

LIMITED WARRANTY AGREEMENT

This Limited Warranty Agreement is hereby entered into on this the _____ day of _____, 20____, by _____ hereafter (whether one or more) referred to as Buyer, and Authentic Building Company, LLC. hereafter referred to as Seller.

WHEREAS, Seller and Buyer on this same day entered into a Purchase and Sale Agreement (the "Agreement") of which this Limited Warranty Agreement is a part, for the sale by Seller and the purchase by Buyer of a house (the "Dwelling") located upon that certain parcel of real property located in _____ County, Alabama, the address of which is _____; and

WHEREAS, Seller has agreed in the Agreement to provide to Buyer and Buyer has agreed to accept this Limited Warranty Agreement, in lieu of all other warranties and claims whatsoever, whether implied by law or otherwise.

NOW, THEREFORE, in consideration of the premises, the agreements herein, the agreements set forth in the above mentioned Agreement, the payment of the purchase price as set out in the Agreement, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree to the terms and conditions of this Limited Warranty Agreement as follows:

27. **Warranty Period.** Seller does hereby provide to Buyer this Limited Warranty Agreement on the Dwelling for a period of _____ (the "Limited Warranty Period") beginning on the date of conveyance of title to Buyer or the date of initial occupancy of the Dwelling, whichever occurs first (the "Limited Warranty Commencement Date"), and Buyer does hereby agree to the terms of this Limited Warranty Agreement and further agrees to accept this Limited Warranty Agreement as the only warranty given, in lieu of all other warranties of any kind, expressed or implied, with respect to the Dwelling and the sale thereof to Buyer. The Limited Warranty Period has been negotiated between Seller and Buyer as a part of the negotiation of the terms and provisions of the Contract.

28. **Limited Warranty.** Seller hereby warrants to Buyer that, for and during the Limited Warranty Period, the Dwelling will be free from Latent Defects, as hereinafter defined. If a Latent Defect occurs in an item which is covered by this Limited Warranty Agreement, Seller will repair, replace, or pay to Buyer the reasonable cost of repairing or replacing any such item. Seller shall in its sole discretion determine whether to repair, replace, or pay the reasonable cost of repairing or replacing any such item. **THE LIABILITY OF SELLER IS STRICTLY LIMITED TO THE OBLIGATION TO REPAIR, REPLACE, OR PAY THE REASONABLE COST OF REPAIRING OR REPLACING ANY SUCH ITEM, AND ANY RIGHT THAT BUYER MIGHT HAVE TO RECOVER ANY OTHER OR ADDITIONAL DAMAGES IS HEREBY WAIVED AND EXCLUDED. BUYER ACKNOWLEDGES THAT THE SOLE REMEDY AVAILABLE TO BUYER HEREUNDER IS THE RIGHT TO REQUIRE SELLER TO REPAIR, REPLACE, OR PAY THE REASONABLE COST OF REPAIRING OR REPLACING ANY SUCH ITEM.** Steps taken by Seller to correct any Latent Defect under this Limited Warranty Agreement shall not extend the Limited Warranty Period.

29. **Definition of Latent Defect.** For the purposes of this Limited Warranty Agreement, a Latent Defect is defined as and limited to a defect in a necessary component in the Dwelling which (i) is not apparent at the time of substantial completion but which becomes apparent during the Limited Warranty Period; (ii) is not otherwise excluded in this Limited Warranty Agreement; (iii) results in actual physical damage to the Dwelling; (iv) is the direct result of the failure by Seller to construct the Dwelling in accordance with the applicable Building Standard portion of the Building Quality Standards Section attached hereto as Exhibit I; and (v) has been set forth in detail by Buyer in a written notice to Seller prior to the expiration of the Limited Warranty Period. The responsibility of Seller to repair or replace certain items with respect to which there might be a Latent Defect shall be as set forth in the Responsibility portion of the Building Quality Standards Section. If a specific Latent Defect is not addressed in the Building Quality Standards Section, then the applicable codes adopted by the local governing body with respect to residential construction standards (or if no such codes have been adopted, then the standards of construction prevailing in the geographical area of the Dwelling) will be used in lieu of the provisions of the Building Quality Standards Section. The Building Quality Standards Section lists specific defects that might occur within specified categories of the construction and the responsibilities of Seller and Buyer with respect thereto, pursuant to the following format:

- Possible Defect - a brief statement of problems that may be encountered.
- Building Standard - a building standard relating to a specific defect.
- Responsibility - a Statement of the corrective action required of Seller to repair the defect or a statement of Buyer's maintenance responsibilities.

30. **LIMITATION UPON LIABILITY. THE SOLE REMEDY AVAILABLE TO BUYER UNDER THIS LIMITED WARRANTY AGREEMENT IS THE RIGHT TO REQUIRE SELLER TO REPAIR, REPLACE, OR PAY THE REASONABLE COST OF REPAIRING OR REPLACING LATENT DEFECTS, AS HEREIN DEFINED, IN THE DWELLING. SELLER'S TOTAL LIABILITY UNDER THIS LIMITED WARRANTY AGREEMENT SHALL NOT EXCEED THE ORIGINAL PURCHASE PRICE PAID TO SELLER UNDER THE CONTRACT, LESS THE VALUE OF THE REAL PROPERTY UPON WHICH THE DWELLING IS LOCATED. THIS LIMITED WARRANTY AGREEMENT DOES NOT EXTEND TO OR INCLUDE LIABILITY FOR INDIRECT OR CONSEQUENTIAL DAMAGES.**

30. **Pre-Closing Inspection.** Prior to closing the purchase of the Dwelling, Buyer and Seller will inspect the Dwelling and Buyer will execute the Acknowledgment of Acceptance in accordance with the form attached hereto as Exhibit "2", and any exceptions, omissions, or

malfunctions agreed upon and noted thereon will be corrected reasonably promptly by Seller. Seller may elect, at the discretion of Seller, to correct all exceptions, omissions, or malfunctions and document, with Buyer, such corrections of exceptions, omissions, or malfunctions, prior to proceeding with closing, and may extend the Closing as necessary to complete said corrections.

