

IV. WARRANTY COVERAGE

This Warranty covers damage caused by a failure of Caviness Land to build the Home in conformance with the North Carolina Residential Building Code or the failure of any material used in the Home to perform as designed or intended, all according to the terms, conditions, and exclusions set forth below. Caviness Land agrees to provide to the Homeowner and to any subsequent owner of the Home within the warranty period, warranted components of the Home will be free from defects in workmanship and materials for the periods of time set forth below in conjunction with the Warranty Standards. This warranty is expressly limited by the contents of the "Exclusions" and other express terms of this Warranty and may not be modified, revised, extended or supplemented except in writing signed by the Homeowner and an authorized senior officer of Caviness Land. This warranty excludes all other warranties, express or implied.

The warranties are limited as follows:

A. 10 YEAR - MAJOR STRUCTURAL DEFECTS

Caviness Land warrants that the Home will be free from any defect which: (a) is due to noncompliance with the Warranty Standards, (b) results in or causes actual, tangible damage to a "Load-Bearing Component" of the Home, (c) materially diminishes the structural integrity and the load-bearing performance of the Home, and (d) materially affects the physical safety of the occupants of the Home. Only a defect or defects meeting all of the criteria listed in (a) through (d), inclusive, above shall be deemed a "Major Structural Defect." The Warranty also covers damage to the roof, walls or foundation of the Home resulting from expansion, subsidence or lateral movement of the soil, provided that such damage is caused by a Major Structural Defect as defined above. The term of this Major Structural Defect Warranty shall be 1 year beginning on the Closing Date.

As used above, the term "Load-Bearing Component" means only the following: (1) roof framing members (rafters and trusses); (2) floor framing members (joists and trusses); (3) bearing walls; (4) columns; (5) lintels; (6) girders; (7) load-bearing beams; and (8) foundation systems and footings.

The following items are NOT Load-Bearing Components and defects thereto shall not be covered as Major Structural Defects pursuant to this Section: (a) non-load-bearing partitions and walls; (b) wall tile or wallpaper; (c) plaster, laths or drywall; (d) flooring and subflooring material; (e) brick, stucco, stone or veneer; (f) any type of exterior siding; (g) roof shingles, sheathing and tar paper; (h) heating, cooling, ventilating, plumbing, electrical and mechanical systems; (i) appliances, fixtures or items of equipment; and (j) doors, trim, cabinets, hardware, insulation, paint and stains.

B. 2 YEAR – MAJOR COMPONENTS

For a period of two (2) years beginning on the Closing Date, Caviness Land warrants that the "Major Components" of the home will be free from defects in material and workmanship due to non compliance with the Warranty Standards.

For the purposes of this Warranty, the term "Major Components" refers only to the following plumbing, electrical, heating and cooling systems of the home.

Electrical System:	Electrical wiring and connections.
HVAC System:	Heating/cooling duct work, drain lines, refrigerant lines, and registers. (Note: Manufacturer warrants other parts for at least 1 year)
Plumbing System:	Plumbing pipes and their fittings.

C. 1 YEAR - EQUIPMENT

For a period of one (1) year beginning on the *Closing Date*, *Caviness Land* warrants that the "Equipment" of the *Home* will be free from defects in material and workmanship due to noncompliance with the Warranty Standards. For the purposes of this Warranty, the term "Equipment" refers to the following items (not all of the below items will be installed in every *Home*):

- *Alarm System*
- *Appliances (if provided)*
- *Cabinets*
- *Doors (interior and exterior)*
- *Fans*
- *Fireplaces*
- *Water Heater*
- *Garbage Disposal*
- *Garage Door Opener*
- *Light Fixtures*
- *Plumbing Fixtures*
- *Shower Door*
- *Smoke Detector*
- *Sprinkler System (if provided)*
- *Floor Coverings*
- *Windows*
- *Receptacles/GFI*

A number of the *Home's* Equipment items are specifically covered by warranties from the manufacturers of those items. All of these manufacturer's warranties are at least one (1) year in duration.

***Homeowner* recognizes that, except as provided above, the Equipment in the *Home* is not warranted by *Caviness Land* but is warranted only by the particular manufacturer.**

If the *Homeowner* finds defects in any of the Equipment items, it is the *Homeowner's* obligation to follow the procedures in the applicable manufacturers warranty and deal directly with the manufacturer of such Equipment. *Caviness Land* will use reasonable efforts to assist *Homeowner* in dealing with such manufacturers, if necessary.

