

ROYAL BUILDERS, LLC

LIMITED WARRANTY

1. **THE BENEFICIARIES.** Buyers are the beneficiaries of this Limited Warranty. This Limited Warranty is not transferrable or assignable.

2. **THE COVERED PROPERTY.** This Limited Warranty extends to and covers only that Dwelling Unit located at the following address: _____, _____, Wyoming.

3. **THE WARRANTOR.** Royal Builders, LLC. (“Royal Builders”), is the Warrantor of the Dwelling Unit specified in Section 2 herein above.

4. **DEFINITIONS.**

“Appliances” means the range, cooktop, range hood, microwave oven, oven, dishwasher, garbage disposal, trash compactor, washer, dryer, refrigerator, freezer and refrigerator/freezer, but only so long as each shall have been provided under the original Purchase Contract by Royal Builders, LLC to the Buyer.

“Buyer” shall be that person or persons named in Section 1 hereof as beneficiaries of this Warranty.

“Closing” shall be the date upon which ownership of the Dwelling Unit transfers from Royal Builders, LLC to Buyer.

“Closing Statement” is that statement prepared by the escrow agent, closing agent or title company which accounts the financial transaction represented by the Purchase Contract.

“Defect” shall mean a flaw or failure in a material, component or the workmanship which causes that material or component to (i) fail, or (ii) perform to less than its intended performance; or (iii) not meet industry standards of appearance or execution.

“Dwelling Unit” or “Unit” shall mean the house, condominium apartment or duplex described in Section 1 of the Purchase Contract and Section 2 of this Warranty, and the appurtenances and utility services to it.

“Equipment” means the fireplace and the garage door opener, but only so long as each shall have been provided under the original Purchase Contract by Royal Builders to the original Buyer.

“HVAC” or “heating, ventilation and air conditioning” system shall mean the duct work,

furnace, heat pump or exchanger, air conditioner and thermostat, but only so long as each shall have been provided under the original Purchase Contract by Royal Builders to the original Buyer.

“Parties” or “Party” shall mean Royal Builders, LLC and Buyer, either collectively or individually.

“Plumbing” means the water pipes, waste lines, connections, toilets, sinks, manufactured tubs, showers and tub/showers, shower pans, faucets, valves, water heater, humidifier, hose bibs, clean-outs and back flow preventer, but only as long as each shall have been provided under the original Purchase Contract by Royal Builders to the original Buyer, and excludes the water meter, which is owned by the water utility.

“Punchlist” shall mean that report of defects made pursuant to a joint walk through of the Dwelling Unit after completion but prior to Closing by Buyer and Royal Builders.

“Purchase Contract” means the New Home Purchase Contract made between Royal Builders and the Buyer for purchase of the Dwelling Unit.

“Purchase Price” shall mean the total amount of money to be paid by Buyer to Royal Builders for the purchase of the Dwelling Unit as provided for in the Purchase Contract.

“Warranty” or “Limited Warranty” shall mean this express Limited Warranty and no other document or warranty, express or implied.

“Warranty Limit” shall be the total value of repairs, damages or payments to the Buyer in lieu of repairs which may be claimed by Buyer, and shall be that amount equal to, but not greater than, the original Purchase Price of the Dwelling Unit when it was sold by Royal Builders to the original Buyer. Section 6.B.

“You” or “Your” means the Buyer as defined hereinabove.

5. TERM AND COVERAGE.

A. Royal Builders warrants its materials and workmanship to be of good quality for the ordinary and reasonable use of residential habitation for the period of exactly ONE YEAR commencing on the day of Royal Builders’ Closing with Buyer.

B. Royal Builders warrants that the plumbing, electrical system, and the heating, ventilation and air conditioning system will be free from installation, workmanship or operating defects for a period of exactly ONE YEAR commencing on the day of Closing.

C. Royal Builders warrants that the Dwelling Unit will be free from a Major Structural Defect for a period of exactly ONE YEAR commencing on the date of Closing. A Major Structural Defect

is actual physical damage to the load bearing components of the Dwelling Unit caused by the failure of such component to the extent the Dwelling Unit becomes unsafe or untenantable. The load-bearing components are (i) the foundation footings and walls; (ii) beams, girders, floor joists and lintels, (iii) columns; (iv) walls which support floors, roofs or other structural members; and (v) roof framing systems to the extent that each of these items is integral to the structural frame or foundation of the Dwelling Unit.

D. Damages resultant from the defect or failure of, or the repair of a defective or failed item covered by the Warranty as provided for in this Section shall also be deemed to be covered by this Warranty.

6. CONDITIONS OF THE WARRANTY.

A. The warranties provided in this Warranty are personal to Buyer and may not be transferred or assigned by Buyer to subsequent owners of the Dwelling Unit.

