



LIMITED WARRANTY AGREEMENT

This Limited Warranty Agreement is hereby entered into on this the _____ day of _____, 20____, by _____ and _____ hereafter (whether one or more) referred to as Buyer, Stoneridge Homes, Inc. (SRH); hereafter referred to as Seller.

WHEREAS, Seller and Buyer on this same day entered into a Purchase and Sale Agreement (the "Contract") of which this Limited Warranty Agreement (per the terms of the 2-10 Home Buyers Warranty or the 2-10 HBW) is a part, for the sale by Seller and the purchase by Buyer of a house (the "Dwelling") located upon that certain parcel of real property located in _____ County, Alabama, the address of which is _____; and

WHEREAS, Seller has agreed in the Contract to provide to Buyer and Buyer has agreed to accept this Limited Warranty Agreement, in lieu of all other warranties and claims whatsoever, whether implied by law or otherwise.

NOW, THEREFORE, in consideration of the premises, the agreements herein, the agreements set forth in the above mentioned Contract, the payment of the purchase price as set out in the Contract, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree to the terms and conditions of this Limited Warranty Agreement as follows:

1. Warranty Period. Seller is responsible for the one year and two year Limited Warranty Periods and 2-10 Home Buyers Warranty Corporation (2-10 HBW) is responsible for the ten year structural warranty period as defined in the HBW section, Construction Quality Standard (the "Limited Warranty Period") beginning on the date of conveyance of title to Buyer or the date of initial occupancy of the Dwelling, whichever occurs first (the "Limited Warranty Commencement Date").

Buyer does hereby agree to the terms of this Limited Warranty Agreement and further agrees to accept this Limited Warranty Agreement as the only warranty given, in lieu of all other warranties of any kind, expressed or implied, with respect to the Dwelling and the sale thereof to Buyer.

2. Pre-Closing Inspection. Prior to closing the purchase of the Dwelling, Buyer and Seller will inspect the Dwelling and Buyer will execute the Acknowledgment of Acceptance (New Home Presentation or "NHP") in accordance with the form attached hereto as Exhibit I, and any exceptions, omissions, or malfunctions agreed upon and noted thereon will be corrected promptly by Seller. Seller may elect, at the discretion of Seller, to correct all exceptions, omissions, or malfunctions and document, with Buyer, such corrections of exceptions, omissions, or

malfunctions, prior to proceeding with closing, and may extend the Closing as necessary to complete said corrections.

Buyer acknowledges that the Land and the Dwelling, driveway, and other improvements have been inspected located thereon (collectively, the "Property") and that, without any reservations, accept the Property as to the condition thereof. Specifically, Buyer has accepted the Property as to the condition of the (a) wall finish, paint, and decoration, (b) finished floors, (c) bath tile, fixtures and mirrors, (d) kitchen tile, sink, and cabinets, (e) woodwork and trim, (f) doors and windows (including glass), (g) caulking and weatherstripping, (h) lighting fixtures, (i) brick and/or other materials on exterior walls, (j) concrete, stucco, plaster, bricks, mortar and masonry, (k) garages, storage buildings or other outbuildings not attached to the Dwelling, (l) swimming pools and other recreational facilities, (m) concrete work of driveway, walks, porches, and carports, (n) roofing, (o) drainage around Dwelling and ditches within easements, (p) basement or crawl space under Dwelling, and (q) driveways, walkways, retaining walls, fences and landscaping (including sodding, seeding, shrubs, trees and plantings).

If the Buyer disagrees with the completion of an item or more than one item on the NHP and refuses to sign off, then the "Residential Construction Performance Guidelines" (the edition that applies to the closing date) will apply. Should Buyer not sign off on the NHP, Seller reserves the right to refuse any warranty requests that are not of an emergency nature.

3. Non-Warranty Items Disclosure. Per the terms of the purchase agreement, at the time of closing, the referenced property will be enrolled in the 2-10 HBW program. The Warranty Booklet and Certificate of Warranty Coverage received is the Seller's warranty. However, this is a limited warranty and there are certain items that are not covered under warranty after closing or move-in, whichever occurs first. Both Buyer and Seller should fully understand what is and what is not covered by the warranty, since both the Buyer and Seller will be strictly subject to the terms, conditions and limitations of the 2-10 HBW. The Seller should review the following list of items that are not covered under warranty; section viii of the 2-10 HBW Warranty booklet covers all exclusions in full detail:

(a) Cosmetic Items: Chips, scratches, cracks, mars, tears, peeling, in/on tile, vinyl, brickwork, woodwork, walls, windows, doors, loose door knobs, porcelain, marble, countertops, cabinets, appliances, mirrors, fiberglass, plumbing fixtures, wallpaper, out-of-square walls/rooms/flooring, etc. are not covered after move-in or closing whichever occurs first.

(b) Sheetrock and Wood Cracks: Shrinkage can occur during the drying out process of your home. As the home settles and dries out hairline cracks, blisters and nail pops may occur on walls and ceilings (especially in corners). "Cracking" may appear in between the walls and the fireplace mantle or at the "beam" in vaulted ceilings. This is normal and should be expected. Caulk and repaint with touch up paint provided. Seller will repair per the terms of the Limited Warranty Agreement except Seller will not repair any sheetrock blemishes once the Acknowledgment of Acceptance has been executed. Any additional sheetrock items not specifically noted on the NHP form are not covered under warranty.

(c) Wood: Stained wood such as cabinets all have variances in wood grain. These variances cannot be controlled.

(d) Paint Items: Chips, cracks and peels are common items due to causes other than paint or its application. Any additional painting or touch up not specifically noted on the NHP form are not covered under warranty. Touch up paint has been left for any touch up that may need

to be done after moving in. There is no warranty against mildew or rotting (exterior areas require caulk and touch up as homeowner maintenance).

(e) Plumbing Adjustments: Dripping faucets and toilet adjustments are covered for material or workmanship deficiencies only during the first year. Leakage caused by worn or defective washers or seals are considered homeowner maintenance. Also, be aware that usage of bleach tablets in toilet tanks cause deterioration of the flush valve seal causing toilets to run continually. This is not covered under warranty. There is no warranty on water pressure.

(f) Flooring: This is strictly a manufacturer's warranty item. Inspect all flooring carefully during the NHP Meeting. Any cuts, tears, stains, fading, chips, scratches, discoloration, etc. that are not noted on the NHP form are not covered under warranty. Some squeaks may be heard when walking on the wood floor system. This is characteristic of multi-level homes. Hardwood is not warrantable in wet areas. Carpet seams may be noticeable, especially in Berber carpets, this is not a defect.

(g) Windows/Doors: Condensation or moisture on windows is not the fault of the windows. Condensation forms on windows when the temperature of the frames and glass drop below the dew point temperature as it relates to the humidity in your home. Condensation that forms on wood window stools and trim should be removed. Uncovered exterior doors may have some water infiltration especially during wind driven rain and snow.

(h) Heating and Air Conditioning System: Condensation lines may clog under normal conditions. Continued operation of drain lines requires homeowner maintenance. The homeowner is responsible for changing filters, ensuring that discharge lines are regularly checked, and outside condenser coils are kept clear of any foreign matter.

(i) Drainage and Landscaping: Maintenance of drainage pathways is a homeowner's responsibility. Alterations to grading or landscaping are not covered under warranty. Incomplete landscaping can wash out and cause erosion with one rainfall. Erosion, ground water, and underground springs are not covered under warranty. The only warranty for trees, shrubs, sod, plants, etc., is that they will be alive at the time of closing. It is homeowner's responsibility to maintain landscaping. There is no warranty regarding the utility easements.

(j) Sprinkler System: Any defects in the system must be noted at the NHP. The system will be demonstrated during the NHP to confirm all zones and heads are working properly. Defects in the system after closing are not warrantable items and no repairs will be made after closing except the controller box which will be covered under warranty by the manufacturer. The Seller will not be liable for the Buyer's water bills.

(k) Concrete Items: Concrete patios, walks, drives, decks, porches, stoops, steps, garage floors, foundations, etc. can develop cracks due to its character of expanding and contracting or that of the soil which it was laid. There is no known elimination of this condition. There is no warranty against color variations. There is absolutely no warranty on non-structural cracks in concrete.

(l) Asphalt: Asphalt is specifically excluded from the warranty except that it has been installed substantially according to the plans and specifications.

(m) Sheet Metal: It is not abnormal for some water to stand in gutters. It is the homeowner's responsibility to keep gutters clean and free of debris to prevent leaks.

(n) Brick Items: Expect bricks to have some mortar stain. Repeated cleaning of bricks may damage the intended finish. Cracks and chips are common to the product and not a defect. Cracks in mortar are also normal due to shrinkage and is not warrantable if less than the tolerance per the warranty agreement. Brick efflorescence can vary in frequency and intensity due

to moisture and temperature and is not warrantable. Also, note that lighter colored bricks are more apt to stain and the stains are not covered under warranty.

(o) Fences/Decks: There is no warranty from the builder on defects in fences or decks. Any defects in the fence must be noted at the New Home Presentation. The Seller is not responsible for damage or breakage to the fencing. Defects in the fence after closing are not warranted items and no fence repairs will be made after closing.

(p) Septic Systems: Seller is not responsible for malfunctions or limitations in the operation of the system attributable to design restrictions imposed by state, county or local governing agencies. Seller is also not responsible for malfunctions which occur or are caused by conditions beyond Seller's control including homeowner negligence, abuse, freezing, soil saturation, changes in ground water table or other acts of nature.

(q) Miscellaneous: Damage caused by external causes such as, acts of God and/or nature, vandalism, fire, flood, homeowner negligence, etc. are not covered by warranty. There is no warranty against roof, window and door leaks, loss of siding, or other damage caused by severe weather conditions, such as, hurricanes, snow and ice build-up, high winds and driven rains. There is no warranty against any damage caused by dry rot, wet rot, soft rot, rotting of any kind and occurring from any cause, rust, corrosion, mold, mildew, etc.

4. Warranty/Service Requests. To ensure warranty service in a timely manner, proper procedure for all warranty/service requests should be taken by Buyer as outlined below:

- **For emergency situations (described on page 4) outside of our regular business hours**, Buyer shall contact the appropriate Subcontractor(s) directly. A Subcontractor Contact List has been attached to this Limited Warranty Agreement. Buyer should still submit a Warranty/Service Request so the Seller can track the issue.

- For emergency situations (described on page 4) during regular business hours and all other non-emergency requests, Buyer shall notify Seller in writing via the Request for Service Form (attached) or by completing a Warranty/Service Request online at www.stoneridgehomesinc.com before the expiration of the Limited Warranty Period of any alleged defect covered by this warranty. The Seller will also accept requests by fax to 256-852-0338 or by regular mail to:

Stoneridge Homes, Inc.; 105 Von Braun Drive NW; Huntsville, AL 35806

Failure of Buyer to give such written notice to Seller before the expiration of the Limited Warranty Period shall bar any right to recovery by Buyer pursuant to this Limited Warranty Agreement.

Upon completion of the warranty service, the Buyer is required to sign off acknowledging that the repairs were completed according the terms of the Limited Warranty Agreement. If the Buyer disagrees with the completion of an item or more than one item on the Request for Service and refuses to sign off, then the "Residential Construction Performance Guidelines" (the edition that applies to the closing date) will apply.

Emergency Warranty, as defined by the Limited Warranty Agreement includes:

1. Total loss of heat
2. Total loss of electricity
3. Plumbing leak that requires the entire water supply to be shut off
4. Total loss of hot water
5. Total sewage stoppage
6. Any situation that endangers the occupants or the home

For these emergency items, Buyer may call the appropriate Subcontractor directly as outlined above.

5. Waiver of Warranties and Claims. This Limited Warranty Agreement is given in lieu of any and all other warranties, expressed or implied, including, but not limited to, any implied warranty of merchantability, fitness for a particular purpose, habitability and workmanship and is also in lieu of any claims for consequential damages, mental anguish or distress, and for damages based upon negligence, and buyer hereby expressly waives and disclaims any such warranties and claims with respect to both the dwelling and the real property upon which the dwelling has been constructed.

6. Sole Warranty/Entire Agreement. It is specifically agreed by the parties hereto that this Limited Warranty Agreement is accepted by Buyer as the sole warranty given by Seller. Buyer acknowledges that this Limited Warranty Agreement is the entire agreement of the parties related to warranties. Buyer further agrees that buyer has not relied upon any oral or written statements, undertakings, or representations except as specifically set forth in this Limited Warranty Agreement and that no prior agreement or understanding pertaining to warranties shall be valid or of any force or effect. The covenants and agreements of this Limited Warranty Agreement cannot be altered, changed, modified, or added to, except in a written instrument signed by Buyer and Seller. No representation, inducement, understanding, or anything of any nature whatsoever made, stated, or represented by Seller or on Seller's behalf, either orally or in writing, (except as specifically set forth in this Limited Warranty Agreement) has induced buyer to enter into this Limited Warranty Agreement or shall be enforceable in any manner against Seller.

7. Materials and Labor provided by Buyer. Seller will not warrant any material and/or labor provided by Buyer.

8. In the event any provision of this Limited Warranty Agreement is determined to be unenforceable, that determination will not affect the validity of the remaining provisions.

9. Receipt of Warranty. Buyer has hereby acknowledged receipt of the Limited Warranty Agreement for a period of one year for materials and workmanship, two years for systems and ten years for structural as defined in the 2-10 HBW section, Construction Quality Standard executed by Seller and Buyer and understand the responsibilities of Seller thereunder. Should the 2-10 Warranty Agreement conflict with SRH Limited Warranty Agreement the SRH Limited Warranty will supersede.

IN WITNESS WHEREOF the parties hereto have set their hands and seals on this the ____ day of _____, 20__.

BUYER:

Witness

Witness

SELLER:
STONERIDGE HOMES INC.

Witness

By: _____
Its: Closing Coordinator