

The Richardson Group, LLC

CONTRACT FOR SALE OF REAL ESTATE NEW CONSTRUCTION

THIS CONTRACT of sale made and entered into this _____ day of _____, _____, for the consideration herein stated, shown by and between THE RICHARDSON GROUP, LLC., hereinafter called the SELLER, and _____, hereinafter called the BUYER.

DEPOSIT MONEY: The BUYER herewith deposits immediately with THE RICHARDSON GROUP, LLC: the sum of \$_____ as Deposit Money to constitute part payment of purchase price. The SELLER in consideration of the deposit money deposited has this day sold, and does hereby agree to convey by a good and valid warranty deed to said BUYER, or to such person he may in writing direct, the following described real estate:

Lot # _____ Subdivision _____
City/State _____

BUILDER'S PLAN NAME/NUMBER: _____

CONSIDERATION: BUYER agrees to purchase said real estate and pay therefore the sum of \$_____ upon the following terms: All cash at closing.

CREDIT CONTINGENCY: This contract is _____ is not _____ contingent upon the BUYER'S ability to qualify for a new loan. BUYER agrees to make loan application within 5 days of contract date, otherwise SELLER reserves the right to void this contract. Deposit money will not be refunded if BUYER elects not to buy this property or cannot qualify for a loan on this property, after a commitment letter has been received. Deposit money will not be refunded if a commitment letter cannot be obtained within 30 days due to the BUYER not providing the Lender with all required documents to determine if a loan can be made.

BUYER intends to make loan application with:

Mortgage Company: _____
Phone #: _____ Fax # _____
() Conventional () FHA () VA () Other

BUYER authorizes the SELLER or Listing Agent to inquire on BUYER'S mortgage loan status at any time until BUYER'S loan is closed. This includes but is not limited to: Employment verification, credit status and credit report information, income, debts, income tax returns, ratios, etc. BUYER further authorizes the mortgage company to release this information to the SELLER or Listing Agent until such time as BUYER'S loan has closed or been denied.

TITLE INSURANCE: BUYER agrees to purchase an owner's policy of title insurance as of the date of closing. This policy is to be issued in the usual form subject to all restrictions, easements of record, zoning ordinances, other laws of governmental authority, restrictions, and the usual printed exceptions and those agreed to in this contract.

HAZARD INSURANCE: The risk of hazard or casualty loss or damage to the property shall be borne by the SELLER until transfer of title.

TAXES: Taxes for the current year shall be prorated. Back taxes, if any, shall be paid by SELLER.

COMPLETION: SELLER cannot guarantee a firm completion date for the house, advance projections being, by nature, estimates. SELLER will make every reasonable and diligent effort to meet or exceed the estimated construction schedule with delivery estimated to be _____. It is understood and agreed that SELLER shall be deemed to have performed this Contract as to construction of the improvements when a Certificate of Occupancy is obtained from the applicable Building Codes Department.

DELAYS: The parties hereto agree that if for reasons beyond the SELLER'S control there is an unavoidable delay in the progress of construction (including, but not limited to, such factors as the unavailability of materials, inclement weather, strikes, changes in government regulations, delays in availability of utilities, and acts of God), the SELLER may in its sole discretion, extend the date of completion for a period of time equal to the time of the delays.

OCCUPANCY: Occupancy will be given at closing. Any occupancy prior to that date shall be deemed unlawful. Early move-ins are not permitted. No furniture or appliance deliveries shall be allowed until after the closing has taken place.

INSPECTION: BUYER agrees not to issue any instruction or otherwise interfere with SELLER'S subcontractors. SELLER will make best efforts to correct all reasonable defects, however, it may not be possible to do so prior to closing. BUYER agrees to close the purchase as to the described Property within three (3) business days after construction completion. Failure of BUYER to close within three (3) business days after these conditions have been met shall result in forfeiture of all monies paid to SELLER, or in the alternative, a charge of **(\$ 75.00)** per day shall be assessed against the BUYER for every day after three (3) days BUYER fails to close this sale in order to reimburse SELLER for cost in holding the Property.

FLOOD DISCLOSURE: SELLER represents that to the best of SELLER'S knowledge, the captioned property has not been damaged or affected by flood or storm water run off and that this property is _____/is not _____ designated as a special flood area.

WARRANTY: SELLER agrees to furnish a one-year builders warranty agreement. BUYER agrees that said warranty is in lieu of all other warranties, statutory or otherwise, expressed or implied. SELLER'S liability shall not exceed its obligations set forth in said warranty. SELLER assigns to BUYER, to the extent they are assignable, all rights under manufacturer's warranties on appliances, equipment, fixtures and consumer products included in the house and located on the premises. Closing and/or occupancy of the property constitutes acceptance of dimensions, materials, colors or products used in construction of improvements. If BUYER elects to hire an independent home inspector, SELLER does not agree to repair items on inspection report.

ARBITRATION: Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration in accordance with the Rules of the American Arbitration Association and judgment upon the award may be entered in any Court having jurisdiction thereof. The award of the arbitrator shall be final, conclusive and binding upon the parties hereto. The expenses of the arbitration shall be shared equally, but each party shall bear its own fees and costs. The controlling standard for performance shall be as per policy or quality

standards as set forth in the Residential Construction Performance Guidelines For Professional Builders and Remodelers as promulgated by the National Association of Home Builders. These performance standards shall be the only standards by which warranty, correction and/or arbitration shall be adjudged. Selection of arbitrator to be mutually agreed upon.

