



Proposal/Scope of Work

February 21, 2007

Homeowners: John and Cynthia Daugherty
Address: 8712 Quill Street
Lenexa, KS 66227

Community: Villas at the Reserve
Lot: 174
Close Date: 8/18/2006

Per your request, I am providing this proposal / scope of work summarizing the actions Pulte Homes of Greater Kansas City, Inc., will take on the following items:

- Pier pad / footing locations
- Hairline cracks in foundation walls and hole in foundation wall
- Basement stair framing detail
- Engineered floor joist deflection

The purpose of this proposal is to provide an outline of the suggested repairs and the estimated timeframe needed to conduct the repairs. It is understood that these actions may, or may not, be all inclusive and the timeframe listed could change because of unforeseen circumstances.

Upon receipt and review of the engineering reports from Dressler Consulting Engineers Incorporated (DCEI), December 6, 2006 (attachment A) and February 5, 2007 (attachment B), and based on the recommendations therein, Pulte Homes of Greater Kansas City, Inc. (Pulte) proposes the following actions be taken on these items at the address listed above:

Pier Pad / Footing Locations

Per DCEI's report dated February 5, 2007:

- a. Pulte will install new pier pads / footings which will be centered under each column as per DCEI's recommendations.
- b. Each pier pad / footing will be a minimum of 48" x 48" x 16" in size.
- c. Temporary supporting of the structure will be per DCEI's recommendation as outlined in the report.
- d. Removal of existing material will be per DCEI's recommendations as outlined in the report.
- e. Pulte will follow the appropriate permitting and inspections as required by the City of Lenexa.

Hairline Cracks in Foundation Walls & Hole in Foundation Wall

Per DCEI's report dated December 6, 2006, the hairline cracks in the foundation walls are the result of normal settlement and concrete shrinkage due to curing. Also noted was that these cracks are not a structural detriment to the foundation and are considered only cosmetic. Based on DCEI's recommendations, Pulte will perform the following:

- a. Seal or patch the one (1) hole in the front foundation wall.
- b. Seal or patch the cracks in the foundation walls.
- c. Both "a" and "b" above will be performed from the inside of the home.

Basement Stair Framing Detail

Per DCEI's report dated December 6, 2006, Pulte will:

- a. Rework the basement stair framing to include a horizontal joint. This is also referred to as a "floating wall". This floating wall is designed to absorb movement which may occur in the floating basement floor slab.
- b. Example photographs:

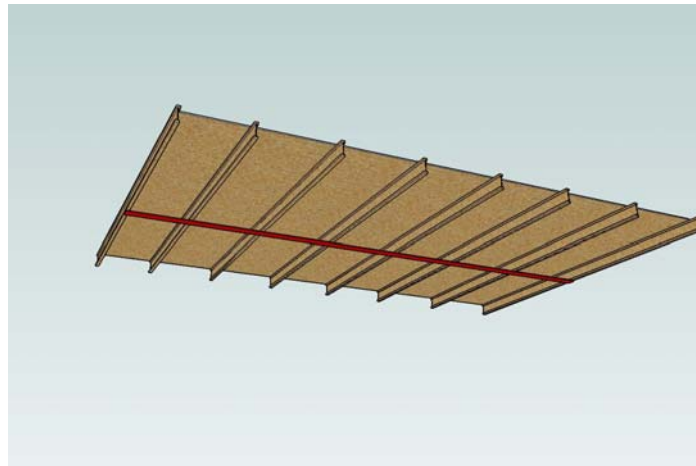


Additionally, upon receipt and review of the Cedar Creek, Inc. evaluation report dated November 30, 2006 (Attachment C) and the LP Engineered Wood Products report dated December 1, 2006 (Attachment D), and based on the recommendations therein, Pulte Homes of Greater Kansas City, Inc. (Pulte) proposes the following actions be taken on these items at the address listed above:

Engineered Floor Joist Deflection

Per the Cedar Creek, Inc. evaluation letter dated November 30, 2006, the floor joist system has been designed nearly twice as stiff as is required by code. As a courtesy, Pulte will:

- a. Add a 2" x 4" board perpendicular to the floor joists. This will start at the rim board and run mid-span (mid point between the steel beam and the foundation wall). Where possible, we will run this from rim board to rim board and block both ends. If mechanical components of your home interfere with our ability to do this, appropriate adjustments will be made.
- b. Example picture (2" x 4" board in red):



During the inspection which preceded the Cedar Creek, Inc. evaluation letter, the Cedar Creek and LP representatives observed a splintered bottom flange on one (1) joist. As a result, the LP Engineered Wood Products report dated December 1, 2006, has been provided. Pulte will:

- a. Repair the affected joist per the LP report.

Other Items

Following completion of the items above, Pulte will:

- a. Repair the cosmetic finishes within the home that have been affected by the pier pad repairs.
- b. Complete repairs as outlined in Service Request # KC17170, dated November 17, 2006 (Attachment E).
- c. Weather permitting: Complete repairs to the exterior and landscaping of the home that have been affected by the pier pad repairs, along with the items noted in Service Request # KC17196, dated November 17, 2006 (Attachment F).

Overall, it is estimated to take 30 - 45 days to fully complete the repairs with an additional 30 days to plan and schedule the work with the appropriate contractors. This type of repair can create a large amount of dust in the basement. Pulte will work to minimize the amount of dust introduced into the living area and will protect the interior furnishings with plastic sheeting. In addition, once the repairs are completed, Pulte will hire a contractor to clean the house and the HVAC ductwork. Due to the nature of the pier pad repairs, it will be necessary that the homeowners be placed in temporary lodging (provided by Pulte) for this portion of the work.

The temporary lodging will consist of a reasonable hotel suite complete with a kitchenette. It will be the homeowner's obligation to pay for any incidental expenses outside the cost of the room and any laundry services, i.e. in room movies, room service, hotel lounge charges, etc. Pulte will pay each homeowner \$10.00 per meal per day (\$60.00 per day total per couple) while the homeowners are displaced from the home during the repairs. This food stipend will be paid at the end of each month. Should there be a need for services not offered by the hotel, upon approval by Pulte, the homeowner can opt to pay for those services and submit receipts for reimbursement. Please allow thirty (30) days for the reimbursement to be processed and a check to be issued.

Although the homeowners will be displaced from their home for a portion of these repairs, they will still have full access to their home. It is important that the homeowners know and understand that there will be certain hazards within the home and basement during the repair process. Pulte will make every effort to ensure a safe working environment; however, should the homeowners decide to visit the home during the repairs, they are doing so at their own risk.

By signing below, you understand this letter and are authorizing Pulte to make the warrantable repairs as listed above.

John Daugherty Date

Cynthia Daugherty Date

Pulte Representative Date