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VA License Number 2705079063 A

LIMITED ONE YEAR WARRANTY

Highlander Construction & Development Inc, hereinafter called "Contractor" extends the following Limited One-Year Warranty to _____, hereinafter referred to as "homeowners", who have purchased a new home located at *Lot 2 Piedmont Place, Blacksburg, Virginia*.

The commencement date of this warranty is _____ and shall extend for a period of ONE YEAR.

1. COVERAGE ON HOME EXCEPT CONSUMER PRODUCTS: Contractor expressly warrants to the original homeowners, and only to the original homeowners, that the home will be free from defects in materials and workmanship. The standards of construction shall be determined by the **Residential Construction Performance Guidelines Consumer Reference**, Third Edition published by the National Association of Home Builders.

2. COVERAGE ON CONSUMER PRODUCTS: For purposes of this Limited Warranty Agreement, the term "consumer products" means all appliances, equipment, and other items, which are consumer products for the purposes of the Magnuson-Moss Warranty Act (15 USC, sections 2301-2312) and which are located in the home on the commencement date of the warranty. Contractor expressly warrants that all consumer products will, for a period of one year after the commencement date of this warranty, be free from defects due to noncompliance with generally accepted standards in the Virginia State code, which assure quality of materials and workmanship. **ANY IMPLIED WARRANTIES FOR ANY SUCH CONSUMER PRODUCTS SHALL TERMINATE ON THE SAME DATE AS THE EXPRESS WARRANTY STATED ABOVE.** Contractor hereby assigns to homeowners all rights under the manufacturers' warranties covering consumer products. Defects in items covered by manufacturer's warranties are excluded from coverage of this limited warranty, and homeowners should follow the procedures in the manufacturers' warranties if defects appear in these items. This warranty gives you specific legal rights; however you may have other rights not expressly mentioned in this warranty.

3. CONTRACTOR'S OBLIGATION: If a covered defect occurs during the limited one year warranty period, Contractor agrees to repair, replace, or pay homeowners the reasonable cost of repairing or replacing the defective item. The Contractor's total liability under this warranty is limited to the purchase price of the home. Contractor shall solely determine the choice among repair, replacement, or payment. Any steps taken by Contractor to correct defects shall not act to extend the term of this warranty. All repairs, replacement, or payments by Contractor during the limited one-year warranty shall be at no charge to the homeowner. All repairs, replacements, or payments shall be executed within a reasonable length of time, not to exceed 30 days, providing that homeowners have properly submitted a repair request in writing and has certified any and all previous repairs. Contractor shall make every reasonable effort to respond to an emergency request within 48 hours. Only problems with the home's electrical system, heating system, and / or sewer & water systems shall be considered an emergency. In case of an emergency, Homeowners may contact Contractor by means other than certified mail. Contractor may require an inspection of the requested repair before a determination is made as to whether the item is under warranty. If the homeowner refuses Contractor a right to inspect the requested repair, than Contractor shall be relieved of any responsibility concerning the matter until an inspection can be made.

4. HOMEOWNER'S OBLIGATION: Homeowners must provide normal maintenance and proper care of the home according to this warranty, the warranties of manufacturers of consumer products, and the generally accepted standards in the Virginia State code. Contractor must be notified in writing by certified and registered mail of the existence or discovery of any defect before the Contractor is responsible for the

inspection and correction of the defect. Written notice of a defect must be received by Contractor prior to the expiration of the warranty on that defect and no action at law or in equity may be brought by homeowners against Contractor for failure to remedy or repair any defect which the Contractor has not received proper and timely notice in writing. Homeowners must provide access to Contractor during normal business hours to inspect the defect reported and, if necessary, to take corrective action.

5. INSURANCE: In the event Contractor repairs or replaces or pays the cost of repairing or replacing any reported defect covered by this warranty for which the homeowners are covered by insurance or a warranty provided by another party, homeowners must, upon request of the Contractor, assign the proceeds of such insurance or other warranty to Contractor to the extent of the cost to Contractor of such repair or replacement.

6. CONSEQUENTIAL OR INCIDENTAL DAMAGES EXCLUDED: CONSEQUENTIAL OR INCIDENTAL DAMAGES ARE NOT COVERED BY THIS WARRANTY.

7. ASSIGNABILITY: The warranty coverage's in this Limited Warranty Agreement is provided to the original homeowners, and may not be assigned to any subsequent homeowners of the property.

8. OTHER EXCLUSIONS: THE FOLLOWING ADDITIONAL ITEMS ARE NOT COVERED BY THIS LIMITED WARRANTY:

- a) Defects in any item, which was not part of the original home as, constructed by Contractor.
- b) Any defect caused by or worsened by negligence, improper maintenance, lack of maintenance, improper action or inaction, willful or malicious acts by any party other than Contractor, its employees, its agents, or subcontractors.
- c) Normal wear and tear of the home or consumer products in the home.
- d) Loss or damage caused by acts of God, including but not limited to fire, explosion, smoke, water escape, changes which are not reasonably foreseeable in the level of underground water table, glass breakage, windstorm, hail, lighting, falling trees, aircraft, vehicles, flood, and earthquakes.
- e) Any defect or damage caused by changes in the grading or drainage patterns or by excessive watering of the ground of the Homeowner's property or adjacent property by any party other than Contractor, its employee's, agents, or subcontractors.
- f) Any defect which does not cause actual loss or damage.
- g) Any loss or damage, which arises while the home is being used primarily for nonresidential purposes.
- h) Any damage to the extent it is caused or made worse by the failure of anyone other than Contractor or its employees, agents, or subcontractors to comply with the requirements of this warranty or the requirements of warranties of manufacturers of appliances, equipment, or fixtures.
- i) Any defect or damage which is covered by a manufacturer's warranty that has been assigned to Homeowners under paragraph 2 of this Limited Warranty.
- j) Failure of Homeowners to take timely action to minimize loss or damage and/or failure of Homeowners to give Contractor timely notice of the defect.
- k) Bodily injury, damage to personal property or damage to real property which is not part of the home which was included in the purchase price stated above.
- l) Insect or animal damage.
- m) Cosmetic cracks in concrete. Contractor does warrant structural cracks in concrete. Cosmetic cracks are defined as hairline cracks up to 1/2" in width that are caused by the natural expansion or contraction of concrete. Structural cracks are defined as cracks larger than 1/2" caused by poor soil conditions, improper sub base, improper installation, or an improper PSI mixture. Structural cracks usually sear all the way through the concrete slab.
- n) Burned out light bulbs.
- o) Roof leaks resulting from ice damming.
- p) Damage from excessive winds defined as gust above 35 MPH
- q) Radon levels or any and all effects thereof.

- r) The life of any trees, grass, or shrubs on the property.
- s) The drying and shrinking of any caulking. All caulking will eventually dry up and shrink as the house gets older and settles. Re-caulking is a normal maintenance item that needs to be done periodically just like changing the filters in the HVAC returns.
- t) The drying, shrinking, and cracking of grout. Grout will sometimes dry up and shrink as the house gets older and settles. Re-grouting, caulking, and sealing are normal maintenance items for tile & grout and should be done periodically.
- u) Any items or materials provided by the homeowners.
- v) Stopped up toilets, sinks, garbage disposals, dishwashers, or washing machines.

9. ARBITRATION OF DISPUTE: The Homeowners shall promptly contact the Contractor's warranty department regarding any disputes involving this Agreement. If discussions between the parties do not resolve such dispute, then either party may, upon written notice to the other party, submit such dispute to arbitration with each party hereto selecting one arbitrator, who shall then select the third arbitrator. The arbitrators shall proceed under the construction industry rules of the American Arbitration Association. The award of the majority of the arbitrators shall be final, conclusive, and binding upon the parties hereto. The expenses of the arbitrators shall be shared equally, but each party shall bear its own fees and costs.

10. EXCLUSIVE WARRANTY: Contractor and Homeowners agree that this limited one-year warranty on the home is in lieu of all warranties of habitability or workmanlike construction or any other warranties, express or implied, to which Homeowner might be entitled, except as to consumer products. No employee, subcontractor, or agent of Contractor has the authority to change the terms of this One-year Limited Warranty.

Normal Contact:

Office Hours: Monday through Friday, 8:30 AM to 5:00 PM
Phone: (540) 382-0824
Fax: (540) 382-0825
Web: <http://www.highlanderconstruction.com>
E-mail: info@highlanderconstruction.com

Emergency Contacts: (Please attempt to make emergency contact in the following order)

James Oliver
Cell: (540) 239-1396
E-mail: OliverJ@highlanderconstruction.com