31. Assignment of Insurance and Warranties to Seller. In the event Seller repairs, replaces, or pays to Buyer the reasonable cost of repairing or replacing any Latent Defect covered by this Limited Warranty Agreement which is covered by insurance or other warranties, Buyer will, upon the request by Seller, assign the products or proceeds of such insurance or warranties to Seller to the extent of the cost to Seller of such repair, replacement, or payment.

32. Exclusions and Disclaimers.

This Limited Warranty Agreement shall not extend to, include, or be applicable to (a) defects in garages, storage buildings or other outbuildings not attached to the Dwelling; swimming pools; other recreational facilities; driveways; walkways; retaining walls; fences; landscaping (including sodding, seeding, shrubs, trees, and plantings); or items furnished or installed by Buyer or by parties who have dealt directly with Buyer; or (b) defects which are the result of characteristics common to the materials used, such as (but not limited to) warping and deflection of wood; the presence of mildew, mold, spores, fungi, or other moisture-related conditions; fading, chalking, and checking of paint due to sunlight; cracks due to drying and curing of concrete, stucco, plaster, bricks, and masonry; shrinking and cracking of caulking and weather-stripping; or non-uniformity of appearance of brick and mortar; or (c) defects resulting from failure to perform general maintenance, including but not limited to the presence or growth of mildew, mold, spores, fungi, or other moisture-related conditions; negligence; normal wear and tear; improper maintenance; or improper operation of the Dwelling or any part of the systems in the Dwelling; and Buyer hereby waives and disclaims any claim arising out of any such defects.

This Limited Warranty Agreement shall not extend to, include or be applicable to any loss, damage, or injury caused by or resulting from any events, conditions or circumstances not within the complete control of Seller; riots; civil commotion; fire; explosion; smoke; accidents; water escape; mildew, mold, spores, fungi, or other moisture-related conditions; falling objects; aircraft; vehicles; acts of God; lightning; windstorm; hail; flood; mud slides; damage to personal property; earthquakes; volcanic eruptions; wind driven water; radon gas; the presence of fiberglass (also known as rock wool) as a component in the construction of the Dwelling; infestation from termites or other insects; sink holes; subsurface conditions; or changes in the underground water table; including, but not limited to, any mental anguish or bodily injury and any incidental, consequential, or secondary damages caused or claimed to be caused thereby; and Buyer hereby waives and disclaims any claim arising out of any such loss, damage or injury.

This Limited Warranty Agreement does not limit or enhance any manufacturer's warranty that is given on any appliance, fixture, equipment, or material included within the Dwelling (Manufacturer's Warranted Items®). The warranties supplied by the manufacturers, either directly or indirectly, to Buyer, on some Manufacturer's Warranted Items, may be greater in both scope and time than warranties provided in this Limited Warranty Agreement. Buyer will file with the manufacturer any forms contained in these manufacturer's warranties that are necessary to activate such warranties. These Manufacturer's Warranted Items are specifically not covered by this Limited Warranty Agreement, and Buyer shall rely on the manufacturers to correct any deficiencies with respect to these Manufacturer's Warranted Items. The seller assumes no responsibility for manufacture's warranties.

Buyer acknowledges that Buyer has read, understood, and accepted the foregoing paragraphs.

33. Access to the Dwelling. Buyer must provide Seller with reasonable workday access to the Dwelling in order to perform any warranty service required under this Limited Warranty Agreement. Failure or refusal of Buyer to provide such access to Seller will relieve Seller of its obligations under this Limited Warranty Agreement.

34. Opportunity to Perform. Prior to filing any action under this Limited Warranty Agreement, Buyer must give to Seller reasonable notice of and a reasonable opportunity to repair, replace, or pay the reasonable cost of repairing or replacing any Latent Defect covered hereunder. SUCH NOTICE MUST, IN ANY EVENT, BE GIVEN IN THE MANNER DESCRIBED IN PARAGRAPH 13 OF THIS LIMITED WARRANTY AGREEMENT AND MUST BE GIVEN PRIOR TO THE EXPIRATION OF THE LIMITED WARRANTY PERIOD. Buyer acknowledges that the right of Buyer to require Seller to repair, replace, or pay the reasonable cost of repairing or replacing any Latent Defect covered hereunder is the sole and exclusive remedy available to Buyer.

36. Arbitration. Seller and Buyer acknowledge and agree that this transaction substantially affects interstate commerce by virtue of the materials and components contained in the Dwelling. Any controversy, claim, dispute or other matters whether in tort, contract or otherwise concerning, or arising out of or relating to in any way, the land, the property, the parties, the dwelling, this Agreement, the Limited Warranty Agreement or Acknowledgment of Acceptance or the breach thereof, or the transaction contemplated hereby, whether it be past, present or future matters, or the enforceability of this agreement shall be settled by binding arbitration pursuant to the Federal Arbitration Act, 9 USC ' 1, et seq., and shall be administered in accordance with the applicable rules of the Better Business Bureau located in the area in which the property is located. Seller and Buyer acknowledge and agree that this Limited Warranty Agreement substantially affects interstate commerce by virtue of the materials and components contained in the Dwelling. Judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

37. No Assignment. This Limited Warranty Agreement is provided to Buyer only and is not transferable or assignable by Seller or Buyer nor enforceable by any subsequent owner or occupant of the Dwelling.

38. General Provisions.

(1) If any provision of this Limited Warranty Agreement is determined by a court of competent jurisdiction to be unenforceable, that determination will not affect the enforceability of the remaining portions.

(2) This Limited Warranty Agreement shall be binding upon Seller and Buyer and their respective heirs, executors, administrators, successors and assigns.

(3) This Limited Warranty Agreement shall be governed by and construed in accordance with the laws of the State of Alabama.

(4) The titles or headings to the paragraphs included herein are for convenience only and shall not add to, reduce, limit, or modify in any manner the content thereof.

(5) The use of one gender shall include all other genders, the use of singular shall include the plural, and the use of the plural shall include the singular, all as may be appropriate to the context in which they are used.

39. Notice to Seller. Buyer shall notify Seller in writing before the expiration of the Limited Warranty Period of any alleged defect covered by this warranty. Such notice and any other notices to be given to Seller hereunder must be sent by certified mail to Seller at the following address:

Authentic Building Company, LLC.

6300 Hwy 17
Helena, AL 35080
Brett Winford

Attention:

FAILURE OF BUYER TO GIVE SUCH WRITTEN NOTICE TO SELLER BEFORE THE EXPIRATION OF THE LIMITED WARRANTY PERIOD SHALL BAR ANY RIGHT TO RECOVERY BY BUYER PURSUANT TO THIS LIMITED WARRANTY AGREEMENT.

40. Consumer Products. This Limited Warranty Agreement does not extend to or cover any appliance, piece of equipment, or any item defined as a consumer product for purposes of the Magnusson-Moss Warranty Act (15 USC 2301-2312, as amended).

41. WAIVER OF WARRANTIES AND CLAIMS. THIS LIMITED WARRANTY AGREEMENT IS GIVEN IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY AND WORKMANSHIP AND IS ALSO IN LIEU OF ANY CLAIMS FOR CONSEQUENTIAL DAMAGES, MENTAL ANGUISH OR DISTRESS, AND FOR DAMAGES BASED UPON NEGLIGENCE, AND BUYER HEREBY EXPRESSLY WAIVES AND DISCLAIMS ANY SUCH WARRANTIES AND CLAIMS WITH RESPECT TO BOTH THE DWELLING AND THE REAL PROPERTY UPON WHICH THE DWELLING HAS BEEN CONSTRUCTED.

Buyer acknowledges that Buyer has read, understood, and accepted the foregoing paragraph.

42. SOLE WARRANTY/ENTIRE AGREEMENT. IT IS SPECIFICALLY AGREED BY THE PARTIES HERETO THAT THIS LIMITED WARRANTY AGREEMENT IS THE ENTIRE AGREEMENT BETWEEN THE PARTIES. BUYER FURTHER AGREES THAT BUYER HAS NOT RELIED UPON ANY ORAL OR WRITTEN STATEMENTS, UNDERTAKINGS, OR REPRESENTATIONS EXCEPT AS SPECIFICALLY SET FORTH IN THIS LIMITED WARRANTY AGREEMENT AND THAT NO PRIOR AGREEMENT OR UNDERSTANDING PERTAINING TO WARRANTIES SHALL BE VALID OR OF ANY FORCE OR EFFECT. THE COVENANTS AND AGREEMENTS OF THIS LIMITED WARRANTY AGREEMENT CANNOT BE ALTERED, CHANGED, MODIFIED, OR ADDED TO, EXCEPT IN A WRITTEN INSTRUMENT SIGNED BY BUYER AND SELLER. NO REPRESENTATION, INDUCEMENT, UNDERSTANDING, OR ANYTHING OF ANY NATURE WHATSOEVER MADE, STATED, OR REPRESENTED BY SELLER OR ON SELLER'S BEHALF, EITHER ORALLY OR IN WRITING, (EXCEPT AS SPECIFICALLY SET FORTH IN THIS LIMITED WARRANTY AGREEMENT) HAS INDUCED BUYER TO ENTER INTO THIS LIMITED WARRANTY AGREEMENT OR SHALL BE ENFORCEABLE IN ANY MANNER AGAINST SELLER.

Building Quality Standards Section

Site Work

A. Site Grading

(1) Possible Defect	Settling of ground around foundation, utility trenches or other areas.
Building Standard	Settling of ground around foundation walls, utility trenches or other filled areas shall not interfere with water drainage away from the Home.
Responsibility	If the Seller has provided final grading: upon request by the Buyer, Seller shall fill settled areas affecting proper drainage, one time only, during the Limited Warranty Period. Buyer shall be responsible for removal and replacement of shrubs or other landscaping affected by placement of such fill.

B. Site Drainage

(1) Possible Defect	Improper drainage of the site.
Building Standard	The necessary grades and swales shall have been established by the Seller to insure proper drainage away from the Home. Standing or ponding water shall not remain for extended periods in the immediate area after a rain (generally no more than 24 hours), except that in swales which drain other areas, or in areas where sump pumps discharge, a longer period can be anticipated (generally no more than 48 hours). The possibility of standing water after an unusually heavy rainfall should be anticipated. No grading determination shall be made while there is frost or snow on the ground, or while the ground is saturated.
Responsibility	The Seller is responsible only for initially establishing the proper grades and swales. The Buyer is responsible for maintaining such grades and swales once they have been properly established.

Concrete

A. Expansion and Contraction Joints

(1) Possible Defect	Separation or movement of concrete slabs within the structure at expansion joints.
Building Standard	Concrete slabs within the structure are designed to move at expansion and contraction joints.
Responsibility	None.

B. Cast-In-Place Concrete

(1) Possible Defect	Basement or foundation wall cracks.
Building Standard	Shrinkage cracks are not unusual in concrete foundation walls. Such cracks greater than 1/8 inch in width shall be repaired.
Responsibility	Seller will repair cracks in excess of 1/8 inch in width.
(2) Possible Defect	Cracking of basement floor.
Building Standard	Minor cracks in concrete basement floors are normal. Cracks exceeding 3/16 inch in width or 1/8 inch in vertical displacement shall be repaired.
Responsibility	Seller will repair cracks exceeding maximum tolerances by surface patching or other methods as required.
(3) Possible Defect	Cracking in slab attached garage.
Building Standard	Cracks in garage slabs in excess of 1/4 inch in width or 1/4 inch in vertical displacement shall be repaired.
Responsibility	Seller will repair cracks exceeding maximum tolerances by surface patching or other methods as required.
(4) Possible Defect	Uneven concrete floors/slabs
Building Standard	Except for basement floors or where a floor or portion of floor has been designed for specific drainage purposes, concrete floors in rooms designed for habitability shall not have pits, depressions or areas of unevenness exceeding 1/4 inch in 32 inches.
Responsibility	Seller will correct or repair to meet the Building Standard.
(5) Possible Defect	Cracks in concrete slab-on-grade floors with finish flooring.
Building Standard	Cracks which rupture the finish flooring material shall be repaired.
Responsibility	Seller will repair cracks, as necessary, so as not to be readily apparent when the finish flooring material is in place. (See also Building Standard 7., "Finishes.")