B. Royal Builders' total liability is limited, in aggregate, to the amount equal to the Purchase Price paid by the original Buyer of the Dwelling Unit, as stated in the Closing Statement. This amount is the Warranty Limit.

C. When the Warranty Limit has been paid, Buyer's rights pursuant to this Warranty are extinguished. All payments and costs incurred by Royal Builders to fulfill its obligations under this Warranty shall be counted towards the Warranty Limit. The Warranty Limit for a multi-family building shall be reduced pro-rata for each unit in said buildings, regardless if the expenditure charged against the Warranty Limit shall have been directly related to your Dwelling Unit or not.

D. In the event the Dwelling Unit is part of a multi-family building, Warranty coverage shall begin on the date the first Dwelling Unit in the building closes.

E. This Limited Warranty is the only warranty offered by Royal Builders. To the fullest extent possible under the laws of the state of Wyoming, all other warranties, express or implied, including, but not limited to any implied warranty of habitability, are hereby disclaimed.

F. This Warranty is not an insurance policy of any kind, including, but not limited to, homeowner's, comprehensive or general liability insurance.

G. Buyer agrees to allow Royal Builders, its subcontractors, inspectors, architects and agents, access to the Dwelling Unit in order to assess any claim or to plan or prepare for any repair covered under this Warranty. Failure to do so, after reasonable notice, will be grounds to deny coverage of the applicable claim, as well as any collateral damage or claim. Repeated failure to allow access will be cause for Royal Builders to void this Warranty upon thirty days written notice, at its sole discretion.

H. This Warranty is separate from your Purchase Contract, any subsequent re-sale contract or any other document pertaining to the Dwelling Unit. Nothing in the Purchase Contract, any amendment thereto, any other document or agreement made between Royal Builders and Buyer, nor any representation made by Royal Builders' Broker, agents, subcontractors or representatives can stand to modify the terms, covenants and conditions of this Warranty. No sales contract, agreement or representation by Buyer to subsequent buyer(s) can condition, expand or modify this Warranty.

I. Except for the warranties provided herein, Buyer assumes the risk of any and all damage to the Dwelling Unit or the ground upon which it is situated from and after Closing, regardless of the cause thereof. Buyer's assumption of this risk is partially in consideration of the amount of the Purchase Price which is lower than it would be if Royal Builders were to be held responsible for such risks by virtue of any express or implied representations or warranties.

J. The structural foundation and the dwelling Unit may experience some movement due to natural settling, expansion and contraction of materials, moisture and humidity levels and other factors.

K. Royal Builders shall not be obligated to exactly match carpet dye lots, exterior paint, roofing, or other pre-finished material. Royal Builders shall be obligated only to match any replacement as closely as possible, and shall not be required to spend substantially more than the inflation-adjusted original price rate for any replacement material, regardless if, by spending more, a discontinued material could be more closely matched.

7. BUYER'S OBLIGATIONS.

A. Buyer is obligated to properly maintain the Dwelling Unit. In the case of a multi-family building, Buyer shall be deemed to mean the homeowners' association responsible for repairs and maintenance. Proper maintenance shall include, but not be limited to:

(i) Maintaining proper drainage away from the foundation; (a) maintaining gutters, downspouts and extenders in operable condition; (b) keeping downspout extenders in the down and extended position; and (c) not installing irrigation systems adjacent to the foundation.

(ii) Disconnecting hoses from outside spigots during periods of freezing temperatures.

(iii) Not overloading electrical outlets.

(iv) Regular servicing of furnaces and air conditioners; regular replacement of furnace filters;

(v) "Blowing out" sprinkler systems in the fall.

B. Buyer shall take all prudent actions to prevent the worsening of any defect or damage.

C. Concrete is expected to crack. Buyer shall immediately seal all cracks in concrete, whether vertical or flat, with an expansive waterproof caulking designed for that purpose. Failure to so maintain concrete shall void any warranty elsewhere in this Warranty, whether express or implied, to repair damaged concrete.

8. WARRANTY CLAIMS.

A. If a defect occurs in an item or component that is covered by the Limited Warranty during the term of the Limited Warranty, Royal Builders shall repair or replace, at its option, the item or component or pay for the cost to do so.

B. In the event Buyer desires to assert a claim under this Limited Warranty, he/she shall first so notify Royal Builders in writing at the address provided below. Said notice shall provide Buyer's name, the address of the Dwelling Unit, the date purchased from Royal Builders and the nature of the claim.

C. Royal Builders is not obligated for any cost incurred by Buyer prior to Royal Builders' receipt of such notice, except for emergency repairs or protective measures taken to lessen the extent of any damage or loss.

D. Buyer shall promptly notify Royal Builders of any damage, defect or claim. Failure to do so in a timely manner may be cause for Royal Builders to deny the claim.