D. COVERAGE FOR COSMETIC DEFICIENCIES

The following deficiencies are considered to be "Cosmetic Deficiencies":

- *Scuffed, scratched or smudged painted surfaces, flooring or countertops*
- *Chipped or stained porcelain, tile, grout or fiberglass in countertops or plumbing Fixtures*
- *Chipped or otherwise defective surfaces of appliances or plumbing fixtures*
- *Torn or defective window or door screens*
- *Smudged, scratched or stained cabinet surfaces or finishes*
- *Broken glass, windows or mirrors*

Cosmetic Deficiencies are not considered damages or defects. ***Caviness Land* will be obliged to correct a Cosmetic Deficiency only if such deficiency: (a) is readily visible, (b) does not result in any way from damage caused by *Homeowner* or any agent of *Homeowner*, (c) was noted at the time of the *Homeowner's* Orientation, and (d) is due to noncompliance with the Warranty Standards.**

Cosmetic Deficiencies caused by *Homeowner* damage are not covered by this Warranty. Unless the *Homeowner* notifies *Caviness Land* of a particular Cosmetic Deficiency at the time of the orientation, such Cosmetic Deficiency will be considered to be an item of *Homeowner* damage and will not be covered by *Caviness Land*

E. MAKING A CLAIM

1. **HOMEOWNER'S OBLIGATION:** By signing this Warranty and purchasing the *Home*;

Homeowner agrees that it will perform necessary and regular maintenance and take care of the *Home* so as to prolong the life of the materials and construction in the *Home*,

Homeowner also agrees to contact *Caviness Land* just as soon as reasonably possible after the discovery of a potential Warranty claim, and to contact *Caviness Land* **first** if it is believed that the type of problem *Homeowner* has may be covered by the Warranty. Since it would not be fair to *Caviness Land* or its trade partners if they were not first given an opportunity to inspect and resolve such a claim, *Caviness Land* will not be responsible for unauthorized repairs done by anyone other than its personnel or its trade partners, or for the cost of such repairs. *Homeowner* agrees that, as an express condition of this Warranty, *Caviness Land* will be given a reasonable opportunity to inspect the *Home* and, if action is required under the Warranty Standards, cure the problem described by *Homeowner*. In the event *Caviness Land* is not provided a reasonable opportunity to inspect the *Home* or to take the action required under the Warranty to alleviate any problems described by *Homeowner*, *Homeowner* will be in breach of the Warranty.

2. **STANDARD CLAIM:** If *Homeowner* has identified a defect believed to be covered by this Warranty as a result of noncompliance with the Warranty Standards, a claim may be submitted during the applicable warranty period to *Caviness Land* by the following methods:

- In writing using a Warranty Claim form which can be mailed or faxed.

Completed Warranty claim forms can be mailed to:

Caviness Land
1041 Robeson Street, Suite B
Fayetteville, NC 28305 **Fax** (910) 339-6333

- By phone to the Warranty Department (910) 339-6332

Claims must be made no more than thirty (30) days after *Homeowner* discovers a particular defect and within the applicable warranty period. *Caviness Land* will not be responsible for any damage caused by *Homeowner's* failure to report defects within the time allowed.

3. **EMERGENCY CLAIMS:** In the event of emergency repairs, calls may be made by telephone M-TH from 7am to 4pm, F 7am -2pm to the *Caviness Land* Warranty Department and on weekends and after normal business hours you must refer to the Trade Partner contact sheet (provided in your walk-through packets).

4. **RESPONSE TO COVERED CLAIMS:** Upon receipt of a claim, *Caviness Land* will arrange for a member of its Warranty Department to determine whether or not the claim is covered. *Homeowner* recognizes that if the claim is covered, *Caviness Land* has the choice of repairing the defect, replacing the defective item, or paying the *Homeowner* the reasonable cost of repairing or replacing the defective item. The decision to replace or repair an item or to reimburse *Homeowner* will be made solely by *Caviness Land* and/or its trade partners, suppliers, or consultants in its or their sole discretion. These parties will also determine the materials and methods which should be used in making any repair, and whether repair or replacement is most appropriate, in their sole discretion. As described in the Warranty Standards, substitutions of brands, colors or patterns may be necessary and perfect matches are not guaranteed.

A. **REPAIR MATERIALS/TRADE PARTNERS:** If *Caviness Land* elects to perform repairs, all repairs will be made with materials or components identical to, or of an equal or better grade or quality than, the materials or components used in the original construction of the *Home*. *Caviness Land* has the right to independently select the trade partners or trades people used for repair or replacement work in its sole discretion.

B. **NO OBLIGATION FOR REIMBURSEMENT:** *Caviness Land* has no obligation to reimburse *Homeowner* for work done by *Homeowner* or for amounts paid by *Homeowner* to a

repair person or trade partner which have not been pre-approved, in writing, by an authorized Representative of *Caviness Land*.

