

WARRANTY AGREEMENT

DATE: _____

This Limited Warranty Agreement is extended by Waypoint Builders, LLC, a North Carolina limited liability company, who is the seller/builder to _____ who are the original purchaser(s) ("Owner").

THIS LIMITED WARRANTY EXCLUDES CONSEQUENTIAL DAMAGES, LIMITS THE DURATION OF IMPLIED WARRANTIES, AND PROVIDES FOR LIQUIDATED DAMAGES.

WHAT IS COVERED BY THE WARRANTY

The Contractor warrants that during the first sixty (60) days after the owners move in, the Contractor will adjust or correct minor defects, omissions, or malfunctions, such as missing equipment or hardware; sticking doors, drawers, and windows; dripping faucets; and other minor malfunctions reported by owner upon inspection of the property.

Within one (1) year from the closing, the builder will repair or replace, at the builder's option, any latent defects in material or workmanship and within ten (10) years from the closing, the builder will repair or replace, at the builder's option, any major structural defects in material and workmanship of the home by the prevailing industry standards, in effect on the date of closing of the construction industry in Raleigh, North Carolina in which the subject premises is located. A latent defect is defined as one which was not apparent or ascertainable upon reasonable inspection at the time of occupancy. The Owner agrees to accept a reasonable substitute in any repair or replacement in the event the original item is no longer available.

WHAT IS NOT COVERED

a) This Limited Warranty does not cover damages resulting from fires, floods, storms, accidents, electrical malfunctions, acts of God; or damages from alterations, misuse or abuse of the covered items as set forth in paragraph (1) above by any person; or damage resulting from the owner's failure to observe any operating instructions furnished by the builder prior to occupancy; or damage resulting from a malfunction of telephone, gas company, power company or water company equipment or lines.

b) This Limited Warranty also does not cover any items limited as "Nonwarrantable Conditions" on the attached list, which is incorporated into this agreement. The owner acknowledges receipt of the list of Nonwarrantable Conditions.

_____ (Owner's Initials)

c) Any item furnished or installed by the owner or his agent is not covered by this Limited Warranty.

d) This Limited Warranty does not cover any appliance, piece of equipment, or other item which is a "consumer product." The only warranties of items listed below are those that the manufacturer provides to the owner. Roofing, Kitchen appliances, Dishwasher, Brick, Refrigerator, Light fixtures, Siding, Microwave, Floor coverings, Water heater, Ovens, Windows, Plumbing fixtures, Stove, Doors, Heating equipment, Sink, Mixer, Cooling equipment, Garbage disposal, Compactor (1) The builder hereby assigns, to the extent that they are assignable, and conveys to the owner all warranties provided to the builder on any manufactured items that have been installed or included in the owner's property. The owner accepts this assignment and acknowledges that the builder's only responsibility relating to such items is to assist the owner in settling any claim resulting from the installation of these products.

_____ (Owner's Initials)

_____ (Builder's Initials)

REMEDIES AND LIMITATIONS

a) The owner understands that the sole remedies under this limited warranty agreement are repair and replacement as set forth here.

_____ (Owner's Initials)

b) WITHOUT IN ANY WAY LIMITING OWNER'S RIGHT TO PURSUE ANY REMEDIES AVAILABLE TO HIM FOR NEGLIGENCE IN CONSTRUCTION, OWNER HEREBY EXPRESSLY WAIVES THE IMPLIED WARRANTIES OF FITNESS OF PURPOSE, HABITABILITY AND WORKMANLIKE CONSTRUCTION.

_____ (Owner's Initials)

c) If, notwithstanding the provisions of this Limited Warranty Agreement, any liability arises on the part of the builder, the builder will pay the amount of actual provable damages arising from such liability including any incidental, consequential, secondary, or punitive damages, or for damages for mental anguish or emotional distress or pain and suffering, or for attorneys' fees or costs, but the amount shall not exceed \$500.00. This amount is fixed as liquidated damages and not as a penalty, and this shall be the complete and exclusive amount of liability of the builder. The provisions of the paragraph apply if loss or damage results directly or indirectly to persons or property from the performance or failure to perform obligations imposed by the Construction or Purchase Agreement, or from negligence, active or otherwise, of the builder, his agents or employees.

d) The owner understands that this provision is a limitation on the damages for which the builder will be liable, and acknowledges that he and/or she accepts this Liquidated Damages Provision in consideration for the Limited Warranties provided by the builder and the other provisions of the Construction or Purchase Agreement. The owner, therefore, agrees to this liquidated damages clause if, notwithstanding the provisions of this Limited Warranty, there should arise liability on the part of the builder.

