



FREQUENTLY ASKED QUESTIONS To the Texas Addendum For Texas Builder

What is an Addendum and why do I have to sign?

To join the 2-10 Home Buyers Warranty ("2-10 HBW") program you signed a Member Proposal and Agreement (or Builder Proposal and Agreement) which we refer to as the MP&A. The MP&A outlines the HBW program requirements including how to enroll a home, the coverage options and Risk Management Requirements. The Texas addendum changes some of the terms and conditions of the MP&A to align with 2-10 HBW's new Texas warranty.

Why were some of the definitions changed?

Some definitions were changed to be consistent with the words used in the Texas Association of Builders ("TAB") warranty.

Why has the language regarding Special Standards changed?

The section of the MP&A dealing with Special Standards has been changed to eliminate West Texas as a Special Standards Area and designate Central Texas as a High Risk Area (formerly called Special Investigative Area). Eastern and Coastal Texas continue to be Special Standards Areas. The addendum identifies the guidelines that should be used in the High Risk and Special Standards Areas and directs the builder to the new Quick Reference Guide and applicable manuals which describe the guidelines in detail.

Why are Original Construction Elevations ("OCE") mentioned if they are not required?

OCE are not required by 2-10 HBW. If a Builder has completed an OCE, it should be sent to us when the home is enrolled in the warranty program. In the event of a claim, the warranty insurer can compare the as-built information on the OCE with new measurements to determine the extent of foundation movement. The warranty insurer cannot presume the home was constructed level within certain tolerances if an actual OCE was performed.

Do I have to sign this?

The addendum must be signed to offer the new 2-10 HBW Texas warranty which has significant benefits, including reduced risk management requirements and new procedures that make it easier to enroll a home.

Do I have options?

Absolutely. Builders can choose to offer either the 2-10 HBW Texas warranty or the 2-10 HBW national warranty. The 2-10 HBW Texas warranty is based upon the new TAB performance standards. The 2-10 HBW national warranty is the product 2-10 HBW has provided since 1980. The TRCC warranty, however, is obsolete since the Texas Residential Construction Commission was abolished. In the 2-10 HBW program the TRCC warranty is being replaced by the new 2-10 HBW Texas warranty.

What are the differences between warranties?

The new 2-10 HBW Texas warranty and our 2-10 HBW national warranty both provide 10-years of structural defect coverage commencing on the first day of closing. Both warranties offer the option of 1-year workmanship and 2-year systems coverage, and both warranties provide the builder and the homebuyer the same dispute resolution procedures, including arbitration when necessary. The 2-10 HBW Texas warranty is based upon TAB's modification to the standards originally developed by the TRCC. In contrast, the 2-10 HBW national warranty contains the NAHB standards for workmanship and systems. A careful reading will find some differences in these two standards. The advantage of the 2-10 HBW Texas warranty is that the standards are endorsed by your state association and contain locally accepted trade practices and construction methods.