

**NK HOMES, LLC
ONE-YEAR LIMITED
HOME WARRANTY AND
PERFORMANCE STANDARDS**

**NK Homes
2461 Charles City Road
Richmond, VA 23231**

PRE-CLOSING WALK-THROUGH AND WARRANTY CLAIM PROCEDURES UNDER THE LIMITED WARRANTY

In accordance with the terms of the real estate sale contract (“Contract”), your NK Homes’ One-Year Limited Home Warranty (“Limited Warranty”) is being provided herein.

Only NK Homes is obligated to make warranty repairs to the home. Your warranty claims (“Requests for Warranty Service”) must be made to NK Homes in writing and mailed to its mailing address as shown above or at any other location NK Homes should designate in a written notice to you.

Just before closing, a representative of NK Homes will meet you at the home to acquaint you with many of its features such as the built in appliances, the hot water heater, garage door opener and its alarm system, if any. During the walk-through, the builder’s representative will assist you in your new home orientation and perform a pre-closing walk through punch list at which time you will note any items in the home you believe should be completed, repaired, replaced or touched-up by NK Homes.

NON-EMERGENCY REQUESTS FOR WARRANTY SERVICE

After closing, non-emergency requests for Warranty Service must be submitted to NK Homes in writing. You are encouraged to use the NK Homes Warranty Service Request Form attached hereto. Just follow the instructions given for completing and submitting the form. Before making a Request for Warranty Service, you should review the Limited Warranty and Performance Standards carefully because the Limited Warranty does not cover every item or condition in your new home that you may have a complaint or concern. If you have questions about the Limited Warranty after thoroughly reviewing it, contact NK Homes.

After NK Homes receives your written Request for Warranty Service, a NK Homes representative will usually meet you at the home to view the item or condition about which you have a complaint. You are obligated to cooperate with NK Homes by granting its representatives reasonable access to the home to investigate, monitor or correct defects and by providing them with copies of all repair estimates, inspection reports and the like, relating to your home and the alleged defects. Thereafter, NK Homes will determine if the Limited Warranty covers the items or conditions.

In the event the items or conditions described in your Request for Warranty Service are deemed by NK Homes to be covered by the Limited Warranty, NK Homes will schedule the original subcontractor or other warranty service technician chosen by NK Homes to make repairs. All repairs will be made during business hours, Monday through Friday from 8:00 a.m. to 5:00 p.m., except holidays. Only emergency repairs can be performed during non-business hours. Of course, work delays may occur due to the need to order materials, building material availability, weather conditions, scheduling conflicts, service technician availability and your availability.

Some repair work may require multiple visits to your home. If you cancel appointments for warranty work or are unable to make your home available to workers on the scheduled days, the work will be rescheduled for a later date. However, please note that the completion of the work may be significantly delayed due to such rescheduling.

After repairs are made, you will be asked to inspect them and acknowledge that signing a Warranty Service Repair Acknowledgement form performed the work. You may also be required to sign a release, releasing NK Homes from further liability with respect to the repaired items or conditions.

If all or part of your Request For Warranty Service is denied by the NK Homes and you disagree with that decision, you have the right to have your dispute decided by an arbitrator experienced in home construction matters in accordance with Section V of the Limited Warranty.

WARRANTY SERVICE REQUEST PROCEDURE APPLICABLE TO EMERGENCY SITUATIONS

NK Homes understands that not all situations that require immediate attention happen during normal business hours. Should an Emergency Situation (as defined in Section VII, Paragraph F of the Limited Warranty) arise, you must contact NK Homes by calling its telephone number shown below.

Before calling NK Homes, you should do the following:

1. HEATING AND COOLING.

- (a) **Breaker Box.** Check for a breaker switch that may need resetting. A tripped breaker must be turned all the way off and then on to reset.
- (b) **Thermostat Setting.** Most air-conditioning systems require that the thermostat switch be on “AC” and its fan switched to “auto.”
- (c) **Furnace Pilot Light.** If the pilot light is out, follow instructions on the furnace or in the manufacturer’s guide to re-light it. This does not apply to furnaces with electronic ignition.
- (d) **Bottom Cover.** Check the tightness of the bottom cover of the furnace. Sometimes the bottom panel holds in a button (similar to the button on a clothes dryer) and the furnace fan will not operate if the button is not held in place.
- (e) **Manual Switch.** There is a manual switch located on the inside of the furnace’s service panel. Be sure the switch is in the “on” position.
- (f) **Heat Pumps.** In the “Heat” mode, heat pumps may not supply sufficient BTU’s to heat the home. Switching to auxiliary heat may be required.

2. GAS OR WATER LEAKS.

- (a) **Gas Leaks.** Report any gas leak immediately to your local Gas Service Company.
- (b) **Water Shut-Off Valves.** Water shut-off valves are often located behind toilets and under sinks. Turn these valves to shut off the water supply to a particular fixture or appliance.
- (c) **Home Water Shut-Off Valve.** The water supply throughout your home can be shut off completely. This valve is normally located in the hot water tank closet.
- (d) **Exterior Water Shut-Off Valve.** Water service to the home can be shut off to eliminate all water supplied from the street to the home. This valve is usually located below the water meter cover in the front of the home near the street.

Note: Any non-contained water leak is considered an emergency situation and NK Homes should be contacted immediately.

3. ELECTRICAL.

- (a) **Breaker Box.** Check the main breaker at the top of your breaker box for a tripped breaker. A tripped breaker must be turned all the way off and then on to reset.
- (b) **GFI Switches.** Check and reset all GFI switches.

Emergency Situation is defined below in Section VII, Paragraph F. If you are not sure if your situation is an emergency situation, call NK Homes’ telephone number shown below.

**NON-EMERGENCY WARRANTY SERVICE REQUESTS ARE TO BE MADE IN WRITING AND
MUST BE SENT TO NK HOMES WHOSE MAILING ADDRESS IS:**

2461 CHARLES CITY ROAD
RICHMOND, VIRGINIA 23231

**NK HOMES'S TELEPHONE NUMBER IS: (804) 421-2935
BUSINESS HOURS ARE FROM 8 AM TO 5 PM MONDAY – FRIDAY**

**IN THE EVENT AN EMERGENCY SITUATION ARISES, A REQUEST FOR EMERGENCY
WARRANTY SERVICE MAY BE MADE BY CALLING NK HOMES' TELEPHONE NUMBER
SHOWN ABOVE. YOUR CALL WILL BE ANSWERED OR RETURNED BY NK HOMES'
DESIGNATED REPRESENTATIVE.**

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NK HOMES' ONE-YEAR LIMITED HOME WARRANTY

NK Homes, LLC, a Virginia Limited Liability Company ("NK Homes"), extends NK Homes' One-Year Limited Home Warranty to _____ ("Owners," whether one or more), who have contracted with NK Homes to build and/or purchase a new home located at Section ____, Lot _____, in the **Deerlake** subdivision ("Property"), whose legal description is: _____.

Throughout NK Homes' One-Year Limited Home Warranty, which includes the NK Homes' Performance Standards for New Home (called the "Limited Warranty"), the words "Owners," "You" and "Your" refer to the original purchasers of the home, whether one or more. You should refer to the Definitions in Section VII, so that you will understand the special terminology applicable to this Limited Warranty.

The commencement date of the Limited Warranty is _____, 20 __ ("Warranty Date"). Except for its mandatory arbitration provision, coverage under the Limited Warranty ends one year from the Warranty Date.

THIS LIMITED WARRANTY EXCLUDES COVERAGE FOR, AMONG OTHER THINGS, IMPLIED WARRANTIES, CONSEQUENTIAL DAMAGES AND CONSUMER PRODUCTS AND REQUIRES BINDING ARBITRATION OF ALL DISPUTES

I. GENERAL TERMS

- A. **Binding Arbitration.** Any and all disputes which may arise between you and NK Homes relating to the home, the property or this Limited Warranty, including (i) claims that the NK Homes was negligent or committed fraud in building the home and/or selling the property; and (ii) disputes over what is covered by this Limited Warranty shall be resolved by binding arbitration, in the manner described below.
- B. **NK Homes' Choice of Remedy.** If you discover a defect during the Limited Warranty, NK Homes will repair, replace, or pay you the reasonable cost of repairing or replacing the defect within a reasonable time after NK Homes' inspection or testing confirms the existence of the defect. The choice among repair, replacement or payment is solely that of NK Homes.
- C. **Complaints in Writing.** You must inform NK Homes of complaints under this Limited Warranty in writing. Complaints communicated only by telephone or in face-to-face discussions will not protect your rights under this Limited Warranty.
- D. **Scope of Repair.** NK Homes' repair of any defect under this Limited Warranty shall include repair and cosmetic correction of surfaces, finishes and coverings, original with the home, which require removal and replacement in order to repair the defect, or to repair other damage to the home, as originally constructed, directly attributable to the defect. NK Homes' repair under this Limited Warranty will restore damaged components of the home, original with the home, to a condition approximating the condition just prior to the defect, but not necessarily to a like new condition. Such repair, when undertaken by NK Homes, will be performed utilizing materials of like kind and quality to those original with the home.
- E. **Breach of Warranty.** This Limited Warranty shall not be considered breached by the existence of a defect, but rather is only breached by NK Homes' failure to correct a defect, following arbitration, in accordance with the Arbitrator's Award.

II. SCOPE AND TERM OF LIMITED WARRANTY

- A. NK Homes warrants solely to you that commencing with the warranty date and continuing for one year, the home will be free of the defects described in the Performance Standards as NK Homes' responsibility. Except for its mandatory arbitration provisions, this Limited Warranty terminates one year after the warranty date. Written notice of an alleged defect must be received by NK Homes within thirty days after the expiration date of the Limited Warranty, in order to be eligible hereunder.

III. ITEMS AND CONDITIONS FOR WHICH THERE IS NO NK HOMES REPAIR OBLIGATION

- A. NK Homes disclaims all liability for, and has no obligation to you under this Limited Warranty for, any of the following:
- 1) Bodily injury or any loss or damage to personal property.
 - 2) Any consequential damages, including, but not limited to, damage to the home that is caused by a covered defect but is not itself a covered defect, cost of shelter, transportation, food, moving, storage or other incidental expenses related to relocation during repairs. Some states do not allow the exclusion or limitation of incidental or consequential damages, so this limitation may not apply to you.
 - 3) Any defects caused by, contributed to, aggravated by, or resulting, in whole or in part, from: your failure to maintain the final grade of the property; changes or alterations made to the home or the property by anyone after the warranty date, except those made by NK Homes or NK Homes' employees, agents, or subcontractors; any deficiency in materials or work supplied by anyone other than NK Homes or NK Homes' employees, agents, or subcontractors; negligence, improper maintenance or improper use of the home by anyone; dampness, condensation, mold, mildew or fungus regardless of its cause or source; or failure of, or damage to, any part of the home not built by NK Homes or NK Homes' employees, agents or subcontractors.
 - 4) Any bodily injury, loss, damage, costs, expenses and any defects caused by, contributed to, aggravated by, or resulting, in whole or in part, from: fire; explosion; smoke; water escape; falling objects; aircraft; vehicles; Acts of God; lightning; hail; floods; wind driven water; insects, rodents or vermin; moisture, rot, corrosion, rust, mold, mildew or fungus; roots, vines or plants; or war, terrorist acts, vandalism or riots.
 - 5) Any defects caused by, contributed to, aggravated by, or resulting, in whole or in part, from any soil or earth movement, including, but not limited to: earthquake, landslide or mudslide; mine subsidence, sinkholes or changes in the level of the underground water table; volcanic eruption, explosion or effusion; or expansion, contraction or settling of the earth or soil on which the home is built.
 - 6) Any defects caused by, contributed to, aggravated by, or resulting, in whole or in part, from wind, including, but not limited to: hurricanes; tornadoes; tropical storms; or gale force winds.
 - 7) Any costs or expenses arising from, or any defects caused by, contributed to, aggravated by, or resulting, in whole or in part, from: the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants, including, without limitation, any liability arising from un-inhabitability or health risk attributable to pollutants, contaminants or irritants (including, without limitation, the presence or consequence of radon gas, formaldehyde, arsenic, fiberglass, methylene chloride, acids, alkalis and chemicals or any other substance or compound that is or may be in the building materials used to construct the home) or attributable to the presence of or proximity to hazardous or toxic materials; or any governmental direction or request to test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize pollutants.
 - 8) Any defects that become apparent after the home is no longer used primarily as a residence.
 - 9) Any defects caused by, contributed to, aggravated by, or resulting, in whole or in part, from abnormal loading on floors that exceed design loads.
 - 10) Any damage to consumer products.

- 11) Any defects, which you have not taken timely action to minimize.
- 12) Any defects covered by any other warranty or insurance.
- 13) Any nonconformity with building material manufacturer's installation guidelines or specifications; or local building codes, regulations, or requirements, which has not resulted in a defect. This Limited Warranty does not cover building code violations in the absence of a defect.

B. NK Homes disclaims any liability under this Limited Warranty for any loss or damage as a result of any defects, which would not have occurred in the absence of one or more of the events or conditions listed in 4,5, 6 or 7 in section "A" above. NK Homes further disclaims any liability for any such loss or damage regardless of the cause of the event or condition; other causes of the loss or damage; or whether other causes acted concurrently or in any sequence with the event or condition to produce the loss or damage.

IV. REQUESTING WARRANTY SERVICE UNDER THIS LIMITED WARRANTY

A. If you believe that the home contains a defect, your duties under this Limited Warranty are:

- 1) You must advise NK Homes by written notice, preferably by completing the NK Homes Warranty Service Request form attached as Addendum 1, which you must send to NK Homes whose address is set forth above. You must send your written notice ("Request for Warranty Service") promptly upon discovering a defect and no later than thirty (30) days after the date the Limited Warranty expires. If such Notice/Request for Warranty Service is not postmarked or received by NK Homes by that deadline, NK Homes shall have no obligation to remedy defects.
- 2) You must cooperate with NK Homes and its employees, agents and subcontractors, in every effort to investigate defects, including, without limitation, (a) upon reasonable notification to you, granting the right of reasonable access to the home to monitor, investigate, or correct defects and (b) providing NK Homes with copies of all inspection reports, repair estimates, insurance claim papers and the like, relating to the home and/or the alleged defect. In the event you withhold access to the home from NK Homes or otherwise fail to cooperate fully with NK Homes, NK Homes shall have no obligation to remedy defects.
- 3) Except at your own cost, you will not voluntarily make any payment or assume any obligation or incur any expense for the correction of items or conditions that you believe to be covered by this Limited Warranty without NK Homes' prior written approval. In the event of an emergency situation, you must contact NK Homes via its emergency service number set out above and follow its instructions. However, approval is granted to you to make reasonable and necessary repairs, temporary or permanent, provided that (a) such repairs are limited to protecting the home from further damage; (b) you notify NK Homes as soon as possible after the incident giving rise to the emergency situation occurs, but, in no event, later than five (5) days after the repairs are undertaken and (c) you keep an accurate record of such repair expenditures.

V. BINDING ARBITRATION

A. **Scope of Arbitration.** Any and all disputes arising out of, or in any way related to, this Limited Warranty or the building of the home, or sale of the property, including without limitation, disputes as to what issues must be submitted to arbitration; any alleged breach of the Limited Warranty; and alleged violations of consumer protection, unfair trade practice, or other statutes; or that NK Homes practiced fraud or was negligent or made misrepresentations, or otherwise acted fraudulently in building the home or, where applicable, selling the property, shall be submitted to binding arbitration. Further, if NK Homes fails to respond to your written notice or NK Homes does not correct the defects in the way you think this Limited Warranty requires, or NK Homes does not agree that the condition is covered by this Limited Warranty, or if any other disputes arise which relate in any way to this Limited Warranty, to the home or to the property, then such matters shall be submitted to binding arbitration.

ANY INDICATION IN THIS LIMITED WARRANTY THAT AN ITEM OR CONDITION IS NOT COVERED OR IS EXCLUDED, MEANS ONLY THAT NK HOMES IS NOT OBLIGATED TO REPAIR, REPLACE OR PAY YOU THE COST TO REPAIR OR REPLACE SUCH ITEM OR CONDITION. IT DOES NOT MEAN THAT DISPUTES OVER SUCH ITEMS OR CONDITIONS ARE EXCLUDED FROM THE PARTIES' OBLIGATION TO SUBMIT ALL THEIR DISPUTES TO ARBITRATION.

- B. **Arbitration Procedure.** The party seeking resolution of a claim or dispute must give written notice of intent to proceed to arbitration to the other party no later than thirty (30) days after the date the Limited Warranty expires. Binding arbitration shall be conducted by Montgomery & Simpson, LLP ("M&S"), 2116 Dabney Road, Suite A-1, Richmond, VA 23230, (804)-355-8744, according to its rules and procedures in effect at the time such notice is given. Upon request, the applicable rules and procedures will be provided to you by that organization. However, in the event that M&S cannot conduct the arbitration for any reason, you and the NK Homes shall each designate a person who will confer and who shall then agree upon and designate a qualified person to act as the sole arbitrator in accordance with the procedural rules set forth in the Virginia Uniform Arbitration Act. To be qualified to act as arbitrator, a person, whether chosen, selected or designated by M&S or by the parties' designees, shall have a minimum of five (5) years experience acting as an arbitrator in home warranty disputes in Virginia. The arbitrator shall determine your and NK Homes' rights and obligations under this Limited Warranty and applicable law, except that, you and NK Homes agree that the arbitrator shall have no authority to award either party rescission of the sale/construction contract, consequential or incidental damages, punitive damages or any remedy prohibited under the Limited Warranty or the sale/construction contract. The award of the arbitrator shall be final, binding, and enforceable as to both you and NK Homes. You and NK Homes agree that construction of the home involves commerce and that disputes arising out of, or in any way related to, the Limited Warranty shall be governed by the Federal Arbitration Act (9 U.S.C. § 1 *et seq.*) and not by the Virginia Uniform Arbitration Act, the provisions of which you and NK Homes both waive to the fullest extent allowed by law. However, notwithstanding the parties' choice of law and waiver, the rules of procedure set forth in the Virginia Uniform Arbitration Act shall apply in the event that M&S does not conduct the arbitration.
- C. **Exclusive Forum: Cost of Arbitration.** Arbitration shall be the exclusive forum for resolving disputes for both you and NK Homes, even if the **Limited Warranty** has expired. The required filing fee shall be paid by the party initiating arbitration, but the arbitrator's award shall split the cost of arbitration between the parties equally. Except as provided in paragraph "D" below, each party shall pay their own attorney's fees.
- D. **Attorney's Fees.** This **Limited Warranty** provides for mandatory arbitration of disputes. If any party commences litigation in violation of the arbitration provisions in this Limited Warranty, such party shall reimburse the other parties to the litigation an amount equal to their costs and expenses, including reasonable attorney's fees incurred in seeking the dismissal or a stay of such litigation. The parties agree that either the court in which the litigation was stayed or dismissed or the arbitrator can enter an order or judgment for such costs and attorney's fees.

VI. GENERAL CONDITIONS

- A. **Limit of Liability** NK Homes' limit of liability under this Limited Warranty is the amount of the purchase price of the home less the fair market value of the land on which it is located. That amount is the most the NK Homes will expend or pay for all defects regardless of the number of warranty claims made. You must sign a full release of all legal obligations with respect to the defects when NK Homes has finished correcting or replacing the defects, or when NK Homes has paid you the actual cost of correcting or replacing the defects.
- B. **No Assignment to Subsequent Homeowners** This Limited Warranty shall not transfer to a subsequent homeowner to whom the home is sold.
- C. **Assignment of Manufacturers' Warranties** NK Homes hereby assigns to you the manufacturers' warranties on all appliances and equipment installed in the home. You should follow the procedure set forth in the applicable

manufacturer's warranty should any appliance or item of equipment malfunction. NK Homes' obligation under this Limited Warranty as to any appliances and equipment installed by NK Homes in the home is limited to the workmanlike installation of such appliances and equipment.

D. General Provisions

1. Should a court of competent jurisdiction, that determination will not affect the enforceability of the remaining provisions deem any provision of this Limited Warranty unenforceable.
2. Use of one gender in this Limited Warranty includes all other genders, and the use of the plural includes the singular, as may be appropriate.
3. This Limited Warranty is to be construed in accordance with the laws of the State of Virginia except insofar as the Federal Arbitration Act governs it.

E. **Other Warranties; Insurance.** In the event that NK Homes repairs, replaces, or pays you the reasonable cost to repair or replace a defect, or other related damage to the home covered by this Limited Warranty, and such repair or replacement is covered by another warranty or by insurance, you must, upon NK Homes' request, assign the proceeds of such warranties and/or insurance, or your rights under such warranties and/or insurance, to NK Homes to the extent of NK Homes' cost of such repair or replacement. This paragraph in no way modifies or amends Section III, Items and Conditions for which there is no NK Homes repair obligation.

VII. DEFINITIONS

- A. NK Homes means the entity that built the home identified on page 1 of this Limited Warranty.
- B. Consequential Damages means any loss or injury other than the actual cost to correct defects, including, without limitation, costs of shelter, transportation, food, moving and storage; other incidental expenses related to inconvenience or relocation during repairs to the home; or the diminished market value of the home resulting from a defect, whether corrected or not.
- C. Consumer Product means any appliance, item of equipment, or other item in the home, which is a consumer product as defined in the Magnuson-Moss Warranty Act (15 U.S.C. § 2301, *et seq.*). The following are examples of consumer products, although other items in the home may be consumer products: refrigerator, trash compactor, range, dishwasher, garbage disposal, hot water heater, microwave or other oven, clothes washer and dryer, and thermostat.
- D. Defect means a deficiency in workmanship or materials used in constructing the home, where the deficiency fails to conform to the standards and warranted tolerances set out in the performance standards, and which results in actual physical damage to the home.
- E. Deflection means the difference in elevation of high and low points along a diagonal, horizontal, or vertical plane caused by stress-induced deformation of a load-bearing member. Deflection is measured from any two end points and a third reference point. The reference point may be located at any distance between the two end points.
- F. Emergency Situation means an event or condition that creates imminent potential for damage to the home or creates a substantially unsafe living condition due to a defect that becomes evident to you at a time other than during NK Homes' normal business hours.
- G. Home means a single-family house (attached or detached) covered by this Limited Warranty. The term does not include the following, without limitation: outbuildings, including detached garages and detached carports (except outbuildings which contain the plumbing, electrical, heating, cooling or ventilation systems serving the home); swimming pools and other recreational facilities; driveways; walkways; patios; decks; porch stoops; boundary walls; retaining walls; bulkheads; fences; landscaping (including, without limitation, sod, seeding, shrubs, trees and plantings); off-site improvement(s); or any other improvements that are not physically part of the home.
- H. Homeowner or owner means the first person(s) to whom the home is sold or for whom such home is constructed.
- I. Limited Warranty means only this express warranty, including the Performance Standards, provided to you by NK Homes.
- J. Performance Standards means those standards and tolerances for materials and workmanship given to you by NK

Homes, which are incorporated by reference into this Limited Warranty.

- K. Pollutants shall mean any solid, liquid, gaseous or thermal irritant or contaminant, including formaldehyde, arsenic, fiberglass, methylene chloride or other chemical, compound or substance, including pesticides, found in the building materials used to construct the home; petroleum products; radon gas; smoke; vapor; soot; fumes; acids; alkalis; and chemicals; mold, mildew, fungus and the spores produced by them, including any toxic substance, compound or bioaerosol produced by or associated with them; and waste. Waste shall include, without limitation, materials to be recycled, reconditioned, or reclaimed.
- L. **Systems** mean the following:
 - 1) plumbing system, consisting of all 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 services piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system;
 - 2) electrical system, consisting of all wiring, electrical boxes, switches, outlets, and connections up to the public utility connections; and
 - 3) heating, cooling and ventilation system, consisting of all ductwork; steam, water, and refrigerant lines; and registers, connectors, radiation elements and dampers.
- M. Warranty Date means the date on which title to the property is transferred by NK Homes to you or the date that the home is first used by you for residential purposes, whichever occurs first.

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VIII. THE ONLY WARRANTY GIVEN BY NK HOMES, LLC DISCLAIMER AND OWNERS' ACKNOWLEDGEMENTS AND WAIVERS

BY SIGNING BELOW, YOU ACKNOWLEDGE THAT: YOU HAVE THOROUGHLY EXAMINED THE HOME; YOU RECEIVED A COPY OF THE LIMITED WARRANTY WHEN YOU CLOSED THE SALES CONTRACT AND YOU HAVE READ, UNDERSTAND AND AGREE TO THE LIMITED WARRANTY AND PERFORMANCE STANDARDS WHICH REQUIRE NK HOMES TO REPAIR OR REPLACE ONLY THE DEFECTS OR CONDITIONS DESCRIBED THEREIN AS NK HOMES' RESPONSIBILITY.

YOU FURTHER ACKNOWLEDGE AND AGREE THAT: NO IMPLIED WARRANTIES WHATSOEVER APPLY TO THE HOME OR THE PROPERTY; NK HOMES DISCLAIMS, AND YOU WAIVE, ANY IMPLIED WARRANTIES INCLUDING, BUT NOT LIMITED TO, HABITABILITY, FITNESS FOR A PARTICULAR PURPOSE, WORKMANSHIP AND MATERIALS, AND MERCHANTABILITY, TO THE EXTENT ALLOWED BY LAW; AND ANY IMPLIED WARRANTIES THAT EXIST DESPITE THIS DISCLAIMER AND WAIVER ARE LIMITED TO A PERIOD OF ONE YEAR FROM THE DATE OF CLOSING OR INITIAL OCCUPANCY, WHICHEVER OCCURS FIRST. SOME STATES DO NOT ALLOW LIMITATIONS ON HOW LONG IMPLIED WARRANTY LASTS, SO THIS LIMITATION MAY NOT APPLY TO YOU.

OWNER'S Signature _____

OWNER'S Signature _____

NK HOMES,LLC: _____

**LIMITED WARRANTY
ADDENDUM 1**

Mail to:
NK HOMES
 2461 Charles City Road
 Richmond, Virginia 23231

Date: _____

NK HOMES WARRANTY SERVICE REQUEST FORM

Owners' name: _____
Address: _____
Telephone (Home): _____
Telephone (Office): _____
Telephone (Cell): _____

CLOSING DATE: _____
 (Or Initial Occupancy whichever came first)

DESCRIBE DEFECT OR ITEM TO BE REPAIRED	FOR OFFICE USE ONLY	
	PERSON WORK ASSIGNED TO	ESTIMATED DATE WORK TO COMMENCE

NOTES:

 OWNER

 OWNER

**NK HOMES' LIMITED WARRANTY
PERFORMANCE STANDARDS FOR
NEW HOME**

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PERFORMANCE STANDARDS

- I. **Introduction.** The following Introduction is intended as an overview to generally acquaint you with NK Homes' responsibilities under the Limited Warranty. Generally speaking, if a defect, as defined under the Limited Warranty, results in actual physical damage to the home, the NK Homes has an obligation to make repairs. The performance standards, which are a part of the Limited Warranty, are used to determine the extent of NK Homes' repair obligations.

NOTE: Your new home, no matter how carefully it was constructed, will go through a period of adjustment. Generally this happens during one cycle of the seasons or one (1) year. It is normal to expect some wood shrinkage, hairline cracks or warping. NK Homes will remedy such conditions ONLY where they exceed the tolerances allowed in the performance standards.

- II. **Your Responsibilities.** Your home requires active maintenance on your part.

NOTE: Damage caused or made worse by your negligence, improper maintenance, or improper operation is expressly excluded under the Limited Warranty.

- III. **Performance Standards.** The performance standards list common defects and conditions in new homes and tell which are covered under the Limited Warranty. The performance standards also explain both the NK Homes' responsibilities and your responsibilities.

The performance standards are grouped according to the type of material or portion of the home affected by a defect or condition. They are then divided into the specific item or work affected, and then by the actual problem or condition.

You will find some items or conditions listed in the performance standards for which there is no NK Homes responsibility to repair or remedy under the Limited Warranty. Such items or conditions tend to occur naturally, are too small to detract from the overall appearance, utility or stability of the home, or are items or conditions as to which the NK Homes has disclaimed, and/or you have waived, any NK Homes liability or repair responsibility. Such items are your responsibility as are any items or conditions that are not specifically described in the Limited Warranty as being the responsibility of NK Homes.

Under the Limited Warranty the choice as to scope of repair, repair technique, or replacement versus payment for the cost of repair or replacement is solely that of NK Homes. Further, NK Homes will make a reasonable effort to match colors, patterns and dyes of all repaired or replaced materials, finishes, etc. An exact match is often not possible due to changes in color lots, discontinued patterns, fading and the like.

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Type of Material or Area of your home	Specific Item	Problem or Condition Covered	Year	Building Standard for NK Homes	Your Responsibility
A. Site Work	1. Site Grading	a. Settling of ground around foundation, utility trenches or other filled area interferes with water draining away from the home	1	NK Homes will fill settled areas that affect the proper drainage, one time only.	Install guttering around the home. Remove and replace shrubs, sod or other landscaping affected by the placement of the fill.
	2. Site Drainage	a. Improper drainage of the site	1	NK Homes will establish the proper grades and swales (sloped low areas) for water to properly drain away from the home. Water will not stand or pond within 10 feet of the home for extended periods after a rain (usually not more than 24 hours). For swales which drain other areas or where sump pumps discharge; a longer time is not unusual. It is normal for water to stand after a heavy rainfall. Grading or ponding determinations will not be made while there is frost or snow on the ground, or while the ground is saturated or frozen.	Maintain the grades and swales after they have been properly established by NK Homes. Insure established drainage patterns are not impeded by landscaping, decking, patios, pools, driveways, walls, etc. that you install. Do not change the grade of the soil away from the foundation by building planters, raised beds or other blocking construction. Damage caused by changes in drainage and grading is not covered. Where a sump pit has been installed by NK Homes but the sump pump was not contracted for or installed by NK Homes, you must install a properly sized pump in attempt to correct the condition.
B. Concrete	1. Cast-in-place concrete	a. Cracks in basement walls, or foundation walls, stem walls or floor slabs	1	Cracks are not unusual in concrete. NK Homes will repair by surface patching cracks more than 1/8" wide.	
		b. Cracks in basement floor	1	Minor cracks in basement floors are normal. NK Homes will repair cracks more than 3/16" wide or 3/16" in vertical displacement.	
		c. Cracks in slab in attached garage	1	NK Homes will repair cracks in garage slabs more than 1/4" wide or 1/4" in vertical displacement.	

Type of Material or Area of your home	Specific Item	Problem or Condition Covered	Year	Building Standard for NK Homes	Your Responsibility
		d. Uneven concrete floors or slabs	1	Concrete floors in rooms designed for habitability (as living space) will not have pits, depressions, or raised surfaces greater than 1/2" in 30". NK Homes will repair these defects.	
		e. Cracks in concrete slab- on-grade floors under finished flooring	1	NK Homes will repair cracks that rupture the finished flooring material so the cracks are not readily apparent when the finished flooring material is in place. (See also Performance Standard G, "Finishes.")	
		f. Pitting, scaling or spalling (flakes, chipping) of concrete surfaces covered by the Limited Warranty	1	It is normal for some minor chipping of the surface to occur. Concrete surfaces should not disintegrate so that the aggregate is loose under normal use and weather conditions. NK Homes will repair concrete surfaces. NK Homes is not responsible for deterioration caused by salt, chemicals, mechanical implements or other factors beyond NK Homes' control.	Avoid damaging concrete with salt, chemicals, mechanical equipment, etc.
		g. Settling, heaving or separating of stoops, steps or garage floors	1	Stoops, steps or garage floors will not settle, heave or separate more than 1" from the home. NK Homes will repair these defects.	
		h. Standing water on stoops	1	Water should drain from outdoor stoops and steps. However, it is normal for small amounts of water to stand on stoops for short periods after it rains. NK Homes will correct any improper drainage.	
		i. Cracks in driveways, walkways, patios, decks, porch stoops, boundary walls and retaining walls	0	These items are not covered by the Limited Warranty.	

Type of Material or Area of your home	Specific Item	Problem or Condition Covered	Year	Building Standard for NK Homes	Your Responsibility
C. Masonry	1. Unit Masonry	a. Cracks in masonry basement or foundation walls	1	Cracks up to 1/8" wide are not unusual in mortar joints of masonry foundation walls. NK Homes will repair cracks more than 1/8" wide.	
		b. Cracks in masonry or veneer walls	1	Cracks up to 3/8" wide due to shrinkage are common in mortar joints in masonry construction. NK Homes will repair cracks more than 3/8" wide by "repointing." NK Homes will not be responsible for any difference in the color of the old and new mortar.	
		c. Mortar used in brick veneer, fireplaces or chimneys is excessively sandy or of low tensile or bond strength	1	NK Homes will correct these conditions by repointing affected areas. Under no circumstances will NK Homes be required to tear down and replace brick veneer, fireplaces or chimneys.	Do not allow sprinklers to spray directly onto exterior veneer.
D. Wood & Plastic	1. Rough carpentry	a. Squeaking floors or sub floors that appear loose	1	These conditions are often temporary in new homes. NK Homes will correct these conditions only if they are caused by underlying defects in construction. A squeak proof floor cannot be guaranteed.	
		b. Uneven wood floors	1	NK Homes will repair any floors that have more than 1/4" ridge or depression within any 30" measurement when measured in any direction to the joists.	
		c. Bowed walls or other interior exposed surfaces.	1	All interior and exterior walls have slight variances on their finished surfaces. Bowing of walls will not detract from or blemish the wall's finished surface. NK Homes will repair any walls which bow more than 3/8" out of line within any 30" horizontal or vertical measurement taken a minimum of 16" from any sheetrock corner or opening.	

Type of Material or Area of your home	Specific Item	Problem or Condition Covered	Year	Building Standard for NK Homes	Your Responsibility
		d. Out-of-plumb walls	1	NK Homes will repair any walls that are more than 1/4" out-of-plumb for any 30" vertical measurement.	
	2. Kitchen cabinets	a. Warped kitchen cabinets	1	NK Homes will repair any doors or drawer fronts that are warped more than 1/4". This condition is measured by closing the drawer or door and measuring from the face frame to the point of furthest warp age. NK Homes is not responsible for matching cabinet finishes.	
		b. Gaps between the cabinets, or between the cabinets, ceiling, or walls	1	NK Homes will correct any gap that is more than 1/4" wide.	Do not overload cabinets.
		c. Split in panels of a cabinet door	1	If light is visible through the split in a panel, NK Homes will repair the panel.	
	3. Countertops	a. Separation from wall	1	NK Homes will repair the crack. Caulking is acceptable. NK Homes will repair only once after closing or first occupancy, whichever occurs first.	
	4. Interior finish carpentry (trim inside the home)	a. Trim/molding has open joints between molding and the surface areas to which the moldings are attached.	1	NK Homes will repair open joints in moldings or between moldings and surfaces if the gaps are more than 1/8" wide. Caulking is acceptable.	
	5. Exterior finish carpentry (wood siding, or masonry trim on the outside of the home)	a. Trim has open joints between pieces of trim, including siding and masonry	1	NK Homes will repair any open joints that are more than 3/8" wide or which do not keep out the elements.	Maintain exterior finish by caulking and painting.
E. Thermal and moisture protecting materials	1. Waterproofing	a. Leaks in basement	1	Dampness on the walls or floors in the basement is not a defect. However, if water is actually trickling into the basement, NK Homes will repair the leaks.	Maintain proper grades and drainage around the home and landscape properly to avoid water problems in the home.

Type of Material or Area of your home	Specific Item	Problem or Condition Covered	Year	Building Standard for NK Homes	Your Responsibility
	2. Insulation	a. Insufficient insulation	1	NK Homes will insulate the home as required to meet applicable building code requirements. Insulation does not render a wall or room soundproof.	
	3. Louvers and vents	a. Rain or snow leaks into the attic through louvers and vents	0	Homes must have louvers and vents for proper ventilation. Rain or snow will sometimes come through these openings.	
	4. Roofing and siding	a. Ice build-up on roof	0	During prolonged cold spells, ice is likely to build up at the eaves of the roof. This build-up will occur when snow and ice accumulate and gutters and downspouts freeze up.	Remove ice build up.
		b. Leaks in roof or flashing	1	NK Homes will repair roof or flashing leaks. Leaks caused by ice build-up are not NK Homes' responsibility.	Clean leaves from valleys, gutters and downspouts.
		c. Standing water on a flat roof	1	It is not unusual for minor ponding to occur on a flat roof for up to 24 hours after a rainfall. However, if water is not draining properly, NK Homes will correct the drainage. NK Homes is not responsible if the roof was specifically designed to retain water or if it has a design flaw.	
		d. Delaminating of veneer siding or joint separation	1	All siding will be installed so that it meets the manufacturer's standards and industry standards and is sufficiently painted or protected. NK Homes will repair or replace any siding that delaminates or separates. NK Homes will only paint new materials as part of the repair. The paint may not be an exact match to the original colors.	Protect the siding from damage, such as leaning heavy objects against siding, ball dents, and water from sprinklers striking the siding. Annually, seal or re-caulk siding.
		e. Gaps in wood siding	0	Gaps on end and side edge may occur due to normal expansion and contraction. NK Homes cannot control wood expansion and contraction.	

Type of Material or Area of your home	Specific Item	Problem or Condition Covered	Year	Building Standard for NK Homes	Your Responsibility
	5. Sheet metal	a. Leaks in gutters and/or down-spouts	1	Gutters and downspouts may overflow during heavy rains. They should not leak at connections. NK Homes will repair leaks.	Keep leaves and debris out of gutters so that water can flow properly. Do not lean ladders against gutters and downspouts.
		b. Standing water in gutters	1	Small amounts of water may stand in a gutter after a rain. If the water is more than 1" deep in a gutter and the gutter is not clogged with debris, NK Homes will repair the gutter so that water can drain properly.	Keep leaves and debris out of gutters so that water can flow properly.
	6. Sealants	a. Leaks in exterior (outside) walls because caulking is inadequate	1	If water is coming into the home, NK Homes will repair leaking joints or cracks in the exterior wall surface, around openings and flashings.	Properly installed caulking may shrink. You must maintain caulking during the life of the home.
F. Doors and windows	1. Wood and plastic doors	a. Outside doors are warped	1	NK Homes will repair any doors that warp to the extent that they satisfy one of the following: - they no longer work; - they are no longer weather resistant; or - they warp more than 1/2", when measured diagonally from corner to corner on a 3-0 x 6-8 door NK Homes will refinish any new doors to match other doors as closely as possible.	If you paint outside doors, doors must be properly prepared.
		b. Inside doors or closet doors are warped	1	NK Homes will repair any doors that warp more than 1/2", when measured diagonally from corner to corner on a 3-0 x 6-8 door. In the event NK Homes installs a new door, NK Homes will finish new door to match other doors as closely as possible.	
		c. Panels in doors shrink so that raw wood edges show	0	It is normal for panels to shrink.	

Type of Material or Area of your home	Specific Item	Problem or Condition Covered	Year	Building Standard for NK Homes	Your Responsibility
		d. Split in panels of a door	1	If light is visible through the split in a panel, NK Homes will repair the panel. NK Homes will make this repair only once after closing or first occupancy, whichever occurs first.	
	2. Garage doors on garages that are attached to the home	a. Garage doors do not operate properly	1	If garage doors do not operate properly under normal use, NK Homes will adjust or correct them. If you install a garage door opener, NK Homes is no longer responsible for the operation of the garage door.	Keep all movable parts lubricated.
		b. Rain or snow leaks in through garage doors	1	Garage doors will be installed in accordance with manufacturer's specifications. NK Homes will repair leaks resulting from a failure to properly install the garage doors. During severe weather conditions, some leakage may be normal.	
	3. Wood, plastic, and metal windows	a. Windows do not function properly	1	NK Homes will correct the windows so that they are reasonably easy to operate.	Keep tracks and roller cleaned, lubricated and adjusted.
		b. Condensation and/or frost on inside surfaces of windows	0	Condensation may occur on the interior window surfaces with extremes in temperature and humidity. Individual living habits can impact humidity levels. These conditions are beyond NK Homes control and NK Homes has no responsibility.	If a humidifier is installed, you must follow the manufacturer's recommendations for proper setting of the humidistat.
	4. Weather stripping and seals	a. Air leaks in around doors and windows	1	Doors and windows will be insulated according to the manufacturer's standards. If air comes in because doors, windows, or weather-stripping were fitted poorly, NK Homes will repair the improperly fitted doors, windows, or weather-stripping.	If you live in an area with high winds, storm doors and windows may have to be installed.
	5. Sliding doors	a. Sliding doors do not operate properly	1	Sliding doors will be installed according to the manufacturer's specifications. NK Homes will repair inoperative sliding doors.	Keep tracks and rollers cleaned, lubricated, and adjusted.

Type of Material or Area of your home	Specific Item	Problem or Condition Covered	Year	Building Standard for NK Homes	Your Responsibility
	6. Glass	a. Broken glass	0	NK Homes will repair broken glass reported to NK Homes prior to closing or at first occupancy, whichever occurs first.	Report to NK Homes all broken glass prior to closing or at first occupancy, whichever occurs first.
	7. Hardware	a. Locks on doors or windows do not operate properly.	1	NK Homes will repair any hardware that does not meet manufacturer's standards.	
G. Finishes	1. Lath and plaster	a. Cracks in inside walls and ceilings	1	Cracks in inside walls and ceilings are not unusual. NK Homes will repair all cracks that are more than 1/8" wide. NK Homes will repair these cracks only once.	
	2. Gypsum wallboard	a. Nail pops, blisters in tape, and other blemishes on inside walls and ceilings	1	NK Homes will correct these imperfections only once.	
		b. Cracks	1	If the wallboard has cracks that are more than 1/8" wide, NK Homes will repair.	
	3. Ceramic tile	a. Chips or cracks in floor, counter, or wall tile	0	NK Homes will replace cracked or chipped tiles reported to NK Homes prior to closing or first occupancy. NK Homes will not be responsible to match tile patterns and color between the old and the new tile and grout.	Report to NK Homes all cracked or chipped tiles prior to closing or first occupancy, whichever occurs first.
		b. Loose floor, counter or wall tile	1	NK Homes will resecure loose tiles.	
		c. Cracks in grouting of ceramic tile joints or at junctions between tiles and other materials (e.g., between tiles and bathtub)	1	Cracks in grouting of ceramic tile joints are commonly caused by normal shrinking of the grouting. NK Homes will repair cracked grouting only once. NK Homes will not be responsible for discontinued grout or for differences in color between the old and the new grout.	RegROUT cracks during the lifetime of the home.
	4. Finished wood floors	a. Cracks between the floor boards	1	NK Homes will repair all cracks that are more than 1/8" wide.	
	5. Resilient flooring or floor covering	a. Nail pops on surface of resilient floor covering	1	NK Homes will repair any nail pops that break the surface of the flooring.	

Type of Material or Area of your home	Specific Item	Problem or Condition Covered	Year	Building Standard for NK Homes	Your Responsibility
		b. Depressions or ridges in resilient flooring because the sub floor is irregular	1	NK Homes will repair any ridges or depressions which are readily apparent and which are more than 1/8" high or deep. The ridge or depression measurement is the gap created at one end of a 6" straight- edge placed over the depression or ridge with 3" of the straightedge on one side of the defect, held tightly to the floor. NK Homes will not be responsible to match the old and the new flooring.	
		c. Resilient flooring lifts, bubbles, or becomes unglued	1	NK Homes will repair these defects.	
		d. Visible seams or shrinkage gaps at joints of resilient flooring	1	If the gaps are more than 1/16" wide between pieces of resilient flooring, NK Homes will repair them. If the gaps between flooring and other materials are more than 1/8" wide, NK Homes will repair the affected area only.	
		e. Cuts and gouges	0	NK Homes will repair cuts and gouges reported prior to closing.	Report to NK Homes prior to closing.
	6. Paint, stain, or varnish	a. Deteriorating, fading, or peeling of outside paint	1	Fading of a paint or stain is normal and not considered a defect. The amount of fading will depend on the climate where the home is located. NK Homes will repair paint, stain or varnish which peels or deteriorates. NK Homes will properly prepare and refinish any areas that are affected.	
		b. Painting made necessary by other repair work	1	If painting is required because of other repair work, NK Homes will paint to match surrounding areas as closely as possible.	
		c. Deteriorating varnish or lacquer finish on outside woodwork	0	Varnish or lacquer on outside woodwork deteriorates quickly and is not covered.	

Type of Material or Area of your home	Specific Item	Problem or Condition Covered	Year	Building Standard for NK Homes	Your Responsibility
		d. Deteriorating varnish or lacquer finish on inside woodwork	1	NK Homes will retouch areas of the woodwork where the finish has deteriorated. NK Homes will make this repair only once.	
		e. Mold, mildew or fungus on surfaces	0	NK Homes will remove mildew or fungus reported to NK Homes prior to closing or first occupancy. Mold, mildew or fungus may form on surfaces over time because of warmth and moisture.	See Addendum No. 2 Report to NK Homes prior to closing. Clean mildew or fungus regularly from exterior or interior surfaces. Prevent or eliminate condensation and moisture intrusion in home.
		f. Deteriorating, fading, or peeling of interior paint	1	Interior painted surface should not deteriorate, fade, or peel. NK Homes will touch-up only the affected areas one time after closing.	Maintain interior paint per manufacturer's specifications.
	7. Wall coverings	a. Peeling wall covering	1	NK Homes will repair wall covering which peels within the first year.	
		b. Mismatched edges of wall covering, pattern mismatch, and open seams.	0	NK Homes will repair these conditions when reported to NK Homes prior to closing.	
	8. Carpeting	a. Open seams in carpeting	1	Visible carpet seams are not a defect. NK Homes will repair any openings or gaps in the seams.	
		b. Wall-to-wall carpeting comes up, is loose, or stretched.	1	If NK Homes originally installed wall-to-wall carpeting as a primary floor covering, NK Homes will resecure or restretch any of the carpeting that has loosened from the material to which it was attached.	
		c. Spots or minor fading on carpet	0	Spots and/or minor fading can occur naturally when a carpet is exposed to light. NK Homes has no responsibility for this condition.	

Type of Material or Area of your home	Specific Item	Problem or Condition Covered	Year	Building Standard for NK Homes	Your Responsibility
	9. Stucco	a. Cracks in outside stucco walls	1	Cracks are not unusual in the surfaces of outside stucco walls. NK Homes will repair within the first year, any cracks that are more than 1/8" wide.	
	10. Marble, real or synthetic, plastic laminate, porcelain, and fiberglass	a. Scratches, nicks, chips, or blemishes	0	NK Homes will repair scratches, nicks, chips, or blemishes reported to NK Homes prior to closing. NK Homes is not responsible for discontinued patterns or for differences in color between old and new.	Report to NK Homes prior to closing.
H. Louvers, vents, and fireplaces	1. Louvers and vents	a. Inadequate ventilation of attics and crawl spaces	1	NK Homes will repair the louvers and vents so that they provide proper ventilation. NK Homes will not be responsible for problems caused by the alteration of the original ventilation system.	
	2. Fireplaces and chimneys	a. Improper drawing of fireplace or chimney	1	Several things can cause temporary negative draft situations in a fireplace or chimney. These include high winds, obstructions such as large branches or trees too close to the chimney, or tight insulation and weatherproofing throughout the house. NK Homes will not be responsible for these problems. If the draft problem is caused by improper installation, NK Homes will repair the problem.	Insure there is sufficient fresh air make-up for the flue to draw properly. Before the beginning of the season that you will use the fireplace, look for any obstructions and clear prior to use.
		b. Separation of chimney from the structure to which it is attached	1	It is not unusual for a new chimney to separate slightly from the structure to which it is attached. NK Homes will repair any chimney that has separated from the home more than 2" in any 10 feet vertical measurement.	
		c. Firebox (area where the fire burns) paint has changed	0	The heat from a fire can naturally change any finish on the firebox. This condition is not covered.	

Type of Material or Area of your home	Specific Item	Problem or Condition Covered	Year	Building Standard for NK Homes	Your Responsibility
		d. Cracks in firebrick (brick that lines the fireplace) and mortar joints	0	Roaring fires can naturally cause this cracking. This condition is not a defect.	
I. Mechanical systems	1. Plumbing, water supply, and septic systems	a. Plumbing pipes have frozen and burst	1	Drain, waste, vent, and water pipes will be adequately protected to prevent freezing as required by the applicable building code. NK Homes will repair any pipes not meeting the building code.	Drain water pipes and outside faucets when they are exposed to freezing temperatures.
		b. Leaks in faucets or valves	1	NK Homes will repair or replace any faucets or valves that leak because of defects in workmanship or materials.	
		c. Defects in plumbing fixtures or trim fittings	1	NK Homes will repair any fixture or fitting which does not meet the manufacturer's standards.	
		d. Noisy water pipes	1	Some noise in the water pipes is natural and comes from the flow of water and from the pipes expanding. If there is a pounding noise from improperly anchored pipes, NK Homes will repair.	
		e. Leaks in pipes	1	NK Homes will repair any leaks in the drain, waste, vent or water pipes. Condensation on pipes is not the same as a leak, and is not a defect.	
		f. Stopped up sewers, fixtures, and drains	1	NK Homes will repair all sewers, fixtures, and drains that are clogged because of defects in construction. NK Homes is not responsible for any defect that is not construction related, including any failure of municipal systems.	If sewers, fixtures, and drains are clogged because of your actions, then you will pay the cost of repairing them.

Type of Material or Area of your home	Specific Item	Problem or Condition Covered	Year	Building Standard for NK Homes	Your Responsibility
		g. Water supply system does not deliver water	1	NK Homes is responsible for connecting all on-site service to municipal water mains and to private water supplies. NK Homes is also responsible for making sure that an individual well on-site is installed to comply with all building and plumbing requirements. NK Homes will repair problems caused by defects in workmanship and materials. NK Homes is not responsible for problems caused by conditions beyond NK Homes' control. NK Homes is not responsible for water quality.	
		h. Septic tank, distribution box and pump do not meet state, county or local requirements.	1	Septic tank must meet state, county, or local requirements. NK Homes will repair any septic system that cannot properly handle the normal flow of household waste because of defects in workmanship or materials. NK Homes is not responsible for conditions beyond NK Homes' control, such as freezing, saturated soil, an increase in the elevation of the water table, excessive use of the system, or limitations established by the local governing agency.	Properly maintain the septic tank system to include proper grades, landscaping, and protection from vehicular traffic or excessive weight which would result in soil compaction. Tanks may need to be pumped during periods of excessive use or extended rainfall.
		i. Septic drain fields	1	Septic drain fields will meet state, county, or local requirements. NK Homes will repair any septic drain fields that cannot properly handle the normal flow of household waste because of defects in workmanship or materials. NK Homes is not responsible for conditions beyond NK Homes' control, such as freezing, saturated soils, increase in the elevation of the water table, excessive use of the system, or limitations established by the local governing agency.	