_____ (Owner's Initials)

e) This warranty is personal to the original Owner 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 without the prior written consent of the builder, which consent will not be unreasonably withheld.

NONWARRANTABLE CONDITIONS

a) INTRODUCTION

This statement of conditions that are not subject to builder's warranties explains some of the changes and items that may occur in your new home over the first year or so of occupancy. Your home will require more maintenance and care than most products, since it is made up of many different components, each with its own special characteristics. Also owner understands that like other products made by humans, a house is not perfect. It will show some minor flaws and unforeseeable defects, and it may require some adjustments and touching up.

As described in the Limited Warranty provided to you, which this statement of Non-warrantable Conditions is made part of, the builder will correct certain defects that arise during defined time periods after construction is completed. Other items that are not covered by the builder's warranty may be covered by manufacturers' warranties. There are some conditions, however, that are not covered under our builder's warranties. 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 house. Should you, nevertheless, request that the builder address the issues, you agree to compensate the builder at his normal hourly rate and for actual expenses incurred. 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 your builder if you have any questions and feel free to consult your attorney before signing the acknowledgment.

b) LIST OF NONWARRANTABLE CONDITIONS

1. CONCRETE FOUNDATIONS, WALKS, DRIVES, AND PATIOS can develop hairline 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. It does not affect the strength of the building and is not a condition covered by any warranty. Also, the application of any foreign substance, such as de-icers, salt based mixtures, etc., has always been at best a universal known act of risk to the finished surface of concrete and can possibly cause unsightly reactions to the surface and can cause wear and tear, and is not a condition covered by any warranty.

2. 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.

3. WOOD will sometimes crack or "spread apart" due to the drying out process. This is most often caused by heat inside the house or exposure to the sun on the outside. This is normal and considered a maintenance item to be cared for by the homeowner.

4. DRYWALL [sheetrock] will sometimes develop nail pops or settlement cracks. This is a normal part of the drying out process and an item that can be easily handled by the homeowner with spackling during normal redecorating. However, if the homeowner wishes, we will send in a repairman at the end of one [1] year and make necessary repairs. Our repairs will not include repainting.

5. FLOOR SQUEAKS: After extensive research and writing on the subject, it has been concluded that much has been tried but little can be done about floor squeaks. Accordingly, floor squeaks are not covered by the builder's warranties. Generally, they will appear and disappear over time with changes in the weather.

6. CAULKING: Exterior and interior caulking in bathtubs, shower stalls, and ceramic tile surfaces will crack or bleed somewhat in the months after installation. This is normal and should not be considered a problem. This is not covered by the warranty and is a minor occurrence to be maintained by the homeowner.

7. FLOORS: Your floors are not warranted for damage caused by neglect or the incident of use. Wood, tile, and carpet all require maintenance. Floor casters are recommended to prevent scratching or chipping of wood or tile; clean stains from carpets or tile immediately to prevent discoloration. Carpet has a tendency to loosen in damp weather and will stretch tight again in dryer weather. Wood floors will expand and contract due to humidity; this is a common occurrence and can result in minor separations [cracks] or minor cupping, both of which are normally self correcting with humidity change and are not covered by any warranty.

8. BRICK DISCOLORATION: Brick may discolor due to the elements, rain run-off, weathering, or bleaching. Thus, the color of brick is not considered a warranty item.

9. BROKEN GLASS: Any broken glass or mirrors that are not noted on the final inspection form will not be covered.

10. FROZEN PIPES: The homeowner must take precautions to prevent freezing during severe cold weather, such as removing outside hoses from sillcocks, leaving faucets with a slight drip, and turning off the water system if the house is to be left for extended periods during cold weather. No frozen pipes or sillcocks will considered for warranty.