C. TIME FOR CORRECTIVE WORK: *Caviness Land* intends to fulfill its obligations for a particular warranty claim for defects covered by this Warranty within thirty (30) days of its receipt of a completed Warranty Claim Form, so long as *Caviness Land* is given reasonable cooperation by *Homeowner*. However, *Homeowner* recognizes that the thirty (30) day period for certain covered repairs or replacements may be required to be extended for circumstances beyond the reasonable control of *Caviness Land*, such as the unavailability of parts, strikes, labor or material shortages, unsuitable weather conditions, lack of cooperation by *Homeowner* or the magnitude of the repair required.

D. LIMITS ON WARRANTY OBLIGATIONS: *Homeowner* understands that *Caviness Land* shall not be obligated to incur any costs for the repair or replacement of defects in the *Home* which, in the aggregate, exceed the base purchase price for the *Home* paid by the original *Homeowner*. Further, this Warranty does not entitle *Homeowner* to recover for any of the following even in the event of an otherwise valid claim under the Warranty Standards: (1) consequential or incidental damages, (2) stigma damages, (3) lost profits, or (4) claims of bodily injury. All other warranties, express or implied, including, but not limited to, all implied warranties of fitness, merchantability, or habitability, are disclaimed and excluded to the extent allowed by law.

5. CLAIMS NOT COVERED BY WARRANTY - If *Caviness Land* takes the position that a particular claim is not covered by this Warranty, *Caviness Land* will provide *Homeowner* with a notification describing why *Homeowner's claim* is not covered within twenty-one (21) days of *Caviness Land* receipt of a completed Warranty Claim Form.

EXCLUSIONS

Notwithstanding other provisions of this Warranty, certain defects or damages are explicitly excluded from the coverage of the Warranty.

***Homeowner* recognizes that this Warranty does NOT cover any of the following:**

1. Damage to the *Home* due to ordinary wear and tear, normal deterioration or lack of *Homeowner* maintenance. From time to time, *Caviness Land* may perform a maintenance task as a courtesy to *Homeowner* that could otherwise have been denied by *Caviness Land*; however, *Caviness Land* performance of such a task on one or more occasions does not imply or require that *Caviness Land* will perform a similar task at a later date, nor shall such performance be deemed to extend the Warranty time periods described herein.
2. Damage to the *Home* caused by casualties normally covered by standard homeowners insurance or damage resulting from natural catastrophes, acts of God, tropical storms, tropical depressions, hurricanes, fire, smoke, explosion, nuclear hazards, volcanoes, riots, civil unrest, vandalism, blasting, aircraft crash, aircraft noise, vehicles, mud slides, sink holes, power surges, power failures, water escape, flood, wind, hail, lightning, earthquake, insects or falling trees. Further, this Warranty does not cover loss or damage to the *Home* or to persons or property directly or indirectly by insects, birds, vermin, rodents or wild or domestic animals.
3. Damage caused either by the abuse of the *Home* or use of the *Home* for non-residential purposes or any other manner for which it is not intended.
4. Damage resulting from or made worse by *Homeowner's* failure to take appropriate action to prevent further damage, including notifying *Caviness Land* of any defect within a reasonable time under the circumstances.

