

MALENO BUILDERS, INC.

LIMITED WARRANTY AGREEMENT

MALENO BUILDERS, INC., a Pennsylvania corporation, whose office is located at 2340 West Grandview Blvd. Suite One, Erie Pennsylvania 16506 (hereafter called the “Company”), extends the following Limited Warranty to _____, (hereafter referred to as “Owner”), who has contracted with the Company for purchase of the home located at _____ Subdivision in the County of Erie, Commonwealth of Pennsylvania, for the purchase price of \$_____.

The commencement date of this Limited Warranty Agreement is date on settlement statement of purchase and extends for periods more fully discussed below.

1. COVERAGE ON HOME EXCEPT CONSUMER PRODUCTS

For a period of two (2) years from the commencement date, the Company expressly warrants to the original Owner and to subsequent owners of the home that the home will be free from defects in materials and workmanship due to non-compliance with the standards set forth in the Limited Warranty Guidelines which are attached.

2. MAJOR STRUCTURAL COVERAGE

For a period of ten (10) years from the commencement date, the Company expressly warrants to Owner and to subsequent owners of the home that the home will be free from major structural defects.

A major structural defect is defined as being an actual defect in load-bearing portions of the house, which seriously impairs their load-bearing function to the extent that the house is unsafe, unsanitary or unlivable. For purposes of this definition, the following items comprise the structure of the house:

- A. Foundation system;
- B. Load-bearing stud walls;
- C. Floor joists;

- D. Beams, columns, trusses and rafters.

3. COVERAGE ON CONSUMER PRODUCTS

For purposes of this Limited Warranty Agreement, the term “consumer products” means all appliances, equipment and other items that are consumer products for the purposes of the Magnuson-Moss Act (15 U.S.C. §§ 2301-2312) and which are located in the home on the commencement date of the warranty.

The Company expressly warrants that all consumer products will, for that period of which manufacturers offers their warranty, be free from defects due to non-compliance with generally accepted standards in the state in which the home is located which assure quality of materials and workmanship. ANY IMPLIED WARRANTIES FOR MERCHANTABILITY, WORKMANSHIP OR FITNESS FOR INTENDED USE ON ANY SUCH CONSUMER PRODUCTS SHALL TERMINATE ON THE SAME DATE AS THE EXPRESS WARRANTY STATED ABOVE.

The Company hereby assigns to Owner all rights under manufacturers’ warranties covering consumer products. Defects in items covered by manufacturers’ warranties are excluded from coverage of this limited warranty, and Owner should follow the procedures in the manufacturers’ warranties if defects appear in these items. This warranty gives you specific legal rights and you may have other rights which vary from state to state.

4. COMPANY’S OBLIGATIONS

If a covered defect occurs during the applicable warranty period, the Company agrees to repair, replace or pay Owner the reasonable cost of repairing or replacing the defective item. The Company’s total liability under this warranty is limited to the purchase price of the home stated above. The choice among repair, replacement or payment is the Company’s. Any steps taken by the Company to correct defects shall not act to extend the term of this warranty. All repairs by the Company shall be at no charge to Owner and shall be performed within a reasonable length of time.

5. OWNER’S OBLIGATION

Owner must provide normal maintenance and proper care of the home according to this warranty, the warranties of manufacturers of consumer products and generally accepted standards of the Commonwealth of PA. The Company must be notified in writing by Owner of the existence of any defect before the Company is responsible for the correction of that defect. Written notice of a defect must be received by the Company prior to the expiration of the warranty period on that defect and no action at law or in equity may be brought by Owner against the Company for failure to remedy or repair any defect about which the Company has not received timely notice in writing. Owner must

provide access to the Company during its normal business hours, Monday through Friday, 8:00 A.M. to 5:00 P.M., to inspect the defect reported and, if necessary, to take corrective action.

6. INSURANCE

In the event the Company repairs or replaces or pays the cost of repairing or replacing any defect covered by this Limited Warranty Agreement for which Owner is covered by insurance or a warranty provided by another party, Owner must, upon request for the Company, assign the proceeds of such insurance or other warranty to the Company to the extent of the cost to the Company of such repair or replacement.

7. CONSEQUENTIAL OR INCIDENTAL DAMAGES EXCLUDED

CONSEQUENTIAL OR INCIDENTAL DAMAGES ARE NOT COVERED BY THIS WARRANTY.

8. OTHER EXCLUSIONS

THE FOLLOWING ADDITIONAL ITEMS ARE EXCLUDED FROM LIMITED WARRANTY:

- A. Defects in any item that was not part of the original home as constructed by the Company.
- B. Any defect caused by or worsened by negligence, improper maintenance, lack of maintenance, improper action or inaction or willful or malicious acts by any party other than the Company, its employees, agents or trade contractors.
- C. Normal wear and tear of the home or consumer products in the home.
- D. Loss or damage caused by acts of God, including, but not limited to, fire, explosion, smoke, water escape, changes that are not reasonably foreseeable in the level of underground water table, glass breakage, windstorm, hail, lightning, falling trees, aircraft, vehicles, flood and earthquakes.
- E. Any defect or damage caused by changes in the grading or drainage patterns or by excessive watering of the ground of Owner's property or adjacent property by any party other than the Company, its employees, agents or trade contractors.
- F. Any loss or damage that arises while the home is being used primarily for non-residential purposes.
- G. Any damage to the extent it is caused or made worse by the failure or anyone other than the Company or its employees, agents or trade contractors to comply with the requirements of this warranty or the requirements of warranties of manufacturers of appliances, equipment or fixtures.

- H. Any defect or damage that is covered by a manufacturer's warranty that has been assigned to Owner under paragraph 3 of this Limited Warranty.
- I. Failure of Owner to take timely action to minimize loss or damage or failure of Owner to give the Company timely notice of the defect.
- J. Insect or animal damage.

9. ARBITRATION OF DISPUTE

Owner shall promptly contact the Company's warranty department regarding any disputes involving this agreement. If discussions between the parties do not resolve such dispute, either party may submit such dispute to arbitration. The party asserting that the dispute exists (asserting party) shall so notify the other party (responding party) by registered or certified mail, stating the nature of the dispute and the name of an arbitrator chosen by the asserting party. Within five (5) days after the receipt of such notice, the responding party shall notify the asserting party by registered or certified mail of the name of an arbitrator selected by the responding party. The two arbitrators so appointed shall appoint a third arbitrator within five (5) days, and the three arbitrators so chosen shall commence hearing the dispute within ten (10) days after the appointment of the third arbitrator. The decision of the arbitrators shall be by majority vote and shall be final and binding upon the parties hereto. Either party may appear in person and be represented by counsel, at any hearing. Expenses of the arbitration, including arbitration fees, but excluding counsel fees, shall be shared equally by the parties.

10. EXCLUSIVE WARRANTY

THE COMPANY AND OWNER AGREE THAT THIS LIMITED WARRANTY ON THE HOME IS IN LIEU OF ALL WARRANTIES OF HABITABILITY OR WORKMANLIKE CONSTRUCTION OR ANY OTHER WARRANTIES, EXPRESS OR IMPLIED, TO WHICH OWNER MIGHT BE ENTITLED EXCEPT AS TO CONSUMER PRODUCTS. NO EMPLOYEE, TRADE CONTRACTOR OR AGENT OF THE COMPANY HAS THE AUTHORITY TO CHANGE THE TERMS OF THIS TWO YEAR LIMITED WARRANTY.

Dated this _____ day of _____, 200__.

MALENO BUILDERS, INC., Company

BY: _____

ATTEST: _____

Owner

Owner