DEFAULT: Should BUYER default hereunder, the Deposit Money may be forfeited at SELLER'S option as partial liquidated damages. SELLER may make claim for additional damages or specific performance of this contract, or both. Should SELLER default, the Deposit Money shall be refunded and BUYER shall have no further claim for legal damages or specific performance of this contract. In the event that SELLER or BUYER makes a claim hereunder (including claims filed after closing which are based on or related to this contract), the prevailing party shall be entitled to recover all costs of such enforcement, including reasonable attorney's fees and expenses as determined by arbitration.

CHANGES: BUYER acknowledges if at any time the BUYER and/or SELLER voids this contract and the BUYER'S deposit money is refunded, same shall constitute a hold harmless agreement by and between both parties and all agents involved in this transaction.

BUYER acknowledges the information package and floor plan package are intended for general information only. All prices, terms and conditions of this contract take precedence over any informational literature provided in the information package. SELLER reserves the right to make any changes in company policy or procedure or make any necessary price increases on any item that is not currently in this contract.

BUYER acknowledges all additional items shown on blueprints are for illustration purposes only. Unless it is specifically stated herein, no additional items shown on blueprints are included in this sale.

BUYER has reviewed the Restrictive Covenants applicable to the captioned property and agrees to comply with same.

Placement of house and driveway side shall be determined by SELLER according to floor plan, lot size, flow of surrounding homes, setback line, easements, etc.

LANDSCAPING: SELLER does not warrant lawn establishment. BUYER is responsible for watering and caring for the lawn. SELLER is not responsible for rainstorms, lack of rain, hail storms, flooding, strong winds, insects and birds.

Tree removal shall be determined by SELLER according to sewer lines, floor plans, driveways, easements, etc. SELLER does not agree to remove trees from the lot. However, it may be necessary for the SELLER to remove trees for the purpose of building the house, easements, driveways, sewer, etc. SELLER is not responsible for any remaining trees on the lot. The reliability of trees can be affected by many factors and are not warranted.

UPGRADES: A list of standard/optional items is included with this contract. Any upgrading must be done through SELLER'S supplier. BUYER will pay the cost of upgrades at the time of contract, or to the supplier prior to being ordered. All color selections must be made and paid for no later than 2 days from date of SELLER'S signature hereon.

If BUYER has chosen upgrade items, and BUYER thereafter has loan qualifying problems, SELLER, will not reimburse BUYER for the cost of said upgrades, plan changes or any

additions made to SELLER'S standard items. It is strongly recommended that BUYER select from SELLER'S "standard items" unless BUYER is certain of loan approval. SELLER, Selling and Listing agents will not be responsible for selection for BUYER. Unless stated on standard/option list, BUYER understands that upgrades will not be "rolled" into BUYER'S loan. If any upgrade items agreed to by SELLER are added into the loan amount, and house does not appraise for "selling price," BUYER agrees to pay the difference in cash immediately upon being notified by lender, otherwise SELLER reserves the right to void this contract. BUYER understands that in most cases extras cost more for SELLER to purchase and install than an appraiser will allow for. If BUYER chooses a "spec" house (one that has been started before acceptance of BUYER'S contract) BUYER will accept color selections of SELLER. However, at SELLER'S discretion, BUYER may choose some items. If allowed, BUYER will select at same time as contract execution. BUYER understands that "spec" houses may contain optional items without additional charge.

BUYER understands that if any changes are made to the plans, BUYER will pay a non-refundable fee of \$_____ in cash at time of contract execution. Any change made after the house has been started and after selection sheet has been signed will have a non-refundable fee (NO EXCEPTIONS) paid in cash prior to change. BUYER and SELLER shall sign a written "change order". Additional deposit money may be required by SELLER if any floor plan change is made that is unusual or non-customary.

CONCRETE: BUYER understands that concrete will settle and occasionally there will be cracks. SELLER will not be responsible for any cracks in concrete, mortar or bricks.

JUNK FEES: SELLER will not pay any "junk fees" to BUYER'S loan company including but not limited to: Amortization fees, express mail fees, underwriting fees, tax service fees, warehouse fees, courier fees, document preparation fees, loan review fees, assignment fees, administration fees, review appraisal fees, etc. It is the BUYER'S responsibility to insure before the BUYER'S loan company processes the BUYER'S loan that these fees will not be charged to SELLER. The SELLER will not close the sale if these items are listed on the closing statement as a SELLER expense.

Unless noted in this contract, the SELLER has not agreed to pay any discount points or loan expenses. Under no circumstance does SELLER guarantee any interest rate for the BUYER. BUYER agrees to pay all discount points, if any, for desired interest rate. SELLER is not responsible if interest rate lock expires due to a delay in construction and property cannot close.

CLOSING COSTS: SELLER agrees to pay up to \$ _____ of BUYER'S closing costs.

CLOSING: The captioned sale shall close on or before _____.

