooring Material

Carpet	Vinyl	Wood & Engineered Wood

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Marble	Ceramic Tile	Pavers
Laminate		

Mechanical and Electrical

Central Vacuum System	Garage Door Opener	Intercom

Plumbing

Garbage Disposal	Toilets	Faucets
Tub and Shower Valve	Pressure Regulators	Tub and Shower
Whirlpool Bath	Water Softener	Sinks
Water Heater	Water Dispenser	

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6. HOMEOWNER MAINTENANCE OBLIGATIONS

Your home has been built with natural and modern manufactured materials. It will require regular preventive maintenance by you to preserve its beauty and value. An understanding of how to care for each feature in your home will help prevent costly repairs and replacements later.

The features and systems in your home require routine maintenance. Refer to this Maintenance section in this Manual and, if necessary, please consult a professional for advice on your maintenance requirements. CalAtlantic is not responsible for damage, deterioration, or destruction of items due to improper or inadequate maintenance by the homeowner.

Preventive maintenance on your home should begin when you move in. Read the following sections of this Manual to become familiar with the procedures for maintenance. The sections provide an overview of the features and materials in your home. Please study each section carefully so that you become familiar with the routine maintenance that your home requires. Some of the items may not apply to your particular home.

The care and maintenance information and obligations set forth in this section and elsewhere in this Manual are not exclusive. Various products and materials incorporated into your home have maintenance guidelines published by their manufacturers, which have been provided to you. In addition, your home could have features or items that are not listed in this Manual. If you have questions, please contact CalAtlantic's Customer Care Department.

The following pages have important facts about your home, the materials that were used in construction, and other details that will enhance your knowledge of the home. This information is provided for your convenience and is not intended to supersede or replace the information that was included in your purchase documents. Some of the following items may not apply to your home. The Customer Care Department is your best source of additional information about your home.

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Effects of Weather and Temperature

Natural building materials such as wood and concrete are subjected to constant expansion and contraction from day to day. Temperature variations, which can be extreme, can result in warping of wood materials and cracking of drywall, stucco, concrete, and mortar. These effects are particularly obvious in the first two years after a home has been built.

You can minimize these effects by maintaining a constant temperature in your home during the first two years. This allows the wood to dry at an even rate and may eliminate larger settlement cracks. Minor cracks and displacement of wood are a normal part of the aging process of your home and do not affect its structural integrity.

Freezing weather can cause numerous problems in a home. Freezing ground can raise and crack concrete and hardscape improvements, which will move again after the ground thaws. You should take care to properly "winterize" your home's exterior and garage areas, including water lines, irrigation lines, etc.

Condensation

Condensation occurs when warm, moist air comes into contact with a colder surface while moisture is present in the atmosphere. Condensation is normal in a new home because many gallons of water were used in its construction. This water causes higher than normal humidity until the drying process is complete. Another source of indoor humidity is everyday water usage. For example, a family of four doing the laundry, bathing, and running the dishwasher puts approximately two to five gallons of moisture into the air every day. When condensation appears on a cool pipe or on glass surfaces, it may give the false impression that you have leaks.

Excessive condensation or sweating on cool surfaces can be eliminated by making sure attic louvers and crawl spaces are clear of debris. Open windows can aid the home drying process, but it takes time. Avoid speeding up the process by using excessive heat. You should use a constant thermostat temperature.

Proper ventilation is a safe and steady way to reduce indoor humidity and condensation. Open basement windows during warm, dry weather and close them when outside humidity is high. Ensure that the clothes dryer is properly vented to the outside and that the vent is clear of obstructions and lint. Use bath exhaust fans to carry moist air outside. Use the fans for short time periods, since they exhaust conditioned air out of the home. If condensation persists, the use of a dehumidifier may be required.

Window condensation is produced by conditions beyond our control and is not covered. We will inspect doors and windows to ensure proper fit and function and will repair defective weather-stripping during the warranty coverage period.

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Here are solutions to some common condensation or water infiltration problems:

PROBLEM	LIKELY CAUSE	SOLUTION
Wet basement floor or walls.	Altered grade. Clogged areaway, drain or gutters.	Correct grade. Clear debris from drains and gutters.
Damp basement floor or walls. Excessive moisture inside the house.	Condensation.	Use a dehumidifier.
Water is present around furnace unit.	Condensation line is clogged or misaligned to drain.	Snake out and clear line. Realign pipe to floor drain.
Cracks in exterior finish of home.	Normal settlement expansion and contraction.	Fill cracks with proper sealant and repaint area.

Settlement

All homes settle to some degree. Some adjustment in lumber and framing is normal and should be expected.

If the finish trim shows slight joint separation, fill the cracks with wood filler. If nails work out of position, reset them with a hammer and nailset; then fill the holes with wood filler or spackle. Normal settling, expansion, and contraction also may cause small interior wall cracks around doorways, archways and at wallboard joints.

It is best to wait until at least the end of your first year of occupancy before repainting minor cracks until most of the settling and shrinkage is complete.

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Homeowners Association Issues

Many new communities and neighborhoods have Homeowners Associations. These associations are responsible for maintaining the standards of the Neighborhood and community.

Before you perform any maintenance such as repainting and replacing exterior items, please consult your Homeowners Association to assure that the work you do meets the regulations and guidelines that have been established for your Neighborhood. Be especially careful when you want to repaint with a different color, erect new structures or fences, add to or change your landscaping, or when you install window coverings that are visible from outside the home.

If you have a Homeowners Association, you will have received documents that detail the restrictions and rules that apply to your home. Usually, Homeowners Associations have three important documents that are used in guiding the Association through its responsibilities. These documents are the Bylaws of the Association, the Homeowners Association Rules and Regulations and the CC&R's (Covenants, Conditions, and Restrictions). Please refer to these Homeowners Association documents for more information. Generally, you usually must receive architectural approval from the Homeowners Association before you begin any improvement to your homesite.

The Homeowners Association Rules and Regulations are initially established by the builder and turned over to the Board of Directors of the Association. The Board of Directors can add to or amend the Rules and Regulations through a process that is described in the Bylaws and CC&R's. Make certain that you are familiar with your Homeowners Association Rules and Regulations. We suggest that you attend the regular meetings and take part in your Homeowners Association.

Review your Homeowners Association Rules and Regulations and your CC&R's before you begin any improvements to your homesite. Give particular attention to the sections on appearance, fencing, landscaping, planting, and additions to your property and to your home. Generally, no homeowner may build, construct, or plant any improvements on his property, including landscaping, until he has submitted plans and specifications and obtained approval from the Association's Architectural Committee. The Committee may collect a fee to review the plans and may require a cash deposit or bonds to be posted to assure proper completion and clean-up in conformance with the provisions of the Declaration. If applicable, the Homeowners Association is responsible for the maintenance of certain areas and for the budgets for such maintenance.

If you have any questions, requests, or concerns regarding these matters, please contact your Association's property management company. If there is not a Homeowner's Association in your Neighborhood, please direct your questions, in writing only, to CalAtlantic's Customer Care Department at the address referenced in this Manual.

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Specific Homeowner Maintenance Requirements

Air Conditioning

See the "Heating and Air Conditioning" section, below.

Appliances

Appliances are warranted by their manufacturers, in accordance with the terms and conditions of the written warranties supplied by the manufacturers. These manufacturers' warranties, as well as any maintenance and preventative maintenance procedures provided by these manufacturers, have been provided to you in conjunction with the purchase of your home, and should be read and preserved for reference. Additional information about appliance operating can be found in the "Electrical" and "Plumbing" sections of this Manual.

a. Mail warranty registration cards directly to the manufacturer.

b. If a problem arises with an appliance, call the customer care number listed in the manufacturer's warranty. When reporting warranty items to the appliance manufacturer, be prepared to supply:

   1) the date of purchase (closing or move-in date, whichever occurred first);

   2) the serial and model numbers (found on a metal plate on side, back or bottom of appliance);

   3) a description of the problem.

c. Black "glass" panels on appliances are usually plastic and should be cleaned with mild detergent and water. Abrasive cleansers will damage the finish.

d. Dishwasher:

   1) Effective use of the dishwasher depends on proper loading, correct water temperature, and chemical content of the water. Experiment with several different dishwasher detergents to find the one that works best. Use each brand for a week to allow it to condition your dishes.

   2) Experiment with varying amounts of detergent to determine its effectiveness with the water in your area. If you find that your dishes still are not being cleaned properly, check the manufacturer's manual.

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3) Before operating the dishwasher, be certain the garbage disposal is empty since the dishwasher drains into the disposal.

4) Failure to do so may plug up the dishwasher drain and cause water to spray out the air gap located on top of the kitchen sink.

e. Water Heater. See "Plumbing" section of this Manual, below.

f. Garbage Disposal.

1) Read and follow the manufacturer's instructions for proper operation of your garbage disposal. Do not load the disposal with food items before turning it on. For proper operation, turn on the cold water and start the disposal. Then, drop the food items slowly into the unit. When the unit sounds clear, turn the disposal off and leave the water running for several seconds. This allows the food waste to be carried into your sewer lines.

2) Replace stopper when disposal is not is use. This allows water to drain but prevent tableware or other objects from dropping into the disposal accidentally. The stopper can be pushed down for filling the sink.

3) Bones, corn cobs, celery, onion, stringy vegetables, rice, shellfish, and other hard objects or fibrous foods should not be disposed of in the disposal. Large, bulky food waste should be cut up. This includes such items as melon rinds and grapefruit skins.

4) Bottle caps, hairpins, glass, rags, metal, paper, and other non-food items will jam the disposal and harm the blades.

5) Never feed food waste into the disposal without first turning on the cold water and the disposal. Cold water helps keep the motor cool and works best if grease is put down the disposal. It will congeal the grease, allowing it to be cut up by the blades.

6) Keep the disposal clean by allowing cold water to run a minimum of 15 seconds after all food has been disposed. Do not use caustic drain cleaners or any harsh chemicals in the disposal under any circumstances. Occasionally clean and freshen the disposal by grinding a dozen ice cubes or a half of a lemon, cut into small pieces.

7) If the disposal jams, refer to the manufacturer's manual for instructions on freeing it. Always be certain it is turned off before any work is done to free a jam.

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Here are some solutions to common appliance problems:

PROBLEM	LIKELY CAUSE	SOLUTION
Electric appliance not working.	Check circuit breaker.	Reset breaker or call appliance service department.
Gas appliance not working.	Gas valve turned off.	Check gas valve for proper position.
Garbage disposal not working.	Clogged.	Reset breaker on disposal. Manually turn disposal blades with disposal wrench.
Garbage disposal blades dull or dirty.	Normal.	Run ice cubes through garbage disposal.
Garbage disposal odor.	Normal.	Pour baking soda or grind citrus peelings into disposal.
Water spots on dishes/glasses after using dishwasher.	Dishwasher water not hot enough.	Run kitchen sink faucet to “draw” hot water to dishwasher.
Water spots on dishes/glasses after using dishwasher.	Not using rinse agent.	Use rinse agent recommended by manufacturer.
Water spots on dishes/glasses after using dishwasher.	Opening dishwasher door too soon after cycle.	Keep door closed a minimum of one hour after cycle.
Clothes dryer not drying properly.	Lint build-up.	Check dryer filter. Make sure dryer vent is clear.
Range hood not filtering properly	Dirty filter.	Clean or replace filter.
Refrigerator not making ice.	Icemaker not turned on or water is not turned on.	Turn ice maker and water on.
Condensation around refrigerator door seal.	Temperature control is incorrectly set.	Reset temperature control.
Clothes washer leaking on floor.	Washer drain line not installed correctly.	Install drain line correctly.

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Asphalt

Color and texture variation in asphalt driveways is normal. A few simple tips will prolong the life and durability of asphalt paving. Small indentations and uneven areas are normal for this material. Avoid causing large indentations, by keeping heavy trucks off. Be especially careful of kickstands, which can dig into the surface. Spilled gasoline or oil should be cleaned up with kitty litter or other absorbent material and disposed of properly, since it is injurious to asphalt. Holes, cracks, depressions, and low spots in the asphalt can be filled with a premix asphalt-patching compound. Surface sealers protect the asphalt surface from water penetration and are available from local hardware stores for homeowner application. An asphalt sealer should be applied to the driveway approximately six months after you move in. For application intervals beyond that, follow the manufacturer's recommendation.

Asphalt Driveway Precautions:

a. The grade alongside the driveway, where the soil and grass touches the asphalt, must be properly maintained to prevent edge crumbling and settlement cracks. Do not drive on the outside edges of the asphalt. On driveway turnarounds, do not back off of the rear of the turnaround, as this will damage the edges. When making the turn on turnarounds, keep the car in motion while turning instead of turning the tires when the car is stopped. Otherwise, excessive tire friction will loosen the aggregate and damage the asphalt.

b. Water from downspouts and hose bibs can cause the ground under the driveway to settle. If this occurs, immediately fill in the depressed area with soil to prevent future damage.

c. Remove weeds, roots and other unwanted plant growth that may deteriorate the soil supporting the asphalt. Before installing plants near the driveway, check with a local nursery to determine the root characteristics of each tree or shrub.

d. Do not park or store heavy vehicles such as automobiles or trailers in one spot on the driveway for extended periods of time, especially during the summer, as it may cause depressions in the asphalt surface. Keep firewood, lumber, sand, dirt, moving vans, garbage trucks, dump trucks and large or heavy delivery trucks off driveway as they can damage and/or break down driveways.

e. Do not burn leaves or any other material on the asphalt surface.

f. Remove winter snow and ice promptly. Do not chip or pick at the surface with a shovel, as the material is soft and will dent.

Do not apply de-icing salts or chemicals to the asphalt. Repeated thawing and freezing with salt and chemicals can damage asphalt, as well as kill grass, shrubs and trees. If a thin layer of ice cannot be removed, kitty litter or clean sand offers safe traction.

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Attics

The attic space is not intended for storage. Access is provided for purposes of allowing professionals to maintain mechanical equipment that may traverse the attic space. There is a danger that anyone who enters the attic can step off wood members onto the drywall, which will not support their weight. This will result in damage to the ceiling below, and could cause severe personal injury. The attic space is not engineered for heavy loads or access except by trained professionals who will take extra safety precautions and be responsible for their own safety.

CalAtlantic installs a variety of attic vents to remove excessive heat and moisture from the attic space. These may include ridge vents, gable louvers, roof louvers, soffit vents, and baffles where the roof meets the wall. Do not cover these vents with insulation or any other material.

Insulation in the attic protects the rooms below it. If the insulation is moved, it will leave gaps between the insulation panels and may obstruct the attic vents. Roof trusses should not be cut to install attic stairs. This can structurally damage the integrity of the roof and will void the major structural defect warranty.

If your attic access is perimeter sealed, it is important that it remains sealed at all times. If the attic seal is broken, it could allow moisture to escape into the attic space. If the attic seal is broken, this may void all warranty in the attic space.

Balconies and Decks

Your home may feature balconies and decks. Do not install heavy equipment or nail anything to balcony or deck. The hole caused by the installation could allow water to enter your home and cause damage. The damage is your responsibility.

In some instances, the flat surface of your deck has been treated with a sealant to prevent water penetration. If it has been treated, it will require periodic application of a sealant to maintain its durability. A builder's supply, home center, or hardware store can recommend a sealant.

If your balcony or deck has roof drains, they should be kept free of debris. This allows proper water flow from the balcony or deck. After rain, water may stand in small puddles for a short time before evaporating. This is to be expected of any flat surface and is normal.

If you place plants on your balcony, make certain that drainage from the plants does not accumulate on the floor of the balcony. Water can be trapped under potted plants and trays on your balcony or deck, which can deteriorate the balcony or deck surface.

Wood decks may be constructed with pressure-treated wood to resist rot, decay and termites. It is normal for deck support posts to warp or twist up to l inch over an 8-foot length and a rail post may warp or twist up to 1/2 inch. Deck boards should be replaced if they develop cracks at knots that are across the grain. Decking or rails may cup up to 3/16 inch across the face of the board.

To prolong the life and beauty of a wood deck, treat it soon after you move in and periodically with a water repellent or wood preservative. Painting pressure-treated deck lumber is not recommended.

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A local hardware store can help you select the right product. Over time, boards may come loose or nails may raise from wood shrinkage. Correct this by re-setting existing nails or adding new galvanized nails as needed. Decks that become dried out or discolored may be cleaned with approved deck cleaners and oiled with penetrating deck finishes. Wood splintering is normal due to weathering and can be remedied by sanding edges smooth.

Consult your Homeowners Association or a licensed contractor, in absence of an Association, before you consider making any structural or cosmetic changes to your balcony or deck.

Baths

Caulking: See the "Caulking" section of this Manual, below.

Ceramic Tile: See the "Ceramic Tile" section of this Manual, below.

Fittings: Your plumbing fittings are designed to stay new-looking with minimum effort. Avoid abrasive cleaners. Clean with a soft, damp cloth followed by a brisk polishing with a clean, dry cloth.

Porcelain: The delicate beauty and gloss of porcelain bathtubs and sinks are easily maintained by observing a basic rule: never use abrasive cleaners. They scratch through the glass-like surfaces quickly. Liquid dishwashing detergent on a moist cloth is preferred. Although porcelain is durable, be careful not to drop heavy articles on it that can cause chipping. Should scratching or chipping occur, contact a porcelain repair business.

Safety Tips: It is possible to be accidentally locked out of the bathroom. Keep the door key in a safe open place outside the bathroom, but nearby. If you lose it, a small screwdriver, icepick, or similar tool can be used.

Simulated Marble: This material, found in many homes, is easy to keep clean, and is more resistant than natural marble to alcohol, food, acids, common household liquids and boiling water. Again, harsh abrasives should be avoided. Soap and water or common cleaning solvents would eliminate most stubborn stains. Liquid waxes will maintain a higher luster, but avoid paste waxes that may cause yellowing. Be careful not to drop heavy or sharp objects on simulated marble, and avoid scratching or chipping, just as with natural marble. Should scratching or chipping occur, contact a simulated marble repair business.

Tubs, Showers and Surrounds/Enclosures: Given proper care, the smooth surface of a fiberglass tub or shower will remain beautiful and easy to clean. As with any highly polished surface, regular care and no abrasives are the main rules to follow. Normal cleaning should be done with any liquid cleaner, detergent, or foaming cleanser. Alcohol used as a cleaning agent may cause discoloration. Stubborn stains can be removed with acetone or household cleaning solvents used with a nylon-scouring pad. Never use metal scrapers or similar tools

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Blinds

Window blinds may be constructed of manmade or natural wood products. Wood slat material is not perfectly straight and is subject to variations in color and grain from slat to slat. Window blinds are not waterproof and are subject to water damage. If window blinds are installed in an area where there is a risk of exposure to moisture, such as over a kitchen sink or in a bathroom over a tub or shower, it is likely that the stain or paint finish will peel away from the slat material. Normal maintenance will require adjustments and refinishing over time.

Cabinets

Your cabinets are made of finished hardwoods or laminated vinyl materials. To maintain the beauty and utility of your cabinets, proper care is required. Remove splashes and splatters promptly to avoid permanent stains. Do not wash laminated cabinets with water or water-based cleaners. If the cabinet manufacturer has provided maintenance instructions, please refer to them for recommendations as to proper products to be used.

The wood in your cabinets is a natural product. Some fading of the original color will occur. Wood is subject to drying and can warp. This could cause drawers to stick and prevent doors from closing properly. If you notice sticking drawers and cabinet doors that do not close properly during the Limited Warranty Period, please notify CalAtlantic's Customer Care Department in writing. After that, maintenance of cabinet drawers and doors is the responsibility of the homeowner. Minor scratches can be covered with a putty stick that matches the finish of your cabinets. Putty sticks can be purchased at paint or hardware stores. Do not use abrasives on the finish of your cabinets. Direct sunlight can cause fading of the original color. Consider using window coverings to prevent direct sun on cabinets.

The hinges on your cabinet doors can be lubricated, if necessary, with an oil-based lubricant. Apply a very small drop of oil to the top of the hinge and work the door back and forth several times so the oil will penetrate into the hinge. Wipe the excess oil with a dry paper towel.

Flat and carousel shelves are not designed to hold weight that exceeds 20 pounds per square foot. Keep canned goods, flour, sugar, and heavier products on the bottom shelf of the base cabinets. If desired, apply contact paper to shelves to protect against scratches and water stains.

Here are some solutions to common cabinet problems:

PROBLEM	LIKELY CAUSE	SOLUTION
Cabinet door doesn’t close properly.	Door hinge is out of adjustment.	Adjust hinges.
Cabinet door bangs when closing.	Missing cabinet door bumper pads.	Install new bumper pads.
Cabinet door not level.	Screws attaching hinge to frame are loose.	Loosen screws, align door, tighten screws.

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PROBLEM	LIKELY CAUSE	SOLUTION
Adjustable shelves not at desired height.	Shelf clips in wrong position.	Remove shelf one side at a time. Move clips to desired position. Replace shelf one side at a time.
Cabinet drawer sticks.	Drawer glides out of alignment or debris in track.	Realign track. Check for debris. Spray with silicone.
Carousel not swinging freely.	Out of adjustment.	Loosen black set screw at bottom. Turn dial on shaft counterclockwise to raise, clockwise to lower.
Scratch or dent in cabinet.	Normal use.	Fill crack or dent with colored putty.
Cabinet finish is dull.	Cabinet is dirty.	Clean with soap and water.
Cabinet swelling from moisture.	Water leak or putting wet dishes in cabinet.	Check for water leaks. Dry dishes thoroughly.
Cutting board will not fit back into place.	Board is swollen from excess moisture.	To prevent, do not soak board in sink. Wash and dry thoroughly when cleaning.

Caulking

Over time, and particularly during warm, dry weather, caulking will dry and shrink. When this happens, it no longer provides a good seal against moisture. As part of your routine maintenance, you should inspect the caulking around your sinks, showers, tubs, countertops, and ceramic tile, and should make any necessary repairs to the caulking every six (6) months or as needed. Caulking guns and applicator tubes, disposable caulking guns, and caulking compounds are available at hardware stores and home centers.

Re-caulking, or any other repair by us, does not extend the terms of our Limited Warranty. Refer to the Limited Warranty section of this Manual for complete details. Please keep in mind that when we re-caulk or make any repairs to a painted, stained, colored or finished surface, it may not be possible to match the previous color. Variances in color are normal and are to be expected.

Ceilings

The ceilings in your home require occasional cleaning and periodic painting. Remove dust or cobwebs as part of your routine cleaning. When needed and as a part of your regular maintenance, you may want to repaint your ceiling.

If your ceiling consists of luminous light fixtures, you should follow these tips. Do not use cleaning solvents or other strong chemicals on the plastic panels or aluminum grid. We recommend that you wash the panels in a mild solution of dish-washing liquid and water. Use a soft cloth to wipe the

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grids using only warm water. Towel dry the panels and grids to remove any soap residue and water spotting.

Concrete

Concrete is a major structural material in your home. It provides strength and durability for the foundation. Your concrete requires minimal care. It should be kept free of accumulated dirt and debris. Oil and grease stains and standing water should be removed. Concrete cleaners are available at home centers and hardware stores.

Concrete is a porous, brittle material that will expand, contract, and crack as the result of temperature changes, shrinkage, and stress. Hairline cracks that may appear on foundation walls are usually cosmetic, as opposed to structural. Foundation cracks are common and are caused by shrinkage or stress. Due to weather, temperature, and moisture and to the nature of concrete, masonry, and stucco, it is normal for concrete to shrink and expand. This usually does not unduly affect the strength, performance, or purpose of the concrete, masonry, or stucco. CalAtlantic makes no representations or warranties that the concrete in or adjacent to your home will be free from shrinkage or surface cracking. Homeowners may choose to address cosmetic cracks by filling them with flexible concrete silicone. Concrete sealers may also be applied after six months to help reduce concrete dust from foot traffic.

Due to certain soil types, some staining of concrete is normal. Clean concrete floors with a solution of five tablespoons of baking soda to a gallon of water. Before using the cleaning solution, wet the floor with clear water and loosen dirt with a steel brush or scraping blade. A concrete sealer may be applied to the floor, following the manufacturer's directions, approximately six months after you move in. This will make it easier to clean and will reduce concrete dusting.

If your home has a basement, the block foundation may be covered on the outside with a cement parging, while the poured-in-place concrete foundation walls do not require parging. Both have an application of a material that is water-resistant, but not totally waterproof. Slight moisture condensation on the basement walls and floor is normal during the first year, since hundreds of gallons of water are used to make the concrete, mortar, drywall mud, and paint. As this water evaporates, it naturally raises the moisture content. Proper ventilation will reduce this condensation. Open basement windows during clear, dry weather and then close them during damp, humid weather. If excessive humidity develops, consider using a dehumidifier to remove unwanted moisture from the air.

Proper water drainage around the foundation will help keep the basement dry and eliminate unnecessary stress on the foundation wall. In many locations, drain tile is used to drain water away from the foundation. Familiarize yourself with the system installed in your home. Check periodically to ensure that all drains are clear of debris, that pumps are operating, window wells are clean, and that the soil around the foundation properly slopes away from the home.

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Exterior Concrete Flatwork (Porches, Stoops, Steps, Driveways, Patios and Sidewalks)

You should conduct a monthly inspection of concrete flatwork and do any maintenance necessary to improve drainage and minimize the infiltration of water. This is especially important during the first five years for a newly built home, as this is when the most severe adjustment between the new construction and its environment occurs. The process of inspection and maintenance should continue over the years, but cracking, settling, and other problems should become less common.

Cracks in flatwork are commonplace. Cracks occur from the natural curing and stabilizing process when drying and from settlement over time. Cracking may be more severe and common on swelling soils. If cracks are not sealed, they can get worse and contribute to deeper saturation of the soil that may damage the foundation. It is the homeowner's responsibility to caulk cracks to prevent water from getting under the slab and causing the soil underneath to settle or expand, further compounding the cracking of the concrete. Quality exterior acrylic caulking compounds or equivalent products manufactured for this purpose can be purchased at most hardware stores do-it yourself departments, and lumber yards.

The driveways and walkways in your home are designed for residential use. Should any vehicle heavier than a conventional automobile or pickup truck be allowed to use your driveway, CalAtlantic will not respond to complaints of driveway cracking. For your own protection, do not allow moving vans, lumber, concrete, landscaping and pool trucks, etc. to make use of your driveway.

Remove plant growth from the expansion joints when it appears. Left to grow, the roots of small plants expand and could crack or otherwise damage your concrete. If this happens, obtain patching cement from a hardware store or home center and follow the directions on the package for proper repair. Patches in concrete will vary in color from the original material. This is normal and cannot be avoided.Under normal usage and weather conditions concrete surfaces should not disintegrate to the extent that the aggregate is exposed. Salt and other de-icing chemicals will cause severe damage to exterior concrete surfaces. Even when you do not use salt, salt can be tracked in from the street on feet or tires, or accumulated under the fenders of your vehicle. This highly concentrated salt can cause pitting, spalling, and possibly the exposure of aggregate. We are not responsible for concrete deterioration caused by homeowner abuse or negligence, salt, chemicals, heavy vehicles, or other factors beyond our control. You may apply a concrete sealant, which may assist in reducing the effect of these chemicals on the concrete.

Concrete occasionally cures with a variation of color. This occurs during the curing process and is a natural chemical reaction. There is typically no way to predict or control this and we do not warrant discoloration of concrete. CalAtlantic also cannot ensure that concrete or masonry repairs requiring new material will match the color of the existing material. Color variations are normal. Top soil, fertilizer and other chemical treatments for lawn care can discolor concrete and should be swept off immediately.

Do not run water, or allow puddles to occur, near concrete foundations, fences, walls, walks and driveways. Water can cause soils expansion and infiltration and reaction to soils chemicals such as sulfates that can cause concrete to fracture or deteriorate. Remove snow and ice promptly from porches, steps, stoops, driveways, patios and sidewalks. If a thin layer of ice cannot be removed, cat litter or clean sand offer improved traction.

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Foundation Slabs

By maintaining good drainage away from your home, you are protecting your home's foundation and the floor slab. Maintenance of drainage away from all concrete slabs will minimize cracking and other forms of movement. Cracks in slabs should be sealed with a waterproof concrete caulk to prevent moisture from penetrating to the soil beneath.

Structural Floors/Crawl Spaces

A crawl foundation is made up of a footing and masonry foundation wall consisting of block and brick to support the structural floor. The floor system is constructed using an engineered framing system. The height is determined by the site conditions. Structural floors and crawlspaces create unique maintenance obligations, and increased maintenance responsibilities and costs (such as for utilities, maintenance, repairs, upkeep, etc.). Structural floors and crawlspaces require periodic inspections and replacement of devices designed to extract moisture, additional energy, and utility costs, floor treatments and related expenses. Mold may develop more easily and/or extensively with respect to structural floor and crawlspace areas. Homeowners with structural floors and crawlspaces must diligently comply with the mold prevention obligations stated elsewhere in this Manual.

Ground cover plastic in crawl spaces is used to reduce moisture coming from the ground. Do not remove or disturb it. It is natural to have condensation under this plastic. Water in your crawl space should be expected. The crawl space is graded to drain to the lowest area of the crawl. A drain pipe may be located here and terminate outside of the crawl. Both ends of this pipe need to be kept free of debris so that it doesn't clog. Proper ventilation in crawl space areas minimizes high humidity levels, condensation and resulting mildew. Do not enclose crawl space areas that open to an existing basement unless you provide exterior venting. Do not block or close existing vents. Do not use crawl space areas for storage.

In the Southeast region, where the temperature and humidity are both high, you can, under certain circumstances, experience condensation on your water pipes and air conditioning ducts. This is expected and not considered a problem. However, if this condition persists, it is recommended that the crawl space vents be adjusted in the summer to reduce the hot, moist air entering the crawl space. Vents should be open in the spring and fall to dry the crawl space. In the winter, the vents need to be adjusted again, leaving some partially open to guarantee air movement in your crawl space.

Post-Tension Slab

The concrete slab in your home may be designed with post-tension cable devices to add strength. The cables are under very high tension and must not be cut or broken. **Do not drill or cut your slab in any way.** This could result in severe damage to your slab and to you! Contact the Customer Care Department to determine if your home has a post-tension slab or if you have any questions regarding post-tension devices.

Condensation

Condensation is normal in a new home because many gallons of water were used during construction in the concrete, paint, etc. This water causes higher than normal humidity until the

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drying process is complete. When condensation appears on a cool pipe or on glass surfaces, it may give the false impression that you have leaks.

Excessive condensation or sweating on cool surfaces can be eliminated by making sure all attic louvers and crawl spaces are clear of debris or insect nests. Open windows can aid the home drying process; yet it takes time. Avoid speeding up the process by using excessive heat. You should use a constant thermostat temperature of between 68 and 72 degrees Fahrenheit. Window condensation is produced by conditions beyond our control and is not covered. CalAtlantic will inspect doors and windows to ensure proper fit and function and will repair defective weather-stripping.

Counter Tops

The counter tops in your kitchen may be constructed of glazed ceramic tile, cultured marble, marble, laminates (such as Formica), granite, limestone, or solid surface materials (such as Corian). Any cosmetic damage to your counter tops must be noted during your New Home Orientation. After you have moved in, the care of your kitchen counter tops is your responsibility.

Always use a cutting board to protect your counter tops when you prepare food. While minor scratches that can result from cutting food may not be noticeable at first, in time they will dull and mar the luster of the finish. This can happen to even the hardest ceramic tile.

Wipe up spills immediately. Some liquids, particularly hot ones, can cause almost imperceptible stains on ceramic tile grout, Formica and cultured marble. In time, the stains can accumulate and become unsightly.

Be careful to avoid dropping pots and pans and other kitchen items on your counter tops. This can break or chip the counter's surface.

Re-caulk separations that occur around sinks and along the backsplash of countertops, and between countertops and walls before water can enter into those separations and cause damage. See the "Caulking" section of this Manual, above.

Ceramic Tile

Glazed ceramic tile is known for its durability and the variety of colors and designs. Ceramic tiles are purchased in lots that have the same texture and color. Because an exact replacement match of ceramic tile can be impossible, we urge you to take special care to avoid breaking or damaging the ceramic tile on your counter tops.

Ceramic tile is brittle and can be broken by a sharp blow from a heavy object. The best way to avoid broken tiles is to use a cutting board and other protection for your ceramic tiles when you are at work in your kitchen. Wipe spills away promptly to avoid staining the grout. Soapy warm water, a detergent or a commercial tile cleaner can be used to keep your tile clean.

Sealing the grout between your tiles once a year or so will prevent stubborn stains from penetrating the grout and becoming unsightly. Routine scrubbing of the grout with warm soapy water will keep it clean and fresh. Strong cleaners such as Lysol can stain the grout. Sealers and cleaners can be

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found at your local hardware store. Sealing grout is a homeowner choice and maintenance responsibility.

Minor separation and looseness of ceramic tile grout on tubs, showers, counter tops and flooring, where it is joined with other materials, is inevitable. This is caused by the normal expansion and contraction of materials involved. Grout repairs are routine homeowner maintenance. Repairs of sealed grout may cause color variations.

Tile maintenance is the responsibility of the homeowner. Special care should be taken at ceramic tile areas that are exposed to water such as around bathtubs, showers, and on kitchen and bath counter tops. If any grout becomes loose or gaps appear between the tub and the tile, apply a waterproof caulking material to prevent water from migrating behind the tile. If water is allowed to accumulate behind the tile, damage to the walls and to the structure of the home can occur, and mold may develop. CalAtlantic is not responsible for this kind of damage.

Corinthian

Corinthian is a solid surface material, non-gel coated, air free cast-filled polyester. The product is consistent throughout. Corinthian can be cleaned with any good household cleaner, whether abrasive or non-abrasive. Stains which do occur can usually be removed with any abrasive household cleanser and a Scotch-Brite pad. To avoid scratches in the Corinthian surface do not use the product as a cutting board.

Cultured Marble

Proper maintenance of cultured marble is similar to the maintenance needs of fine wood. Use a cutting board to prevent scratches. Remove spills immediately to avoid stains. Do not use abrasive cleansers or scouring pads. Most food and drinks are acidic and can etch the finish on the marble. Do not place any items which may scratch or burn the surface directly onto the counter top.

Routine care of cultured marble counter tops requires warm water and a soft cloth or sponge. If the surface of your cultured marble counter tops becomes dull, you might consider having the marble polished by a professional who specializes in marble polishing.

Granite and Marble

Granite and marble are natural stone products. These surfaces can be scratched by knives or sharp objects, and they can be etched by some chemicals or food products. Use cutting boards to avoid scratches. Remove spills immediately to avoid stains. Do not use abrasive cleansers or scouring pads. Most food and drinks are acidic and can etch the finish on the marble. Do not place any items which may scratch or burn the surface directly onto the counter top.

Laminate Countertops

Clean laminate countertops with a soapy cloth or sponge, or use a non-abrasive liquid household cleanser for more stubborn stains. There are one-step cleaning products available for laminates that clean, reduce streaking, and leave surfaces polished. As with all cleaning products, carefully follow the manufacturer's instructions. Always clean across the joints in laminate countertops. Caulking must be maintained and replaced as necessary at countertop and backsplash seams to avoid moisture damage and swelling of countertop.

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Keep standing water away from the back splash, seams, and the seal around the sink. These areas are prone to water damage, since excessive moisture will eventually break down the seal and cause swelling or delamination. Check seams periodically and re-caulk as necessary. Laminate countertops can sometimes have the edge or band of laminate come loose from excessive moisture. This can be corrected by reattaching it with laminate adhesive.

Solid Surface Materials (such as Corian)

Solid surface materials are durable, man-made products designed especially for use in counter tops. However, they are not impervious to stains and damage, and require regular cleaning to maintain their beauty. These materials are susceptible to burns, so do not place a hot pan or a cigarette directly on the counter. As with any surface, it is best to clean up spills immediately. Use non-abrasive cleaners and dry with a soft cloth to enhance the luster.

Here are solutions to common countertop and vanity problems:

PROBLEM	LIKELY CAUSE	SOLUTION
Countertop separating from wall.	Settlement.	Re-caulk gap between countertop and wall.
Countertop chipped or damaged.	Accidents.	Contact porcelain or countertop repair company.
Dull finish on cultured marble surfaces.	Daily use/accidents.	Apply automotive wax and buff to restore finish.
Countertop edge band/laminate loose or separating from countertop.	Excessive moisture.	Reattach edge band laminate with appropriate laminate adhesive.
Scratches/chips in cultured marble or Formica countertops.	Accidents.	Call for professional repair.
Rust stains.	Marks from metal cans or steel wool.	Apply rust remover, per manufacturer's instructions.
Stubborn ink stains.	Accidents.	Apply full-strength liquid cleanser. Allow it to draw out stain. Blot away excess and rinse.

Doors

Doors (Exterior)

Check the finish on your exterior doors several times a year. Doors that receive direct sunlight should be inspected more often. If you notice cracking or peeling, refinish the door promptly. Use touch up paint as needed and repaint once a year or as required. If left unattended, cracking and peeling will progress rapidly and destroy the surface of the door. Reposition sprinklers that spray doors and other wood or metal surfaces. Water can severely damage wood surfaces.

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Avoid slamming doors because damage may result. Do not make hasty adjustments on new doors, since the condensation and humidity of a new home will affect them only temporarily. Occasional slight sticking is normal and even desirable for a weather-tight fit. To eliminate minor sticking, try paraffin, candle wax or commercial dry lubricant sticks.

If occasional lock sticking occurs, exterior locks can be easily freed with lubricant sold in most hardware stores. Locks may require adjustments of the strike plate on the door jamb. Remove the strike plate and carefully file the latch opening. Or move the strike plate by moving the screws into new positions.

Planing is a drastic solution. Do it carefully and cautiously otherwise the door may refuse to close properly in drier weather. When the door closes to your satisfaction after planing, seal the raw wood with paint or varnish to reduce the chance of swelling or warping later.

Small cracks may also develop during a dry season and may disappear during wet winter months. If the cracks do not disappear over time, they can be easily filled with wood putty, caulking compound or filler. These materials may be obtained at your local hardware store or home center.

The shrinkage of insert panels in doors showing raw wood edges is not uncommon due to temperature and humidity changes and can be corrected by repainting after the movement has stabilized.

Inspect the weatherstripping on your exterior doors frequently. Weatherstripping should form a reasonably tight seal to prevent air and water from entering. Normal contraction of wood doors can leave a small gap in the weatherstripping. This is normal. The small gap will close when the humidity increases and the door expands. Reglue or replace rubber and synthetic weatherstripping that has worked loose. Use an appropriate commercial weatherstripping cement or glue. Do not use super glue type adhesives.

Metal weatherstripping components can become unfastened. If this happens, carefully reshape the metal to its proper position and fasten it with small nails or tacks. Replace metal weatherstripping that has been damaged beyond this simple repair procedure.

Before you make structural or cosmetic changes to your exterior doors, check with any Homeowner's Association to which you may belong to determine any restrictions or necessary procedures or permits in connection with such changes.

Doors (Interior)

It is a good idea to keep duplicate keys for the bathrooms and other locking doors. Children may accidentally lock themselves into a room and be unable to work the lock. You may find that some interior locks can be opened with a small screwdriver, ice pick, or similar tool.

Remove finger smudges from painted or varnished interior doors by washing with warm water and a soft cloth or sponge. Dry the surface thoroughly with a soft cloth or towel. Check your interior doors frequently and use touch up paint or varnish when necessary. These simple steps will keep your interior doors beautiful and in top condition.

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If your closets feature sliding doors keep clothes and other items away from the doors so they do not obstruct the door's proper operation. The roller and tracks should be lubricated with an oil-free silicon lubricant. Oil and grease attract dust and dirt that become embedded in the lubricant and tracks.

Interior doors are hollow-core and are not designed to support attachments and hanging accessories. Hanging heavy items on doorknobs, or at the top of a door, can damage hardware, hinges, or the door itself. Some doors may have hinge bumps installed, caution must be taken not to apply pressure as hinge bump could puncture door.

Doors (Metal)

Metal doors require paint touch up but usually require little other care. Observe the lower edge of metal doors to inspect for rust. Remove the cause of the rust where possible and any rust stains, and use touch up paint to cover the exposed metal.

Doors (Sliding Glass)

Carefully examine all window and sliding door glass at your New Home Orientation. Any glass that is broken or scratched must be pointed out at that time. Sliding glass doors are protected by a manufacturer's warranty, which may extend beyond the Builder's Limited Warranty coverage. Should you experience problems that the manufacturer warrants, please contact the appropriate manufacturer.

Clean glass with a spray glass cleanser and wipe frames with sudsy water and a soft cloth. Periodically clean the bottom of the door track and check to ensure that drain holes are clear of obstructions. To keep the doors moving freely, apply a silicone spray to the tracks. Keep sprinklers away from sliding glass doors and windows when watering the lawn.

Doors (Wood)

The doors and door frames in your home are made of painted or varnished wood. Wooden doors are subject to expansion and contraction with changes in heat and humidity. The result can be warping and sticking. This is normal and may correct itself as conditions change. **You should allow your home to go through at least one dry and damp season before you make other permanent changes.**

You can correct most sticking doors by the careful removal of small amounts of wood. Usually, this can be done with sandpaper. In most cases, it is not necessary to remove the door. Use sandpaper to lightly sand the door to remove a small amount of wood at a time until the door no longer sticks. Use touch up paint on the exposed wood promptly.

Planing is a drastic solution. Do it carefully and cautiously otherwise the door may refuse to close properly in drier weather. When the door closes to your satisfaction after planing, seal the raw wood with paint or varnish to reduce the chance of swelling or warping later.

Small cracks may also develop during a dry season and may disappear during wet winter months. If the cracks do not disappear over time, they can be easily filled with wood putty, caulking compound, or filler. These materials may be obtained at your local hardware store or home center.

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Avoid slamming doors because damage may result. Do not make hasty adjustments on new doors, since the condensation and humidity of a new home will affect them only temporarily. Occasional slight sticking is normal and even desirable for a weather-tight fit. To eliminate minor sticking, try paraffin, candle wax or commercial dry lubricant sticks.

If occasional lock sticking occurs, exterior locks can be easily freed with lubricant sold in most hardware stores. Locks may require adjustments of the strike plate on the door jamb. Remove the strike plate and carefully file the latch opening. Or move the strike plate by moving the screws into new positions.

The hinges and locks on your doors may require lubrication from time to time for proper maintenance and to prevent squeaks. Remove the hinge pin and rub it with a graphite tube or lead pencil and then replace it. We do not recommend using oil because it accumulates dust.

Door knobs that are used frequently can become loose. As soon as you notice such a condition, tighten any screws on the doorknob that are loose.

The shrinkage of insert panels in doors, showing raw wood edges is not uncommon due to temperature and humidity changes and can be corrected by repainting after the movement has stabilized.

Garage Doors

Since the garage door is a large, moving object, periodic maintenance along with following the manufacturer's instructions will insure safe and reliable operation. Do not allow anyone except the operator near the door when it is in motion. Keep hands and fingers away from all parts of the door except the handle. Do not allow children to play with or around the door.

a. Every three months, a 30 weight automobile oil or similar light lubricating oil should be applied to all metal moving parts: hinges, pulleys, and springs. Wipe away any excess oil. Do not lubricate the tracks or the surface of the nylon roller. If needed, you can adjust the tension on the upper and lower rods to compensate for any warping of the door. At this same three month interval, check to see that all hardware is tight and operating as intended without binding or scraping.

b. It is a normal condition for the garage door to sag somewhat due to its weight and span. This will stabilize after the panels have dried thoroughly.

c. For your safety, after one year have any needed adjustments made by a qualified specialist. The door springs are under a considerable amount of tension and require special tools and knowledge for accurate and safe servicing. Have the door inspected by a professional garage door technician after any significant impact to the door.

d. If an electric door operator is installed, be sure the door is completely unlocked and the pull down rope had been removed before using the operator. The six month inspection and servicing described herein is still needed even if an electric opener is installed.

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If your home has a one-piece garage door that is made of wood, close your garage door during rain. If the garage door is left open during rain, water will collect on the door and cause severe warping and damage to the door and the door hardware.

If your home has a sectional garage door that is made of lightweight steel, the door is very susceptible to denting and scratching. Take care to avoid leaning objects such as bicycles or ladders against the door.

Garage doors with remote openers can be operated manually by pulling the release cord at the top of the garage door, near the track, and then lifting the garage door open. Adjustments to the garage door mechanism may be needed after extensive use or after painting or repairs. The mechanism is under high tension. Injury can result if the mechanism is improperly handled. Contact an authorized dealer or other garage door service provider if adjustments are needed.

Automatic garage door openers and sectional garage doors may be covered by a manufacturer's warranty. Please read the manufacturers' warranties provided to you in conjunction with your home purchase for information on maintenance, operation, and electronic coding. The installation of a garage door opener not installed by CalAtlantic will void any applicable garage door warranty.

Here are solutions to common door problems:

PROBLEM	LIKELY CAUSE	SOLUTION
Interior door does not stay closed.	Keeper out of adjustment.	Adjust keeper.
Door sticks or binds.	Settlement or swelling from moisture.	Adjust hinges, keepers or jambs.
Door will not stay open.	Settlement.	Adjust the hinge.
Entry door losing finish.	Weather related from sun or heat.	Clean door often.
Entry door will not latch properly.	Settlement or tight weather-strip.	Adjust keeper and/or weather-strip.
Hot or cold air coming in around exterior door.	Threshold out of adjustment.	Adjust threshold. The door's rubber sweep should bend slightly and evenly where it meets the threshold.
Water infiltration at door.	Threshold not snug at bottom of door.	Adjust threshold.
Hinges on door squeak.	Friction on hinge pin.	Apply wax to hinge pin.
Door key does not operate smoothly.	Normal usage.	Spray white graphite into key hole.
Door knob loose or rattles.	Normal usage.	Tighten screws.

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PROBLEM	LIKELY CAUSE	SOLUTION
Bi-fold doors do not close flush.	Door keepers unadjusted.	Adjust keepers on the backside of door.
Bi-pass door leaves track.	Unusual handling of the door.	Reinstall door, inserting wheels at top of door into track.
Sliding glass door does not lock.	Locking latch out of adjustment.	Adjust locking latch.
Sliding glass door sticking or hard to operate.	Bottom roller out of adjustment.	Adjust rollers, clean track, and silicone spray.
Overhead garage door not operating properly.	Tension spring out of adjustment or door blocked by debris.	Remove debris. Call authorized repairperson for any other repairs. DO NOT attempt to repair tension spring.
Remote garage door opener not operating.	Weak or dead batteries.	Replace batteries.
Water infiltration at door.	Threshold not snug to bottom of door.	Adjust threshold.
Hot or cold air coming in around exterior door.	Threshold out of adjustment.	Adjust threshold.

Electrical System

The electrical system in your home is intended for normal residential use. We highly recommend that you consult a licensed electrician to make changes or additions to your electrical system. Please note that a permit may be required for changes and additions to your electrical system.

Arc Fault Circuit Interrupter (AFCI) Devices

Also during your New Home Orientation, the CalAtlantic Representative will point out the breaker location of the arc fault circuit interrupter devices (AFCI outlets) in the main electrical panel. Each wall outlet in every bedroom is protected by an AFCI to mitigate against most arcing conditions as might be created by older appliances such as vacuum cleaners, etc. For instance, some older motors may create internal sparks while running which could trip the AFCI.

Conventional circuit breakers only respond to overloads and short circuits so they do not protect against arcing conditions that produce erratic current flow. An AFCI is selective so that normal arcs do not cause it to trip.

The AFCI circuitry continuously monitors current flow through the AFCI. Once an unwanted arcing condition is detected, the control circuitry in the AFCI trips the internal contacts, thus de-energizing the circuit and reducing the potential for a fire to occur. An AFCI should not trip during normal arcing conditions, which can occur when a switch is opened or a plug is pulled from a receptacle.

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Presently, AFCIs are designed into conventional circuit breakers combining traditional overload and short-circuit protection. AFCI circuit breakers have a test button and look similar to GFI circuit breakers. To reset, simply press the reset button on the appropriate breaker in the electrical panel.

Ceiling Fans

DO NOT hang a ceiling fan from an existing ceiling light box without adding additional support to carry the extra weight.

Circuit Breaker

During the New Home Orientation, the CalAtlantic Representative will point out the location of the circuit breaker panel. There will be one master circuit breaker and several individual circuit breakers.

Circuit breakers trip under excessive electrical load. Circuit breakers have three positions: on, off, and tripped. When a circuit breaker trips it must first be turned "off" before it can be turned "on". Switching the breaker directly from "tripped" to "on" will not restore service. Reset tripped circuit breakers by moving them to the "off" position and then to the "on" position.

In the event of a loss of electrical power in your home, follow these steps:

If the power loss is in one area of your home and power is available in other areas of your home, it is likely that an individual circuit breaker has turned off. Unplug any appliances in the area that are without power and turn other appliances off. Check the circuit breaker and, if necessary, reset it. Plug your appliances back in. If the circuit breaker fails repeatedly, you have either a short circuit in one of your appliances or a short circuit in the electrical system in your home. Do not attempt further repair. Call a licensed electrician or CalAtlantic if your home is still covered under our Limited Warranty.

If electrical power is lost throughout your home, check the master circuit breaker. If the master circuit breaker has tripped, reset it. If the master circuit breaker trips repeatedly, refer the problem to a licensed electrician. If the master circuit breaker has not tripped, take a look around your neighborhood. If you notice a general electrical failure in your neighborhood, call your electric company to report the problem.

Dishwasher/Disposal Units

Under the kitchen sink you will find an electrical outlet for the dishwasher and disposal. One half of this outlet is controlled by the wall switch and is used for the disposal; the other half is for the dishwasher.

Ground Fault Interrupt Devices

During your New Home Orientation, the CalAtlantic Representative will point out the location of ground fault interrupt devices (GFI outlets). Usually, GFI outlets are located in bathrooms near tubs and bathroom sinks, in kitchens, laundry rooms, and garages, and on the exterior of your home. These are special circuit breakers that are designed to break the flow of electricity in the event of a short circuit. This will prevent dangerous electrical shock.

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GFI circuits have a test and reset button. These are pointed out during the New Home Orientation. Once each month the test button should be pressed. This will trip the circuit. To return service, press the reset button. If a GFI breaker trips during normal use it may be an indication of a faulty appliance and some investigation is in order. Always check the GFI breaker before calling for Customer Care services.

Do not plug appliances such as air conditioners, refrigerators, and food freezers into GFI outlets. The electrical surge that occurs when these appliances cycle will trip the GFI outlets and break the circuit. Heavy electrical usage appliances such as power tools or even hair dryers can trip the GFI breaker. Atmospheric moisture, such as during rains or after a hot shower, may also trip the GFI breaker.

It is possible that some outlets that are connected to the GFI device are not so marked. If you have a failure at an outlet, reset the GFI devices as well as the circuit breaker. Continued failures indicate a potentially dangerous electrical problem. Contact a licensed electrician for assistance.

Lighting (Exterior)

The exterior lights on your home can have brass or painted finishes. Replace the light bulbs with the recommended specification. Protect the brass finish with a wax or protectant product to avoid corrosion and discoloration. Replacement globes can be purchased at home centers, lighting stores and hardware stores. Do not use indoor bulbs in exterior lighting fixtures. Do not use light bulbs with a higher wattage than the maximum wattage stated on the light fixture.

Lighting (Interior)

The lighting fixtures in your home are designed for standard wattage bulbs. To avoid excessive heat, you should not exceed the manufacturer's recommendations. If a luminous light fixture does not work, make sure all fluorescent bulbs are installed properly. Adjust any tubes that are flickering or buzzing. Check wall switches and circuit breakers.

If a light fails to come on, check the bulbs to be sure they are not loose or burned out. Also, check to see that they are the correct wattage for the fixture. Next check the breakers. If this fails to solve the problem, you will then need to arrange for service.

Translucent panels can be cleaned by removing them. First push up slightly above the grid system (except attic access panels) then tilt and lower. Wash in a 1-2% solution of water and mild detergent. Do not rinse; the soap film will reduce static electricity.

Outlets and Switches

Electrical outlets can be found in every room in your home. Do not exceed the capacity for which the outlets were designed. Devices that increase the capacity of electrical outlets and multiple extension cords can cause a fire and severe personal injury or death. High voltage appliances (i.e., iron, hairdryer and vacuum) will dim lights and draw additional current while in use.

An electrical outlet or light switch on an exterior wall may produce a slight draft, allowing cold air to be drawn into the room. Some cold air is normal. Draft protection pads that help reduce cool air

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drafts can be installed by a qualified electrician or are available at hardware stores. If any electrical outlet does not have power, there are two possible explanations:

1) Some outlets are controlled by a wall switch. Plug an appliance into the outlet and turn on nearby wall switches to see if the problem is corrected. If you find that an outlet is controlled by a wall switch, you might point this out to others who live in your home.

2) Check the circuit breaker. If the circuit breaker has been tripped, reset it and try the outlet again. Check the GFI devices and reset if necessary. If the circuit breaker trips repeatedly, call a licensed electrician or CalAtlantic if your home is still covered under our Limited Warranty.

CAUTION: Small children can be injured by poking small metal objects into wall outlets. You can prevent this by installing child proof devices on all floor level electrical outlets. These devices are available in grocery stores and drug stores as well as home centers and hardware stores.

Here are solutions to some electrical problems:

PROBLEM	LIKELY CAUSE	SOLUTION
Complete power failure.	Main breaker tripped. Electrical outage.	Reset main breaker. Call power company.
Electrical outlets not working.	Outlet switch is off or circuit breaker is tripped.	Turn on switch. Check and reset breaker.
GFCI outlets not operating.	GFCI receptacle or circuit breaker is tripped.	Reset GFCI. Check and reset circuit breaker.
GFCI keeps tripping.	GFCI circuit overloaded.	Do not overload GFCI circuit with small appliances.
Light fixture not working.	Switch is off or bulb is burned out.	Turn on switch. Turn off power to replace bulb.
Appliance does not work.	Circuit breaker tripped or appliance broken.	Reset circuit breaker. If problem persists, see appliance manual.
Smoke alarm goes off when smoke is not present.	Dust or dirt trapped in smoke alarm. Battery backup needs replacement.	Clean or vacuum smoke alarm. Replace battery backup.
One half of wall outlet is not working.	Switched outlet.	Turn on wall switch.
Sparks or burning smell.	Potential appliance overheating or fire.	Find the location. Shut off electrical at panel. Immediately call fire department if there is any chance of fire.

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Expansion and Contraction

All building materials are subject to expansion and contraction caused by changes in temperature and humidity. This applies to everything in your home, even including the concrete. Dissimilar materials expand or contract at different rates. This results in separation between materials, particularly dissimilar ones. The effects of this expansion and contraction can be seen in such things as small cracks in the foundation, drywall, paint -- especially where moldings meet sheetrock, and mitered corners, where tile grout meets tub or sink, etc. This can be alarming to an uninformed homeowner, but, in fact, it is very normal, even in the highest quality of construction. Especially in dry climates, shrinkage of wood members of your home is inevitable.

This will occur in your home. It will be most noticeable during the first year, but typically continues into subsequent years. In most cases, caulking and paint is all that is needed to repair this minor evidence of a very natural phenomenon. Even properly installed caulking will shrink and must be maintained.

Exterior Finishes

The primary exterior finishes on your home are wood or other siding materials and stucco. Because they are exposed to constantly changing weather conditions, the exterior finishes on your home require routine maintenance and care. We recommend that you inspect the exterior surfaces of your home every three months.

Every six months it is recommended that you walk the exterior of your home looking for cracks in the exterior finish. Pay special attention to areas around windows, doors, hose bibs, phone boxes, cable TV and electrical outlets. It is not uncommon to find cracks that outline block used in home or wall construction in a stair-shaped pattern. If you find cracks, it is important that you seal them, as cracks may allow moisture to enter, especially during periods of sustained rain and high winds. Use an acrylic urethane caulking for areas around windows and doors or any wall penetration. For cracks that occur in block construction (like those that form a stair-shaped crack), a textured brush-on elastomeric sealant fills cracks the best. Both of these products can be purchased at your local paint supply store.

Brick and Brick Veneer

Brick is a masonry product with a cement mortar product between the bricks. Minor hairline cracks are common in mortar joints in masonry construction and do not reduce the function. Slight variations in size, color, and placement contribute to the look of a brick exterior. Surface chips and cracks add a weathered appeal, while small hairline cracks in the mortar are caused by shrinkage. Minor brick chipping, cracking, and mortar shrinkage are normal. Cracks in the mortar joints may be 1/4 inch in width and may vary up to 3/8 inch. Bricks may vary in size 1/2 inch in length or width. Bowed brick may vary 3/8 of an inch over the brick's length.

Bricks with a sand finish coat, after normal weather conditions, are subject to lose some of their sand coat finish. "Tumbled" bricks can come with chips, which create the tumbled, irregular look. Bay windows or walls with angled corners may have brick from different dye lots from the other adjacent bricks. Keep clear any weep holes that may be drilled into the brick's mortar above the foundation to allow water to drain from behind the brick.

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The white, powdery substance that sometimes accumulates on brick surfaces is called efflorescence. This is a natural phenomenon and cannot be prevented. In some cases, it can be removed by scrubbing with a brush and strong vinegar.

Stone and Stone Veneer

Slight variations in size, color, and placement contribute to the look of a stone exterior. Minor stone chipping, cracking, and cement shrinkage are normal. A crack in the cement joint of stone veneer may be up to 1/4 inch in width. CalAtlantic cannot ensure that stone or cement repair requiring new material will match the color of the existing material. Color variations are normal.

Siding, Soffits and Fascia

Vinyl siding is a relatively low-maintenance product that holds up well under varying weather conditions. However, during intense periods of heat, the sun can cause the siding to flex and ripple. The siding will be installed in such a way as to allow the siding to “flex” under these conditions. Also, darker colors of vinyl siding are more susceptible to fading and distortion, due to temperature differences in the home during hot seasonal weather. Lighter colors are likely to show more breaks/seams in the siding than a darker color. The spacing pattern among individual pieces will vary within each house; therefore, no two houses will ever have the same pattern or location of breaks.

Siding should be inspected annually for paint performance, chipping, cracking, etc. Exterior painted surfaces of the home generally should be refinished approximately every three years, or per the manufacturer’s recommendation for your specific area and climate conditions. When repainting, blistered, or peeling areas should be wire-brushed or scraped with a putty knife, and then sanded, and spotted with primer. Be sure to use a quality exterior paint that has been formulated for local climate conditions. Trim painted white or light colors will more readily show grain, cracks, and wear; more frequent inspections and additional maintenance therefore may be required.

Over time, the original finish will fade and dull due to climate conditions. You should repaint before there is much wearing away or chipping of the original finish, as doing so may reduce the need for special surface preparations.

Do not allow sprinklers to spray water on the exterior walls of your home. Water spray may cause blistering, peeling, splintering and leaks or other damages.

The soffit vents are located under the roof overhang and on porch ceilings. The fascia is used behind gutters and to cover gable trim boards. In some areas, wood is used for the soffit and fascia. This product requires caulking and painting. These items are warranted by the manufacturers. The length of warranties for vinyl and aluminum is different for different manufacturers. For specifics, please review the product literature appropriate to your installation. The manufacturers may not provide warranty coverage should the panels come loose or detached by extreme winds and repairs may be covered by homeowner’s insurance. We cannot ensure that soffit and fascia repairs requiring new material will match the color of the existing material. Color variations caused by weathering effects are normal.

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Stucco

Stucco is a brittle cement product that is subject to expansion and contraction due to environmental factors in this area. Minor hairline cracks will develop in the outer layer of stucco. This is normal and does not reduce the function of the stucco in any way. CalAtlantic will not be responsible for minor cracks in stucco not exceeding the Construction Standard tolerances set forth in the preceding section of this Manual.

The white, powdery substance that sometimes accumulates on stucco surfaces is called efflorescence. This is a natural phenomenon and cannot be prevented. In some cases, it can be removed by scrubbing with a brush and strong vinegar. Consult your home center or hardware store for commercial products to remove efflorescence.

Other rules for maintaining the stucco on your home are:

- Avoid spraying water from irrigation or watering systems on stucco surfaces. Check the spray from your lawn and plant irrigation system frequently to make certain that water is not spraying or accumulating on stucco surfaces.
- Keep dirt a minimum of six (6) inches from the stucco screed.
- Do not pour concrete or masonry over the stucco screed.

Wood

Wood is found throughout your home. Because wood is a natural, porous material, it requires protection with paint if it is exposed to the elements. Inspect your exposed wood surfaces every three months or after periods of inclement weather. If you find cracking or peeling of the paint, sand the area and repaint it promptly. The exterior wood on your home will require repainting every two to four years.
Surfaces that receive direct sun will require more frequent repainting. Inspect these surfaces every three months. Repaint every year or as needed.

A certain amount of splitting, cracking, or raised grain is normal for wood exposed to the weather, and does not indicate a defect in the wood or paint. Split or damaged wood, particularly on the ends of beams, should be repaired or repainted to avoid further damage. Such cracks can be filled with wood dough prior to repainting or staining.

Small splits on the ends of beams are called checking. This is normal and does not affect the structural integrity of the beams. The natural drying of wood can result in gaps and splits in wood molding and trim parts. Nails can work loose. Reset all popped nails and reposition trim parts that have been moved by natural drying of the wood. In cases of severe warping, replace the trim parts. Fill any cracks with commercial wood filler or caulking and use touch up paint.

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Here are solutions to common exterior finish problems:

PROBLEM	LIKELY CAUSE	SOLUTION
Dirty siding.	Adverse weather conditions and soiling.	Periodic hosing. See manufacturer's recommendations.
Siding blows off.	Strong winds over 54 miles per hour.	Review homeowner's insurance policy.
Cracking/peeling of painted surfaces.	Normal aging and weathering.	Clean and sand surface, then prime and repaint.
Gaps at joints in wood trim.	Normal caulk and filler shrinkage.	Re-caulk or fill.
Sap on exterior trim.	Wood drying out.	Sand, prime, and paint.
Efflorescence on masonry finishes.	Crystallized soluble salts.	Scrub with water and stiff brush.
Mildew on wood siding.	Wet weather and lack of sunlight at affected area.	Pressure-wash affected area with diluted bleach.
Mildew on vinyl siding.	Wet weather and lack of sunlight at affected area.	Pressure wash with water.
Dents, holes or scratches in siding.	Abuse or accidents.	Replace panel.
Siding has dirty, streaked appearance.	Mildew or fungus growth.	Apply commercial mildew cleaner following manufacturer's directions.
Cracks or stair step cracks in masonry finish.	Normal home settlement.	Seal cracks with a normal masonry caulk.
Vinyl siding makes noise.	Normal expansion of siding due to temperature changes.	Normal occurrence; no action required.
Nicks or deep depressions in wood siding.	Abuse or accidents.	Caulk and repaint as soon as possible.
Dents in soffit or fascia.	Abusive treatment.	Replace panel.

Fencing

The fencing around your home is of the type and in the location mandated by city ordinance and/or the approved landscaping plans and/or CC&R's. It will need regular preventive maintenance along with the other components of your home. Do not allow sprinklers to spray fences and other exterior surfaces. Please note that fencing around your home may vary from that in the models and from homes with different grade elevations.

Section 6.30

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If you choose to add a fence to your property, we urge you to employ a professional fencing contractor. It is your responsibility to locate the property lines and to have your fencing installed according to local building codes, industry standards, manufacturers' specifications, and your CC&R's. Before you install fencing, refer any questions to local building authorities and your Homeowners Association for approval. Check with your Homeowners Association before you change the paint color of your wrought iron or wood fencing.

Block Fencing

Your home site may have been constructed with a masonry block fence that is approximately six feet high. Block walls and fences may not be constructed to tie integrally with the home which may cause a slight gap between the home and the wall or fence. Masonry block fences are not engineered to handle lateral structural forces; therefore, no additional material (e.g., dirt, rocks) should be place against the wall or fence above the established grade for your yard.

Wood Fencing

The natural finish of wood fencing should be maintained by yearly applications of a deck or wood sealer. If your fences are painted, repaint yearly or more frequently if necessary.

Wrought Iron Fencing

Some of the fencing on your property may be made of wrought iron. Wrought iron is subject to rusting if it is not maintained properly. Use touch up paint on nicks and scratches every few months or as needed. Areas with obvious rust should be sanded and repainted immediately with water resistant primer and paint. Repaint every one to two years. The frequency of maintenance depends on the exposure to sunlight and to dampness. Do not let water stand around the fence posts.

Fireplaces

The fireplaces in CalAtlantic houses are amenities, and are not designed nor intended to heat the home. We suggest that you use small fires which will lend a sense of warmth to the room while supplementing the heat from your heating system.

Some fireplaces are gas-only appliances. The venting, clearances, and other construction features of these gas-only fireplaces do not accommodate the burning of wood, paper or other materials, and could cause a chimney fire or house fire to result if used and/or maintained improperly. Whether or not the fireplace in your home is gas-only will be reviewed with you at your New Home Orientation.

Yearly inspections and service of your fireplace and chimney by a qualified fireplace company are appropriate to maintain your fireplace system in proper working order.

Here are additional rules for getting the maximum benefit from your fireplace:

- Fireplaces need a draft to function properly. You should open a nearby window about one inch before you light a fire. This is especially true if your heating system is operating at the time your

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fire is lighted. **Failure to open a window and provide a draft could cause a down draft and smoke or gas may fill your home.**

- Always use a fire grate or andirons in your fireplace to allow air to circulate around the fire.
- Never place the fire directly on the floor of the fire box.
- Be sure the damper is in the open position before you build a fire. Become familiar with the operation of the damper before you light the fire. Some homes have a fresh air vent installed with the fireplace, to provide combustion air. Like the damper, this fresh air vent needs to be opened prior to starting a fire. This procedure will be explained during your New Home Orientation.
- For wood-burning fireplaces, use firewood that is intended for a residential fireplace. The logs should not be too long for the fire box. Do not use green or water-soaked wood. Do not use construction lumber or other wood which has a high creosote or pitch content. The pitch will condense on the chimney and, in time, build up enough to become a fire hazard. Do not use pressed wood fireplace logs. Residues from these logs can damage fireplace equipment and stain the exterior chimney cap and the surrounding stucco. Store wood outside as it may be a home for unwanted insects.
- Close glass doors or fireplace screen doors when the fire is burning.
- Never leave the fire unattended. Extinguish the fire before going to bed and when leaving home.
- Never use your fireplace as an incinerator to burn trash, a Christmas tree, holiday decorations, or the like in a fireplace.
- After the fire is completely out and the embers are cold, close the damper to prevent heat loss through the chimney.
- Remove residual ashes after you are certain that they are cold. Hot coals in ashes can ignite if the ashes are dumped in a garbage can or other receptacle.

Clean your fireplace and chimney regularly. The timing of cleaning will be determined by the frequency and way you use your fireplace, and (for wood-burning fireplaces) by the type of wood you burn. Heavy use with soft woods or improperly seasoned woods will result in the need for more frequent cleaning, probably once a year. Creosote and other wood-burning by-products accumulate inside the flues over a period of time. This build-up can be a fire hazard. A qualified chimney sweep should be hired for chimney cleaning.

Here are solutions to common fireplace problems:

PROBLEM	LIKELY CAUSE	SOLUTION
Fire will not stay lit.	Wood is wet or unseasoned.	Use dry, seasoned wood.

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PROBLEM	LIKELY CAUSE	SOLUTION
Fire will not stay lit.	Starting fire with firewood logs that are too large.	Start fire with newspaper, kindling, and small logs.
Smoke backs up into room.	Damper not open. Obstructed chimney flue.	Open damper. Clean chimney.
Smoke backs up into room.	Chimney flue not pre-heated.	Light newspaper above wood and grate to create draw.
Smoke smell in home when the fire is not burning.	Dirty flue. Leftover ashes in firebox. Wet flue.	Clean flue. Clean out ashes. Install chimney cap.
Smoke smell in home when the fire is not burning.	Exhaust fan pulling air down flue into home.	Close damper.
Water inside fireplace.	Rain coming down from chimney.	Install chimney cap.
Cracks in fire brick and/or in mortar.	Burning fires that are too large and too hot.	Get brick and mortar repaired. Do not build large fires.
Excessive black soot on inside of fireplace and flue.	Burning poor-quality wood or items other than wood.	Burn only dry, seasoned hardwoods. Get chimney cleaned.
Gas burner will not ignite.	Pilot light out.	Refer to the manufacturers start-up instructions.
Outside finish on fireplace becomes dull.	Normal aging.	Repaint with
Chimney fire.	Burning sappy or unseasoned wood.	Burn only dry, seasoned hard woods. Have chimney professionally cleaned.

Fire Sprinklers

If your home has been equipped with a Residential Fire Sprinkler System, it is designed to quickly and automatically respond to a fire, giving you and your family additional notice to exit the home. The sprinkler head's operation is based on "direct temperature heat" (typically 135° to 175°). Only the sprinkler(s) located directly over a fire will activate.

In case of a fire, IMMEDIATELY exit the home. Let the fire department determine when the sprinkler system should be de-activated.

The likelihood of a sprinkler accidentally going off is very rare. If a sprinkler head malfunctions, go outside, shut off the water to the fire sprinklers at the water valve, and immediately call the Customer Care Department for service. If unable to locate the water valve, shut off the water at the meter box at the curb.

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Do	Don't
1. Test your system annually. 2. Know the location of the system shut-off valve. 3. Make certain the system control valve is open at all times. 4. Have your system extended if your home is enlarged or remodeled. 5. Consider having the system inspected by a professional every two years.	1. Don't paint the sprinklers/covers. 2. Don't damage the sprinklers. 3. Don't hang objects from the sprinklers. 4. Don't obstruct the sprinklers. 5. Don't cover the sprinklers. 6. Don't remove the sprinklers. 7. Don't turn off or disconnect the system. 8. Don't shut off the system in the event of a fire.

Floors

The flooring in your home requires routine maintenance and care. The coverage provided by CalAtlantic Limited Warranty is limited to flooring materials that were provided and installed by CalAtlantic. If you chose flooring from another source, all warranty and service claims must be directed to that vendor.

In some instances, the floors, particularly in upper stories, can squeak. Squeaky floors are usually caused by a change in the weather, or by normal shrinkage of the wood materials and/or settlement of your home. This is normal in new house construction and is not considered a construction defect under the Limited Warranty.

Please inspect your flooring carefully during your New Home Orientation. Any damage or defects in your flooring must be noted at that time. Subsequent damage, including broken tiles, scratched wood flooring, torn carpeting, and scuffed vinyl, is your responsibility. If you retain an outside flooring contractor for installation of floor coverings at your home, either before or after closing, installation of such flooring is your responsibility, and your outside flooring contractor must investigate and address their installation to any conditions or claimed imperfections involving the sub-floor or slab on which such installation occurs.

The subfloors of your home have generally been designed to support the weight of your home, plus a 40-pound per square foot furniture and occupancy load. Waterbeds and pool tables may exceed this limit. CalAtlantic will not be responsible for any damage resulting from such overloads.

We offer these steps for routine maintenance of your flooring. Please follow your manufacturer's recommendations.

Carpeting

Vacuum carpeting frequently to avoid the buildup of dirt and grime. High traffic areas should be vacuumed twice a week. Use a fixed brush attachment on your vacuum cleaner. If your vacuum cleaner has a beater type attachment, the beater should barely touch the tops of the carpet fibers.

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Eliminate carpet shedding fibers as they appear. Loose carpet fibers will work their way to the surface for quite some time. This is known as fluffing or shedding. Vacuum these fibers as a part of your routine cleaning. If a tuft of carpet appears which is longer than the surrounding carpet, do not try to pull it out. It is probably attached to the backing and simply needs to be trimmed to the height of the surrounding tufts.

Visible carpet seams are to be expected and are not an indication of a fault in the carpet. Most rolls of carpet are produced in 12 foot widths. This dictates that most of your rooms will have at least one seam. Professional installers will attempt to install your carpet with the minimal amount of seams and without excessive waste. Seams are most visible in a home before it has been furnished and occupied. As your carpet wears, the fibers will blend together, eliminating many of the visible seams. Visible seams are not a defect unless they have been improperly made.

When moving furniture, lift rather than drag the pieces over carpeting, to avoid lumps and snags.

Doormats are an excellent way to save your carpets. Use them in high traffic areas with one on each side of exterior doorways.

Remove spills immediately. Stain removal is easier if it is done promptly. Consult your specific manufacturer's warranty information for stain removal. Cleaning products should be tested on a section of carpeting that is not in a high traffic area. Do not use cleaners that have not been recommended by the manufacturer for the carpeting materials in your home.

You may void your manufacturer's warranty using cleaners that have not been recommended by the manufacturer.

Thoroughly clean your carpets at least once each year. While do-it-yourself carpet shampoo devices can be effective, consider employing a professional carpet cleaner.

You should refer to the manufacturer's recommendations on carpet care for additional information. Regular vacuuming and immediate treatment of stains will prolong the beauty and life of your carpeting.

Common household substances may damage carpeting. We are not responsible for carpet staining. Use caution with all substances including the following:

Medications and shampoos: Many medications and some pet shampoos contain Benzoyl peroxide, a strong oxidizing agent capable of destroying most dyestuffs used in carpet. Spots from this ingredient seem to appear spontaneously since the time between contact and the appearance of the spot could be days or weeks and the amount of staining is affected by humidity.

Bleaches: Chlorine bleach is used in almost every home and the possibility of drops or spills is common. Fabric-type bleaches can also cause bleaching and dye bleeding but at a slower pace. Pool chemicals and mildew killers contain bleach and can affect carpet if used indoors.

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Insecticides: Some indoor insecticides can cause carpet color changes. Exterminators are cautioned to apply insecticides in a fan shaped mist to the baseboard, not the carpet. Most complaints have shown the application was in a stream directly on the carpet.

Plant Foods: Spills of liquid plant foods or leakage from flowerpots may cause oxidation spots. These develop at the backing, process upward to the surface, and usually are dark yellow or brown in color.

Alkali: Drain cleaners contain sodium hydroxide or sodium hydrochloride and can cause bleaching. Oven cleaners are gelled sodium hydroxide (lye). Some toilet bowl cleaners contain hydrochloric acid, which can dissolve nylon.

Urine: The hydrochloric acid in both human and animal vomit has been known to cause spots if not cleaned up quickly or neutralized with baking soda.

Furniture Polish: This usually occurs around the base of a piece of furniture. This type of problem can often be identified by pile crush in the center of the discolored area. Stains of this type are usually noticed after furniture is moved.

Ceramic Tile and Stone

Ceramic tiles are available in a wide variety of colors, sizes, and finishes. Generally glazed ceramic tile is used in residential installations. Consult your manufacturer's instructions for cleaning and maintenance.

If an outside flooring contractor is used, use of manufacturer approved underlayment in installations of tile over concrete slabs should be considered. You and your outside flooring contractor are responsible to determine the appropriate installation.

Small bubbles or hairline cracks in the finish are common characteristics and will not affect the structural performance of ceramic tile, nor is it considered a defect. Chipping and cracking may occur if objects are dropped on the surface or if objects are slid across them. Grit particles can scratch the surface as well.

General Care: Sweep up dirt and grit with a soft broom or dust mop to avoid grit abrasion. Frequency of cleaning must be based on traffic and grit build-up. Wipe up spills promptly to save cleaning time and work. Mop with clean, warm water.

Granite: Like marble, granite is not man-made; however, it is less porous and more dense than marble. Unlike marble, granite has no veins. Granite can be used indoors and outdoors. A sealant is recommended to help eliminate the seepage of foreign matter.

Grout: Grout is cement with color additives. Coloring can change with time. It is suggested that the grout be sealed with a penetrating sealant to prevent particles seeping into the pores. There are products designed for homeowner use such as grout color blender, stains and dyes; and grout cleaners, strippers and sealers. Application of grout sealant is a homeowner maintenance responsibility. Grout sealers may change color over time, and may change the color of your grout when applied. Grout color is not a warranted item.

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The movement of metal thresholds against grout may cause the grout finish to crack. By placing a bead of clear silicone between the grout and the metal threshold, the silicone will act as a shock barrier and will minimize the powdering of the grout. Note: If a tile or any grout is replaced, there is no guarantee that the grout will match the existing; the new grout may dry lighter or darker than the original grout.

Marble: Marble is a natural rock and not factory made or fired. No two pieces will be alike, as there is an inherent variance in all marble. Fusing is natural in marble and is not to be confused with cracking. Because 98% of marble is polished, it is recommended that a marble sealant be used to help eliminate the possibility of foreign liquids seeping in. There are several chemical preparations for marble treatment and polishing. DO NOT USE cleaners that contain grit or high alkaline compositions. If you have any questions, please contact your marble dealer or distributor.

Pavers: Driveways, walks, pool decks and patios may be constructed with pavers. Pavers are a porous material. As with brick, efflorescence as well as mineral staining is common from sprinkler systems or other surface water sources. Sealing pavers is recommended to prevent surface stains, protect against the elements, and preserve the natural beauty of the product for years to come. Paver patios and driveways require periodic re-sanding. The fine sand gets into little spaces between the pavers and secures them in place. It is common to have some settlement over time and with pavers. This is easily corrected by replacing the base material under the pavers.

Hardwood

Hardwood and engineered hardwood floors are typically covered by a warranty from the manufacturer. Please read your warranty for more information.
The hardwood flooring in your home is generally pre-finished at the factory. Hardwood is a natural product milled from a tree. It is not fabricated and will have mineral deposits and shade, color and grain variances consistent with the grade and species of the flooring. Hardwood may have minor splits, chips, cracks and rounded corners. There will be slight height differences between boards, side-to-side and end-to-end. This is inherent to the product and is not due to improper installation. Square edge floors will be affected the most. Small splinters of wood will appear; dimples or scratches can be caused by moving furniture, dropping heavy or sharp objects, etc. Some shrinkage or warping can be expected, especially around heat vents or any heat producing appliances. All wood floors fade or change color over time due to UV exposure and this is considered normal. Light-colored floors have more of a tendency to be affected. When stained, the floors with a lighter stained color are more likely to show dirt, while floors with darker stain colors are more likely to show scratches.

Wood floors may be installed by gluing the planks directly to the sub floor; others may be installed using a floating method, either by gluing the planks to each other or with an interlocking system. With the “floating” floor system of installation, you will hear an echo or hollow sound when walking on the floor.

Wood floors will respond noticeably to changes in humidity level in the home, especially in the winter. A humidifier will help but will not completely eliminate this reaction. Squeaking can also be heard in wood floors as the floors go through temperature and humidity variations.

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Warping will occur if the floor becomes wet repeatedly or is thoroughly soaked even one time. A dulling of the finish in heavy traffic areas is likely; a white, filmy appearance is caused by moisture (often from wet shoes or boots). Color variations may develop from exposure to direct sunlight. Plank flooring will sometimes be adversely affected by moisture when installed over concrete and may pop due to slight variations in the surface of the concrete slab.

Follow these steps to care for your hardwood floors:

- Clean your hardwood floors frequently. Sweep the floors and mop with a soft, dry mop or cloth. Vacuum regularly, when you vacuum household carpets.
- Do not use water or water-based cleaners, bleach or one-step floor cleaners.
- Do not flood hardwood floors with water. This will cause stains, warping and the destruction of the flooring.
- Do not permit water or other liquids to stand on hardwood flooring. Wipe up spills immediately.
- Use protective walk-off mats at the exterior doors to help prevent sand and grit from getting on the floor. Gritty sand is one of wood floorings worst enemies.
- Do not drag heavy appliances or furniture across hardwood flooring. Permanent scratches in the finish can result. High-heeled shoes can dent hardwood flooring.
- Install proper floor protectors on furniture used on hardwood floors. Protectors will allow chairs to move easily over the floor while minimizing scuffing. Clean the protectors on a regular basis to remove any grit that may accumulate.
- Your hardwood floors should be maintained according to the manufacturer's instructions. Consider having this done by a professional.

Vinyl Flooring

Since sheet vinyl is typically manufactured in six-foot wide widths, seams may be visible in large areas, such as the kitchen. As with carpet, there is no such thing as a completely invisible seam, especially in patterns with no continuous straight lines. Vinyl material may not be installed under built-in appliances.

The following are tips for proper care of your new vinyl floor:

- Because of its relatively soft texture, vinyl flooring can be damaged by heavy appliances, dropped tools and by rough use. This damage is permanent and cannot be repaired.
- High-heeled shoes and furniture without proper casters are particularly damaging to vinyl. Gouging from sharp objects under pressure will cut any floor covering. All heavy furniture, appliances, and chairs should be supported with wide weight-bearing glides or casters. When moving heavy appliances across the floor, protect your vinyl flooring.

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- Do not use abrasive cleansers or full strength bleach on vinyl floors. Abrasive cleaners will dull the finish and cause permanent damage. Full strength bleach can etch and destroy the surface of the flooring.
- Clean vinyl flooring with a solution of warm water and a commercial vinyl flooring cleaner.
- Remove spills immediately to avoid staining and damage to the flooring. Excessive amounts of water on resilient floors can penetrate seams and get under edges causing the material to lift and curl. Use a sponge or soft cloth. Dry the floor after removing the spill.

Laminate

Laminate floors are made with a decorative top wear layer that has the appearance of real wood. Although the wear layer is highly resistant, it is still susceptible to scratches and gouges. Laminate floors are made of separate panels that are joined together by tongue and groove joints. Although all of the panels have adhesive to hold them together, the floor is not glued to the sub-floor. This "floating floor" causes an echoing or tapping when walking on it that is not heard with a glue-down installation of a hardwood floor.

Each manufacturer details cleaning procedures. As a general rule, routine cleaning of laminate floors consists of sweeping or vacuuming (without a beater bar). Do not use abrasive cleaners that can scratch the floor or a wet mop. Surface treatments such as polish, wax or soap are not required or recommended. The core of the laminate will swell if it is exposed to an excessive amount of moisture.

Here are solutions to common flooring problems.

PROBLEM	LIKELY CAUSE	SOLUTION
Carpet seams noticeable.	Fibers separate from vacuuming and normal traffic.	Vacuum carpet in same direction as seams.
Carpet fades near windows and doors.	Excessive sunlight.	Close window coverings to reduce excessive sun.
Carpet stains.	Spills, pets.	Follow manufacturer's guidelines.
Carpet looks matted on stairs and high-traffic areas.	Dirty carpet or insufficient vacuuming.	Steam-clean carpet. Vacuum more frequently.
Resilient or vinyl floor finish looks dull.	High-traffic areas or furniture rubbing against floor.	Follow manufacturer's guidelines.
Resilient or vinyl floor seams are apparent.	Normal.	No repair required.
Nail or staple pops up under vinyl or resilient floor.	Settlement.	Contact flooring contractor for repairs.

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PROBLEM	LIKELY CAUSE	SOLUTION
Caulk around vinyl floors cracks.	Caulk shrinkage and settlement.	Re-caulk gaps with silicone caulking.
Dents in vinyl or resilient floors.	Objects dropped, heavy furniture, or high-heeled shoes.	Follow manufacturer's guidelines.
Fine scratches, white splotches, or stains on pre-finished floors.	Normal wear, furniture scratches, and spills.	Follow manufacturer's guidelines.
Grout cracks along baseboards.	Normal expansion and contraction.	Re-grout cracks.
Grout staining.	Liquid spills and grease from food.	Follow manufacturer's guidelines.
Yellow or purple areas in resilient floors.	Moisture problems or rubber-backed floors mats.	Investigate moisture problem. Do not use rubber-backed mats.
Cuts or burns in resilient floors.	Accidents.	Contact flooring contractor for repairs.

Foundation Drains and Foundation Water Infiltration

If your home is equipped with a positive gravity outlet, you should check periodically (at least every three months) to confirm that that the foundation drain and outlet is functioning properly. You should be able to visually observe water exiting the outlet during operation. Keep the outlet clear of leaves, soil or other obstructions at all times. Improper functioning or inadequate maintenance may lead to a buildup of water in the soil adjacent to the foundation. Regular and close observation of these conditions is important to help avoid water-related problems such as mold and/or incidental and consequential damages to personal property. Follow these additional guidelines to help control and prevent water infiltration problems at your foundation.

1. Keep gutters and downspouts free of blockage from leaves or other debris. If gutter seams leak, apply a gutter sealant available at hardware stores.

2. Keep splash blocks directly beneath downspout openings and position them so that run-off water is channeled away from the foundation.

3. Water infiltration problems caused by improper grade should be immediately corrected by the homeowner. Immediately fill soil depressions that form close to the foundation with dry dirt. Do not change the established drainage pattern when landscaping. Ensure that drainage away from the foundation is definite, yet gradual.

4. Do not spray the foundation directly with lawn sprinklers. Make certain that hose fittings are firmly secured and not leaking at the hose bib connection.

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5. Do not plant trees and shrubs too close to the foundation. Check with a landscape contractor or nursery to determine the root characteristics of plantings so that root growth will not undermine the foundation or driveway surfaces. Be aware that new plantings require substantial amounts of water and that plants too close to the foundation will place additional moisture against the walls.

6. Keep ends of drain tile free of obstructions.

Garbage Disposal

See "Appliances" section, above.

Gas Shut-Offs

There is a shut off on the gas line at or near its connection to each item that operates on gas. In addition, there is a main shut off at the meter. These are pointed out during New Home Orientation.

Gutters and Downspouts

If your home is equipped with gutters, protect them by seasonal inspection. Clean them at least twice a year, especially after leaves fall on your roof. Make sure both gutters and down spouts are kept clear. Corners and joints should be checked and repaired at the same time, using readily available commercial sealers. Downspouts that are not tied into drains should be draining onto a concrete splash block or into a planted area to prevent erosion.

Hazardous Materials

Never put unwanted hazardous materials in the trash can or anywhere they could wash into the storm drain. The storm drains are not connected to the sewer system and pollution that enters goes directly into local waters. Take hazardous materials to local hazardous waste collection sites for safe disposal. If you accidentally spill hazardous material on a hard surface, use "kitty litter" or other absorbent material to soak it up. Then properly dispose of absorbents at hazardous waste collection sites. Please contact your city or county government for the nearest household toxics collection location.

Practice recycling of reusable materials and buy household products which are labeled "non-toxic" whenever possible. If you must use toxic products follow the directions carefully and store them properly. Use pesticides, herbicides, and fertilizers sparingly according to the directions on the original container and avoid use if rain is forecast.

Heating and Air Conditioning

Your home is equipped with a heating system and perhaps an air conditioning system. Please read the instructions and become familiar with the heating and air conditioning systems before you use them.

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Your heating and air conditioning systems can play an important role in the first year after you move in. It is best not to overheat a new home during the initial year of occupancy because this may cause excessive shrinking of framing lumber and other materials. Begin with as little heat as possible and increase it gradually. Attempt to maintain an even temperature between 68 and 72 degrees.

Carefully read and follow your manufacturers' warranties and instructions for use and care of your heating and air conditioning systems. Good maintenance of the heating and air conditioning systems can save energy dollars as well as prolong the effectiveness of those systems.

Please note you may experience smoke or the smell of dust and oil when the unit is turned on for the first time. This is typically caused by dust that has settled in the ducts and should pass quickly. The following maintenance obligations are intended to assist you in getting the maximum usage from your heating and air conditioning systems:

- Inspect the filters at least once every sixty days; change or clean as needed during times of constant operation. In areas with heavy dust more frequent changes may be in order. During the first two months after you occupy your house, check the filters every two weeks, as they may clog more frequently from removing accumulated construction dust. Fresh filters can significantly reduce operating costs and will prolong the life of your system. A clogged filter can slow air flow and cause cold spots in your home, and can result in damage to the unit and increased energy costs.

- Check the operation of your system well in advance of peak operating seasons and correct any problems before seasonal service demands are the greatest. Annual inspections of your heating and air conditioning systems by a heating and air conditioning professional are recommended.

- Keep all vents and registers clean and free of dust, cobwebs, and debris.

- Furnaces will typically have combustion air vents run to them. Never cover or block these vents. Air from outside is needed to supply oxygen to the furnace. If they are covered or blocked, the furnace may draw air down the vent pipe, pulling poisonous exhaust fumes into your home. It is normal to hear a ticking sound resulting from the flue expansion and contraction.

- Air registers can be adjusted to control the flow of air into individual rooms. Simply close down or open the registers in each room to your own desired preference. This helps to balance the system. You may enjoy different settings for winter and summer in a two-story house. Direct warm air to the lower floor in the winter and cool air to the upper floor in the summer. Never close a register completely-even in an unoccupied room.

- Return air grilles allow for air to circulate back to the heating and air conditioning system. Be sure not to cover the return air grilles with pictures, furniture, or other objects that might block the flow of air.

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- The air conditioning condensation discharge point and the water heater pressure relief discharge points were located and identified during the New Home Orientation. It is the homeowner's responsibility to keep these areas open so discharge points are free of obstructions. Check the flow of the discharge points every three months to assure that they are clear.

- The temperature in your home is controlled by a thermostat. In some cases, multiple systems may be installed, each with its own thermostat. Do not place a lamp or heat-producing appliance next to a thermostat, because heat generated by such an object may produce an incorrect reading.

- Your home air conditioning is a closed system, which means that the interior air is continually recycled and cooled until the desired air temperature is reached. Warm outside air disrupts the system and makes cooling impossible. Therefore, you must keep all windows closed when operating the air conditioning system. The heat from the sun shining through windows with open drapes is intense enough to overcome the cooling effect of the air conditioning unit. Drapes must be closed on these windows.

- Unlike a light bulb which reacts instantly when you turn on a switch, the air conditioning unit only begins a process when you set the thermostat. For example, should you come home at 5:30 P.M. on a day when the temperature has reached 90 degrees, and then set your thermostat to 75 degrees, the air conditioning unit will begin cooling, but will take much longer to reach the desired temperature. During the whole day the sun has been heating not only the air in the house, but the walls, carpet, and furniture. At 5:30 P.M. the air conditioning unit starts cooling the air, but the walls, carpet, and furniture release heat and nullify this cooling. By the time the air conditioning unit has cooled the walls, carpet, and furniture, you may well have lost patience. If evening cooling is the primary goal, you should set the air conditioning unit at a moderate temperature in the morning while the house is cooler, allowing the unit to maintain the cooler temperature through the day. This temperature setting may then be lowered slightly further when you arrive home, with better results. Setting the thermostat at 60 degrees will NOT cool the home any faster and can result in the unit "freezing up" and not performing at all. Extended use under these conditions can damage the unit.

- A common cause of air conditioning trouble is turning it off at the thermostat, and then turning it back on a short time later. This can cause an overload of the compressor motor which in turn can trip the breaker or blow the fuse and may shorten the life expectancy of the unit.

- The air conditioner compressor must be maintained in a level position at the original location. The compressor should not be enclosed. It is important to keep the area around the outdoor air conditioning unit clear of plants, grass, landscaping, and/or debris. If good air flow is not available, the system will not function properly and damage to the mechanism can result. Coolant or refrigerants should be added to the system only when the outside air temperature is 70 degrees F. or higher. Proper coolants or refrigerants for the particular equipment must be used, as specified by the equipment manufacturer. Use of an air conditioning professional for selection and addition of coolant or refrigerant is recommended.

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If you find yourself with no heat or air conditioning, the checklist that follows may help identify the cause. You should also review the manufacturers' literature for additional hints. These are normal homeowner maintenance items; if your heating contractor makes a service call to repair one of the items listed, there will be a service charge.

1) Thermostat temperature setting & switches.

2) The ON/OFF switch to the outlet supplying the furnace or air conditioner.

3) ON/OFF switch on furnace or air conditioner itself, if any.

4) The fuse, if your furnace or air conditioner has one.

5) Breaker on the electrical panel.

6) Safety switch for the fan cover.

If none of these items correct the problem, refer to the trade contractor phone list and the emergency service information in this Manual for appropriate phone numbers.

Heat Pump

Your home may be equipped with an electric, forced-air heating system that includes a heat pump. The heat pump is an electrically-powered, single-refrigeration unit located outside the home that provides both heating and cooling functions. It operates on the principle that outdoor air, even in winter, contains heat or thermal energy. During winter, the heat pump extracts heat from the outside air and then transfers it indoors. In the summer, the process is reversed, whereby the heat pump removes heat from indoor air, discharges it outdoors, and then circulates cooled air throughout the home.

A heat pump can be expected to operate continuously if outside temperatures fall below 40 degrees Fahrenheit. The resulting increased air circulation provides a more consistent inside temperature.

Heated air coming from the registers feels cool to the touch. This is normal since the heat pump generates a low level of heat, sometimes below 90 degrees Fahrenheit, while normal body temperature is 98.6 degrees.

Keep the heat-pump unit level and keep the area surrounding the unit clear to allow unimpaired air flow. Do not plant bushes near the unit, and be careful that dirt, leaves, and grass clippings are cleared away. Do not build a deck around or over the heat pump unless there is an 18-inch clearance on the sides and a 6-foot minimum clearance on top.

- Supplemental Heat: When outdoor temperatures fall to 35 degrees or below, the heat pump may be unable to draw sufficient heat from outside air, and a supplemental heating unit automatically turns on. You will know it is operating when the indicator light on the thermostat lights. The heating elements, located in the furnace unit’s air handler, will turn on for a short

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time. The supplemental heat will also turn on if the thermostat is adjusted more than two degrees above room temperature.

- Emergency Heating: Should the heat pump fail, activate the emergency switch on the thermostat. The signal light indicates that it is on. This will stop the heat pump from operating and will provide supplemental heat until the HVAC contractor arrives.

Defrosting: During winter, ice can accumulate on the sides of the heat pump's exterior coil. When ice covers 80 percent of the surface, the system automatically activates a defrost cycle that lasts about five minutes, heating the coil to melt the ice. It will also activate the supplemental heat to prevent ducts from blowing cold air into the home during the defrost cycle. This process may occur several times each day, and you will notice that steam risesHere are some solutions to common heating and air conditioning problems:

Here are solutions to common heating and air conditioning problems:

PROBLEM	LIKELY CAUSE	SOLUTION
Furnace malfunctions.	Various	Be sure the furnace is turned on and plugged in. The gas lines must be turned on or the breaker must be on. The filter must be in place and the blower compartment door must be securely closed. The thermostat must be adjusted for the expected conditions.
Air conditioning unit shuts down or will not start.	Various	Make sure the thermostat is set to a temperature that is cooler than the room air. Then, turn the air conditioner off at the thermostat and inspect the circuit breaker. If the breaker is tripped, reset it and restore power to the unit. If it does not restart, check the air conditioner fuse to make sure it is usable and properly installed. This fuse is in the outside fuse box located near the compressor unit.
Air conditioning unit continually runs.	Excessive heat differential.	Check the outside air temperature. Set your thermostat no more than 20ºF below peak outside air temperature. On particularly hot days, it may run continually. Your air conditioning system is designed to cool your house no more than 18-20°F below the outside air temperature.

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PROBLEM	LIKELY CAUSE	SOLUTION
Excess water on window panes.	Excess indoor moisture or extreme indoor/outdoor temperature differential.	Lower humidifier setting. Use exhaust fans while cooking or bathing.
Inside or outside coil is frozen.	Low refrigerant or dirty air filter	Call HVAC contractor. Clean or replace filter.
Reduced air flow or excessive dust on vents and registers.	Dirty air filter.	Clean or replace air filter as necessary.
Indicator light on thermostat stays on continuously.	Disconnect breaker at panel box tripped.	Check disconnect breaker. Reset or replace as necessary.
Gas furnace does not operate.	Furnace cover not closed tightly.	Close and latch cover securely. box or unit.
Heat pump, fan or air conditioner not operating.	Circuit breaker or fuse tripped.	Reset and latch cover securely. box or unit.
Air conditioner or heat pump not operating properly.	Outside unit obstructed by snow, bushes, leaves, etc.	Clear obstructions from top and sides of unit.
Inside air handler is leaking water.	Condensate pump, if applicable, not working.	Check circuit breaker. Ensure that pump is plugged in. Condensate drain clogged or inside coil is frozen. Call HVAC contractor.
Burning smell when winter or auxiliary heat first turned on.	Accumulated dust of electrical coils.	Normal. Happens once each year.
Excess water on window panes.	Excess humidity in home.	Lower humidifier setting. Use exhaust fans while cooking or bathing.

Interior Walls

The walls in your home are constructed of wood and other materials which are subject to normal expansion and contraction. Molding and trim can shrink and warp in some cases. Routine maintenance on molding, trim and wall boards is the responsibility of the homeowner. Replace warped molding and trim. Reset nails that have popped out of position. Use touch up paint and, if necessary, the appropriate caulking material to complete the repairs.

Use care when you hang pictures and other decorative items. The wall board will be damaged if it is hit with a hammer. Costly repairs can be avoided by using picture hooks and other supplies from a home center or hardware store. Always repair nail holes with a dab of spackle or putty.

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The walls in your home are textured. The texturing material is relatively soft and can be damaged by scrubbing with abrasive cleansers and rough brushes or cloths. The pattern in textured walls can vary and is difficult to duplicate when repairs are made.

Small finger smudges may be removed from the enameled walls with a solution of warm water and a mild detergent soap. Wash gently with a soft sponge or cloth. Rinse and wipe off the excess water carefully. Do not permit the wall board to become soaked with water. Larger spots, not easily removed by cleaning, will require paint touch up.

Kitchens

Cabinets, Countertops, Appliances

See corresponding sections in this Maintenance section of this Manual.

Range Hood

Grease build-up in your range hood can present a fire hazard. Avoid this problem by cleaning both hood and filters at least once every six months (more frequently if required by heavy usage) with mild dishwashing detergent, drying thoroughly, and reinstalling new filters.

Ventilation

The exhaust fans provided in your home are designed to reduce odors, smoke, and moisture produced by cooking and bathing. Regular cleaning and inspection every six months (more frequently if required by heavy usage) will help keep them in working order. After cleaning is completed, lubricate the fan with a light household oil (and wipe up any excess oil from the surface).

Landscaping, Drainage and Grading

Your homesite has been fine graded to provide for adequate drainage away from the structure that is your home. Failure to maintain drainage can result in damage to your home, your homesite and to neighboring property. Any alteration of the drainage plan for your homesite will void coverage under the Limited Warranty for the drainage features and anything damaged as a result.

The drainage plan of your homesite has been designed to accommodate the soils, elevations and other factors of the homesite. Small hills and valleys – called berms and swales – are used to direct the water away from your home and adjacent properties. These contours must be maintained to avoid severe water damage during heavy rains, and to avoid long-term problems which may arise from improper drainage. Berms which are designed to direct the flow of water away from slopes are especially important and must not be altered.

Areas surrounding foundation walls are often backfilled with earth. Backfill areas are not as compact and dense as most natural ground. Surface water (such as irrigation water and rainfall) may penetrate into backfill areas, percolate downward to the bottom of the foundation, and cause severe problems such as cracks, floor slab movement, etc. This must be managed by the homeowner by maintenance of proper drainage, and proper installation and design of any homeowner-installed landscaping and hardscaping, in order to prevent accumulation or ponding of surface water in these backfill areas (typically within the first five feet of the home's foundations).

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A system of underground drainage facilities may be provided in some homesites. On these homesites, a catch basin system may be installed at various locations in the yard to accept the water run-off. These catch basins, and the grates covering them, must be kept free of debris so that the flow of water is not impeded. Check and clear these grates monthly, or more frequently as necessary especially in times of rainfall.

Proper irrigation control and drainage can mitigate the effects of potential soils movement. Even with proper irrigation and drainage, some soils movement may occur due to expansive soils. Therefore, improvements should be designed with adequate reinforcement. A soils engineer or civil engineer should be retained to review your specific hardscape and landscape plans to minimize future problems. **Since CalAtlantic does not have any control of the quality of design, materials, construction procedures, or labor used in the improvements which homeowners construct on their homesites, you are hereby advised that it is your responsibility and that of your contractors and consultants to properly design and install any improvements so as not to deter proper homesite drainage and to protect those improvements from damage due to expansive soil.**

Consult a soils engineer or civil engineer before you make any additions, changes or alterations to the drainage of your homesite, and make sure that all landscaping contracts you enter into include language to insure safe and adequate drainage. CalAtlantic will not be responsible for any damage to your unit or other units caused by changes or alterations in the grading and drainage system.

Prior to the installation of a pool or other permanent improvement, a soils report should be obtained so that soil conditions are taken into consideration in the design and engineering of your addition.

Some soils in this area are characterized as "expansive" or "highly expansive" in nature. "Expansive" soils expand or contract, often significantly, based upon the presence or absence of water in the soil. When expansive soils become wet they expand and can cause damage by lifting and cracking masonry walls, planters, patio slabs, walks, pools, decking and other concrete or masonry improvements.

Homeowner improvements must be constructed with adequate surface drainage being provided to avoid ponding. It is recommended that homeowners install roof gutters/down spout improvements and corresponding area drain systems; if such improvements are part of the original construction of the home, it is required that homeowners properly maintain them. Particular care should be taken to provide adequate drainage away from areas adjacent to the house foundation and other improvements. Homeowners are advised to carefully design and control their landscape irrigation system to minimize soil moisture changes.

You are advised not to alter the grading and drainage design of the homesite by regrading or installing patios, planters, walls, pools, landscaping, irrigation or other improvements, that may redirect surface water flow towards your home or onto adjacent property, or trap water such that it ponds and floods improvements. Drainage devices such as concrete ditches, area drain lines, gutters, etc., should be carefully designed and installed with professional assistance as required. You are also advised to note the manner in which adjacent properties drain. Modifications to homesite grading and drainage are subject to applicable government codes and recorded easements, covenants, conditions and restrictions.

Section 6.48

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Natural settling can also change the original grading. It is your responsibility to maintain the original grading of your homesite and to preserve good drainage. Any changes to the grading or drainage features could damage your property as well as neighboring property.

A soils engineer has recommended the type and design of the foundation for your home, based upon their evaluation of the soils present at this Neighborhood. Any changes in the foundation, the grading, or the landscaping of your home and homesite can result in severe damage to your property and to neighboring properties. Consult a licensed professional before any such changes are made. Please see the more detailed discussion of soils set forth later in this Manual under the caption "Landscaping Maintenance Tips -- Soil."

If a concrete patio slab or other slab is installed next to the foundation it must be constructed so that no water will penetrate the joint between the foundation and the slab. All slabs must be sloped so that water drains away from the home. Do not pour concrete directly against stucco screed or siding. Since the appropriate drainage swales were established when your home was finished, the area of the slab should be excavated to fit the existing grade. The soil removed from the area must be placed so that is doesn't destroy existing swales, or it should be removed from the property.

If your home is in a Neighborhood that includes a Homeowners Association, consult the Covenants, Conditions, and Restrictions applicable to your home to determine landscape and architectural improvement requirements. Generally, no homeowner may build, construct, or plant any improvements on his property, including landscaping, until he has submitted plans and specifications and obtained approval from the Homeowner Association's Architectural Committee. The Committee may collect a fee to review the plans and may require a cash deposit or bond to be posted to assure proper completion and clean-up in conformance with the provisions of the Declaration.

During your New Home Orientation, our CalAtlantic Representative will show you the boundary corners of your homesite if you are buying a single family home. It is your responsibility to know your boundary prior to beginning any construction. CalAtlantic will not be responsible for protecting your boundary markers after your House to Home Delivery. If you are purchasing a condominium, you should refer to your condominium plan for any designations of common area and exclusive area.

Please consider that any changes you make in the grading and drainage of your homesite could affect neighboring properties. Damage to your property and to neighboring property will be your responsibility.

Landscaping

Prior to establishing landscaping, the soils should not be allowed to dry out, especially below a depth of approximately six (6) inches. Homeowners should periodically water the bare soil to help maintain moisture during this interval. Once the landscaping has been established, irrigation should be limited to the minimum needed to maintain plant life. Homeowners should check beneath dry-looking surface soil to see if the soil is still wet underneath. If the soil is saturated, watering should be reduced. The best method of reducing the effects of expansive soils is to maintain a constant

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level of soil moisture. This is especially important adjacent to the house foundation, driveway, and walkway/patio slab improvements.

Overwatering can swell expansive soils and result in damage to concrete and other components of the structure.

Check your irrigation system regularly. Look for clogged, cracked, or broken heads, leaks and spray adjustment. Position sprinkler heads so that the water does not fall on wood, stucco or other exterior surfaces of your home. Automatic sprinkler systems should not be connected to a GFI circuit. Avoid ponding from excessive watering in low spots and next to structures. Identify the location of irrigation lines and avoid digging or trenching around the lines. If a line is broken, consult with a nursery person or irrigation professional for advice on repairs.

Observe the flow of irrigation water after each planting. If you notice pooling water or excessive flows in one area, construct drainage features to direct the flow of water away. Consult with a landscape contractor before such drainage features are begun. Always keep drains free of debris, leaves and lawn clippings.

Landscaping can change the grading of your homesite. We suggest that you consult a professional landscape contractor when the time comes to landscape your homesite. Provide ample room for growth between plants and your home. The ground next to your home should always slope away to prevent standing water. If water is allowed to stand or pool next to your home, damage to the foundation and plantings will result. The water also could seep into your home and damage the interior and furnishings.

If your landscaping projects require additional soil be added to your homesite, be especially careful that the drainage is not altered significantly. Keep the surface of the soil at least six inches below the level of the stucco screed. This will assist in preventing wood rot and termites.

Flower beds can significantly change drainage patterns. We suggest that you consult a professional landscape contractor before you dig flower beds. In any case, keep plantings in flower beds a minimum of two to three feet from the foundation. This will prevent excessive water from collecting at the base of the foundation.

Locate plants and irrigation heads out of the way of pedestrian/bicycle traffic, and car bumpers. When planting trees, allow ample distance from the foundation and other improvements so that the root systems will not cause damage as the tree matures. "Street" trees (typically located in median strips between the sidewalk and the street) are typically a city requirement, but must be maintained by individual homeowners (unless they are in common areas managed by a Homeowners Association). Depending on local soils conditions, trees may need to be deep watered once a week until they are well established. Provide simple guying (restraint) systems for trees for a minimum of two years.

Make provisions for efficient irrigation. Drain and service sprinkler systems on a regular basis, at least once per year. Conduct operational checks on a weekly basis to ensure proper performance of the system. Adjust any sprinkler that sprays any part of the structure or any painted fencing.

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Avoid overwatering that can cause ponding or infiltration of water next to, into or under concrete slabs, patios, walkways, walls, fences or driveways.

If your home is in a community that has a Homeowner's Association, be sure to check Association guidelines and/or requirements prior to landscaping or making changes in an established design.

Please consider that any changes you make in the grading and drainage of your homesite could affect neighboring properties. Damage to your property and to neighboring property will be your responsibility.

Decomposed Granite and Low Water Ground Cover

Homes may be delivered with decomposed granite and other ground coverings that require little water. Decomposed granite comes in various colors and sizes and what might be called “grades.” Granite is mined and is natural in color; however, some colors may not be acceptable in certain communities due to design restrictions. Granite shades will vary and both the color and size of granite pebbles will change with exposure to the elements over time. A pre-emergent herbicide may be applied to granite areas upon installation. The pre-emergent herbicide kills seeds and will remain active for six months. You will need to continue a maintenance program to ensure a weed-free yard. It may be necessary to add additional decomposed granite as the pebbles weather and continue to decompose.

Dormant Sod

Sod installed in cold climates during the fall and winter may be delivered and installed in a dormant state. In the same manner that trees lose their leaves in the fall, the sod will brown out and remain dormant until the warm weather returns the following year. Many municipalities require all landscaping to be complete before a Certificate of Occupancy can be issued. Due to county regulations as well as erosion control, CalAtlantic may be required to install dormant sod throughout the winter months. Although newly planted dormant sod will take root and green up in the spring, extreme winter conditions can damage some areas of the sod. CalAtlantic will not replace sod that has been damaged by severe weather conditions. It is critical that proper maintenance be given to dormant laid sod to prevent damage, as outlined in the following guidelines.

1. Even though dormant grass may appear to be dead, the roots are alive and cannot be allowed to dry out. The average precipitation in a normal winter will usually maintain good surface soil moisture. However, if precipitation is below normal and temperatures are above average, you will need to water dormant sod during winter months.
2. As temperatures begin to rise in the early spring, it is necessary to keep all dormant sod moist. Inspect the soil daily and water as needed. Dormant sod which is allowed to dry out is susceptible to damage and will take longer to recover.
3. Apply fertilizer to the sod when the average ground temperature reaches 70° F (check with your local landscape professional to determine proper time for fertilization in your area). Use a fertilizer with a rating of 16-4-8 and spread at a rate of 8 pounds per 1000 square feet. Read all product instructions for newly planted sod. Water in the fertilizer thoroughly and continue to water every other day.
4. Apply a second application of fertilizer four weeks after the first. If the sod has begun to green up and take root, a higher nitrogen fertilizer can be used to promote faster growth

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of grass runners. These grass runners will spread over bare areas and take root and, in turn, grow more runners until the yard has recovered. It is necessary to continue watering the sod every other day until all areas of the yard are fully established.

5. If the sod has not begun to green up four weeks after the second fertilization, apply a third and then a fourth application in four-week intervals. If after four fertilizer applications there are no signs of recovery, the sod may be damaged beyond repair and need to be replaced.

Landscaping Tips

The following information is provided to assist you in the care of your yard, the planting, the landscaping, and the irrigation system.

Grass Diseases

Most lawn diseases happen when lawns are over-watered and under-fertilized. Adjust your watering and fertilizer schedule when rust and other diseases appear. If diseased spots persist, discuss the problem with a nursery person.

Ground Cover

Water newly planted ground cover three times a day until the coverage has been established. Then water as you would lawn area.

Fertilizer

Use a balanced fertilizer. Water sufficiently after fertilizing to assure penetration of the fertilizer and to prevent burning your grass; but avoid ponding and puddling, especially near any concrete.

Insects

Corrective measures should be taken only when large numbers of insects have been seen and damage is evident. At the first sign of damage to your lawn, take a specimen of the insect to a nursery person for advice.

Irrigation

Identify the location of irrigation lines and avoid digging or trenching around the lines. If a line is broken, consult with a nursery person or irrigation professional for advice on repairs.

Check your irrigation system regularly. Look for clogged, cracked, or broken heads, leaks and spray adjustment. Make certain that the spray is not directed so that it falls on the house. Avoid ponding from excessive watering in low spots and next to structures.

Adjust your irrigation schedules according to the temperature, wind conditions, and weather. Watering during rainy periods is wasteful and potentially damaging due to over watering.

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Mowing

Maintain most grass at a height of 2 to 3 inches. Never cut more than 1/3rd the length of the blades of grass. Yellow or white tips on the grass indicate a dull mower blade.

Seeding

If bare spots develop on your lawn, contact your nursery person for advice on seeding. Tall fescue grass seed is widely available in home centers and nurseries.

Soil

The soil within this Neighborhood has "expansive" characteristics, which is not unusual in many areas. When this soil becomes wet, it is prone to expand, and when it dries, it is prone to shrink. This expansion and contraction may cause damage to improvements built on top of this soil in the form of tilting, lifting and cracking. Special precautions should be taken in the design and construction of homeowner improvements such as pools, spas, patios, walls, slabs, planters, decking, landscaping, irrigation, and the like. It is recommended that planters be kept away from the house foundation. It is also recommended that, prior to landscaping or installing improvements, the homeowner contact a professional soils engineer and structural engineer to evaluate the soil conditions on the homesite and, if necessary to carefully design improvements to account for those soils conditions.

Homeowner improvements should not be constructed without adequate surface drainage being provided to avoid ponding. It is recommended that homeowners install roof gutters/down spout improvements and corresponding area drain systems. Particular care should be taken to provide adequate drainage away from areas adjacent to the house foundation and other improvements.

Homeowners are advised to carefully design and control their landscape irrigation system to minimize soil moisture changes. Prior to establishing landscaping, the soils should not be allowed to dry out, especially below a depth of approximately six (6) inches. Homeowners should periodically water the bare soil to help maintain moisture during this interval. Once the landscaping has been established, irrigation should be limited to the minimum needed to maintain plant life. Homeowners should check beneath dry-looking surface soil to see if the soil is still wet underneath. If the soil is saturated, watering should be reduced. The best method of reducing the effects of expansive soils is to maintain a constant level of soil moisture. This is especially important adjacent to the house foundation, driveway, and walkway/patio slab improvements.

Proper irrigation control and drainage can mitigate the effects of expansive soils. Even with proper irrigation and drainage, however, some soils movement may occur due to expansive soils. Therefore, improvements should be designed with adequate reinforcement. **Since CalAtlantic does not have control of the quality of design, materials, construction procedures, or labor used in the improvements which you construct on your homesite, you are hereby advised that it is your responsibility and that of your contractors and consultants to properly design and install any improvements so as not to deter proper homesite drainage and to protect those improvements from damage due to expansive soil.**

CalAtlantic's Limited Warranty applies only to the house and other improvements constructed by CalAtlantic, and CalAtlantic will not be responsible for damage to such improvements caused by

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over watering, improper drainage, or improper or inadequate homeowner improvements. CalAtlantic will not be responsible for damage to any improvements constructed by the homeowner. Minor tilting, lifting, and cracking can occur in improvements constructed by homeowners, but that the use of professional engineering can help minimize these conditions.

CalAtlantic shall have no liability or responsibility in connection with damage to improvements not installed by CalAtlantic, including but not limited to any lifting or cracking that may be caused by expansive soil.

Trees and Shrubs

CalAtlantic's Limited Warranty does not cover trees and shrubs which may have been planted by CalAtlantic. During the first year, your trees and shrubs will require more frequent watering. A good rule of thumb is to wait until the surface soil is dry between watering. After the first year, watering once or twice a week is normal. Use a pronged tool to cultivate the soil around your trees and shrubs. This promotes good water absorption. Plants that have yellowed or brown leaf tips may be under-watered. Consult your nursery person for information of specific watering problems.

Prune trees and shrubs as needed. Consult your nursery person for advice on pruning.

Watering

During the first few months, your yard may require frequent watering. We recommend slow, deep watering. This enables root systems to develop. Slopes may require shorter, more frequent watering because it is more difficult for the water to penetrate. Swale areas (also known as drainage courses) will typically require less watering. In normal conditions, your lawn requires watering about twice a week in hot weather. A withered or limp appearance is a sign of a lack of water. Water in the pre-dawn hours for maximum effect and to prevent evaporation.

After an initial start-up period, water minimally to sustain plant growth. Water has been shown to weaken the inherent strength of all earth materials. Over watering the landscape areas could adversely affect proposed site improvements and cause residential distress. Slope stability can be significantly reduced by overly wet conditions. Irrigation timers should be adjusted to maintain proper watering. Irrigation systems should be reviewed on at least a monthly basis for leaks, damaged pipes, breaks, dysfunctional sprinkler heads, etc., and if found should be repaired as soon as possible. Avoid open bottom planter areas adjacent to structures.

Here are solutions to some common landscaping problems:

PROBLEM	LIKELY CAUSE	SOLUTION
Tips of grass blades frayed or turning tan.	Dull mower blades.	Sharpen blades.
Weeds growing in lawn.	Improper weed control.	Use pre-emergent weed control.
Lawn thinning out after several mowings.	Thatch build-up.	Lawn needs aeration or dethatching.

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PROBLEM	LIKELY CAUSE	SOLUTION
Slow growth or pale sod.	Lack of lawn fertilizer.	Fertilize following manufacturer's directions.
Trees and shrubs turning yellow.	Lack of tree and shrub fertilizer.	Fertilize following manufacturer's directions.
Trees and shrubs wilting.	Too much or too little water.	Check soil around base of plant and water accordingly.
Wetness around foundation.	Settlement of soil around home.	Fill settled areas and re-mulch or re-seed as necessary.
Yard not draining.	Erosion of swales.	Re-grade swale and plant grass.
Brown patches in grass.	Fungus or insect disease.	Contact lawn specialist.
Gaps or holes in sod.	Insufficient watering.	Fill gaps with sod or soil and reseed. Water lawn properly.
Newly planted tree or shrub drops all leaves.	Shock resulting from transplanting.	Normal. Continue to water as necessary.
Grass does not maintain a lush, green appearance.	Lack of fertilizer.	Fertilize following manufacturer's directions.

Lock Care

If occasional sticking occurs, exterior locks can be easily freed with lubricants sold in most hardware stores. Locks may require adjustment of the strike plate on the doorjamb. Two remedies are suggested. One is to remove the strike plate and carefully file the latch opening; the other is to move the strike plate by moving the screws into new positions.

Louvers and Vents

Attic ventilation and vents providing fresh air to furnace and water heater are required by code and therefore cannot be covered or obstructed. Occasionally, depending on the force and direction of the wind, moisture may infiltrate though these vents, and in the case of attic vents may cause spotting on the ceiling. CalAtlantic's Limited Warranty does not cover such weather-related damage.

Mirrors

To clean your mirrors use any reliable liquid glass cleaner or polisher available at most hardware or grocery stores. Avoid splashing water behind and/or under the mirror. The moisture will cause the silvering to deteriorate.

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Mold

What You Need to Know about Mold

According to the United States Environmental Protection Agency, mold can be found almost everywhere. Molds are microscopic organisms that are part of the fungi family, and are an essential part of the world's ecological system. Outdoors, many molds live in soil and are key to the natural breakdown and recycling of organic material, such as leaves, wood and plant debris. Lumber used in the construction of homes typically contains some level of molds, fungi, and/or spores. Because it may be impossible or impracticable to eliminate all indoor mold, indoor mold is an important topic about which a homeowner should become informed.

Mold spores are airborne and travel in and out of buildings as air is exchanged and with the movement of people and their belongings. When excessive moisture or water accumulation occurs indoors, mold growth will likely occur, especially if the moisture problem is not discovered. There is no practical method to eliminate all molds and mold spores in an indoor environment. The primary method to control indoor mold growth is to control moisture. The best course of action for any homeowner is to keep the indoor environment as "clean and dry" and free from dust and dirt as reasonably possible.

All molds are not necessarily harmful, but certain strains of mold have been shown to have adverse health effects in susceptible persons. The most common effects are allergic reactions, including skin irritation, watery eyes, runny nose, coughing, sneezing, congestion, sore throat, and headache. Individuals with suppressed immune systems may risk infections. Some experts contend that mold causes serious symptoms and diseases that may be life threatening. However, experts disagree about the level of mold exposure that may cause health problems, and about the exact nature and extent of the health problems that may be caused by mold. The Center for Disease Control states that a casual link between the presence of toxic mold and serious health conditions has not been proven.

Information Available to Homeowners

For additional information, homeowners should contact the United States Environmental Protection Agency ("EPA"), applicable state agencies, or other governmental authorities. The EPA Web site contains information and publications regarding mold and other biological pollutants that may be of interest to homeowners. For example, see "Biological Pollutants in Your Home" and "Mold Resources" on the EPA Web site (www.epa.gov). Additional mold-related information is available on the Centers for Disease Control and Prevention Website (www.cdc.gov).

Limiting mold growth

A practical approach to limiting mold growth is early detection and prompt resolution of excessive moisture. If you can see mold or detect an earthy or musty odor, you can assume you have a moisture problem. Any moisture problem must be solved in order to arrest and eliminate mold growth. Part of the control of the indoor environment is controlling air moisture. Watch for water condensation on interior surfaces such as walls, windows, and areas near air conditioning registers. Uses that have the potential of increasing relative air humidity are such things as habitation, bathing, cooking, plants, washing, and humidifiers, especially if not vented. Other moisture

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sources, which sometimes can go unnoticed, are water leaks from pipes in walls, and rainwater leakage through windows and roofs. Controlling air moisture is the most important action in controlling mold growth. Therefore, keep drip pans from refrigerators and air conditioners clean and dry; use exhaust fans or open windows when cooking, washing, drying clothes, and bathing. Irrigation system timers should be adjusted to reflect seasonal weather changes. A more complete list of homeowners' maintenance obligations relating to mold ("Mold Prevention Obligations") is set forth below.

Report or Fix Water Leaks Promptly

Any indication of water leaks or resulting mold at roofs, windows, floors, carpets, etc., should be reported immediately, within 24 hours, to our Customer Care Department. Our Customer Care Department will determine if the condition is covered by our limited warranty. **The prompt reporting of any water leak or intrusion to our Customer Care Department is critical to the containment and minimization of mold growth. CalAtlantic will not be responsible for mold resulting from a water leak or water intrusion, which is not promptly reported to our Customer Care Department.**

Homeowner Maintenance

Homeowner shall take all appropriate steps to prevent conditions that may cause mold or mildew to develop in the Property, including compliance with the Mold Prevention Obligations. If a homeowner is a member of a Homeowners' Association, the homeowner shall promptly report to any such Homeowners' Association any evidence of moisture accumulation or mold in portions of the Neighborhood which the Association is responsible to maintain. **CalAtlantic will not be responsible for mold resulting from homeowners' failure to take appropriate steps to prevent conditions that may cause mold or mildew to develop at the property, including a homeowner's failure to comply with the mold prevention obligations.**

Mold Prevention Obligations

1. To keep the home free of dirt and debris that can harbor mold (dirt/dust/animal hair and dander are all very efficient hosts for mold);

2. To regularly clean and sanitize, windows, bathrooms, kitchens, and other home surfaces where water, moisture condensation, mildew and mold can collect;

3. To use dry towels or bath mats when stepping out of shower or tub;

4. To use bathroom fans while showering or bathing. If no fan exists, open a window to allow proper ventilation and moisture to escape;

5. To use exhaust fans whenever cooking, dishwashing, or cleaning. If no fan exists, open a window to allow proper ventilation and moisture to escape;

6. To maintain regular air flow and circulation throughout the home;

7. To use all reasonable care to close all windows and other openings in the home to prevent outdoor water from penetrating into the interior home (i.e. rain, irrigation water, etc.);

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8. To clean and dry any visible moisture on windows, walls, ceilings, floors and other surfaces including personal property, as soon as reasonably possible. (Note: Mold can grow on damp surfaces within 24 to 48 hours.);

9. To limit the indoor watering of houseplants (total number of plants indoors is also an important variable);

10. Do not hang wet clothing on indoor drying line;

11. The use of humidifiers is not recommended (includes both whole house and room specific types);

12. Properly maintain your dryer vent exhaust line (clean/remove lint at least once a year or sooner as may be needed);

13. To maintain caulking around tubs, showers, toilets, sinks and other interior water receptacles at least once a year and more frequently if needed;

14. To maintain caulking around windows, doors and other exterior openings at least once a year and more frequently if needed;

15. To maintain window tracks and weep holes at least once a year and more frequently if needed (keep tracks and weep holes clean of debris/dust to allow proper egress of water when rain or irrigated water gets in them);

16. To maintain positive drainage and grading away from the foundation and walls of the home;

17. To maintain gutters and downspouts in a clean and operable condition at least once a year and more frequently if needed;

18. To prevent penetrations of exterior surfaces (i.e., stucco, siding, brick) and roof of home from post construction additions (i.e., trellises, patio covers, awnings, satellite dishes, etc.);

19. To maintain and not obstruct fresh air supply to furnace, air conditioner or heater;

20. To maintain and not obstruct air conditioning primary and secondary condensate lines;

21. To maintain and not obstruct ventilation installed by CalAtlantic in attics, basements, crawl spaces or other locations in the home;

22. To prevent irrigation systems from exposing exterior surfaces of the home to water or over saturating/flooding ground/soil near and around foundation of the home;

23. To properly use and maintain appliances containing water and other liquids;

24. To not alter insulation installed by CalAtlantic;

25. To prevent clogging of plumbing; and

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26. To report within twenty-four (24) hours the following to CalAtlantic:
    a. any non-working fan, heater, air conditioner or ventilation system;
    b. plumbing leaks, drips, sweating pipes, wet spots;
    c. overflows from bathroom, kitchen, or home laundry facilities, especially in cases where the overflow may have permeated walls or cabinets;
    d. water intrusion of any kind;
    e. any mold or black or brown spots or moisture on surfaces inside the premises;
    f. broken irrigation systems or standing water near structures;
    g. any adverse health conditions or symptoms related to or suspected to be related to actual or potential mold growth;
    h. any discovery of allergies, predisposition to or heightened risk of adverse health reactions or hypersensitivity, to mold, mildew, or other related organic organisms; and
    i. any musty or unusual odors.

Paint

The paint on exterior and interior wood surfaces must be maintained in good condition at all times. Chips, scratches, and other breaks in the surface of the paint must be repainted promptly, or serious damage to the underlying wood could result.

Please be aware that all paint is subject to yellowing and discoloration. The action of the sun usually minimizes yellowing on exterior surfaces. However, yellowing can be noticeable on interior surfaces. Yellowing is caused by the natural drying and aging of the paint and by exposure to certain chemicals such as ammonia fumes and others that are found in some household cleaners. Light colors and white painted surfaces are more subject to yellowing than darker colors.

Yellowing of oil-based paints is unavoidable. Because yellowing tends to take place over time and relatively evenly on given surfaces, it may not be noticeable until you use touch up paint. Your local paint store can assist you in choosing a touch up paint that will be a close match for yellowed paint.

Our Customer Care Department will repair only when the problem is the result of improper original application or faulty material. It must be noted, however, that paint changes color as it seasons and we cannot guarantee a perfect color match in areas when touch-up is made after original application.

Always dispose of paint and other hazardous materials properly.

Exterior Paint

Check the painted/stained surfaces of your home's exterior annually. If you repaint before there is much chipping or wearing away of the original finish, you will save the cost of extensive surface preparation. It is a wise maintenance policy to plan on refinishing the exterior surface of your home approximately every two to four years (or as often as your paint manufacturer suggests for your area and climate).

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Fading, chalking, peeling, or blistering indicate the need to repaint. Chalking can be detected by running your hand over the painted surface and then checking your hand for a white, powdery residue. Proper preparation of the surface is critical for ensuring proper adherence, and for keeping moisture out. Pressure washing may be needed for the conditions listed above. It is important to seal around windows, doors, hose bibs, phone boxes, cable lines and electrical boxes at each painting as part of routine maintenance. Consult with your local paint supplier regarding the materials to use for preparation and painting. High-quality acrylic urethane caulk works well in sealing.

For sealing cracks in textured cementitious finishes in areas like Florida that are subject to frequent rain and humidity, use a brush-on elastomeric sealant. Once all cracks are sealed and the wall surfaces are clean, apply a premium latex masonry primer, making sure to follow all of the manufacturer's directions before applying the topcoat of paint. Both paints need to be breathable, which allows any moisture that may enter the walls a means of escape. Elastomeric paints, which have poor permeability, are not recommended. The topcoat of paint needs to be a high-quality acrylic latex paint that has been formulated for local weather. Once again, follow the manufacturer's recommendations, paying close attention to paint film thickness and drying time. Make sure to check with your homeowner's association to see if they need to approve paint colors.

The chemical structure of the paint used on the exterior is governed by the climatic conditions. Over a period of time, this finish will fade and dull a bit. Wood trim painted white or light colors will more readily show grain and cracks and will therefore require additional maintenance.

Do not allow sprinklers to spray water on the exterior walls of your home. This will cause blistering, peeling, splintering, and other damage to the home.

Color names, numbers, and paint brands used in the original construction of your home are provided with this Manual or are usually available upon request to your Homeowners' Association or to CalAtlantic. Please note that any exterior painting, and any variations from the original colors of your home, may require approval of your Homeowners' Association (if any).

Interior Paint

Painted interior walls are not "scrub-proof." Scrubbing or harsh cleaners will remove paint. Depending on the type of paint, wiping with soap and water may also remove paint.

When doing paint touch-ups, use a small brush, applying paint only to the spot needing attention. Spackle may be used to cover any small defects prior to paint touch up. Touch-ups will sometimes be visible. When it is time to repaint a room, prepare the wall surfaces first by cleaning with a mild soap and water mixture or a reliable cleaning product.

For stain touch-ups, products such as Old English Furniture Polish and Scratch Cover are inexpensive, easy to use, and blend in with the wood grain. Follow directions on the bottle.

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Here are solutions to common paint problems:

PROBLEM	LIKELY CAUSE	SOLUTION
Exterior paint peeling.	Surface not cleaned. Moisture/solvents under paint surface.	Scrape, sand, prime, and repaint.
Blisters in paint.	Poor adhesion caused by water or solvent trapped under paint.	Scrape, fill resulting depression, sand, prime, and repaint.
Wrinkling, runs and/or drips.	Paint applied too thick.	Sand smooth and repaint.
Interior and/or exterior caulking cracks or shrinks.	Normal drying, settlement, expansion and contraction.	Remove old caulking only if unsightly. Caulk open gaps.
Paint peeling off masonry.	Surface not cleaned. Moisture/solvents under paint surface.	Scrape peeling paint. Repaint with latex paint.
Efflorescence or peeling on foundation.	Alkali compounds on foundation.	Scrape, apply alkali neutralizer and repaint.
Bleeding wood knots.	Wood resin seeping out.	Sand, apply stain killer, repaint.
Mildew on painted surfaces.	Fungus from moisture and little sunlight.	Carefully wash with water-diluted chlorine bleach.

Patios

Patios and other structures that you add to your home will not be the responsibility of CalAtlantic. We suggest that before you begin any addition to your home, you check with your Homeowners Association and local building officials. This is to make certain that your plans are in compliance with state and local building codes and the CC&R's. It is likely that building permits will be required. A licensed contractor is best qualified to perform this work.

If you install patio covers, consult a professional for proper methods of affixing the covers to your house. Improperly-installed patio covers can cause water leaks which can result in severe damage to your home and its contents which are not covered under CalAtlantic's Limited Warranty.

If you install patios, patio covers, or hardscape relating to patios or yard improvements, you need to have them designed and installed in a manner which does not disrupt proper homesite drainage and which will accommodate expansive soil movement, backfill settlement, lateral fill extension and/or "slope creep." Please see and reference the Grading, Drainage and Landscaping sections of this Manual. You should consult with a professional engineer and contractor to make sure these issues are properly addressed.

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Pests

New home construction on previously undeveloped land creates an environment that attracts many unwanted pests. Unwanted insect pests and rodents may enter any home at any time through open doors, unscreened louvers, etc. Pests and any damage they cause are not covered under CalAtlantic's Limited Warranty. Professional exterminators are recommended, especially in the case of insects.

Termites are a special problem and prevention is easier than eradication. Fight termite invasion by making sure the wooden portions of your home do not touch soil directly, and by keeping all exposed exterior wood painted. In certain areas, an annual professional termite inspection is a relatively inexpensive preventive measure. Your grading was designed to be a minimum of 6 to 8 inches below the wood sills when the home was completed. Maintain this grade as it will help keep termites and insects out.

If your yard includes slopes, gophers, ground squirrels, mice, and other burrowing animals may be present. These animals can wreak havoc with slopes by creating tunnels or burrows. These burrows, while only a few inches in diameter, allow soil erosion to begin deep in your slope. During a rain or with the use of irrigation, water may enter the burrow and carry loose soil away. Over time, the burrow can enlarge and collapse, destroying your slope. It is important that a professional pest control expert be contacted for proper removal of burrowing animals.

During construction of nearby neighborhoods, other animals may attempt to invade your home. These may include coyotes, opossums, raccoons, skunks, mice, ants, birds, bees, snakes, and other wildlife. CalAtlantic is not responsible for removal of these animals or for repair of any damage they cause.

Phone Jacks

Homes may be equipped with telephone jacks. Initiating phone service is the homeowner's responsibility. Moving outlets for decorating purposes or convenience is a homeowner responsibility and expense.

Plumbing System

We recommend that you become familiar with your plumbing system as soon as you move in. You should know the location of the main shut off and individual shut offs in all the bathrooms and the kitchen. In the event of a plumbing emergency, you must close the main water shutoff for the house at once. Flowing water can cause severe damage to your home and its contents. The main water shutoff for the house is normally located in the front yard or flower bed. The exact locations of all shutoffs in your house will be shown to you during your New Home Orientation.

A shutoff valve for the property is also located at the water meter. The CalAtlantic Representative will identify the water shutoffs during your New Home Orientation. Please make certain that everyone in your household knows the locations of the main shutoff valves.

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Other water shutoffs are located under the sinks in the bathrooms and the kitchen. Each toilet has a shutoff valve behind the toilet bowl. Another water shutoff is located on the top of the water heater. It controls the flow of water to the water heater and should be closed in the event of a leak in the water heater. You and others in your home should know where these water shutoffs are and how they work.

Each plumbing fixture in your home has a drain pipe specially designed to provide a water vapor barrier between your home and the sewer. The drain pipe or trap is the U-shaped area of pipe directly under the sink. The trap holds water which prevents the airborne bacteria and odor of sewer gas from entering your home. If any of your faucets are used infrequently, we suggest that they be turned on occasionally to replace the water in the trap lost to evaporation. Because of their shape, the traps are the most likely area to become clogged. Periodically check under kitchen and bathroom cabinets for leaks.

A water pressure regulator may be installed at or near the main shut-off valve for the water supply to your home. Do not attempt to adjust the water pressure regulator yourself. It is designed to keep water line pressure surges from entering the home. Improper adjustment can burst the water lines and create severe water damage. If you think the water pressure needs adjustment, contact the water utility company or a licensed plumbing contractor.

Clogged Drains

Many plumbing clogs are caused by improper garbage disposal use. Always use plenty of cold water when running the disposal. Supplied with a steady flow of cold water, grease congeals and is cut up by the blades. If you use hot water, grease remains a liquid, then cools and solidifies in the sewer line. Allow the water to run a minimum of 15 seconds after shutting off the disposal.

Clogged traps can usually be cleared with a plumber's helper (plunger). If you use chemical agents, follow directions carefully to avoid injury or damage to the fixtures or personal injury.

Clean a plunger drain stopper, usually found in bathroom sinks, by loosening the nut under the sink at the back, pull out the rod attached to the plunger and lift the stopper out. Clean and return the mechanism to its original position.

Fiberglass or Acrylic Bathtub and Shower Stalls

Fiberglass or acrylic are lightweight materials which add beauty and style to bathroom tubs and showers. You can preserve the original high gloss finish by regular cleaning with a liquid soap or detergent. Do not use abrasive cleansers. Always rinse the walls and the door of the shower after each use.

Fixtures

Polished brass and other special finishes plumbing fixtures are susceptible to damage and staining if water is permitted to stand on the surfaces and by the use of an abrasive cleansing product. Most of the plumbing fixtures in your new home are plated with polished brass, bright chromium, or other finishes that are resistant to water corrosion. The plating materials forming these finishes are, however, relatively soft, and can be damaged with abrasive cleansers, scouring pads and tools.

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Clean the fixtures with warm soapy water and a soft sponge or cloth. Rinse with clear water and wipe dry to prevent spotting and soap buildup.
If water is permitted to accumulate and stand at the base of the fixtures, corrosion and tarnishing can result. Always wipe the area dry.

Hard water can spot and damage bright chromed plumbing fixtures. While this is not entirely preventable, you can minimize the staining and discoloration by drying the fixtures after each use.

Avoid using excessive force when you turn your faucets on and off. The seals in the faucets can be damaged by such abuse in a short time.

Faucets are equipped with aerators which mix air with the stream of water to prevent splashing. They need to be cleaned occasionally to remove a buildup of mineral deposits. When you notice that the stream of water has lessened, unscrew the aerator from the mouth of the faucet. Remove the debris and rinse the washers and screens. Replace the parts in their original order and screw the aerator onto the faucet. Perform this homeowner maintenance as needed, usually every few months.

Exterior light fixtures, hose bibs, door hinges, door handles, door hardware, brass toe kicks, deadbolts and other exterior fixtures are all susceptible to tarnish from various weather conditions.

Frozen Pipes

Keeping your home heated at a normal level will help prevent pipes from freezing. The heat should be set not lower than 65oF if you are away during the winter months. If you are away for an extended period of time, drain your water supply lines. Garage doors should be closed to protect plumbing in that area. Maintain proper insulation levels. During periods of extreme cold (less than zero degrees F), even properly installed and maintained pipes may freeze. If such extreme cold occurs, open cabinet doors to allow additional heat to reach the pipes, and turn on the faucets to a slight continuous drip to help reduce the possibility of frozen pipes.

Freezing is more likely to occur near an outer wall that is exposed to winter winds. Never use an open flame to thaw frozen pipes. Defrost frozen pipes as follows:

1. Begin by restoring heat to the affected area.

2. Open all faucets connected to the pipe line so steam can escape during thawing.

3. Begin thawing slowly at the frozen point nearest the faucet. Thaw slowly to prevent formation of steam, which can cause pipes to rupture or burst. A heat lamp set at least six inches from a plasterboard or wall panel will thaw the pipes behind it. For exposed pipes, use a hair dryer or rent a heat cable to wrap around the pipe.

4. As the pipe thaws, move the source of the heat to the next frozen area until all piping has been defrosted.

5. If drain traps have been affected, pour hot water into the drain until thawed. Do not use boiling water, since pipes can crack from such a drastic temperature change.

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Noisy Pipes

Pounding or knocking sounds in the water system should be corrected immediately, since the resulting vibrations can damage plumbing line fittings and cause them to leak. There is one exception: Exterior hose faucets often produce a high-pitched noise caused by an attached vacuum breaker or back-flow preventer. This noise is normal and is not cause for concern.

Noisy pipe problems can be identified and corrected as follows:

1. The water heater temperature may be set too high, producing steam in the pipes. To resolve, gradually reduce the water heater temperature setting until the steam is reduced.

2. Abruptly turning off a faucet in areas with high water pressure can produce a pounding or knocking sound. To resolve, slightly close the main shut-off valve.

3. Air can get into the pipes. To resolve, open all interior and exterior faucets and run for a few minutes, allowing all air to pass through the system. It is not necessary to open exterior faucets if they have been winterized.

Exterior Hose Bibs

Exterior faucets called hose bibs may be either standard or frost free faucets. Frost free bibs do not require winterizing even in freezing weather; however, you must disconnect hoses, splitters and timers to drain all exterior water prior to the first winter frost. Conventional exterior hose bibs require winterizing before freezing weather. This procedure must be performed prior to the first frost to avoid rupture or bursting of the water pipes. Failure to winterize exterior hose bibs will void your warranty.

You must winterize your home in cold climates to prevent exterior pipe freezing. If you are on a crawl space, close the vents if temperatures remain at 32 degrees or lower for a period of time; otherwise, leave them open. Always prepare your outside hose bibs for freezing weather. Your hose bibs are the only plumbing exposed to freezing temperatures and should be protected by covering them with an insulated cover (home care/hardware stores carry these). Make sure you always disconnect hoses as they can freeze and cause the hose bib to also freeze. Where applicable turn off the exterior hose bib shut off during this time.

Water Back-Flow Prevention

A vacuum breaker may be installed on the exterior hose faucet to prevent back flow and stop contaminated water from flowing back into the home water supply system via the garden hose. Where installed, these devices are a plumbing code requirement and may not be removed. With a vacuum breaker installed, it is normal to hear a humming or vibrating noise throughout the home when the exterior faucet is in use. This is caused by the array of washers built into the back-flow preventer and is not cause for concern.

Septic Tank

Some homes have a private sanitary system called a septic tank system. It is made of reinforced concrete or fiberglass and has a tank sized to meet local codes. It is an efficient sanitary system

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featuring a filter bed that acts as an absorption field. The tank accumulates sludge material and should be professionally pumped and flushed annually. Access for cleaning is located at the top of the tank. Required monthly maintenance flushing can be done through the commode using a yeast or other cleansing solution available at hardware stores. Follow the specific maintenance instructions provided for your system.

Shower Doors/Tub Enclosures

Always rinse the walls and door of the shower after each use. Inspect every six months, or at any sign of leakage, for proper fit and for deterioration of the rubber "sweep" at the bottom of the door. Adjust the door and replace the sweep if necessary. At the same times, inspect the caulking, and re-caulk where any separations appear.

Toilets

Toilets are made of vitreous china, a glasslike material that is highly resistant to staining. Clean your toilets with a toilet bowl cleaner and a brush or cloth. Vitreous china is brittle and will easily break or shatter if hit with a hard object.

Water conservation regulations have mandated the use of low flow or water-saving toilets in new homes. These toilets use less water so they are important elements in the area's water conservation program. However, at times you may notice an incomplete flush. When this happens, allow the tank to refill, and then repeat the flush. Feminine products, diapers, and baby wipes should not be flushed in toilets.

Always keep a plumber's plunger on hand to use in the event of a stoppage of a toilet. If a stoppage occurs, close the shutoff valve on the back side of the toilet. Usually, a few vigorous pumps with the plunger will free the obstruction. Stoppages that are not construction related are the responsibility of the homeowner. If you are unable to clear the obstruction yourself, we suggest that you call a licensed plumbing contractor.

Most blockages in plumbing drains, including toilet drains, are progressive - they begin slowly and get worse over time until the drain is completely blocked. Use a plunger at the first sign of a slow drain. This simple step can prevent most serious drain blockages.

Do not use drain cleaners for toilets. The harsh chemicals in drain cleaners can damage the toilet seals and cause a leak.

If the flush valve fails or begins to leak, you can purchase a new flush valve at a home center or hardware store. If you are not entirely comfortable with this do-it-yourself project, a licensed plumbing contractor can perform this task.

Water Heater

Your water heater is covered by a warranty from the manufacturer. Please read the operating instructions that the manufacturer provides.

Periodically, and no less frequently than every three months, check the area around the hot water heater for leaks. In the event of a leak in your water heater, turn off the water supply to the water

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heater, close the shutoff valve on the top of the water heater, and turn off its energy supply (gas supply line or electrical). Call the manufacturer listed on the front of the water heater to request service.

If you discover you have no hot water, check the pilot, temperature setting, and water supply valve before calling for service. Refer to the manufacturer's literature for specific locations of these items and other "trouble shooting" information.

If the water temperature is not hot enough, adjust the temperature at the water heater by following the manufacturer's instructions, which are usually printed on the tank**. If you have small children, do not set the temperature high enough that the children might accidentally burn themselves.**

While some water heaters do not require additional insulation, we suggest that you consider an inexpensive water heater blanket when it is appropriate. This can save significantly on the cost of operating the water heater. These products are available at home center and hardware stores. Check the operating manual that came with your water heater before you add an insulating blanket.

Your water heater should be drained and flushed every six months, or otherwise as according to the manufacturer's suggestions. This simple procedure will remove accumulated silt and debris so that the water heater is efficient and durable.

Water Lines

Copper tubing in plumbing systems should be maintained by running water through each faucet for approximately one minute each week, to minimize stagnation.

In the event of water leaks, consider this advice:

- The main shutoff valve is located in the meter box in the front yard.
- Shut off the main water supply to the house.
- A shutoff for the house supply is located in the front yard or flower bed.
- Individual shutoffs are located adjacent to the kitchen and bathroom sinks, the water heater, the washer outlet and the toilets. Use these shutoffs for local leaks.

Whirlpool Baths

Some baths are equipped with an optional whirlpool. The warranty will vary due to different manufacturers and this information is summarized in the appropriate manufacturer’s warranty guide. Do not run the pump motor unless there are 2 inches of water above the jets. Running the pump with improper water levels will damage and void the pump warranty. Always turn the pump off during draining. Check for leaks periodically by looking around the base of the tub. Every two to three months, fill the tub with hot water and add a small amount of liquid dishwasher detergent. Run the pump for 10 minutes, drain, fill with cold water, then run again for 10 minutes. This will clean the inside pipes and internal pump parts.

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Here are solutions to plumbing and fixture problems:

PROBLEM	LIKELY CAUSE	SOLUTION
No hot water from electric water heater.	Tripped circuit breaker.	Check and reset circuit breaker.
No hot water from gas water heater.	Temperature setting too low. Pilot light is out.	Call licensed contractor to light pilot light.
Hot water runs out quickly.	Temperature adjustment on water heater set too low.	Call plumbing contractor for adjustment.
Hot water recovery is slow.	Burnt-out heating element.	Call plumbing contractor.
Toilet runs constantly.	Water level in tank is too high.	Adjust float arm stem in toilet water tank downward.
Toilet makes loud noise when flushed.	Ball cock in water tank is not working properly.	Replace ball cock in toilet water tank.
Toilet backing up and/or overflowing.	Obstruction in line.	Turn toilet intake valve off and plunge toilet.
Water flow from faucet is reduced.	Aerator at tip of faucet is clogged.	Unscrew aerator screen and rinse thoroughly.
Water splatters out of faucet.	Air in water supply line.	Open all faucets in home for five minutes.
Water leaking from under sink.	Loose plumbing fitting(s).	Hand-tighten coupling(s) on drain pipes.
Water dripping from shut-off valves.	Loose packing unit.	Open valve all the way, then gently tighten nut.
Garbage disposal clogged.	Obstruction in disposal.	Use disposal wrench in bottom of disposal.
Garbage disposal will not operate.	Tripped circuit breaker.	Check reset button on bottom of disposal unit.
Smell or presence of gas in the home.	Gas Leak	Have everyone go outside. Call the gas company and/or emergency services (the fire department or "911") to report the leakage from another location.
Uncontrolled water flow.	Major plumbing leak or breakage.	Turn off the main water valve. It is located at in a ground level box near the street. Arrange for service.

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PROBLEM	LIKELY CAUSE	SOLUTION
Water under a sink or toilet:	Leaking fixture, valve or connection.	Turn off the water to the fixture by using the shutoff valves located under or behind the unit. Arrange for service.
Signs of water in the floor or wall adjacent to a tub or shower not caused by splashing.	Leak in tub or shower liner or plumbing.	Turn off the water at the fixture and arrange for service. Do not use the shower or tub until service can be provided.
Water coming from water heater.	Leaking appliance or connection.	Use the shutoff valve on top of the heater to turn off the water. If gas, turn off the gas valve, and the pilot light and drain. If electric, turn off the breaker located in the garage. Drain the water heater.

Roofs

The roof on your home may be made of concrete tile or other roofing materials, such as asphalt composition or cedar shake shingles. While all of these materials will provide years of service and weather protection for your home, a few reminders on the maintenance of your roof could save a great deal of expense and discomfort in the future.

DO NOT WALK ON THE ROOF OF YOUR HOME. The weight of a person can easily break the tiles and destroy the masonry tile on the roof. Leaking may occur and costly repairs could be necessary. Access to your roof is not necessary under normal conditions. If access to your roof is required, call a professional roofing contractor for advice and assistance. Broken tiles that are discovered after your House to Home Delivery will not be the responsibility of CalAtlantic. Inspection of your roof by a roofing professional at least once per year, and after severe weather or upon any sign of water intrusion through the roof, is recommended.

Do not nail anything to your roof. Television antennas, cable dishes, and other potential attachments may not be allowed in your Neighborhood, depending on the applicable CC&R's. You will need to check with your Homeowners' Association (if applicable). If allowed, any such attachment should only be made by a licensed roofer. CalAtlantic's Limited Warranty does not apply to attachments or roof penetrations that were not part of the original construction, or any damages resulting from such attachments or penetrations.

Remove fallen limbs and other debris from your roof promptly. If large limbs have fallen onto your roof, visually inspect the nearby tiles for signs of damage. Repairs should be made by a professional roofing contractor.

Rain gutters, downspouts, valleys and roof to wall flashings should be kept free of debris such as leaves, twigs, bird defecation, and litter. Bird defecation and other such debris can block drainage

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and cause water to pool on your roof, and can result in the deterioration of underlayment and other components of your roofing system.

Inspect the gutters, downspouts, valleys, roof to wall flashings, and vent pipe flashings at least once each year and after each heavy rain or windstorm. Downspouts should be directed so that erosion of the soil is prevented. Connection to a yard drainage system is strongly recommended.

At least once per year, and after severe weather or upon any sign of water intrusion through the roof, you should have a maintenance inspection and "tune-up" of your roof by a roofing professional. Yearly inspections and maintenance by a roofing professional will help prevent or eliminate conditions which commonly result in roof failures.

Here are solutions to common roofing, gutter, and downspout problems:

PROBLEM	LIKELY CAUSE	SOLUTION
Roof leakage.	Gutters plugged up.	Clean gutters and downspouts.
Roof leakage.	Loose flashing. Loose pipe collars.	Contact a licensed contractor to inspect and repair as necessary.
Roof leakage.	Loose or missing shingles and/or ridge vents.	Contact a licensed contractor to inspect and repair as necessary.
Roof leakage.	Hole in gutter or downspout.	Contact a licensed contractor to inspect and repair as necessary.
Skylight leakage.	Loose flashing. Caulking deteriorated.	Contact a licensed contractor to inspect and repair as necessary.

Screen Enclosures

Screen enclosures are aluminum, rust-free structures with nylon screens attached. Do not walk on the roof of the screen enclosure. It is not designed to hold your weight. Periodic pressure washing by a professional is recommended.

Settlement

All homes settle to some degree. Some settling or adjustment in lumber and framing members is normal and should be expected.

If moldings show slight joint separation, fill the cracks with wood filler. If nails work out of position, reset them with a hammer and nail set; then fill the holes with wood filler or spackle. Normal settling, expansion and contraction also may cause small interior wall cracks around doorways, archways, and at wallboard joints. The best time to fill and sand such cracks is when you repaint.

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It is best to wait at least two years before repairing minor cracks, until most of the settling and shrinkage is complete. If your home has lath and plaster, cracks and blemishes are common, and should be left alone for two years to allow for drying and curing before filling and repainting.

Smoke and Carbon Monoxide Detectors

One or more smoke and/or carbon monoxide detectors have been installed in your home. The type of detector, the installation procedure, and the location(s) of the detector(s) are selected to meet the requirements of local and state building codes. Do not move or disable the detectors. If you feel the need for additional protection, consider purchasing additional detectors to be installed at additional locations.

If your smoke or carbon monoxide detector requires batteries, the batteries should be replaced every year. You should conduct monthly testing of the smoke detector and other care or maintenance as provided in any manufacturer recommendations. Should your detectors “chirp,” this is an indication that it’s time to replace your battery.

Storm Water Pollution Prevention

Rainwater and irrigation pick up pollutants from many sources and carries them through the storm drain system and into local waters because the storm drains are not connected to the sanitary sewer system.

Sediment from erosion is not allowed in the storm drain system at any time. Stockpiles of sand, dirt or other landscaping materials that could be washed into the street and storm drain system are not allowed.

Pesticides, herbicides, and fertilizers should be used sparingly, according to the directions and kept in the original containers.

Recycle yard waste or compost it.

Try to use non-toxic or biodegradable products whenever possible, especially on the exterior of your home.

Use water sparingly on the exterior of your home and when washing your car. Sweep concrete driveways and sidewalks, rather than cleaning them with a hose.

For further information regarding pollution prevention, please call your local city or county government.

Stucco (see also "Exterior Finishes")

Small cracks in stucco are normal. They should be patched and repaired whenever you repaint your home, or more often if necessary. Stucco batches will vary in color.

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Stucco can discolor from exposure to wind, rain, environmental pollutants and landscaping irrigation and improvements made after construction. Any cosmetic problems in the stucco must be reported within 30 days after the House to Home Delivery or they will not be covered by the Limited Warranty. Prompt landscaping can minimize the discoloration of stucco. Homeowners should consider steam cleaning of stucco by a professional annually or as needed.

Sump Pump

If your home is equipped with a sump pump, you should check periodically (at least every three months) to confirm that that the pump is functioning properly. If the pump drains to an exterior location or drain outlet, you should be able to visually observe water being pumped out of the sump pump system during its operation. Improper functioning or inadequate maintenance may lead to a buildup of water adjacent to the foundation. Regular and close observation of these conditions is important to help avoid water-related problems such as mold and/or incidental and consequential damages to personal property.

Swimming Pools

Swimming pools are included as options in some homes. Pools require regular maintenance. Read the following guidelines and follow your pool contractor's instructions to avoid costly repairs. Consult your pool contractor for warranty information.

1. Pool finishes may take from four to six weeks to cure. During this period, it is important to brush the walls and floors and least three times per week to eliminate permanent stains caused by settling dirt or minerals.

2. Water should be kept about halfway up on the skimmer opening. Evaporation loss may vary from 1 inch to 2 inches per week due to weather conditions.

3. Test the pool water weekly, preferably at the same time of day and after the pump has been running at least five hours. Samples should be taken from below elbow depth (18 inches). Consult with the pool contractor for proper chemical balance.

4. When brushing the pool, open the main drain and close the skimmer, then brush walls, steps and swim-outs first. When brushing the floor, work from the shallow end toward the deep end and the drain.

5. Pool filters should be cleaned once a week. Remove the cartridge filter, hose it down, then clean the hair/lint trap basket. The pool pump must be in the OFF position. The pool pump has been installed with a timer that should be set to run eight to ten hours in the summer and six hours in the winter.

6. Clean the pool deck with water-diluted bleach.

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Walls

Your home has two types of interior walls: bearing and non-bearing. Non-bearing walls can be altered without structural damage, but alteration of a bearing wall must be done carefully to avoid reducing its bearing capacity. This should be done under the supervision of a licensed contractor.

Some slight cracking, nail "pops," and/or seams may become visible in plaster, gypsum wallboard, drywall or sheetrock walls and ceilings. These occurrences are caused by the shrinkage of the wood and normal deflection of rafters to which the sheetrock is attached, are considered normal, and are a maintenance responsibility of the homeowner. They can be repaired by filling with spackling compound, smoothing with fine sandpaper, and then painting the entire surface. Popped nails do not alter the strength of the wall and should be left alone until time to repaint. Homeowners should repair nail pops and cracks as follows:

1. Reset protruding nails or screws slightly into the gypsum board surface or remove entirely. Place another drywall nail or screw in the stud two inches above or below the popped nail and gently hammer or set it slightly below the paper surface. Cover the area with spackling compound, allow to dry, sand smooth, and re-paint the surface.

2. For drywall joint cracks, press a small V-shaped indentation using the back of a putty knife along the length of the crack, about 1/8 inch deep and 1/8 inch wide. Spackle, sand, and repaint as with nail pops.

3. To prevent cracks wider than l/4 inch from reopening, first apply the spackling compound, cover the crack with a strip of fiberglass drywall tape, add another top layer of spackle, feathering the edges well. Sand to a smooth finish, then re-paint.

4. Deep scrapes and indentations on drywall surfaces can be filled with two or three applications of spackling compound. Allow it to dry thoroughly, and sand between each application.

Drywall imperfections can appear differently in changing light sources. In addition, drywall can develop small stress cracks over time. Please look over the drywall in your home during the New Home Orientation. Any imperfections that are visible from a distance of 5 feet away under normal lighting conditions will be addressed. Temporary, unusually-strong light sources (like afternoon or morning sun and halogen lamps) can reveal imperfections that are typical of drywall and are not warranted.

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Here are solutions to some common wall and ceiling problems:

PROBLEM	LIKELY CAUSE	SOLUTION
Nail pops, holes, or cracks in drywall.	Settlement or accidents.	Repair as described above at time of painting.
Base molding, crown molding, chair rail, baseboards, etc. separate from wall.	Normal caulk shrinkage.	Re-caulk gap.
Wallpaper loosens or peels.	Moisture and lack of proper ventilation.	Re-glue wallpaper. Improve ventilation.
Drapes or pictures falling off wall.	Improper anchor used.	Consult hardware store for proper anchor.
Separation at door casing.	Normal caulk shrinkage or settlement.	Re-caulk gap.
Drafts at electrical outlets.	Temperature inversion due to thickness of electric box vs. wall.	Install thermal covers under plug and switch covers.
Moisture on plant ledges.	Over-watering of plants.	Move plants off ledge for watering.
Flapping noise in attic.	Insulation baffles loose.	Re-secure insulation baffles.

Water Conservation

In the home, water conservation saves both water and energy, since energy is needed to heat water and run appliances.

Every time a toilet is flushed, about 1.6 gallons of water goes into the sewer. Do not use the toilet for things that should go into the wastebasket.

A partially full tub uses far less water than a long shower, while a short shower uses less than a full tub. Your home has been equipped with a water-saver showerhead.

Always load your dishwasher to capacity before turning it on. Most models use between 15 to 25 gallons per run. The same rule applies to an automatic washer, which uses 40 or more gallons for each load.

Repair all faucet leaks promptly to avoid letting valuable water run down the drain. Just a slow drip can add up to 15 to 20 gallons a day while 1/16 inch faucet leak wastes 100 gallons in 24 hours! Turn off the water while brushing your teeth or shaving to avoid wasting more water.

Outside the home, the basic principle of lawn and garden watering is not to give the grass and plants more than they need. Water only when plants show signs of needing moisture. Water in the

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cool of the day to avoid excessive evaporation. Use herbicides and fertilizers sparingly according to the direction on the original container and avoid use if rain is forecast.

Do not let the hose run while washing the car, use a bucket and biodegradable soap. Sweep down sidewalks and driveways rather than hosing them off. The storm drains are not connected to the sewer system and everything that enters goes directly into local waters.

Windows with Vinyl, Metal, or Wood Frames

Windows and sliding glass doors may be single or double-pane glass with wood, vinyl, or aluminum frames. Carefully examine all windows and glass during New Home Orientation. Glass or frames that are broken, scratched, or chipped will not be repaired after occupancy unless specifically noted at this time.

Keep the window and door tracks free of dirt and debris. The tracks are soft and can become damaged if they are not kept clean. Use a broom or a brush to loosen collected debris. Vacuuming thoroughly should be a part of your regular cleaning routine. Avoid using abrasive cleaners as they may scratch or damage the aluminum or vinyl frame coating. After cleaning, apply paraffin (wax) to the locks and rollers to prevent corrosion. If windows and doors do not slide freely, an oil-free silicone lubricant can be used on the tracks. Do not use any oil-based lubricant. Oil attracts dust and dirt that become embedded in the lubricant and may damage the frames.

Window and door frames have small weep holes at the bottom to permit water to drain from the tracks. Keep the weep holes open and free of debris. Avoid flooding window and door frame tracks. Excessive water can overflow the track and back up into your home. During high winds, air will penetrate your windows and door frames, especially through the weep holes. This is normal. The weep holes are necessary for proper ventilation and you should keep them clear at all times. Inspect the interior and exterior paint on your window trim annually. Use touch up paint as required. Repaint every two years or as necessary.

Window screens should be removed and cleaned every six months with water and a mild soap. Inspect window screens annually for holes, tears, or other deterioration. Window screens should be repaired or replaced when and if necessary. The Limited Warranty does not cover holes or tears in window screens unless reported at the New Home Orientation. Window screens will not prevent children from falling through open windows to the ground below. The screen is not a barrier, and the fastening system for the screen will not support any weight beyond the screen itself. Do not allow children near an open screened window, or place any weight on, or push against a window screen. Similarly, do not place furniture near windows so that children have easy access to the window.

Window glass should be cleaned with water and mild cleaning products designed for use on windows. Do not clean windows with solvents, abrasive pads, putty knives, or any products which can disintegrate the rubber gasket material. Doing so may result in deterioration of rubber gaskets and can result in leaks or fogging of dual pane windows. Do not clean windows with abrasive cleansers that may cause scratches. Do not spray windows or screens with a garden hose. This could cause water infiltration into the structure of your home that could lead to interior damage and/or mold.

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The appearance of moisture that occurs when warm, moist air comes in contact with a colder surface is called condensation. While moisture may appear on windows, this does not indicate a window problem. The most common cause is humid air inside the home hitting the cold surface of the window glass. Be aware that high indoor humidity, in combination with extremely cold weather, can turn window condensation into ice. Do not forcefully open windows or patio glass doors that freeze shut, as this will bend the frames and tracks.

Do not apply window tinting materials made of film to double-glazed windows and doors. The use of these materials can cause a buildup of heat between the panes of glass. This excessive heat will destroy the seals and permit water condensation to form between the panes. Aluminum foil also causes a heat buildup between window panes and should not be used. Use of such products may void coverage under the Limited Warranty for the affected windows.Consider your Homeowners Association regulations before you install window coverings that are visible from the street or other areas of your Neighborhood.

Here are solutions to some common window related problems:

PROBLEM	LIKELY CAUSE	SOLUTION
Window sash comes out when fully opened.	Tension rod clips on side jambs left in open position.	Position clips in closed position before opening.
Window binds or is difficult to open.	Paint or dirt on vinyl jambs or broken window balancer.	Clean jambs and spray with silicone, or replace balancer.
Condensation on inside surface of window.	High humidity inside home.	Reduce humidity with exhaust fans and dehumidifier.
Window will not stay open.	Weak window balancer.	Replace balancer or adjust tension rod.
Condensation between insulated glass surfaces	Insulated glass seal is broken.	Replace glass panel.

Wood Trim

See the discussion under "Painting," above.

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7. MAINTENANCE SCHEDULE

After Move In

Item/Location	Maintenance Required
Bathrooms	▪ Apply silicone-based grout sealer to tile grout within 30 days of closing. Make future applications as necessary
Deck	▪ Apply preservative sealer to wood surfaces following manufacturer's instructions. Make future applications as necessary.
Driveway	▪ If desired, apply sealer per manufacturer's instructions after move-in. Make future applications as necessary.
Electrical	▪ Locate and label the main circuit breaker in the electric panel box and show family members how to turn it off in case of emergency.
Fire Extinguisher	▪ Purchase a general-purpose fire extinguisher for each floor of the home, plus one small kitchen extinguisher for grease fires. Demonstrate proper usage to family members in case of an emergency.
First Aid Kit	▪ Keep first-aid materials and a book on first-aid procedures in an accessible location
Flooring	▪ Attach furniture protectors underneath furniture legs to protect hardwood, resilient and tile floors
Gas Fireplace	▪ Follow manufacturer's instructions. Be sure to arrange for startup within 45 days of closing for start-up even if you close in the summer.
Household Tools	▪ Acquire basic tools to help you with normal home maintenance chores, to include: pliers, adjustable wrench, flat-blade and Phillips-head screwdrivers, claw hammer, hand saw, tape measure, caulk and caulking gun, putty knife, paint roller and brush, power drill and drill bits, assorted nails, brads, screws, nuts, bolts, sandpaper, utility knife, toilet plunger, and flashlight.
Landscaping	▪ Follow your landscaping contractor's instructions for year-round landscaping care. Review and implement recommendations in the Landscaping and Grading section of this manual.

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Item/Location	Maintenance Required
Plumbing	▪ Locate and label the main water line shut-off valve and show all family members how to close it in case of a plumbing emergency.
Water Erosion	▪ After the first heavy rain, check foundation for erosion and fill eroded areas. Ensure that splash blocks are correctly positioned to divert rain water away from the home. Thereafter, always be on the alert for erosion and take immediate action to fill eroded areas.

Every Month

Item/Location	Maintenance Required
Cabinets	▪ Clean pursuant to the manufacturer's recommendations.
Crawl Space	▪ Check for excess moisture and any loose insulation.
Fire Sprinklers (if any)	▪ Test system annually per manufacturer's recommendations. ▪ Visual inspection to ensure nothing interferes with the designed operation: No attachments to sprinkler heads (e.g., paint, overspray, hanging items, etc.) and/or no adjacent installations (e.g., false beams, covers, etc.) within 18 inches in any direction of the sprinkler head. ▪ Check fire extinguishers to make sure they are fully charged.
Furnace/Forced Air Unit	▪ Clean or replace filter as needed (e.g., more often during times of constant operation or heavy dust). NOTE: Do this check every month for the first six months, due to effects of leftover construction dust and debris.
GFI Outlets	▪ Test for proper operation.
Irrigation	▪ Check for leaks and for improperly-functioning irrigation heads (especially any spraying the house, fencing, etc.).
Interior Caulking	▪ Check for cracks or separations in caulking around sinks, bathtubs, toilets, faucets, countertops and backsplashes, tile walls, resilient and tile floors, window sills, and any other areas originally caulked by CalAtlantic. Use appropriate caulking to repair these areas.
Kitchen Fan Filter	▪ Clean filter and fan housing. ▪ Eliminate built-up grease.

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Item/Location	Maintenance Required
Plumbing	▪ Check all sinks, toilets, showers and tubs, and the water heater for any leakage. ▪ Check and (if necessary) clean faucet aerator screens, if flow of water is reduced. Tighten fittings carefully; do not over-tighten or strip. NOTE: Do this check every two months for the first six months. ▪ Clean disposal blades by grinding up ice cubes or as directed by the manufacturer, and freshen it with baking soda or other products as recommended by the manufacturer.
Smoke Detector	▪ Test for proper operation. Clean and/or vacuum openings as necessary.
Sump Pump	▪ Check for proper operation.
Windows	▪ Vacuum tracks. ▪ Confirm weep holes clear and open.
Wood Cabinets	▪ Review cabinet manufacturer recommendations as to proper products to maintain the finish of the wood cabinets.

Every Three Months

Item/Location	Maintenance Required
Caulking	▪ Check condition of caulking at sinks, bathrooms, tubs, showers, etc., for gaps or other deterioration. ▪ Re-caulk where needed to prevent water intrusion.
Concrete	▪ Clean all oils and grease. ▪ Confirm no ponding of water against concrete foundation or flatwork.
Exterior Doors	▪ Inspect finish for peeling and cracking. ▪ Touch-up where required. ▪ Polish tarnished hardware. ▪ Lubricate hinges and locks if required. ▪ Adjust thresholds and weatherstripping as needed.
Garage Door	▪ Inspect mechanism for smooth operation. ▪ Lubricate hinges, hardware and opener chain/drive, as needed.

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Item/Location	Maintenance Required
Interior Doors	▪ Lubricate hinges. ▪ Tighten knobs, as necessary. ▪ Check doorstops for proper operation.
Landscaping	▪ Confirm maintenance of proper and effective drainage, with no persistent puddles after irrigation or rain.
Plumbing	▪ Check water supply lines and valves to sinks and toilets. Tighten if loose or leaking. ▪ Check pipes and drains for water leakage
Water Infiltration	▪ Check basement and foundation for excess moisture.
Windows	▪ Lubricate rollers and latches. ▪ Check caulking, and re-caulk as appropriate. ▪ Check all window sills and baseboards for any signs of leaks or mold. ▪ Apply new weatherstripping as necessary. ▪ Inspect weeps. ▪ Repair or replace screens as needed.

Every Six Months

Item/Location	Maintenance Required
Countertops	▪ Inspect for separations at sinks and backsplash. ▪ Re-caulk where necessary.
Faucet Aerators	▪ Check water flow. ▪ Clean screens if needed.
Garage Doors	▪ Adjust travel and tension.
Gutters	▪ Clean out debris and confirm water is exiting to an appropriate drainage device or location away from the structure.
Shower Doors	▪ Inspect for proper fit and leaks. ▪ Inspect caulking and re-caulk where necessary.
Tiled Areas	▪ Inspect for loose or missing grout or caulking. ▪ Re-grout or re-caulk where necessary.
Tub Enclosures	▪ Inspect for proper fit and leaks. ▪ Inspect caulking and re-caulk where necessary.

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Item/Location	Maintenance Required
Water Heater	▪ Flush to remove accumulated sediment and service pursuant to manufacturer recommendations. ▪ Confirm no leaks.
Weatherstripping	▪ Inspect, adjust, and replace if necessary at all exterior doors.

