

LIMITED WARRANTY AGREEMENT CONFORMING TO MAGNUSON-MOSS ACT

NOTE: Consequential and incidental damages are excluded and there are limitations in the duration of implied warranties.

1. **TERM:**

The terms of the various coverage of this warranty begin on the date of final settlement or the date when the purchaser first occupies the home, whichever comes first.

2. **COVERAGE:**

We warrant that by the standard of construction relevant in Portland, Oregon:

For a period of one year, the floors, ceilings, walls, and other structural components of the home that are not covered by other portions of this Limited Warranty will be free of defects in material and workmanship.

Minor sheetrock repair due to shrinkage of framing lumber or house settling. We will make one trip back at the end of your first year to repair these items.

For a period of one year, the plumbing, heating, and electric wiring systems and the septic tank (if we installed it) will be free of defects in materials or workmanship.

For a period of one year, the following items will be free from problems caused by defects in materials or workmanship; doors (including hardware); windows; electric switches, receptacles, and light fixtures; plumbing fixtures; cabinet work; and roof.

3. **MANUFACTURERS' WARRANTIES:**

We assign and pass through to you, to the extent they are assignable, the manufacturers' warranties on all appliances and equipment. The following are examples of such appliances and equipment though not every home includes all of these items and some homes may include appliances or equipment not on this list; range, dishwasher, garbage disposal, ventilating fan, heating and cooling equipment, water heater and light fixtures.

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Buyer's Initials: _____ Date: _____

4. **EXCLUSIONS FROM COVERAGE:**

We do not assume responsibility for any of the following, all of which are excluded from the coverage of this limited warranty:

- a) Defects in appliances and equipment that are covered by manufacturers' warranties. (We have assigned these manufacturers' warranties to you, to the extent they are assignable, and you should follow the procedures in these warranties if defects appear in these items.)
- b) Damage due to ordinary wear and tear, abusive use, or improper maintenance of your home.
- c) Defects that are the results of characteristics common to the materials used, such as (but not limited to) warping and deflections of wood (except for minor sheetrock repairs due to shrinkage of framing lumber); cedar bleed through; fading, chalking, and checking of paint due to sunlight; cracks due to drying and curing of concrete, stucco, plaster, bricks and masonry; drying, shrinking and cracking of caulking and weather-stripping.
- d) Normal floor squeaking.
- e) Work performed or directed by you or anyone other Silver Oak Custom Homes, Inc.
- f) Loss or injury due to the elements.
- g) Conditions resulting from condensation on, or expansion or contraction of materials.
- h) Paint over minor sheetrock repairs as a result of shrinkage of framing lumber.

5. **NO OTHER WARRANTIES:**

This Limited Warranty is the only express warranty we give. Implied warranties, including but not limited to warranties of merchantability, fitness for a particular purpose, habitability, and good workmanship are limited to the warranty period (term) set forth above. This Limited Warranty gives you specific rights which vary from state to state.

6. **CLAIMS PROCEDURE:**

At the time of closing, you will have done a "Walk-Thru" list with your builder or representative. The items on that list will be promptly attended to prior to or directly after your occupancy. By the end of two months of occupancy, if you have any unfinished items from your walk-thru or any new items, please send a list or a fax to our office with your phone numbers and your hours of availability. If delay will cause extra damage (e.g., if a pipe has burst) telephone our office or the appropriate sub-contractor. It is your responsibility to minimize damage caused by such incidents as leaking pipes.

At the end of your first year in your home, send us a list of any items due for repair or replacement under this warranty agreement, and we will follow up with our contractors. At the time of move-in you will be given a list of subcontractors to contact direct if you so desire, but it is best if our office has a record of your problems or complaints.

7. **REPAIRS:**

Upon receipt of your written report of a defect, if the defective item is covered by this warranty, we will repair or replace it at no charge to you within 60 days (longer if weather conditions, labor problems, or material shortages cause delays). The work will be done by us or subcontractors chosen by us. The choice between repair or replacement is ours.

8. **NOT TRANSFERABLE:**

This Limited Warranty is extended to you only if you are the first purchaser of the home. When you sell and move out of the home, this Limited Warranty automatically terminates. It is not transferable to subsequent purchasers of the home.

NON-WARRANTABLE CONDITIONS

This statement of conditions that are not subject to builder's warranties explains some of the changes and maintenance 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. It is made up of many different components, each with its own special characteristic. Also, buyer/owner understands that like other products made by human, 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. 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. These guidelines will alert you to certain areas 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.

Non-Warrantable 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 elimination this condition. It 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.
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 the heat inside the house or the exposure to the sun on the outside. This is normal and considered a maintenance item to be cared for by the homeowner. Likewise caulking at the corners and interior seams of exterior wood siding may need renewal due to weather exposure. This is also 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.
5. Floor Squeaks: Minor floor squeaks are not covered by the builders warranty. Generally they will appear and disappear over time due to weather changes. A floor squeak which is noticeably loud and objectionable is a defect. The builder will correct within reasonable repair capability. Where a finished ceiling exists under the floor, the corrective work may be attempted from the floor side. Where applicable, it may be necessary to remove, then reinstall, the finish floor material to make the repair.
6. Floors: Your floors are not warranted for damage caused by neglect or the incidents 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, wood or tile immediately to prevent discoloration. Carpet has a tendency to loosen up in damp weather and will stretch tight again in dryer weather.

7. 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.
8. Brick Discoloration: Most bricks may discolor due to the elements, rain run-off, weathering, or bleaching. Thus the color of the bricks is not considered a warranty item.
9. Broken Glass: Any broken glass or mirrors which 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 be 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 a warrantable condition.
12. Paint: Good quality painting has been used internally and externally on your home. Nevertheless, exterior paint can sometimes crack or chip. This is not a defect of the paint and it is most often caused by other sources. You should avoid allowing lawn sprinklers to hit painted areas, washing walls, and be aware of the newly painted walls as you are moving furniture. The best paint will be stained or chipped if it is not cared for properly. Any defects in painting that are not noticed at final inspection are non-warrantable 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, plumbing fixtures, marble and Formica, lighting fixtures, kitchen and other appliances, doors, paneling, siding, screens, windows, carpet, vinyl floors, cabinets, etc., which are not recognized and noted by you at final inspection are non-warrantable conditions.

- 14. Plumbing: Dripping faucets, toilet adjustments, and toilet seats are covered by the builder's warranty for a 60 day period only. After that, they are the owner's responsibility. If the plumbing is "stopped up" during the warranty period and the person servicing the plumbing finds foreign materials in the line, the owner will be billed for the call.
- 15. Alterations to Grading: Your lot has been graded to insure proper drainage away from you home. Should you wish to change the drainage pattern due to 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 or subsequent flooding or stagnant pool formation if the established pattern is altered.
- 16. Roof Damage: The manufacturer's warranty on the roof is for material only and is prorated over the period of the lifetime use of the roof. Warranty claims for any defects in material will be handled with the manufacturer with our assistance. The builder will not be responsible for any damages caused by walking on the roof or by installing a TV dish or other items on a roof.
- 17. Heating and Air Conditioning: Your heating and air conditioning unit(s) are covered by a manufacturer's warranty. It is the owner's responsibility to be sure that filters are kept clean and changed. Failure to do so may void your warranty. It is also a good policy to have the equipment serviced or checked at least yearly.

I/We acknowledge having read and understood and received a copy of the above outline or non-warrantable items. We understand and agree that these are conditions for which we have not contracted and will not hold the builder liable.

Purchaser: _____ Date: _____

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Builder: SILVER OAK CUSTOM HOMES, INC.

 Roger A. Edwards, President

Date: _____

Construction Contractors Board # 129443