



3067 Sam Moss Hayes Rd
Oxford, NC 27565
Phone: (919) 218-8213 or (919) 369-1752
Email: Emerson_homes@yahoo.com

LIMITED WARRANTY AGREEMENT

Contractor: Emerson Homes, LLC

Owner(s): _____

Address of Project: _____

Introduction:

This limited warranty agreement explains changes and maintenance items that may occur in your new home during the first year of occupancy. It also establishes an agreed method for determining when a construction defect exists and a clear understanding of our (Emerson Homes, LLC) responsibilities for remedying the defect. Your home will require more care and maintenance than most products, since it is made up of many different components each with its own customized characteristics. Also, the purchaser (buyer/owner) understands that like other products made by humans, a house is not perfect. It will show some minor flaws and unforeseeable defects, and may require some adjustments and touching up either by the builder or by the buyer (for some minor non-warranted items).

(Note: Consequential and incidental damages are excluded and there are limitations to the duration of implied warranties.)

1. **IDENTITY OF THE WARRANTOR:** The builder, Emerson Homes, LLC., is the warrantor under the terms of this Limited Warranty Agreement.
2. **TO WHOM GIVEN:** This Limited Warranty is extended to the original purchaser of the home. The Purchaser (noted in the Declarations Statement) is the first person to whom the home is sold and any and all successors in title.
3. **TERM:** The terms of the coverage of this warranty begin on the date of final settlement or the date when the purchaser first occupies the home, whichever occurs first, is noted in the declarations statement of this agreement, and continues for a period of one year.
4. **COVERAGE:** We warrant by the standards of construction relevant in Granville County, North Carolina and the Quality Standards in this agreement;

For a period of one year, the floors, ceilings, walls and other internal structural components of the home that are not covered by other portions of this Limited Warranty, will be free of

Initial: _____

defects in materials or workmanship in accordance with the Quality Standards included in this agreement. The builder will repair or replace, at the builders' option any latent defects in material or workmanship that do not meet the Quality Standards. A latent defect is defined as any defect that was not apparent/ascertainable at the time of Orientation-Walkthrough. The owner agrees to accept a reasonable match in any repair or replacement in the event the original item is no longer available.

For a period of one year, the home will be free of any major structural defects. A major structural defect is actual physical damage to the following load-bearing portions of the home caused by failure of such load-bearing portions, which affects their load-bearing functions to the extent that the home becomes unsafe, unsanitary, or otherwise unlivable. The load-bearing portions are defined as the foundation system and footings, beams, girders, lintels, columns, walls and partitions, floor systems, and roof framing systems. Repair of major structural defect is limited (1) to the repair of damage to the load-bearing elements of the home itself which is necessary to restore their load-bearing ability; and (2) to the repair of those items in the home damaged by the major structural defect which make the home unsafe, unsanitary or otherwise unlivable.

The builder warrants and the buyer agrees that all construction has been in substantial conformity with the plans, plot plan, specifications and change orders for this job; and that the home has been built in accordance with all the applicable city, county and state building codes as evidenced by the Certificate of Occupancy issued by the appropriate governmental agency; and buyer accepts homes as such.

For a period of one year, the subcontractors that installed the plumbing, heating, cooling, ventilating, electrical wiring, central vacuum (if any), intercom-PTX (if any), security (if any), telephone and cable television wiring, stereo (if any), septic (if any), and well pump only (if any) systems warrant their workmanship and materials to be free of defects, on accordance with the Quality Standards.

For a period of one year, the roof will be free of leaks caused by defects in materials or workmanship, in accordance with the Quality Standards.

5. MANUFACTURERS' WARRANTIES: We assign and pass on to you, to the extent they are assignable, the manufacturers' warranties on all appliances and equipment.
6. EXCLUSIONS FROM COVERAGE: We do not assume responsibility for the following, all of which are excluded from the coverage of this Limited Warranty:

Consequential or incidental damages.

Defects in appliances and equipment that are covered by manufacturers' warranties. We have assigned these manufacturers' warranties to you, to the extent that they are assignable, and you should follow the procedures in these warranties if defects appear in these items.

Damage due to ordinary wear and tear, abusive use, or lack of proper maintenance of your home.

Initial: _____

Defects that are the results of characteristics common to the materials used, such as, but not limited to, warping and deflection of wood; fading, chalking, and checking of paint and wood due to sunlight; cracks due to drying and curing of concrete, stucco, plaster, bricks, and masonry; drying, shrinking and cracking of caulking and weather-stripping; cracking in sheetrock, inside trim, ceramic tile, and other interior and exterior materials due to the shrinking and swelling of framing materials and other wood members from the changes in moisture content of the ambient atmosphere.

Defects in the items installed by you or your agents or anyone else, except our subcontractors, or us if they were working directly for us and under our supervision and guidance.

Work done by you or your agents or anyone else, except our subcontractors, or us if they were working directly for us and under our supervision and guidance.

Work performed specifically at the request of the owner, not recommended by the builder, such as placing concrete in cold weather to expedite completion.

Loss or injury due to the acts of God caused by the elements or damage resulting from fires, floods, storms, electrical storms, electrical malfunctions, accidents, acts of God; or damages resulting from the malfunction of telephone, gas company, power company, or water company equipment or lines.

Any items listed in non-warrantable conditions, which is incorporated into this agreement.

Conditions resulting from condensation on, or the expansion or contraction of materials.

Costs of shelter, transportation, food, storage, or other incidental expenses related to relocation during repair or replacement.