Type of Material or Area of your home	Specific Item	Problem or Condition Covered	Year	Building Standard for NK Homes	Your Responsibility
	2. Heating system	a. Inadequate heating	1	Heating system is designed to maintain an indoor temperature of 70° F. The temperature is measured in the center of each room at a height of 5 feet above the floor. Federal, state, or local energy requirements take precedence. NK Homes will repair the heating system so that it provides the required temperature.	Balance dampers and registers and make other minor adjustments for change of seasons. Maintain unit per manufacturer's specifications.
		b. Leaks in refrigerant lines	1	NK Homes will repair all leaking refrigerant lines and will recharge the unit, unless you caused the damage.	
	3. Refrigeration	a. Inadequate air conditioning	1	Cooling system is designed to maintain an indoor temperature of 78° F. The temperature is measured in the center of each room at a height of 5 feet above the floor. If the temperature outside is above 95° F, cooling system must be able to maintain an inside temperature that is 15° below the outside temperature. Federal, state, or local energy requirements take precedence. NK Homes will repair the cooling system so that it provides the required temperature.	Balance dampers and registers and make other minor adjustments for change of seasons and maintain proper window treatment to optimize cooling capabilities. Maintain unit per manufacturer's specifications.
	4. Condensation drain lines	a. Clogged condensation drain lines	0	NK Homes will provide clear condensation drain lines at closing. After this, You are responsible for keeping the condensation drain lines clear.	Condensation drain lines may clog, under normal use. You should keep these clear. Prior to using the cooling system each season, check condensation lines to ensure the drain lines are clear.
	5. Evaporative cooling system	a. Mechanical part of the evaporative cooling system does not operate properly	1	NK Homes will correct or adjust the blower and the water system so that it functions properly.	

Type of Material or Area of your home	Specific Item	Problem or Condition Covered	Year	Building Standard for NK Homes	Your Responsibility
	6. Air distribution system	a. Ductwork makes ticking and crackling noises	0	The ductwork may make ticking and crackling noises when the metal in it expands from the heat and contracts from the cold. This condition is natural and is not covered.	
		b. Ductwork makes a booming noise	1	This booming is called "oil canning." NK Homes will repair the ductwork.	
		c. Separated or unattached ductwork	1	NK Homes will re-attach or re-secure all ductwork that has become separated or unattached.	You should not walk on, place heavy objects against or otherwise subject ductwork to unusual loads.
		d. Water seeps into heating and/or air conditioning ducts located under the floor slab.	1	NK Homes cannot control the natural rise in ground water levels after it rains. If NK Homes has failed to construct the home in a good and workmanlike manner and such failure allows water to seep into the ducts causing the heat and air conditioning system to malfunction and You have met your responsibilities under the Limited Warranty, NK Homes, at the its sole election, may do one or more of the following to correct this problem: 1. Regrade the problem area; 2. Put a sump pump in the plenum; or 3. Install new ductwork in areas other than beneath the slab.	Do not landscape property by building up flower beds or adding trees close to or around the foundation; do not over-water lawns and landscaping or let sprinklers saturate ground around the home. Install guttering; install a french drain system.
J. Electrical system	1. Electrical conductors, fuses, and circuit breakers	a. Fuses blow or circuit breakers (excluding ground fault interrupters) "kick out"	1	NK Homes will check the wiring circuits and make sure that they conform to applicable building code requirements.	Do not overload circuits. Check circuit breakers.
	2. Outlets, switches, and fixtures	a. Air leaks around electrical outlets	1	Cold air can be drawn through an outlet on an exterior wall into a room. NK Homes will repair one time after closing or first occupancy, whichever occurs first.	

Type of Material or Area of your home	Specific Item	Problem or Condition Covered	Year	Building Standard for NK Homes	Your Responsibility
		b. Malfunctions in electrical outlets, switches, and fixtures	1	NK Homes will repair or replace all defective outlets, switches, or fixtures.	
	3. Service and distribution	a. Ground fault interrupters frequently trip (These are sensitive safety devices that are installed into the electric system to protect from electric shock.)	1	Ground fault interrupters are sensitive and can be easily tripped. Normally, this is not indicative of a construction defect. NK Homes will install ground fault interrupters to meet the electrical requirement. NK Homes will correct the interrupters if the tripping is due to a defect in installation.	A tripped ground fault interrupter usually indicates an overloaded circuit or the connected appliance contains a faulty ground.
		b. Electrical wiring does not carry its designed load for normal residential use	1	NK Homes will repair any wiring that does not conform to applicable building code requirements. NK Homes is responsible for original installation only. NK Homes is not responsible for problems caused by conditions beyond NK Homes's control.	
K. Foundation	1. Beams, concrete	a. Cracks or deflection	1	NK Homes will repair cracks greater than 1/8 inch in width, or deflection greater than 1/4 inch in 30 inches.	See the Active Soils Addendum on page 35 for your responsibilities relating to the foundation and property grade.
	2. Beams, wood (built up)	a. Cracks or deflection	1	NK Homes will repair deflection greater than 1 inch in 10 feet.	
	3. Beams, wood (laminated)	a. Cracks or deflection	1	NK Homes will repair deflection greater than 1 inch in 10 feet.	
	4. Beams wood (solid)	a. Cracks or deflection	1	NK Homes will repair deflection greater than 1 inch in 10 feet.	
	5. Beams, steel	a. Cracks or deflection	1	NK Homes will repair deflection greater than 2 inch in 8 feet.	
	6. Footings	a. Cracks or deflection	1	NK Homes will repair cracks greater than 2 inch in width.	
	7. Walls, concrete	a. Cracks, displacement, out-of-plumb	1	NK Homes will repair cracks greater than 1/4 inch in width or greater than 1/4 inch vertical displacement, or out-of-plumb greater than 1/4 inch in 12 inches measured from base of wall.	

Type of Material or Area of your home	Specific Item	Problem or Condition Covered	Year	Building Standard for NK Homes	Your Responsibility
	8. Walls, masonry	a. Cracks, out-of-plumb	1	NK Homes will repair cracks greater than 3/8 inch in width, or out-of-plumb greater than 1/4 inch in 12 inches measured from base of wall. Brick mortar cracks, see para. C1.c. above.	
	9. Columns, wood	a. Bowed or out-of-plumb	1	NK Homes will repair if bowed greater than 1 inch in 8 feet, or out-of-plumb greater than 1/4 inch in 12 inches measured from base of column.	
	10. Columns, concrete	a. Bowed or out-of-plumb	1	NK Homes will repair if bowed greater than 2 inch in 8 feet, or out-of-plumb greater than 1/4 inch in 12 inches measured from base of column.	
	11. Columns, masonry	a. Bowed	1	NK Homes will repair if bowed greater than 1/8 inch in 12 inches measured from base to column.	
	12. Columns, steel	a. Bowed or out-of-plumb	1	NK Homes will repair if bowed greater than 1 inch in 8 feet, or out-of-plumb greater than 1/4 inch in 12 inches measured from base of column.	
L. Structural Beams and Girders	1. Beams and Girders, wood (solid)	a. Deflection	1	NK Homes will repair deflection greater than 1 inch in 10 feet.	
	2. Beams and Girders, wood (built up)	a. Deflection	1	NK Homes will repair deflection greater than 1 inch in 10 feet.	
	3. Beams and Girders, wood laminated)	a. Deflection	1	NK Homes will repair deflection greater than 1 inch in 10 feet.	
	4. Steel	a. Deflection	1	NK Homes will repair deflection greater than 1 inch in 10 feet.	
M. Lintels and Headers	1. Steel	a. Deflection	1	NK Homes will repair deflection greater than 1 inch in 48 inches.	
	2. Wood	a. Deflection	1	NK Homes will repair deflection greater than 1 inch in 48 inches.	

Type of Material or Area of your home	Specific Item	Problem or Condition Covered	Year	Building Standard for NK Homes	Your Responsibility
	3. Concrete	a. Deflection	1	NK Homes will repair deflection greater than 1 inch in 48 inches.	
	4. Masonry	a. Deflection	1	NK Homes will repair deflection greater than 1 inch in 48 inches.	
N. Arches	1. Masonry	a. Cracks or settlement	1	NK Homes will repair cracks greater than 1/4 inch in width in arch, or settlement in span of arch greater than 2inch.	
O. Structural Columns	1. Wood	a. Bowed or out-of-plumb	1	NK Homes will repair if bowed greater than 1 inch in 8 feet, or out-of-plumb greater than 1/4 inch in 12 inches measured from base of column.	
	2. Concrete	a. Bowed or out-of-plumb	1	NK Homes will repair if bowed greater than 2 inch in 8 feet or out-of-plumb greater than 1/4 inch in 12 inches measured from base of column.	
	3. Masonry	a. Out-of-plumb	1	NK Homes will repair if out-of-plumb greater than 1/8 inch in 12 inches measured from base of column.	
	4. Steel	a. Bowed or out-of-plumb	1	NK Homes will repair if bowed greater than 1 inch in 8 feet, or out-of-plumb greater than 1/4 inch in 12 inches measured from base of column.	
P. Walls and Partitions (Load Bearing Only)	1. Studs	a. Bowed	1	NK Homes will repair if bowed or cupped greater than 1 inch in 8 feet.	
Q. Floor Systems	1. Structural Concrete	a. Cracks or displacement	1	NK Homes will repair cracks greater than 1/4 inch in width or greater than 1/4 inch vertical displacement.	
	2. Joists	a. Deflection	1	NK Homes will repair deflection greater than 1 inch in 15 feet.	
	3. Trusses	a. Deflection	1	NK Homes will repair deflection greater than 1 inch in 10 feet.	
R. Roof Framing	1. Ridge Beam	a. Deflection	1	NK Homes will repair deflection greater than 1 inch in 10 feet.	

Type of Material or Area of your home	Specific Item	Problem or Condition Covered	Year	Building Standard for NK Homes	Your Responsibility
	2. Rafters (common)	a. Deflection	1	NK Homes will repair deflection or bow greater than 1 inch in 10 feet.	
	3. Rafters (jack)	a. Deflection	1	NK Homes will repair deflection or bow greater than 1 inch in 10 feet.	
	4. Rafters (valley/HIP)	a. Deflection	1	NK Homes will repair deflection or bow greater than 1 inch in 10 feet.	
	5. Ceiling Joists	a. Deflection	1	NK Homes will repair deflection greater than 3/4 inch in 10 feet.	
	6. Trusses	a. Deflection	1	NK Homes will repair deflection greater than 1 inch in 10 feet.	

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ADDENDUM NO. 1 TO NK HOMES'
LIMITED WARRANTY PERFORMANCE STANDARDS FOR NEW HOMES

ACTIVE SOILS

HOMEOWNER MAINTENANCE RESPONSIBILITIES FOR HOMES CONSTRUCTED ON ACTIVE SOILS

Soils in Virginia have high clay content and expand and contract when variations occur in the moisture content of the soils. Heavy rains, drought and other Acts of God can adversely affect the foundation of the home. The Limited Warranty does not cover damage caused by Acts of God. It is your responsibility to provide proper ongoing maintenance.

Improper homeowner maintenance can also adversely affect the performance and structural integrity of any foundation constructed on active soils and voids the Limited Warranty coverage. These post-construction practices are beyond the control of the design engineer and the NK Homes.

To minimize the probability of movement and displacement in the foundation caused by moisture content variations, the following post-construction maintenance and requirements must be executed. Failure to do so by you will void the Limited Warranty coverage.

- 1 The lot on which your home sits has been graded in accordance with local building codes and local industry standards. You are responsible for maintaining such grades. The grade around the foundation shall be maintained by you in such a manner that surface drainage is away from the foundation, and you shall 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 shall 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.
- 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 installed by you if not included with the home and they shall be maintained to prevent injection of moisture into the soil from roof run-off in localized areas.
- 5 Studies show that trees planted in close proximity to the foundation can damage the structural integrity of the foundation. Trees planted in close proximity to the foundation 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 trees close to the foundation, coverage under the Limited Warranty may be adversely 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 a soil expansion in that localized area of the foundation. You must maintain balanced soil moisture content around the perimeter of the foundation.

NK HOMES IS NOT RESPONSIBLE FOR LOSS OR DAMAGE RESULTING FROM FOUNDATION MOVEMENT CAUSED BY SOIL EXPANSION OR CONTRACTION AND/OR OTHER ACTS OF GOD.

ADDENDUM NO. 2 TO NK HOMES'S LIMITED WARRANTY PERFORMANCE STANDARDS FOR NEW HOMES

MOLD AND MILDEW

NK HOMES AND OWNER RESPONSIBILITIES

NK Homes will remove mold, mildew or fungus reported to NK Homes prior to closing or first occupancy. Mold, mildew or fungi growth after that is a homeowner maintenance item.

MOLD AND MILDEW

Mold and Mildew are subsets of the fungi family and are common, abundant and an essential part of the world's ecological system. Fungi are found nearly everywhere and are necessary for recycling organic material, which is required to sustain life on the planet.

Mold spores are airborne and travel into and out of buildings as air is exchanged and with the movement of people and their belongings. Mold grows on wet surfaces and, if left untreated, may eventually release spores into the air. Airborne mold spore concentrations can become unhealthy when large areas are wet for prolonged periods. Resolving excessive moisture conditions can prevent and minimize mold growth in the indoor environment.

MOLD GROWTH

In order to reproduce, molds release tiny spores just as plants produce seeds. The spores settle on surfaces and, when conditions are favorable, they begin to consume organic material in their immediate vicinity. Molds can grow on cloth, carpet, leather, wood, wallboard, household dust, and on anything that is made of organic material. Sustained mold growth requires moisture, organic material (a food source), and a suitable temperature generally in the range of *40°F to 100°F*. When one or more of these three conditions are unsatisfactory, the mold colony will become dormant or die. When favorable conditions are restored, the dormant colony can resume its metabolic activity.

Molds can produce compounds that become airborne along with the mold spores. A toxic substance called mycotoxin can cling to the surfaces of spores; other substances may be found within spores. Molds also produce volatile bioaerosols that are released directly into the air. These compounds often have strong, unpleasant odors (a musty smell) that are commonly associated with molds.

HOW TO LIMIT MOLD GROWTH

The most practical approach to limit 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 that must be resolved to achieve a permanent solution to arresting mold growth. Mold growth can be found behind walls or under materials where water has damaged or penetrated surfaces. Look for discoloration and mold on surfaces.

Controlling indoor air moisture will limit the probability of supporting mold growth from condensing water on interior surfaces; such as on walls, windows and areas near air conditioning supply registers. Relative humidity is a measure of the amount of water vapor in air. Relative humidity meters are useful for detecting excessive moisture and they are available from most hardware stores. Moisture sources that increase indoor air relative humidity are: habitation (people release moisture), bathing, cooking, plants, washing and air-drying of dishes and clothes, un-vented combustion appliances, humidifiers, and outdoor ventilation air in humid climates.

Another moisture source is water from leaks, such as from pipes, rain water leakage through windows, roof flashing, ice dams, etc.

Listed below are strategies that can help minimize mold growth.

- Take notice of musty odors in the home because they indicate the presence of mold. Look for visible signs of mold and abate the moisture source.
- Watch for condensation and wet spots and eliminate sources of moisture.
- Prevent moisture resulting from condensation by increasing surface temperatures or reducing moisture levels in the air. To increase the surface temperature, insulate or increase the circulation of heated air. To reduce moisture levels in the air, repair leaks, increase ventilation (if outside air is cold and dry), or dehumidify.
- Perform building and HVAC inspections and maintenance. Repair the condensate drain if the air conditioning system's drip pan overflows with water.
- Run the air conditioner and/or a dehumidifier during the humid months of the year. Controlling indoor air moisture to below 65 percent relative humidity will limit the probability of supporting mold growth.
- Keep the relative humidity as low as is comfortable during the winter season for houses in cold climates. Mold growth on interior surfaces of exterior walls can occur during the heating season. The combination of cool surfaces and excessive humidity can cause a high near-surface relative humidity and condensation. Experience has shown that an air moisture level below 40 percent relative humidity during the heating season will prevent condensation on surfaces. This level of humidity may not be appropriate for houses in severe cold climates. A sign of excessive humidity is condensation on the inside of windows. If condensation is present for prolonged periods take steps to reduce the moisture source or increase ventilation.
- Clean and dry any wet or damp areas within 48 hours.
- Provide drainage for roof rainwater and maintain the ground with a slope that drains water away from the foundation.
- Repair water leaks in the building envelope as soon as possible.
- Do not store organic materials such as paper, books, clothes, etc., in humid locations (such as in the unconditioned basements).
- Exercise extra care when cleaning up after water damage from flood and sewer water.
- Consider the use of dehumidifiers in areas such as unconditioned basements.

MOLD ABATEMENT AND REMEDIATION

Common suggestions from various sources include:

- Correct the source of excessive moisture.
- When handling or cleaning moldy materials, consider using a mask or respirator for protection against inhaling airborne spores. Respirators can be purchased from hardware stores; select one for particle removal (sometimes referred to as a N95 or TC-21C particulate respirator).
- Wear protective gloves. Eye protection glasses and clothing should be immediately washed.
- Take care to remove or clean contaminated materials in a way that prevents the emission of fungi and dust contaminated with fungi from leaving a work area and entering an occupied area.
- Non-porous (e.g., metals, glass and hard plastics) and semi-porous (e.g., wood, and concrete) materials that are structurally sound and are visibly moldy can be cleaned and reused.
- Cleaning should be done using a detergent solution.
- Porous materials (e.g., ceiling tiles and insulation, and wallboard) with more than a small area of contamination should be removed and discarded. Porous materials that can be cleaned, can be reused, but should be discarded if possible.
- All materials to be reused should be dry and visibly free from mold.
- Periodic inspections should be conducted to confirm the effectiveness of remediation work.