



UNDERSTANDING YOUR DRY BASEMENT WARRANTY



RESIDENTIAL
WARRANTY PROGRAM
www.luxwarranty.com





BRIEF OVERVIEW

The #1 reason for leaky & damp basements is foundation wall leaks.

Foundation walls will experience shrinkage cracks. Many very small others will be 1/16" in width or larger. A myriad of circumstance will define foundation wall cracking patterns & reasons; initial curing conditions, backfill materials and soil, wall configuration etc.

This coverage provides protection to homeowners against leaking damp concrete foundation walls for 5 or 10 year terms. In addition to repairing wall water penetration issues the warranty will also repair subsequent damages such as flooring, framing, drywall, finishes etc., to materials provided by the builder.

IMPORTANT: Your builder will need to know prior to construction that you require this extra protection. Lux has worked with your builder to provide the construction design of your foundation wall system.

This coverage can be purchased directly by the homeowner at the time of possession for either 5 or 10 year terms.

What if there's a problem? (First year)

For defects and service 1st contact your builder immediately for water penetration defects. Also contact Lux within the first year if the issue is not properly addressed.

We are here to assist you!

Anytime with technical questions, clarification on industry standards. If you cannot obtain the service required from your builder send us a help request on our homeowner helpline at luxwarranty.com. You will not be charged for any inspections that may be required.

Insure you have a warranty

You must first obtain a separate warranty certificate for the "Dry Basement protection". Insure yours is in place.

THE LUX DRY BASEMENT WARRANTY TERMS AND CONDITIONS

The new home builder or renovation builder is defined in this agreement as "Builder"
The Home warranty program is defined as "Lux Warranty"

Scope of coverage:

This coverage identified as the "Dry Basement Warranty" is limited to water penetration through the exterior concrete foundation wall in areas where the concrete foundation wall has an approved drainage system installed. Items included in the warranty coverage are:
Repair to the water penetration point(s) through the concrete wall required to prevent water penetration. Repair to consequential damages of construction materials as a result of water penetration from the foundation wall, for items supplied and installed by the builder examples:
Damages to flooring, drywall / paint, trim work . . .

Excluded items & circumstances:

Homeowner neglect in maintaining a proper landscape grade leading water away from the home and improper control of eave trough down spout water accumulating. Water penetration in areas other than through the concrete foundation wall. Damages to chattels & personal property.

In each instance, the Builder or Lux's responsibilities for warranty coverage under this dry basement coverage are subject to the following:
• Prior to a claim the subject home must have been properly registered and the requirements for the warranty activation must have been properly completed as per all Lux warranty program requirements.

In the event of a warranty claim, the decision of whether to repair or replace a defective item is solely the Builder's or Lux Warranty, as applicable, as is the decision on who can complete the work.

Repairs

- Action taken to repair defects will not extend the periods of coverage specified in the Agreement.
- Prior to the Builder or the Program Warrantor repairing or replacing a defective item, the Homeowner may be required to sign and deliver to the Builder or Lux Warranty, as the case may be, a full and unconditional release, in recordable form, of all legal obligations with respect to the defect and any conditions arising from the defect. However, the repairs or replacement item will continue to be covered by the Agreement.
- In the event the Builder or the Program Warrantor repairs or replaces, any item covered by the Agreement, the Builder and the Program Warrantor shall be subrogated to all of the Homeowners' rights of recovery therefore against any person or entity (including the Builder if its obligations hereunder have been performed by Lux Warranty) and the Homeowner agrees to execute and deliver any and all instruments and papers and to take any and all other actions necessary to secure such rights, including, but not limited to, assignment of the proceeds of any other insurance or warranties to the Builder or Lux Warranty, as appropriate. The Homeowner shall do nothing to prejudice such rights of subrogation.
- In the event that the Homeowner, Renovation Builder and or the Program Warrantor are in the process of a dispute resolution and the Builder fails to make repairs ordered by Lux Warranty. Lux Warranty will undertake to cause the related warranty obligation to be resolved as set in the program to be repaired. As all decisions of Lux Warranty are binding on all parties, Lux Warranty is to be fully compensated for all work performed with respect to said dispute by the culpable party. This certificate is an important document, as such, Lux Warranty advises you to review its contents carefully and consult with a professional if required.

HOW TO MAKE A WARRANTY CLAIM

Dispute Settlement:

- a. Carefully read and review the Agreement and the standards to determine whether the defect is covered.
- b. Year 1 Notice. If you have a claim, which you believe is covered by "The Dry Basement Warranty" during the warranty period as defined by this Agreement, Written notice of a defect covered during year one must be received by the Builder during the first year and no later than seven (7) calendar days following the expiration of the applicable warranty period. If notice to the Builder does not result in satisfaction within 30 days, written notice must be given to Lux Warranty as warrantor, you must send a notice to Lux Warranty, which is clear and describes the defect in detail along with the written notice provided to the Renovation Builder and proof of delivery by registered mail. The notice to Lux Warranty should describe each defect in detail and should be forwarded by Registered Mail.
- c. Conciliation and Arbitration: If the dispute cannot be successfully resolved between the Renovation Builder and homeowner, a conciliation/arbitration service report shall be completed by Lux Warranty and delivered to the Homeowner and Builder as a means of dispute resolution between the respective parties. The findings of said conciliation/arbitration shall be binding on all parties.
- d. Claims Contact. The Homeowner shall forward all claims in writing to the Lux Warranty Atlantic office at:
Claims Department Lux Warranty Atlantic P.O. Box 27046 Dieppe, New Brunswick, E1A 6V3

Duplication of warranty:

This coverage will not apply in addition to the 1st year water penetration warranty coverage already provided in the basic warranty coverage.

INSPECTION AND MEDIATION

During the first thirty (30) days following Lux Warranty's receipt of proper notice of a defect or claim, Lux Warranty will review and mediate the claim by communicating with the Renovation Builder, the Homeowner and any other individuals or entities who Lux Warranty believes possesses relevant information. Lux Warranty will issue a binding conciliation report to both the Renovation Builder and homeowner. Lux Warranty, at any time following the receipt of proper notice of a claim against any of the programs listed in this Agreement, may schedule an inspection of the defect or an appraisal acceptable to Lux Warranty. You homeowner must provide Lux Warranty, the Renovation Builder, or if applicable, the Lux Warranty with reasonable weekday access during normal Business Hours in order to perform its obligations. Failure by the Homeowner to provide such access to the Builder or Lux Warranty will relieve the Builder or Lux Warranty of its obligations under this Agreement.

- Where a claim is filed that cannot be observed or determined under normal conditions, it is the Homeowner's responsibility to substantiate that the condition does exist. Any cost involved shall be paid by the Homeowner, and if properly substantiated, reimbursement shall be made to a maximum of \$350.00 dollars.
- Remedial Action. When a defect has been identified, Lux Warranty will ensure that it is corrected by the Builder or themselves. Cash settlements would be contemplated only under very special circumstances. A decision in favor of a cash settlement may occur after negotiation with the homeowner and possibly the mortgage holder.

CONTENT AND TIMING OF NOTICE TO Lux Warranty

Please note that Lux Warranty must receive a written notice of claim within thirty 7 days after the expiration of the applicable warranty period. For example, if the defect is one which is covered under Builder one year warranty period, notice must be received by Lux Warranty within thirty 7 days of the end of the first year, or the notice will not be honored. Notice to the Builder does not constitute notice to Lux Warranty, nor will it be deemed to extend applicable coverage periods. This notice must contain the following information:

- The enrollment number and possession date.
- The Builders name and address;
- Your name, address, home and work phone number
- A specific description of the defect(s);
- The page and section number of this Agreement containing the applicable warrants standard(s); and
- A copy of your written notice to the Builder.

30 DAY RESPONSE: You have an obligation to cooperate with Lux Warranty inspectors and investigation of your claim. From time to time, Lux Warranty may request information from you regarding your claim. Failure by you or your appointed representative to respond with the requested information within 30 days of the date of request shall result in the closing of your claim file.

Warranty Transferability

The Warranties contained in this agreement shall extend to the future registered Purchasers of this home subject to any conditions applied by the original or subsequent owners.

RESPONSIBILITY AND PURCHASER'S RIGHTS:

The following exceptions and exclusions apply to defects not covered under this Agreement:

Failure of the Builder to complete; construction, registration of the warranty or completion of the Home on or before the Effective Date or damages arising from such failure. An incomplete item is not considered a defect hereunder, although a Builder is otherwise obligated to complete such items under contract to the homeowner.

- Any act of terrorism or defect which does not result in actual physical damage.
- Property damage or bodily injury.
- Any deficiencies in or damage caused by material or work supplied by anyone other than the Builder or its employees, agents, or subcontractors.
- Any claim reported after an unreasonable delay, not reported to the Builder for any reason or later than seven (7) days after the expiration of the applicable warranty period or any claim without proper notification to Lux Warranty.
- Loss or damage caused directly or indirectly by insects, birds, vermin, rodents, or wild or domestic animals.
Defect which arises while a Home is used for non -residential purposes, including renting, leasing etc.
- Damage caused by soil movement, including subsidence of land around the Home or along the utility lines, expansion or lateral movement of the soil, to any Home or to any other Home in the surrounding area.
- All consequential damages including, but not limited to, transportation, food, moving, storage, or other incidental expenses related to relocation during repairs.
- Damages or losses not caused by a defect in construction of a Home not caused by the Builder or its employees, agents, or subcontractors, but resulting instead from acts or omissions of the Purchaser, his agents, employees, invitees, accidents, civil commotion, nuclear hazards, acts of God or nature, fire, explosion, water escape, windstorms, hail, lightning, vehicles, flood, mud slides, sinkholes, faults, crevices, earthquake, including land shock waves or tremors before, during or after a volcanic eruption.
- Loss or damage resulting from a Purchaser's failure to perform routine maintenance and maintaining proper moisture levels in the home.
- Loss or damage resulting from the Purchaser's failure to minimize or prevent such damage in a timely manner.
- Loss or damage to or resulting from defects in outbuildings including, not limited to detached carports, fence, utility line or similar shall not cause an outbuilding to be considered attached), swimming pools, recreational facilities; driveways; walkways; patios; retaining walls, fences, landscaping, sod, shrubs, trees, French drains; septic systems; off-site improvements; or any other improvement not a part of a Home itself.
- Loss or damage resulting from concrete floors of basements and attached or detached garages.
- Loss or damage to real property which is not part of a Home (land is not considered a part of a Home) covered by this Agreement and which may or may not be included in the final sale price.

- Loss or damage resulting from, or made worse by, changes in the grading of the property surrounding a Home by anyone except a Builder or its employees, agents or subcontractors, or changes in the grading or drainage resulting from erosion or subsidence.
- Damage resulting from, or made worse by, dampness, condensation or heat build-up caused by the failure of a Purchaser to maintain proper ventilation and humidity levels.
- Loss or damage resulting from, or made worse by, modifications or additions to a Home done by a Purchaser, or property under or around a Home, made after commencement of the term of this Agreement (other than changes made in order to meet the obligations of this Agreement).
- Any defect, damage or loss which is caused or made worse by the failure of a Purchaser to promptly notify a Builder or Lux Warranty, as applicable, of any defect within the period of time specified by this Agreement.
- Any defect, damage, or loss which is caused or made worse by failure by anyone to comply with a Builders' warranty requirements, Loss or damage resulting from or made worse by, negligent maintenance or operation of a Home and its systems by anyone other than a Builder or its employees, agents or subcontractors.
- Loss or damage resulting from a condition not resulting in actual physical damage to a Home, including un-inhabitability or health consequences of insects, unacceptable levels of radon, formaldehyde, carcinogenic substances, or other pollutants and contaminants; or the presence of hazardous or toxic materials.
- Loss or damage caused directly by flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these (whether or not driven by wind), water which backs up from sewers or drains, changes in the water table, or water below the surface of the ground (including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool, or other structure) wetlands, springs or aquifers, ground pumps.
- Violations of applicable building codes or ordinances unless such violation results in a defect which is otherwise covered under this agreement. Under such circumstances, the obligation of a Builder or the Program Warrantor under this Agreement shall only be to repair the defect, but not to restore or bring the Home to conform to code.
- Loss of damage caused by abuse, misuse, negligence, accident or other casualty or any damages caused by the same.
- Loss or damage caused by normal deterioration due wear exposure.
- Loss or damage caused by, defects in any part of the foundation or the building, or the attachment of components, such as vents, fascia, skylights, or other such materials, accessories or machinery, the attachment of which is made known to and approved by a Builder in writing or any other cause beyond the reasonable control of a Builder.
- Loss or damage to products or materials which are not provided by a Builder.
- Loss or damage to driveways, basement floors, garage floors, patios, sidewalks, retaining walls, and all concrete constructions which are not load bearing.
- Loss or any resultant damage caused by the failure of any appliance, system, or structure which may be covered under any Purchasers' insurance policy whether purchased or not.
- Damage which would not have occurred, in whole or in part, but for the actual or alleged exposure to, existence of, or presence of, any Fungi or bacteria on or within a building or structure, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such damage.
- Landscaping, septic beds, water sheds, foundation or any other drainage systems, tile beds.
- Water Penetration of any kind except for through the foundation wall.
- Builder does not provide any warranty for work done or any materials provided by any other person, except where it has expressly so stated.