(6)	Possible Defect	Pitting, scaling or spalling of concrete work covered by this Limited Warranty.
	Building Standard	Concrete surfaces shall not disintegrate to the extent that the aggregate is exposed and loosened under normal conditions of weathering and use.
	Responsibility	Seller will take whatever corrective action necessary to repair or replace defective concrete surfaces. Seller is not responsible for deterioration caused by salt, chemicals, mechanical implements and other factors beyond its control.
(7)	Possible Defect	Settling, heaving, or separating of stoops, steps, or garage floors.
	Building Standard	Stoops, steps, or garage floors shall not settle, heave or separate in excess of 1 inch from the house structures.
	Responsibility	Seller will take whatever corrective action is required to meet the Building Standard.
(8)	Possible Defect	Standing water on stoops.
	Building Standard	Water should drain from outdoor stoops and steps. The possibility of minor water standing on stoops for a short period after rain can be anticipated.
	Responsibility	Seller shall take corrective action to assure drainage of steps and stoops.

Masonry

A. Unit Masonry

(1)	Possible Defect	Basement or foundation wall cracks.
	Building Standard	Small cracks not affecting structural stability are not unusual in mortar joints of masonry foundation walls. Cracks greater than 1/8 inch in width shall be repaired.
	Responsibility	Seller will repair cracks in excess of 1/8 inch by pointing or patching. These deficiencies shall be reported and repairs made during the Limited Warranty Period.
(2)	Possible Defect	Cracks in masonry walls or veneer.
	Building Standard	Small hairline cracks due to shrinkage are common in mortar joints in masonry construction. Cracks greater than 3/8 inch in width are considered excessive.
	Responsibility	Seller will repair cracks in excess of Building Standard by pointing or patching. These repairs shall be made during the Limited Warranty Period. Seller will not be responsible for color variation between old and new mortar.

Wood and Plastic

A. Rough Carpentry

(1)	Possible Defect	Floors squeak or subfloor appears loose.
	Building Standard	Floor squeaks and loose subfloor are often temporary conditions common to new construction, and a squeak-proof floor cannot be guaranteed.
	Responsibility	Seller will correct or repair to meet Building Standard.
(2)	Possible Defect	Uneven wood floors.
	Building Standard	Floors shall not have more than 1/4 inch ridge or depression within any 32 inch measurement when measured parallel to the joists. Allowable floor and ceiling joist deflections are governed by the applicable building code.
	Responsibility	Seller will correct or repair to meet Building Standard.
(3)	Possible Defect	Bowed walls.
	Building Standard	All interior and exterior walls have slight variances on their finished surfaces. Bowing of walls should not detract from or blemish the wall's finished surface. Walls should not bow more than 1/4 inch out of line within any 32 inch horizontal or vertical measurement.
	Responsibility	Seller will repair to meet Building Standard.
(4)	Possible Defect	Out-of-plumb walls.
	Building Standard	Walls should not be more than 1/4 inch out of plumb for any 32 inch vertical measurement.
	Responsibility	Seller will repair to meet the Building Standard.

B. Finish Carpentry (Interior)

(1) Possible Defect	Poor quality of interior trim workmanship.
Building Standard	Joints in moldings or joint between moldings and adjacent surface shall not result in open joints exceeding 1/8 inch in width.
Responsibility	Seller will repair defective joints, as defined. Caulking is acceptable.

C. Finish Carpentry (Exterior)

(1) Possible Defect	Poor quality of exterior trim workmanship.
Building Standard	Joints between exterior trim elements, including siding and masonry, shall not result in open joints in excess of 3/8 inch. In all cases the exterior trim, masonry and siding shall be capable of performing its function to exclude the elements.
Responsibility	Seller will repair open joints, as defined. Caulking is acceptable.

Thermal and Moisture Protection

A. Waterproofing

(1) Possible Defect	Leaks in basement.
Building Standard	Leaks resulting in actual trickling of water shall be repaired. Leaks caused by improper landscaping or failure to maintain proper grades are not covered by this Limited Warranty. Dampness of the walls or floors may occur in new construction and is not considered a deficiency.
Responsibility	Seller will take such action as necessary to correct basement leaks except where the cause is determined to result from Buyer action or negligence.

B. Insulation

(1) Possible Defect	Insufficient insulation.
Building Standard	Insulation shall be installed in accordance with applicable energy and building code requirements.
Responsibility	Seller will install insulation in sufficient amounts to meet Building Standard.

C. Louvers and Vents

(1) Possible Defect	Leaks due to snow or rain driven into the attic through louvers or vents.
Building Standard	Attic vents and/or louvers must be provided for proper ventilation of the attic space of the structure.
Responsibility	None.

D. Roofing and Siding

(1) Possible Defect	Ice build-up on roof.
Building Standard	During prolonged cold spells, ice build-up is likely to occur at the eaves of a roof. This condition occurs when snow and ice accumulate and gutters and down spouts freeze up.
Responsibility	Prevention of ice build-up on the roof is a Buyer maintenance item.

(2) Possible Defect	Roof or flashing leaks.
Building Standard	Roofs or flashing shall not leak under normally anticipated conditions, except where cause is determined to result from ice build-up or Buyer action or negligence.
Responsibility	Seller will repair any verified roof or flashing leaks not caused by ice build-up or Buyer action or negligence.

(3) Possible Defect	Standing water on flat roof.
Building Standard	Water shall drain from flat roof except for minor ponding immediately following rainfall or when the roof is specifically designed for water retention.
Responsibility	Seller will take corrective action to assure proper drainage of roof.

(4) Possible Defect	Delamination of veneer siding or joint separation.
Building Standard	All siding shall be installed according to the manufacturer's and industry's accepted standards. Separations and delaminations shall be repaired or replaced.
Responsibility	Seller will repair or replace siding as needed unless caused by Buyer neglect to maintain siding properly. Repaired area may not match in color and/or texture. For surfaces requiring paint, Seller will paint only the new materials. The Buyer can expect that the newly painted surface may not match original surface in color.

E. Sheet Metal

(1) Possible Defect	Gutter and/or down spouts leak.
Building Standard	Gutters and down spouts shall not leak but gutters may overflow during heavy rain.
Responsibility	Seller will repair leaks. It is a Buyer responsibility to keep gutters and down spouts free of leaves and debris which could cause overflow.

(2) Possible Defect	Water standing in gutters.
Building Standard	When gutter is unobstructed by debris, the water level shall not exceed one (1) inch in depth. Industry practice is to install gutters approximately level. Consequently, it is entirely possible that small amounts of water will stand in certain sections of gutter immediately after a rain.
Responsibility	Seller will correct to meet Building Standard.

F. Sealants

(1) Possible Defect	Leaks in exterior walls due to inadequate caulking.
Building Standard	Joints and cracks in exterior wall surfaces and around openings shall be properly caulked to exclude the entry of water.
Responsibility	Seller will repair and/or caulk joints or cracks in exterior wall surfaces as requires to correct deficiencies once, during the Limited Warranty Period. Even properly installed caulking will shrink and must be maintained during the life of the Home.

Doors and Windows

A. Wood and Plastic Doors

(1) Possible Defect	Warpage of exterior doors.
Building Standard	Exterior doors will warp to some degree due to the temperature differential on inside and outside surfaces. However, they shall not warp to the extent that they become inoperable or cease to be weather resistant or exceed National Woodwork Manufacturers Association Standards (1/4 inch, measured diagonally from corner to corner)
Responsibility	Seller will correct or replace and refinish defective doors, during the Limited Warranty Period.

(2) Possible Defect	Warpage of interior passage and closet doors.
Building Standard	Interior doors (full opening) shall not warp in excess of National Woodwork Manufacturers Association Standards (1/4 inch, measured diagonally from corner to corner).
Responsibility	Seller will correct or replace and refinish defective doors to match existing doors as nearly as possible, during the Limited Warranty Period.

(3) Possible Defect	Shrinkage of insert panels show raw wood edges.
Building Standard	Panels will shrink and expand and may expose unpainted surface.
Responsibility	None.

(4) Possible Defect	Split in door panel.
Building Standard	Split panels shall not allow light to be visible through the door.
Responsibility	Seller will, if light is visible, fill split and match paint or stain as closely as possible, one time during the Limited Warranty Period.

B. Glass

(1) Possible Defect	Broken glass.
Building Standard	None.
Responsibility	Broken glass not reported to Seller prior to closing is the Buyer responsibility.

C. Garage Doors on Attached Garages

(1) Possible Defect	Garage doors fail to operate properly, under normal use.
Building Standard	Garage doors shall operate properly.
Responsibility	Seller will correct or adjust garage doors as required, except where the cause is determined to result from Buyer action or negligence.

(2) Possible Defect	Garage doors allow entrance of snow or water.
Building Standard	Garage doors shall be installed as recommended by the manufacturer. Some entrance of the elements can be expected under abnormal conditions.
Responsibility	Seller will adjust or correct garage doors to meet manufacturer's recommendations.

D. Wood, Plastic and Metal Windows

(1) Possible Defect	Malfunction of windows.
Building Standard	Windows shall operate with reasonable ease, as designed.
Responsibility	Seller will correct or repair as required.

(2) Possible Defect	Condensation and/or frost on windows.
Building Standard	Windows will collect condensation on interior surfaces when extreme temperature differences and high humidity levels are present. Condensation is usually the result of climatic/humidity conditions, created by the Buyer.
Responsibility	Unless directly attributed to faulty installation, window condensation is a result of conditions beyond the Seller's control. No corrective action required.

E. Weather-stripping and Seals

(1) Possible Defect	Air infiltration around doors and windows.
Building Standard	Some infiltration is normally noticeable around doors and windows, especially during high winds. Poorly fitted weather-stripping shall be adjusted or replaced. It may be necessary for the Buyer to have storm doors and windows installed to provide satisfactory solutions in high wind areas.
Responsibility	Seller will adjust or correct poorly fitted doors, windows and poorly fitted weather stripping.

Finishes

A. Lath and Plaster

(1) Possible Defect	Cracks in interior wall and ceiling surfaces.
Building Standard	Hairline cracks are not unusual in interior wall and ceiling surfaces. Cracks greater than 1/8 inch in width shall be repaired.
Responsibility	Seller will repair cracks exceeding 1/8 inch in width as required one time only, during the Limited Warranty Period. (See also Building Standard 7.F., "Painting.")

B. Gypsum Wallboard

(1) Possible Defect	Defects which appear during the Limited Warranty such as nail pops, blisters in tape, or other blemishes.
Building Standard	Slight "imperfections" such as nail pops, seam lines and cracks not exceeding 1/8 inch in width are common in gypsum wallboard installations and are considered acceptable.
Responsibility	Seller will repair only cracks exceeding 1/8 inch in width, one time only, during the Limited Warranty Period. (See also Building Standard 7.F., "Painting.")

C. Ceramic Tile

(1) Possible Defect	Ceramic tile cracks or becomes loose.
Building Standard	Ceramic tile shall not crack or become loose.
Responsibility	Seller will replace cracked tiles and re-secure loose tiles unless the defects were caused by the Buyer action or negligence. Seller will not be responsible for discontinued patterns or color variations in ceramic tile.

(2) Possible Defect	Cracks appear in grouting of ceramic tile joints or at junctions with other materials such as a bathtub.
Building Standard	Cracks in grouting of ceramic tile joints are commonly due to normal shrinkage conditions.
Responsibility	Seller will repair grouting if necessary one time only, during the Limited Warranty Period. Seller will not be responsible for color variations or discontinued colored grout. Regrouting of these cracks is a maintenance responsibility of the Buyer within the life of the Home.

D. Finished Wood Flooring

(1) Possible Defect	Cracks developing between floor boards.
Building Standard	Cracks in excess of 1/8 inch in width shall be corrected.
Responsibility	Seller will repair cracks in excess of 1/8 inch during the Limited Warranty Period, by filling or replacing, at Seller's option.

E. Resilient Flooring

(1) Possible Defect	Nail pops appear on the surface of resilient flooring.
Building Standard	Readily apparent nail pops shall be repaired.
Responsibility	Seller will correct nail pops which have broken the surface. Seller will repair or replace, at Seller's sole option, resilient floor covering in the affected area with similar material. Seller will not be responsible for discontinued patterns or color variations in the floor covering.

(2) Possible Defect	Depression or ridges appear in the resilient flooring due to subtle irregularities.
Building Standard	Readily apparent depressions or ridges exceeding 1/8 inch shall be repaired. The ridge or depression measurement is taken as the gap created at one end of a six- inch straightedge placed over the depression or ridge with three inches of the straightedge on one side of the defect, held tightly to the floor.,
Responsibility	Seller will take corrective action as necessary, to bring the defect within acceptable tolerance so that the affected area is not readily visible. Seller will not be responsible for discontinued patterns or color variations in floor covering.

(3) Possible Defect	Resilient flooring loses adhesion.
Building Standard	Resilient flooring shall not lift, bubble or become unglued.
Responsibility	Seller will repair or replace, at Seller's sole option, the affected resilient flooring as required. Seller will not be responsible for discontinued patterns or color variation of floor covering, or for problems caused by Buyer neglect or abuse.

(4) Possible Defect	Seams or shrinkage gaps at resilient flooring joints.
Building Standard	Gaps shall not exceed 1/16 inch in width in resilient floor covering joints. Where dissimilar materials abut, a gap not to exceed 1/8 inch is permissible.
Responsibility	Seller will repair or replace, at Seller's sole option, the affected resilient flooring as required. Seller will not be responsible for discontinued patterns or color variation of floor covering, or for problems caused by Buyer neglect or abuse.

F. Painting

(1) Possible Defect	Exterior paint or stain peels, deteriorates or fades.
Building Standard	Exterior paint or stains should not fail during the Limited Warranty Period. However, fading is normal and the degree is dependent on climatic conditions.
Responsibility	If paint or stain is defective, Seller will properly prepare and refinish affected areas, matching color as close as possible. Where finish deterioration affects the majority of the wall area, the whole area will be refinished.

(2) Possible Defect	Painting required as corollary repair because of other work.
Building Standard	Repairs required under this Limited Warranty shall be finished to match surrounding areas as closely as practicable.
Responsibility	Seller will finish repair area as indicated.
(3) Possible Defect	Deterioration of varnish or lacquer finishes.
Building Standard	Natural finishes on interior woodwork shall not deteriorate during the Limited Warranty Period. However, varnish type finishes used on the exterior will deteriorate rapidly and are not covered by the Limited Warranty.
Responsibility	Seller will retouch affected areas of natural finish interior woodwork, matching the color as clearly as possible.
(4) Possible Defect	Mildew or fungus on painted surfaces.
Building Standard	Mildew or fungus will form on a painted surface if the structure is subject to abnormal exposures (i.e., rainfall, ocean, lake, or river front).
Responsibility	Mildew or fungus formation is a condition the Seller cannot control and is a Buyer maintenance item unless it is a result of noncompliance with other sections of the Building Standard.
G. Wall Covering	
(1) Possible Defect	Peeling of wall covering.
Building Standard	Peeling of wall covering shall not occur.
Responsibility	Seller will repair or replace defective wall covering applications.
(2) Possible Defect	Edge mismatching in pattern of wall covering.
Building Standard	None.
Responsibility	None.
H. Carpeting	
(1) Possible Defect	Open carpet seams.
Building Standard	Carpet seams will show. However, no visible gap is acceptable.
Responsibility	Seller will correct.
(2) Possible Defect	Carpeting becomes loose, seams separate or stretching occurs.
Building Standard	Wall to wall carpeting, installed as the primary floor covering, when stretched and secured properly shall not come up, become loose, or separate from its point of attachment.
Responsibility	Seller will re-stretch or re-secure carpeting as needed, if original installation was performed by Seller.
(3) Possible Defect	Spots on carpet, minor fading.
Building Standard	Exposure to light may cause spots on carpet and/or minor fading.
Responsibility	None.
I. Special Coatings	
(1) Possible Defect	Cracks in exterior stucco wall surfaces.
Building Standard	Cracks are not unusual in exterior stucco wall surfaces. Cracks greater than 1/8 inch in width shall be repaired.
Responsibility	Seller will repair cracks exceeding 1/8 inch in width, one time only, during the Limited Warranty Period.

Specialties

A. Louvers and Vents

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|---------------------|---|
| (1) Possible Defect | Inadequate ventilation of attics and crawl spaces. |
| Building Standard | Attic and crawl spaces shall be ventilated as required by the approved building code. |
| Responsibility | The Seller shall provide for adequate ventilation. Seller will not be responsible for alterations to the original system. |

B. Fireplaces

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| (1) Possible Defect | Fireplace or chimney does not draw properly. |
| Building Standard | A properly designed and constructed fireplace and chimney shall function properly. It is normal to expect that high winds can cause temporary negative draft situations. Similar negative draft situations can also be caused by obstructions such as large branches of trees too close to the chimney. Some homes may need to have a window opened slightly to create an effective draft, if they have been insulated and weatherproofed to meet high energy conservation criteria. |
| Responsibility | Seller will determine the cause of malfunction and correct, if the problem is one of design or construction of the fireplace. |
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| (2) Possible Defect | Chimney separates from structure to which it is attached. |
| Building Standard | Newly built fireplaces will often incur slight amounts of separation. Separation shall not exceed 2 inch from the main structure in any 10 foot vertical measurement. |
| Responsibility | Seller will determine the cause of separation and correct if standard is not met. Caulking is acceptable. |
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| (3) Possible Defect | Firebox paint changed by fire. |
| Building Standard | None. |
| Responsibility | None. Heat from fires will alter finish. |
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|---------------------|---|
| (4) Possible Defect | Cracked firebrick and mortar joints. |
| Building Standard | None. |
| Responsibility | None. Heat and flames from "roaring" fires will cause cracking. |

Equipment

A. Residential Equipment

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|---------------------|--|
| (1) Possible Defect | Surface cracks, joint delaminations and chips in high pressure laminates on vanity and kitchen cabinet countertops. |
| Building Standard | Countertops fabricated with high pressure laminate coverings shall not delaminate. |
| Responsibility | Seller will replace delaminated coverings to meet specified criteria. Seller will not be responsible for chips and cracks noted following first occupancy. |
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| (2) Possible Defect | Kitchen cabinet malfunctions. |
| Building Standard | Warpage not to exceed 1/4 inch as measured from face from to point of furthest warpage with door or drawer front in closed position. |
| Responsibility | Seller will correct or replace doors or drawer fronts. |

Plumbing

A. Water Supply System

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|---------------------|---|
| (1) Possible Defect | Plumbing pipes freeze and burst. |
| Building Standard | Drain, waste and vent, and water pipes shall be adequately protected as required by applicable code, during normally anticipated cold weather, and as defined in accordance with American Society of Heating, Refrigerating and Air Conditioning Engineers ("ASHRAE") design temperatures, to prevent freezing. |
| Responsibility | Seller will correct situations not meeting the code. It is the Buyer's responsibility to drain or otherwise protect lines and exterior faucets exposed to freezing temperatures. |

B. Plumbing System

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|---------------------|--|
| (1) Possible Defect | Faucet or valve leak. |
| Building Standard | No valve or faucet shall leak due to defects in workmanship and materials. |
| Responsibility | Seller will repair or replace the leaking faucet or valve. |
| <hr/> | |
| (2) Possible Defect | Defective plumbing fixtures, appliances or trim fittings. |
| Building Standard | Fixtures, appliances or fittings shall comply with their manufacturer's standards. |
| Responsibility | Seller will replace any defective fixture or fitting which does not meet acceptable standards, as defined by the manufacturer. |
| <hr/> | |
| (3) Possible Defect | Noisy water pipes. |
| Building Standard | There will be some noise emitting from the water pipe system, due to the flow of water. However, water hammer shall be eliminated. |
| Responsibility | Seller cannot remove all noises due to water flow and pipe expansion. Seller will correct to eliminate "water hammer." |
| <hr/> | |
| (4) Possible Defect | Cracking or chipping of porcelain or fiberglass surfaces. |
| Building Standard | Chips and cracks on surfaces of bathtubs and kitchen sinks can occur when surface is hit with a sharp or heavy object. |
| Responsibility | Seller will not be responsible for repairs unless damage has been reported to Seller prior to first occupancy. |

Heating and Cooling

A. Heating

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| (1) Possible Defect | Inadequate heating. |
| Building Standard | Heating system shall be capable of producing an inside temperature of 70 degrees F, as measured in the center of each room at a height of 5 feet above the floor, under local outdoor winter design conditions as specified in ASHRAE handbook. Federal, state or local energy codes shall supersede this standard where such codes have been locally adopted. |
| Responsibility | Seller will correct heating system to provide the required temperatures. However, the Buyer shall be responsible for balancing dampers, registers and other minor adjustments. |

B. Refrigeration

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|---------------------|---|
| (1) Possible Defect | Inadequate cooling. |
| Building Standard | Where air-conditioning is provided, the cooling system shall be capable of maintaining a temperature of 78 degrees F, as measured in the center of each room at a height of 5 feet above the floor, under local outdoor summer design conditions as specified in ASHRAE handbook. In the case of outside temperatures exceeding 95 degrees F, a differential of 15 degrees F from the outside temperature will be maintained. Federal, state, or local energy codes shall supersede this standard where such codes have been locally adopted. |
| Responsibility | Seller will correct cooling system to meet temperature conditions, in accordance with specifications. |

C. Condensation Lines

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|---------------------|--|
| (1) Possible Defect | Condensation lines clog up. |
| Building Standard | None. |
| Responsibility | Condensation lines will clog eventually under normal use. This is a Buyer maintenance item. Seller shall provide unobstructed condensation lines at time of first occupancy. |

D. Evaporative Cooling

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|---------------------|---|
| (1) Possible Defect | Improper mechanical operation. |
| Building Standard | Equipment shall function properly at temperature standard set. |
| Responsibility | Seller will correct and adjust so that blower and water system operate as designed. |

Ventilation

A. Air Distribution

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|---------------------|---|
| (1) Possible Defect | Noisy ductwork. |
| Building Standard | When metal is heated it expands and when cooled it contracts. The result is "ticking" or "crackling" which is generally to be expected. |
| Responsibility | None. |
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| (2) Possible Defect | Oil canning. |
| Building Standard | The stiffening of the ductwork and the gauge of the metal used shall be such that ducts do not "oilcan." The booming noise caused by "oil canning" is not acceptable. |
| Responsibility | Seller will correct to eliminate this sound. |

