

MoistureFree Warranty



Please note that there are 2 versions of the Moisture Warranty Terms and Conditions.

1. The State of Georgia Version

Followed by

2. All States Except Georgia

MoistureFree Warranty



THE TERMS AND LIMITATIONS OF THE

MOISTUREFREE WARRANTY LIMITED WARRANTY

NOTICE

The MoistureFree Limited Warranty does require the current homeowner to perform normal maintenance on the home during the term of the warranty or risk voiding all or part of the warranty benefits. These normal maintenance requirements include caulking, repair of rotted wood and/or painting of high risk areas. Normal maintenance also includes upkeep of gutters and downspouts as well as automatic sprinkler systems that should not allow moisture to consistently contact the home.

THIS LIMITED WARRANTY IS NOT VALID WITHOUT THE MOISTURE-FREE WARRANTY AUTHORIZATION CERTIFICATE.

No MoistureFree Warranty is valid without a MoistureFree Warranty Authorization Certificate which describes the specific limits of the warranty. Following the review of a qualified moisture inspection and acceptance of an application for warranty, a MoistureFree Warranty Authorization Certificate will be mailed to the warranty holder within 60 days of approval.

This limited warranty does not cover consequential or incidental damages. Warrantor's total aggregate liability of this Limited Warranty is limited to the amounts specified in the MoistureFree Warranty Authorization Certificate. There are no warranties which extend beyond the face of this Limited Warranty. There are no implied warranties or any other warranties, express or implied, in connection with this Limited Warranty or the MoistureFree Warranty Authorization Certificate on the warranted home, and all such warranties are unconditionally excluded from this Limited Warranty.

To Apply For And Purchase A MoistureFree Warranty

Call 1-800-400-8679

The MoistureFree Warranty is backed by Western Pacific Mutual Insurance Company,
A Risk Retention Group

Dear Homeowner,

Moisture problems related to EIFS (synthetic stucco), hardcoat/traditional stucco, brick, lap siding and other claddings have created serious concerns for homeowners. The MoistureFree Warranty was designed to eliminate most of these concerns by providing a cost-effective way to protect homeowners from moisture-related damage to the exterior of their homes. With the MoistureFree Warranty, homeowners can be protected in the event moisture is located during the term of the warranty.

This booklet explains the MoistureFree Warranty in its entirety, and we encourage you to take the time to READ THIS INFORMATION CAREFULLY.

This is not a warranty service contract, but a written Limited Warranty which specifically covers areas of your home directly related to your home's exterior cladding system. See "Definitions" section for clarification of these terms.

Please take time now to read this booklet. Familiarize yourself with the Warranty and its limitations. If you have specific questions about your stucco system after reading this information, contact your builder, stucco installer, repair contractor, or moisture inspector first. If you have questions regarding the purchase of a MoistureFree Warranty, please call (800) 400-8679.

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This Limited Warranty is administered by
Residential Warranty Company, LLC
5300 Derry Street
Harrisburg PA 17111
717-561-4480

Section I - Definitions

1. Administrator—Residential Warranty Company, LLC (RWC) is the Administrator of this warranty.
2. Arbitrator—The person appointed by the independent arbitration service to resolve an unresolved warranty issue.
3. Cladding—The material used to cover the exterior of the home that is attached directly to the substrate or framing of the home. This includes stucco, brick, vinyl, cedar, cement board, or other common cladding systems.
4. Consequential Damage—All damage including, but not limited to, damage to the Home that is caused by a warranted Defect but is not itself a warranted Defect, and costs of shelter, transportation, food, moving, storage, or other incidental expenses related to relocation during repairs.
5. Defect—A condition of any item warranted by this Limited Warranty which exceeds the allowable tolerances specified in this warranty. Specifically, any warranted area of the home's exterior cladding system which contains moisture equal to or in excess of 25% when measured in the wood behind the cladding, using an acceptable electric resistance-type (probe) moisture meter.
6. Term of Warranty Coverage —The term of warranty coverage is indicated on the MoistureFree Warranty Authorization Certificate.
7. Stucco – A generic term used for this warranty language referring to either EIFS (Exterior Insulating and Finishing System, or synthetic stucco) or traditional hardcoat Portland cement stucco .
8. Home —The single family dwelling identified on the MoistureFree Authorization Certificate. The home may be a townhome, condominium, or duplex.
9. Limited Warranty —The terms and conditions in this book including any applicable addenda.
10. Purchaser—You or perhaps someone else, such as a builder or contractor, who purchased this Limited Warranty on your behalf.
11. MoistureFree Warranty Application Form— This form is completed by either the inspector who tests the home for moisture, or by a representative of MoistureFree who uses the moisture inspector's information to complete the form.
12. MoistureFree Warranty Authorization Certificate —This certificate is proof of the home's warranty coverage and contains information about the specific limits of coverage for a particular home, if any.
13. Moisture Inspection—A moisture inspection of a home performed by a qualified individual using the MoistureFree Inspection Protocol, which is used to assess the moisture content of the exterior framing and sheathing of a home.
14. Moisture Location—A location is any area equal to or less than 36" in diameter which contains a moisture reading which is equal to or in excess of 25%.
15. Normal Maintenance—Caulking, sealing, repair of rotted wood, and painting which help prevent weather damage to exterior elements of the home. Cleaning and maintenance of gutters and downspouts.
16. Unresolved Warranty Issues —All requests for warranty performance, demands, disputes, controversies, and differences that may arise between the parties to this Limited Warranty that cannot be resolved among the parties.
17. Warrantor — Moisture Warranty Corporation (MWC) is the Warrantor.
18. Sealant or Flashing Failure — The inability of a sealant or flashing to adequately prevent excessive moisture from entering into or behind the exterior cladding of the home.
19. Insurer — Western Pacific Mutual Insurance Company, A Risk Retention Group. WPMIC, located at 9265 Madras Ct., Littleton CO 80130. Phone: 303-263-0311.
20. Moisture Warranty Corporation (MWC) — Warrantor, the company issuing and marketing the warranty.

Section II

The Limited Warranty

A. Introduction to the Limited Warranty

1. This booklet provides specific details, conditions and limitations of the Limited Warranty, including procedures for requesting warranty performance and for binding arbitration, in accordance with the procedures of the Federal Arbitration Act. Additional information can be received by calling Residential Warranty Company, LLC at (717) 561-4480. Read this document in its entirety to understand the protection it affords, the exclusions applicable to it, the Warranty Standards which determine its interpretation and operation, and your responsibilities.
2. This is NOT an insurance policy, a maintenance agreement or service contract. It is an explanation of what you, the Purchaser, can expect from this Limited Warranty.
3. You are responsible for the Normal Maintenance of your Home. General and preventive maintenance are required to prolong the life of your Home.
4. This Limited Warranty is fully transferable to subsequent Owners during the term of this Limited Warranty, provided the existing or new owner notifies MWC (please see page 17 of this document.)
5. This Limited Warranty is subject to changes required by various regulating bodies.

B. Terms of Warranty

1. In the event of the failure of a sealant or flashing on the home's exterior, Warrantor and/or Administrator will have a qualified repair contractor make repairs or modifications to the sealant or flashing as necessary to seal or flash the area to avoid future failure.
2. Warrantor and/or Administrator may also, at its sole discretion, choose to pay the homeowner to have repairs made to the extent of the warranty coverage.
3. Excessive moisture is defined as any moisture reading equal to or above 25%, which is determined by using an electrical resistance-type (probe) moisture meter.

4. Warrantor and/or Administrator will be responsible only for the improvement of the sealant or flashing component, and is not responsible for any damage that may, or may not, have been present at or around the specific area of the sealant or flashing failure before the warranty was in effect.
5. All claims of failure are limited to a per Moisture Location limit, as stated in the MoistureFree Warranty Authorization Certificate, and up to 40 Moisture Locations per home with a maximum per policy annual limit, which is also stated in the MoistureFree Warranty Authorization Certificate.
6. Warrantor and/or Administrator reserves the right to make repairs, modifications, or to pay the reasonable cost of repair for modification to the area of failure based on standard industry practices, and will have full discretion over the type of repair or modification to be made at the specific area determined to have high moisture behind the exterior cladding.

C. Exclusions and Special Provisions

1. Areas of the home that are damaged while under warranty, with the damage being caused by naturally occurring weather forces such as tornadoes, hurricanes, floods, winds in excess of 70 miles per hour, or damage caused by abuse such as, but not limited to, pressure washing or automatic sprinkler over-spray of the exterior cladding, are excluded from coverage and will not be repaired under this warranty.
2. Any information relative to the condition of the home that may affect the Limited Warranty must be provided to Moisture Warranty Corporation, including inspections, repairs, modifications, or additions to the home. This information may be used to determine terms and limits of the Limited Warranty. Withholding, falsifying, or altering information relative to the condition of the home may void all or part of this Limited Warranty.
3. Warrantor and/or Administrator shall not be responsible for any Defect that can be shown to be caused by the failure of the Homeowner, after the Effective Date of the Warranty, to perform Normal Maintenance.

4. This Limited Warranty shall be interpreted and enforced in accordance with the laws of the state in which the home is located.
5. If any provision of this Limited Warranty is determined by a court of competent jurisdiction to be unenforceable, that determination will not affect the validity of the remaining provisions.
6. If actions by the Warrantor and/or Administrator on any obligations under this Limited Warranty are delayed by an event beyond its control, such performance will be excused until the delaying effects of the event are remedied. Such events include, but are not limited to, acts of God, acts of the common enemy, war, riot, civil commotion, or sovereign conduct, or acts or omissions by you or any other person not a party of this Limited Warranty.
7. Under this Limited Warranty, the Warrantor and/or Administrator is not responsible for exact matching of color, texture, or finish in situations where materials are replaced or repaired, or for areas repainted, or when original materials are discontinued.
8. This warranty specifically covers areas affected by high moisture behind the exterior cladding of the property, and may include areas that are structurally unstable where the damage is directly associated with a failure of the cladding system. This may include the repair of framing or substrate in order to stabilize the affected area in order to install flashing or caulking as needed. The Administrator and/or Warrantor will have sole discretion in determining if framing or substrate repairs are necessary to complete an adequate modification of the affected area to prevent future moisture intrusion. The Administrator and/or Warrantor will also have sole discretion in determining if an area is structurally unstable due to a failure of the cladding. Elements of the wall often become wet without being damaged, and areas that have been wet or may have limited damage will not be repaired unless the Administrator and/or Warrantor deems the area to be compromised to an extent that affects the stability of the wall.
9. This warranty does not provide coverage for structural defects or damage, except as required to adequately protect or stabilize the area from future moisture intrusion. It does not provide coverage for moisture damage to any fenestrations (breaches in the cladding) including windows and doors. It does not provide coverage for moisture damage to drywall, wallpaper, carpets, floors, or any other interior elements of the home.
10. Pre-existing damage of any kind is not covered by this limited warranty. Pre-existing damage includes any damage that was likely to exist prior to the moisture inspection that was conducted and used to qualify for the warranty, but was not revealed in the qualifying inspection. If the area in question experiences high moisture during the term of the warranty, then the area may be modified under the warranty terms, but repair of any damage to the area will be at the discretion of the Warrantor and/or Administrator.
11. Moisture accumulation or damage caused by condensation within the wall cavity is NOT covered by this warranty. Moisture condensation within the wall cavity is typically caused by combinations of moisture/vapor barriers within the wall and humidity and temperature variations.
12. This warranty DOES NOT cover in any way problems associated with, caused by, contributed to, or aggravated by mold, mildew, or fungus and DOES NOT cover, in any way, health related problems or conditions associated with, caused by, contributed to, or aggravated by mold, mildew, or fungus. This warranty specifically excludes bodily injury or property damage which would not have occurred, in whole or in part, but for the actual, alleged, or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any fungi or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material, or product contributed concurrently or in any sequence to such injury or damage. This warranty does not cover any loss, cost, or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating, or disposing of, or in any way responding to, or assessing the effects of, fungi or bacteria, by any insured or by any other person or entity.

13. This Limited Warranty does NOT cover moisture problems that are not related directly to the cladding. This includes moisture problems or damage caused by roof leaks, foundation leaks, at- or below-grade framing and/or substrate, basement leaks, moisture from swimming pools/spas, improper drainage, pest infestation, downspouts, gutters, or the failure of any flashing or sealant joint that is not in direct contact with the cladding system.
14. This warranty does NOT provide any coverage for repairs or modifications related to wood-destroying insects such as termites and ants. It does not cover damage or moisture caused by rodents or birds.
15. This Limited Warranty does not cover moisture problems associated with wood framing behind or below concrete, brick, or other permeable substances. It does not cover moisture issues relating to non- or semi- permeable surfaces on balconies, patios, or similar constructs. It does not cover failures caused by rubber membrane roofing or deck material used on balconies, decks, porches, or other flat or low-sloped surfaces. This includes areas where the membrane roof or deck material is installed under other materials such as slate, pavers, tile, or other building materials used to cover these areas.
16. This warranty does not cover exterior knee walls, columns, tile patios with stucco below such patios, parapets, non-insulated walls or moisture damage found therein.

D. Conditions of Warranty Performance

1. When your request for warranty performance is determined to be a warranted issue, the Warrantor and/or Administrator reserves the right to repair, make modifications, or pay you the reasonable cost of repair/modification up to the limits of the warranty.
2. If the Warrantor and/or Administrator pays the reasonable cost of repairing a warranted item, the payment shall be made to you and to any mortgage or mortgage's successor as each of your interests may appear, provided that the mortgagee has notified the Administrator in writing of its security interest in the Home prior to such payment. Warrantor shall not have any obligation to make payment jointly to the Pur-

chaser and the mortgagee where the mortgagee has not notified the Administrator in writing of its security interest in the Home prior to such payment. Any mortgagee shall be completely bound by any mediation or arbitration relating to a request for warranty performance between you and the Warrantor and/or Administrator.

3. Prior to payment for the reasonable cost of repairs or replacement of warranted items, you must sign and deliver to the Administrator a full and unconditional release, in recordable form, of all legal obligations with respect to the warranted Defect and any condition arising from the warranted item.
4. The repaired or replaced warranted item will continue to be warranted by this Limited Warranty for the remainder of the applicable period of coverage. The owner must provide proof the repair/modification has been completed to warranty standards in order to have continued coverage.
5. If the Warrantor and/or Administrator repairs, modifies, or pays you the reasonable cost to repair or replace a warranted item, the Warrantor shall be subrogated to all your rights of recovery against any person or entity. You must execute and deliver any and all instruments and papers and take any and all other actions to secure such rights, including but not limited to, assignment of proceeds of any other insurance or other warranties to the Warrantor.
6. Any Warrantor and/or Administrator obligation is conditioned upon your proper maintenance of the Home, common elements, and grounds to prevent damage due to neglect, abnormal use, or improper maintenance.
7. If request for performance under this Limited Warranty involves a common element in a condominium, the request must be made by an authorized representative of the condominium association.
8. If the request for warranty performance under the Limited Warranty involves a common element affecting multiple units, and all affected units are not warranted by the MoistureFree Warranty, the Insurer's liability will be limited to only those units warranted by the Moisture-Free Warranty. The limit of liability shall be prorated based upon the number of units warranted by this Limited Warranty.

Section III

Requesting Warranty Performance

A. Notice To Administrator

If a warranted elevated moisture reading is detected, you must notify the Administrator to review the item. All such notices must be presented in writing to RWC, Administrator, 5300 Derry Street, Harrisburg, Pennsylvania 17111-3598, Attn: MoistureFree Warranty Resolution Department, by certified mail, return receipt requested, within a reasonable time after the elevated moisture reading is detected. Requests for warranty performance must be postmarked prior to the warranty term expiration as specified on the Authorization Certificate.