E. Buyer may contact Royal Builders by telephone, and must do so in emergency situations.

F. Royal Builders, or its agent, representative, employee or subcontractor will contact Buyer to schedule an inspection and, if necessary, the corrective action to be taken. Buyer shall make the premises available during reasonable hours, which shall be between 7:00 a.m. and 5:00 p.m., Monday through Friday, and 7:00 a.m. through 12:00 noon on Saturdays for inspection and repair, or Buyer shall sacrifice its rights under this Warranty.

G. If, following the inspection of the Dwelling Unit, Royal Builders determines that a valid warranty claim exists, Royal Builders shall repair or replace, at its option, the defect or damage and any collateral damage caused by either the defect or the corrective actions.

H. Royal Builders shall proceed with due diligence to complete any repair or corrective action, provided, however, that any delay caused by strikes, labor disputes, boycotts, shortages of labor or materials, governmental action or inaction, weather, acts of God, or any other fact or circumstance beyond the reasonable control of Royal Builders shall not be a basis for a claim of lack of diligence on the part of Royal Builders.

I. Royal Builders is not obligated to make any repair not required under this warranty or to take any action in response to a claim which does not represent a valid Defect. Any repair or action Royal Builders may take pursuant to any claim, request or damage outside the scope of this Warranty shall not cause any expansion, extension or modification of this Warranty, either express or implied, regardless of any representation or statement made by any party representing, employed by or engaged by Royal Builders.

9. **EXCLUSIONS**. The following are excluded from coverage under this Warranty:

A. Appliances, fixtures and equipment which are covered by manufacturers' warranties or homeowner's insurance and Royal Builders hereby assigns all rights it might have under said warranties to the Buyer. Damage or loss caused by the failure of the primary warrantor of any appliance, fixture or equipment, to perform under the terms of that warranty, or due to the failure of anyone other than Royal Builders, to comply with the warranty requirements of the manufacturer of any appliance, fixture or equipment is also excluded.

B. Anything not constructed by Royal Builders, including, but not limited to:

(i) Outbuildings or any offsite improvements;

(ii) Walls, bulkheads, retaining walls (except those constructed by Royal Builders which are necessary to the integrity of the foundation system of the Dwelling Unit);

(iii) Fences, landscaping or sprinklers, whether installed by Royal Builders or not.

C. Concrete and Foundations:

(i) After the first year, the concrete floors of basements and garages so long as such concrete floors are separated from structural components by isolation joints or other means.

(ii) Movement and settling of foundation systems so long as such movement or settling does not materially affect the integrity or structural performance of the Dwelling Unit.

(iii) Any damage to the extent it is caused or made worse by subsidence or soil movement which was not reasonably predictable through reasonable soils testing at the time of the construction of the Dwelling Unit.

(iv) Separation of isolated concrete floors or flatwork from adjacent surfaces.

(v) Cracks in concrete, either structural or flatwork.

(vi) Surface deterioration of exterior concrete.

D. Expansion and contraction of the Dwelling Unit, including, but not limited to, squeaks, drying or separation of caulk; minor deflection of structural elements, doors or cabinet doors.

E. Weather caused damage including, but not limited to, the following:

(i) Erosion;

(ii) Frost or condensation on windows;

(iii) Ice accumulation in the gutters downspouts on the roof, adjacent the Dwelling Unit, or anywhere else;

(iv) Wind-driven water penetration;

(v) Loss of roofing due to winds in excess of the manufacturer's rating;

(vi) Broken glass or damage to exterior cladding;

(vii) Failure of garage door due to winds in excess of manufacturer's rating.

F. Loss caused by fire, storm, frozen water pipes, accidents, acts of God, vandalism or which is covered by Buyer's homeowner's insurance policy.

G. Loss which would have been covered under homeowner's insurance policy as such policies are commonly written, but for the fact that Buyer failed to obtain and/or maintain such a policy.

H. Any damage or defect to or of anything which was not part of the Dwelling Unit as the Dwelling Unit existed when it was transferred from Royal Builders to Buyer (which condition shall be definitively determined by the plans, Option Sheet and Contract Amendments), or included in the price paid for the Dwelling Unit.

I. Any damage which is caused or made worse by the improper or non-residential use of the Dwelling unit or the ground upon which it is situated by the Buyer, Buyer's family, agents or invitees, or by the negligence or abuse of the Buyer or any third parties, whether under Buyer's control or not, including, without limiting the generality of the foregoing, the failure to comply with manufacturer's warranties or the failure to give notice of defects within a reasonable period of time, whether or not that notice occurs within the Limited Warranty period.

J. Changes made to the Dwelling Unit by the Buyer or any agent, employee or person acting in Buyer's stead, whether with or without Buyer's permission.

K. Damage collateral to any covered defect or damage if that causal defect or damage was

not reported to Royal Builders in a timely manner.

L. Normal wear and tear, including, but not limited to:

(i) Gapping of drywall from windows; small contractions and gapping of wood trim or wood flooring, shrinkage of exterior caulk after one year.

(ii) Fading of carpet or paint; fading or discoloration of stained wood surfaces; fading of roofing.

M. Marks, scratches or holes on or in any surface (including, but not limited to, glass, mirrors, tubs, sinks, toilets, countertops, cabinets or any other finished surface); damage to drywall, including nail pops (except those resultant from defects or damage covered elsewhere in this Warranty); separation of caulking from adjoining surfaces; each item herein whether it existed at the time of closing or not, except those noted, in writing, on the Punchlist signed by both Owner and Royal Builders at the final walk through.

N. Damage to or failure of the Electrical System caused by overloading.

O. Damage to or failure of the Plumbing due to stopped up fixtures, drains, pipes or sewers except as that stoppage is due to a construction defect.

P. Visible seams at certain styles of carpet.

Q. Loss caused by soil movements or underground water. Loss caused by Buyer's alteration of grades, swales and drainage patterns; failure to maintain rain gutters, downspouts and diverters; watering adjacent the foundation; planting adjacent the foundation. Loss in this instance shall include dampness or accumulation of water in any crawlspace or basement or the accumulation of condensed water within the Dwelling Unit.

R. Insect damage, mildew or fungus.

S. The presence of radon gas, formaldehyde or any other pollutants, contaminants or hazardous materials, whether pre-existing or not.

T. Loss caused by abnormal loading on floors or decks by Buyer, Buyer's family, agents, employees or invitees which exceeds design loads as mandated by the local building ordinance. This may include, but is not limited to, water beds or hot tubs.

U. Any defect, damage or loss, whether covered or not and whether it occurred within the Warranty term or not, if said defect, damage or loss is not reported to Royal Builders in writing, within the applicable Warranty term.

V. The cost of any repair or defect or damage made by Buyer or Buyer's agents which has not been reported in writing, or which Buyer has not given Royal Builders the opportunity to inspect.

W. Consequential damages, including, but not limited to, loss of use, loss of opportunity, loss of market value, loss of rental value, cost of alternative housing, cost of storage or cost of moving, arising out of any defect, or resulting from the discontinuation of any finish, flooring, appliance, fixture, equipment or furnishing, whether covered by the Limited Warranty or not, are expressly excluded. Royal Builders' obligation hereunder is limited only to defects for which it shall have received notice, as provided for herein, within the time periods set forth in Section 5.

X. Cost of emergency repairs not authorized by Royal Builders, except in the instance Royal Builders could not be reached.

Y. Any bodily injury or loss of personal property.

10. **DISPUTE.** In the event of a dispute, the Parties hereto agree to submit to binding arbitration conducted according to the rules of the American Arbitration Association, which shall be amended to allow discovery in accordance with the laws of the state of Wyoming. The prevailing party shall be awarded reasonable attorney's fees and costs as determined by the arbitrator. Buyer acknowledges that arbitration waives his/her rights to a jury trial; and that his/her rights to appeal the decision of the arbitrator are strictly limited. The Parties may be represented by counsel at arbitration. The arbitrator is not required to give legal reasoning nor to explain his decision.

11. **THIS DOCUMENTS CONSTITUTES THE LIMITED WARRANTY IN ITS ENTIRETY.**

A. It is hereby expressly understood and agreed by the parties hereto that, except for this limited warranty, Royal Builders is not furnishing any other warranties. Buyer understands, acknowledges and agrees that any and all other representations and warranties, of any nature, express or implied, including, but not limited to, those of workmanlike construction, habitability, design, condition, quality or otherwise, as to the property and the dwelling unit and other improvements constructed thereon, are expressly disclaimed by Royal Builders and waived by Buyer.

B. Except for the limited warranty, Buyer is purchasing the Dwelling Unit "As Is" and assumes the risk of any and all damage occurring in or appearing on the property or the Dwelling Unit and other improvements constructed thereon from and after the date of closing, regardless of the cause thereof. Buyer's assumption of this risk is partially in consideration of the amount of the purchase price stated herein, which is lower than it would be if Royal Builders were to be held responsible for any such risks by virtue of any express or implied representations or warranties.

C. This document constitutes the limited warranty in its entirety.

12. **SEVERABILITY.** Should any provision of this Limited Warranty Agreement be deemed by a court of competent jurisdiction to be unenforceable, that determination will not affect

the enforceability of the remaining provisions.

THIS LIMITED WARRANTY is effective as of the ____ day of _____, 20__.

ROYAL BUILDERS, LLC

BUYERS:

By: _____

Print Name: _____

Print Name: _____