11. STAINED WOOD: All items that are stained will normally have a variation of colors due to the different texture of the woods. Doors that have panels will sometimes dry out and leave a small crack of bare wood. This is due to weather changes. None of these are warrantable conditions.

12. PAINT: Good quality paint has been used internally and

externally on your home. Nevertheless, exterior paint can sometimes crack, stain or speck. This is not a defect in the paint; it is most often caused by other sources. You should avoid allowing lawn sprinklers to hit painted areas, washing down painted areas, etc. Inside, do not scrub latex painted walls, and be aware of the newly painted wall as you are moving furniture. The paint will be stained or chip if it is not cared for properly. Any defects in painting that are not noted at final inspection are nonwarrantable conditions. 13. COSMETIC ITEMS: 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 in your home. Chips, scratches, or mars in tile, woodwork, walls, porcelain, brick, mirrors, marble and Formica tops, plumbing fixtures, lighting fixtures, kitchen and other appliances, doors, polished brass hardware, light bulbs, paneling, siding, screens, windows, carpet, vinyl floors, cabinets, etc., which are not recognized and noted by you at final inspection are nonwarrantable conditions. 14. PLUMBING: Dripping faucets, toilet adjustment, and toilet seats are covered by the builder's warranty for a thirty (30) day period only. After that, they are the owner's responsibility. 15. ALTERATIONS TO GRADING: Your lot has been graded to insure proper drainage away from your house. Should you wish to change the drainage pattern due to additional landscaping, installation of patio or service walks, or other reasons, be sure a proper drainage slope is retained. We assume no responsibility for the grading, subsequent flooding, stagnant pool formation or leaking of the foundation waterproofing if the established pattern is altered and said alteration is causing the above mentioned problems. 16. LAWN TREES AND SHRUBS: We accept no responsibility for the growth or non-growth of grass, shrubs or new or existing trees. Once we grade, plant, seed, and/or sod and fertilize, it is the responsibility of the homeowner to water and spread ground cover to promote growth of the grass, shrubs and trees. 17. ROOF DAMAGE: The warranty on your roof is for material only and is prorated over the period of the lifetime of the roof. Warranty claims for any defects in materials will be handled with the manufacturer with our assistance. The builder is not responsible for any damage caused by wind, storm or walking on the roof for antenna, etc., installation. 18. MECHANICAL EQUIPMENT, APPLIANCES, LIGHTING FIXTURES, AND OTHER CONSUMER PRODUCTS: Your mechanical equipment, including the heating and air conditioning, hot water heater, lighting fixtures and kitchen type appliances and other consumer products are covered by the manufacturer's warranty and shall not be the subject of the herein builder warranty. Please note it is the owner's responsibility to be sure that heating and air conditioning filters are kept clean and changed at thirty (30) day intervals. 19. BREAKERS, FUSES AND SWITCHES: It is the owner's responsibility to check and replace when needed. Breakers and fuses have a tendency to trip or burn out during power surges. If a breaker or fuse continues to "trip out," notify your respective electric or heating and air conditioning company. 20. WARRANTY SERVICE: Requests for warranty service are to be sent in writing to our office. Please include address of house, nature of service work requested and phone numbers, both home and work, where you may be reached. Valid service work will be scheduled within thirty (30) days of request.

_____ (Owner's Initials)

THIS IS THE ONLY WARRANTY GIVEN BY THE BUILDER

The owner acknowledges that he has thoroughly examined the property to be conveyed and relies solely on his judgment in signing this Limited Warranty, and that there are no other guarantees, warranties, understandings, or representations made by the builder, or any representatives of the builder, that are not set forth in this document.

I/WE ACKNOWLEDGE having read and understood and received a copy of this LIMITED WARRANTY AGREEMENT including the attached NONWARRANTABLE CONDITIONS, and hereby AGREE AND ACCEPT THE LIMITED WARRANTY AGREEMENT.

CONTRACTOR:

Owner:

WAYPOINT BUILDERS, LLC

Name:

Andrew Thompson, Member-Manager

Name: