

RESIDENTIAL LIMITED WARRANTY

Warranty No. 2016-



PURCHASER Jane Doe and John Doe [address]	BUILDER Loyalty Homes LLC
HOME:	
WARRANTY DATE:	

BUILDER'S LIMIT OF TOTAL LIABILITY: Limited to cost of reasonable repairs by the builder or his designee. This Limited Warranty excludes all consequential and incidental damages, except as required by State Law. This Limited Warranty does not extend to anything not required by the applicable building code and in the absence of same, locally accepted building practice.

1. TO WHOM GIVEN: This Limited Warranty is extended to the Purchaser, while the Purchaser owns the home. It does not extend to subsequent owners of the home or other persons.

2. BY WHOM MADE: This Limited Warranty is made exclusively by the Builder.

3. FINAL INSPECTION OF THE HOME: Before the Purchaser moves into the home or accepts the deed, the Builder will set up an appointment for final inspection of the home with the Purchaser. The purpose of this final inspection is to discover any defects or flaws of a visible or obvious nature (such as mars, chips, dents, cracks, or scratches) that may have occurred during the final stages of finishing the home, or any unfinished work caused by back-orders beyond the Builders control. The Builder shall also point out other defects known to have occurred during the construction process and that remain uncorrected at the time of the inspection.

All defects or flaws found on final inspection of the home will be itemized on a Final Inspection Sheet, which will include a schedule for each item that will be corrected. The Final Inspection Sheet will be signed by the Purchaser and the Builder before occupancy of the home or transfer of the deed.

When the Purchaser moves into the home or accepts the deed, the Builder's responsibility is limited to:

(a) completion of items shown on the Final Inspection Sheet, as provided in the Final Inspection Sheet, and

(b) performance of warranty obligations under the provisions of this Limited Warranty, as listed below. The purpose of the Limited Warranty is to identify the Builder's responsibilities for construction defects of a latent or hidden kind that would not have been found or disclosed on final inspection of the home.

4. LIMITED WARRANTY. This Limited Warranty excludes all other warranties on the construction and sale of the home and its components, both express and implied. There are no warranties which extend beyond the face hereof.

5. WARRANTY COVERAGE AND PERIODS. The Warranty period for all coverage begins on the Warranty Date. (This Warranty Date is the date that the Purchaser, or a member of the Purchaser's family, takes title to the home or any person begins residential occupancy of the home, whichever date is earlier.) It ends at the expiration of the coverages shown below:

ONE YEAR BASIC COVERAGE: FOR ONE YEAR FROM THE WARRANTY DATE, THE HOME WILL BE FREE FROM LATENT DEFECTS THAT CONSTITUTE:

(I) DEFECTIVE WORKMANSHIP PERFORMED BY THE BUILDER, AN AGENT OF THE BUILDER OR SUBCONTRACTOR OF THE BUILDER;

(II) DEFECTIVE MATERIALS PROVIDED, BY THE BUILDER, AN AGENT OF THE BUILDER OR SUBCONTRACTOR OF THE BUILDER;

(III) DEFECTIVE EQUIPMENT PROVIDED BY THE BUILDER, AN AGENT OF THE BUILDER OR SUBCONTRACTOR OF THE BUILDER;

(IV) DEFECTIVE DESIGN, PROVIDED BY AN ARCHITECT, LANDSCAPE ARCHITECT, ENGINEER, SURVEYOR, OR OTHER DESIGN PROFESSIONAL ENGAGED SOLELY BY THE BUILDER.

Workmanship, materials, and design will be considered to be defective if they fail to meet or exceed the relevant standards and specifications the building codes of the City of Sioux Falls in effect when the home was built or if they fail to meet the Accepted Standards which are attached to this Limited

Warranty.

6. EXCLUSIONS FROM ALL COVERAGE: The following are excluded from the Basic Coverage, Major System Coverage and Major Structural Defect Coverage:

- (a) Loss or damage caused by workmanship performed by any other person other than (i) the Builder, (ii) an agent of the Builder, or (iii) a subcontractor of the Builder.
- (b) Loss or damage caused by defective materials supplied by any other person other than (i) the Builder (ii) an agent of the Builder, or (iii) a subcontractor of the Builder.
- (c) Loss or damage caused by defective design provided by a person other than a design professional retained exclusively by the Builder.
- (d) Patent defects including defects shown on the Final Inspection Sheet and defects which an examination of the home prior to the acceptance of the deed or occupancy of the home ought to have revealed.
- (e) Defects in outbuildings including but not limited to detached garages and detached carports (except outbuildings which contain the plumbing, electrical, heating, cooling or ventilation systems serving the home); site located swimming pools and other recreational facilities; driveways; walkways; patios; bulkheads; fences; boundary walls; retaining walls; landscaping (including sodding, seeding, shrubs, tree and plantings); off-site improvements or any other improvements not a part of the home itself.
- (f) After the first year of Basic Coverage, concrete floors of basements and concrete floors of garages that are built separately from the foundation walls or other structural elements of the home.
- (g) Any damage to the extent that it is caused or made worse by:
 - (i) negligence, improper maintenance, or improper operation by anyone other than the Builder, its employees, agents or subcontractors, or
 - (ii) failure by the Purchaser or anyone other than the Builder, its employees, agents or subcontractors, to comply with the warranty requirements of manufacturers or suppliers of appliances, fixtures or items of equipment, or
 - (iii) failure of the Purchaser to give notice to the Builder of any defects or damage within a reasonable time; or
 - (iv) changes in the grading of the ground by anyone other than the Builder, its employees, agents or subcontractors; or
 - (v) changes, alterations or additions made to the home by anyone after the Warranty Date shown on page (1) one; or
- (h) Any condition which does not result in actual physical damage to the home.
- (i) Loss or damage caused by or resulting from accidents, riot and civil commotion, fire, explosion, smoke, water escape, falling objects, aircraft, vehicles, Acts of God, lightning, windstorm, hail, flood, mud-slide, earthquake, volcanic eruption, wind driven water, and not reasonably foreseeable changes in the underground water table.
- (j) Loss or damage caused by seepage of water unless such loss is the direct result of a construction defect.
- (k) Any damage caused by soil movement for which compensation is provided by legislation or which covered by other insurance.
- (l) Any damage which the home owner has not taken timely action to minimize.
- (m) Normal wear and tear and normal deterioration.
- (n) Insect damage.
- (o) Bodily injury or damages to personal property.
- (p) Failure of the Builder to complete construction of the home.
- (q) Loss or damage which arises while the home is being used primarily for nonresidential purposes.
- (r) Loss or damage due to abnormal loading on floors by the home owner which exceeds design loads as mandated by the Building Code.
- (s) Costs of shelter, transportation, storage or other incidental expenses related to relocation during repair.
- (t) Defects which are the result of characteristics common to the materials used, such as but not limited to nail pops and ridging on sheet rock walls, lumber shrinkage, normal settlement or any consequential damage resulting therefrom, including but not limited to, doors sticking due to weather,

door warpage less than one-quarter inch, slight separation in joints of any tile or bath tile grouting, normal plumbing and heating noises, cracks in cement or carpet stretching.

(u) Consequential damages (except where required by State Law).

(v) Any claim not filed in a manner set forth below in paragraph 8, "Step by Step Claims Procedure."

7. WARRANTY. If a defect occurs in an item covered by this Limited Warranty, the Builder will repair, replace or pay the Purchaser the reasonable cost of repairing or replacing the defective item(s) within a reasonable time after the Builder's inspection or testing discloses the problem. The choice among repair, replacement or payment is solely that of the Builder.

In no event will the Builder's total liability for deficiencies under the Limited Warranty exceed the Builder's Limit of Total Liability, shown on page 1.

Repair, replacement or payment of reasonable cost for any Major Structural Defect is further limited to (i) the repair of damage to the load-bearing portions of the Home themselves which is necessary to restore their load-bearing function; and (ii) the repair of those items of the Home damaged by the Major Structural Defect which made the Home unsafe, unsanitary or otherwise unlivable.

When the Builder finishes repairing or replacing the defect or pays the reasonable cost of doing so, a full release of all legal obligations with-respect to the defect must be signed and delivered to the Builder.

8. STEP BY STEP CLAIMS PROCEDURES:

(a) Written notice of any warranty claim must be made on the attached "Notice of Warranty Claim Form" and must be received by the Builder no later than thirty (30) days after warranty coverage on that item expires. If this Notice of Warranty Claim Form is not properly completed and received by the Builder by that deadline, the Builder will have no duty to respond to any complaint or demand, and any or all claims may be rejected. NOTICE OF WARRANTY CLAIM IS NECESSARY TO PROTECT RIGHTS TO WARRANTY PERFORMANCE UNDER THIS LIMITED WARRANTY.

(b) No steps taken by the Builder, person to inspect, test or correct defect period under this Limited Warranty. The any complaint or request, other than a timely and properly completed Notice of Warranty Claim, will not impair, prejudice or otherwise affect any right of the Builder, including but not limited to the Builder's right to receive a timely and properly completed Notice of Warranty claim.

(c) In response to a Notice of Warranty Claim, or any other complaint or request of the Purchaser, the Builder and the Builder's agents will have the right to test and inspect the portion of the home to which the claim, complaint or request relates. The Purchaser and occupants of the Home must provide reasonable access to the Builder and the Builder's agents during normal business hours to complete inspection, testing and repair or replacement.

(d) The Builder will complete inspection and testing within a reasonable time under the circumstances, not to exceed thirty (30) days after receipt of a timely and properly completed Notice of Claim Form. Upon completion of inspection and testing, the Builder will determine whether to accept or reject the claim. If the Builder rejects the claim, the Builder will give written notice of that decision to the claimant at the address shown on the Notice of Claim Form. If the Builder accepts the claim, the Builder will take corrective action within a reasonable time under the circumstances and, upon completion, will give written notice of completion to the claimant to the address shown on the Notice of Claim Form. The Builder will use good faith efforts to process and handle claims in a timely manner, but all time periods for repair or replacement of defects necessary are subject to weather conditions, Acts of God, availability of materials, and other events beyond the Builder's control.

9. LEGAL ACTIONS:

(a) No claim or cause of action under this Limited Warranty may be commenced or asserted in any suit, action, or other legal proceeding against the Builder in any Court or forum unless notice of the claim or cause of action has been received by the Builder in a timely and properly completed Notice of Warranty Claim Form as provided in paragraph 8 above.

(b) No suit, action and proceeding against the Builder under this Limited Warranty may be commenced in any Court or forum after the later of (i) the date of expiration of the applicable warranty coverage under paragraph 5 of this Limited Warranty, or (ii) sixty (60) calendar days; after the claim or completion or corrective action as provided in clause 8(d) above.

10. GENERAL PROVISIONS:

(a) This Limited Warranty may not be changed or amended in any way.

(b) This Limited Warranty is to be binding upon the Builder and the Purchaser, their heirs, executives, administrators, successors and assigns.

(c) Should any provision of the Limited Warranty be deemed unenforceable by a Court of competent jurisdiction, the determination will not affect the enforceability of the remaining provisions.

(d) Use of one gender in this Limited Warranty includes all other genders, and use of the plural includes the singular, as may be appropriate.

(e) This Limited Warranty is to be governed in accordance with the Laws of South Dakota.

NOTICE OF WARRANTY CLAIM FORM

Dear Home Owner:

To ask the Builder to correct a defect in your home that you think is covered by the Builder's Limited Warranty, you must complete this form and deliver it to the Builder. It is necessary to protect your rights to warranty performance under the Limited Warranty. Even if you believe that the Builder is aware of the problem, fill out this form and deliver it to the Builder.

The information you will need to fill out this form will be on page 1 of the Limited Warranty. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

YOUR NAME:	
MAILING ADDRESS	
PHONE:	
EMAIL ADDRESS:	
LIMITED WARRANTY NO:	
WARRANTY DATE:	

Describe the defect(s) which you think are covered by the Limited Warranty. Be sure to include when each defect first occurred or when you first noticed it. Use additional sheets, as necessary, to fully describe the problem:

SIGNATURE _____	DATE _____
SIGNATURE _____	DATE _____