5. Damage to the *Home* caused by *Homeowner* (including accidental damage and damage during move-in), or damage caused by animals (including pets), or by an invitee, lessee, guest, trespasser, tenant, renter or other occupant of the *Home*.
6. Damage resulting from (a) any changes after the Closing to the grading or drainage of the property on which the *Home* is located, or (b) modifications or additions to the *Home* or the property under or around the *Home*.
7. Defects in or defects caused by materials furnished or work done at request of *Homeowner* by anyone other than *Caviness Land* or its employees, agents or trade partners expressly selected by *Caviness Land*.
8. **Non-structural cracks less than 1/8th of one inch in width in concrete and masonry. It is not unusual for such cracks to typically appear in such surfaces and frequently occur due to normal settling of a *Home*. *Homeowner* acknowledges that it has been informed, and is hereby again informed that (a) when new concrete hardens, normal shrinkage cracks often occur, and (b) because concrete is not an elastic material, minor cracks (less than 1/8th of an inch in width) are inevitable and are rarely a cause for concern.**
9. **Cracks of less than 1/8th of one inch in width in walls or ceilings. *Homeowner* has been informed, and is hereby again informed, that hairline cracks are not unusual in drywall wall or ceiling surfaces.**
10. **Cracks which appear more than one (1) year after the *Closing Date* in grouting of ceramic tile joints or at junctions with other materials such as a bathtub. *Homeowner* has been informed, and is hereby again informed, that these cracks are commonly due to normal wear and tear and/or shrinkage conditions.**
11. **Wood cracks or minor openings of wooden joints such as in panel doors, mitered casings and solid paneling. Such cracks and openings are generally caused by normal shrinkage during the drying out process of wood in the *Home* and may be mitigated with proper maintenance, including caulking. In addition, the Warranty does not cover cracking, twisting or turning of wood beams, unless such condition(s) prevent(s) the beam from otherwise meeting industry structural standards.**
12. **Damage caused by the fading, chalking or checking of outside paint, masonry, or other exterior finishes caused by sun or weather. In the event that *Caviness Land* elects at its own discretion to perform any paint repairs or patching, *Homeowner* recognizes that *Caviness Land* cannot guarantee that the new paint will perfectly match the old paint. (Similarly, in the case of carpet replacement, *Caviness Land* cannot guarantee exact color matches due to change in dye lots over time by the manufacturer.)**
13. Any condition which does not result in actual physical damage to the *Home* including, but not limited to, inhabitation or health risk due to the presence or consequence of unacceptable levels of radon gas, formaldehyde, electric and magnetic fields, carcinogenic substances, dust or other pollutants and contaminants, noise, unpleasant odors, or the presence of hazardous or toxic onsite materials.
14. Negligence, improper or inadequate maintenance or operation, or changes, additions, or alterations by parties other than *Caviness Land* or its agents with respect to the *Home*, its systems, appliances, equipment and its fixtures or appurtenances.
15. Violations of applicable building codes or ordinances in effect at the time of construction, including model energy codes or governmental financing requirements, unless such violation results in a defect which is otherwise covered under this Warranty. Under such circumstances, the obligation of *Caviness Land* under this Warranty shall be to repair the warranted defect but shall not necessarily obligate *Caviness Land* to restore or bring the *Home* into compliance with such code or ordinance.

16. Loss or damage caused by or resulting from *Homeowner's* abnormal loading of structural elements which exceeds designed loads, including, without limitation, water beds, safes, weight benches, large fish tanks and pool tables.
17. Bodily injury or damage to personal property and any and all incidental and consequential damages, including, without limitation, lost profits, stigma damages, time missed from employment, expenses to address special health or physical situations, costs of shelter, transportation, food, moving, storage or other incidental expenses related to relocation during repairs.
18. **Loss or damage resulting from, or made worse by: (a) changes to the grading of the property surrounding the *Home* by anyone, including changes made by neighbors of *Homeowner*, except *Caviness Land* or its authorized employees, agents, or trade partners, (b) changes in the grading or drainage resulting from erosion or subsidence, or (c) other soil movement. *Caviness Land* assumes no responsibility for damage caused by lack of or improper landscaping, changing the grade of a yard, or fencing, patios, spas, pools, or otherwise which alters the grading or the water table.**
19. Loss or damage resulting from, or made worse by, dampness, condensation, cold or heat buildup caused by *Homeowner's* failure to maintain proper ventilation.
20. Loss or damage due to the actions of others, including, without limitation, actions by or failure to act of cities, counties, or utility companies, including failure to provide utility service to the *Home* or its property (including, without limitation, any delay or failure to provide DSL, INTERNET, cable, or telephone services to the *Home*).
21. Loss or damage due to loss of views or privacy or noise, including, without limitation, loss of views or privacy resulting from the construction or occupancy of homes adjoining or adjacent to the *Home*. No warranty of any kind is made as to the future use of any land parcels adjacent to or near the *Home*.
22. Loss or damage to land.
23. Loss or damage to wiring to and between communication devices from the source of power, whether or not connected to the interior wiring system of the *Home*. Such devices shall include, but not be limited to, telephone systems, television cable systems, intercom systems, computer systems and security systems.
24. Loss or damage caused by a rise in the underground water table or a natural spring.
25. Loss or damage caused by soil settlement or the expansion and contraction of soils.
26. Damage to tract boundary walls or fencing occurring after obligations for maintenance of such walls or fencing has been dedicated to and accepted by a homeowner's association, maintenance district or governmental entity.
27. This Warranty does not cover any appliance, piece of equipment, or other item which is a "consumer product" for purposes of the Magnuson-Moss Warranty Act (15 U.S.C. Sec. 2301-2312), and *Caviness Land* disclaims any implied warranties with respect thereto. However, some of these products have written warranties by the manufacturer.
28. Under no circumstances shall *Caviness Land* be liable for any special, indirect, incidental, or consequential damages, including, without limitation, any damages based on a claimed decrease in the value of the home, even if *Caviness Land* has been advised of the possibility of such damages.