

LAWLER CONSTRUCTION, INC.

Phone (928) 634-5433
Fax (928) 649-2065
ROC #160972 KB-01

P. O. Box 2470
Cottonwood, AZ 86326

INTRODUCTION

At Lawler Construction, Inc. we know that owning a new home can be one of the greatest and most meaningful experiences in one's life. Whether this is your first home, a vacation home or you are looking for a place to retire, your new home is the first step toward creating many happy and lasting memories. Because of this we strive to make every step along the way both enjoyable and worry-free. From the moment you walk in the door, until long after you move in, we do our best to make every step as enjoyable as the first. As such, your new home is covered by the Lawler Construction, Inc. Warranty.

Our homes are built with an attention to detail, using high quality materials and advanced engineering designs. Our homes are designed to be a wonderful place to live for many, many years if you perform the ongoing maintenance and care that your home requires.

Important Note:

Regular preventative maintenance on your new home should begin when you move in. Please carefully read the following "Homeowner Maintenance and Care Manual" to become familiar with many of the maintenance items your new home requires.

Your new home is located in a desert environment, because of this it experiences the same changes in temperature that we experience each day. These temperature variations combined with expansive soils that are common in the area, affect our building practices and your home. Natural building materials such as wood and concrete are subjected to constant expansion and contraction from day to day. This can result in minor warping of wood materials and hairline cracking of drywall, stucco, concrete and mortar. These effects are considered normal and are particularly obvious in the first year after a new home has been built.

You can minimize these effects by maintaining a constant temperature in your home during the first year. This allows the wood to dry at an even rate and may eliminate larger settlement cracks. Minor cracks and displacement of wood and concrete are a normal part of the aging process of your home and do not affect its structural integrity.

>WARRANTIES

The builder of your home is Lawler Construction, Inc. building for Mesquite Hills Investments, LLC, ("Builder"). The Builder has agreed to construct your home in a substantial compliance with FHA/VA or conventional mortgage standards and local municipal regulations and the final inspection by any such entities or agencies shall constitute conclusive proof of the fact that your home has been completed in accordance with said plans and specifications.

You have a warranty against "structural defects" (as set forth in "Structural Items") in your home and effective workmanship and materials for a period of two years from the date of Close of Escrow (the "Effective Date" of this warranty).

LAWLER CONSTRUCTION, INC. AND BUILDER'S LIABILITY IS LIMITED TO THE REMEDY OF REPAIR OR REPLACEMENT BY BUILDER. UNDER NO CIRCUMSTANCES SHALL SELLER OR BUILDER BE LIABLE FOR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES, INCLUDING WITHOUT LIMITATION, ANY DAMAGES BASED ON A CLAIMED REDUCTION IN THE VALUE OF THE PROPERTY.

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This Warranty Manual contains additional limitations concerning specific features of your home.

The Builder and Lawler Construction, Inc. make no warranty or representation hereunder as to the presence of radon or other naturally occurring hazardous environmental conditions.

No warranty given shall extend to any consumer product as that term is used in the Magnuson Moss Warranty Federal Trade Commission Improvement Act, 15 U.S.C. Section 2301, et seq. or the regulations promulgated there under.

The warranties herein shall not apply to damages or defects that are a result of ordinary wear and tear, natural disaster or any acts, alterations or additions by Homeowner or Homeowner's agents (including changes to grade, drainage, soil compaction, fixtures, connections or appurtenances). The provisions of this paragraph shall survive the Close of Escrow.

Important Note:

This warranty is only applicable to those matters reported in writing to Lawler Construction, Inc. prior to the expiration of the Warranty periods.

REPAIRS AND REPAIR DECISIONS

The Builder will, during normal business hours and at its own expense, make any and all necessary repairs and replacements, provided such repairs and replacements are necessary as a result of defective workmanship or materials and provided you grant reasonable access to the property during normal business hours. The decision to repair or replace a warranted item will be at the sole discretion of Lawler Construction, Inc.

CLAIMS OF NOTIFICATION

Requests for performance of any obligation asserted under this Limited Warranty must be in writing in accordance with the instructions included in the "Guide to Filing a Warranty Claim."

>EXCLUSIONS FROM LIMITED WARRANTY COVERAGE

COSMETIC DEFICIENCIES

Lawler Construction, Inc. will repair or replace Cosmetic Deficiencies only if such problems are caused by defects in materials or workmanship. Cosmetic Deficiencies should be reported at the time of the Walk-through/Orientation. If a specific Cosmetic Deficiency is not reported in writing by the Homeowner prior to occupancy or within ten days of Close of Escrow whichever occurs sooner, the Cosmetic Deficiency will not be corrected. Cosmetic deficiencies include:

- Chipped, cracked or dented sinks, tubs, showers, faucets, tile, drywall, paint, etc.
- Torn, gouged, stained or loose floor coverings
- Chipped, scratched or cracked cabinets, counter or vanity tops
- Cracked or scratched window glass, mirrors or light fixtures
- Scratched or dented appliances
- Missing shelves or accessories in appliances, cabinets or medicine chests
- Missing or damaged windows or screens
- Dents or dings in garage doors

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- Cosmetic damage to any manufactured surface in the home

APPLIANCES COVERED BY MANUFACTURER'S WARRANTIES

Appliances are covered by manufacturer's warranties and are not covered by the Limited Warranty. Please refer to the "Manufacturer's Warranties" section of this guide for further information about your appliance's coverage by a manufacturer's warranty.

MINOR ADJUSTMENTS

Minor adjustments such as sticking doors or windows, running toilets, etc., are excluded from the Limited Warranty and will be repaired only in the event they are reported in writing, within 60 days after Occupancy or the Close of Escrow, whichever occurs sooner.

ADDITIONAL EXCLUSIONS FROM WARRANTY COVERAGE

This warranty does not apply to, and Lawler Construction, Inc. shall not be liable for:

- Damage from accidents, misuse, alterations or additions by the Homeowner or others.
- Damage from environmental conditions such as earthquake, rain, floods, snow/ice, extreme temperatures, storms, lightning or other natural occurrence (winds in excess of 54 miles per hour are considered natural occurrences per the Arizona ROC guidelines).
- Damage from act of war, armed conflicts or persons engaged in criminal acts.
- Damage due to lack of timely and proper maintenance.
- Damage caused by Homeowner or others.
- Damage due to ordinary wear and tear.
- Plumbing drain stoppages, unless reported in writing within 72 hours after Close of Escrow or Occupancy, whichever occurs first.
- Environmental conditions such as overhead, underground or above ground power lines or facilities, radon or other naturally occurring hazardous environmental conditions.
- Minor cracks in concrete, stucco or masonry that do not exceed the tolerances set forth by the Arizona Registrar of Contractor's guidelines.
- Damage caused by events or actions beyond the control of Lawler Construction, Inc., including but not limited to natural catastrophic acts by other parties.
- Plants included within any landscaping provided by Lawler Construction, Inc., unless reported within 90 days after Close of Escrow. Plants damaged by Homeowner neglect, improper irrigating, or extreme weather conditions are excluded.

Important Note:

Lawler Construction, Inc. does not cover any personal injury or economic loss including loss of time or pay, inconvenience, loss of home use, lodging bills, food bills, storage charges, or other inadvertent or consequential loss or damage caused to other parts of the home.

>STRUCTURAL ITEMS

The following are structural items that are covered by the Limited Warranty against structural defects for a period of two years from the date of Close of Escrow.

- Concrete Defects (heaving and/or cracking beyond Arizona ROC standards)

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- Roof Truss Breakage
- HVAC (complete duct system failures)
- Plumbing Line Failures
- Wall Stud Breakage
- Roof Tiles (loose or improperly installed)
- Stucco Defects (cracks beyond ROC standards of 1/16")
- Flooring (installation related defects only)

>FIRST YEAR WARRANTY

The First Year Warranty begins on the Effective Date referenced above in this limited warranty and ends on the expiration date referenced above. All First Year Warranty items are listed below. Some items have limitations or exclusions. These limitations or exclusions are noted to avoid confusion over items that are within Arizona Registrar of Contractors (ROC) standards.

Examples of some of the specific limitations or exclusions are:

- Landscaping Material (plants): Will only be replaced during the first 90 days.
- Drywall and Caulking: Will only be repaired once within the first year.
- Paint: Is not warrantable beyond cracking and peeling.

The 1-year inspection is the time that we address the majority of normal settling items in the home (excluding normal wear and tear). Listed below are those items addressed through the first year of occupancy:

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|----------------------|-------------------|
| • Framing | • Windows |
| • Floor Covering | • Mirrors |
| • Weatherproofing | • HVAC |
| • Exterior Doors | • Interior Trim |
| • Roof Tiles | • Electrical |
| • Interior Hardware | • Cabinets |
| • Light Fixtures | • Plumbing |
| • Garage Door | • Bath Enclosures |
| • Drive & Patio | • Paint |
| • Termite Protection | • Fireplaces |
| • Insulation` | • Interior Doors |

Approximately 11 months after the initial Walk-Through/Orientation, you should contact a Lawler Construction, Inc. representative in writing to request an appointment for your 1-Year Inspection. An evaluation of your home is made at this time. Special attention will be paid to areas in which Lawler Construction, Inc. makes one time repairs; adjustments to doors, drywall cracking, stucco cracking (exceeding 1/16"), caulking, toilet adjustments grout, etc.

>SECOND YEAR WARRANTY

From the Expiration Date of the 1st Year Warranty until the Expiration Date of the 2nd Year Warranty, the Second Year Warranty covers the home for mechanical and roof items. This includes plumbing leaks (not parts or fixtures),

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heating and cooling systems (duct system failure), electrical wiring (not parts), roof leaks and structural defects. The Second Year Warranty does not cover any cosmetic items, such as cracking, cabinets or surfaces.

During this time, the customer care procedures including making a warranty claim will be the same as in the First Year Warranty. At the end of the Second Year Warranty, your home is no longer covered under the Lawler Construction, Inc. Limited Warranty.

>MANUFACTURER'S WARRANTIES

Your home has kitchen appliances, light fixtures, kitchen and bath fixtures, air conditioning equipment, garbage disposal, garage door opener, water heater, and/or other appurtenances that have manufacturer's warranties. These items are covered by their manufacturer warranties and are not covered by the Limited Warranty. Lawler Construction, Inc. has assigned all of these manufacturer warranties to the Homeowner. These warranties may not have the same limitations or periods as Lawler Construction, Inc. Limited Warranty.

Please read all information provided by the manufacturers, which discuss the use and care of the appliances, as well as a description of the warranty of that particular item. Please be sure to read all information and follow the instructions for each appliance. Each manufacturer has their own registration requirements that ensure you receive full warranties on their products. Warranties may be limited due to selling your home during the warranty period (original buyer only), non-registration of ownership, or other requirements. If there are questions regarding the limitations of their warranties, you should contact the manufacturer directly. It is the sole responsibility of the customer to complete and deliver all information required by the manufacturers to qualify for full coverage under their warranty.

Important Note:

It is the Owner's responsibility to contact the manufacturer of appliances and/or appurtenances for any claims covered by the manufacturer warranties.