Every Year

Item/Location	Maintenance Required
Cabinets	▪ Check drawers and hinges for proper alignment. Tighten and adjust as necessary.
Deck	▪ Check and tighten all deck bolts. ▪ Replace damaged pickets, rails and boards. Replace warped boards that create a trip hazard. ▪ Re-seal wood surfaces with a preservative as necessary, following manufacturer's instructions.
Crawl Space	▪ Inspect your crawl space for excess moisture and any loose insulation.
Exterior Doors	▪ Inspect finish for peeling and cracking. If necessary, re-finish or re-paint to minimize peeling or deterioration of paint or door. ▪ Check and tighten door hardware and lubricate as necessary. ▪ Check weather-stripping and replace or adjust as needed.
Exterior Paint	▪ Inspect for cracked or peeling paint. ▪ Re-paint and repair damaged areas as needed.
Fireplaces	▪ Check for proper operation of fireplace. ▪ Check for loose or missing mortar. ▪ Clean chimney, if wood-burning.
Fire Sprinklers (if any)	▪ Consider having the system inspected by a professional every two (2) years. Also check with your local fire department to see if they provide courtesy inspections of fire sprinklers. Any repairs needed should be made by a qualified fire sprinkler service contractor.
Garage Door	▪ Contact a garage door service company for necessary adjustment to the garage door's tension rods.
Laundry Room Floor Drain	▪ Check and clean for proper drainage operation.
Patios, Decks And Balconies	▪ Re-seal all surfaces in a manner consistent with sealant manufacturers' recommendations (when applicable).

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Item/Location	Maintenance Required
Plumbing Shut Off Valves	▪ Check for proper operation by closing, testing, and then re-opening.
Roofs	▪ Visually inspect for dirt and debris in valleys, flashings, gutters and downspouts. ▪ Clean and have roof inspected by a roofing professional before the storm season.
Septic Tank	▪ Have system professionally inspected.
Smoke Detectors	▪ Replace batteries.
Stucco	▪ Check for efflorescence and remove. ▪ Check for leaks, and repair leaking conditions. ▪ Clean and seal, if desired.
Sump Pump	▪ Clean sump pump following manufacturer's instructions and the directions in the Plumbing Fixtures section of this manual.
Tiled Areas	▪ Check all grout and caulking; re-grout or re-caulk as needed.
Wood Fencing	▪ Inspect posts, rails and boards. ▪ Eliminate earth to wood contact. ▪ Adjust sprinklers to prevent saturation. ▪ Re-seal or re-paint as needed.

Every Winter

Item/Location	Maintenance Required
Air Conditioning Condenser Unit	▪ Cover condenser with an approved condenser cover during winter months.
Crawl Space Vents	▪ Close all crawl space vents, to prevent cold air, ice and/or snow from infiltrating into crawl space.
Furnace	▪ Install new furnace filter each winter, to maximize air flow for winter months. ▪ Check fuses to make sure they are in proper working order.
Gutters & Downspouts	▪ Make sure the gutters and downspouts are free of debris, to minimize ice damming and to allow proper drainage during freeze/thaw cycles.
Sprinkler Vacuum Breakers	▪ Blow out and drain all sprinkler lines and vacuum breakers before frost develops.

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Item/Location	Maintenance Required
Water Spigots (Exterior)	▪ Disconnect all hoses before frost develops. ▪ Do not leave hoses connected overnight during winter months.

Every Spring

Item/Location	Maintenance Required
Air Conditioning System	▪ Have HVAC contractor perform seasonal maintenance check-up for summer. ▪ Ensure that air supply registers are not blocked by rugs, draperies and furniture. ▪ Check HVAC back-up drain pan located in attic to ensure that it is free of debris.
Hose Bibs	▪ Turn exterior faucets on by reversing the winterizing process.
Roofing	▪ Visually inspect roof from the ground for loose, warped, torn, or missing shingles. Contact roofing contractor should repairs be required. ▪ Have a contractor check and clean gutters, downspouts and splash blocks, inspect for ice or winter damage, and repair gaps in flashing and soffits. ▪ Hire a contractor to check skylights for loose flashing and gaps in caulking.

Every Fall

Item/Location	Maintenance Required
Exterior Hose Bibs	▪ To prevent exterior pipe freezing, turn off and drain exterior hose bibs.
Fireplace	▪ Have chimney professionally cleaned as necessary. ▪ Check firebox for loose fire brick or mortar.
Heating System	▪ Have HVAC contractor perform seasonal maintenance check-up for winter
Irrigation System	▪ Have your landscaper turn off your system and bleed the lines to avoid freezing.
Roofing	▪ Have a contractor clean and check gutters for leakage and roof valleys for debris. ▪ Check alignment of gutters, downspouts and splash blocks to ensure that water is properly diverted away from the home.

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8. CALATLANTIC GLOSSARY OF WARRANTY AND CONSTRUCTION/CUSTOMER SERVICE TERMS

A

Aerator: A small, removable extension at the tip of a sink faucet, with air ports and screen, that mix streaming water with air to reduce splashing and conserve water.

Aggregate: The gravel or stone that constitutes the bulk of mixed concrete, normally covered by a smooth finish.
Air Gap: A safety device on kitchen sinks that prevents contaminated sink water from being drained back into the dishwasher.

Air Hammer: A banging noise in plumbing pipes caused by air infiltration.

Alkali: A soluble mineral salt or mixture of salts capable of neutralizing acids.

Areaway Drain: A drain system for the basement door that is below grade.

B

Ball Cock: A device in flush toilets consisting of a valve connected by a lever with a floating ball. The valve shuts when the ball is raised and opens when the ball is lowered.

Baseboard: A decorative and protective wood molding positioned where the wall meets the floor.

Bleeder Nut: A nut located on the underside of the interior shut-off valve that unscrews to drain water from exterior faucets for winterizing.

Bulkhead: In the kitchen, a section of the ceiling that is lowered to meet and support the cabinets.

C

Circuit Breaker: A switching device located in the main electrical panel that opens and closes electrical circuits. Circuit breakers automatically shut off electricity to the circuit should it become overloaded. Once the electrical load is reduced, the breaker switch can be turned back on to resume normal

Collar Beams: A horizontal brace in the roof system that braces opposing rafters.

Concrete Dusting: A fine dust that accumulates on finished concrete surfaces.

Condenser: An exterior unit that is part of the air conditioning system which expels heat into the outside air.

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Corner Bead: An angled, metal edging used to protect and form an edge where drywall panels meet at outside edges.

Consequential Damages: Unavoidable damage to homeowner's personal property.

D

Damper: An adjustable valve in the duct work of the heating system that can be opened or closed to control the flow of air-conditioned or heated air throughout the home. Also, a device in a fireplace or gas heater that controls the air draft up the chimney.

Dehumidifier: An electrical appliance that removes humidity from the air. Particularly useful in basement areas during summer.

Delamination: The separation of the top plies or laminate from the base to which they are attached. In vanity and kitchen countertops, the warping or detachment of laminate material from the wood substrate.

Dethatching: The loosening and/or removal of matted grass and leaves from existing lawns, which allows the grass to breathe and therefore promotes healthy growth.

Drywall: Also known as gypsum board or sheetrock, these large sheets are attached to the wall studs and ceiling framing to construct the walls and ceilings of the home.

E

Efflorescence: A white, powdery substance that can form on new block, brick or stucco finishes. It is composed of water-soluble salts that are present in masonry materials and that rise to the surface via water evaporation.

F

Face Frame: The front of kitchen and bathroom cabinets to which the hinged doors attach.

Face Nailing: Nailing through a finished, exposed surface so that the flat top of the nail head is still visible after nailing.

Fascia: The exterior horizontal trim around rafters. Also positioned directly behind gutters and over gable trim boards. Can be either aluminum or wood-covered.

Fillers: A wood putty used in preparation for painting to fill holes or cracks in wood.

Filler Board: Cabinet-grade wood used to fill gaps that occur between cabinets and wall openings.

Flashing: Flat sheet metal inserted under roof shingles at overhangs and vent pipes and above windows and door frames to keep rainwater from penetrating the house structure.

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Flue: A vertical duct, constructed of sheet metal or clay, that channels smoke or gas fumes from a fireplace or gas furnace out of the home.

G

Gabled Louvers: A vent with louvers located at the peak of gable ends.

Graphite Lubricant: A finely powdered graphite used as a lubricant.

Ground Fault Circuit Interrupter (GFCI): A specialized electrical device that will interrupt electrical power where a weak electrical loss of ground occurs. Normally installed in areas where water may be present.

Grout: A plaster-like mortar compound used to fill spaces between tiles.

H, J, K

Header: A wood member that spans open spaces in walls, over doors and windows, and provides support to structural members above it.

Honeycomb: In concrete, an open cell-like surface texture that occurs while pouring the concrete.
Hose bib: The exterior faucet connection for lawn and garden hoses.

Joint Compound: A plaster-like compound used to finish drywall seams and cover fastener heads.

Joists: The horizontal support members used to construct floors and ceilings.

Keeper Plate: The metal plate that keeps a door lock latch firmly in place.

L, M, N

Lockset: A door lock or combination of lock and deadbolt.

Mastic: A water-resistant construction adhesive used predominantly for installation of resilient tiles.

Moldings: Decorative wood finishes used around doors and windows. Also used for base, tile and exterior area moldings, and as chair rails.

Nail Pops: A nail that comes loose from a stud and pushes joint compound up. Caused by normal wood shrinkage and home settlement.

O, P, Q

Oil Canning: A loud, booming noise that occurs in sheet metal ductwork that buckles. Can also occur with vinyl siding as a result of temperature changes.

Parging: A water-resisting, exterior coating used to protect block foundations from water penetration.

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Pointing: The filling and finishing of brick mortar and stone cement masonry joints.

Ponding: The collection of water on driveways, walkways or lawns. Ponding for excessive periods of time is indicative of grading problems.

R

Resilient: Vinyl flooring used in areas such as kitchens, halls, bathrooms, and playrooms.

Retaining Wall Tie: Large timbers, usually assembled into a wall, often backfilled with soil.

Ridge Vent: An open vent system located along roof peaks which, in conjunction with soffit vents, creates a natural-air ventilation.

S

Scaling: In concrete, the breaking away of the top surface of the concrete, caused by a freeze-thaw cycle. In painting, the flaking or peeling away of paint.

Silicone: A synthetic lubricating compound with high resistance to temperature change and water. When added to caulking, it extends elasticity properties and increases the life of the caulking.

Sill Plates: A support member laid on the top of the foundation wall that serves as a base for the wall framing.

Soffit: A vent located under the ceiling of a roof overhang.

Spackle: See joint compound.

Spalling: Flaking or chipping of stone or other masonry material. Similar to scaling, but the chips and flakes are larger.

Sparker Unit: Eliminates pilot light in gas stoves and furnaces.

Subflooring: Wood sheet flooring directly over the joists that supports the underlayment or floor covering.

Sump Pump: A motorized pump that expels excessive water accumulation that gathers under the home foundation.

Surface Capping: The addition of another layer of similar material over the top of the existing material. Usually 1/4 inch in depth or thicker.

Swale: The soil contour on a building lot, deliberately shaped to channel rain water away from the home. IV-149

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T

Tack Strips: A wood strip with exposed tack points that is attached to subflooring and holds stretched wall-to-wall carpet in position.

Thermocouple: A safety device for gas-powered equipment that will not allow the unit to be turned on unless the pilot light is burning.

Turnaround: An additional section of driveway where cars can be turned around.

U, V

Underlayment: A flooring layer over the base subflooring over which tile or resilient floor covering is laid.

Vacuum Breaker: Also called a back-flow preventer, this device is placed on exterior faucets to allow water to only flow out of the home.

Valve Seat: An interior part of the faucet valve assembly where the valve rests.

Vitreous China: Highly impervious, glass-like china often used to finish sinks, showers, toilets, and tubs.

W

Wall Ties: The metal pieces that tie masonry veneer to the frame of the home or, when pouring concrete, the metal pieces that the hold concrete foundation wall forms in place until the concrete cures.

Washers: A round, rigid rubber or plastic disc used as a sealing device in water faucet valves.

Washing Soda: Used for heavy cleaning of surfaces and to help prevent accumulation of materials in drain traps.

Washouts: An area where water has produced soil erosion.

Weather-stripping: A weather-insulating strip of material placed around doors and windows to reduce water entry into the home. Also reduces air infiltration into the home or escape of conditioned air out of the home.

Window Balance: A counter balance device in window housing that assists with the opening and closing of a window, and then keeps the window in position.

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CALATLANTIC HOMES

YOUR NEW HOME WARRANTY PROGRAM
INSURED LIMITED WARRANTY

INSURER: COLUMBIA NATIONAL RISK RETENTION GROUP, INC.

THIS LIMITED WARRANTY DOES NOT COVER CONSEQUENTIAL OR INCIDENTAL DAMAGES, INCLUDING ANY DAMAGES BASED ON A CLAIMED DECREASE IN VALUE OF THE HOME.

LIABILITY UNDER THIS LIMITED WARRANTY IS LIMITED TO THE REMEDIES EXPRESSLY PROVIDED HEREIN.

BUILDER MAKES NO IMPLIED WARRANTY OR ANY OTHER WARRANTIES, EXPRESS OR IMPLIED, IN CONNECTION WITH THE AGREEMENT OF SALE OR THE WARRANTED HOME, AND ALL SUCH WARRANTIES ARE EXCLUDED, EXCEPT AS EXPRESSLY PROVIDED IN THIS LIMITED WARRANTY. THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE FACE OF THIS LIMITED WARRANTY.

Some states do not allow the exclusion or waiver of certain implied or statutory warranties or the exclusion or limitation of incidental or consequential damages by a builder so all of the exclusions and limitations may not apply to You.

CalAtlantic Homes
15360 Barranca Parkway
Irvine, CA 92618-2215

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CalAtlantic Homes
216 Seven Farms Dr., Suite #200
Charleston, SC 29492

Dear Homebuyer:

Congratulations on the purchase of Your new Home. As one of the nation's leading builders, Your Builder is pleased to provide you with its exclusive, limited "Your New Home Warranty Program."

This New Home Warranty affords You protection for ten years of home ownership. As part of this coverage, We warrant against defects in materials and workmanship for the first year, and for certain components for the second year; but the continued performance of Your Home depends on the care You give Your Home. Please consult your Homeowner's Manual and, if applicable, the Soils Maintenance Kit for information and instructions on the care of Your Home. The warranty contains certain exclusions and limitations. It is just as important for You to understand these exclusions and limitations as it is for You to understand Your coverage.

Take the time now to become familiar with this warranty. It defines Our responsibilities to You and Your responsibilities to Your Home. It is vital that You perform required maintenance. Without such maintenance, this warranty will be voided.

Again, congratulations and enjoy Your New Home!

Very truly yours,

CalAtlantic Homes

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YOUR NEW HOME WARRANTY PROGRAM

INTRODUCTION

During the ten-year term of **Your New Home Warranty Program,** Your builder ("Builder") is the warrantor. Your Builder has purchased warranty coverage from Columbia National Risk Retention Group, Inc. ("CN"). CN will act if Your Builder fails to perform its obligations as described in this Agreement. CN's obligation to perform Your Builder's obligations is limited to the sales price of the home or one million dollars, whichever is less.

Section A defines the terms used in this Agreement.

Section B describes the protection which **Your New Home Warranty Program** gives You.

Section C sets forth performance standards that will govern the program.

Section D describes the exclusions from the program.

THIS AGREEMENT INCLUDES PROCEDURES FOR SETTLEMENT OF DISPUTES, INCLUDING MEDIATION AND BINDING ARBITRATION IN ACCORDANCE WITH THE PROCEDURES OF THE FEDERAL ARBITRATION ACT. YOU SHOULD READ THIS AGREEMENT IN ITS ENTIRETY IN ORDER TO UNDERSTAND THE PROTECTION IT AFFORDS, THE PERFORMANCE STANDARDS THAT WILL GOVERN ITS INTERPRETATION AND OPERATION, THE EXCLUSIONS APPLICABLE TO IT, AND YOUR RESPONSIBILITIES.

Every home needs maintenance to prolong its life. It is Your responsibility, not Your Builder's, to maintain the Home. Regular maintenance includes such items as preserving soil drainage conditions, caulking, cleaning, resealing or painting of finished surfaces as necessary, routine maintenance of mechanical systems, etc. You should read the Homeowner's Manual for details regarding the care and maintenance of Your Home.

Any damage or defect caused by, resulting from, contributed to, or aggravated or made worse by, in whole or part, Your neglect, Your failure to promptly report defects, abnormal use, or improper maintenance and operation of the Home will not be covered by this Agreement.

SECTION A. DEFINITIONS

For the purpose of this Agreement, the following terms have the meanings set forth below:

1. Builder: The builder of the Home, which is CalAtlantic Group, Inc. or one of its subsidiaries. Your Builder markets under the names: Ryland Homes, Standard Pacific Homes and CalAtlantic Homes

2. Claims Administrator: Columbia National Risk Retention Group, Inc. ("CN").

3. Effective Date: The first to occur of the date of (1) transfer of title to the first Home Owner or (ii) first occupancy by the first Home Owner.

4. Electrical Systems: All wiring, electrical boxes, switches, outlets, and connections, up to the public utility connection.

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5. Fixtures, Appliances and Items of Equipment: Water heaters, pumps, stoves, refrigerators, compactors, garbage disposals, stoves and ranges, dishwashers, washers and dryers, bathtubs, sinks, commodes, faucets and valves, lights and fixtures, circuit breakers, thermostats, furnaces, oil tanks, humidifiers, oil purifiers, ventilating fans, air conditioning material, in-house sprinkler systems, and similar items, including attachments and appurtenances.

6. Heating , Ventilating and Air-Conditioning (HVAC) Systems: All ductwork, refrigerant lines, steam and water pipes, registers, convectors, dampers, and radiation elements.

7. Home: (i) A single-family dwelling, (ii) one unit in a two-or-more unit structure in which each unit may be conveyed separately, or (iii) the common elements which comprise the building in which a condominium unit is situated and which such unit shares in common with other units in the building.

8. Home Owner: The Home Owner includes the first purchaser of the Home and any and all successors in title during the term of this Agreement, lessees having a leasehold interest of at least fifty (50) years in the Home, and a mortgagee in possession of the Home. With respect to condominium common elements, the Condominium Association is the Home Owner.

9. Insurer: Columbia National Risk Retention Group, Inc.

10. Load-Bearing Components of the Home are:
    (i) roof framing members (rafters and trusses);
    (ii) floor framing members (joists and trusses);
    (iii) bearing walls;
    (iv) columns;
    (v) lintels (other than lintels supporting veneers);
    (vi) girders;
    (vii) load-bearing beams; and
    (viii) foundation systems and footings.

    Examples of Non-Load-Bearing Components, damage to which does not constitute a Major Structural Defect are:
    (i) non-load-bearing partitions and walls;
    (ii) drywall;
    (iii) floor covering; sub-floor material; or wall covering material;
    (iv) brick, stucco, decorative cementitious finish, stone, or veneer;
    (v) any type of exterior siding;
    (vi) roof shingles, sheathing and tar paper;
    (vii) heating, ventilating, air-conditioning, plumbing, electrical, and mechanical systems;
    (viii) appliances, fixtures, or items of equipment;
    (ix) doors, windows, trim, cabinets, hardware, insulation, paint, and stains; and
    (x) concrete floors in attached garages and basements that are built separately from foundation walls or other structural elements of the Home.

11. Major Structural Defects (MSD): A Major Structural Defect occurs when there is actual physical damage to one or more of the Load-Bearing Components that results in the failure of the load-bearing capacity of the Load-Bearing Component, such that the Home becomes unsafe, unsanitary or otherwise uninhabitable.

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12. Plumbing Systems: All pipes (supply and waste) and their fittings; gas supply lines and vent pipes located within the Home and their extension to the property line which tie into a public or common utility connection.

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13. Property: The land owned by the Home Owner on which the Home is located.

14. Warrantor: Your Builder.

15. We, Us: Terms referring to the Builder or CN, if the Builder fails to act.

16. You, Your: Terms referring to the Home Owner.

17. Wind Driven Rains: Rain accompanied with wind in excess of 54 miles per hour. Winds need not be of any specified duration.

SECTION B. THE LIMITED WARRANTY PROGRAM

We, as Your Builder, are the warrantor during the term of this Agreement. CN, the insurer, will perform Our obligations if We fail to do so.

1. PROTECTION PROVIDED

Your New Home Warranty Program provides you with the following protection:

a. Beginning of Coverage: Your limited warranty coverage begins on the Effective Date.

b. Coverage During Year One: We warrant that for a period of one year Your Home will be free from defects in materials and workmanship. We determine whether a defect exists by referring to the performance standards in Section C of this Agreement. Manufactured items of fixtures, appliances and equipment that are covered by a manufacturer's warranty are not covered by this warranty. We assign manufacturer's warranties to You at closing. We will, however, administer any claim that you have for a defective manufactured item during the first year.

c. Coverage During Years One and Two: We warrant that for a period of two years, specified portions of the heating, ventilating and air conditioning (HVAC) system, and the electrical and plumbing systems will be free from defects. Again, We determine whether a defect exists by referring to the performance standards set forth in Section C of this Agreement. Manufactured items of fixtures, appliances and items of equipment covered by a manufacturer's warranty that are part of these systems are not covered by this warranty. We assign manufacturer's warranties to You at closing.

d. Coverage During Years One Through Ten: We warrant for a period of ten years that Your Home is protected against loss resulting from Major Structural Defects (as defined in Section A of this Agreement).

e. **YOUR WARRANTY COVERAGE MAY NOT BE CANCELLED AFTER THE EFFECTIVE DATE BY EITHER THE BUILDER OR THE INSURER.**

2. CONDOMINIUM COVERAGE -- COMMON ELEMENTS

This Agreement applies to condominium units as well as specified common elements. In a condominium, the Association has the maintenance responsibilities for the common elements. Warranted common elements are those portions of a condominium which serve two or more residential units that We constructed. Warranty coverage for common elements shall be for the same periods and to the same extent as similar or comparable items in individual residential units. Examples of common elements which are covered by the warranty are hallways, meeting rooms and other spaces wholly within the residential structure and designated for the use of two

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or more units; and those portions of the electrical, heating, ventilating, cooling, and plumbing systems which serve two or more units.

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3. OUR RESPONSIBILITY AND YOUR RIGHTS

If a defect occurs in Your Home evidenced by nonconformity with the performance standards during the first year of this Agreement, provided you notify Us of the defect within 30 days of the end of such one year period, or if a covered defect in portions of Your Home's HVAC, electrical or plumbing systems occurs evidenced by nonconformity with the performance standards during the first two years of this Agreement, provided you notify Us of the defect within 30 days of the end of such two year period,We will repair, replace or, at our option, pay You the reasonable cost of repairing or replacing the defective item.

The warranty against Major Structural Defects is limited to actions that are necessary to restore load-bearing capability to the Load-Bearing Components of the Home and to repair those elements of the Home damaged by the Major Structural Defect which make the Home unsafe, unsanitary or otherwise uninhabitable.

In each instance, Our warranty coverage under this program is subject to the following:

a. The decision of whether to repair or replace a defective item, or, at our option, to pay You the reasonable cost of repair or replacement, is solely Ours.

b. **TO THE FULLEST EXTENT PERMITTED BY LAW, OUR TOTAL LIABILITY FOR ALL CLAIMS MADE DURING THE TERM OF THIS LIMITED WARRANTY AGREEMENT SHALL NOT EXCEED THE ORIGINAL SALE PRICE OF THE HOME.**

c. No actions taken to cure defects will extend the periods of coverage specified in this Agreement or be an admission of liability for any claim not covered by this Warranty.

d. Before We repair or replace a defective item, We may, subject to applicable law, require that You acknowledge in writing Your agreement to the proposed repair or replacement and deliver to Us an agreement to release Us with respect to the defect and any conditions arising from the defect once the repair or replacement is completed by Us. The repair of a covered Home will be to a condition approximating the condition just prior to the manifestation of the defect. **Repaired areas or replaced items will be finished and/or touched up to match the surrounding area as closely as reasonably possible. Finish material, such as paint, wallpaper, flooring, ceramic tile, grout, stone, brick, marble, countertops, cabinets or other hard surfaces, such as concrete, asphalt, or cementitious finishes will be matched to the original specification as closely as reasonably possible. We are not responsible for discontinued patterns, or color or texture variations upon repair or replacement.** The repairs or replacement item will continue to be covered by this warranty for the remainder of the warranty period.

e. If You agree to accept payment for the reasonable cost of repairs or replacement of a defective item instead of replacing or repairing the item, then prior to such payment, You must sign and deliver to Us a full and unconditional release, in recordable form, of all legal obligations with respect to the defect, any condition arising from the defect and any repair or replacement of the defective item. Any payment will be made jointly to You and Your mortgagee However, We may ask that Your mortgagee join in the release. A mortgagee and any subsequent Home Owner shall be completely bound by any release executed by You.

f. If We repair or replace a defective item, or, at our option, pay You the reasonable cost of the repair or replacement of any defective item covered by this Agreement, We will be subrogated to all of your rights of recovery therefor against any person or entity. You agree to execute and deliver any papers and

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to take any actions necessary to secure such rights, including, but not limited to, assignment of the proceeds of any other insurance or warranties to Us. You shall do nothing to prejudice such rights of subrogation.

g. If a claim under this Agreement involves a common element in a condominium, the claim may be made only by an authorized representative of the Condominium Association. However, if We retain a voting interest in the Association of more than 50%, the claim may be made by unit owners representing 10% of the voting interests in the Association.

h. If a claim under this Agreement involves a common element affecting multiple units, and all affected units are not warranted by this **Your New Home Warranty Program,** CN's liability will be limited to only those units insured by CN. CN's limit of liability will be prorated based upon the number of units insured by CN.

4. CN'S RESPONSIBILITY

In the ten-year term, if Your Builder does not fulfill its obligations under this Agreement, CN will be responsible for Your Builder's obligations.

5. HOW TO MAKE A WARRANTY CLAIM; DISPUTE SETTLEMENT -- PLEASE REFER TO "HOW TO MAKE A WARRANTY CLAIM" ATTACHED AS ADDENDUM E5 FOR A SUMMARY OF THIS SECTION.

a. NOTICE TO BUILDER OF WARRANTED ITEM

If you have a defect that you believe is covered by this Agreement, you should contact Your Builder's local office. Your Builder's local division office address is at the beginning of this warranty. Even if You report a defect orally, You must also give written notice. When submitting written notice to Your Builder, clearly describe the defect. Use the form entitled "Warranty Request Form" in the back of this booklet. You must notify Your Builder in writing no later than the expiration of the applicable warranty period.

b. INITIAL INSPECTION PERIOD

We will investigate, inspect and report to You within 30 days of receipt of a request for warranty service. If We agree that the defect is covered by the warranty, We will advise You whether We will repair, replace or pay the reasonable cost of repairing or replacing the defective item. We will have 60 days from the inspection date to complete repairs or replacement or, at our option, to pay You. The time may be extended to allow for seasonal inability to complete work.

c. MEDIATION

After We complete repairs or replacement, if You believe that Our repair work is unsatisfactory, You will have 30 days to file a written request for mediation with CN. Use the form entitled "Request for Mediation" in the back of this booklet. In no event may You request mediation later than 120 days after Your initial written notice was given to Us or 30 days after the date of completion of repairs or replacement, whichever is later.

You may also request mediation if You have a problem that you believe is covered by this Agreement and Our local office advises You that it does not believe We have any obligation to You.

Your written request should be given to CN as Claims Administrator at 100 Bank Street, Suite 610, P.O. Box 530, Burlington, Vermont 05402-0530, ATTN - Claims Department. The notice should describe each defect in reasonable detail

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and should be forwarded by Certified Mail, Return Receipt Requested. Written notice may include any item which is unresolved between You and Our local office.

During the first 30 days following the Claims Administrator's receipt of a proper request for mediation, the Claims Administrator will review and mediate the claim by communicating with You and any other individuals or entities whom the Claims Administrator believes possess relevant information. The Claims Administrator may engage an independent claims adjuster to assist in the mediation process as the Claims Administrator deems necessary. The Claims Administrator may refer the claim to an independent mediation association to mediate the claim. The cost of the independent mediator shall be paid by Your Builder. If the Claims Administrator believes that You and Your Builder are at an impasse, then the Claims Administrator will notify You that Your claim is an "unresolved dispute." If no resolution is achieved within thirty (30) days following the Claims Administrator's receipt of a proper request for mediation, or such longer period of time as the parties may agree, then the Claims Administrator will notify the parties that the claim is an "unresolved dispute."

The Claims Administrator, at any time following the receipt of proper notice of Your claim, may schedule an inspection of the defect. You must provide the Claims Administrator reasonable access for any such inspection as discussed in sub-paragraph (i.) below.

d. COOPERATION

You and the Builder have an obligation to cooperate with the Claims Administrator's inspection and investigation of Your claim. From time to time, the Claims Administrator may request information from You or the Builder regarding Your claim. If You fail to respond to a request for information within 30 days of the request, Your claim file will be closed. If Your Builder fails to respond to a request for information within 30 days of the request, Your claim will be deemed an "unresolved dispute" and You should refer the matter to CN. If CN fails to resolve the matter, You shall have the rights set forth in e. below.

e. BINDING ARBITRATION PURSUANT TO THE FEDERAL ARBITRATION ACT

Any "unresolved dispute" that You may have with Us shall be submitted to binding arbitration governed by the procedures of the Federal Arbitration Act, 9 U.S.C. 1 et. seq. Copies of this Act are available from the Claims Administrator. You commence the arbitration process by giving the Claims Administrator written notice of Your demand for Arbitration of an unresolved dispute on the form entitled "Request for Arbitration" in the back of this booklet. The dispute will be submitted to an independent arbitration service that is agreeable to the Claims Administrator within twenty (20) days after the Claims Administrator's receipt of Your Request for Arbitration. The person selected from the arbitration service is called the Arbitrator. If You submit a Request for Arbitration, You must pay the Arbitrator's filing fee prior to the matter being referred to the Arbitrator except in any state or municipal jurisdiction that provides that no portion of the fees shall be payable by the Home Owner. The Arbitration will be conducted in accordance with the Arbitrator's rules and regulations relating to home warranties to the extent that they are not in conflict with the Federal Arbitration Act or this Agreement.

f. UNRESOLVED DISPUTE

The term "unresolved dispute" means all claims, demands, disputes, controversies, and differences that may arise between You and Your Builder, including without limitation, disputes: (1) as to events, representations, or omissions which pre-date this Agreement; (2) arising out of this Agreement or

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other action performed or to be performed by Your Builder pursuant to this Agreement; (3) as to repairs or warranty claims arising during the term of this Agreement; or (4) as to repairs or replacements made or the reasonableness of costs offered for any defect covered by this Agreement which have not been resolved during the mediation period.

g. EFFECT OF ARBITRATOR'S DECISION
Either party may, within one year after an arbitration award, apply to the U.S. District Court in which the Home is situated, to confirm the award. Filing a written Request for Arbitration will toll the running of any applicable statute of limitations for the matter to be arbitrated. THE DECISION OF THE ARBITRATOR SHALL BE FINAL AND BINDING UPON ALL PARTIES EXCEPT AS PROVIDED IN SECTION G OF THE HUD/VA ADDENDUM.

h. COMPLIANCE
We will have 60 days after the Arbitrator's decision to comply with the Arbitrator's decision, subject to any seasonal repairs or items that would reasonably take more than 60 days to complete. We will complete such repairs or replacement with diligence but without the necessity of incurring overtime or weekend expenses.

i. RIGHT OF ACCESS
You must provide reasonable weekday access during normal business hours in order for Us to perform Our obligations. If You fail to provide such access to Us, it may relieve Us of Our obligations under this Agreement.

6. GENERAL TERMS AND CONDITIONS AFFECTING THIS AGREEMENT

The following terms and conditions of general applicability will govern the interpretation and operation of this Agreement:

a. Your Builder will assign to You all manufacturers' warranties on products included in the sales price of Your Home.

b. All notices required under this Agreement must be in writing and sent by certified mail, postage prepaid:

1. If to the Home Owner – to the address of the Home

2. If to Your Builder -- to the local office of the Builder, Attn: Division President. The address of the local office of Your Builder is on the cover letter to this warranty document.

IF THERE IS NO LOCAL OFFICE, TO:
CALATLANTIC HOMES
15360 BARRANCA PARKWAY, IRVINE, CA 92618-2215
TELEPHONE NO. 1-949-789-1600

3. **IF TO COLUMBIA NATIONAL RISK RETENTION GROUP, INC.**
100 BANK STREET, SUITE 610, P.O. BOX 530
BURLINGTON, VERMONT 05402-0530, ATTN: CLAIMS DEPARTMENT
TELEPHONE NO. 1-888-379-9171

c. Should any provision of this Agreement be determined by a court of competent jurisdiction to be unenforceable, that determination will not affect the validity of the remaining provisions.

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d. This Agreement is binding on the Builder and the Home Owner and their respective heirs, executors, administrators, successors and assigns. Subsequent purchasers of the Home after the original Home Owner should notify the Builder and CN in writing of transfer of title. Failure to notify the Builder or CN will not affect the warranty. The protection provided under the Limited Warranty Program automatically transfers to subsequent purchasers for the ten-year term of this Agreement, subject to its terms.

e. This Agreement shall be interpreted and enforced in accordance with the laws of the state in which the Home is located.

f. This Agreement cannot be modified, altered or amended in any way except by a written instrument signed by all of the parties hereto.

g. If performance by the Builder of its obligations under this Agreement is delayed by an event not resulting from its own conduct, Builder's performance will be excused until the delaying effects of the event are remedied. Such events include acts of God or the common enemy, war, riot, civil commotion or sovereign conduct, or acts or omissions by the Home Owner or any other person, not a party to this Agreement.

h. If CN is required to fulfill any of the Builder's obligations under this Agreement, the rights of the Builder are assigned to CN.

i. If the performance by the Builder or CN of its obligations under this Agreement is prevented or delayed by acts or omissions by the Home Owner, then the Builder or CN, whichever is applicable, is relieved of its obligations under this Agreement.

SECTION C. PERFORMANCE STANDARDS

1. PURPOSE OF THE STANDARDS

This section describes the standards by which We will determine whether Your Home has a defect that is covered by this Agreement and whether Your Builder has an obligation to correct the defect. Your Home is constructed in accordance with specifications that comply with the requirements of applicable building codes in effect at the time of construction. If specific standards and obligations are not set forth in this Section C, then the applicable building code in effect at the time of construction of the Home will be used to determine whether Your Builder has an obligation to correct the defect. If neither the standards nor the building code addresses the issue, then the manufacturer's recommended installation procedures shall govern. If none of the previous is applicable, the standard shall be the accepted industry practice for workmanship and materials.

2. HOME OWNER'S RESPONSIBILITY

This warranty coverage is conditioned upon Your proper maintenance of the Home, the Condominium Association's proper maintenance of common elements (if applicable) and Your maintenance of the surrounding property to prevent damage. Your Home Owner's Manual gives You detailed instructions on how to maintain Your Home. Wherever You see an *, please refer to details in the Homeowner's Manual.

3. PERFORMANCE STANDARDS RELATING TO SPECIFIC PROBLEMS – YEAR ONE ONLY

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ISSUE	COMMENTS	OWNER'S OBLIGATIONS (Performance Standard)
	a. MASONRY AND CONCRETE	**COVERAGE: YEAR ONE ONLY**
1. Cracks in Concrete Foundation Wall	Shrinkage or settlement cracks are common and should be expected within certain tolerances.	We will repair any cracks greater than 1/8 inch in width.
2. Cracks in block or veneer walls	Settlement cracks are not unusual and can be expected within certain tolerances.	We will repair any cracks greater than 1/4 inch in width.
3. Cracks in concrete floor slab	Shrinkage (hairline) cracks are common and should be expected within certain tolerances.	We will repair any cracks greater than 1/4 inch in width or vertical displacement in conditioned space.

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ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
4. Vertical or horizontal movement of concrete floor slabs at joints	Concrete floor slabs are engineered to move at expansion joints and control joints.	None.
5. Uneven concrete floors in rooms designed for living	Slopes purposefully created for drainage are not covered.	We will correct any unevenness that exceeds 1/4 inch in a 32-inch measurement.
6. Cracks in concrete floors in rooms designed for living	Cracks should not cause finished floor coverings to rupture.	We will replace cracked tiles, bricks, marble, or stone flooring, one time during the first year. Hollow tiles occasionally occur and will be replaced according to the Tile Council of America's recommendation.
7. Powdering, scaling or pitting of interior concrete (aggregate showing or loose)	Interior concrete surfaces should not disintegrate. Minor scaling is not controllable. Exterior surfaces are not warranted.	We will repair if the deterioration occurs under normal use and conditions. Normal conditions do not include the presence or use of salt or other chemicals. ***See Your Homeowner's Manual for preventive maintenance.**
8. Vertical or horizontal separation of stoops away from the house or driveways or sidewalks from adjoining slab or apron due to settling or heaving (exclusive of expansion joints)	Minor separation is normal.	We will repair separation of adjoining assemblies that exceed 1 inch
9. Cracks in exterior concrete (porches, steps, stoops, driveways, patios and sidewalks)		We will correct any crack that exceeds 1/4 inch in width or 1/4 inch in vertical displacement.
	b. LOT GRADING AND DRAINAGE	**COVERAGE: YEAR ONE ONLY**
1. Ground settles around foundation, utility trenches, or other filled areas	Ground settlement should not disrupt water drainage away from the house. You can expect some settlement around the foundation at utility trenches and other filled areas.	If We have provided final grading, upon Your request, We will fill settled areas affecting proper drainage in excess of 6 inches, one time only during the warranty period. *** You are responsible for the removal and replacement of landscaping.**
2. Improper grades and swales that cause standing water and affect the drainage in an area that	After normal rainfall, water should not stand in yard for more than 24 hours nor 48 hours in swales. No decision regarding coverage will	We will establish the proper grades and swales to eliminate excess standing water. *** After closing, You must maintain proper**

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may affect the foundation	be made while frost or snow or saturation exist on the ground.	**grades and swales**.

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ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
c. FOUNDATION MOISTURE AND LEAKS		**COVERAGE: YEAR ONE ONLY**
1. Water leaks into basement	This should not happen.	We will correct actual flow and accumulation of water in the basement so long as it is not caused by improper landscaping maintenance or Home Owner neglect. *Note: Dampness on the basement wall or floor due to condensation of water vapors on cool walls and floor are not Our responsibility.* *** See Your Homeowner's Manual for details.**
2. Ventilation of crawl spaces		We will correct to meet applicable building code at time of construction.
d. CARPENTRY (ROUGH-IN)		
1. Walls that bulge, bow or are out-of-plumb	All interior and exterior framed walls have minor differences.	We will correct walls that bulge or bow in excess of 1/4 inch within a 32-inch measurement (floor to ceiling or wall to wall) and walls that are out of plumb in excess of 3/4 inch within a vertical measurement of eight feet.
2. Floors squeak or subfloor appears loose	Floor squeaks and loose subfloor are often temporary conditions common to new home construction, and a squeak-proof floor cannot be guaranteed.	We will correct the problem, one time, if caused by faulty construction within reasonable repair capability. Where a finished ceiling exists under the floor, the corrective work may be attempted from the floor side. Where necessary, We may remove the floor finish materials to make the repair and reinstall or replace the floor covering, if damaged.
3. Uneven wood floors	Floors should be even within certain tolerances.	We will correct if high or low areas exceed l/4 inch within a 32-inch distance, measuring perpendicular to the high or low area or if floor slopes exceed 1/240 of the width or length within a room, measured in the direction of the slope.

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ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
	e. ROOFING	**COVERAGE: YEAR ONE ONLY**
1. Roof Leaking	The roof should not leak. The area around flashing should not leak. However, leaks may occur if snow and ice are allowed to build up or there are wind driven rains	We will repair all roof and flashing leaks not caused by snow and ice buildup; wind driven rains or other neglect by the Home Owner. *** Prevention of snow and ice buildup is Your responsibility.**
2. Leaks in gutters and downspout leaders	Gutters and leaders should not leak. However, during heavy rains, overflow could occur.	We will repair leaks not caused by Your neglect. *** You are responsible for keeping the gutters and leaders open and free from debris.**
3. Leakage of elements through attic louvers and vents, including ridge and soffit vents	This is not a defect; vents and louvers must be provided for proper ventilation of attics.	Even if vents are properly installed, wind driven snow and rain may enter. We will install vents in accordance with manufacturer's installation requirements and applicable building codes.
	f. SIDING	**COVERAGE: YEAR ONE ONLY**
1. Exterior Trim	Under normal weather conditions, siding and trim should be capable of excluding the elements.	We will correct any separation at joints, exterior trim, or between trim and surfaces of siding and trim that exceeds 1/4 inch.
2. Wall leaks	Walls may leak due to shrinkage of caulking.	We will recaulk one time only all junctions and separations of affected wall surfaces to prevent further water leakage. *** Caulking replacement is a Home Owner's maintenance item.**
3. Exterior joint separation of siding, delamination of veneer siding or loose siding	Siding should not be loose or separate or delaminate unless You have failed to maintain properly. ***See Your Homeowner's Manual for details.**	We will correct if failure is due to installation not in accordance with manufacturer's recommendations and so long as the problem is not due to Your failure to maintain.
4. Paint or stain peels	Exterior paints and stains should not peel or deteriorate during the first year of warranty coverage. However, some fading is normal and is caused by weathering. Varnish and lacquer are not covered by this warranty.	We will correct if paint or stain peels.
5. Mildew and fungus	Mildew and fungus on siding are	*** This is a Home Owner's**

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caused by climactic conditions or nearby bodies of water, and are not covered by this warranty.

maintenance item.

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ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
6. Cracks in cementitious finish	Cracks in cementitious finishes are common and should be expected within certain tolerances.	We will repair cracks in excess of 1/8 inch in width one time.
7.Melted siding and vinyl distortion	Melted or distorted siding as a result of sunlight reflection from Lowe window glass.	On a one-time basis We will replace the affected siding and install material or other products, to block the path of sunlight, either to the window or between the window and the affected siding to reduce the problem. This includes the strategic placement of trees, bushes, or other landscaping elements and/or the use of sunshades over windows, at our discretion.
	g. CHIMNEYS AND FIREPLACES	**COVERAGE: YEAR ONE ONLY**
1. Not enough draw, or down draft	High winds can cause down drafts. Some homes are extremely air-tight, and You may need to open a window in order to maintain an effective draft.	We will correct the problem if it is caused by improper construction or design.
2. Chimney separated from home	Some minor separation is normal and should be expected within certain tolerances.	We will correct separation in excess of 1/2 inch in any 10-foot measurement.
3. Cracking of firebrick	Heat will cause some cracking. Cracks in firebrick are not warranted.	None.
4. Fireplace brick veneer cracking	Some cracking should be expected within certain tolerances.	We will repair cracks in brick veneer greater than 1/4 inch in width
5. Creosote or resin build up or creosote seepage through chimney	Creosote and resin buildup are not warranted.	None. *** Chimney flues should be cleaned regularly.**
6. Water infiltration into the firebox	Some water infiltration can be expected under certain weather conditions, such as during wind driven rains and snow. This is not covered by this warranty.	None.

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ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
	h. WINDOWS AND DOORS	**COVERAGE: YEAR ONE ONLY**
1. Doors warp	Some warping, cupping, bowing or twisting, especially of exterior doors, is normal and is caused by surface temperature and humidity changes.	We will repair or replace defective doors whose warp, bow, cup or twist exceeds 1/4 inch.
2. Door panel shrinks	Expansion and contraction is normal and may cause unfinished surfaces to appear. This is not warranted.	None.
3. Door panel splits	Light should not be visible through split.	We will correct a split panel if light is visible through the split
4. Glass breakage	This is not covered by your warranty. You should inspect your property and bring any glass breakage to Our attention prior to occupancy.	None.
5. Garage door malfunctions	Following proper installation, maintenance is Your responsibility.	The warranty is voided if homeowner installs a garage door opener. We will correct if the malfunction is not due to improper maintenance.
6. Rain or snow enters through garage door	Some entrance of the elements can be expected under certain weather conditions.	We will install the door to meet the manufacturer's specifications. We will correct if problem is due to improper installation or manufacture.
7. Windows do not operate	Reasonable pressure should open and close windows.	We will correct if windows do not properly operate according to manufacturer's specifications.
8. Drafts around windows and doors		We will correct defective weather-stripping and improperly fitted windows and doors. * **Adjustments to thresholds and caulking are considered routine maintenance and are Your responsibility.**
9. Door and window adjustment	Door and window adjustment may be necessary throughout the year and is considered a Home Owner maintenance item.	Gaps in window and doors due to temperature changes are not covered by this warranty.
10. Condensation and frost on windows	Condensation or frost on windows is caused by temperature	None.

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differences between the interior and the exterior of the home, as well as the personal living habits of the occupants. These conditions are beyond Our control and are not covered by this warranty.

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ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
11. Water infiltration around doors and windows	No water should pass beyond the interior face of the unit or flow into the wall area or the room in wind speeds under 54 miles per hour. All caulking materials expand and contract due to temperature variations and dissimilar materials.	We will correct the situation. *** Adjustment to weather-stripping is Your responsibility.**
12. Screen panels	The screen panels should fit properly. The function of screen panels is to deter insects from entering the Home; they are not safety grids for children.	We will correct improperly fitted screen panels. *** Rips, holes and gouges are Home Owner's responsibility.**
	i. INTERIOR WALLS AND TRIM	**COVERAGE: YEAR ONE ONLY**
1. Trim	Some separations at joints in moldings and between moldings and adjacent surfaces are normal and should be expected within certain tolerances.	We will correct separation of moldings and adjacent surfaces in excess of 1/4 inch; We will correct miter joint separations in excess of 1/8 inch.
2. Wall or ceiling cracks	Hairline cracks and seam or tape cracks are normal and should be expected within certain tolerances.	We will repair cracks exceeding 1/8 inch in width one time during the warranty period. It will be the homeowner's responsibility to sand and repaint the affected area.
3. Nail pops	Nail pops are to be expected, and, except as provided below, are not covered by this warranty. Nail pops that are readily visible from a distance of 6 feet under normal lighting conditions are unacceptable.	We will correct nail pops one time only. It will be the homeowner's responsibility to sand and repaint the affected area.
4. Cracking of ceramic tile; grout joints	Cracks appear in tile or grouting of ceramic tile joints or at junctions to other material such as bathtub, countertop and/or flooring transition.	We will replace cracked tiles one time , during the one year warranty period. We will repair cracking of grout joints or junction joints one time , during the one year warranty period.
5. Wallpaper or covering begins to peel		We will correct Builder-installed wallpaper that peels.
	j. FLOORING AND COVERING	**COVERAGE: YEAR ONE ONLY**
1. Separation between finished floor boards		We will correct separations in excess of 1/8 inch.
2. Nails popping through resilient flooring		We will repair nail pops that have broken through floor covering.

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3. Imperfections causing ridges or depressions in resilient flooring	We will correct ridges or indentations exceeding 1/8 inch.

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ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
4. Cracking of ceramic tile; grout joints		We will replace cracked tiles one time, during the one year warranty period. We will repair cracking of grout joints one time, during the one year warranty period
5. Floor covering becomes loose or bubbles		We will repair or replace the affected area
6. Gaps in seams of resilient coverings		We will correct gaps and separations in seams in excess of 1/16 inch. *** If You install the flooring and covering, sub-floor preparation is Your responsibility. If sub-floor repairs are to be made where You installed floor covering, the removal and replacement of the floor covering is Your responsibility.**
7. Gaps in carpet seams	Gaps at seams should not be apparent. Observable seams in carpet are normal. Carpet should perform in accordance with manufacturer's specifications.	We will correct apparent gaps at seams.
	k. CABINETS AND COUNTER TOPS	**COVERAGE: YEAR ONE ONLY**
1. Counter and vanity tops	Cracks, chips, scratches and color variations not reported to Us prior to occupancy will not be covered by this warranty. Counter and vanity top material should not delaminate.	We will repair or replace delaminated counter and vanity tops.
2. Cabinet doors or drawers	Some warping, cupping, bowing or twisting is normal and caused by surface temperature and humidity changes.	We will correct warpage in excess of 1/4 inch measured diagonally from corner to corner on the face of the cabinet
3. Cabinet separates from wall or ceiling	Some separation is common and could be experienced within certain tolerances.	We will correct separation in excess of 1/4 inch.
	l. COOLING AND HEATING	**COVERAGE: YEAR ONE ONLY**
1. Insufficient heating	Heating system should be capable of maintaining an inside temperature of 70 degrees F. as measured in the center of each room at a height of 5 feet above the floor, under local outdoor winter design conditions as specified in the ASHRAE Handbook: Fundamentals.	We will correct the heating system to provide the required temperatures.

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Federal, state or local energy codes supersede ASHRAE standards where such codes have been locally adopted.

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	ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
2.	Insufficient cooling	Where applicable, the cooling system should be able to maintain a temperature of 78 degrees (measured 5 feet above the center of the floor) under local outdoor summer ASHRAE specifications. In the case of outdoor temperature exceeding 95 degrees Fahrenheit, a 15 degree difference is acceptable. Homeowner is responsible for minor adjustments such as balancing dampers and registers. Federal, state or local energy codes shall supersede this standard where such codes have been adopted.	We will correct the cooling system to meet applicable codes at the time of construction.
3.	Ductwork noisy	When metal ducts heat and cool, some noise will result. Very loud noise known as oil canning is not acceptable.	We will correct the oil canning noise only.
		m. PLUMBING	**COVERAGE: YEAR ONE ONLY**
1.	Pipes burst	*** You are responsible for maintaining suitable temperatures in the Home to prevent pipes from freezing. Proper winterization, including draining water supply lines connected to outside faucets, is a Home Owner's maintenance item.**	We will correct burst pipes if the problem is caused by defective workmanship, materials or design.
2.	Leaks or malfunctions in plumbing fixtures, appliances and trim fittings		We will correct leaks or malfunction in pipes, faucet valves, appliances and trim fittings caused by defects in materials or workmanship.
3.	Noisy pipes	Expansion and contraction caused by water flow could cause some noise.	We will correct loud, hammering noises in pipes.
4.	Cracks or chips in porcelain or fiberglass	You should inspect these items before taking occupancy and report them to Us prior to occupancy.	We will be responsible for these items only if reported prior to occupancy.
		n. ELECTRICAL	**COVERAGE: YEAR ONE ONLY**
1.	Outlets, switches or fixtures fail		We will correct defective outlets, switches and fixtures.
2.	Consistently blown	Ground-fault Circuit-interrupters	We will correct defects caused by

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fuses or circuit breakers kicking off	(GFCI's) are designed to kick off as necessary for safety reasons. This is not considered a defect. We do not recommend plugging a refrigerator or freezer into GFCI outlets.	improper workmanship and materials. We are not responsible if caused by the Home Owner overloading the system.

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ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
o. ASPHALT SURFACES/DRIVEWAYS		
1. Cracks in asphalt driveway		We will repair longitudinal or transverse cracks greater than 1/8" in width or vertical displacement within the warranty period using a material designed to fill cracks * See Your Homeowner's Manual for asphalt maintenance guidelines.
2. Standing water on asphalt driveway	Standing water greater than 3/8 inch in depth will not remain on the surface 24-hours after a rain event.	We will repair affected area. * See Your Homeowner's Manual for asphalt maintenance guidelines.

4. PERFORMANCE STANDARDS APPLICABLE TO SPECIFIC PROBLEMS – THROUGH YEAR TWO

ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
	a. COOLING AND HEATING	**COVERAGE: THROUGH YEAR TWO**
1. Ductwork separates	Ductwork shall remain intact and secure.	We will re-attach and re-secure.
2. Refrigerant lines leak	Refrigerant lines damaged by homeowner are not covered by this warranty.	We will repair leaking lines and re-charge the unit if due to faulty installation.
	b. PLUMBING	**COVERAGE: THROUGH YEAR TWO**
1. Water supply system fails	On-site connections to water main or private water supply are Our responsibility.	We will correct if failure is the result of faulty workmanship or materials.
2. Sewage system fails to operate properly	**We will not be responsible for sewers, fixtures and drains which are clogged through Home Owner negligence.**	We will correct if failure is caused by inadequate design or faulty installation as determined by local code requirements in effect at the time of construction.
3. Pipe leaks	**Condensation on pipes is normal and is not covered by this warranty. Burst pipes due to freezing are a Home Owner responsibility.**	We will correct leaks within the pipe only. Leaks in faucets, valves, joints and fittings are the Home Owner's responsibility.
	c. ELECTRICAL	**COVERAGE: THROUGH YEAR TWO**
1. Wiring fails to carry		We will correct wiring not

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specified load

conforming to code specifications if caused by a defect in workmanship or materials.

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5. STANDARDS APPLICABLE DURING YEARS ONE THROUGH TEN

ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
	a. MAJOR STRUCTURAL DEFECTS	**COVERAGE: YEARS ONE THROUGH TEN**
1. Major Structural Defects as set forth in Section B.1.(d) of this Limited Warranty and defined in Section A.11		We will correct a defective Major Structural Defect by taking such actions as are necessary to restore the load-bearing capability of the Load-Bearing Component(s) and will correct any items of the Home damaged by the Major Structural Defect.

SECTION D. EXCLUSIONS

Notwithstanding anything to the contrary, the following are not covered under this Agreement:

1. Any claim reported after an unreasonable delay or not reported as required by this Agreement.

2. Any loss or defect that arises while the Home is used primarily for nonresidential purposes.

3. Loss or damage caused by soil movement, including subsidence, expansion or lateral movement of the soil which is covered by any other insurance or for which compensation is granted by legislation.

4. Normal wear and tear or normal deterioration.

5. Any deficiencies or damage caused by material or work supplied by anyone other than Your Builder or its employees, agents, or subcontractors.

6. Damages or losses not caused by a defect in construction of the Home by Your Builder or its employees, agents, or subcontractors, such as damages or losses resulting from acts or omissions of the Home Owner, his agents, employees, licensees, invitees; accidents; vandalism; riots; civil commotion; nuclear hazards; acts of God or nature; fire; explosion; blasting; smoke; water escape; windstorms; tropical storms; hail; hurricanes; wind driven rain; avalanches; tornados; lightning; falling trees or other objects; aircraft; vehicles; flood; mud slides; sinkholes; faults; crevices; earthquake including land shock waves or tremors before, during or after a volcanic eruption or other external cause; insects, birds, vermin, rodents, or wild or domestic animals.

7. **LOSS OR DAMAGE RESULTING FROM HOME OWNER'S FAILURE TO PERFORM ROUTINE MAINTENANCE.**

8. Loss or damage resulting from, caused by, contributed to or aggravated by the Home Owner's failure to minimize or prevent such loss or damage in a timely manner, such as, for example, failure to notify the Builder within a reasonable amount of time.

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9. Loss or damage to real property, such as land, fence, retaining walls, pergolas, and flatwork, which is not part of the Home.

10. Loss or damage resulting from, caused by, contributed to or aggravated by, changes in the grading of the property surrounding the Home by anyone except the Builder or its employees, agents or subcontractors, or changes in the grading or drainage resulting from erosion or subsidence.

11. Loss or damage resulting from, caused by, contributed to or aggravated by, modifications or additions to the Home, or property under or around the Home, made after the Effective Date (other than changes made in order to meet the obligations of this Agreement).

12. Loss or damage resulting from, caused by, contributed to or aggravated by dampness, condensation or heat build-up caused by the failure of the Home Owner to maintain proper ventilation.

13. Any defect, damage, or loss resulting from, caused by, contributed to or aggravated by anyone other than the Builder or its agents, employees, or subcontractors to comply with the manufacturers' warranty requirements concerning appliances, fixtures or items of equipment.

14. Loss or damage resulting from, caused by, contributed to or aggravated by, neglect, abnormal use, negligent or improper maintenance or operation of the Home and its systems or the common elements of a condominium by anyone other than the Builder or its employees, agents, or subcontractors.

15. Loss or damage resulting from, contributed to or aggravated by a condition not resulting in actual physical damage to the Home. This includes uninhabitability or health risk due to the presence or consequences of such things as insects, organic compound vapors, radon, formaldehyde, mold, other potentially carcinogenic substances, or other pollutants; contaminants; or hazardous or toxic materials.

16. Loss or damage caused directly or indirectly by flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these (whether or not driven by wind), water which backs up from sewers or drains originating off the property, changes in the water table which were not reasonably foreseeable, 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.

17. Any loss or damage resulting from loading on floors which exceeds design load, such as a waterbed or any other furnishings excessive in weight for which the Home was not designed.

18. Loss or damage to sod, shrubs, plants or trees that were planted as part of the contract. Following settlement, proper lawn and landscaping care, to include watering, are the homeowner's responsibility. * See Your Homeowner's Manual for landscaping maintenance guidelines.

19. Any defect that does not result in actual physical damage or loss to the Home, such as items that are purely cosmetic.

20. Consequential damages, including but not limited to, (a) costs of shelter, transportation, food, moving, storage, and lost wages or (b) other incidental expenses related to relocation during repairs.

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21. Violations of applicable building codes or ordinances that do not result in a defect otherwise covered under this warranty.

22. After the first year of the warranty, loss or damage occurring in concrete floors of basements and attached garages and chimneys that are constructed separate from foundation walls or other structural elements of the Home.

23. Loss or damage to off-site improvements.

24. Failure of the Builder to complete construction of the Home or any part of the Home before the Effective Date or damages arising from such failure.

SECTION E. ADDENDA AND APPENDIX

E.1 HUD/VA ADDENDUM (Applicable to FHA/VA Financed Homes Only)

A. The following language is substituted: SECTION A.3. Effective Date. 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 the first Home Owner's Mortgage on the Home.

B. In SECTION A.10(i) (Load-Bearing) "roof framing members" shall include roof sheathing and "floor framing members" shall include basement slabs in homes constructed in the State of Colorado on expansive or collapsible soils; and in SECTION A.10(vi) examples of Non-Load-Bearing Components shall not include roof sheathing.

C. SECTION B.I.b. Coverage During Year One. The following language is added: Notwithstanding anything to the contrary herein contained, during the first year of coverage, the Builder will correct problems with, or restore the reliable function of, appliances and equipment damaged during installation or improperly installed by the Builder.

D. SECTION B.Ed. Coverage During Years One Through Ten. We warrant for a period of ten years that Your Home is protected against loss resulting from Major Structural Defects (as defined in Section A of this Agreement), except that coverage for defects in basement slabs built on expansive or collapsible soils in Colorado shall be covered from the first through fourth years only.

E. The following is added to SECTION B.3.e.: Where a covered defect is determined to exist and where either the Builder or CN elects to pay the reasonable cost of repair or replacement in lieu of effectuating such repair or replacement, the cash offer must be in writing and the Home Owner will be given ten (10) business days 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 the Builder or CN, as appropriate) unless:

(i) 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 the Home Owner pursuant to such bid;
(ii) Payment is being made in settlement of legal action; or
(iii) The Home Owner is represented by legal counsel.

When CN elects to pay the reasonable cost of repair in lieu of effectuating a repair or replacement, the payment will be made jointly to the Home Owner and the mortgagee.

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Endorsement of the check by the mortgagee will signify its acceptance of the settlement offer.

F. The following sentence is substituted for the 4th sentence in the 4th paragraph of SECTION B.5.c: and SECTION E.5. E: The Builder shall pay the cost of the mediation.

G. THE FOLLOWING LANGUAGE IS SUBSTITUTED FOR THE FIRST SENTENCE OF SECTION B.5.E: ANY "UNRESOLVED DISPUTE" (DEFINED BELOW) THAT YOU MAY HAVE WITH THE BUILDER YOU MAY SUBMIT TO BINDING ARBITRATION GOVERNED BY THE PROCEDURES OF THE FEDERAL ARBITRATION ACT, 9 U.S.C. I ET SEQ., OR YOU MAY FILE SUIT IN A COURT OF PROPER JURISDICTION.

H. Notwithstanding anything otherwise contained in the warranty document, repair of a Major Structural Defect is limited to (1) repair of damage to designated load bearing portions of the Home which is necessary to restore their load-bearing ability; (2) repair of those Non-Load-Bearing Components damaged by the Major Structural Defect (MSD), which make the Home unsafe, unsanitary or otherwise unlivable; and (3) repair and cosmetic construction of only those surfaces, finishes and coverings, original to the Home, damaged by the MSD or which require removal and replacement (a) attendant to repair of the MSD or (b) in order to repair other damage directly attributable to the MSD.

I. SECTION C.3.b.i. The Year One Coverage is as follows: We will fill settled areas affecting proper drainage. **You are responsible for the removal and replacement of landscaping.**

E.2 STATE OF INDIANA ADDENDUM -- RIDER AMENDMENTS

Notwithstanding anything contained in the attached printed form of **Your New Home Warranty Program,** the warranty shall include the following protection:

A. **SECTION A.3.** is revised to read as follows: "Effective Date" means the date of the first occupancy of the new home as a residence by the initial homebuyer.

B. **SECTION A.11.** is revised to read as follows: "Major Structural Defect" means actual damage to the load-bearing part of a new home including actual damage due to subsidence, expansion, or lateral movement of the soil affecting the load-bearing function unless the subsidence, expansion, or lateral movement of the soil is caused by flood, earthquake, or some other natural disaster.

C. **SECTION B.1. PROTECTION PROVIDED** is amended to read as follows:

Your New Home Warranty Program provides you with the following protection:

(a.) During the two-year (2) period beginning on the Effective Date, the Home will be free from defects caused by faulty workmanship or defective materials.

(b.) During the two-year (2) period beginning on the Effective Date, the Home will be free from defects caused by installation of plumbing, electrical, heating, cooling, or ventilating systems, exclusive of fixtures, appliances, or items of equipment.

(c.) During the four-year (4) period beginning on the Effective Date, the Home will be free from defects caused by faulty workmanship or defective materials in the roof or roof systems of the Home.

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(d). During the ten-year (10) period beginning on the Effective Date, the Home will be free from Major Structural Defects.

E.3 MARYLAND ADDENDUM

You should contact the New Home Warranty Security Plan at 1-888-379-9171, personally, to verify the existence of your warranty. Further, you should report any warranty problems, which are not promptly resolved by the Builder, to the New Home Warranty Security Plan.

SECTION B.1.C. shall be amended to read as follows:

Coverage During Years One and Two: We warrant that for a period of two years, the Home shall be free of any defect in the electrical, plumbing, heating, cooling and ventilating systems, except that in the case of appliances, fixtures and items of equipment, the warranty shall not exceed the length and scope of the manufacturer's warranty.

SECTION A.6. is revised to read as follows:

Heating, Cooling and Ventilating Systems: All duct work, steam, water and refrigerant lines, registers, convectors, radiation elements and dampers.

SECTION A.12. is revised to read as follows:

Plumbing Systems: Gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; and water, gas, and sewer service piping and their extensions to the tie-in of a public utility connection; or on-site wells and sewage disposal systems.

Notwithstanding anything to the contrary contained herein, the Home Owner shall have benefit of the provisions of Section 10, Subtitle 2 of the Real Property Article of the Maryland Code.

The fourth sentence of SECTION B.2. is revised to read as follows:

The warranty on common elements commences with the first transfer of title to a unit owner. The warranty of any common elements not completed at that time shall commence with the completion of that element or with its availability for use by all unit owners, whichever occurs later. The warranty extends for a period of three years.

E.4 MONTGOMERY COUNTY, MARYLAND ADDENDUM

The provisions of this warranty are intended to be consistent with the minimum warranty standards set forth in Chapter 31C of the Montgomery County Code and regulations promulgated thereunder. In the event of any conflict, omission or inconsistency between the terms of this warranty and the minimum warranty requirements set forth in the Montgomery County Code and regulations resulting in less coverage than required under the Montgomery County Code and regulations, the minimum warranty coverage required by the Montgomery County Code and regulations shall apply. Where specific standards and obligations are set forth, the standard shall be the good industry practice for workmanship and materials.

* * *

The following sections are amended by substituting the following for the original and shall apply to all new homes constructed by Your Builder.

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The following language is substituted for SECTION A.4.
Electrical Systems: includes but is not necessarily limited to the following: all wiring, electrical boxes, circuit boards switches, outlets, overload protector devices and connections up to the public utility connections.

The following language is substituted for SECTION A.6.
Heating, Ventilating, Cooling and Mechanical Systems: includes but is not necessarily limited to the following: duct work, steam, water, and refrigerant lines, registers, convectors, radiation elements, dampers, boiler, heat pump, thermostat, furnace, air conditioning equipment, exhaust fans, oil tanks and fittings, air handling equipment and air purifiers.

The following language is added to SECTION A.11.
To the extent required by Montgomery County law (i.e. for 5 years after the Effective Date), a Major Structural Defect shall include damage due to subsidence, expansion, or lateral movement of the soil (but not damage caused by movement of the soil caused by flood or earthquake).

The following language is substituted for SECTION A.12.
Plumbing Systems: includes but is not necessarily limited to the following: gas supply lines and fittings; water supply; waste and vent pipes and their fittings; septic tanks and their drainfields; water, gas and sewer service piping and their extension to the property line which tie into a public utility connection or on-site weel and/or sewage disposal system; valves; faucets, fixtures and trim fittings, pumps, water heater and sprinkler systems.

The following language is substituted for SECTION B.1.b.
COVERAGE DURING YEAR ONE
Commencing on the Effective Date and subject to the terms and conditions listed herein, Your Builder warrants that for a period of one year your Home will be free from defects due to nonconformity with the performance standards set forth in Section C of this Agreement. With respect to fixtures, appliances and items of equipment, the warranty is for one year, except for those fixtures, appliances, and items of equipment relating to the heating, cooling, electrical or mechanical systems, which will be covered for two years.

The following language is substituted for SECTION B.1.c.
COVERAGE DURING YEARS ONE AND TWO
Commencing on the Effective Date of warranty and subject to the terms and conditions listed herein, Your Builder warrants that for a period of two years, the cooling, heating, ventilating, electrical and plumbing systems will be free from defects due to nonconformity with the performance standards set forth in Section C of this Agreement.

The following language is substituted for SECTION B.3.c.
Actions taken to cure defects will not extend the periods of coverage specified in this Agreement provided that the Builder (or CN or its agents) does not attempt to conceal or cosmetically repair the defect in effecting a cure.

The following language is substituted for the first sentence of SECTION B.3.e.
When the Builder or CN pays you the reasonable cost of repair or replacement, you must sign and deliver to the Builder or CN, as the case may be, a full and unconditional release in recordable form, of all legal obligations with respect to the defect. This release is binding provided that the Builder (or CN or its agents) does not attempt to conceal or cosmetically repair the defect in effecting a cure.

The following language is added to SECTION B.5.c.
Notice to the warrantor or the administrator can be sent by regular first class mail.

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The following language is substituted for the fourth and sixth sentences of SECTION B.5.e.

Any unresolved dispute shall be submitted for arbitration to an independent arbitration service as may be agreed upon between the parties within 20 days after the Claims Administrator's receipt of Your Request for Arbitration, for resolution in accordance with the procedures and standards established by the laws and regulations of Montgomery County, Maryland regarding new home warranties and builder licensing. The cost of arbitration shall be borne by the Builder or CN. They have agreed to be bound by the final award of arbitration.

The following language is substituted for (or added to, as noted) the corresponding PERFORMANCE STANDARDS RELATING TO SPECIFIC PROBLEMS in SECTION C.3.:

ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
a.3. Cracks in basement floors	Shrinkage (hairline) cracks are common and should be expected within certain tolerances.	We will repair cracks exceeding 3/16 inch in width or 1/8 inch vertical displacement.
a.8. Cracking, settling or heaving of stoops and steps	Stoops and steps are not to settle, crack or heave in excess of certain tolerances.	We will correct separation of one inch in relation to the house structure; cracks, in excess of 1/8 inch and separation greater than 1/2 inch where the stoop or steps abut the house or where an expansion strip has been installed. In cases where repair is made to the concrete surface, We will match the adjoining surfaces as closely as possible or resurface or replace the entire area.

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ISSUE	COMMENTS	BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)
Add: a.9. Cracks in structurally attached patios with footing or foundation systems		We will repair cracks in excess of 1/4 inch in width or 1/4 inch in vertical displacement. Where cracks are caused by settlement or improper installation, We will replace that portion which has settled and finish as close as possible to match existing surface. Where a major portion of the patio has cracked, the entire patio will be replaced.
a.10. Standing Water on Stoops	Water should drain from outdoor stoops and steps. Minor water standing on stoops for a short period after rain can be anticipated.	We will take corrective action to assure drainage of steps and stoops.
b.1. Settlement of ground around foundation, utility trenches or other areas	Settling of ground around foundation walls, utility trenches or other filled areas should not interfere with water drainage from the home.	If We are required to provide final grading, We will fill settled areas affecting proper drainage. We are responsible for removal and replacement of shrubs and other landscaping installed by Us affected by placement of the fill. Grassed or landscaped areas which are disturbed during repair work are defects. We will restore grade, seed and landscape to meet proper condition. *** Landscaping added by the Home Owner is not Our responsibility.**
d.1. Walls which bulge, bow or are out-of-plumb	All interior and exterior walls have minor differences.	We will correct walls bowing more than 1/4 inch within a 32-inch vertical or horizontal measurement.
d.2. Floors squeak or subfloor appears loose	Floor squeaks and loose subfloor are often temporary conditions common to new home construction, and a squeak-proof floor cannot be guaranteed.	We will correct the problem, one time, if caused by faulty construction within reasonable repair capability. Where a finished ceiling exists under the floor, the corrective work may be attempted from the floor side. Where necessary, We may remove the floor finish materials to make the repair and reinstall or replace the flooring material if damaged.
e.2. Leaks in gutters and downspout leaders	Gutters and downspouts should not leak and are to be sized not to overflow during heavy rainfall.	We will repair leaks. *** It is the Home Owner's responsibility to keep gutters and downspouts free from leaves and debris which could cause overflow.**

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e.3. Leaks due to snow or rain driven into the attic through louvers or vents	Louvers and vents must not permit penetration of the elements under normal conditions. However, properly installed louvers and vents may, at times, allow penetration of rain and snow under strong wind conditions.	We will correct to meet requirements of the standard.

ISSUE	**COMMENTS**	**BUILDER'S AND HOME OWNER'S OBLIGATIONS (Performance Standard)**
Add: e.4. Water stays in gutters	A gutter improperly pitched to drain water is a deficiency. Water should not stand in gutters in excess of 1/2 inch.	We will pitch gutters properly to meet the standards. *** You are responsible for keeping gutters and downspouts free from leaves and debris.**
Add: e.5. Insufficient insulation		We will install insulation in accordance with applicable energy and building code requirements.
f.6. Cracks in stucco wall finish	Cracks in stucco wall finishes are common and can be expected within certain tolerances.	We will repair cracks in excess of 1/8 inch in width.
h.5. Garage doors fail to operate properly under normal use	Garage doors should operate properly and fit the door opening.	We will make necessary adjustments.
i.1. Trim	Some separations at joints in moldings and between moldings and adjacent surfaces is normal and should be expected within certain tolerances.	We will correct separation in excess of 1/8 inch.
i.4. Ceramic tile cracks or becomes loose	Ceramic tile should not crack or become loose. Some separation is normal and should be expected within certain tolerances.	We will replace cracked tiles and re-secure loose tiles. We will correct a separation in excess of 1/8 inch. We will correct the cause of the loose or cracking tile condition.
Add: i.6. Cracks appear in grouting of ceramic tile joints or at junctions with other material such as a bathtub	Cracks in grouting of ceramic tile joints are commonly due to shrinking condition.	We will repair grouting as necessary, one time only. *** Regrouting of these cracks is a maintenance responsibility of the Home Owner after the first year.**
i.7. Inadequate interior paint application and coverage	Interior paint is to be applied in a manner sufficient to visually cover wall, ceiling and trim surfaces.	We will repaint wall, ceiling or trim surfaces where inadequate paint has been applied. Where a large area is affected, the entire surface will be repainted.
j.1. Separations between finished floor boards	Minor gaps are common and should be expected within certain	We will correct separations exceeding 1/16 inch in width in resilient flooring joints.

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	tolerances.	
j.5. Carpeting becomes loose, seams separate or stretching occurs	Wall-to-wall carpeting, installed by Us as the primary floor covering, when stretched and secured properly should not come up, become loose or separate from its point of attachment.	We will re-stretch or re-secure carpeting as needed.
k.1. Surface cracks, delaminations and chips in high pressure laminates, porcelain and fiberglass fixtures and counter tops of vanity and kitchen cabinets	Counter tops fabricated with high pressure laminated coverings should not delaminate, crack or chip.	We will repair or replace laminated, porcelain or fiberglass counter tops and fixtures having chips, cracks, scratches or delaminations if reported on a pre-closing inspection report. If a pre-closing inspection report was not performed, the owner shall notify Us within 30 days of the effective date of warranty.

Add:

THE FOLLOWING PERFORMANCE STANDARDS ARE APPLICABLE DURING YEARS ONE AND TWO

ISSUE	**COMMENTS**	**BUILDER'S AND HOME OWNER'S Obligations (Performance Standard)**
Water supply stops or water pressure is too low	All service connections to municipal water main or private water supply are Our responsibility when installed by Us. If conditions exist which disrupt or eliminate the source of water supply that are beyond Our control, then We will not be responsible.	We will repair as required if failure is due to faulty workmanship or materials.
Water supply system fails to deliver water or pressure is too low	All on-site service connections to municipal water main and private water supply is Our responsibility.	We will repair if failure is the result of defective workmanship or materials.
Pipes, faucet or valve leak	A valve or faucet leak due to material or workmanship is a deficiency. No leaks of any kind are to be present in any sanitary soil, waste vent or water piping. Condensation on piping does not constitute leakage and is not covered except where pipe insulation is required.	We will repair or replace the leaking faucet or valve and will make repairs to eliminate pipe leakage.
Septic system fails to operate properly	Septic system will function adequately during all seasons, under climatic conditions normal or reasonably anticipated, based on local records, for the location of the home. Septic systems shall be designed and installed to	We will repair, or otherwise correct, a malfunctioning or non-operating system, if failure is caused by inadequate design, faulty installation, or other cause relating to actions of the builder or contractors or subcontractors under

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	comply with applicable State laws.	the builder's control. We will not be responsible for system malfunction or damage which is caused by owner negligence, lack of system maintenance, or other causes attributable to actions of the owner or owner's contractors, not under the control of Builder; including, but not necessarily limited to: the addition of fixtures, items of equipment, appliances or other sources of waste or water to the plumbing system served by the septic system; and damage, or changes to the septic system installation or surrounding soil conditions critical to the system's functioning.
Refrigerant lines leak	Refrigerant lines should not develop leaks during normal operation.	We will repair leaking refrigerant lines and re-charge unit as required.
Improper mechanical equipment operation of evaporative cooling system	Equip. should function properly at temperature standard set w/o unreasonable fuel consumption.	We will correct and adjust so that blower and water system operate as designed.

The following language is substituted for SECTION D.3.
Except as included in Section A.11, loss or damage caused by soil movement, including subsidence, expansion or lateral movement of the soil which is covered by any other insurance or for which compensation is granted by legislation.

E.5 HOW TO MAKE A WARRANTY CLAIM

A. To submit a warranty request for a claim that You think is covered by the Warranty you may either:

1. **Visit www.CalAtlanticHomes.com, select Homeowner Resources, On-line Service Request and then follow the prompts to complete your request.**

2. **Or you can mail or fax your request to the local office of your Builder.**

Notice must be made no later than thirty (30) days after the warranty period expires

B. The Builder's local office has 30 days from receipt of claim to investigate the claim.

Builder will notify you in 30 days from receipt of claim if Builder will (a) repair, (b) replace, (c) pay the cost of repair/replacement or (d) do nothing because the item is not covered by the warranty.

C. If Builder agrees to repair, replace or pay, Builder has 60 days after notice to you to do so.

D. If you think the Builder's resolution is unsatisfactory, send a Request for Mediation to Columbia National (CN) on the form provided in your Warranty Booklet.

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E. CN will attempt to mediate the claim with the Builder; if CN is unsuccessful, CN may refer the claim to an independent mediation association (the "Mediator") for mediation.

The cost of any independent Mediator shall be paid by Builder.

F. CN or the Mediator will determine within 30 days whether the dispute is unresolvable. If the dispute is unresolvable, CN will notify both You and Your Builder and either party may then submit to CN a Request for Arbitration (or, for FHA insured mortgages, You may submit the issue to the local HUD field office for resolution) on the form entitled "Request for Arbitration" provided in the warranty booklet.

Within 20 days after receiving a Request for Arbitration, CN will refer the matter to an independent arbitration association.

The requesting party will pay the Arbitrator's fee initially, but the arbitrator has the authority to reallocate such fee.

G. The Arbitrator's ruling will be final and unappealable (except for FHA insured mortgages, which You may appeal to the local HUD office within 30 days of the arbitrator's decision).

H. The Builder will have 60 days after the arbitrator's or HUD's decision (as the case may be) to comply with the decision (subject to any seasonal items that would reasonably take more than 60 days to complete).

E.6 ACTIVE SOILS ADDENDUM

Home Owner Maintenance Responsibilities for Homes Constructed on Active Soils

Soils having a high clay content can expand and contract when variations occur in the moisture content of the soils. Where seasonal moisture changes in the sub-surface soils are common, it is the Home Owner(s) responsibility to provide proper ongoing maintenance. Although foundations are specifically designed for soil conditions in each area, conditions may be encountered that were not revealed by sub-surface exploration and testing.

Improper Home Owner maintenance can adversely affect the performance and structural integrity of any foundation constructed on active soils and void the warranty coverage. These post-construction practices are beyond the control of the design engineer and the Builder.

To minimize the probability of movement and displacement in the foundation caused by moisture content variations, You must follow post-construction maintenance requirements. Your failure to do so will void the warranty coverage provided by this Warranty.

1. The final grade that has been established by the Builder meets the warranty requirements. You are responsible for maintaining such grades. You should maintain the grade around the foundation in such a manner that surface drainage is away from the foundation. You should not permit water to pond or become trapped in localized areas against the foundation as this can cause variations in moisture content that can damage the foundation.

2. Watering should be done in a uniform systematic manner as equally as possible on all sides of the foundation to keep the soil moist, NOT SATURATED. Areas of soil that do not have ground cover may require more moisture as they are more susceptible to evaporation, causing a moisture content imbalance.

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3. During extreme hot and dry periods, close observations should be made around the foundation to insure adequate watering is being provided, preventing soil from separating or pulling back from the foundation.

4. Gutters and downspouts shall be maintained to prevent injection of moisture into the soil from roof run-off in localized areas. Keep downspout extensions in place.

5. Trees planted in close proximity to the foundation can damage the structural integrity of the foundation because they can develop a root system which can penetrate beneath the foundation and draw moisture from the soil. Areas around trees will require more water in periods of extreme drought. If You plant a tree closer to the foundation than 1½ times the anticipated tree foliage diameter at maturity, warranty coverage can be affected. Precautionary measures such as the installation of a root shield or root injection system should be taken to maintain moisture equilibrium.

6. Placing flower gardens and beds or shrubs next to the foundation and watering these areas heavily will generally result in a net increase of the soil moisture content in that localized area. This may result in soil expansion in that localized area of the foundation.

7. You must maintain a balanced soil moisture content around the perimeter of the foundation.

E.7 NEW CASTLE COUNTY, DELAWARE ADDENDUM

To the extent of any conflict or omission between the provisions of this warranty document and the New Castle County, Delaware, New Home Minimum Warranty Standards, a copy of which is attached hereto, the New Castle County New Home Minimum Warranty Standards shall prevail.

E.8 COLORADO ADDENDUM

This Addendum is applicable only to homes located in Colorado and supplements and amends the CalAtlantic Homes Homeowners Manual and Your New Home Warranty Program ("Manual and Warranty") provided to You with the purchase of your new Home.

The Manual and Warranty is intended to conform to the Colorado Construction Defect Action Reform Act, C.R.S. § 13-20-801 *et seq.* ("CDARA"), which provides that any waiver or limitation contained in a residential home sales contract or warranty: (i) on the legal rights, remedies or damages provided by CDARA related to a construction defect claim; or (ii) on the length of time that a homeowner has to enforce such rights, is unenforceable. The Manual and Warranty is intended to be in compliance with CDARA, removing from the Manual and Warranty any unenforceable limitations on your rights.

In this regard, the disclaimer of any implied warranties in the Manual and Warranty is expressly deleted and withdrawn. The sentence in the third paragraph, cover page of the Warranty section of the Manual and Warranty that states, **"THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE FACE OF THIS LIMITED WARRANTY"** is deleted and withdrawn and replaced with the following language, **"THERE ARE NO EXPRESS**

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WARRANTIES WHICH EXTEND BEYOND THE FACE OF THE LIMITED WARRANTY SET FORTH IN THE MANUAL AND WARRANTY."

Limitations of liability or remedies in the Manual and Warranty are applicable only as to claims for breach of CalAtlantic Homes' obligations or undertakings under the terms of the Manual and Warranty and nothing in the Manual and Warranty is intended to constitute a waiver of, or limitation on, the legal rights, remedies or damages provided by CDARA, or provided by the Colorado Consumer Protection Act, Article 1 of Title 6, C.R.S., as described in CDARA.

This Addendum further specifically amends and revises the Manual and Warranty as follows:

Specifically, on page 4 of the Manual and Warranty, SECTION B(3)(a), (b), (c), (d), and (e) and the complete sentence immediately preceding such paragraphs are deleted in their entirety and replaced with the following language:

In each instance, Our warranty coverage under this program is subject to the following:

a. The decision whether to repair or replace a defective item, or to pay You the reasonable cost of repair or replacement, is solely Ours, subject to the regulations, terms and conditions of the Colorado Construction Defect Action Reform Act, C.R.S. § 13-20-801 et seq. ("CDARA").

b. OUR TOTAL LIABILITY FOR ALL CLAIMS MADE FOR BREACH OF THE EXPRESS WARRANTIES CONTAINED HEREIN DURING THE TERM OF THIS LIMITED WARRANTY AGREEMENT SHALL NOT EXCEED THE ORIGINAL SALE PRICE OF THE HOME.

c. No actions taken to cure defects will extend the periods of coverage specified in this Agreement.

d. Before We repair or replace a defective item, We will ask You to acknowledge in writing Your agreement to the proposed repair or replacement. The repair of a covered Home will be to a condition approximating the condition just prior to the manifestation of the defect, <u>not</u> to a "like new" condition. The repairs or replacement item will continue to be covered by this warranty.

e. If We pay You the reasonable cost of repairs or replacement of a defective item instead of replacing or repairing the item, then prior to such payment, subject to the regulations, terms and conditions of CDARA, We will not have any obligation to make payment jointly to You and Your mortgagee unless the mortgagee has notified Us in writing of its security interest in the Home prior to the payment of the claim. Subject to the regulations, terms and conditions of CDARA, a mortgagee and any subsequent Homeowner shall be completely bound by any agreement accepted by You and any claim shall be arbitrated in accordance with this Agreement.

The Manual and Warranty time frames established with respect to Your claim notification to CalAtlantic Homes and CalAtlantic Homes' response thereto are also modified. Specifically, SECTION B(5)(b) at page 5 is deleted in its entirety and replaced with the following:

b. <u>INITIAL INSPECTION PERIOD</u>

We will investigate, inspect and report to You within 30 days of receipt of Your request for warranty service. If We agree that the item is covered by the warranty, We will advise You whether We will repair, replace or pay the reasonable cost of repairing or replacing the defective item. You agree that We will have no less than 30 days from Your receipt of Our written response to complete repairs or replacement or to pay You. That time may be extended to allow for seasonal inability to complete work.

Additionally, paragraphs B and C of SECTION E.5 at page 27 of the Warranty are deleted in their entirety and replaced as follows:

B. The Builder's local office has thirty (30) days to investigate the claim and undertake an inspection of matters comprising the basis for the claim. You agree You shall provide

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Builder and its agents reasonable access to the Home during normal working hours to inspect the Home and the claims You have identified on Your written notice provided to Builder.

C. Following completion of Builder's inspection and investigation, Builder agrees within thirty (30) days thereafter to provide You with written notice of Builder's acknowledgement of its intent (if any) to repair, replace, or pay or of its in intent (if any) not to repair, replace or pay."

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YOUR New HOME WARRANTY

To submit a warranty request you may either:

1. **Visit www.CalAtlanticHomes.com, select Homeowner Resources, On-line Service Request and then follow the prompts to complete your request.**
2. **Or you can mail or fax your request to the Builder's local office.**

WARRANTY REQUEST FORM

Please read the Your New Home Warranty documents for filing instructions and pertinent information.

HOMEBUYER'S NAME

_____

ADDRESS

_____

CITY, STATE, ZIP

_____

HOME PHONE (___)_____ BUSINESS PHONE (___)_____

BUILDER'S ADDRESS

_____

CITY, STATE, ZIP

_____

PHONE NUMBER (___)_____

EFFECTIVE DATE
OF WARRANTY: _____/_____/_____
(Mo.) (Day) (Year)

(DATE OF CLOSING OR SETTLEMENT)

NATURE OF DEFECT (BE SPECIFIC; IF AVAILABLE, ENCLOSE PHOTOGRAPHS)

_____

_____

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DATE DEFECT FIRST OBSERVED _____/_____/_____
(Mo.) (Day) (Year)

This form is to be filled out and sent to the Builder.

_____
Homebuyer(s) Signature (Date)

CHECK ONE (if applicable)
1. FHA 2. VA 3. FmHa
Case # _____

YOUR NEW HOME WARRANTY

ATTN: CLAIMS DEPARTMENT
COLUMBIA NATIONAL RISK RETENTION GROUP, INC.
100 BANK STREET, SUITE 610, P.O. BOX 530
BURLINGTON, VERMONT 05402-0530
TELEPHONE 1-888-379-9171

REQUEST FOR MEDIATION

Please read the Your New Home Warranty documents for filing instructions and pertinent information.

If you believe your Builder's performance of its warranty obligations is unsatisfactory, then send this completed form directly to Columbia National Risk Retention Group, with a copy of the Application for Home Enrollment and copies of all relevant correspondence between the Builder and Homebuyer(s) involving this matter, including any past conciliation or arbitration proceedings. Please provide any correspondence that indicates that the Builder has failed to perform its warranty obligations, if applicable. Send copies of this notice to the Builder also.

HOMEOWNER'S NAME:
_____

ADDRESS:
_____

CITY, STATE, ZIP
_____

HOME PHONE (___)_____ BUSINESS PHONE
(___)_____

BUILDER'S ADDRESS:
_____

CITY, STATE, ZIP
_____

PHONE NUMBER: (___)_____

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EFFECTIVE DATE
OF WARRANTY: _____/_____/_____
(Mo.) (Day) (Year)

(DATE OF CLOSING OR SETTLEMENT)

NATURE OF DEFECT (BE SPECIFIC; IF AVAILABLE, ENCLOSE PHOTOGRAPHS)

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DATE DEFECT FIRST OBSERVED_____/_____/_____ DATE FIRST REPORTED TO BUILDER_____/_____/_____
(Mo.) (Day) (Year) (Mo.) (Day) (Year)

_____
Homebuyer(s) Signature (Date)

CHECK ONE (if applicable)
1. FHA 2. VA 3. FmHa
Case # _____

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YOUR New HOME WARRANTY

COLUMBIA NATIONAL RISK RETENTION GROUP, INC.
100 BANK STREET, SUITE 610, P.O. BOX 530
BURLINGTON, VERMONT 05402-0530
TELEPHONE 1-888-379-9171

REQUEST FOR ARBITRATION

Please read the Your New Home Warranty documents for filing instructions and pertinent information.

If you believe your Builder's performance of its warranty obligations is unsatisfactory, **and you have been notified by Columbia National that your claim is an unresolved dispute and you wish to pursue the claim further**, then send this completed form directly to Columbia National Risk Retention Group, with a copy of the Application for Home Enrollment and copies of all relevant correspondence between the Builder and Homebuyer(s) involving this matter, including any past conciliation or arbitration proceedings. Please provide any correspondence that indicates that the Builder has failed to perform its warranty obligations, if applicable. Send copies of this notice to the Builder also.

HOMEOWNER'S NAME:
_____

ADDRESS:
_____

CITY, STATE, ZIP
_____

HOME PHONE (___)_____ BUSINESS PHONE (___)_____

BUILDER'S ADDRESS:
_____

CITY, STATE, ZIP
_____

PHONE NUMBER: (___)_____

EFFECTIVE DATE
OF WARRANTY: _____/_____/_____
(Mo.) (Day) (Year)

(DATE OF CLOSING OR SETTLEMENT)

NATURE OF DEFECT (BE SPECIFIC; IF AVAILABLE, ENCLOSE PHOTOGRAPHS)
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DATE DEFECT FIRST OBSERVED_____/_____/_____ DATE FIRST REPORTED TO BUILDER_____/_____/_____
(Mo.) (Day) (Year) (Mo.) (Day) (Year)

_____
Homebuyer(s) Signature (Date)

CHECK ONE (if applicable)
1. FHA 2. VA 3. FmHa
Case # _____

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ELECTRONICALLY FILED - 2021 Mar 22 12:00 PM - CHARLESTON - COMMON PLEAS - CASE#2020CP1002398

STATE OF SOUTH CAROLINA COUNTY OF CHARLESTON WHITESIDES PARK TOWNHOMES PROPERTY OWNERS ASSOCIATION, INC. Plaintiff, vs. CALATLANTIC GROUP, INC. F/K/A THE RYLAND GROUP, INC. F/K/A STANDARD PACIFIC CORP. AND ALSO D/B/A CALATLANTIC HOMES; LENNAR CAROLINAS, LLC, SOUTHEND EXTERIORS, INC., ALPHA OMEGA CONSTRUCTION GROUP, INC., FOGEL SERVICES, INC., Defendants.	IN THE COURT OF COMMON PLEAS 2020-CP-10-02398 **PLAINTIFF'S MEMORANDUM IN OPPOSITION TO CALTALANTIC GROUP, INC., F/K/A THE RYLAND GROUP, INC., F/K/A STANDARD PACIFIC CORP. AND ALSO D/B/A CALATLANTIC HOMES AND LENNAR CAROLINAS, LLC'S MOTION TO DISMISS AND TO COMPEL ARBITRATION**

Plaintiff, Whitesides Park Townhomes Property Owners Associations, Inc. (hereinafter the "Association") submits this Memorandum of Law in Opposition to CalAtlantic Group, Inc., f/k/a The Ryland Group Inc. f/k/a Standard Pacific Corp. and also d/b/a CalAtlantic Homes (hereinafter, "CalAtlantic") and Lennar Carolinas, LLC's (hereinafter, "Lennar") Motion to Dismiss and to Compel Arbitration. For the reasons set forth herein, the Association respectfully requests CalAtlantic and Lennar's Motion to Dismiss and to Compel Arbitration be Denied.

BACKGROUND

This construction defect case involves allegations of multiple deficiencies arising out of the design, development, and construction of Whitesides Park Townhomes in Charleston County, South Carolina (the "Project). The Project is comprised of thirteen (13) townhomes located in

four (4) buildings and related common elements which were sold by CalAtlantic between December 2016 and March 2018. The Project was developed and constructed by the CalAtlantic Group, Inc., a Delaware corporation, successor by merger to the Ryland Group, Inc., with the contractor listed on the permits and the building files as CalAtlantic Homes (see Permits and Certificates of Occupancy attached hereto as **Exhibit A**). The Whitesides Park Townhomes Property Owners Associations, Inc. was created pursuant to a Declaration of Covenants, Conditions, Restrictions and Easements for Whitesides Park (hereinafter referred to as "Covenants"), wherein CalAtlantic was the "Declarant." The Covenants were drafted by CalAtlantic and executed on behalf of CalAtlantic, by Don McDonough, the operational vice president of CalAtlantic. The Covenants were signed on September 8, 2016 (attached hereto as **Exhibit B**). The Covenants do not include any other parties other than CalAtlantic and the Association. These two parties are defined as "Bound Parties" in the Covenants. The subcontractors named in this lawsuit are not defined as "Bound Parties" within the Covenants.

CalAtlantic sold the first of the thirteen (13) townhomes on December 15, 2016 to Kelly F. Fowler and Judge W. Fowler (see Deed attached hereto as **Exhibit C**), nearly three months after the Covenants were signed. The Association executed the Covenants as well, but the president for the Association and the signatory on behalf of the Association were the same individual: Don McDonough.

The four buildings of the Project were constructed between December 25, 2016 and January 19, 2018 (see **Exhibit A**).

At issue in this case are claims against the developer, general contractor, and its subcontractors who defectively installed various building components to the Project. The

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developer and general contractor against whom the Association has brought claims is CalAtlantic. Upon information and belief, Lennar announced on February 12, 2018 that it had "completed the previously-announced strategic combination with CalAtlantic, Group, Inc." Lennar Completes Strategic Combination with CalAtlantic, THE OPEN DOOR BY LENNAR (February 13, 2018) https://theopendoor.lennar.com/inside-lennar/lennar-completes-strategic-combination-with-calatlantic/. This transaction was in the form of a merger of CalAtlantic "into a wholly-owned subsidiary of Lennar."

After the Project was completed by CalAtlantic, they failed to repave the roads after construction was complete, as they were destroyed as a result of the construction vehicles and failed to complete the roads per the plans and specifications. CalAtlantic never came back to put the final layer of asphalt on these roads in order to repair the destruction. Furthermore, the reserve was underfunded by CalAtlantic as the developer. CalAtlantic attempted to resolve the matter by sending the Association a Settlement Agreement and General Release, which released virtually any and all claims the Association may ever have against CalAtlantic in exchange for paving the road through the community.

The Association did not agree to the full release of all claims related to the Project, as set forth in the Release proposed by Lennar. However, subsequent to the attempts by CalAtlantic to have the Association release all of its claims related to the Project and the buildings over the Association's simple request to pave the roads in the Project, the buildings began experiencing additional water intrusion issues and construction defects. The Association retained a forensic engineer, Russell T. Mease, P.E., to investigate the issues with the Project (See Russell T.

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Mease's Construction Deficiencies Investigation: Whitesides Park Townhomes, attached hereto as **Exhibit D).**

The Association filed a Summons and Complaint (attached hereto as **Exhibit E**) against CalAtlantic and Lennar on June 1, 2020. The Association is the party responsible for the maintenance and repair of the claims brought in this lawsuit, as set forth in the Covenants (See Affidavits of homeowners attached as **Exhibit F**). The Association brought claims against CalAtlantic Group, Inc. f/k/a The Ryland Group, Inc. f/k/a Standard Pacific Corp. and also d/b/a CalAtlantic Homes; Lennar Carolinas, LLC, Southend Exteriors, Inc., Alpha Omega Construction Group, Inc., and Fogel Services, Inc. for developer liability, breach of fiduciary duties, negligence, breach of implied warranties, and unfair trade practices due to improper installation and/or designs of the heating and air condition system, ductwork, roof, membrane roofs related accessories, cementitious siding, exterior trim, deck boards, house wrap, trim, windows, doors, tile components, brick and stone veneers, framing, secondary weather barrier, paved driveway, and roads. The Association filed a Motion to Compel Discovery Responses from CalAtlantic and Lennar on September 30, 2020. Counsel for the Association had been in contact with counsel for CalAtlantic and Lennar since July 2020 in an attempt to obtain information and documentation regarding the project. It was not until CalAtlantic and Lennar filed their Motion to Dismiss and Compel Arbitration on December 22, 2020, counsel for the Association became aware of CalAtlantic and Lennar's unwillingness to participate in litigation.

APPLICABLE PROVISIONS IN THE COVENANTS

At issue in CalAtlantic and Lennar's Motion to Dismiss and Compel Arbitration is the Covenants and several other purchase documents between the individual owners and CalAtlantic.

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In CalAtlantic and Lennar's Motion to Dismiss and Compel Arbitration, they state the argument is based on the language in the Covenants as it relates to the Association.

Section 5.2 of Article V of the Covenants articulates which areas of the Project the Association is responsible for. This section states that "[t]he Association shall maintain and keep in good condition, order and repair the Area of Common Responsibility." The following are areas the Association is responsible for according to the Covenants from a maintenance standpoint: (1) all Common Areas, including the Open Space Easement; (2) exterior maintenance of all dwellings including, but not limited to painting, repairing, replacing and caring for the following: roofs (including the roofs joists and trusses, crossbeams, roof decking and underlaying, and shingles or other covering and surface materials); exterior walls and surfaces, including the brick, siding, or other building material forming the exterior walls of any dwelling and/or garage; (3) exterior stoops, landings, railings and steps; and (3) all walkways, driveways, and other paved areas. As stated in the Affidavits of the homeowners, the Association brought these claims under their duty to maintain and keep in good condition the aforementioned areas (See Affidavits of homeowners attached as **Exhibit F**).

Article I of the Covenants, Section 1.5, defines the Association as "Whitesides Park Townhomes Property Owners Association, Inc." Section 1.11 defines "Declarant" as "CalAtlantic Group, Inc., A Delaware corporation, successor by merger to The Ryland Group, Inc., a Maryland corporation, as well as its successors and assigns, if Declarant shall make an express conveyance of its rights as developer hereunder to such successor or assign." Article X of the Covenants is entitled "Dispute Resolution and Limitations on Litigation" section. Article X begins with Section 10.1 which states the following:

The Association, Declarant, all persons subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Article X (collectively, the "***Bound Parties***") agree to encourage the amicable resolution of disputes involving the Property in order to avoid the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that all claims, grievances or disputes between such Bound Party and any other Bound Party involving the Property, including, without limitation, claims grievances or disputes arising out of or relating to the interpretations, application or enforcement of this Declaration, the Bylaws, the Association rules or other Articles (collectively and singularly, "Claims"), except for those Claims authorized in Section 10.2 below, shall be resolved using the procedures set forth in Section 10.3 below, in lieu of filing suit in any court or initiating proceedings before any administrative tribunal seeking redress or resolution of such Claim.

Section 10.2 contains the Exempt Claims, which include the following:

(a) Any suit by the Association against any Bound Party to enforce the provisions of Article IV:

(b) Any suit by the Association to obtain a restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Article VI and Article VII;

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(c) Any suit between Owners (other than Declarant) seeking redress on the basis of a Claim which would constitute a cause of action under federal law or the laws of the State of South Carolina in the absence of a claim based on the Declaration, Bylaws, Articles or rules of the Association if the amount in controversy exceeds Five Thousand and No/100 dollars ($5,000.00);

(d) Any Suits arising out of any written contract between Owners or between the Declarant and any builder, which would constitute a cause of action under the laws of the State of South Carolina in the absence of a claim based on the Declaration, Bylaws, Articles or rules if the Association; and

(e) Any Suit in which all parties are not Bound Parties.

(*emphasis added*)

Exhibit B to CalAtlantic and Lennar's Motion to Compel contains a Purchase Contract from Alex Brown. The Purchase Contract itself contains arbitration provisions and references to the Homeowner's Limited Warranty & Maintenance Manual (hereinafter "Homeowner Manual") which also contains additional arbitration provisions. The Homeowner Manual was attached to Exhibit C of CalAtlantic and Lennar's Motion to Compel. Within the Homeowner Manual is the "New Home Warranty Program Insured Limited Warranty" (hereinafter "Limited Warranty"). The Homeowner Manual was never agreed upon or acknowledged by the Association, who is the party CalAtlantic and Lennar are attempting to compel to arbitrate.

ANALYSIS

The Association opposes CalAtlantic and Lennar's Motion to Dismiss and to Compel Arbitration for the following reasons: (1) the Covenants do not bind the association to arbitration

since CalAtlantic breached their fiduciary duty to the Association, the Covenants and the arbitrations provisions contained therein are unconscionable; the Covenants explicitly state that the Association is not bound to arbitration since the Association brought the lawsuit against parties that are not "Bound Parties," (2) the Association cannot be compelled to arbitrate under the Purchase contract since the Association is not a party to the Purchase Contract and the Purchase contract is unconscionable (3) the Association cannot be compelled to arbitrate under the Homeowners Manual since they are not a party to the Homeowners Manual and the Homeowners Manual is unconscionable; and (4) the Association cannot be compelled to arbitrate under the Limited Warranty since the Association is not a party to the Limited Warranty and the Limited Warranty is unconscionable

ARBITRABILITY OF A MATTER IS FOR THE COURT TO DECIDE

The Court must first determine the arbitrability of the claim. The question of the arbitrability of a claim is an issue for judicial determination. *Oxford Health Plans, LLC v. Sutter*, 569 U.S. 564 (2013) (noting questions of arbitrability are presumptively left for the court to decide); *Granite Rock Co. v. Int'l Bhd Of TeamsterGroup,* 386 S.C. 488, 689 S.E.2d 602 (2010). General contract defenses such as fraud, duress and unconscionability apply to a court's evaluation of the enforceability of an arbitration clause governed under either the South Carolina Uniform Arbitration Act or the Federal Arbitration Act. *See* 9 U.S.C. § 2 (providing written arbitration agreements may be invalid, revocable and unenforceable based upon "such grounds as exist at law or in equity for the revocation of any contract."); *See also* S.C. Code Ann § 15-48-10(a) (containing similar language to that of the FAA.) This Court may address "arbitrability" based upon general contract defenses recognized in this State. Therefore, if this

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Court finds any clause of a contract unconscionable, including an arbitration clause, the Court may refuse to enforce the clause or otherwise limit its application so as to avoid an unconscionable result. S.C. Code §36-3-302(1).

I. THE COVENANTS DO NOT BIND THE ASSOCIATION TO ARBITRATION SINCE CALATLANTIC BREACHED THEIR FIDUCIARY DUTY TO THE ASSOCIATION, THE COVENANTS ARE UNCONSCIONABLE, AND THE CLAIMS BROUGHT BY THE ASSOCIATION ARE AGAINST PARTIES THAT ARE NOT BOUND PARTIES.

The Covenants are unenforceable against the Association since CalAtlantic executed the Covenants prior to any townhomes being sold from CalAtlantic's control. Furthermore, the Covenants and the provisions therein are wholly unconscionable since an agreement to arbitrate never existed. Even if this Court finds that the Covenants are enforceable, the claims brought by the association are exempt claims as defined in the Covenants.

A. THE ASSOCIATION NEVER AGREED TO ARBITRATE AND THE UNILATERAL INSERTION OF THE ARBITRATION REQUIREMENT IN THE COVENANTS WHILE THE ASSOCIATION WAS UNDER THE CALATLANTIC'S CONTROL WAS A BREACH OF CALATLANTIC'S FIDUCIARY DUTY TO THE ASSOCIATION; THEREFORE, THE COVENANTS ARE UNENFORCEABLE.

Arbitration of disputes is favored amongst South Carolina courts; however, arbitration is only favored when both parties agree to arbitrate the dispute. The Association never agreed to arbitrate any matters nonetheless those set out in the Covenants. CalAtlantic's unilateral decision to insert one-sided terms into the Covenants drafted by CalAtlantic and signed by CalAtlantic as both the Declarant and Association during a conflict of interest is an overreaching act by the developer giving rise to the Covenants being unenforceable.

Covenants and Master Deeds have elements of both contract law and property law and are often considered quasi contracts. *Armstrong v. Ledges Homeowners Ass'n, Inc.*, 360 N.C.

547, 554, 6633 S.E.2d 78, 84 (2006). These documents are dictated and signed by a single party, the developer, without any input from the association and their future members. At the time the Covenants are enrolled, the association is typically controlled by the developer.

CalAtlantic drafted the Covenants and signed the Covenants on behalf of CalAtlantic and the Association; in fact, the same individual, vice president Don McDonough, signed on behalf of CalAtlantic and the Association. The Covenants were signed nearly three months before any of the townhomes were sold by CalAtlantic. Mr. McDonough was the only individual to sign for a transaction between two parties creating a conflict of interest by placing provisions into the Covenants which clearly benefit CalAtlantic and have the potential to be detrimental to the receiving party, the Association and its future members. The Covenants are wholly unconscionable. CalAtlantic has unilaterally taken away the Association's right to a jury trial and their right to pursue action against the developer and general contractor by the restricting arbitration provision placed in the Covenants without the *actual* consent from the Association.

1. CALATLANTIC OWED A FIDUCIARY DUTY TO THE ASSOCIATION AND ITS MEMBERS, GIVING RISE TO THE CONFLICT OF INTEREST IN THE INSERTION OF THE RESTRICTIONS IN THE COVENANTS.

As the developer of the Project, CalAtlantic owed a fiduciary duty to the Association and its members. *See Goddard v. Fairways Dev. Gen. P'ship*, 310 S.C. 408, 436 S.E.2d 828 (Ct. App. 1993) (finding there is a corollary between the promoters of a corporation and the developers of a planned development unit. In both instances a fiduciary duty exists, thus, developers are bound to act in good faith and in the best interest of the regime it develops). This duty includes acting in the best interest of the Association and its members while the developer is in control of the association. *Id*.

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The Association is a separate entity created by the CalAtlantic and remained in CalAtlantic's control at the time the Covenants were created and executed. At the time of execution, the Association either had no board of directors or had a board which operated under CalAtlantic's control. When the Covenants were executed, the "President" of the Association was CalAtlantic's Operations Vice President: Don McDonough. This Court has recognized that a property owners association lacks independent capacity during the period that a developer-controlled board is in place. *Magnolia n. Prop. Owners' Ass'n, Inc. v Heritage Communities, Inc.*, 397 S.C. 348, 372, 725 S.E.2d 112,125 (Ct. App. 2012) (finding that it was unlikely that the property owner association was going to sue itself while it was developer controlled, (cert. dismissed, 414 S.C. 198, 199, 777 S.E.2d 831 (2015))). The only inference that can be drawn from these set of facts is that the Association did not voluntarily and independently agree, by its own volition, to any provision in the Covenants.

Additionally, at the time the Covenants were signed, no closings had occurred and no deeds had been executed. Meaning the homeowners could have never agreed to any provisions contained in the Covenants or the arbitration provisions. Furthermore, there is no evidence that once the Association was comprised of homeowners, they acknowledged or accepted the one-sided terms CalAtlantic put into the Covenants.

Therefore, a conflict of interest arose when CalAtlantic signed the covenants as both the developer and the Association while under the sole control of CalAtlantic; thus, CalAtlantic breached their fiduciary duty to act in the best interest of the property owners.

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2. THE OFFENSIVE PROVISIONS IN THE COVENANTS DO NOT PASS THE REQUIRED SCRUTINY.

CalAtlantic owed a fiduciary duty to the Association, thus, the offensive provisions in the Covenants, including the arbitration provisions, must be zealously scrutinized by this Court.

> [A]nyone acting in a fiduciary relationship shall not be permitted to make use of that relationship to benefit his own personal interests . . . . [C]ourts of equity will scrutinize with the most zealous vigilance transactions between parties occupying confidential relations towards each other and particularly any transaction between the parties by which the dominant party secures any profit or advantage at the expense of the person under his influence.

Walbeck v. I'On Co., LLC, 426 S.C. 494, 517, 827 S.E.2d 348, 360 (Ct. App. 2018) (quoting *Island Car Wash, Inc. v. Norris*, 292 S.C. 595, 599, 358 S.E.2d 150, 152 (Ct. App. 1987)).

This Court must "zealously scrutinize" the offensive provisions CalAtlantic inserted into the Covenants. The "zealous scrutiny" standard presumes a lack of knowledge and voluntariness in transactions occurring within the fiduciary context such as that issue here. *See Wilson v. Wilson*, 117 S.C. 454, 117 S.E. 330 (1921) ("[W]herever a fiduciary relation exist between two persons and a business transaction occurs between them, as a result of which the superior party obtains a possible benefit, equity raises a presumption against its validity, throwing the burden upon him to prove his good faith.").

The Covenants contain many offensive provisions; however, the crux of these offensive provisions is the arbitration provision. The Covenants bind the Association and CalAtlantic to arbitrate virtually all claims except for the four claims considered to be Exempt Claims. The

Association has 30 days after sending notice to the CalAtlantic of the claims to negotiate with the CalAtlantic. If the negotiations are unsuccessful after those 30 days the Association has 30 days to "submit the Claim to mediation under the auspice of any dispute resolution center or other such independent agency providing similar service in Charleston County . . ." However, it is important to note that if the Association does not submit the Claim to Mediation within 30 day, or 60 days after they send notice to CalAtlantic, then the Covenants state that "Claimant shall be deems to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim." These provisions are clearly offensive and one-sided. If the Association does not take the exact steps as set out by CalAtlantic then they waive all of the claims.

The law presumes the offensive provisions are invalid until shown otherwise. The offensive provisions in the documents here are clearly unfair. Thus far, there has been no evidence produce that could tend to show the CalAtlantic acted in any way other than to further their own interest. It cannot be argued that the Association knowingly and voluntarily agreed to the Covenants when the Association was under the sole control of CalAtlantic at the time the Covenants were executed. CalAtlantic has admitted that they cannot produce any signed documents pertaining to this Project. Thus, this court should find that the Covenants are unenforceable and Deny CalAtlantic and Lennar's Motion to Compel Arbitration.

B. THE COVENANTS AND THE ARBITRATION PROVISIONS CONTAINED THEREIN ARE UNCONSCIONABLE AND THE COURT SHOULD NOT COMPEL ARBITRATION.

The Association had no bargaining power at the time the Covenants were executed making the Covenants and the arbitration provision therein an adhesion contract. As outlined

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above, the arbitration provisions in the Covenants are comprised of many one-sided provisions; however, the arbitration provisions are the most offensive of them all. Adhesion contracts are subject to considerable doubt that an agreement to arbitrate ever existed. The Covenants and the arbitration provisions contained therein are unconscionable and therefore unenforceable.

1. STANDARD CONTRACT DEFENSES APPLY TO THE ARBITRATION PROVISIONS CONTAINED IN THE COVENANTS.

In South Carolina, an unconscionable provision in a contract is unenforceable. A party may effectively challenge the arbitrability of a given claim based upon general contract defenses including fraud, duress and unconscionability. *See Munoz v. Green Tree Fin. Corp.*, 343 S.C. 531, 539, 542 S.E.2d 360, 363-64 (2001). When such questions of arbitrability arise, the trial court, not the arbitrator, decides whether a matter should be resolved through arbitration. *See Oxford Health Plans, LLC v. Sutter*, 569 U.S. 546, 569 (2013). This determination involves a two-step inquiry: (1) whether a valid arbitration agreement exists; and (2) whether the specific dispute falls within the substantive scope of the arbitration agreement. *See Simpson v. MSA of Myrtle Beach, Inc.,* 373 S.C. 14, 23, 644 S.E.2d 663, 667 (2007). "When deciding a motion to compel arbitration under the FAA, the court should look to the state law that ordinarily governs the formation of contracts in determining whether a valid arbitration agreement arose between the parties…" *Smith v. D.R. Horton, Inc.,* 417 S.C. 42, 790 S.E.d 1 (2016).

2. TEST FOR UNCONSCIONABILITY: LACK OF MEANING CHOICE AND OPPRESSIVE AND ONE-SIDED TERMS.

In South Carolina, unconscionability is defined as "the absence of meaningful choice on the part of one party due to one-sided contract provisions, together with terms that are so oppressive that no reasonable person would make them and no fair and honest person would

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accept them." Simpson v. MSA of Myrtle Beach, 373 S.C. 14, 25 644 S.E.2d 663, 668-69 (2007). Unconscionability must be evaluated under both prongs: (1) lack of meaningful choice; and (2) oppressive terms. The Supreme Court in *Parson v. John Wieland Homes and Neighborhoods of the Carolinas, Inc*., 418 S.C. 1, 12-13, 791 S.E.2d 128, 134 (2016), confirmed that "unconscionability requires the court to focus generally on whether the arbitration clause is geared towards achieving an unbiased decision by a neutral decision-maker." Furthermore, S.C. Code Ann § 15-48-20(a) states that arbitration will be denied if a court determines no agreement to arbitrate existed.

The arbitration provision is not geared to foster a neutral, fair, adjudication, and was not agreed to by the Association; thus, it is unconscionable and therefore unenforceable.

3. A LACK OF MEANINGFUL CHOICE IS READILY APPARENT IN ADHESION CONTRACTS.

Lack of meaningful choice on the part of one party generally speaks to the fundamental fairness of the bargaining process in the contract at issue." Simpson, 373 S.C. 25, 644 S.E.2d at 669. "In determining whether a contract was 'tainted by an absence of meaningful choice,' courts should take into account the nature of the injuries suffered by the plaintiff; whether the plaintiff is a substantial business concern; the relative disparity in the parties' bargaining power; the parties' relative sophistication; whether there is an element of surprise in the inclusion of the challenged clause; and the conspicuousness of the clause." *Id*. "[U]nder general principles of state contract law, an adhesion contract is a standard form contract offered on a 'take-it-or-leave-it' basis with terms that are not negotiable." *Id*. at 26-27, 644 S.E.2d at 669.

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The Supreme Court in *Smith v. D.R. Horton* issued an Order affirming the denial of a Motion to Compel Arbitration and finding the arbitration provisions unconscionable. *Smith v. D.R. Horton, Inc.*, 417 S.C. 42, 790 S.E.d1 (2016). In analyzing of the lack of meaningful choice, the Supreme Court highlighted that it had previously "taken judicial cognizance of the fact that the modern buyer of new residential housing is normally in an unequal bargaining position as against the seller." *Id*. (citing *Kennedy v. Columbia Lumber & Mfg. Co.*, 299 S.C. 335, 343, 384 S.E.2d 730, 735-36 (1989).

Similarly to *Smith v. D.R. Horton*, there is no evidence that the Association enjoyed a substantially stronger bargaining position than the average homebuyer. The complete opposite is true, the Association had no bargaining position whatsoever since the Association was controlled by the CalAtlantic at the time the Covenants were executed. The Covenants were clearly offered on a take-it-or-leave it document which restricted the rights of the Association and constitutes a contract of adhesion. The Covenants are an adhesion contract that were presented during the time the Association was under the sole control of CalAtlantic. Therefore, the Covenants are unconscionable and the court should Deny CalAtlantic and Lennar's Motion to Dismiss and Compel Arbitration.

C. EVEN IF THE COURT FINDS THAT THE COVENANTS AND THE ARBITRATION PROVISIONS CONTAINED THEREIN ARE ENFORCEABLE, THIS ACTION INVOLVES PARTIES THAT ARE NOT BOUND PARTIES AND ARBITRATION CANNOT BE COMPELLED.

Even if this Court finds that there is a valid contract, with a valid arbitration provision, the specific dispute does not falls within the substantive scope of the arbitration agreement in the Covenants. The claims the Association have brought against CalAtlantic Group and Lennar and their subcontractors fall under the exempt claims provision of the Covenants which are not

subject to arbitration. Section 10.2 of the Covenants is entitled "Exempt Claims." This section states in part that "[t]he following Claims ("Exempt Claims") shall be exempt from the provisions of Section 10.3." One of the claims that is exempt is "[a]ny suit in which all parties are not Bound Parties." Section 10.1 defines Bound Parties as "The Association, Declarant, all persons subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Article X." Section 1.11 defines Declarant as "CalAtlantic Group, Inc, a Delaware corporation, successor by merger to the Ryland Group, Inc., a Maryland corporation, as well as its successors and assigns." Section 10.2 goes on to state that "Any Bound Parties having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Section 10.2 below, but there shall be no obligation to do so. The Submission of an Exempt Claim involving the Association to the alternative dispute resolution procedures of Section 10.2 below shall require the approval of the Association." (see Covenants attached as **Exhibit B**).

This suit was brought by the Association against CalAtlantic and Lennar along with the following subcontractors: Southend Exteriors, Inc.; Alpha Omega Construction Group, Inc.; and Fogel Services, Inc. Lennar, Southend Exteriors, Inc., Alpha Omega Construction Group, Inc., and Fogel Services, Inc. do not fall under the Covenants' definition of "Bound Parties" as they are not the Association, CalAtlantic Group, Inc, a Delaware corporation, successor by merger to the Ryland Group, Inc., a Maryland corporation, as well as its successors and assigns, nor are they subject to the Covenants. Furthermore, the Association does not approve of the submission

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of this claim to the alternative dispute resolution procedures as outlined in the Covenants since they brought these claims in Circuit Court. [1]

Therefore, these claim falls under the Exempt Claims since the suit involves parties that are not "Bound Parties" and is not approved by the Association to be submitted to the alternative dispute resolution procedures.

II. THE ARBITRATION PROVISIONS CONTAINED IN THE PURCHASE CONTRACT DOES NOT BIND THE ASSOCIATION AND ARE UNCONSCIONABLE.

The named Plaintiff in this case is Whitesides Park Townhomes Property Owner Association, Inc., and not the individual homeowners. However, the individual owners had no bargaining power when signing the Purchase Contract. The Purchase Contract is a form contract used by CalAtlantic that is presented in a take-it-or-leave-it manner. Furthermore, the arbitration provisions are oppressive and one-sided. Moreover, no evidence exist that shows that the Association signed these alleged Purchase Contracts agreeing to submit to arbitration.

A. THE ASSOCIATION WAS NOT A PARTY TO THE PURCHASE CONTRACT AND IS THE PLAINTIFF IN THIS CASE.

The Association brought claims against CalAtlantic Group, Inc. f/k/a Standard Pacific Corp. and also d/b/a CalAtlantic Homes; Lennar Carolinas, LLC; Southend Exteriors, Inc.; Alpha Omega Construction Group, Inc.; and Fogel Services Inc. for developer liability, breach of fiduciary duties, along with claims of negligence, breach of implied warranties, and unfair trade practices due to improper installation and/or designs of the heating and air condition system, ductwork, roof, membrane roofs related accessories, cementitious siding, exterior trim, deck

[1] In the *Woodlands Condominium Association v. Centex Homes*, Circuit Court Judge Clifton Newman denied Centex Homes Motion to Dismiss and Stay Proceedings and Compel Arbitration finding that no arbitration provision existed between Centex Homes and the Parties. *Woodlands Condominium Association v. Centex Homes,* 2015-CP-26-4514 (August 12, 2016).

boards, house wrap, trim, windows, doors, tile components, brick and stone veneers, framing, secondary weather barrier, paved driveway, and roads. As outlined in the Covenants, these claims are the responsibility of the Association. The Association must maintain and keep in good condition all of the building components, including the shingles, brick, exterior siding, window trim, porches, heating and air conditioning system, flashings, all of which are defective, thus the Association brought the current lawsuit (see Affidavits of Homeowners attached as **Exhibit F).**

A party can compel arbitration if it is establishes the existence of a written agreement, including an arbitration provision, that purports to cover the dispute. *Am. Gen. Life & Acc. Ins. Co. v. Wood*, 429 F.3d 83, 87 (4th Cir. 2005). While arbitration is viewed with favor by our courts, "it is predicated on an agreement to arbitrate because parties are waiving their fundamental right to access the courts." *Wilson v. Willis*, 426 S.C. 326, 337, 827 S.E.2d 167, 173 (2019). Arbitration is only available when the parties involved contractually agree to arbitrate." *Towels v. United Health Corp.*, 338 S.C. 29, 37, 524 S.E.2d 839, 843-44 (Ct. App. 1999). The Purchase Contract is between the homebuyer and CalAtlantic and does not include an agreement by the Association to the terms. Thus, CalAtlantic and Lennar cannot require the Association to participate in arbitration under the sole directive of the Purchase Contract.

B. THE PURCHASE CONTRACT CONTAINS ARBITRATION PROVISIONS THAT ARE UNCONSCIONABLE.

The Purchase Contract contains multiple arbitration provisions. Arbitration provisions appear in section twelve (12) of the Purchase Contract entitled "Dispute Resolution", section thirteen (13) of the Purchase Contract entitled "Limited Contractual Warranty and Warranty

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Disclaimers", and in the Dispute Resolution Addendum to Home Purchase Agreement. All of these provisions are unconscionable.

1. A LACK OF MEANINGFUL CHOICE IS READILY APPARENT IN ADHESION CONTRACTS

The Courts have taken "judicial cognizance of the fact that the modern buyer of new residential housing is normally in an unequal bargaining position as against the seller." *Smith v. D.R. Horton,* 417 S.C. 42, 50, 790 S.E.2d 1, 4 (2016). Here, as in *Smith v. D.R. Horton*, "there is no indication (. . .) that the [homeowners] enjoyed a substantially stronger bargaining position against [CalAtlantic] than the average homebuyer, or that they were represented by independent counsel." *Id*. The Purchase Contract is a form agreement of that CalAtlantic presented to the individual homeowners on a take-it-or-leave-it basis.

2. THE PURCHASE CONTRACT INCLUDES OPPRESSIVE AND ONE-SIDED TERMS.

The Purchase contract contains a host of one-sided and oppressive terms similar to those in *Smith*. The Disputer Resolution Addendum contained in the Purchase Contract states that in order to commence arbitration the homeowner must file a "Request for Arbitration" with Columbia National Risk Retention Group (hereinafter "Claims Administrator"). The document goes on to state that the claim will be submitted by the Claims Administrator to an Independent Arbitration Service chosen by the Claims Administrator. While these provisions on their face seem harmless, a further look into the Claims Administrator shows that they are an entity of Lennar. A business search on Vermont Secretary of State's website indicates that the Claims Administrator's Assumed Business name is Lennar, one of the defendants assigned the Covenants and responsibility for the warranty requests. (See attached as **Exhibit G**). These provisions effectively make it to where if the homeowners have a dispute with CalAtlantic and

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Lennar they must submit the dispute to CalAtlantic and Lennar for CalAtlantic and Lennar to essentially chose who will arbitrate the matter. These terms are clearly one-sided and oppressive to the homeowners.

Therefore, the homeowners had no substantial bargaining powers when they signed the take-it-or-leave it Purchase contract which contained oppressive and one-sided terms; thus, this court should find that the arbitration provision within the Purchase contract is unconscionable and unenforceable.

III. THE ARBITRATION PROVISIONS CONTAINED IN THE HOMEOWNER MANUAL AND THE LIMITED WARRANTY CONTAINED THEREIN ARE UNCONSCIONABLE AND NOT APPLICABLE TO THE ASSOCIATION.

CalAtlantic and Lennar have failed to produce actual copies of the Homeowner's Limited Warranty & Maintenance Manual (hereinafter "Homeowner Manual") that were produced and acknowledged by the homeowners. CalAtlantic and Lennar simply submitted a Declaration of Tracey Etheridge with conclusory, hearsay-ridden statements that it was CalAtlantic's "strict requirement and longstanding practice" to provide the Homeowner Manual and for the purchasers "to acknowledge receipt thereof," and attached as a representative copy to the Declaration. However, CalAtlantic and Lennar cannot state with certainty whether the homeowners of the Project received these exact documents and acknowledge receipt there of. Even if CalAtlantic could prove the same, the arbitration provisions within the Homeowner Manual are unconscionable.

The Purchase Contract produced by CalAtlantic and Lennar contains in Section I a list of of twelve (12) documents with five (5) documents having "X"s by them, presumably indicating those documents were received by the Buyer. Of these five (5) documents includes CalAtlantic

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Homeowner Limited Warranty & Maintenance Manual. However, the Buyers initials are not required under this section as they are in various other sections of the Purchase Contract. In CalAtlantic and Lennar's production of this Purchase Agreement, the Homeowner Manual is not attached to that exhibit but the exhibit containing the Declaration of Tracey Etheridge. In the "representative copy" produced by Tracey Etheridge, there appears to be no signature line in the entire document indicating that even if the homeowners received this document that there was any place for them to indicate receipt.

Furthermore, CalAtlantic have failed to provide documentation that the Association was a party to the Purchase Contract. Therefore, the Court should Deny CalAtlantic and Lennar's Motion to Dismiss and Compel Arbitration since the Declaration of Tracey Etheridge is not evidence that the homeowners received the Homeowner Manual attached to the declaration, the representative copies of the Homeowners Manual is not admissible evidence, The Homeowner Manual is Unconscionable, the Association is not bound by the Homeowners Manual, and the claims brought by the Association do not fall under the claims set out in the Homeowners Manual.

A. THE CONCLUSORY STATEMENTS OF TRACEY ETHERIDGE DOES NOT SHOW STRICT PROOF THAT THE HOMEOWNERS OF THE PROJECT RECEIVED AND ACKNOWLEDGED THE HOMEOWNER MANUAL PRODUCED BY CALATLANTIC AND LENNAR.

Exhibit C to CalAtlantic and Lennar's Motion to Compel Arbitration is a Declaration of Tracey Etheridge (hereinafter the "Declaration") that is signed by Ms. Etheridge, but it is not sworn. The Declaration is not authenticated, is not based on personal knowledge, and is hearsay that does not fall within any exception and should not be considered as evidence in this case. South Carolina Rules of Evidence Rule 902 states that "Extrinsic evidence of authenticity as a

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condition precedent to admissibility is not required" in ten (10) different instances. SCRE 902. SCRE 902(e) states that Documents accompanied by a certificate of acknowledgement executed in the manner provided by law by a notary public or other officer authorized by law to take acknowledgements. 28 USCS §1746 states that "any matter is required or permitted to be supported . . . by the sworn declaration . . . in writing of the person making the same . . . with be supported . . . by the unsworn declaration . . . in writing of such person which is subscribed by him, as true under penalty of perjury, and dated . . ."

The Declaration of Tracey Etheridge is a signed declaration without an acknowledgement from a notary public or other officer authorized by law to take acknowledgements, thus the Homeowners Manual attached thereto is not admissible extrinsic evidence, nor shall the Court consider her Declaration. The Declaration also does not include language subjecting Ms. Etheridge to penalty of perjury. Furthermore, the unsworn Declaration does not comply with any requirements necessary to be admissible. 28 *USCS* §1746. Ms. Ethridge is a paralegal for the legal department for Lennar and has not been able to be cross-examined on any of the statements or subjects in her affidavit. Plaintiff has filed a separate Objection and Motion to Strike the Declaration with the Court for Consideration.

In *Morris v. Jensen*, the Court of Appeals found that an unsworn statement from a juror giving her opinion that the forelady was prejudiced was not competent evidence. *Morris v. Jensen*, 309 S.C 153, 157, 420 S.E.2d 710, 712 (Ct. App. 1859) (*Cf. Lineberger v. Colonial Life & Accident Insurance Company*, 12 N.C. App. 135, 182 S.E.2d 643 (1971) (unsworn allegations not evidence); (*Bertha Mineral Co. v. Buie*, 27 Ga. App. 660, 109 S.E. 539 (1921) (unsworn affidavit not evidence); *Walter v. State*, 128 Ga. App. 232, 196 S.E.2d 326 (1973) (defendant's

unsworn statement not evidence)). The declarant at issue in *Morris v. Jensen* stated: "I feel that I am an honest person and was unbiased in the case even though the forewoman accused me of being biased because of the sentiment presented by the plaintiff's attorney. My vote when I finally did vote was based upon the evidence presented that would show dual negligence . . ." *Id*. at. 157, 420 S.E.2d at 712.

The South Carolina Supreme Court in *Leesville Mfg. Co. v Morgan Woods & Iron Works*, the Court reviewed a letter address to the attorneys for plaintiff that stated the "claim would have been paid long since but that defendant did not owe the about claimed, and inviting [attorney for plaintiff] to call and inspect the books and papers and go over the matter with the president. *Leesville Mfg. Co. v Morgan Woods & Iron Works,* 75 S.C. 342, 344, 55 S.E. 768, 769 (1906). The Court upheld the trial courts decision to not allow the evidence on the ground that it was "self-serving" *Id*. The Court held that "In so far as the statement of the defendants office could be construed as an implied admission against interest, *i.e.,* that something was due on plaintiff's claim, its exclusion was not harmful to defendant; and in so far as the statement was a denial of the correctness of the claim sued on and the readiness to show the defendant's books and papers, it was an unsworn self-serving declaration of defendant or its officer and, therefore, inadmissible. *Id*. at 344-45, 55 S.E. at 769 (*citing Ring v. Huntington*, 8 S.C. L. 162, 1 Mills 162, 16 Cyc., 1202-1206).

Ms. Etheridge states that a "representative copy" of the Homeowner Manual is attached to her declaration. Ms. Ethridge simply states that this documents is the one that was provided to homeowners from "late 2016 through early to mid-2018." Of the thirteen (13) townhomes sold by CalAtlantic, CalAtlantic cannot provide one of the original or a coy of the original Limited

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Warranty that was produced to any of the thirteen homeowners upon purchase of their townhome but only a representative copy that may or may not contain similar language to the original copy provided to the homeowners. These townhomes were sold by CalAtlantic between December 15, 2016 and March 27, 2018. Furthermore, Ms. Ethridge states that "it was the strict requirement and longstanding practice of CalAtlantic to provide the Homeowner Manual and the Limited Warranty to its purchasers and for its purchasers to acknowledge receipt thereof, upon the closing on any sale of a residence." CalAtlantic and Lennar have failed to provide any evidence that this document, or any document similar to it, was given to the homeowners or received by them. Similar to *Morris v. Jensen* and *Leesville Mfg. Co. v Morgan Woods & Iron Work*, Ms. Etheridge's self-serving statement that it was CalAtlantic's "longstanding practice" to provide homeowners with the Homeowner Manual is not proof that any of the homeowners received the Homeowner Manual and Limited Warranty provided by Ms. Ethridge. The Declaration is void of any statements that homeowners of the Project actually received the documents attached to the Declaration. Ms. Ethridge's mere conjecture that CalAtlantic always provided these documents therefore the homeowners must have received these documents and are therefore bound by them an unsworn self-serving declaration of CalAtlantic and Lennar or its office and, therefore, inadmissible.

B. REPRESENTATIVE COPIES OF THE HOMEOWNER MANUAL AND THE LIMITED WARRANTY CONTAINED THEREIN DO NOT MEET THE STANDARD OF EVIDENCE REQUIRED.

Ms. Ethridge's declaration states "that the Homeowner's Limited Warranty & Maintenance Manual ("Manual") … is a representative copy of such document as provided to purchasers of homes from CalAtlantic from late 2016 through early to mid-2018 - the time

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period during which Whitesides Park townhomes were conveyed from CalAtlantic to original purchasers." The Declaration speculates that this representative copy is the copy that could have been given to the homeowners of the Project, is an unauthenticated hearsay, lacks any foundation, and is not based on personal knowledge.

The United States Court of Appeals for the Fifth Circuit addressed the use of representative copies in *Brown v. Phoenix Life Ins. Co.*, 2021 U.S. App. Lexis 766 (2021). In *Brown v. Phoenix Life Ins. Co.*, the court analyzed the magistrate judges opinion that the Second Amended Complaint as equating the "representative copy of the contract from" as an accurate copy of the original, written policy." *Brown v. Phoenix Life Ins. Co.* , 2021 U.S. App. Lexis 766 , *10. The Court recognized that nowhere in the complaint is their an allegation "that the 'representative copy of the contract form' accurately represents the terms of the original written Policy." Id. The Court held that "[e]ither the terms of the original written policy permit the contested additional premiums, or they do not. It may turn out that Phoenix will be able to prove that the 'representative copy of the contract form' is an accurate representation of the original Policy, despite Brown's allegations in the Second Amended Complaint. But the dispute over what the original Policy says (as opposed to what it means) is a dispute of fact that cannot be resolved at this motion to dismiss stage." *Id*.

Similarly, Ms. Ethridge does not state that the Homeowners Manual attached to her declaration is an accurate copy of the Homeowners Manual that was sent to the homeowners at the Project. Ms. Ethridge simply states that the representative copy is one in which was provided from "late 2016 through early to mid-2018" and that it was the "strict requirement and longstanding practice" of CalAtlantic to provide such Homeowners Manual to the resident have

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then acknowledge receipt. However, Ms. Ethridge cannot provide evidence that that any of the the homeowners acknowledged receipt of the exact Homeowner Manual she provided.

Therefore, the Homeowners Manual provided in the Declaration cannot be viewed as an accurate representation or a copy of the original Homeowner Manual since CalAtlantic and Lennar cannot prove that this is an accurate representation of the Homeowner Manual provided to the homeowners at the Project and the court should not consider the Homeowner Manual as evidence in this case.

C. The Homeowners Manual and the Limited Warranty contained therein contain arbitration provisions that are unconscionable.

Even if this Court finds that CalAtlantic and Lennar have provided sufficient evidence to indicate the homeowners were provided and acknowledged the Homeowner Manual, the provisions contained in the Limited Warranty are unconscionable.

The Homeowner Manual is roughly nineteen (19) pages long. On the tenth page of this document is the first time the word arbitration is used, stating: "In the event any dispute arises relating to customer care issues for warranty claims, such disputes may be resolved pursuant to the arbitration procedures specified in the Limited Warranty." Section five (5) of the Homeowner Manual includes the Limited Warranty. This section states "A sample copy of CalAtlantic's Limited Warranty is reprinted on the following pages." The arbitration provisions Ms. Etheridge provides in her Declaration that she states is conspicuous, appears on what is marked as page one but is the fourth page of the Limited Warranty. Making this provision appear on the twenty third page of the entire packet.

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1. LACK OF A MEANINGFUL CHOICE.

The Courts have taken "judicial cognizance of the fact that the modern buyer of new residential housing is normally in an unequal bargaining position as against the seller." *Smith v. D.R. Horton,* 417 S.C. 42, 50, 790 S.E.2d 1, 4 (2016). Here, as in Smith, "there is no indication (. . .) that the [homeowners] enjoyed a substantially stronger bargaining position against [Defendants] than the average homebuyer, or that they were represented by independent counsel." *Id.* The Homeowner Manual and the Limited Warranty were referenced in the Purchase Contract as documents the homeowners should have received. As stated above the Purchase Contract is a form agreement of CalAtlantic that was presented to the individual homeowners on a take-it-or-leave-it basis. Furthermore, the homeowners had not bargaining power regarding the provisions in the Homeowner Manual and Limited warranty since they allegedly were just handed the document and asked to acknowledge receipt of such, which CalAtlantic cannot provide occurred.

2. OPPRESSIVE AND ONE-SIDED TERMS

The arbitration provisions within the Limited Warranty are similar to the ones found in the Purchase Contract; however, the Limited Warranty contains additional one-sided terms. Section D of the Limited Warranty lists what is not covered "under this Agreement." This list includes: (1) Consequential damages including but not limited to: cost of shelter, transportation, food, moving, storage and lost wages or other incidental expenses related to relocating during repairs (2) violation of applicable building codes or ordinances that do not result in a defect otherwise covered under this warranty."

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Section E.5 describes how homeowners are to make a warranty claim. After contacting the builder with the request, homeowners must send a Request for Mediation to Columbia National on the form provided in the Warranty Booklet. On page forty-five (45) of the Limited Warranty is the Request for Mediation Form which gives the full name of Columbia National: Columbia National Risk Retention Group, Inc. This is the same entity as the Claims Administrator that was seen in the Purchase Contract which is an entity of Lennar. Once the Homeowners submit their request to Columbia National then Columbia National "will attempt to mediate the claim with the Builder" and if they are unsuccessful Columbia national "*may* refer the claim to an independent mediation association." (Emphasis added). If Columbia National and the mediator determine within 30 days that the dispute is unresolvable, either party may submit a Request for Arbitration to Columbia National at which time Columbia National will refer the matter to an independent arbitrator. These terms are clearly oppressive and one sided as the homeowner must submit the claims to an entity of Lennar in order to negotiate with the CalAtlantic and Lennar. (see Homeowner Manual and Limited Warranty attached as **Exhibit C** to CalAtlantic and Lennar's Motion to Dismiss and Compel Arbitration).

It is clear that the homeowners had no bargaining power regarding the arbitration provisions in the Homeowners Manual and the Limited Warranty that are inherently oppressive and one sided and.

D. The Association was not a party to the Homeowner Manual and Limited Warranty and is the Plaintiff in this case.

A party can compel arbitration if it is establishes the existence of a written agreement, including an arbitration provision, that purports to cover the dispute. *Am. Gen. Life & Acc. Ins.*

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Co. v. Wood, 429 F.3d 83, 87 (4th Cir. 2005). While arbitration is viewed with favor by our courts, "it is predicated on an agreement to arbitrate because parties are waiving their fundamental right to access the courts." *Wilson v. Willis*, 426 S.C. 326, 337, 827 S.E.2d 167, 173 (2019). Arbitration is only available when the parties involved contractually agree to arbitrate." *Towels v. United Health Corp.*, 338 S.C. 29, 37, 524 S.E.2d 839, 843-44 (Ct. App. 1999). The Homeowner Manual and Limited Warranty is between the homebuyer and CalAtlantic and does not include an agreement by the Association to the terms. Thus, the Association cannot be required to participate in arbitration under the sole directive of the Homeowner Manual and Limited Warranty.

E. THE CLAIMS BROUGHT BY THE ASSOCIATION DO NOT FALL UNDER THE CLAIMS FOUND IN THE THE HOMEOWNER MANUAL AND THE LIMITED WARRANTY CONTAINED THEREIN.

Even if the Court finds that the Association is subject to the arbitration provisions set out in the Homeowners Manual and Limited Warranty, the claims do not fall under claims that are covered under the Limited Warranty. Under the Covenants, the Association must maintain and keep in good condition all of the building components, including the shingles, brick, exterior siding, window trim, porches, heating and air conditioning system, flashings, all of which are defective, thus the Association brought the current lawsuit (see Affidavits of Homeowners attached as **Exhibit F**). The Association's board is currently comprised of five individuals: Jeffrey Cain, Elizabeth Smith, James Zadora, Marc Swedenburg, and Kelly Fowler. Jeffrey Cain is the President of the board and Elizabeth Smith is the treasurer. An Affidavit was also submitted by Susan Cunard, who is the wife of board member Marc Swedenburg. The Townhomes that make up the Project were sold by CalAtlantic between December 2016 and

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March 2018. The Limited Warranty provides "protection" for the following: Beginning Coverage, Coverage During Year One, Coverage During Years One and Two, and Coverage During Years One Through Ten. Since this suit was filed on June 1, 2020 and the last Townhome was sold in March 2018 the only coverage that the Limited Warranty provides is Coverage During Years One Through Ten. Coverage During Years One Through Ten states "We warrant for a period of ten years that your Home is protected against loss resulting from Major Structural Defects (as defined in Section A of this Agreement)." Section A defines the Major Structural Defect, but also give examples of "Non-Load-Bearing Components, damage to which does not constitute Major Structural Defects which include the following:

> (i) non-load-bearing partitions and walls;
> (ii) drywall;
> (iii) floor covering; sub-floor material; or wall covering material;
> (iv) ***brick, stucco, decorative cementitious finish, stone, or veneer***;
> (v) ***any type of exterior siding;***
> (vi) ***roof shingles, sheathing and tar pape***r;
> (vii) ***heating, ventilating, air-conditioning, plumbing, electrical, and mechanical systems***;
> (viii) appliances, fixtures, or items of equipment;
> (ix) ***doors, windows, trim,*** cabinets, hardware, insulation, paint, and stains; and
> (x) concrete floors in attached garages and basements that are built separately from foundation walls or other structural elements of the Home."

(*emphasis added*). Plaintiff, the Association, has brought claims against CalAtlantic, Lennar, and their subcontractors for the improper development, construction, installation and/or deigns of the heating and air condition system, ductwork, roof, membrane roofs related accessories, cementitious siding, exterior trim, deck boards, house wrap, trim, windows, doors, tile components, brick and stone veneers, framing, secondary weather barrier, paved driveway, and roads, along with other claims contained in the Complaint. (attached hereto as **Exhibit E**). It is

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apparent that almost all of the claims brought by against CalAtlantic and Lennar fall within the scope of the Ten Year warranty as set out in the list of damage which does not constitute Major Structural Defects.

Therefore, the claims brought by the Association do not constitute claims that are contained in the Limited Warranty.

IV. THE FEDERAL STANDARD FOR WAIVING YOUR CONSTITUTIONAL RIGHT TO A JURY TRIAL CANNOT BE MET IN AN ADHESION CONTRACT.

A. THE RIGHT TO A JURY TRIAL IS FUNDAMENTAL AND THERE IS A PRESUMPTION AGAINST WAIVER.

The Seventh Amendment of the United States Constitution provides "(i)n Suits at common law, where the value in controversy shall exceed twenty dollars, the right to a jury trial shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any Court of the United States, than according to the rules of the common law". James Madison, the drafter of the 7th Amendment, stated in a speech to the House of Representatives on June 8, 1789 "Trial by jury cannot be considered as a natural right, but a right resulting from the social compact which regulates the action of the community, but is as essential to secure the liberty of the people as any one of the pre-existent rights of nature." Our Courts have traditionally been zealous protectors of this right stating "Maintenance of the jury as a fact-finding body is of such importance and occupies so firm a place in our history and jurisprudence that any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care." *Parsons v. Bedford*, 28 U.S. 433 (1830).

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B. THE FEDERAL TEST FOR WAIVING YOUR RIGHT TO A JURY TRIAL REQUIRES THE WAIVER TO BE KNOWING, VOLUNTARY AND INTENTIONAL.

While it is understood that this right, as with other constitutional rights, can be waived, the Federal Courts have been clear that a jury right is "fundamental" and that there is a presumption against waiver of jury trials. *See Aetna Insurance Co. v. Kennedy*, 301 U.S. 389 (1937) "It is elementary that the Seventh Amendment right to a jury trial is fundamental and that its protection can only be relinquished knowingly and intentionally." *National Equipment Rental, Ltd. v. Hendrix,* 565 F.2d 255 (2nd Circ. 1977). "The factors a court must consider in determining whether a contractual waiver of a right to a jury trial was entered into knowingly and voluntarily include: 1) the negotiability of contract terms and negotiations between the parties concerning the waiver provision; 2) the conspicuousness of the waiver provision in the contract; 3) the relative bargaining power of the parties; and 4) the business acumen of the party opposing the waiver." *See Morgan Guar. Trust Co., v. Crane,* 36 F. Supp. 2d 602 (S.D.N.Y 1999).

C. THE ARBITRATION PROVISIONS WERE NON-NEGOTIABLE SINCE THE COVENANTS WERE SIGNED UNDER CALATLANTIC'S CONTROL AND THE PURCHASE CONTRACT AND HOMEOWNER MANUAL WERE FORM PURCHASE AGREEMENTS.

The arbitration provisions at hand constitute a jury trial waiver as it takes away any right to a jury trial as guaranteed to them in the Seventh Amendment to the United States Constitution and by Article 1 Section 14 of the South Carolina Constitution.

The arbitration provisions bar the Association and the individual homeowners from ever being able to sue CalAtlantic and Lennar in court, which is a contractual jury trial waiver. None of the multiple arbitration provisions were negotiated by the Association or the individual

homeowners as they were placed in the Covenants at a time where CalAtlantic's interest were in conflict and they were placed into form agreements presented to the individual homeowners. *See Dreiling v. Peugot Motors of America*, 539 F.Supp. 402 (D. Col. 1982) (the court refused to enforce a waiver in part because it was contained in a form contract drafted by the party seeking to enforce.)

D. ARBITRATION PROVISIONS WOULD NOT CONSTITUTE A VALID JURY TRIAL WAIVER UNDER FEDERAL LAW.

The last two factors, relative bargaining power of the parties and sophistication of the parties, are often considered together. Unlike a typical home purchaser, the CalAtlantic and Lennar are sophisticated business entities which construct and sell thousands of houses ever year and which ave attorneys who draft the form documents used for every purchase. The contracts are not negotiable. Furthermore, the Association had no bargaining power when the Covenants were signed since CalAtlantic was in control of the Association.

The Association had no bargaining power and were not savvy and resource- rich business owners like both CalAtlantic and Lennar. CalAtlantic knew exactly what it was doing with this arbitration provision and having the Association waive rights to a jury trial.

CONCLUSION

In conclusion, this Court should deny CalAtlantic and Lennar's Motion to Dismiss and Compel arbitration given that CalAtlantic is no longer entitled to compel arbitration; and even if it were, this Court should refuse to enforce the unilaterally inserted and unconscionable provisions in the Covenants, Purchase Contract, Homeowner Manual, and Limited Warranty,

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three of which the Association is not a party, that strips the Association of the substantial rights and remedies and results in a stacked process.

BLUNDY LAW FIRM, LLC

s:/ Amanda M. Blundy
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Charleston, South Carolina
March 22, 2021

Attorneys for Plaintiff

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TOWN OF MOUNT PLEASANT
100 Ann Edwards Lane
Mount Pleasant, SC 29464
Tele: (843) 884-5184
Fax: (843) 216-3869

Residential New Building Permit

PERMIT NUMBER:RN-16-125492

Permit Issue Date: 07/13/2016

Permission is hereby granted for building installation, as noted below. All work will comply with the Town of Mount Pleasant Building Codes and all other applicable State and Local Laws, Ordinances and Regulations.

NAME OF PROJECT: **1090 Rifle Range Rd - Lot 1**
JOB SITE ADDRESS: **1090 Rifle Range Rd , Mt Pleasant, SC 29466**
SUBDIVISION: **Myrick Road-Whiteside Park**
MAP#: **532-08-00-040**
ZONED AS: **PD**
FLOOD ZONE: **X Zone**
Lot#: **Lot 1**

CONTRACTOR:
CalAtlantic Homes
216 Seven Farms Dr Ste 200
Daniel IslandSC29492
843 375 5607

OWNER:
CalAtlantic Homes, 843 375 5607
216 Seven Farms Dr Ste 200
PO Box
Daniel Island SC 29492

TYPE OF IMPROVEMENT: **New Residential Townhome - 2012 IRC - 2009 IECC - X Zone**
COST OF JOB: **$ 302003.00**
STRUCTURE DETAILS:
Number of Units: 0

Sprinkler System: 0
Building Height: 0
Total Sq Ft of Floor Area: 2463

APPROVALS:

FOOT/SLAB: _____ FOUNDATION: _____ SITE: _____

FRAMING: _____ INSULATION: _____ BUILDING FINAL: _____

FIRE ROUGH-IN: _____ FIRE FINAL: _____

OTHER: _____

APPLICANT: **T. LEE CAVE, BUILDING OFFICIAL:**

ALL HOLDERS OF PERMIT, OR THEIR AGENTS SHALL NOTIFY THE INSPECTION DIVISION AT THE APPROPRIATE STAGE OF CONSTRUCTION SO THAT APPROVAL MAY BE GIVEN BEFORE WORK IS CONTINUED.

FOR INSPECTION CALL : 884-5184
YOU MUST HAVE THE ABOVE PERMIT NUMBER FOR REFERENCE WHEN YOU CALL.

THIS PERMIT WILL EXPIRE IN ACCORDANCE WITH THE TOWN OF MOUNT PLEASANT'S CODE OF ORDINANCES.

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Mount Pleasant, SC 29464
Tele: (843) 884-5184
Fax: (843) 216-3869

Residential New Building Permit

PERMIT NUMBER:RN-16-125493

Permit Issue Date: 07/13/2016

Permission is hereby granted for building installation, as noted below. All work will comply with the Town of Mount Pleasant Building Codes and all other applicable State and Local Laws, Ordinances and Regulations.

NAME OF PROJECT: **1094 Rifle Range Rd - Lot 2**
JOB SITE ADDRESS: **1094 Rifle Range Rd , Mt Pleasant, SC 29464**
SUBDIVISION: **Myrick Road-Whiteside Park**
MAP#: **532-08-00-243** ZONED AS: **PD**
FLOOD ZONE: **X Zone**
Lot#: **Lot 2**

CONTRACTOR:
CalAtlantic Homes
216 Seven Farms Dr Ste 200
Daniel IslandSC29492
843 375 5607

OWNER:
CalAtlantic Homes, 843 375 5607
216 Seven Farms Dr Ste 200
PO Box
Daniel Island SC 29492

TYPE OF IMPROVEMENT: **New Residential Townhome - 2012 IRC - 2009 IECC - X Zone**
COST OF JOB: **$271428.00**
STRUCTURE DETAILS:
Number of Units: 0

Sprinkler System: 0
Building Height: 0
Total Sq Ft of Floor Area: 2206

APPROVALS:

FOOT/SLAB: _____ FOUNDATION: _____ SITE: _____

FRAMING: _____ INSULATION: _____ BUILDING FINAL: _____

FIRE ROUGH-IN: _____ FIRE FINAL: _____

OTHER: _____

APPLICANT:

T. LEE CAVE, BUILDING OFFICIAL:

ALL HOLDERS OF PERMIT, OR THEIR AGENTS SHALL NOTIFY THE INSPECTION DIVISION AT THE APPROPRIATE STAGE OF CONSTRUCTION SO THAT APPROVAL MAY BE GIVEN BEFORE WORK IS CONTINUED.

FOR INSPECTION CALL : 884-5184
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Mount Pleasant, SC 29464
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Fax: (843) 216-3869

Residential New Building Permit

PERMIT NUMBER:RN-16-125494

Permit Issue Date: 07/13/2016

Permission is hereby granted for building installation, as noted below. All work will comply with the Town of Mount Pleasant Building Codes and all other applicable State and Local Laws, Ordinances and Regulations.

NAME OF PROJECT: **1098 Rifle Range Rd - Lot 3**
JOB SITE ADDRESS: **1098 Rifle Range Rd , Mt Pleasant, SC 29466**
SUBDIVISION: **Myrick Road-Whiteside Park**
MAP#: **532-08-00-244**
ZONED AS: **PD**
FLOOD ZONE: **X Zone**
Lot #: **Lot 3**

CONTRACTOR:
CalAtlantic Homes
216 Seven Farms Dr Ste 200
Daniel IslandSC29492
843 375 5607

OWNER:
CalAtlantic Homes, 843 375 5607
216 Seven Farms Dr Ste 200
PO Box
Daniel Island SC 29492

TYPE OF IMPROVEMENT: **New Residential Townhome - 2012 IRC - 2009 IECC - X Zone**
COST OF JOB: **$ 302003.00**
STRUCTURE DETAILS:
Number of Units: 0

Sprinkler System: 0
Building Height: 0
Total Sq Ft of Floor Area: 2463

APPROVALS:

FOOT/SLAB: _____ FOUNDATION: _____ SITE: _____

FRAMING: _____ INSULATION: _____ BUILDING FINAL: _____

FIRE ROUGH-IN: _____ FIRE FINAL: _____

OTHER: _____

APPLICANT: **T. LEE CAVE, BUILDING OFFICIAL:**

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Mount Pleasant, SC 29464
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Fax: (843) 216-3869

Residential New Building Permit

PERMIT NUMBER:RN-16-125483

Permit Issue Date: 07/13/2016

Permission is hereby granted for building installation, as noted below. All work will comply with the Town of Mount Pleasant Building Codes and all other applicable State and Local Laws, Ordinances and Regulations.

NAME OF PROJECT: **1102 Rifle Range Rd - Lot 4**
JOB SITE ADDRESS: **1102 Rifle Range Rd , Mt Pleasant, SC 29464**
SUBDIVISION: **Myrick Rd-Whiteside Park**
MAP#: **532-08-00-245**
FLOOD ZONE: **X Zone**

ZONED AS: **PD**

Lot#: **Lot 4**

CONTRACTOR:
CalAtlantic Homes
216 Seven Farms Dr Ste 200
Daniel IslandSC29492
843 375 5607

OWNER:
CalAtlantic Homes, 843 375 5607
216 Seven Farms Dr Ste 200
PO Box
Daniel Island SC 29492

TYPE OF IMPROVEMENT: **New Residential Townhome - 2012 IRC - 2009 IECC - X Zone**
COST OF JOB: **$ 302003.00**
STRUCTURE DETAILS:
Number of Units: 0

Sprinkler System: 0
Building Height: 0
Total Sq Ft of Floor Area: 2463

APPROVALS:

FOOT/SLAB: _____ FOUNDATION: _____ SITE: _____

FRAMING: _____ INSULATION: _____ BUILDING FINAL: _____

FIRE ROUGH-IN: _____ FIRE FINAL: _____

OTHER: _____

APPLICANT: **T. LEE CAVE, BUILDING OFFICIAL:**

ALL HOLDERS OF PERMIT, OR THEIR AGENTS SHALL NOTIFY THE INSPECTION DIVISION AT THE APPROPRIATE STAGE OF CONSTRUCTION SO THAT APPROVAL MAY BE GIVEN BEFORE WORK IS CONTINUED.

FOR INSPECTION CALL : 884-5184
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100 Ann Edwards Lane
Mount Pleasant, SC 29464
Tele: (843) 884-5184
Fax: (843) 216-3869

Residential New Building Permit

PERMIT NUMBER:RN-16-125485

Permit Issue Date: 07/13/2016

Permission is hereby granted for building installation, as noted below. All work will comply with the Town of Mount Pleasant Building Codes and all other applicable State and Local Laws, Ordinances and Regulations.

NAME OF PROJECT: **1106 Rifle Range Rd - Lot 5**
JOB SITE ADDRESS: **1106 Rifle Range Rd , Mt Pleasant, SC 29464**
SUBDIVISION: **Myrick Road-Whiteside Park**
MAP#: **532-08-00-246** ZONED AS: **PD**
FLOOD ZONE: **X Zone**
Lot#: **Lot 5**

CONTRACTOR:
CalAtlantic Homes
216 Seven Farms Dr Ste 200
Daniel IslandSC29492
843 375 5607

OWNER:
CalAtlantic Homes, 843 375 5607
216 Seven Farms Dr Ste 200
PO Box
Daniel Island SC 29492

TYPE OF IMPROVEMENT: **New Residential Townhome - 2012 IRC - 2009 IECC - X Zone**
COST OF JOB: **$271428.00**
STRUCTURE DETAILS:
Number of Units: 0

Sprinkler System: 0
Building Height: 0
Total Sq Ft of Floor Area: 2206

APPROVALS:

FOOT/SLAB: _____ FOUNDATION: _____ SITE: _____

FRAMING: _____ INSULATION: _____ BUILDING FINAL: _____

FIRE ROUGH-IN: _____ FIRE FINAL: _____

OTHER: _____

APPLICANT:

T. LEE CAVE, BUILDING OFFICIAL:

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100 Ann Edwards Lane
Mount Pleasant, SC 29464
Tele: (843) 884-5184
Fax: (843) 216-3869

Residential New Building Permit

PERMIT NUMBER:RN-16-125486

Permit Issue Date: 07/13/2016

Permission is hereby granted for building installation, as noted below. All work will comply with the Town of Mount Pleasant Building Codes and all other applicable State and Local Laws, Ordinances and Regulations.

NAME OF PROJECT: **1110 Rifle Range Rd - Lot 6**
JOB SITE ADDRESS: **1110 Rifle Range Rd , Mt Pleasant, SC 29464**
SUBDIVISION: **Myrick Road-Whiteside Park**
MAP#: **532-08-00-247**
ZONED AS: **PD**
FLOOD ZONE: **X Zone**
Lot#: **Lot 6**

CONTRACTOR:
CalAtlantic Homes
216 Seven Farms Dr Ste 200
Daniel IslandSC29492
843 375 5607

OWNER:
CalAtlantic Homes, 843 375 5607
216 Seven Farms Dr Ste 200
PO Box
Daniel Island SC 29492

TYPE OF IMPROVEMENT: **New Residential Townhome - 2012 IRC - 2009 IECC - X Zone**
COST OF JOB: **$ 302003.00**
STRUCTURE DETAILS:
Number of Units: 0

Sprinkler System: 0
Building Height: 0
Total Sq Ft of Floor Area: 2463

APPROVALS:

FOOT/SLAB: _____ FOUNDATION: _____ SITE: _____
FRAMING: _____ INSULATION: _____ BUILDING FINAL: _____
FIRE ROUGH-IN: _____ FIRE FINAL: _____
OTHER: _____

APPLICANT: **T. LEE CAVE, BUILDING OFFICIAL:**

ALL HOLDERS OF PERMIT, OR THEIR AGENTS SHALL NOTIFY THE INSPECTION DIVISION AT THE APPROPRIATE STAGE OF CONSTRUCTION SO THAT APPROVAL MAY BE GIVEN BEFORE WORK IS CONTINUED.

FOR INSPECTION CALL : 884-5184
YOU MUST HAVE THE ABOVE PERMIT NUMBER FOR REFERENCE WHEN YOU CALL.

THIS PERMIT WILL EXPIRE IN ACCORDANCE WITH THE TOWN OF MOUNT PLEASANT'S CODE OF ORDINANCES.

ELECTRONICALLY FILED - 2021 Mar 22 12:00 PM - CHARLESTON - COMMON PLEAS - CASE#2020CP1002398

TOWN OF MOUNT PLEASANT
100 Ann Edwards Lane
Mount Pleasant, SC 29464
Tele: (843) 884-5184
Fax: (843) 216-3869

Residential New Building Permit

PERMIT NUMBER:RN-16-124009

Permit Issue Date: 05/25/2016

Permission is hereby granted for building installation, as noted below. All work will comply with the Town of Mount Pleasant Building Codes and all other applicable State and Local Laws, Ordinances and Regulations.

NAME OF PROJECT: **1319 Myrick St - Lot 13**
JOB SITE ADDRESS: **1319 Myrick Rd , Mt Pleasant, SC 29464**
SUBDIVISION: **Myrick Rd-Whiteside Park**
MAP#: **532-08-00-242** ZONED AS: **RTH**
FLOOD ZONE: **X Zone**

Lot#: **Lot 13**

CONTRACTOR:
CalAtlantic Homes
216 Seven Farms Dr Ste 200
Daniel IslandSC29492
843 375 5607

OWNER:
CalAtlantic Homes, 843 375 5607
216 Seven Farms Dr Ste 200
PO Box
Daniel Island SC 29492

TYPE OF IMPROVEMENT: **New Residential Townhome - 2012 IRC - 2009 IECC - X Zone**
COST OF JOB: **$ 272498.00**
STRUCTURE DETAILS:
Number of Units: 0

Sprinkler System: 0
Building Height: 0
Total Sq Ft of Floor Area: 2414

APPROVALS:

FOOT/SLAB: _____	FOUNDATION: _____	SITE: _____
FRAMING: _____	INSULATION: _____	BUILDING FINAL: _____
FIRE ROUGH-IN: _____	FIRE FINAL: _____	
OTHER: _____		

APPLICANT: **T. LEE CAVE, BUILDING OFFICIAL:**

ALL HOLDERS OF PERMIT, OR THEIR AGENTS SHALL NOTIFY THE INSPECTION DIVISION AT THE APPROPRIATE STAGE OF CONSTRUCTION SO THAT APPROVAL MAY BE GIVEN BEFORE WORK IS CONTINUED.

FOR INSPECTION CALL : 884-5184
YOU MUST HAVE THE ABOVE PERMIT NUMBER FOR REFERENCE WHEN YOU CALL.

THIS PERMIT WILL EXPIRE IN ACCORDANCE WITH THE TOWN OF MOUNT PLEASANT'S CODE OF ORDINANCES.

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TOWN OF MOUNT PLEASANT
100 Ann Edwards Lane
Mount Pleasant, SC 29464
Tele: (843) 884-5184
Fax: (843) 216-3869

Residential New Building Permit

PERMIT NUMBER:RN-16-124011

Permit Issue Date: 05/25/2016

Permission is hereby granted for building installation, as noted below. All work will comply with the Town of Mount Pleasant Building Codes and all other applicable State and Local Laws, Ordinances and Regulations.

NAME OF PROJECT: **1323 Myrick Rd - Lot 12**
JOB SITE ADDRESS: **1323 Myrick Rd , Mt Pleasant, SC 29464**
SUBDIVISION: **Myrick Rd-Whiteside Park**
MAP#: **532-08-00-241** ZONED AS: **RTH**
FLOOD ZONE: **X Zone**

Lot#: **Lot 12**

CONTRACTOR:
CalAtlantic Homes
216 Seven Farms Dr Ste 200
Daniel IslandSC29492
843 375 5607

OWNER:
CalAtlantic Homes, 843 375 5607
216 Seven Farms Dr Ste 200
PO Box
Daniel Island SC 29492

TYPE OF IMPROVEMENT: **New Residential Townhome - 2012 IRC - 2009 IECC - X Zone**
COST OF JOB: **$ 242216.00**
STRUCTURE DETAILS:
Number of Units: 0

Sprinkler System: 0
Building Height: 0
Total Sq Ft of Floor Area: 2151

APPROVALS:

FOOT/SLAB:	FOUNDATION:	SITE:
FRAMING:	INSULATION:	BUILDING FINAL:
FIRE ROUGH-IN:	FIRE FINAL:	
OTHER:		

APPLICANT: **T. LEE CAVE, BUILDING OFFICIAL:**

ALL HOLDERS OF PERMIT, OR THEIR AGENTS SHALL NOTIFY THE INSPECTION DIVISION AT THE APPROPRIATE STAGE OF CONSTRUCTION SO THAT APPROVAL MAY BE GIVEN BEFORE WORK IS CONTINUED.

FOR INSPECTION CALL : 884-5184
YOU MUST HAVE THE ABOVE PERMIT NUMBER FOR REFERENCE WHEN YOU CALL.

THIS PERMIT WILL EXPIRE IN ACCORDANCE WITH THE TOWN OF MOUNT PLEASANT'S CODE OF ORDINANCES.

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TOWN OF MOUNT PLEASANT
100 Ann Edwards Lane
Mount Pleasant, SC 29464
Tele: (843) 884-5184
Fax: (843) 216-3869

Residential New Building Permit

PERMIT NUMBER:RN-16-124013

Permit Issue Date: 05/25/2016

Permission is hereby granted for building installation, as noted below. All work will comply with the Town of Mount Pleasant Building Codes and all other applicable State and Local Laws, Ordinances and Regulations.

NAME OF PROJECT: **1327 Myrick Rd - Lot 11**
JOB SITE ADDRESS: **1327 Myrick Rd , Mt Pleasant, SC 29464**
SUBDIVISION: **Myrick Rd-Whiteside Park**
MAP#: **532-08-00-240** ZONED AS: **RTH**
FLOOD ZONE: **X Zone**
Lot#: **Lot 11**

CONTRACTOR:
CalAtlantic Homes
216 Seven Farms Dr Ste 200
Daniel IslandSC29492
843 375 5607

OWNER:
CalAtlantic Homes, 843 375 5607
216 Seven Farms Dr Ste 200
PO Box
Daniel Island SC 29492

TYPE OF IMPROVEMENT: **New Residential Townhome - 2012 IRC - 2009 IECC - X Zone**
COST OF JOB: **$ 272498.00**
STRUCTURE DETAILS:
Number of Units: 0

Sprinkler System: 0
Building Height: 0
Total Sq Ft of Floor Area: 2414

APPROVALS:

FOOT/SLAB: _____ FOUNDATION: _____ SITE: _____

FRAMING: _____ INSULATION: _____ BUILDING FINAL: _____

FIRE ROUGH-IN: _____ FIRE FINAL: _____

OTHER: _____

APPLICANT: **T. LEE CAVE, BUILDING OFFICIAL:**

ALL HOLDERS OF PERMIT, OR THEIR AGENTS SHALL NOTIFY THE INSPECTION DIVISION AT THE APPROPRIATE STAGE OF CONSTRUCTION SO THAT APPROVAL MAY BE GIVEN BEFORE WORK IS CONTINUED.

FOR INSPECTION CALL : 884-5184
YOU MUST HAVE THE ABOVE PERMIT NUMBER FOR REFERENCE WHEN YOU CALL.

THIS PERMIT WILL EXPIRE IN ACCORDANCE WITH THE TOWN OF MOUNT PLEASANT'S CODE OF ORDINANCES.

ELECTRONICALLY FILED - 2021 Mar 22 12:00 PM - CHARLESTON - COMMON PLEAS - CASE#2020CP1002398

TOWN OF MOUNT PLEASANT
100 Ann Edwards Lane
Mount Pleasant, SC 29464
Tele: (843) 884-5184
Fax: (843) 216-3869

Residential New Building Permit

PERMIT NUMBER:RN-16-123359

Permit Issue Date: 05/04/2016

Permission is hereby granted for building installation, as noted below. All work will comply with the Town of Mount Pleasant Building Codes and all other applicable State and Local Laws, Ordinances and Regulations.

NAME OF PROJECT: **1331 Myrick Rd - Lot 10**
JOB SITE ADDRESS: **1331 Myrick Rd , Mt Pleasant, SC 29464**
SUBDIVISION: **Myrick Rd-Whiteside Park**
MAP#: **532-08-00-239** ZONED AS: **RTH**
FLOOD ZONE: **X Zone**

Lot#: **Lot 10**

CONTRACTOR:
CalAtlantic Homes
216 Seven Farms Dr Ste 200
Daniel IslandSC29492
843 375 5607

OWNER:
CalAtlantic Homes, 843 375 5607
216 Seven Farms Dr Ste 200
PO Box
Daniel Island SC 29492

TYPE OF IMPROVEMENT: **New Residential Townhome - 2012 IRC - 2009 IECC - X Zone**
COST OF JOB: **$270653.00**
STRUCTURE DETAILS:
Number of Units: 0

Sprinkler System: 0
Building Height: 0
Total Sq Ft of Floor Area: 2414

APPROVALS:

FOOT/SLAB: _____ FOUNDATION: _____ SITE: _____
FRAMING: _____ INSULATION: _____ BUILDING FINAL: _____
FIRE ROUGH-IN: _____ FIRE FINAL: _____
OTHER: _____

APPLICANT:

T. LEE CAVE, BUILDING OFFICIAL:

ALL HOLDERS OF PERMIT, OR THEIR AGENTS SHALL NOTIFY THE INSPECTION DIVISION AT THE APPROPRIATE STAGE OF CONSTRUCTION SO THAT APPROVAL MAY BE GIVEN BEFORE WORK IS CONTINUED.

FOR INSPECTION CALL : 884-5184
YOU MUST HAVE THE ABOVE PERMIT NUMBER FOR REFERENCE WHEN YOU CALL.

THIS PERMIT WILL EXPIRE IN ACCORDANCE WITH THE TOWN OF MOUNT PLEASANT'S CODE OF ORDINANCES.

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TOWN OF MOUNT PLEASANT
100 Ann Edwards Lane
Mount Pleasant, SC 29464
Tele: (843) 884-5184
Fax: (843) 216-3869

Residential New Building Permit

PERMIT NUMBER:RN-16-123360

Permit Issue Date: 05/04/2016

Permission is hereby granted for building installation, as noted below. All work will comply with the Town of Mount Pleasant Building Codes and all other applicable State and Local Laws, Ordinances and Regulations.

NAME OF PROJECT: **1335 Myrick Rd - Lot 9**
JOB SITE ADDRESS: **1335 Myrick Rd , Mt Pleasant, SC 29464**
SUBDIVISION: **Myrick Rd-Whiteside Park**
MAP#: **532-08-00-238** ZONED AS: **RTH**
FLOOD ZONE: **X Zone**
Lot#: **Lot 9**

CONTRACTOR:
CalAtlantic Homes
216 Seven Farms Dr Ste 200
Daniel IslandSC29492
843 375 5607

OWNER:
CalAtlantic Homes, 843 375 5607
216 Seven Farms Dr Ste 200
PO Box
Daniel Island SC 29492

TYPE OF IMPROVEMENT: **New Residential Townhomes - 2012 IRC - 2009 IECC - X Zone**
COST OF JOB: **$242216.00**
STRUCTURE DETAILS:
Number of Units: 0

Sprinkler System: 0
Building Height: 0
Total Sq Ft of Floor Area: 2151

APPROVALS:

FOOT/SLAB: _____ FOUNDATION: _____ SITE: _____

FRAMING: _____ INSULATION: _____ BUILDING FINAL: _____

FIRE ROUGH-IN: _____ FIRE FINAL: _____

OTHER: _____

APPLICANT:

T. LEE CAVE, BUILDING OFFICIAL:

ALL HOLDERS OF PERMIT, OR THEIR AGENTS SHALL NOTIFY THE INSPECTION DIVISION AT THE APPROPRIATE STAGE OF CONSTRUCTION SO THAT APPROVAL MAY BE GIVEN BEFORE WORK IS CONTINUED.

FOR INSPECTION CALL : 884-5184
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