



## Modification Of Your Warranty Regarding Payment Of Arbitration Costs

December 17, 2004

Current KB Home Owner

<<ADDRESS>>

<<CITY>>, <<STATE>> <<ZIP>>

Dear KB Home Owner:

The KB Home New Home Limited Warranty provided to you as part of your home purchase calls for arbitration by a third party expert in the rare case that we cannot resolve a warranty claim to mutual satisfaction directly with our Home Owner. Such an arbitration is binding on KB Home, but not binding on the Home Owner (except as to Home Owners who have elected a 12-year warranty). Effective immediately, if a warranty claim dispute is not resolved and arbitration is initiated, KB Home will now pay all of the fees and expenses of the organization conducting the arbitration, including the fees to initiate the arbitration and the cost of the arbitrator. The language in the Warranty you were previously given allows for some sharing of these costs between you and KB Home. Home Owners will only be responsible for their own costs, such as the fees and expenses of an attorney or anyone else hired to help in the proceeding.

We are pleased that, in the vast majority of cases, we are able to promptly address any warranty requests so our Home Owners can be fully satisfied with their homes. When there is a disagreement about needed repairs, we make every effort to find a mutually agreeable resolution.

**This letter changes the terms of your warranty in a way that benefits you. Please keep this letter with your other important home ownership documents.**

Should you have any questions, please contact **Ann Rice** at KB Home by e-mail at [arice@kbhome.com](mailto:arice@kbhome.com) [note that contact information shaded in gray was updated from original letter] or telephone at 310-231-4053.

Very truly yours,

A handwritten signature in black ink that reads "Jeff Mezger".

Jeff Mezger  
Chief Operating Officer  
KB Home