B. Purchaser's Obligations

1. Your notice to the Administrator must include the following items:
 - a. MoistureFree Authorization Certificate number and the Term of Warranty Coverage.
 - b. Your name, address, and phone number (include home and work numbers.)
 - c. A Moisture Inspection Report (with probe readings.) Photographs are required as part of the Report.
2. You have an obligation to cooperate with the Administrator's and/or Warrantor's mediation, inspection, and investigation of your warranty request. From time to time, the Administrator and/or Warrantor may request information from you regarding an alleged defect. Failure by you or your appointed representative to respond to the requested information within thirty (30) days of the date of this request can result in the closing of your warranty file.

C. Mediation and Inspection

Within thirty (30) days following the Administrator's and/or Warrantor's receipt of proper notice of request for warranty performance, your request may be reviewed and mediated by

communicating with you, and any other individuals or entities who the Administrator/Warrantor believes may possess relevant information. If, after thirty (30) days, the Administrator/Warrantor has not been able to successfully mediate your request, you will be notified that your request has become an Unresolved Warranty Issue. At any time following the receipt of proper notice of your request for warranty performance, further inspection of the item may be scheduled. You must provide reasonable access for any such inspection. When a request for warranty performance is filed and the deficiency cannot be observed under normal conditions, it is your responsibility to substantiate that the need for warranty performance exists, including any costs involved. If properly substantiated, you will be reimbursed by the Administrator up to \$150.

D. Arbitration

1. You begin the arbitration process by giving the Administrator written notice of your request for arbitration of an Unresolved Warranty Issue. Within twenty (20) days after the Administrator's receipt of your notice of request for arbitration, any Unresolved Warranty Issue that you have with the Warrantor shall be submitted to the National Academy of Conciliators or another independent arbitration service upon which you and the Administrator agree. The **BINDING** arbitration is governed by the procedures of the Federal Arbitration Act, 9 U.S.C. 1 et. seq. If you submit a request for arbitration, you must pay the arbitration fees before the matter is submitted to the arbitration service. After arbitration, the Arbitrator shall have the power to award the cost of this fee to any party or split it among the parties to the arbitration. The arbitration shall be conducted in accordance with this Limited Warranty and the arbitration rules and regulations to the extent that they are not in conflict with any Federal Arbitration Act. Within one (1) year after an arbitration award, either party may apply to the U.S. District Court where the Home is situated to confirm the award. The Administrator's receipt of written request for

arbitration in appropriate form shall stop the running of any statute of limitations applicable to the matter to be arbitrated until the Arbitrator renders a decision. The decision of the Arbitrator shall be final and binding on all parties.

Since the Limited Warranty provides for amendatory binding arbitration of Unresolved Warranty Issues, if any party commences litigation in violation of this Limited Warranty, such party shall reimburse the other parties to the litigation for their costs and expenses, including attorney fees, incurred in seeking dismissal of such litigation.

2. The Warrantor and/or Administrator shall have sixty (60) days from the date the Administrator receives the arbitrator's award to comply with the arbitrator's decision. Warranty compliance will begin as soon as possible and will be completed within the sixty-day compliance period with the exception of any repair that would reasonably take more than sixty (60) days to complete, including but not limited to, repair delayed or prolonged by inclement weather. The Warrantor and/or Administrator will complete such repair and/or replacement as soon as possible without incurring overtime or weekend expenses. You may request a compliance arbitration within twenty (20) days after the sixty-day compliance period has expired by giving the Administrator written notice of your request. You must pay fees for the compliance arbitration prior to the matter being submitted to the arbitration service.
3. You must provide the Warrantor and/or Administrator with reasonable weekday access during normal business hours in order to perform its obligations. Failure by you to provide such access to the Warrantor and/or Administrator may relieve the Warrantor and/or Administrator of its obligations under the terms of this Limited Warranty.

E. Cancellation

1. The holder of this warranty shall be entitled to make a direct claim against the insurer if the issuer of the warranty fails to pay any claim or to refund the consideration paid by the holder within sixty (60) days after the request for warranty performance has been filed with the Administrator.
2. The warranty shall be non-cancelable by the issuer except for fraud, material misrepresentation, or failure to pay the consideration due therefore. The holder may cancel at any time upon demand and surrender of the warranty whereupon the issuer shall refund the excess of the consideration paid for the warranty above the customary short rate for the expired term of the warranty. For Georgia residents the cancellation shall be in writing and shall conform to the requirements of Georgia Insurance Code Section 33-24-44.

Section IV

Warranty Standards

The following Warranty Standards are applicable to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

<u>1. Stucco Systems</u>	<u>Observation</u>	<u>Action Required</u>	<u>Comments</u>
	1.1 Small cracks appear on the surface of the stucco.	No action required. Most stucco systems have incidental hairline cracks on the surface which rarely allow moisture penetration	This is only considered a deficiency if the immediate areas around the cracks tests positive for moisture equal to or greater than 25% and no other source of the moisture can be determined.
	1.2 Stucco appears wavy or uneven along the plane of a wall or accent.	Uneven application of the stucco system will not typically cause moisture penetration.	Uneven application may need to be repaired for aesthetic reasons, but is not covered under the Limited Warranty.
	1.3 Styrofoam-like insulation layer of the stucco system continues below the soil level.	All insulated stucco systems should terminate at least 4" to 8" above the soil line to prevent termites and other pests from entering into the wall system	The Limited Warranty does not cover modifications to the home related to pest control.
	1.4 Stucco accents over doors, windows, and other areas are flat and deeper than 1.5" (at a 90 degree angle to the wall) and may collect water.	All flat accents deeper than 1.5" should be caulked to prevent moisture from penetrating the system through faults or cracks.	This is only considered a deficiency if the immediate areas around the accent test positive for moisture equal to or greater than 25% and no other source of the moisture can be determined.
<u>2. Caulking</u>	<u>Observation</u>	<u>Action Required</u>	<u>Comments</u>
	2.1 Caulking around doors, windows, vents, fixtures, utility breaches, hose bibbs, or any other breaches of stucco system appears to be failing.	Caulking is a critical element in the upkeep of any home and requires regular maintenance by the homeowner. Any area where caulking appears to be failing should be repaired as soon as possible.	This is only considered a deficiency if the immediate areas around the caulking test positive for moisture equal to or greater than 25% and no other source of the moisture can be determined.
	2.2 Caulking (glazing) on the glass of windows and doors appears to be failing.	Glazing caulk should be replaced anywhere it appears to be failing. The builder or door/window manufacturer's warranty may be applicable to this type of problem. Contact either the builder or the product manufacturer to check warranty status.	Windows and doors which have glass elements often experience failures with the glazing caulk. This failure is not applicable to this limited warranty. However, the window or door manufacturer may have a warranty for such occurrences.
	2.3 No expansion joints (backer rod joints) are installed around doors, windows, or other breaches.	Recessed backer rod joints are now recommended by many stucco manufacturers at the time of original construction. However, these types of joints should typically not be retrofitted on existing homes.	The limited warranty may apply to areas affected by the lack of, or failure of, a backer rod joint. However, installation of recessed backer rod joints is not required for warranty compliance.

2. Caulking
(cont.)

Observation

Action Required

Comments

2.4 Caulk on some areas of the home is fine, while other areas appear to be fading, peeling, cracking, or chipping.

Caulk has a variable service life depending on exposure, expansion, climate, and other factors. Homeowners should take steps to repair any areas of caulk that appear to be failing.

Caulking is a normal maintenance requirement for any home and a caulking deficiency is only warranted if the immediate areas around the failed caulk test positive for moisture equal to or greater than 25% and no other source of the moisture can be determined.

3. Flashing
Systems

Observation

Action Required

Comments

3.1 Kickout flashings (rake flashings or diverter flashings) appear to be missing or failing.

All kickout flashings should be visually checked from time to time in order to assure that they are unobstructed and functioning properly.

All stucco homes should have kickout flashings installed at appropriate locations. This limited warranty applies to failing kickout locations that have not been specifically excluded from the limited warranty.

3.2 Flashing around decks, stairways, porches, chimneys, windows, or other attachments appears to be failing.

Severe weather may cause flashing to momentarily fail under extreme conditions. No action is typically required unless failure occurs more than occasionally, or is extreme in nature.

Flashings that cannot be inspected using visual observation are not applicable to this limited warranty.