Electrical

A. Electrical Conductors, Fuses and Circuit Breakers

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| (1) Possible Defect | Fuses blow or circuit breakers (excluding ground fault interrupters) "kick out." |
| Building Standard | Fuses and circuit breakers shall not activate under normal usage. |
| Responsibility | Seller will check wiring circuits for conformity with local, state, or approved national electrical code requirements. Seller will correct circuitry not conforming to code specifications. |

B. Outlets,

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|---------------------|--|
| (1) Possible Defect | Drafts from electrical outlets. |
| Building Standard | Electrical junction boxes on exterior walls may produce air flow whereby the cold air can be drawn through the outlet into a room. The problem is normal in new home construction. |
| Responsibility | None. |
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| (2) Possible Defect | Malfunction of electrical outlets, switched or fixtures. |
| Building Standard | All switches, fixtures and outlets shall operate as intended. |
| Responsibility | Seller will repair or replace defective switches, fixtures and outlets. |

C. Service and Distribution

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|---------------------|---|
| (1) Possible Defect | Ground fault interrupter trips frequently. |
| Building Standard | Ground fault interrupters are sensitive safety devices installed into the electrical system to provide protection against electrical shock. These sensitive devices can be tripped very easily. |
| Responsibility | Seller shall install ground fault interrupter in accordance with approved electrical code. Tripping is to be expected and is not covered, unless due to a construction defect. |

Plumbing

A. Water Supply

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| (1) Possible Defect | Water supply system fails to deliver water. |
| Building Standard | All on-site service connections to municipal water main and private water supply shall be the Seller's responsibility. Private systems shall be designed and installed in accordance with approved building, plumbing and health codes. |
| Responsibility | Seller will repair if failure is result of defective workmanship or materials. If conditions beyond Seller's control disrupt or eliminate the source of the supply, the Seller has no responsibility. |

B. Septic Tank System

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|---------------------|---|
| (1) Possible Defect | Septic system fails to operate properly. |
| Building Standard | Septic system shall function adequately during all seasons, under climatic conditions normal or reasonably anticipated (based on local records) for the location of the home. Septic system shall be designed and installed to comply with applicable governmental codes, if any. |

Responsibility	Seller will repair, or otherwise correct, a malfunctioning or non operating system, if failure is caused by inadequate design, faulty installation, or other cause relating to actions of the Seller or contractors or subcontractors under the Seller's control. Seller will not be responsible for system malfunction or damage which is caused by Buyer negligence, lack of system maintenance, or other causes attributable to actions of the Buyer or Buyer's contractors, not under the control of the Seller, including, but not necessarily limited to, the addition of fixtures, items of equipment, appliances or other sources of waste or water to the plumbing system served by the septic system, and damage, or changes to the septic system installation or surrounding soil conditions critical to the system's functioning.
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C. Piping

(1) Possible Defect	Leakage from any piping.
Building Standard	No leaks of any kind shall exist in any soil, waste, vent or water pipe. Condensation on piping does not constitute leakage, and is not covered.
Responsibility	Seller will make repairs to eliminate leakage.

(2) Possible Defect	Stopped up sewers, fixtures and drains.
Building Standard	Sewers, fixtures and drains shall operate properly.
Responsibility	Seller will not be responsible for sewers, fixtures and drains which are clogged through Buyer negligence. If a problem occurs, the Buyer should consult Seller for a proper course of action. Where defective construction is shown to be the cause, Seller will assume the cost of the repair; where Buyer negligence is shown to be the cause, the Buyer shall assume all repair costs.

(3) Possible Defect	Refrigerant lines leak.
Building Standard	Refrigerant lines shall not develop leaks during normal operation.
Responsibility	Seller will repair leaking refrigerant lines and re-charge unit, unless damage was caused by the Buyer.

Ventilation System

A. Air Distribution

(1) Possible Defect	Ductwork separates or becomes unattached.
Building Standard	Ductwork shall remain intact and securely fastened.
Responsibility	Seller will re-attach and re-secure all separated or unattached ductwork.

Electrical System

A. Wiring

(1) Possible Defect	Failure of wiring to carry its designed load.
Building Standard	Wiring should be capable of carrying the designed load for normal residential use.
Responsibility	Seller will check wiring for conformity with local, state, or approved national electrical code requirements. Seller will repair wiring not conforming to code specifications

Exhibit "II"

STATE OF ALABAMA)
)
COUNTY OF _____)

ACKNOWLEDGMENT OF ACCEPTANCE

We, the undersigned Buyers, are consummating the purchase from Authentic Building Company, LLC. ("Seller") of _____

We hereby acknowledge that we have inspected the Land and the Dwelling, driveway, and other improvements located thereon (collectively, the "Property") and that, without any reservations, we accept the Property as to the condition thereof. Specifically, we accept the Property as to the condition of the (a) wall finish, paint, and decoration, (b) finished floors, (c) bath tile and fixtures, (d) kitchen tile, sink, and cabinets, (e) woodwork, trim, and paneling, (f) doors and windows, (g) caulking and weather-stripping, (h) lighting fixtures, (i) brick and paneling on exterior walls, (j) concrete, stucco, plaster, bricks, mortar, and masonry, (k) garages, storage buildings, or other outbuildings not attached to the Dwelling, (l) swimming pools and other recreational facilities, (m) concrete work of driveway, walks, porches, and carports, (n) roofing, (o) drainage around Dwelling and ditches within easements, (p) basement or crawl space under Dwelling, and (q) driveways, walkways, retaining walls, fences, and landscaping (including sodding, seeding, shrubs, trees, and plantings).

We hereby acknowledge receipt of the Limited Warranty Agreement for a period of _____ executed by Seller and us and understand the responsibilities of Seller thereunder.

By closing the purchase of the Property, we acknowledge that Seller has performed its contract with us, the improvements upon the Property have been completed according to the plans and specifications agreed upon, and the improvements upon the Property have been completed according to the decoration plans made part of the contract.

Dated the _____ day of _____, 20_____.

BUYERS:

