



This warranty is an integral part of a sales agreement between Schroeder Builders, Inc., a Michigan Corporation of 4665 Dobie Road, Suite 130, Okemos, Michigan, hereafter referred to as "Builder", and _____ of _____, hereafter referred to as "Owner", dated _____ for the home at _____ situated on Lot # _____ of _____, Township/City of _____, County of _____, State of Michigan, hereafter referred to as "Home."

The components of the "Home" are categorized into three categories:

1. Structural Components
2. "Major" Load-Bearing Components of Structure
3. Appliances, Fixtures, and Equipment and other manufactured consumer products

Structural Components means the building itself including: foundation, beams, floors, ceilings, walls, roof, doors, cabinets, shelves, closets, railings and trim, windows, ducting, wiring and pipes within the home.

"Major" Load-Bearing Components of Structure means the load bearing portions of the home within the structural components above: Foundations and footings, beams, girders, lintels, posts, columns, load-bearing walls and partitions, floor and roof framing systems.

Appliances, Fixtures and Equipment are manufactured consumer items including their fittings, attachments, controls and appurtenances including but not limited to: furnace, air conditioner, fans, water heaters, pumps, range, garbage disposal, dishwasher, bathtubs, sinks, toilets, faucets, light fixtures, and circuit breakers.

"Builder" will provide service to correct faulty material and workmanship in all categories as specified in this Warranty and Warranty Performance Standards for the "Owner" or subsequent purchasers for the installations done by "Builder."

The beginning date of the warranty period is the earlier of the date of closing or the date of occupancy.

First year coverage per Section I of the Warranty Performance Standards are:

Structural Components

"Major" Load-Bearing Components of Structure

Appliances, Fixtures, and Equipment. In addition to "Builder's" first year coverage, Appliances, Fixtures, and Equipment are covered by the manufacturer for varying periods of time and warranties on those items that have a warranty beyond one year are passed onto "Owner." The "Owner" is to deal directly with the manufacturer on all of the manufacturers warranties beyond one year. The "Builder" will cooperate and assist the "Owner" with information in possession of "Builder."

Years two through twelve coverage per Section II of the Warranty Performance Standards are:

"Major" Load-Bearing Components of Structure only

Exclusions:

The following items are not covered:

- A. Items not included in the original purchase and closing;
- B. Damage caused by:
 - negligence, improper maintenance or operation by anyone other than the "Builder"
 - not reporting problem to "Builder" in a timely manner
 - changing the grade or structure by anyone but "Builder"
- C. Normal wear and tear or normal deterioration;
- D. Insect and pest damage;
- E. Costs of shelter, transportation, food, moving, storage, or other incidental expenses related to relocation during repair or any other costs due to loss of use, inconvenience or annoyance;
- F. Minor defects that are not noted in closing documents such as:
 - defects in painted surfaces
 - chipped, marred, or damaged countertops
 - chipped or otherwise defective surfaces of appliances, fixtures, and tiles
 - torn or defective screens
 - damaged floors
 - defective or damaged surface and finish of cabinets, doors, windows and trim
 - broken or otherwise defective glass and mirrors
- G. Any item not reported to "Builder" within the applicable warranty period;

- H. Any loss, damage, defect, cost or expense which is caused, in whole or in part, by any peril or occurrence for which compensation is provided by legislation, or which is covered by other insurance or public funds to the extent that such compensation is paid by such other providers;
- I. Loss or damage externally caused including but not limited to Acts of God, riot or civil commotion, fire, explosion, smoke, water, hail, lightning, falling trees or other objects, aircraft, vehicles, flood, mud slides, earthquakes, volcanic eruption, natural or introduced gases or chemicals, abuse or use of the "Home", or any part thereof, beyond the reasonable capacity of such part for such use, or by any other external cause;
- J. Any and all claims, liabilities, damages and expenses on account of death or injury to any person.

"Owner" Responsibilities:

Your home requires an active maintenance effort on your part to reduce the likelihood of damage. Care must be taken when working around the foundation in mowing, gardening and landscaping. Recognize that the ground around the foundation is likely to settle and establish landscape beds and plantings to allow for such settling. If "Builder" needs to fill the settled areas in order to maintain proper drainage, the "Builder" is not responsible for landscaping, plants, and grass.

Immediately report any defect that will cause damage if not corrected.

"Builder" Responsibilities:

"Builder" will inspect the entire home approximately three months after closing/occupancy and make the necessary adjustments (Three-Month Inspection).

"Builder" will inspect the entire home approximately eleven months after closing/occupancy and make the necessary adjustments (Eleven-Month Inspection).

At the Three and Eleven-Month inspections, the "Builder" will make reasonable adjustments for things caused by normal settling and shrinkage, in addition to faulty materials or workmanship.

"Builder" will also respond to written notice of deficiencies received from "Owner" during this warranty period.

The Warranty Performance Standards will be used as a guide to determine if action is required and what action to be taken. It is the "Builder's" option to repair, replace, or pay to the "Owner" the reasonable cost of repairing or replacing. Any repair or replacement shall not extend the term of this warranty.

"Builder's" total liability under this warranty is limited to the original purchase price of the home.

This section states "Owner's" exclusive remedy for breach of warranty.

Conciliation and Arbitration:

If the "Owner" and "Builder" disagree on any defective items or resulting repairs in accordance with this Schroeder Home Limited Warranty and Warranty Performance Standards herein, the "Builder" or "Owner" may request an impartial third party arbitration with the American Arbitration Association (A.A.A.), or other mutually agreeable arbitration service which will be conducted in accordance with their rules and regulations. This request for arbitration shall occur only after all attempts at conciliation between the disagreeing parties have failed. The voluntary dispute settlement process provided herein shall be a condition precedent to the commencement of any litigation by any party to compel compliance with the warranty documents or to seek relief for any dispute arising out of this warranty. The "Builder" shall be obligated to pay the administrative fees for all arbitrations requested by "Builder" or "Owner." The administrative fees for any arbitration appeal requests will be paid by the appealing party in accordance with the rules and regulations of the arbitration service. A meeting, at the residence, among the parties involved will be arranged by the arbitration service. The dispute will be resolved or an award rendered by the arbitrator within 60 days from the time the Request for Arbitration form is received by the arbitration service.

Time to Commence Action:

Any litigation commenced under this warranty must be commenced no later than one year from the time the problem is discovered or reasonably should have been discovered or, with regard to Section I warranties, within two years from the date of closing, whichever is the later date.

Warranty Performance Standards:

These Warranty Performance Standards will serve as a guide to determine if an item in question is faulty material or workmanship. They also will help the communication and understanding between the "Builder" and the "Owner" as to what is covered under the warranty at the time a sales agreement is made. These Warranty Performance Standards define many of the most common deficiencies that occur. Where specific deficiencies occur that are not defined herein, the standard practice of the homebuilding industry and practice of "Builder" will be used. It must be clearly understood that a home is constructed of wood frame materials that are subject to settling caused by shrinkage. This shrinkage and settling movement causes other things like hairline cracks, nail pops, joints to open, etc. that are normal and not considered to be faulty material or workmanship. Seasonal moisture and temperature changes also cause many materials to expand and contract.

Section I deals with Structural Components warranted for a one-year period.

Section II deals with "Major" Load-Bearing Components of Structure that are warranted for 12 years.