Any claim that has not been filed in a manner set forth herein.

7. NO OTHER WARRANTIES: This Limited Warranty is the only express warranty we give. Implied warranties, including but not limited to warranties of merchantability, fitness for a particular purpose, habitability, and good workmanship are limited to the warranty period (term) set forth above.

The owner understands that there are no implied warranties whatsoever that apply to the structure of the house and items that are functionally part of the house. The builder disclaims any implied warranties including, but not limited to, warranties of habitability, fitness of purpose, and workmanlike construction, to the extent of the law, and any implied warranty that exists despite this disclaimer is limited in duration to the warranty period (term_ set forth above.

8. REMEDIES AND LIMITATIONS: The owner understand that the sole remedies under this Limited Warranty Agreement are repairs and/or replacement as set forth herein.

Initial:_____

The owner also understands that, with respect to any claim against the builder, there will be no right to recover or request compensation for, and the builder shall not be liable for any incidental, consequential, secondary, or punitive damages, or for damages for mental anguish or emotional distress, or pain and suffering, or for attorneys, fees of costs

The owner acknowledges acceptance of these limitations on the warranties offered by the builder in consideration for the Limited Warranty Agreement, there should arise liability on the part of the builder.

This warranty is personal to the original purchaser and does not run with the property or the items contained in the house. The original purchaser may not assign, transfer, or convey this warranty.

Any controversy or claim otherwise unresolved pursuant to this Limited Warranty Agreement shall be settled by arbitration to be conducted by the American Arbitration Association, unless another arbitrator (s) or other means of resolving the dispute shall have been mutually agreed by the parties.

9. HOW TO OBTAIN SERVICE: If a warranty problem arises during the warranty period, notify the builder in writing, within 30 days of the occurrence of the warranty problem, prior to the expiration of the warranty, to the address provided in the declarations portion of this agreement, except in the case of an emergency as described herein, of the specific problem and what may be necessary to correct or repair the problem. Provide your name, address, telephone numbers and a description of the nature of the problem including possible remedies. Notification must include a comprehensive list of all such warranty problems needing attention, so those problems can be taken care of all at one time. Multiple lists with single items slow the repair/replacement process and cause the builder and sub-contractors unnecessary trips and expense, ultimately causing the homeowner delays. The builder and subcontractors will begin performing their obligations under this warranty, within a reasonable period of time of the receipt of such request, and will diligently pursue these obligations.

Emergencies must be brought to the attention of the builder immediately. These include any hazardous electrical condition, roof leaks, plumbing supply-line leaks, plumbing drain leaks and no heat in cold weather. If we are not notified immediately about these emergency conditions, serious damage may occur which the builder will not be responsible for. Plumbing supply-line leaks must be temporarily stopped by turning off the appropriate shut-off at the fixture or main shut-off located in a closet on the first floor pointed out to you during the Orientation-Walkthrough. If this main shut-off was not pointed out to you, please call us for help in locating it.

Repair work will be done during builders' normal working hours. Owner agrees to provide builder, or builders' representative, access to the house and the presence during the work of a responsible adult with the authority to approve the repairs and sign an acceptance list of the completion of repairs.

Steps taken to correct defects shall not extend the time of this warranty.

Initial: _____

10. **THIS IS THE ONLY WARRANTY GIVEN BY THE BUILDER:** The owner acknowledges thorough examination of the property being conveyed and relies solely on his judgement in approving this Limited Warranty Agreement, and that there are no guarantees, warranties, understandings, or representations made by the builder, or any representatives of the builder, that are not set forth in this document.
11. **OTHER INSURANCE OR WARRANTIES:** In the event repairs or replacements are made under the terms of this agreement for which the buyer is covered by other insurance or warranties, the buyer must assign the builder the proceeds of such insurance or warranty to the extent of the cost incurred by the builder for such repair or replacement.
12. **GENERAL PROVISIONS:** Should any provision of this Limited Warranty be deemed by a court of competent jurisdiction to be unenforceable, that determination will not affect the enforceability of the remaining provisions. This Limited Warranty is to be binding upon the builder and the purchaser, their heirs, executors, administrators, successors, and assigns. The use of one gender in the warranty includes all other genders; and the use of plural includes the singular, all as may be appropriate. This warranty is to be covered by and construed in accordance with the laws of the State of North Carolina. This warranty cannot be changed or altered in any way. Buyer, owner, homeowner and purchaser are synonymous.
13. **OTHER CONDITIONS AND STANDARDS:** The Non-warrantable Conditions, the Approved Performance Standards and Other Non-warrantable Conditions Pertinent to this home are included in this agreement.

Initial: _____

NON-WARRANTABLE CONDITIONS

This statement of conditions that are not subject to builders warranty explains some of the changes and maintenance items that may occur in your new home during the first year of occupancy.

As described in the Limited Warranty Agreement provided to you, which this statement of Non-warrantable Conditions is made a part of, the builder will correct certain defects that arise during the defined time periods after commencement of the warranty begins. Other items that are not covered by the builders Limited Warranty may be covered by manufacturers' warranties. There are some conditions, however, that are not covered under our builders Limited Warranty. It is important for you to read these carefully and understand that you have not contracted for the builder to correct certain types of problems that may occur in your new home. These guidelines will alert you to certain areas of maintenance that are the responsibility of the new homeowner, and that could lead to problems if they are neglected.

The following list is an outline of some of the conditions that are not warranted by the builder. Please be sure you understand this list. Ask questions, if you have any, before approving the acknowledgment.