CLOSING OFFICE: The SELLER will utilize the services of **GREENWAY TITLE, INC., 425 W. COLLEGE STREET, MURFREESBORO, TN 37130 (TEL 615-893-9125, FAX 615-893-4266)** for closing. BUYER may choose a separate closing office for the loan if desired. However, if SELLER is providing any help or incentives in closing or loan costs, including but not limited to, special program costs such as those related to the Ameridream program, then the BUYER agrees to use the closing office selected by the SELLER or the SELLER help on costs, incentives or special programs costs will be cancelled and the contract amended to show "\$0" help to BUYER by SELLER. If the Mortgage Lender chooses a closing office other than **GREENWAY TITLE, INC.**, SELLER'S side will still be closed by **GREENWAY TITLE,**

INC., and any SELLER help on costs, incentives or special program costs will be cancelled and the contract amended to show "\$0" help to BUYER by SELLER. Under no circumstances will this be changed. If the BUYER'S side should be closed elsewhere, BUYER'S closing agent/attorney shall give at least 48 hours notice of intent to close and send all necessary closing documents to be signed by SELLER to **GREENWAY TITLE, INC.**, for SELLER'S signature at no cost to SELLER or **GREENWAY TITLE, INC.**, including, but not limited to, courier fees for express delivery. All proceeds checks, commission checks, payoff checks (for SELLER), and closing fee checks must hand delivered to **GREENWAY TITLE, INC.**, within two (2) hours after closing.

Sale Closing: GREENWAY TITLE, INC.

Loan Closing: GREENWAY TITLE, INC.

TERMITE INSPECTION: SELLER agrees to provide an appropriate termite clearance letter or soil treatment letter at closing as required by lender, FHA or VA.

ADDENDUMS: This contract includes the following attached addendum(s) which are made a legally binding part of this contract: Addendum A.

Other: _____

ENTIRE AGREEMENT: It is expressly understood and agreed that this instrument contains the entire agreement between the parties and that, except as herein noted, there are no oral or collateral conditions, agreements or representations, all such having been incorporated and resolved into this agreement. **THE PROVISIONS HEREOF SHALL SURVIVE THE CLOSING AND SHALL BE THEREAFTER ENFORCEABLE.**

TIME IS OF THE ESSENCE of this contract and all of the conditions thereof.

DISCLAIMER: BUYER acknowledges that BUYER has not relied upon the advice or representations, if any, of any Real Estate Broker (or Broker's associated salespersons) relative to the legal and tax consequences of this contract in the purchase of the property. BUYER acknowledges that if such matters are of concern to BUYER, BUYER has sought and obtained independent advice relative hereto.

THIS SPACE

INTENTIONALLY LEFT BLANK

VA REAL ESTATE CERTIFICATION AMENDATORY CLAUSE:

It is expressly agreed that, notwithstanding any other provision of this contract, the BUYER shall not incur any penalty by forfeiture of deposit money or otherwise be obligated to complete the purchase of the property described herein, if the contract purchase price or costs exceeds the reasonable value of the property established by the Veterans Administration. The BUYER shall, however, have the privilege and option of proceeding with the consummation of this contract without regard to the amount of the reasonable value established by the Veterans Administration. House to be constructed on above described lot in accordance with plan and specification on file with the Veterans Administration. The Builder is to be charged with any special assessments included in the said plans and specifications. Building to be completed within _____ months from date of this contract will become null and void and deposit money will be refunded to BUYER.

FHA REAL ESTATE CERTIFICATION AND AMENDATORY CLAUSE:

It is agreed and understood that in submitting a request for a firm commitment for mortgage insurance, the SELLER, the BUYER, and the broker or agent involved in the transaction do each certify that the terms of the contract for the BUYER, and the broker or agent involved in the transaction do each certify that the terms of the contract for purchase are true to the best of his/her knowledge and belief, and that any other agreement entered into by any of these parties in connection with this transaction is fully disclosed and is part of, or attached to, this sales agreement.

It is expressly agreed that notwithstanding any other provision of this contract, the BUYER shall not be obligated to complete the purchase of the property described herein or to incur any penalty by forfeiture of deposit money deposits or otherwise unless the BUYER has been given in accordance with the HUD/VA or VA requirements a written statement by the Federal Housing Commissioner, Veterans Administration, or a Direct Endorsement lender setting forth the appraised value of the property of not less than \$_____. The BUYER shall have the privilege and option of proceeding with consummation of the contract without regard to the amount of the appraised valuation. The appraised valuation is arrived at to determine the maximum mortgage the Department of Housing and Urban Development will insure. HUD does not warrant the value or the condition of the property. The BUYER should satisfy himself/herself that the price and condition of the property are acceptable. NOTE: The dollar amount to be inserted in the amendatory clause is the sale price as stated in the sales contract. WE THE BUYER (S), SELLER (S), AND SELLING AGENT OR BROKER, CERTIFY THAT WE HAVE READ, UNDERSTOOD AND AGREED TO BOTH OF THE ABOVE PARAGRAPHS, AND UNDERSTAND THEY ARE A PART OF OUR SALES CONTRACT.

House to be constructed on above described lot in accordance with plans and specifications on file with the FHA.