3.3 Head flashing above windows and doors is missing or failing.

If an area above or around a window or door is being damaged by the lack of, or improper function of, a head flashing, modifications should be made to correct the problem.

Areas around windows or doors that experience elevated levels of moisture are applicable to this limited warranty if they have not been specifically excluded and are within the limits of the warranty.

3.4 The chimney chase is constructed of wood and does not appear to have a chimney cap or proper flashing.

Chimney chases attached to the side of a home commonly are missing kickout flashings which must be installed. Also, a chimney cap which covers the entire chimney and continues down the edges 4" should be installed.

Only chimneys that are reasonably accessible to testing are applicable to this Limited Warranty. This is only considered a deficiency if the immediate area of the chimney tests positive for moisture equal to or greater than 25% and no other source of the moisture can be determined.

3.5 Stucco has been used to cover a flat area (wider than 1.5") over a wall, chimney top, canopy, or other area.

Stucco finishes are not designed to be used as roofing or flashing materials. These areas should be modified so that the stucco is protected from moisture.

Areas of the home that use stucco as a waterproofing system, roofing, or flashing system are not applicable to this Limited Warranty.

3.6 Gutters are overflowing in some places and the downspouts leak onto the stucco surface.

It is VERY important to keep gutters and downspouts clear of debris. Leaking or improperly installed gutters should be fixed to prevent any moisture from contacting the stucco surface.

Gutter systems can significantly contribute to moisture problems related to stucco systems and must be regularly maintained by the homeowner. Moisture problems caused by gutters or downspouts are NOT covered by the warranty.

4. Window Systems

Observation

Action Required

Comments

4.1 Windows appear to have rotted around sill, sash, jamb, or molding.

All windows with wood elements require proper maintenance, which includes periodic caulking and painting. Areas of extreme rot may need to be replaced.

Rotted wood is common in all types of wood windows and is not applicable to this warranty. Failures directly related to excess moisture around the windows are limited to modifications necessary to prevent moisture from penetrating into or behind the stucco system.

4.2 Water is entering into the interior of the home through a faulty window.

Windows which do not close properly or have warped may need to be replaced in order to stop interior leakage.

This is only considered a deficiency if the immediate area around the exterior of the window tests positive for moisture equal to or greater than 25% and no other source of the moisture can be determined.

4.3 Wooden windows (with or without vinyl or metal cladding) appear to be staining in the corners or are missing caulk.

All windows need to be caulked at the lower joints of the sill and the jamb. Removal of the sash track may be necessary in order to assure a complete seal of the joint. Further modification may be necessary if the joint cannot be adequately sealed, including window pans or window replacement.

This is considered a deficiency only if the immediate area around the exterior of the window tests positive for moisture equal to or greater than 25% and no other source of the moisture can be determined. Areas specifically identified in the MoistureFree Warranty Authorization Certificate will not apply to this Limited Warranty.

4.4 Windows within doors (patio doors, French doors, sliding doors, etc.) appear to have gaps between the glass and the wood or metal.

Glazing and caulking are common maintenance issues in any window or door. Homeowners should make periodic checks of these areas to assure that the caulking or glazing is adequate.

Glazing and caulking of the window construction may be warranted by the window or door manufacturer. This is considered a deficiency only if the immediate area around the exterior of the door or window tests positive for moisture equal to or greater than 25% and no other source of the moisture can be determined.

4.5 The glass within the window is cloudy and appears to have moisture trapped between the panes.

Leaks or cracks in the thermal seal of a window allow moisture to get trapped between the glass panes. The window must be replaced to correct the problem.

Broken or leaking window seals are not problems related to the stucco system and are not applicable to this Limited Warranty.

5. Other Areas

Observation

Action Required

Comments

5.1 The exterior stucco cladding has experienced impact damage.

Most impact damage to the stucco system is superficial and requires aesthetic repair only.

This is not a warranted defect. Areas effected by impact damage is not covered by the warranty and is considered to be homeowner maintenance.

5.2 Ivy or other vine-type plants have attached to the stucco cladding.

All landscaping should be planted or trimmed back at least 12" from the exterior in order to prevent damage to the stucco and to allow for adequate inspection.

This is not a warranted defect. Areas that can not be effectively tested due to landscaping may be excluded from this Limited Warranty.

5.3 Moss, mold, or algae have discolored the surface of the stucco.

Northern and southern exposures of homes typically have discoloration due to algae growth. This rarely affects the condition of the stucco, and the algae can be removed using approved cleaners. NEVER USE A HIGH PRESSURE WASHER ON THE SURFACE OF STUCCO.

This is not a warranted defect. Algae growth on walls is common and often mistaken to be associated with interior moisture in the walls.

5.4 The automatic sprinkler system is overspraying onto the home.

Sprinkler heads should be adjusted or changed to ensure that water does not hit the surface of the home.

This is not a warranted defect and may void this Limited Warranty if found to be the cause of moisture in otherwise warranted areas of the home.

5.5 Interior leaks are occurring around or directly below the chimney area.

Chimneys should be covered with a chimney cap which covers the entire horizontal exposure of the top of the chimney and continues down each side at least 4". Flashing around the chimney at the roof line should also be checked for proper function.

This is not a warranted defect. Stucco should not be used as a roofing or flashing substitute. If possible, check with the original builder to request repair or modifications, or with the builder's insurance company.

5.6 Small rust-colored spots and streaks appear on the surface of the stucco.

Typically, these rust-colored spots and streaks are caused by iron fragments in the finish coat of the stucco. No action is required, but removal of the iron fragments at the surface will often solve the problem.

Discoloration in the stucco is an aesthetic issue and is not a warranted defect.

5.7 Loose, chipping paint on the surface of the stucco.

The finish coat of the stucco has most likely been painted. Once the stucco home has been painted, it will need to be maintained and repainted to maintain the appearance.

Aging and failure of paint are typically not related to interior wall moisture and therefore are not applicable to this Limited Warranty.

5. Other Areas (cont.)

Observation

Action Required

Comments

5.8 White chalky or yellowish deposits or stains are found on the stucco finish.

These stains, referred to as efflorescence, can be cleaned using special cleaners designed for this problem. The source of the stain should be sealed to prevent damage to the finish and base coat of the stucco system.

Efflorescence often occurs under decks, stairs, or other attachments to the home. It is not related to interior wall moisture and is not applicable to this Limited Warranty.

5.9 Shutters are attached through the stucco and do not appear to be sealed.

Shutter attachments that leave a hole should be removed and caulked to reduce the chance of leaking. Snap-on shutter brackets are preferable and reduce the chance of future problems.

This is considered a deficiency only if the immediate area around the shutter tests positive for moisture equal to or greater than 25% and no other source of the moisture can be determined.

5.10 Dead valleys or roof-and-wall intersections where the roof is angled down toward a wall or a corner which does not appear to drain properly.

Roof-to-wall intersections which do not allow proper drainage should be modified in order to create a slope that allows drainage. Wall flashing should extend 8" to 14" up the wall and run to the end of roof/wall edge and be properly finished.

Poor roof/wall intersection designs can contribute to leaks in the interior of the home, but are not typically related to the stucco cladding and are not applicable to this Limited Warranty.

5.11 Deck, stair, railing, or other attachments appear to penetrate the stucco and are not sealed.

Stresses on attachments to the house can expose openings in the stucco which must be sealed with an appropriate flexible caulk. Attachments to the home can loosen over time and should be secured to prevent movement.

This is considered a deficiency only if the immediate area around the attachment tests positive for moisture equal to or greater than 25% and no other source of the moisture can be determined.

5.12 At- or below-grade framing and/or substrate that may be in contact with surface moisture allowing moisture penetration into the wall.

At- or below-grade framing and/or substrate should be appropriately waterproofed and may require the removal of the exterior soil to allow drainage or replacement of the construction elements with no-rot materials.

Moisture intrusion related to at or below-grade framing and/or substrate cannot be visually confirmed in most cases and is typically not related to the stucco cladding. Repairs related to below-grade framing are not applicable to this Limited Warranty.

5.13 Patios, stairs, planters, flower boxes, or other attachments may have stucco between the foundation or framing and the attachment.

If the stucco was applied to the home before the exterior attachments, there is a possibility that the stucco is trapped between the home and the attachment. If the stucco system includes an insulation board component, moisture or pest problems may occur in this area. Further destructive inspection of the area may be required.

The inspection protocol required for this Limited Warranty does not include any type of destructive testing and therefore cannot comment on areas that cannot be tested or observed. Unobserved areas or areas that are impossible to test are excluded from this Limited Warranty.

MoistureFree Warranty

THE TERMS AND LIMITATIONS OF THE

MOISTUREFREE WARRANTY LIMITED WARRANTY

NOTICE

The MoistureFree Limited Warranty does require the current homeowner to perform normal maintenance on the home during the term of the warranty or risk voiding all or part of the warranty benefits. These normal maintenance requirements include caulking, repair of rotted wood and/or painting of high risk areas. Normal maintenance also includes upkeep of gutters and downspouts as well as automatic sprinkler systems that should not allow moisture to consistently contact the home.

THIS LIMITED WARRANTY IS NOT VALID WITHOUT THE MOISTURE-FREE WARRANTY AUTHORIZATION CERTIFICATE.

No MoistureFree Warranty is valid without a MoistureFree Warranty Authorization Certificate which describes the specific limits of the warranty. Following the review of a qualified moisture inspection and acceptance of an application for warranty, a MoistureFree Warranty Authorization Certificate will be mailed to the warranty holder within 60 days of approval.

This limited warranty does not cover consequential or incidental damages. Warrantor's total aggregate liability of this Limited Warranty is limited to the amounts specified in the MoistureFree Warranty Authorization Certificate. There are no warranties which extend beyond the face of this Limited Warranty. There are no implied warranties or any other warranties, express or implied, in connection with this Limited Warranty or the MoistureFree Warranty Authorization Certificate on the warranted home, and all such warranties are unconditionally excluded from this Limited Warranty.

To Apply For And Purchase A MoistureFree Warranty

Call 1-800-400-8679

The MoistureFree Warranty is backed by Western Pacific Mutual Insurance Company,
A Risk Retention Group

Dear Homeowner,

Moisture problems related to EIFS (synthetic stucco), hardcoat/traditional stucco, brick, lap siding and other claddings have created serious concerns for homeowners. The MoistureFree Warranty was designed to eliminate most of these concerns by providing a cost-effective way to protect homeowners from moisture-related damage to the exterior of their homes. With the MoistureFree Warranty, homeowners can be protected in the event moisture is located during the term of the warranty.

This booklet explains the MoistureFree Warranty in its entirety, and we encourage you to take the time to READ THIS INFORMATION CAREFULLY.

This is not a warranty service contract, but a written Limited Warranty which specifically covers areas of your home directly related to your home's exterior cladding system. See "Definitions" section for clarification of these terms.

Please take time now to read this booklet. Familiarize yourself with the Warranty and its limitations. If you have specific questions about your stucco system after reading this information, contact your builder, stucco installer, repair contractor, or moisture inspector first. If you have questions regarding the purchase of a MoistureFree Warranty, please call (800) 400-8679.

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This Limited Warranty is administered by
Residential Warranty Company, LLC
5300 Derry Street
Harrisburg PA 17111
717-561-4480

Section I - Definitions

1. Administrator—Residential Warranty Company, LLC (RWC) is the Administrator of this warranty.
2. Arbitrator—The person appointed by the independent arbitration service to resolve an unresolved warranty issue.
3. Cladding—The material used to cover the exterior of the home that is attached directly to the substrate or framing of the home. This includes stucco, brick, vinyl, cedar, cement board, or other common cladding systems.
4. Consequential Damage—All damage including, but not limited to, damage to the Home that is caused by a warranted Defect but is not itself a warranted Defect, and costs of shelter, transportation, food, moving, storage, or other incidental expenses related to relocation during repairs.
5. Defect—A condition of any item warranted by this Limited Warranty which exceeds the allowable tolerances specified in this warranty. Specifically, any warranted area of the home's exterior cladding system which contains moisture equal to or in excess of 25% when measured in the wood behind the cladding, using an acceptable electric resistance-type (probe) moisture meter.
6. Term of Warranty Coverage —The term of warranty coverage is indicated on the MoistureFree Warranty Authorization Certificate.
7. Stucco — A generic term used for this warranty language referring to either EIFS (Exterior Insulating and Finishing System, or synthetic stucco) or traditional hardcoat Portland cement stucco .
8. Home—The single family dwelling identified on the MoistureFree Authorization Certificate. The home may be a townhome, condominium, or duplex.
9. Limited Warranty—The terms and conditions in this book including any applicable addenda.
10. Purchaser—You or perhaps someone else, such as a builder or contractor, who purchased this Limited Warranty on your behalf.
11. MoistureFree Warranty Application Form — This form is completed by either the inspector who tests the home for moisture, or by a representative of MoistureFree who uses the moisture inspector's information to complete the form.
12. MoistureFree Warranty Authorization Certificate—This certificate is proof of the home's warranty coverage and contains information about the specific limits of coverage for a particular home, if any.
13. Moisture Inspection—A moisture inspection of a home performed by a qualified individual using the MoistureFree Inspection Protocol, which is used to assess the moisture content of the exterior framing and sheathing of a home.
14. Moisture Location—A location is any area equal to or less than 36" in diameter which contains a moisture reading which is equal to or in excess of 25%.
15. Normal Maintenance—Caulking, sealing, repair of rotted wood, and painting which help prevent weather damage to exterior elements of the home. Cleaning and maintenance of gutters and downspouts.
16. Unresolved Warranty Issues—All requests for warranty performance, demands, disputes, controversies, and differences that may arise between the parties to this Limited Warranty that cannot be resolved among the parties.
17. Warrantor — Moisture Warranty Corporation (MWC) is the Warrantor.
18. Sealant or Flashing Failure — The inability of a sealant or flashing to adequately prevent excessive moisture from entering into or behind the exterior cladding of the home.
19. Insurer — Western Pacific Mutual Insurance Company, A Risk Retention Group. WPMIC, located at 9265 Madras Ct., Littleton CO 80130. Phone: 303-263-0311.
20. Moisture Warranty Corporation (MWC) — Warrantor, the company issuing and marketing the warranty.

Section II

The Limited Warranty

A. Introduction to the Limited Warranty

1. This booklet provides specific details, conditions and limitations of the Limited Warranty, including procedures for requesting warranty performance and for binding arbitration, in accordance with the procedures of the Federal Arbitration Act. Additional information can be received by calling Residential Warranty Company, LLC at (717) 561-4480. Read this document in its entirety to understand the protection it affords, the exclusions applicable to it, the Warranty Standards which determine its interpretation and operation, and your responsibilities.
2. This is NOT an insurance policy, a maintenance agreement or service contract. It is an explanation of what you, the Purchaser, can expect from this Limited Warranty.
3. You are responsible for the Normal Maintenance of your Home. General and preventive maintenance are required to prolong the life of your Home.
4. This Limited Warranty is fully transferable to subsequent Owners during the term of this Limited Warranty, provided the existing or new owner notifies MWC (please see page 17 of this document.)
5. This Limited Warranty is subject to changes required by various regulating bodies.

B. Terms of Warranty

1. In the event of the failure of a sealant or flashing on the home's exterior, Warrantor and/or Administrator will have a qualified repair contractor make repairs or modifications to the sealant or flashing as necessary to seal or flash the area to avoid future failure.
2. Warrantor and/or Administrator may also, at its sole discretion, choose to pay the homeowner to have repairs made to the extent of the warranty coverage.
3. Excessive moisture is defined as any moisture reading equal to or above 25%, which is determined by using an electrical resistance-type (probe) moisture meter.

4. Warrantor and/or Administrator will be responsible only for the improvement of the sealant or flashing component, and is not responsible for any damage that may, or may not, have been present at or around the specific area of the sealant or flashing failure before the warranty was in effect.
5. All claims of failure are limited to a per Moisture Location limit, as stated in the MoistureFree Warranty Authorization Certificate, and up to 40 Moisture Locations per home with a maximum per policy annual limit, which is also stated in the MoistureFree Warranty Authorization Certificate.
6. Warrantor and/or Administrator reserves the right to make repairs, modifications, or to pay the reasonable cost of repair for modification to the area of failure based on standard industry practices, and will have full discretion over the type of repair or modification to be made at the specific area determined to have high moisture behind the exterior cladding.

C. Exclusions and Special Provisions

1. Areas of the home that are damaged while under warranty, with the damage being caused by naturally occurring weather forces such as tornadoes, hurricanes, floods, winds in excess of 70 miles per hour, or damage caused by abuse such as, but not limited to, pressure washing or automatic sprinkler over-spray of the exterior cladding, are excluded from coverage and will not be repaired under this warranty.
2. Any information relative to the condition of the home that may affect the Limited Warranty must be provided to Moisture Warranty Corporation, including inspections, repairs, modifications, or additions to the home. This information may be used to determine terms and limits of the Limited Warranty. Withholding, falsifying, or altering information relative to the condition of the home may void all or part of this Limited Warranty.
3. Warrantor and/or Administrator shall not be responsible for any Defect that can be shown to be caused by the failure of the Homeowner, after the Effective Date of the Warranty, to perform Normal Maintenance.

4. This Limited Warranty shall be interpreted and enforced in accordance with the laws of the state in which the home is located.
5. If any provision of this Limited Warranty is determined by a court of competent jurisdiction to be unenforceable, that determination will not affect the validity of the remaining provisions.
6. If actions by the Warrantor and/or Administrator on any obligations under this Limited Warranty are delayed by an event beyond its control, such performance will be excused until the delaying effects of the event are remedied. Such events include, but are not limited to, acts of God, acts of the common enemy, war, riot, civil commotion, or sovereign conduct, or acts or omissions by you or any other person not a party of this Limited Warranty.
7. Under this Limited Warranty, the Warrantor and/or Administrator is not responsible for exact matching of color, texture, or finish in situations where materials are replaced or repaired, or for areas repainted, or when original materials are discontinued.
8. This warranty specifically covers areas affected by high moisture behind the exterior cladding of the property, and may include areas that are structurally unstable where the damage is directly associated with a failure of the cladding system. This may include the repair of framing or substrate in order to stabilize the affected area in order to install flashing or caulking as needed. The Administrator and/or Warrantor will have sole discretion in determining if framing or substrate repairs are necessary to complete an adequate modification of the affected area to prevent future moisture intrusion. The Administrator and/or Warrantor will also have sole discretion in determining if an area is structurally unstable due to a failure of the cladding. Elements of the wall often become wet without being damaged, and areas that have been wet or may have limited damage will not be repaired unless the Administrator and/or Warrantor deems the area to be compromised to an extent that affects the stability of the wall.
9. This warranty does not provide coverage for structural defects or damage, except as required to adequately protect or stabilize the area from future moisture intrusion. It does not provide coverage for moisture damage to any fenestrations (breaches in the cladding) including windows and doors. It does not provide coverage for moisture damage to drywall, wallpaper, carpets, floors, or any other interior elements of the home.
10. Pre-existing damage of any kind is NOT covered by this limited warranty. Pre-existing damage includes any damage that was likely to exist prior to the moisture inspection that was conducted and used to qualify for the warranty, but was not revealed in the qualifying inspection. If the area in question experiences high moisture during the term of the warranty, then the area may be modified under the warranty terms, but repair of any damage to the area will be at the discretion of the Warrantor and/or Administrator.
11. Moisture accumulation or damage caused by condensation within the wall cavity is NOT covered by this warranty. Moisture condensation within the wall cavity is typically caused by combinations of moisture/vapor barriers within the wall and humidity and temperature variations.
12. This warranty DOES NOT cover in any way problems associated with, caused by, contributed to, or aggravated by mold, mildew, or fungus and DOES NOT cover, in any way, health related problems or conditions associated with, caused by, contributed to, or aggravated by mold, mildew, or fungus. This warranty specifically excludes bodily injury or property damage which would not have occurred, in whole or in part, but for the actual, alleged, or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any fungi or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material, or product contributed concurrently or in any sequence to such injury or damage. This warranty does not cover any loss, cost, or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating, or disposing of, or in any way responding to, or assessing the effects of, fungi or bacteria, by any insured or by any other person or entity.

13. This Limited Warranty does NOT cover moisture problems that are not related directly to the cladding. This includes moisture problems or damage caused by roof leaks, foundation leaks, at- or below-grade framing and/or substrate, basement leaks, moisture from swimming pools/spas, improper drainage, pest infestation, downspouts, gutters, or the failure of any flashing or sealant joint that is not in direct contact with the cladding system.
14. This warranty does NOT provide any coverage for repairs or modifications related to wood-destroying insects such as termites and ants. It does not cover damage or moisture caused by rodents or birds.
15. This Limited Warranty does NOT cover moisture problems associated with wood framing behind or below concrete, brick, or other permeable substances. It does not cover moisture issues relating to non-or semi-permeable surfaces on balconies, patios, or similar constructs. It does not cover failures caused by rubber membrane roofing or deck material used on balconies, decks, porches, or other flat or low-sloped surfaces. This includes areas where the membrane roof or deck material is installed under other materials such as slate, pavers, tile, or other building materials used to cover these areas.
16. This warranty does NOT cover exterior knee walls, columns, tile patios with stucco below such patios, parapets, non-insulated walls or moisture damage found therein.

D. Conditions of Warranty Performance

1. When your request for warranty performance is determined to be a warranted issue, the Warrantor and/or Administrator reserves the right to repair, make modifications, or pay you the reasonable cost of repair/modification up to the limits of the warranty.
2. If the Warrantor and/or Administrator pays the reasonable cost of repairing a warranted item, the payment shall be made to you and to any mortgage or mortgage's successor as each of your interests may appear, provided that the mortgagee has notified the Administrator in writing of its security interest in the Home prior to such payment. Warrantor shall not have any obligation to make payment jointly to the Purchaser and the mortgagee where the mortgagee has not notified the Administrator in writing of its security interest in the Home prior to such payment. Any mortgagee shall be completely bound by any mediation or arbitration relating to a request for warranty performance between you and the Warrantor and/or Administrator.
3. Prior to payment for the reasonable cost of repairs or replacement of warranted items, you must sign and deliver to the Administrator a full and unconditional release, in recordable form, of all legal obligations with respect to the warranted Defect and any condition arising from the warranted item.
4. The repaired or replaced warranted item will continue to be warranted by this Limited Warranty for the remainder of the applicable period of coverage. The owner must provide proof the repair/modification has been completed to warranty standards in order to have continued coverage.
5. If the Warrantor and/or Administrator repairs, modifies, or pays you the reasonable cost to repair or replace a warranted item, the Warrantor shall be subrogated to all your rights of recovery against any person or entity. You must execute and deliver any and all instruments and papers and take any and all other actions to secure such rights, including but not limited to, assignment of proceeds of any other insurance or other warranties to the Warrantor.
6. Any Warrantor and/or Administrator obligation is conditioned upon your proper maintenance of the Home, common elements, and grounds to prevent damage due to neglect, abnormal use, or improper maintenance.
7. If request for performance under this Limited Warranty involves a common element in a condominium, the request must be made by an authorized representative of the condominium association.
8. If the request for warranty performance under the Limited Warranty involves a common element affecting multiple units, and all affected units are not warranted by the MoistureFree Warranty, the Insurer's liability will be limited to only those units warranted by the Moisture-Free Warranty. The limit of liability shall be prorated based upon the number of units warranted by this Limited Warranty.

Section III

Requesting Warranty Performance

A. Notice To Administrator

If a warranted elevated moisture reading is detected, you must notify the Administrator to review the item. All such notices must be presented in writing to RWC, Administrator, 5300 Derry Street, Harrisburg, Pennsylvania 17111-3598, Attn: MoistureFree Warranty Resolution Department, by certified mail, return receipt requested, within a reasonable time after the elevated moisture reading is detected. Requests for warranty performance must be postmarked prior to the warranty term expiration as specified on the Authorization Certificate.

B. Purchaser's Obligations

1. Your notice to the Administrator must include the following items:
 - a. MoistureFree Authorization Certificate number and the Term of Warranty Coverage.
 - b. Your name, address, and phone number (include home and work numbers.)
 - c. A Moisture Inspection Report (with probe readings.) Photographs are required as part of the Report.
2. You have an obligation to cooperate with the Administrator's and/or Warrantor's mediation, inspection, and investigation of your warranty request. From time to time, the Administrator and/or Warrantor may request information from you regarding an alleged defect. Failure by you or your appointed representative to respond to the requested information within thirty (30) days of the date of this request can result in the closing of your warranty file.

C. Mediation and Inspection

Within thirty (30) days following the Administrator's receipt of proper notice of request for warranty performance, the Administrator may review and mediate your request by communicating with you, the Warrantor, and any other individuals or entities who the

Administrator believes may possess relevant information. If, after thirty (30) days, the Administrator has not been able to successfully mediate your request, you will be notified that your request has become an Unresolved Warranty Issue. At any time following the receipt of proper notice of your request for warranty performance, the Administrator and/or Warrantor may schedule another inspection of the item. You must provide reasonable access for any such inspection. When a request for warranty performance is filed and the deficiency cannot be observed under normal conditions, it is your responsibility to substantiate that the need for warranty performance exists, including any costs involved. If properly substantiated, you will be reimbursed by the Administrator up to \$150.

D. Arbitration

1. You begin the arbitration process by giving the Administrator written notice of your request for arbitration of an Unresolved Warranty Issue. Within twenty (20) days after the Administrator's receipt of your notice of request for arbitration, any Unresolved Warranty Issue that you have with the Warrantor shall be submitted to the National Academy of Conciliators or another independent arbitration service upon which you and the Administrator agree. The **BINDING** arbitration is governed by the procedures of the Federal Arbitration Act, 9 U.S.C. 1 et. seq. If you submit a request for arbitration, you must pay the arbitration fees before the matter is submitted to the arbitration service. After arbitration, the Arbitrator shall have the power to award the cost of this fee to any party or split it among the parties to the arbitration. The arbitration shall be conducted in accordance with this Limited Warranty and the arbitration rules and regulations to the extent that they are not in conflict with any Federal Arbitration Act. Within one (1) year after an arbitration award, either party may apply to the U.S. District Court where the Home is situated to confirm the award. The Administrator's receipt of written request for

arbitration in appropriate form shall stop the running of any statute of limitations applicable to the matter to be arbitrated until the Arbitrator renders a decision. The decision of the Arbitrator shall be final and binding on all parties.

Since the Limited Warranty provides for amenatory binding arbitration of Unresolved Warranty Issues, if any party commences litigation in violation of this Limited Warranty, such party shall reimburse the other parties to the litigation for their costs and expenses, including attorney fees, incurred in seeking dismissal of such litigation.

2. The Warrantor and/or Administrator shall have sixty (60) days from the date the Administrator receives the arbitrator's award to comply with the arbitrator's decision. Warranty compliance will begin as soon as possible and will be completed within the sixty-day compliance period with the exception of any repair that would reasonably take more than sixty (60) days to complete, including but not limited to, repair delayed or prolonged by inclement weather. The Warrantor and/or Administrator will complete such repair and/or replacement as soon as possible without incurring overtime or weekend expenses. You may request a compliance arbitration within twenty (20) days after the sixty-day compliance period has expired by giving the Administrator written notice of your request. You must pay fees for the compliance arbitration prior to the matter being submitted to the arbitration service.
3. You must provide the Warrantor and/or Administrator with reasonable weekday access during normal business hours in order to perform its obligations. Failure by you to provide such access to the Warrantor and/or Administrator may relieve the Warrantor and/or Administrator of its obligations under the terms of this Limited Warranty.

Section IV

Warranty Standards

The following Warranty Standards are applicable to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

<u>1. Stucco Systems</u>	<u>Observation</u>	<u>Action Required</u>	<u>Comments</u>
	1.1 Small cracks appear on the surface of the stucco.	No action required. Most stucco systems have incidental hairline cracks on the surface which rarely allow moisture penetration	This is only considered a deficiency if the immediate areas around the cracks tests positive for moisture equal to or greater than 25% and no other source of the moisture can be determined.
	1.2 Stucco appears wavy or uneven along the plane of a wall or accent.	Uneven application of the stucco system will not typically cause moisture penetration.	Uneven application may need to be repaired for aesthetic reasons, but is not covered under the Limited Warranty.
	1.3 Styrofoam-like insulation layer of the stucco system continues below the soil level.	All insulated stucco systems should terminate at least 4" to 8" above the soil line to prevent termites and other pests from entering into the wall system	The Limited Warranty does not cover modifications to the home related to pest control.
	1.4 Stucco accents over doors, windows, and other areas are flat and deeper than 1.5" (at a 90 degree angle to the wall) and may collect water.	All flat accents deeper than 1.5" should be caulked to prevent moisture from penetrating the system through faults or cracks.	This is only considered a deficiency if the immediate areas around the accent test positive for moisture equal to or greater than 25% and no other source of the moisture can be determined.
<u>2. Caulking</u>	<u>Observation</u>	<u>Action Required</u>	<u>Comments</u>
	2.1 Caulking around doors, windows, vents, fixtures, utility breaches, hose bibbs, or any other breaches of stucco system appears to be failing.	Caulking is a critical element in the upkeep of any home and requires regular maintenance by the homeowner. Any area where caulking appears to be failing should be repaired as soon as possible.	This is only considered a deficiency if the immediate areas around the caulking test positive for moisture equal to or greater than 25% and no other source of the moisture can be determined.
	2.2 Caulking (glazing) on the glass of windows and doors appears to be failing.	Glazing caulk should be replaced anywhere it appears to be failing. The builder or door/window manufacturer's warranty may be applicable to this type of problem. Contact either the builder or the product manufacturer to check warranty status.	Windows and doors which have glass elements often experience failures with the glazing caulk. This failure is not applicable to this limited warranty. However, the window or door manufacturer may have a warranty for such occurrences.
	2.3 No expansion joints (backer rod joints) are installed around doors, windows, or other breaches.	Recessed backer rod joints are now recommended by many stucco manufacturers at the time of original construction. However, these types of joints should typically not be retrofitted on existing homes.	The limited warranty may apply to areas affected by the lack of, or failure of, a backer rod joint. However, installation of recessed backer rod joints is not required for warranty compliance.

2. Caulking
(cont.)

Observation

Action Required

Comments

2.4 Caulk on some areas of the home is fine, while other areas appear to be fading, peeling, cracking, or chipping.

Caulk has a variable service life depending on exposure, expansion, climate, and other factors. Homeowners should take steps to repair any areas of caulk that appear to be failing.

Caulking is a normal maintenance requirement for any home and a caulking deficiency is only warranted if the immediate areas around the failed caulk test positive for moisture equal to or greater than 25% and no other source of the moisture can be determined.

3. Flashing
Systems

Observation

Action Required

Comments

3.1 Kickout flashings (rake flashings or diverter flashings) appear to be missing or failing.

All kickout flashings should be visually checked from time to time in order to assure that they are unobstructed and functioning properly.

All stucco homes should have kickout flashings installed at appropriate locations. This limited warranty applies to failing kickout locations that have not been specifically excluded from the limited warranty.

3.2 Flashing around decks, stairways, porches, chimneys, windows, or other attachments appears to be failing.

Severe weather may cause flashing to momentarily fail under extreme conditions. No action is typically required unless failure occurs more than occasionally, or is extreme in nature.

Flashings that cannot be inspected using visual observation are not applicable to this limited warranty.

3.3 Head flashing above windows and doors is missing or failing.

If an area above or around a window or door is being damaged by the lack of, or improper function of, a head flashing, modifications should be made to correct the problem.

Areas around windows or doors that experience elevated levels of moisture are applicable to this limited warranty if they have not been specifically excluded and are within the limits of the warranty.

3.4 The chimney chase is constructed of wood and does not appear to have a chimney cap or proper flashing.

Chimney chases attached to the side of a home commonly are missing kickout flashings which must be installed. Also, a chimney cap which covers the entire chimney and continues down the edges 4" should be installed.

Only chimneys that are reasonably accessible to testing are applicable to this Limited Warranty. This is only considered a deficiency if the immediate area of the chimney tests positive for moisture equal to or greater than 25% and no other source of the moisture can be determined.

3.5 Stucco has been used to cover a flat area (wider than 1.5") over a wall, chimney top, canopy, or other area.

Stucco finishes are not designed to be used as roofing or flashing materials. These areas should be modified so that the stucco is protected from moisture.

Areas of the home that use stucco as a waterproofing system, roofing, or flashing system are not applicable to this Limited Warranty.

3.6 Gutters are overflowing in some places and the downspouts leak onto the stucco surface.

It is VERY important to keep gutters and downspouts clear of debris. Leaking or improperly installed gutters should be fixed to prevent any moisture from contacting the stucco surface.

Gutter systems can significantly contribute to moisture problems related to stucco systems and must be regularly maintained by the homeowner. Moisture problems caused by gutters or downspouts are NOT covered by the warranty.

4. Window Systems

Observation

Action Required

Comments

4.1 Windows appear to have rotted around sill, sash, jamb, or molding.

All windows with wood elements require proper maintenance, which includes periodic caulking and painting. Areas of extreme rot may need to be replaced.

Rotted wood is common in all types of wood windows and is not applicable to this warranty. Failures directly related to excess moisture around the windows are limited to modifications necessary to prevent moisture from penetrating into or behind the stucco system.

4.2 Water is entering into the interior of the home through a faulty window.

Windows which do not close properly or have warped may need to be replaced in order to stop interior leakage.

This is only considered a deficiency if the immediate area around the exterior of the window tests positive for moisture equal to or greater than 25% and no other source of the moisture can be determined.

4.3 Wooden windows (with or without vinyl or metal cladding) appear to be staining in the corners or are missing caulk.

All windows need to be caulked at the lower joints of the sill and the jamb. Removal of the sash track may be necessary in order to assure a complete seal of the joint. Further modification may be necessary if the joint cannot be adequately sealed, including window pans or window replacement.

This is considered a deficiency only if the immediate area around the exterior of the window tests positive for moisture equal to or greater than 25% and no other source of the moisture can be determined. Areas specifically identified in the MoistureFree Warranty Authorization Certificate will not apply to this Limited Warranty.

4.4 Windows within doors (patio doors, French doors, sliding doors, etc.) appear to have gaps between the glass and the wood or metal.

Glazing and caulking are common maintenance issues in any window or door. Homeowners should make periodic checks of these areas to assure that the caulking or glazing is adequate.

Glazing and caulking of the window construction may be warranted by the window or door manufacturer. This is considered a deficiency only if the immediate area around the exterior of the door or window tests positive for moisture equal to or greater than 25% and no other source of the moisture can be determined.

4.5 The glass within the window is cloudy and appears to have moisture trapped between the panes.

Leaks or cracks in the thermal seal of a window allow moisture to get trapped between the glass panes. The window must be replaced to correct the problem.

Broken or leaking window seals are not problems related to the stucco system and are not applicable to this Limited Warranty.

5. Other Areas

Observation

Action Required

Comments

5.1 The exterior stucco cladding has experienced impact damage.

Most impact damage to the stucco system is superficial and requires aesthetic repair only.

This is not a warranted defect. Areas effected by impact damage is not covered by the warranty and is considered to be homeowner maintenance.

5.2 Ivy or other vine-type plants have attached to the stucco cladding.

All landscaping should be planted or trimmed back at least 12" from the exterior in order to prevent damage to the stucco and to allow for adequate inspection.

This is not a warranted defect. Areas that can not be effectively tested due to landscaping may be excluded from this Limited Warranty.

5.3 Moss, mold, or algae have discolored the surface of the stucco.

Northern and southern exposures of homes typically have discoloration due to algae growth. This rarely affects the condition of the stucco, and the algae can be removed using approved cleaners. NEVER USE A HIGH PRESSURE WASHER ON THE SURFACE OF STUCCO.

This is not a warranted defect. Algae growth on walls is common and often mistaken to be associated with interior moisture in the walls.

5.4 The automatic sprinkler system is overspraying onto the home.

Sprinkler heads should be adjusted or changed to ensure that water does not hit the surface of the home.

This is not a warranted defect and may void this Limited Warranty if found to be the cause of moisture in otherwise warranted areas of the home.

5.5 Interior leaks are occurring around or directly below the chimney area.

Chimneys should be covered with a chimney cap which covers the entire horizontal exposure of the top of the chimney and continues down each side at least 4". Flashing around the chimney at the roof line should also be checked for proper function.

This is not a warranted defect. Stucco should not be used as a roofing or flashing substitute. If possible, check with the original builder to request repair or modifications, or with the builder's insurance company.

5.6 Small rust-colored spots and streaks appear on the surface of the stucco.

Typically, these rust-colored spots and streaks are caused by iron fragments in the finish coat of the stucco. No action is required, but removal of the iron fragments at the surface will often solve the problem.

Discoloration in the stucco is an aesthetic issue and is not a warranted defect.

5.7 Loose, chipping paint on the surface of the stucco.

The finish coat of the stucco has most likely been painted. Once the stucco home has been painted, it will need to be maintained and repainted to maintain the appearance.

Aging and failure of paint are typically not related to interior wall moisture and therefore are not applicable to this Limited Warranty.

5. Other Areas (cont.)

Observation

Action Required

Comments

5.8 White chalky or yellowish deposits or stains are found on the stucco finish.

These stains, referred to as efflorescence, can be cleaned using special cleaners designed for this problem. The source of the stain should be sealed to prevent damage to the finish and base coat of the stucco system.

Efflorescence often occurs under decks, stairs, or other attachments to the home. It is not related to interior wall moisture and is not applicable to this Limited Warranty.

5.9 Shutters are attached through the stucco and do not appear to be sealed.

Shutter attachments that leave a hole should be removed and caulked to reduce the chance of leaking. Snap-on shutter brackets are preferable and reduce the chance of future problems.

This is considered a deficiency only if the immediate area around the shutter tests positive for moisture equal to or greater than 25% and no other source of the moisture can be determined.

5.10 Dead valleys or roof-and-wall intersections where the roof is angled down toward a wall or a corner which does not appear to drain properly.

Roof-to-wall intersections which do not allow proper drainage should be modified in order to create a slope that allows drainage. Wall flashing should extend 8" to 14" up the wall and run to the end of roof/wall edge and be properly finished.

Poor roof/wall intersection designs can contribute to leaks in the interior of the home, but are not typically related to the stucco cladding and are not applicable to this Limited Warranty.

5.11 Deck, stair, railing, or other attachments appear to penetrate the stucco and are not sealed.

Stresses on attachments to the house can expose openings in the stucco which must be sealed with an appropriate flexible caulk. Attachments to the home can loosen over time and should be secured to prevent movement.

This is considered a deficiency only if the immediate area around the attachment tests positive for moisture equal to or greater than 25% and no other source of the moisture can be determined.

5.12 At- or below-grade framing and/or substrate that may be in contact with surface moisture allowing moisture penetration into the wall.

At- or below-grade framing and/or substrate should be appropriately waterproofed and may require the removal of the exterior soil to allow drainage or replacement of the construction elements with no-rot materials.

Moisture intrusion related to at or below-grade framing and/or substrate cannot be visually confirmed in most cases and is typically not related to the stucco cladding. Repairs related to below-grade framing are not applicable to this Limited Warranty.

5.13 Patios, stairs, planters, flower boxes, or other attachments may have stucco between the foundation or framing and the attachment.

If the stucco was applied to the home before the exterior attachments, there is a possibility that the stucco is trapped between the home and the attachment. If the stucco system includes an insulation board component, moisture or pest problems may occur in this area. Further destructive inspection of the area may be required.

The inspection protocol required for this Limited Warranty does not include any type of destructive testing and therefore cannot comment on areas that cannot be tested or observed. Unobserved areas or areas that are impossible to test are excluded from this Limited Warranty.