Non-warrantable Conditions:

1. Any defect in, or caused by, materials or work supplied by anyone other than the builder, its employees, agents or subcontractors.
2. Normal wear and tear or normal deterioration.
3. Wood trim will sometimes crack or "spread apart" due to the changing of humidity in the atmosphere and the drying out process occurring in the winter time further accelerated by heating the house. Exposure to sun outside or inside the house causes this drying out also. This is normal and considered a maintenance item to be cared for by the homeowner.
4. Some minor floor squeaks will occur due to the drying out process your home will experience and are not covered by the builder warranty. Everything possible is done during the construction process to eliminate potential floor squeaks including (a) single layer floor systems that are glued and nailed on the second floor (b) glued and nailed step treads and risers on stair systems and (c) the use of wood beams and the elimination of steel beams where possible. Generally the floor squeaks will appear and disappear over time with changes in humidity.
5. Floors are not warranted for damage caused by neglect or the incidents of use. Most floor types require maintenance. Floor casters are recommended to prevent chipping or scratching of wood or tile; clean stains from carpet or wood immediately to prevent discoloration. Carpet has a tendency to loosen in damp weather and will stretch tight again in dryer weather. The steel spikes in high-heel shoes can damage hardwood floors, especially if the rubber heel is not in place.
6. Concrete foundations, walks, drives and patios can develop minor cracks not affecting the structural integrity of the building. There is no known method of eliminating this condition, which is caused by characteristics of expansion and contraction due to temperature changes. In fact, strips are

Initial: _____

installed to "force" the concrete to crack along certain lines. It does not affect the strength of the building, drives or walks and is not a condition covered by any warranty.

7. Masonry and mortar can develop cracks due to shrinkage in either the mortar or brick. This is normal and should not be considered a defect. It is not covered by any warranty.
8. Drywall (sheetrock) will sometimes develop nail pops or minor cracks. This is a normal part of the drying out process and an item that can easily be handled by the homeowner with spackling during normal redecorating. Sometimes it is better to leave the minor cracks alone as they will in most cases close up during the high humidity periods of the summer.
9. Exterior and interior caulking in bathtubs, shower stalls, and ceramic tile surfaces may crack or bleed somewhat in the months after construction installation. This is normal and should not be considered a problem. Exterior caulking will eventually dry out and will need to be re-caulked especially around doors and windows of brick veneer homes. This is not covered by the warranty and is a minor occurrence to be maintained by the homeowner.
10. Some bricks may discolor slightly due to the elements, rain run-off, weathering, bleaching or the effervescence of salts within the brick. The color of brick is not a warranty item.
11. Good quality paint has been used on the interior and the exterior of your home. Nevertheless, paint can sometimes crack or discolor, especially on fir, woods with heavy sap or latent natural oils, treated woods, and in areas exposed to direct harsh sun rays. This is not a defect in the paint, but is caused by some other source or sources. Avoid lawn sprinklers hitting painted walls and be aware of newly painted walls as you are moving furniture. The best paint will be stained or chipped if it is not cared for properly. Any defects in painting that is not noted on the Orientation-Walkthrough as well as the above items are not warranted.
12. Any broken glass or broken or chipped mirrors that are not noted on the Orientation-Walkthrough will not be warranted or replaced.
13. The warranty on your roof is for the material only and is prorated over the period of the lifetime of the roof by the manufacturer in accordance with his warranty. Warranty claims for any defects in materials will be handled with the manufacturer. The builder will not be responsible for any damages caused by owners or owners agents walking on the roof, installing antennas or other items on the roof.
14. The homeowner must take precautions to prevent frozen pipes and the damages that result during severe weather. These include but are not limited to removing hoses from hosebibbs (we use frost proof hosebibbs with code required anti-siphon devices), leaving faucets with a slight drip (we use expandable PEX for interior supply lines), and turning off the water system main shutoff if the house is to be left for an extended period of time during cold weather. We attempt to install supply lines in interior walls only, however occasionally the plans call for supply lines to be run in exterior walls, which are then insulated. Frozen pipes and hosebibbs are not warranted. Foundation vents, normally left in the open position during most of the year, may have to be closed during multiple-day subfreezing periods; to prevent the pipes located in crawl space from freezing.

Initial: _____

15. All woodwork that is stained will normally have slight variations in color due to the different textures and growth patterns of wood. These variations normally enhance the appearance of the stained product. We use only clear wood products (not finger jointed) for staining but many times these products, especially doors, will have laminated panels which take stain differently causing variations in the stain. Wood doors shrink and swell with the humidity from summer to winter and will leave and exposed unfinished strip usually ¼" wide. These items are not covered by our warranty.

16. The upkeep of cosmetic aspects of your home is your responsibility. You have not contracted with the builder to cover ordinary wear and tear or other occurrences subsequent to construction that affect the condition of features of your home. Chips, scratches, or mars in tile, woodwork, walls, porcelain, brick, mirrors, plumbing fixtures, marble, Corian and formica tops, lighting fixtures and brass, kitchen and other appliances, doors I paneling, siding, screens, windows, carpet, hardwood, vinyl floors, cabinets, etc., which are not recognized and noted under the "Needs Improvement" section of your Orientation-Walkthrough are non-warrantable conditions.

17. Plumbing adjustments to faucets, water closets and seats, etc. will be made during the first year only. After that they are the responsibility of the owner. If the plumbing is "stopped up" during the warranty period and the person servicing the plumbing finds foreign materials in the line, the owner will be billed for the call.