REAL ESTATE COMMISSION: Commissions to be paid by SELLER in connection with this transaction have been negotiated between SELLER and Listing Broker. Commissions shall be earned at such time as all parties accept this contract and all conditions are met. Commissions shall be disbursed as follows:

Listing Broker _____ Shall Receive _____
(Listing Broker's Company Name) As Commission

Selling Broker _____ Shall Receive _____
(Selling Broker's Company Name or Agent or sub-agent) As Commission

Selling Broker to enter its commission amount when contract offer is written and Listing Broker to enter its commission when contract is presented to SELLER.

The parties certify that we have fully read, understand and accept all the provisions of this contract.

BUYER Date

BUYER Date

THE RICHARDSON GROUP, LLC

SELLER Date

Selling Agent Phone No.

Listing agent Phone No.

CONFIRMATION OF AGENCY STATUS

Every real estate licensee is required to disclose his or her agency status in a real estate transaction to any BUYER or SELLER who is not represented by an agent and with whom the licensee is working directly in the transaction. The purpose of this Confirmation of Agency Status is to acknowledge that this disclosure occurred. Copies of this confirmation must be provided to any signatory thereof. Notice is hereby given that the agency status of this licensee (or licensee's company) is as follows in this transaction:

The company, _____, in the real estate transaction involving the property located at:

_____ is serving as Facilitator (not an agent for either party)
_____ Has appointed _____ to serve as Designated Agent for SELLER
_____ Has appointed _____ to serve as Designated Agent for BUYER

This form was delivered in writing, as prescribed by law, to any unrepresented BUYER **prior to the preparation of any offer to purchase**, OR to any unrepresented SELLER **prior to presentation of an offer to purchase** OR (if the licensee is listing a property without an agency agreement) **prior to execution of that listing agreement**. This document also serves as confirmation that the licensee's Agency or Facilitator status was communicated orally before any real estate services were provided. **This notice by itself, however, does not constitute an agency agreement or establish an agency relationship.**

Date: _____ Licensee's Signature: _____

Acknowledgment:

I acknowledge the above Confirmation of Agency Status:

Date: _____ Signature of BUYER: _____

Date: _____ Signature of SELLER: _____

FAXED SIGNATURES WILL SUFFICE FOR ACKNOWLEDGEMENT (S) OF THE ABOVE
CONFIRMATION.

ADDENDUM “A”
THE RICHARDSON GROUP, LLC
CUSTOMER SERVICE

WALK THROUGH:

BUYER and BUYER’S agent will have opportunity to walk through the house prior to closing. Listing agent will call for appointments.

The following items are to be carefully examined, as they will not be repaired after closing:

1. Tears in vinyl flooring. (NOTE: Vinyl flooring will be repaired, not replaced.)
2. Tubs and sinks. Scratches or chips in tub to be repaired not replaced. Scratches or chips in sinks will be repaired or replaced at SELLER’S option if damaged before closing.
3. Drywall & Painting. After closing, SELLER will not be responsible for any minor drywall cracks, or nail pops until the 11th month after closing. (NOTE: Colors may not match due to passage of time.) SELLER to make all drywall/paint repairs on a one time basis during 12 12th month following closing; BUYER shall be thereafter responsible. SELLER to provide touch up kits with interior paints as soon after the closing as possible.
4. Trees remaining on the lot may be affected by many uncontrollable factors and are not warranted.
5. Any repair made to the preceding items will be warranted for 1 year.
6. Any Warranty Service will be performed Monday through Thursday between the hours of 9:00 a.m. and 4:00 p.m. All warranty work requests **MUST BE IN WRITING** to the SELLER. BUYER shall provide contact (telephone #, address, etc.) information. **NO REQUEST WILL BE TAKEN OVER THE PHONE.** This is for BUYER’S protection as well as to allow efficient operation of SELLER. All correspondence should be addressed to: THE RICHARDSON GROUP, LLC, 1980 Old Fort Parkway, Murfreesboro, TN 37129.

**THE RICHARDSON GROUP, LLC
ONE YEAR LIMITED WARRANTY AGREEMENT**

WHEREAS, THE RICHARDSON GROUP, LLC, BUILDER has constructed and/or caused to be constructed a home (for sale under contract dated _____), for _____, BUYERS/OWNERS at a purchase price of _____ (\$ _____), on real estate described as follows: _____.

- I. **COMMENCEMENT DATE:** The commencement date of this One Year Limited Warranty Agreement shall all be at closing or first occupancy, whichever shall first occur.

- II. **BUILDERS WARRANTIES:**
 - 1. BUILDER warrants for a period of one (1) year, beginning on the commencement date set forth herein below, the home shall be free from faults and defects in workmanship, materials, appliances, fixtures, and equipment due to noncompliance with the construction standards set forth herein below.

- III. **WARRANTY EXCLUSIONS:** Warranty exclusions are items not covered by this BUILDER WARRANTY, the exclusions are as follows:
 - 1. Damage to real property or personal property, which is not a part of the contract between BUILDER AND BUYERS/OWNERS.
 - 2. Defects in retaining walls; fence; swimming pools; landscaping (including seeding, sod, trees, shrubs, and all other plantings); and other improvements not a part of the contract between BUILDER AND BUYERS/OWNERS.
 - 3. After the first (1) anniversary defects in driveways; sidewalks; patios; walkways; concrete floors installed separate from the foundation and other structural components of the home.
 - 4. Rodent and insect damage.
 - 5. Damage or defect in, or caused by work or materials supplied or provided by BUYERS/OWNERS, their employees, subcontractors, or agents, or anyone other than BUILDER, BUILDER'S employees, subcontractors or agents.
 - 6. Defect, fault, damage or loss, which does not constitute a construction defect.

7. Damage to the extent it was made worse by or caused by improper operation, improper maintenance or negligence by anyone other than BUILDER, BUILDER'S employees, subcontractors or agents.
8. Damage to the extent it was made worse by or caused by alterations, additions, or changes to the home and changes of the ground grade around the house by anyone other than BUILDER, BUILDER'S employees, subcontractors or agents.
9. Damage to the extent it was made worse by or caused by failure to comply with manufacturer's warranty of appliances, equipment or fixtures by anyone other than BUILDER, BUILDER'S employees, subcontractors or agents.
10. Damage caused by failure to maintain adequate ventilation by anyone other than BUILDER, BUILDER'S employees, subcontractors or agents.
11. Damage, which is covered by other insurance.
12. Normal deterioration or wear and tear.
13. Loss or damage resulting from fire, explosion, smoke, lightning, windstorm, ice damming, hail, flood, mudslide, water escape, wind driven water, earthquake, volcanic eruption, accidents, Acts of God, riot and civil commotion, falling objects, aircraft, vehicles, or changes in the underground water table.
14. BUYERS/OWNERS costs for shelter, moving, storage, or related expenses arising from a necessitated BUYERS/OWNERS relocation in order that BUILDER can affect repairs.
15. Consequential damages are excluded from the BUILDER WARRANTY.

IV. BUILDER RESPONSIBILITIES:

1. If a defect occurs in an item covered by this BUILDER WARRANTY, then BUILDER shall have the choice of repairing, replacing, or paying for the reasonable cost of repairing or replacing the defective item, limited to the hereinabove purchase price.
2. BUILDERS' repair or replacement of any defect shall not and will not extend the time of this BUILDER WARRANTY.
3. BUILDER'S total liability provided by this BUILDER WARRANTY is limited to the hereinabove purchase price.
4. BUILDER shall assign all manufacturers' warranties of appliances, fixtures and equipment to BUYER/OWNERS.

V. BUYERS/OWNERS RESPONSIBILITIES:

1. BUYERS/OWNERS shall actively maintain the home to minimize any possible damage due to improper maintenance or neglect.

2. BUYERS/OWNERS shall actively maintain the slope of the soil around the foundation of the home to insure proper drainage of water away from the foundation; and BUYERS/OWNERS shall not install landscaping, shrubs or trees that interfere with the drainage of water from the foundation.
3. BUYERS/OWNERS shall actively clear obstructions, for example leaves, tennis balls, baseballs and other debris, from all gutters and downspouts to insure water flows away from the foundation of the home.
4. During lack of rainfall periods BUYERS/OWNERS shall observe with regularly the soil abutting the foundation should this soil shrink away from the foundation wall BUYERS/OWNERS shall maintain adequate soil moisture content around the footings of the foundation.
5. BUYERS/OWNERS shall fill the kitchen sink, once monthly, if two compartments fill both compartments with hot water and discharge simultaneously.
6. BUYERS/OWNERS shall winterize every fall, check the furnace, clean or replace filters, remove hoses attached to exterior faucets, check and repair weatherstripping and caulking.
7. BUYERS/OWNERS shall check to insure the fireplace damper opens and closes before starting fires; and clean flue yearly.
8. BUYERS/OWNERS shall clean or replace furnace/air-conditioning filters 30 days after occupancy, then at least twice during each heating and cooling season.

VI. CONSTRUCTION STANDARDS: The below listed Construction Standards lists faults or defects that might be found in a home. The intent of these Construction Standards is to specify a standard for the home's construction and to determine the validity of any BUYERS/OWNERS complaint in faults or defects in materials or workmanship during the period of this warranty. If a standard for a fault or defect is not listed herein below, then the industry standard for the County in which the home is located will apply. Faults or defects in, or caused by work or materials supplied or provided by BUYERS/OWNERS, their employees, subcontractors, or agents, or anyone other than BUILDER, BUILDER'S employees, subcontractors or agents are excluded from these Construction Standards as provided by Warranty Exclusion in III. 5. above.

1. Construction Standards for First Year Only:

- (a) Possible Defect: Soil settlement and poor draining utility ditches.
Standard: Until grass sprouts and covers yard, some small pools of water may occur.
Responsibility: BUILDER shall fill in settled areas above septic tank. Drainage in utility ditches is the responsibility of the developer, City or County Road Department, whichever is applicable, not the builder.
- (b) Possible Defect: Surface water failing to drain away.
Standard: Water should drain away within 48 hours after completion of a rainfall, or within 48 hours after completion of snow and ice melting with temperatures above freezing.
Responsibility: BUILDER shall fill in and grade areas ponding or retaining water for more than 48 hours after normal rainfall amounts in the local area.
- (c) Possible Defect: Cracks or leakage of water through the foundation wall.

- Standard: Cracks in the foundation wall in excess of 1/8" are unacceptable. Leakage of water through the foundation wall is unacceptable.
 Responsibility: BUILDER shall repair all cracks exceeding the above tolerances; and repair all causes for any leakage through the foundation wall.
- (d) Possible Defect: Cracks in concrete floors and flatwork.
 Standard: Cracks greater than 3/16" in width of 1/8" in vertical displacement are unacceptable. Expansion and control joint cracks greater than 3/4" in width and 3/8" inch in vertical displacement are unacceptable.
 Responsibility: BUILDER shall repair all cracks in exceeding the above tolerances.
- (e) Possible Defect: Uneven concrete flatwork.
 Standard: Concrete will be finished level not to exceed depressions of 1/4" inch in 36" inches.
 Responsibility: BUILDER shall repair any depressions exceeding the above tolerances.
- (f) Possible Defect: Pitting, scaling, or spalling of concrete flatwork.
 Standard: The concrete flatwork surface should not disintegrate under normal weather conditions.
 Responsibility: BUILDER shall repair any pitting, scaling or spalling of the concrete flatwork surface. BUILDER shall not be responsible if other chemicals were used on the flatwork.
- (g) Possible Defect: Concrete flatwork that settles, heaves or separates.
 Standard: Concrete flatwork should not settle, heave or separate more than 1", under normal weather conditions.
 Responsibility: BUILDER shall take action and correct to meet the above tolerance.
- (h) Possible Defect: Fireplace footing settlement.
 Standard: Fireplace footing should not settle more than 1" or the chimney wall should not move away from the house in excess of 1 1/2" at the intersection of the roof line and the chimney.
 Responsibility: BUILDER shall take action and correct to meet the above tolerance.
- (i) Possible Defect: Fireplace flu fails to draw.
 Standard: Fireplace flu should draw properly, excepting during periods of high winds.
 Responsibility: BUILDER shall take action and correct the cause.
- (j) Possible Defect: Cracks in Masonry joints.
 Standard: Hairline cracks are acceptable and should not exceed 1/4".
 Responsibility: BUILDER shall take action and correct the cause.
- (k) Possible Defect: Cracks in Stucco.
 Standard: Hairline cracks are acceptable and should not exceed 1/8".
 Responsibility: BUILDER shall repair cracks to meet the above tolerance.
- (l) Possible Defect: Leaking gutters and downspouts.
 Standard: Leaking gutters and downspouts are unacceptable, excepting that gutters may overflow during periods of heavy rainfall or when caused by obstruction to the flow of water. A little water may stand in the gutters. Standing water in a gutter in excess of 3/4" in depth is excessive.
 Responsibility: BUILDER shall repair leaking gutters and downspouts and/or correct gutters that retain water in excess of 3/4" in depth.
- (m) Possible Defect: In adequate insulation.
 Standard: Insulation should meet the building code.
 Responsibility: BUILDER will add insulation to meet the building code.
- (n) Possible Defect: Cracks in Drywall.
 Standard: Drywall should be free of nail pops, blisters, and cracks, while hairline cracks are acceptable, cracks in excess of 1/16" is unacceptable.

Responsibility: BUILDER shall repair drywall nail pops, blisters, and cracks in excess of 1/16”.

- (o) Possible Defect: Fading, deteriorating, peeling paint surfaces.
Standard: Paint should not peel, fade, or deteriorate during the first year.
Responsibility: BUILDERS shall touch-up as necessary, however, BUILDER shall not be responsible for a perfect match, because the painted surface generally oxidizes over time and touch-up paint generally comes from a different batch of paint and has a different batch number.
- (p) Possible Defect: Bowed or out of plumb walls.
Standard: Walls should not be bowed or out of plumb more than ¼” in 32” inches.
Responsibility: BUILDER shall take action to correct within the above tolerances.
- (q) Possible Defect: Inferior workmanship quality of interior finish carpentry and exterior trims carpentry.
Standard: Open joints in excess of 1/8” are unacceptable, excepting where necessary to prevent warpage from expansion and contraction.
Responsibility: BUILDER shall repair or replace to conform with the above tolerances.
- (r) Possible Defect: Floor squeaks.
Standard: Minor squeaks are acceptable.
Responsibility: BUILDER will correct if a construction defect.
- (s) Possible Defect: Unlevel floors
Standard: Floors variance shall not exceed ¼” in 32”.
Responsibility: BUILDERS shall repair to conform with the above tolerance.
- (t) Possible Defect: Deterioration of exterior siding.
Standard: Exterior siding should not deteriorate.
Responsibility: BUILDER shall repair or replace as necessary.
- (u) Possible Defect: Inadequate caulking.
Standard: Joints that provide weather protection or prevent air infiltration shall be caulked.
Responsibility: BUILDER shall caulk as necessary.
- (v) Possible Defect: Door warpage.
Standard: Inoperable doors are unacceptable. Warpage of doors can be expected, however, doors should not warp more than ¼”.
Responsibility: BUILDER shall repair as necessary to conform to the above tolerance.
- (w) Possible Defect: Wood splitting.
Standard: Splits in wood that allows air infiltration or light through is unacceptable.
Responsibility: BUILDER shall repaint/restrain as necessary, however, BUILDER shall not be responsible for any mismatch of the paint or stain.
- (x) Possible Defect: Windows that won’t operate or operate with difficulty.
Standard: Windows should operate as designed.
Responsibility: BUILDER shall repair.
- (y) Possible Defect: Air Infiltration.
Standard: Some air infiltration is acceptable.
Responsibility: BUILDER shall correct by adjusting weatherstripping, windows or doors as necessary to reduce air infiltration.
- (z) Possible Defect: Cracked or loose ceramic tile.
Standard: Ceramic tile should be tightly secured and free from cracks.
Responsibility: BUILDER shall repair.
- (aa) Possible Defect: Wall coverings peeling.

- Standard: Wall coverings peel due to climatic conditions inside the home.
 Responsibility: BUILDER not responsible for wall coverings other than paint peeling after Buyer has taken possession of the home.
- (bb) Possible Defect: Loose carpet, deteriorating seams in carpet.
 Standard: Carpet should be secure to the floor and should not become loose or separate at the seams.
 Responsibility: BUILDER shall repair.
- (cc) Possible Defect: Mildew or fungus.
 Standard: Some mildew or fungus may form on surfaces.
 Responsibility: BUILDER has no responsibility.
- (dd) Possible Defect: Cabinet and/or vanity warpage and operation
 Standard: Cabinet and vanity doors and drawers shall operate as designed and warpage in excess of 1/4" as measured along the face of the door/drawer is excessive.
 Responsibility: BUILDER shall repair to conform to the above tolerance.
- (ee) Possible Defect: Nail pops under vinyl flooring.
 Standard: Some nail pops are allowed, excepting those coming through the flooring goods.
 Responsibility: BUILDER shall repair; however, BUILDER is not responsible for out-of-stock floor coverings or color variations.
- (ff) Possible Defect: Gaps in vinyl floor coverings
 Standard: Gaps in excess of 1/8" is unacceptable.
 Responsibility: BUILDER shall repair; however, BUILDER is not responsible for out-of-stock floor coverings or color variations.
- (gg) Possible Defect: Chips, cracked, scarred, stains, fading, or marks in carpet, vinyl goods, equipment and fixtures.
 Standard: These items should have been listed on the Move-In Checklist and corrected prior to move-in or within a reasonable time thereafter and are not covered.
 Responsibility: No BUILDER responsibility.
- (hh) Possible Defect: Garage door and/or opener fails to operate.
 Standard: Garage door and/or opener should operate.
 Responsibility: BUILDER shall repair.
- (ii) Possible Defect: Leaks in roofing materials, valley and other flashing.
 Standard: Leaks in the roofing system, including materials, valley and step shingle flashing is unacceptable, excepting during wind-driven rains and ice damming.
 Responsibility: BUILDER shall repair as needed to prevent leaks through the roof, excepting where the cause is wind-driven rain and ice damming.
- (jj) Possible Defect: Standard water on a flat roof.
 Standard: Water shall drain from the roof within 2 hours after completion of a rainfall.
 Responsibility: BUILDER shall repair to obtain proper operation.
- (kk) Possible Defect: Leaks through attic vents or other openings.
 Standard: Attic vents provide ventilation and are necessary.
 Responsibility: BUILDER has no responsibility.
- (ll) Possible Defect: Defective heating/cooling equipment, fixtures, materials, valves.
 Standard: All equipment, fixtures, valves and materials should operate as designed.
 Responsibility: BUILDER shall repair to obtain proper operation.
- (mm) Possible Defect: Noisy ductwork.
 Standard: Ductwork expands and contracts when heated and cooled.
 Responsibility: BUILDER has no responsibility.
- (nn) Possible Defect: Freezing or leaking plumbing pipes, drains, waste.
 Standard: Freezing or leaking water, drains and waste pipes are unacceptable.

- Responsibility: BUILDER shall take corrective action to prevent leaking of water, drain and waste pipes. BUILDER has no responsibility for freezing or bursting pipes, as it is buyer's responsibility to prevent this in harsh climatic conditions.
- (oo) Possible Defect: Defective plumbing fixtures, equipment, fittings and leaking faucets.
Standard: Leaking faucets and fittings are unacceptable.
Responsibility: BUILDER shall repair defective plumbing fixtures and shall take corrective action to stop leaking faucets and fittings, excepting condensation.
- (pp) Possible Defect: Pipe hammering.
Standard: Pipe hammering is unacceptable; however, some noise is normal.
Responsibility: BUILDER shall take action to correct pipe hammering.
- (qq) Possible Defect: Circuit breakers tripping or fuses blowing.
Standard: Circuit breakers tripping or fuses blowing are unacceptable, excepting ground fault interrupters.
Responsibility: BUILDER shall repair circuit breakers and/or fuses and check the wiring of such to determine/ascertain the problem and conformity to the electrical code.
BUILDER shall have no responsibility correcting ground fault interrupters.
- (rr) Possible Defect: Defective wiring, outlets, switches, equipment or fixtures.
Standard: All wiring, outlets, switches, equipment or fixtures should operate as designed.
Responsibility: BUILDER shall repair to return to designed function.
- (ss) Possible Defect: A load-bearing structural defect in the home that causes damage to the load-bearing portions of the home. A load-bearing structural defect being defined as "physical damage to the load-bearing portions (being footings, grade beams, foundation, columns, beams, girders, lintels, load-bearing walls, floor joists, subfloor, roof trusses or (ceiling joists, rafters, knee bracing, collar beams, ridge board and ridge bracing) of the home which resulted from the failure of said load-bearing portions which affected their purpose and function to the extent that the home becomes unlivable or unsafe.
Standard: The home shall be free from load-bearing structural defects. Damage to flooring and subfloor materials, brick, stone, stucco, siding, drywall, plaster, wall coverings, tile, shingles, roof sheathing, concrete flatwork (except load-bearing concrete flatwork), insulation, paneling, plumbing, electrical, heating, cooling, appliances, fixtures, equipment, hardware, millwork, doors, windows, cabinets, painting does not constitute a lead-bearing structural defect.
Responsibility: BUILDER shall repair those load-bearing items or portions that made the home unlivable or unsafe and those items necessary to bring the home into compliance with the above construction standards.

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 LIABILITIES WITH RESPECT TO THE HOUSE COVERED BY THIS WARRANTY. IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS ARE EXPRESSLY EXCLUDED FROM THIS WARRANTY AND THE UNDERSIGNED'S OBLIGATION SHALL NOT EXCEED ITS OBLIGATION SET FORTH IN THIS WARRANTY,.

VII. MEDIATION/ARBITRATION.

1. We, the undersigned buyers of the above referenced property, do hereby understand the terms and provisions of this warranty, which have been made a part of our closing package. Notwithstanding any contrary provision in the warranty, of which we have been given a copy, we agree to submit any future claim that may arise regarding our new home to binding arbitration, in accordance to the rules of The American Arbitration Association. The arbitrator shall have a minimum of five (5) years experience in single family home new construction, knowledgeable understanding of local City and County building codes, and shall be selected by the Builder. The cost of the arbitrator shall be borne equally by the Builder and the Buyers/Owners.

BUILDER SIGNATURE

BUYER/OWNER SIGNATURE

BUYER/OWNER SIGNATURE

VIII. EXPIRATION DATE: This WARRANTY, as provided herein, shall expire, and be of no further force or effect, on _____.

IX. OTHER:

1. Should any provision of this WARRANTY be deemed unenforceable by an arbitrator, then that determination will not affect the enforceability of the remaining provisions of this WARRANTY.
2. This WARRANTY shall not be assignable to nor extend to subsequent purchasers of the home, except where provided by law.

IN WITNESS WHEREOF, the parties have hereunto caused this WARRANTY to be executed and commenced (at closing or first occupancy, whichever shall first occur) this ____ day of _____, _____.

BUILDER:

BUYERS:

TENNESSEE RESIDENTIAL PROPERTY CONDITION EXEMPTION NOTIFICATION

The undersigned Seller of the property described as _____ does hereby notify Buyer that said property is being offered without a Residential Property Condition Disclosure Statement as provided by the Tennessee Residential Property Disclosure Act. This transfer is excluded under T.C.A. § 66-5-209 for the following reason(s):

- This is a transfer pursuant to court order including, but not limited to, transfers ordered by a court in the administration of an estate, transfers pursuant to a writ of execution, transfers by foreclosure sale, transfers by a trustee in a bankruptcy, transfers by eminent domain and transfers resulting from a decree of specific performance;
- This is a transfer to a beneficiary of a deed of trust by a trustor or successor in interest who is in default; transfers by a trustee under a deed of trust pursuant to a foreclosure sale, or transfers by a beneficiary under a deed of trust who has acquired the real property at a sale conducted pursuant to a foreclosure sale under a deed of trust or has acquired the real property by a deed in lieu of foreclosure;
- This is a transfer by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship or trust;
- This is a transfer from one (1) or more co-owners solely to one (1) or more co-owners. This provision is intended to apply and only does apply in situations where ownership is by a tenancy by the entirety, a joint tenancy or a tenancy in common and the transfer will be made from one (1) or more of the owners to another owner or co-owners holding property either as a joint tenancy, tenancy in common or tenancy by the entirety;
- This is a transfer made by virtue of the record owner's failure to pay federal, state or local taxes;
- This is a transfer made solely to any combination of a spouse or a person or persons in the lineal line of consanguinity of one (1) or more of the transferors;
- This is a transfer to or from any governmental entity of public or quasi-public housing authority or agency;
- This is a transfer involving the first sale of a dwelling provided that the builder offers a written warranty;
- This is a transfer of any property sold at public auction;
- This is a transfer of any property where the owner has not resided on the property at any time within three (3) years prior to the date of transfer.

Buyer is advised that no representation or warranties, express or implied, as to the condition of the property and its improvements, are being offered by Seller or Seller's Agent except in the case where transfer involves the first sale of a dwelling in which builder offers a written warranty. Furthermore, the Buyer should make or have made on the Buyer's behalf a thorough and diligent inspection of the property.

Signed this the ____ day of _____, ____ at ____ o'clock am; pm; and a copy hereof received:

BUYER

BUYER

Signed this the ____ day of _____, ____ at ____ o'clock am; pm; and a copy hereof received:

SELLER

SELLER

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F42 Tennessee Residential Property Condition Exemption Notification

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