

## EXHIBIT 2

### Builders Warranty

#### **ONE (1) YEAR BUILDERS LIMITED WARRANTY**

1. The premises described as [REDACTED] Arkansas, has been constructed in accordance with accepted home building practices. It has been inspected by our trained personnel and by the local building inspector's office, where required, in the area the property is located.
2. The Builder, guarantees against defects in workmanship and materials for a period of one (1) year for the following items:
  - a) the plumbing system
  - b) the heating and cooling system
  - c) the roof against leaks
  - d) the electric wiring system
  - e) the sewage connection to the main sewer line
3. The Builder, shall be liable only to the limit of the manufacturer's warranty for appliances and equipment such as refrigerator, range, heating and air conditioning equipment, hot water heater, dishwasher, garbage disposal, ventilating fan, and such. Buyer shall give notice to the manufacturer that granted the warranty for any defects covered by such warranty.
4. The Builder does not assume responsibility for:
  - (a) damage due to ordinary wear and tear or abusive use;
  - (b) defects which are the result of characteristics common to the material used;
  - (c) loss or injury caused in anyway by the elements;
  - (d) conditions resulting from condensation on or expansion or contraction of materials;
  - (e) paint over newly plastered interior walls.
5. This warranty begins on the date that title is conveyed.
6. This warranty is not transferable and any obligation under it shall terminate if the property is resold or shall cease to be occupied by the Buyer to whom it is originally issued.
7. All repairs and adjustments will be confined to the limit set forth in this warranty. If a defect appears that the Buyer thinks is covered by this limited warranty, the defect must be in writing and forwarded to the builder. If a delay will cause extra damage (e.g., a pipe has burst), the buyer should telephone the builder. The Builder's address and telephone number have been provided to the Buyer. Failure to notify the builder of defects covered under this limited warranty or any implied warranties relieve the builder of all liability for replacement, repair, and all other damages.

8. This warranty is in lieu of all other warranties, statutory or otherwise, express or implied, all other representations made by the undersigned and all other obligations or liability with respect to said house. Implied warranties of merchantability and fitness are expressly excluded from this warranty, and the undersigned's obligation shall not exceed its obligations set forth in this warranty. The limitations (items not covered) by this warranty are attached.

This limited warranty does not cover the following:

- (a) Damage resulting from fires, floods, storms, electrical malfunctions, accidents, nor acts of God
- (b) Damage from alterations, misuse or abuse of the covered items by any person
- (c) Damage resulting from the buyer's failure to observe any operating instructions furnished by the builder at the time of installation
- (d) Damage resulting from a malfunction of equipment or lines or the telephone, gas power, or water companies
- (e) Any items listed as "nonwarrantable conditions" on the attached list that is incorporated into this contract.
- (f) Any items furnished or installed by the buyer

**Buyer:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Buyer:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Builder:** \_\_\_\_\_

**Date:** \_\_\_\_\_

### **NONWARRANTABLE CONDITIONS**

This statement of conditions that are not subject to the builder's warranties explains some of the changes and need for maintenance that may occur in a new home over the first year or so of occupancy. A home requires more maintenance and care than most products because it is made of many different components, each with its own special characteristics.

The buyer understands that like other products made by humans, 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 the buyer of which this statement of "Nonwarrantable Conditions" is made a part, the builder will correct certain defects that arise during defined time periods after construction is completed. Other items that are not covered by the Builder's Warranty may be covered by manufacturer's warranties.

Some conditions, including but not limited to, those listed in this statement of nonwarrantable conditions, are not covered under the Builder's Warranties. The buyer should read these carefully and understand that the Buyer has not contracted for the Builder to correct certain types of problems that may occur in the Buyer's new house. These guidelines

will alert the Buyer to certain types of maintenance (a) that are the responsibility of the Buyer and (b) that could lead to problems if they are neglected.

The following list outlines some of the conditions that are not warranted by the Builder. The Buyer should be sure to understand this list. If the Buyer has any questions, the Buyer should ask the Builder and feel free to consult an attorney before signing the acknowledgment.

**1. CONCRETE:** Concrete foundations, walks, drives, and patios can develop cracks that do not affect the structural integrity of the building. These cracks are caused by characteristics of expansion and contractions. NO method of eliminating these cracks exists. This condition does not affect the strength of the building.

**2. MASONRY AND MORTAR:** Masonry and mortar can develop cracks from shrinkage of either the mortar or the brick. This condition is normal and should not be considered a defect.

**3. WOOD:** Wood will sometimes check, crack or "spread apart" because of the drying out process. This condition is most often caused by the heat inside the house or the exposure to the sun on the outside of the house. This condition is considered normal, and the homeowner is responsible for any maintenance or repairs resulting from it.

**4. SHEETROCK OR DRYWALL:** Sheetrock or drywall will sometimes develop nail pops or settlement cracks. These pops and settlement cracks are a normal part of the drying out process. The homeowner can easily handle these items with spackling during normal redecorating.

**5. FLOOR SQUEAKS:** After extensive research and writing on the subject, technical experts have concluded that although much has been tried, little can be done about floor squeaks. Generally, floor squeaks will appear and disappear over time with changes in the weather.

**6. FLOORS:** 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, and stains should be cleaned from carpets, wood or tile immediately to prevent discoloration. Carpet has a tendency to loosen in damp weather and will stretch tight again in dryer weather.

**7. CAULKING:** Exterior caulking and interior caulking in bathtubs, shower stalls and ceramic tile surfaces will crack or bleed somewhat in the months after installation. These conditions are normal and should not be considered a problem. Maintenance or repairs resulting from them are the homeowner's responsibility.

**8. BRICK DISCOLORATION:** Most bricks may discolor because of the elements, rain runoff, weather or bleaching.

**9. BROKEN GLASS:** Any broken glass or mirrors that are not noted by the Buyer on the final inspection form are the responsibility of the Buyer.

**10. FROZEN PIPES:** The Buyer must take precautions to prevent freezing of pipes and sillcocks during 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.

**11. STAINED WOOD:** All items that are stained will normally have a variation of colors because of the different texture of the woods. Because of weather changes, doors that have panels will sometimes dry out and leave a small space of bare wood. These normal conditions should not be considered defects.

**12. PAINT:** Good, quality paint has been used internally and externally on this home. Nevertheless, exterior paint can sometimes crack or check. The source of this defect is most often something other than the paint. To avoid problems with the paint, the Buyer should avoid allowing lawn sprinklers to hit painted areas, washing down painted areas, and so on. The Buyer should also not scrub latex-painted inside walls and be careful on newly painted walls as they move furniture. The best paint will be stained or chipped if it is not cared for properly. Any defects in painting that are not noted at final inspection are the responsibility of the Buyer. When any type of "shiny" paint is used on interior sheetrock walls, all defects in sheetrock seem to show worse than flat paint. Buyer will take full responsibility for any additional cost incurred if additional work is needed.

**13. COSMETIC ITEMS:** The Buyer has not contracted with Builder to cover ordinary wear and tear or other occurrences subsequent to construction that affect the condition of features in the home. Chips, scratches, or marks in tile, woodwork, walls, porcelain, brick, mirrors, plumbing fixtures, marble and formica tops, lighting fixtures, kitchen and other appliances, doors, paneling, siding, screens, windows, carpet, vinyl floor, cabinets, and the like that are not recognized and noted by the buyer at the final inspection are nonwarrantable conditions, and the upkeep of any cosmetic aspect of the home are the buyer's responsibility.

**14. PLUMBING:** Dripping faucets, toilet adjustments, and toilet seats are covered by the builder's warranty for a 30-day period only. After that, they are the buyer'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 buyer will be billed for the call.

**15. ALTERATIONS TO GRADING:** The buyer's lot will be graded to ensure proper drainage away from the home. Should the buyer wish to change the drainage pattern because of landscaping, installation of patio or service walks, or other reasons, the buyer should be sure a proper drainage slope is retained. The builder assumes no responsibility for the grading or subsequent flooding or stagnant pool formation if the established pattern is altered.

**16. LAWN AND SHRUBS:** The builder accepts no responsibility for the growth of grass or shrubs. Once the builder grades, seeds, and/or sods, and fertilizes the yard, the buyer must water and spread ground cover to prevent erosion. The builder will not regrade a yard, nor

remove or replace any shrubs or trees, except for those that are noted as diseased at final inspection.

**17. ROOF DAMAGE:** The warranty on the buyer's roof is for material only and is prorated over the period of the lifetime use of the roof. Warranty claims for any defects in materials will be handled with the manufacturer with the builder's assistance. The builder will not be responsible for any damages caused by walking on the roof or by installing a television antenna, dish or other items on the roof.

**18. HEATING AND AIR-CONDITIONING:** The buyer's source of heating and air-conditioning is covered by a manufacturer's warranty. The buyer is responsible for making sure the filters are kept clean and changed on a 30-day basis. Failure to do so may void the warranty. Having the equipment serviced or checked at least yearly is a good idea.

**19. ELECTRICAL FIXTURES:** Lights, smoke alarms, door bell kits, and any electrical fixtures are covered by the builders warranty for a period of 30 days only. Some electrical companies warrant their product for a long period of time. If this is the situation then the builder will exchange the warranted fixture and the buyer will be responsible for its installation only. Example: If a ceiling fan does not operate correctly, the builder will exchange it and the buyer may install it or pay to have it installed.

I/we acknowledge having read and understood and received a copy of the above outline of nonwarrantable items.

I/we understand and agree that these are conditions for which we have not contracted and will not hold the builder liable.

Address of Property: \_\_\_\_\_

**Buyer:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Buyer:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Builder:** \_\_\_\_\_

**Date:** \_\_\_\_\_