18. Your lot has been graded to insure proper drainage away from your home. Should you wish to change the grades and drainage pattern due to landscaping, installation of patio or service walks, or other reasons, be certain to maintain proper drainage away from your home. We assume no responsibility for the grading or subsequent flooding, improper drainage or other problems that may arise if the initially established drainage pattern is altered. Some settling may occur with time around the foundation, along underground utilities or other areas. The builder establishes these areas with proper grades initially. After closing it is the homeowner's responsibility to maintain these grades.

19. The builder accepts no responsibility for the growth of grass, shrubs or other plant material, including trees. The builder makes every effort to be as careful as possible around trees during construction. Sometimes trees die due to stress during construction. Builder will not remove any trees other than those notes at the orientation and walk-through. Once closing occurs it is the responsibility of the homeowner to maintain all plant material and trees. The homeowner should water, keep ground cover in place to prevent erosion, and fertilize properly all landscaped areas. Fertilizer should not be applied until plant material is established to prevent burning. The builder will not regrade or do any other landscape work not noted in the Orientation-Walkthrough. We can provide you with the name of a good landscape and maintenance contractor should you decide that you need that service.

20. Your heating and air conditioning is covered by a manufacturer's warranty. It is the responsibility of the owner to insure that all filters are changed the first time after 30 days from closing and thereafter every 60 days. Failure to do so may void your warranty. It is also a good policy to have your equipment serviced at least once a year. The mechanical subcontractor can provide this service.

21. Indoor air quality is assured with respect to the normal in the Wake County, North Carolina area. It is suggested, however, that the owner have the indoor air quality tested periodically, especially in later years, to determine if problems have occurred that may adversely affect indoor air quality. Sometimes small cracks may develop in heat exchangers of gas furnaces or hot water heaters that allow

Initial: _____

small quantities of carbon-monoxide gas to escape into the surrounding chimney instead of going up to the chimney. Public Service Gas Company or the mechanical subcontractor can test for this problem. Most heat exchangers have a 10-year warranty for parts from the manufacturer. See your manufacturers' warranty provided by the mechanical contractor.

22. Defects in outbuildings including detached garages and carports (except outbuildings which contain the plumbing, electrical, heating, cooling or ventilating systems serving the home); swimming pools and other recreational facilities; patios; boundary walls; retaining walls; bulkheads; fences; landscaping (including sodding, seeding, shrubs, and plantings); off-site improvements, or any other improvements that are not a part of the home itself.

23. Any damage to the extent it is caused or made worse by (1) the negligence, improper maintenance or improper operation, (2) failure to comply with warranty requirements of manufacturers of appliances, equipment or fixtures, (3) failure by the owner to notify the builder, (4) changes of the grading of the ground around the home, (5) changes, alterations or additions made to the home, (6) dampness or condensation due to the failure by the buyer or his agents to maintain adequate ventilation; by anyone other than the builder or its agents, employees, or subcontractors.

24. Any loss or damage which the homeowner has not taken timely action to minimize, or was not present at the home or left the home unattended for an extended period of time to take timely action to minimize the damage done.

25. Loss or damage not otherwise excluded from this warranty, which does not constitute a defect in the construction of the home by builder, its employees, agents or subcontractors.

26. Loss or damage resulting from accidents, riots and civil commotion, fire, smoke, water escape, falling objects, aircraft, vehicles, Acts of God, lightning, windstorm, hail, flood, earthquake, volcanic eruption, wind driven water, and changes in the level of the underground water table which are not reasonably foreseeable.

27. Insect damage or other damage caused by other animals, mammals, birds or reptiles.

28. Any loss or damage, which occurs while home, is being used for other than residential purposes,

29. Any condition which does not result in actual physical damage to the home.

30. Consequential or incidental damages.

31. Bodily injury or damage to personal property.

We acknowledge having read and understood and received a copy of the above nonwarranty items. We understand and agree that these are conditions for which we have not contracted and will not hold the builder liable.

Signature(s): _____

Initial: _____

QUALITY STANDARDS

The Quality Standards section lists specific possible deficiencies for each separate area of your home that is covered. First the problem is stated, then the approved quality standard is stated, and finally the corrective action to be taken either by the builder or the homeowner is stated, if any.

1. **SITE GRADING:** Ground settling around foundation walls, utility trenches or other filled areas shall not interfere with water drainage away from the home. If the builder has provided the final grading, upon request by the owner, builder shall fill settled areas affecting proper drainage, one time only during the first year warranty period. Owner shall be responsible for removal or replacement of shrubs or other landscaping affected by the placement of such fill. Builder will seed and/or straw such filled areas.
2. **SITE DRAINAGE:** the builder to insure proper drainage away from the home shall have established the necessary grades and swales. Standing or ponding water shall not remain for extended periods of time in the immediate area of the house after a rain (generally no more than 24 hours), except that in swales which drain other areas, or in areas where foundation drains, footing drains, gutter drains or sump pumps discharge, a longer period can be expected (generally no more than 48 hours). The possibility of standing water after an unusually heavy rainfall or an unusually wet period of weather should be expected. No grading or determination can be made while there is snow on the ground or while the ground is frozen. The builder is responsible only for initially establishing the proper grades and swales. The owner is responsible for maintaining such grades and swales once the builder has established them.
3. **CONCRETE SLABS WITHIN THE STRUCTURE:** Concrete slabs within the structure are designed to move at the expansion and contraction joints. No builder action is to be taken concerning this movement.
4. **CONCRETE BASEMENT OR FOUNDATION WALL CRACKS:** Shrinkage cracks are not unusual in concrete foundation and basement walls. Cracks greater than 1/8" shall be filled by the builder.
5. **CRACKING OF CONCRETE SLABS IN ATTACHED GARAGE:** Minor cracking of concrete slabs in attached garages is normal. Filling or surface patching by the builder shall repair cracks in excess of 3/8" in width and 3/8" in vertical displacement.
6. **UNEVEN CONCRETE FLOORS/SLABS:** Except for basement floors and slabs where a portion of the floor has been designed for a specific drainage purpose, concrete floors and slabs in rooms designed for habitability shall not have pits, depressions or areas of unevenness exceeding 3/8" vertically in and 32" square space. Builder will fill or grind any uneven areas in such rooms prior to finish floor covering being installed.
7. **CRACKS IN CONCRETE SLAB-ON-GRADE FLOORS WITH FINISH FLOORING:** Cracks in concrete slabs that rupture the finish flooring shall be repaired by the builder so as not to be readily apparent using the "six (6) foot rule" when the finish flooring material is in place.
8. **PITTING, SCALING, and SPALLING OF CONCRETE WORK COVERED BY WARRANTY:** Concrete surfaces shall not disintegrate to the extent that the aggregate is exposed and loosened under normal conditions of weathering and use. Builder shall take whatever corrective action necessary to repair or

Initial: _____

replace defective concrete surfaces. Builder is not responsible for deterioration caused by salt, chemicals, mechanical implements or other factors beyond its control.

9. **SETTLING, HEAVING, OR SEPARATION OF STOOPS, OR STEPS OR GARAGE FLOORS:** Stoops, steps or garage floors shall not settle, heave, or separate in excess of 1" from the structure. Builder will take whatever corrective action is required to meet the quality standard.
10. **STANDING WATER ON STOOPS:** Water should drain from outdoor stoops and steps. The possibility of minor water standing on stoops for a short period after can be expected. Builder will take whatever corrective action necessary to assure drainage of stoops and steps.
11. **MASONRY BASEMENT OR FOUNDATION WALL CRACKS:** Small cracks not affecting the structural stability are not unusual in mortar joints of masonry foundation and basement walls. Cracks greater than 1/8" shall be pointed up or filled by the builder during the first year, if reported.
12. **CRACKS IN MASONRY WALLS OR VENEER:** Cracks due to shrinkage are not uncommon in joints of masonry walls. Cracks in excess of 3/8" are considered excessive and shall be repaired by the builder by pointing up or filling, during the first year, if reported. Builder will match mortar as closely as possible.
13. **FLOOR SQUEAKS OR SUBFLOOR APPEARS LOOSE:** Minor floor squeaks and loose subfloor are often temporary conditions due to moisture content of the air, and are common to most new home construction. A squeak-proof floor can not be guaranteed. Builder will correct the problem only if caused by an underlying construction defect.
14. **UNEVEN WOOD FLOORS:** Floors shall not have more than 1/4" ridge or depression within any 32" measurement when measured parallel to the floor joists. The local building code covers allowable floor and ceiling joist deflections. Builder will correct or repair to meet the quality standard.
15. **BOWED WALLS:** All interior and exterior walls have slight variances in their finished surfaces. Bowing of walls should not detract from or blemish the walls finished surface. Walls should not bow more than 1/4" out of line in any 32" horizontal or vertical measurement. Builder will correct to meet the quality standard.
16. **OUT-OF-PLUMB WALLS:** Walls should not be more than 1/4" out of plumb in any 32" vertical measurement. Builder will correct to meet quality standard.
17. **INTERIOR TRIM WORKMANSHIP QUALITY:** Joints in moldings or joints between moldings and adjacent surfaces shall not be more than 1/8" wide. Trim installed during moist periods in summer will contain higher moisture levels than trim installed during the drier months of winter. Trim installed in the summer is subject to more shrinkage in the winter due to normal atmospheric drying and due to the drier air from heated air, especially from gas furnaces. Cracks caused by these two later conditions will be repaired at the owner's expense. The cracks will, however, more than likely disappear or be much less noticeable in the summer months. Caulking is acceptable.
18. **EXTERIOR TRIM WORKMANSHIP QUALITY:** Joints between exterior trim elements, including siding and masonry, stone or stucco, shall not result in cracks greater than 3/8". In all cases the exterior

Initial: _____

trim and siding shall perform its function of keeping out the elements. Builder will repair excessive joints with caulking, if necessary.

19. **DOUBLE EXTERIOR DOORS:** It is virtually impossible to construct double exterior doors that both operate to keep out all air infiltration. During construction either one of the doors can be permanently closed or storm doors can be installed. No builder action required due to minor air infiltration at double exterior doors.

20. **LEAKS IN BASEMENT:** Leaks resulting in actual trickling of water shall be repaired. Leaks caused by improper landscaping installed by owner or failure of owner to maintain proper grades are not covered. Dampness of walls or floors may occur in new construction and is not considered a deficiency. Builder will correct leaks except those due to owner action or negligence.

21. **INSUFFICIENT INSULATION:** Insulation will be installed to meet the code. Builder will install insulation in sufficient amounts to meet the quality standard.

22. **LEAKS DUE TO SNOW OR RAIN DRIVEN INTO THE HOUSE THROUGH LOUVERS OR VENTS:** Attic vents and louvers must be provided to meet the code for adequate ventilation. Builder takes no action in this situation.

23. **ICE BUILD UP ON ROOF:** Ice build-up may occur during long, wet cold spells and is likely to occur at the eaves of the roof. This condition occurs when ice and snow accumulate and gutters and downspouts freeze up. Prevention of this ice build-up is a homeowner maintenance item.

24. **ROOF OR FLASHING LEAKS:** Roof or flashings shall not leak under normally anticipated conditions, except where the cause is determined to result from ice build-up, accumulations of snow or homeowner action or negligence. Builder will repair any verified roof or flashing leaks not caused by ice, snow or the owner.

25. **STANDING WATER ON FLAT ROOF:** Water shall drain from flat roof except for minor ponding following rainfall or when the roof is specifically designed for water retention. Builder will take necessary action to assure proper drainage of flat roofs.

26. **SIDING OR VENEER LAMINATED SIDING:** Siding shall be installed according to manufacturer and industry standards. Builder shall repair or replace siding as needed unless owner action or negligence of maintenance has caused problems. The repaired area will match as closely as possible (probably not an exact match) in color and texture. For surfaces requiring paint, builder will paint only the new materials to match as closely as possible (probably not an exact match).

27. **GUTTERS AND DOWNSPOUTS:** Gutters and downspouts shall not leak but gutters may over flow during heavy rain. Builder will repair leaky gutters. Homeowner must keep gutters and downspouts clean and free of all debris and leaves that could increase overflow problems.

28. **WATER STANDING IN GUTTERS:** The level of water in gutters unobstructed by leaves and debris shall not exceed 1". Industry practice is to install gutters approximately level with only a very slight slope to the downspouts. Therefore, it is possible for small amounts of water to remain in gutters after rainstorms.

Builder will correct to meet quality standard.

Initial: _____

29. **LEAKS IN EXTERIOR WALLS DUE TO INADEQUATE CAULKING:** Joints and cracks in exterior wall surfaces and around openings shall be properly caulked to exclude the entry of water. Builder will repair or caulk joints in exterior walls as required by the quality standard, one time during the first year. Even properly installed caulking will sometimes shrink and must be maintained by the homeowner during the lifetime of the home.
30. **WARPAGE OF EXTERIOR DOORS:** Exterior doors will warp to some degree due to the difference in temperatures on the inside and outside surfaces. However, they shall not warp to the extent that they become inoperable or cease to be weather resistant or exceed the National Woodwork Association Standards (1/4" measured diagonally from corner to corner). Builder corrects or replace and refinish (to match as closely as possible) defective doors during the one-year warranty period.
31. **SPLIT IN DOOR PANEL:** Splits in wood door panels shall not allow light to be visible through the door. Builder will fill split and finish to match as closely as possible, if light is visible through the door.
32. **WARPAGE OF INTERIOR PASSAGE AND CLOSET DOORS:** Interior doors shall not warp in excess of the National Woodwork Manufacturers Association Standards (1/ 4" measured diagonally). Builder will repair or replace and refinish (to match as closely as possible) interior doors that do not meet: the quality standard during the warranty period.
33. **SHRINKAGE OF INSERT PANELS THAT SHOW UNFINISHED EDGES:** Door panels will shrink and swell and sometimes show unfinished edges due to the changes in moisture content of the home. No builder action .is required. The condition is temporary and will disappear during periods of higher moisture content in the air.
34. **BROKEN GLASS:** Broken glass not reported to the builder during the orientation-walkthrough will not be repaired and is the homeowner's responsibility.
35. **GARAGE DOOR OPERATION:** Garage doors shall operate properly under normal conditions. Builder will correct or adjust doors that do not operate properly, except where cause is determined to be due to homeowner misuse or negligence.
36. **GARAGE DOORS WEATHERPROOF:** Garage doors are not weather-tight and will allow the entrance of some precipitation, either liquid or frozen, during abnormal conditions of high wind. Builder will install and adjust garage doors to manufacturer specifications.
37. **MALFUNCTION OF WINDOWS:** Windows will operate with reasonable ease as designed. Builder will correct or repair any malfunctioning windows except windows damaged due to misuse, which is a homeowner maintenance item.
38. **CONDENSATION ON WINDOWS:** Windows will collect condensation/frost on the interior surfaces when extreme temperature differences and high humidity are present. Condensation can sometimes be caused by homeowner action within the home. Unless directly created by faulty installation, window condensation results from conditions beyond builder control and no corrective action is required. Possibly, the vapor barrier situation in the crawl space can be adjusted to increase/decrease the amount of moisture coming up into the home.

Initial:_____

39. AIR INFILTRATION AROUND DOORS & WINDOWS: Some infiltration around doors and windows will normally occur, especially during high wind conditions. Poorly fitting weather stripping will be adjusted or replaced by the builder. The installation of storm windows/doors by the homeowner may be necessary in some acute weather situations. Builder can help homeowner accomplish storm window/door installation.

40. CRACKS IN INTERIOR WALL AND CEILING SURFACES: Hairline cracks are not unusual in interior wall and ceiling surfaces due to the expansion and contraction of the structural framing components of your home with respect to moisture content of the air. Cracks and imperfections noted during the orientation/walk-through will be repaired following the walk-through as punch list items. Imperfections that appear after closing and punch list completion are the responsibility of the owner. A paint touch-up kit is provided and caulking or spackling is available at any hardware store.

41. DEFECTS IN DRYWALL DURING WARRANTY PERIOD: It is normal for some imperfections such as cracks, nail pops and seam lines to occur. You have received a repair kit to patch these areas which are considered normal homeowner maintenance. Hang on to your paint touch up kit so that you can match up as closely as possible.

42. CERAMIC TILE CRACKS OR BECOMES LOOSE: Ceramic tile shall not crack or become loose. Builder will repair or replace ceramic tile that cracks or becomes loose, tile to match as closely as possible. Builder not responsible for discontinued tile patterns or color.

43. TILE AND GROUT LINES: There will be some variation in grout lines due to settling and drying process of the mortar base and grout. Builder/subcontractor will match lines as closely as possible. When adjacent marble or ceramic tile edges are not even with each other, they cause deviation called "lippage." We (Emerson Homes, LLC), for a period of one year, will repair lippage greater than 1/8".

44. CRACKS IN GROUT OR AT JUNCTIONS WITH OTHER MATERIALS SUCH AS TUB: Cracks in grout normally appear due to shrinkage of wooden framing members which are elastic and will be repaired one time only during the warranty period by the tile subcontractor. Grout will match as closely as possible. Grout maintenance is a homeowner responsibility.

45. CRACKS BETWEEN WOOD FLOORBOARDS: Cracks will normally develop between finished wood flooring, especially during the dry, heating season and will normally close up during the humid season. Adjustment of the vapor barrier in the crawl space or the addition of humidifiers may be necessary. Contact the builder.

46. NAIL POPS, DEPRESSIONS, RIDGES APPEAR ON THE SURFACE OF VINYL FLOORING: Some minor nail pops, depression or ridges will normally appear on the surface on vinyl flooring. Nail pops that penetrate the flooring will be repaired. Ridges or depressions that exceed 1/8" vertically, measured with a six-inch straight edge, three inches on each side of the ridge or depression, will be repaired or replaced by builder. Builder not responsible for discontinued vinyl patterns and will match vinyl as closely as possible.

47. SEAMS SHOW AT VINYL JOINTS: Builder will repair or replace gaps in vinyl to vinyl seams that are greater than 1/16" and will repair or replace gaps that are greater than 1/8" where vinyl and dissimilar materials are seamed. Homeowner negligence or abuse is excepted.

Initial: _____

48. EXTERIOR PAINT PEELS, DETERIORATES OR FADES: Exterior paints and stains shall not fail during the warranty period, however fading is normal especially where climatic conditions are extreme as in direct sun light areas. Builder will properly prepare and refinish effected areas matching the color as closely as possible. Where finish deterioration affects the majority of the wall or surface, the entire area will be refinished.

49. PAINTING: Painting work will be accomplished with respect to warranty work required herein to match as closely as possible. It is noted that brick veneer homes will need exterior repainting by the homeowner as often as homes finished with siding.

50. DETERIORATION OF CLEAR SEALED FINISHES: Natural finishes like varnish will not fail during the one year warranty period on the interior of your home. However, these finishes on the exterior deteriorate more rapidly, and are not covered by this warranty. Clear sealed exterior doors will need more attention by the homeowner than painted doors.

51. MILDEW OR FUNGUS ON EXTERIOR SURFACES: Mildew or fungus will form on painted surfaces especial.ly if the structure is subject to abnormal conditions that promote the formation of these substances. We use paint with inhibitors but the formation of mildew or fungus is beyond the control of the builder and is not covered by this warranty and is considered a homeowner maintenance item.

52. PEELING OF WALLPAPER: Wallpaper shall not peel and will be repaired by the wallpaper subcontractor during the warranty period. Builder is not responsible for discontinued or shade mismatches in the wallpaper.

53. EDGE MISMATCHING IN WALLPAPER: Edge mismatching is solely under the control of the wallpaper manufacturer and is not the responsibility of the builder. Our wallpaper subcontractor will take reasonable care to match seams and patterns but is not responsible for manufacturer problems. No action to be taken by the builder.

54. LOOSE, STRETCHING CARPET OR SEPARATING SEAMS: Wall to wall carpet, installed as the primary floor covering, when stretched and properly secured will not come up, become loose, or separate from its point of attachment. Builder will re-stretch or re-secure carpeting if builder performed original installation.

55. CARPET SEAMS: Carpet seams will be slightly visible. Every effort is made to hide carpet seams. Builder will repair any open visible gaps in carpet seams.

56. SPOTS ON CARPET, MINOR FADING: Exposure to harsh, direct sunlight, resulting in minor fading of carpet, especially with darker colors, causing spots on carpet is normal and can be expected. No builder action is required.

57. CRACKS IN EXTERIOR STUCCO WALL FINISHES: Cracks are not unusual in exterior stucco wall surfaces. These cracks are virtually eliminated with the use of the synthetic stucco finishes, such as STO, DRYVIT, etc. The builder shall fill stucco cracks greater than 1/8" in width, one time only, during the first year warranty period.

Initial:_____

58. VENTILATION IN ATTIC AND CRAWL SPACE: Attics and crawl spaces shall be adequately ventilated according to the local building code. Builder will ventilate according to code and not be responsible for alterations to the original system.

59. FIREPLACE AND CHIMNEY SHALL DRAW PROPERLY: A properly designed chimney and fireplace will draw properly. It is not uncommon for high winds to temporarily cause negative downdrafts or for large trees or branches to cause downdrafts in some situations. Some homes may need to have a window opened slightly near the fireplace to create a draft up the chimney, due to the tight construction methods used today. Manufactured fireplaces generally never have this problem and usually have a glass doors and heat circulating systems included in their installation. Builder will determine cause of malfunction and correct, if the problem is one of design or construction.

60. CHIMNEY SEPARATION FROM THE STRUCTURE TO WHICH IT IS BUILT NEXT TO: Newly built chimneys will often incur slight amounts of separation from the structures that they were built next to. Separation is generally due to the expansion/contraction of wood framing members of the adjacent structure. Separation shall not be greater than 1/2" in the 10' vertical measurement over the average height of the entire chimney. Builder will determine the cause of the separation and correct if necessary. Caulking is acceptable if necessary.

61. FIREBOX PAINT CHANGED BY HEAT OR FIRE: Black paint is normally used in the firebox and will discolor slightly when fires are burned in the fireplace. No builder action required.

62. CRACKED FIREBRICK AND MORTAR JOINTS: Extremely hot fires may crack firebrick or mortar joints in the firebox. This is normal and will eventually occur over a long period of use of the fireplace. Please keep fires of a normal size. No builder action is required.

63. CHIMNEY FIRE: Extreme buildup of creosote in the chimney resulting from the burning of pine wood will occur eventually and may cause a chimney fire. The chimney fire is very difficult to put out and fire departments usually let them burn themselves out. The chimney and home is usually not damaged during a chimney fire. Keep your chimney clean and burn properly seasoned "dried out" hard woods (oaks, etc.). Burn fires of a normal size.

64. CHIPS, CRACKS, AND DELAMINATIONS OF HIGH PRESSURE LAMINATE COUNTER TOPS: Counter tops will not delaminate. Builder will repair or replace tops that delaminate but will not be responsible for chips, scratches, etc. not noted on the ORIENTATION/WALKTHROUGH "Needs attention list".

65. KITCHEN CABINET MALFUNCTIONS: Kitchen cabinets, doors, drawers and hinges will function properly. Doors may experience slight warpage, especially the larger doors. Doors that warp more than 1/4" measured diagonally across the face of the door will be repaired or replaced by the cabinet subcontractor. Hinges, doors and drawers shall function properly. Cabinet subcontractor will repair or replace those that do not meet the approved standard.

66. GAPS BETWEEN CABINETS, CEILING AND WALLS: Due to the elastic nature of the natural wood products used to frame your home/ some expansion and contraction will normally occur in the framing system. This expansion and contraction will normally cause slight cracks to appear between the cabinets and top and the ceilings and walls in your home. These cracks are small during construction and are normally caulked prior to occupancy. Cracks that occur greater than 1/4" will be caulked once

Initial: _____

during the normal warranty period/ one time only and thereafter will be considered a homeowner maintenance item.

67. MARBLE INSTALLED ON FLOORS, WALLS AND AT FIREPLACE: Due to the mining, grinding and polishing process of natural marble/ each individual piece of marble may vary in thickness as much as 1/8". Every attempt is made by the installer to lay the marble so that these differences are not noticeable/ however this is virtually impossible. Differences in marble surfaces between any two adjacent pieces greater than 1/8" measured by placing an 18" straight edge across the two pieces and measuring the difference will be corrected by replacing either piece. It is noted that since marble is a naturally occurring product that matches will be made/ as closely as possible and perfect matches are most likely impossible.

68. MARBLE POROSITY AND HARDNESS: It is noted that marble is a very porous substance, and will absorb certain stains that will be impossible to remove. Keep It is also not very hard and will scratch easily. Keep floors and entrance areas as grit free as possible to reduce the possibility of scratches. No builder action is required due to homeowner-induced stains or scratches.

69. MOISTURE IN CRAWL SPACE: Some moisture is necessary in the crawl space for proper maintenance of the framing and other wood members of the home and will flow by osmosis up through the living area of the structure and out of the attic through attic ventilation. The amount of moisture is controlled by the homeowner through opening/closing of foundation vents and possible installation of a vapor barrier in up to a maximum of 70% to 80% of the crawl space (if one was not installed as part of the contract). In the Raleigh/Durham area, the crawl space vents should be left open all year with minimum risk of broken quest plumbing supply pipes due to freezing. The crawl space shall be graded so that standing water in the crawl space will not accumulate. Standing water is not acceptable per the building code and shall be removed by the builder. Some excess residual amount of moisture due to construction and cleaning may remain in the crawl space in newly constructed homes. Within a few months this moisture should be reduced by natural evaporation.

70. SYNTHETIC STUCCO: It has been noted in some homes in this area and especially in coastal areas that moisture has penetrated some walls at the terminations of the synthetic stucco product. This penetration is not a problem in walls that have high porosity such as walls with wood siding or brick veneer where the moisture can evaporate out of the walls after it has entered. However, because the synthetic stucco product is almost a perfect moisture barrier, any moisture that gets into the walls will probably stay there and cause the framing members to rot. Care should be taken by the homeowner to insure that the caulking around the doors and windows remain intact or be repaired and that all surfaces on windows and doors that might allow moisture to enter into the wall cavity be properly painted and caulked. Rotting in this condition may occur in as short a period as one year.

Initial: _____

DECLARATIONS STATEMENT

DECLARATION STATEMENT: It is understood and agreed that the warranty period commences on this date _____ and will continue for a period of one (1) year.

Further it is understood that all utilities will be cancelled effective today without further notice by Emerson Homes, LLC.

Original Buyer

Date

Emerson Homes, LLC
3138 Tom Hunt Rd.
Oxford, NC 27565

Original Buyer

Date

By: _____
President/Owner Date

Buyers' Street Address

Buyer's City, State, Zip

Initial:_____