



BUILDER'S RESIDENTIAL LIMITED WARRANTY

Builder: SCI Real Estate, Inc.
Customer: _____
Property Address: N55W25226 Crescent Hill DR, Sussex, WI 53089

Note to Customer: All new residential construction goes through a period of stabilization and, as seasons change, ordinary expansion and/or contraction of materials in the home will occur. As a result, the home will experience minor material changes that are unavoidable and considered normal.

The Customer agrees that Customer is responsible for proper ongoing home maintenance. Customer agrees that Customer will not hire Builder's subcontractors for any work at the property during the period of this warranty without the Builder's prior written permission.

Builder hereby grants a one year limited warranty to the above Customer for the residential construction project at the above property address, under the following terms and conditions:

1. Term

The term of this warranty is limited to twelve (12) months from the "Date of Completion" of the work. The "Date of Completion" is defined as the earlier of: (a) the date the Customer takes occupancy of the home or space that has been improved; or (b) the date on which Customer and Builder conduct Builder's closing for the project; or ~~(c) the date that written notice of substantial completion is provided to Customer from the Builder; or (d) the date an occupancy permit is issued for the project.~~ This warranty may be modified or cancelled due to Work Stoppage or Construction Delay, as agreed in the Contract.

2. Coverage

Subject to the exclusions set forth below, the Builder warrants that the home will be free from defects in workmanship and materials, consistent with applicable building codes and the generally accepted industry standards existing at the time of construction. The generally accepted industry standards include, but are not limited to, the minimum performance standards defined by the Construction Industry Quality Standards established by the Metropolitan Builders Association of Greater Milwaukee, Inc. (hereinafter "Construction Industry Quality Standards"). This warranty is limited to corrections consistent with these codes and standards only and is not an obligation of the builder to provide regular maintenance during the warranty period.

There shall be no money withheld by Customer for items covered by the Builder's warranty. This warranty, including the assignment of manufacturer's warranty in Paragraph 9 below, is void and unenforceable unless payment in full is made pursuant to the Contract entered into by the parties.

3. Exclusions

The following items are not covered by this warranty:

A. Homeowner Maintenance & Use Responsibilities:

- (1) Damage due to the abuse or neglect of the Customer or the Customer's failure to provide for proper maintenance.

- (2) Loss or damage caused by the Customer's failure to take appropriate action to minimize any damage as soon as practical.
- (3) Dampness or condensation due to the failure of the Customer to maintain adequate ventilation and humidity levels.
- (4) Loss or damage resulting from abnormal loading on floors by the Customer which exceeds the design criteria as mandated by State building codes.
- (5) Insect or rodent damage or costs to exterminate insects or rodents.
- (6) Any loss or damage that arises while the home is being used primarily for non-residential purposes.
- (7) Failure of outside hose bibs when cause of the failure is due to Customer's neglect.
- (8) Damage or defects in concrete floors of attached garages, stoops, steps and exterior concrete flatwork caused by the use of chemicals or salt by the Customers or Customer's agent.

B. Construction Related Exclusions:

- (1) Normal wear and tear, normal deterioration, or normal changes that are a result of characteristics common to materials.
- (2) Warping or shrinkage of materials within permitted tolerances indicated within the "Construction Industry Quality Standards".
- (3) Surface damage to the home; including but not limited to damage to walls, ceilings, trim, cabinets, counters, plumbing fixtures, light fixtures, tile, flooring, glass, windows, doors, overhead doors, mirrors, and screens. Builder and Customer shall perform a walk-through inspection of the home prior to or at the time of closing to inspect the above items. All items are deemed to meet industry standards unless documented in writing to the contrary at said inspection. Customer, therefore, releases the Builder from responsibility for any visible or readily ascertained damage which is not specifically documented at said inspection.
- (4) Damage or defects in concrete floors of attached garages, stoops, steps and exterior concrete flatwork caused by chemicals or moisture after installation.
- (5) All landscaping (including sod, seeding, shrubs, trees, plantings), all boundary walls, all retaining walls and bulkheads that are not necessary for the structural stability of the home, all fencing, and all sprinkler systems.
- (6) Defects caused by movements of outbuildings, swimming pools, detached garages or carports when these structures are not secured by footings.
- (7) Settling of the ground around the foundation and all underground utility laterals.
- (8) Any damage caused by soil movement.
- (9) Exterior hardware and lighting fixture finishes.
- (10) Cosmetic discrepancies such as matching of touchup painting on walls, ceilings, interior trim, exterior trim, siding, roofing, flooring, etc. as a result of a covered defect, or as a result of the repair thereof.

C. Work Performed by Someone Other Than Builder or Builder's Agents:

- (1) Defects in materials supplied by anyone other than the Builder or agents acting on the Builder's behalf.
- (2) Any work performed by Customer or by Customer's subcontractor(s) or agents.
- (3) Damage to Builder's work that is caused by Customer, Customer's subcontractor or agent, or Builder's Subcontractors who have directly contracted with the Customer for services,

labor or materials.

- (4) Any adjustments or changes to the grading performed by anyone other than the Builder or its agents acting on the Builder's behalf.

D. Other Warranties That Are Transferred to the Customer:

- (1) Any appliance, equipment, or other item within the home that is considered a "consumer product" as defined in the Magnuson – Moss Warranty Act (15U.S.C. SS2301 -2311) where the "consumer product" manufacturer's warranty would apply. Customer's sole warranty on these items is limited to the warranty, if any, granted by the manufacturer. "Consumer Products" covered by the Magnuson-Moss Warranty Act include, but are not limited to, the following:
 - a. Heating and Ventilation – Furnace, air conditioning, coils and compressor, humidifier, electronic air cleaner, heat pump, exhaust fans, or thermostat.
 - b. Mechanical/Electrical – Intercom, central vacuum system, security system, fire and smoke alarm, fire extinguisher, garage door opener, door chimes, electric meter, gas meter, barbecue grill, or light bulbs.
 - c. Plumbing – Water heater, water pump, water meter, sump pumps, water softener, or whirlpool.
 - d. Appliances – Oven, surface unit, range, trash compactor, freezer, refrigerator, dishwasher, oven hood, disposal, ice maker, food center, clothes washer, clothes dryer, or hot water dispenser.
- (2) Any other product in the home covered by a manufacturer's warranty.

E. Acts Outside of Builder's Control, and Waiver of Incidental and Consequential Damages

- (1) Loss or damage caused by external conditions outside of the Builder's control including but not limited to riots, civil commotion, acts of God, accidents, explosions, smoke, water, changes in the level of the underground water table, windstorm, hail, lightning, falling trees, aircraft, vehicles, mud slides, earthquakes, natural or introduced gases.
- (2) Personal or bodily injury of any kind (including physical or mental pain and suffering and/or emotional distress), medical, hospital, rehabilitation or other incidental or consequential expenses; or damage to personal property or real property that is not part of the home covered by this warranty.
- (3) Cost of shelter, transportation, food, moving, storage or any other incidental or consequential damages or expenses arising from defects covered under the warranty.
- (4) Loss of use, loss of opportunity, loss of fair market value, loss of rental value or any other similar consequential loss.
- (5) Any defect where the Customer has received compensation from Builder or its agents in lieu of warranty corrections; or where Builder has performed corrective work that meets the MBA Standards.

4. Caution

Owner understands and acknowledges that microorganisms, including, but not limited to, mold, mildew, spores, and any other form of fungi, bacteria, and toxins secreted by them, occur naturally in the environment. They may be present during or after construction of your Home in its air and on surfaces including wall cavities, attic, windows, basement, exterior, or any other part of the Home. Moisture or humidity may cause the presence, growth, release, discharge or dispersal of such microorganisms, which, at certain levels, can cause deterioration of Home materials, damage to

property, health hazards, personal injuries or other irritant effects, such as skin irritation, respiratory problems and allergic reactions. Concentrations of moisture or humidity can result from cooking, showering, washing or similar water-related activities inside the Home, from the atmosphere outside the Home, and from the design, construction means and methods, and materials used to achieve energy efficiency in the construction of the Home. The Customer also acknowledges and understands that concentrations of radon released from soil and chemicals released from household furnishings, appliances, mechanical equipment, personal possessions, and other Home materials may, at certain levels, cause the same or similar effects. Microorganisms, radon and chemicals occur naturally in the environment, and as a result, Builder cannot eliminate the possibility that they may be present or may occur in, on, or about the Home. Customer may minimize the adverse effects by proper operation and maintenance of heating, ventilation, air conditioning and dehumidification equipment, interior maintenance and cleaning, and exterior maintenance that includes, but is not limited to, proper grading, landscaping, painting, and caulking. Upon Substantial Completion, the Customer assumes sole responsibility to operate and maintain the Home and its systems, and to comply with all applicable operation and maintenance instructions.

As a result of these factors, Customer acknowledges and agrees Builder is not responsible for the presence, growth, release, discharge or dispersal of such microorganisms, radon, or naturally occurring chemicals at the Project Site and Home. **CUSTOMER RELEASES ALL CLAIMS AGAINST THE BUILDER, ITS SUBCONTRACTORS, SUPPLIERS AND THEIR OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS (RELEASED PARTIES), FOR BODILY INJURY, PROPERTY DAMAGE AND/OR LOSS OF USE ARISING FROM OR ATTRIBUTABLE TO THE PRESENCE, GROWTH, RELEASE, DISCHARGE OR DISPERSAL OF SUCH MICROORGANISMS, RADON, OR NATURALLY OCCURRING CHEMICALS AT THE PROJECT SITE AND HOME, WHETHER RESULTING FROM CUSTOMER'S IMPROPER OR INADEQUATE OPERATION AND MAINTENANCE OF THE HOME OR OTHERWISE, EXCEPT, AND NOT INCLUDING, CLAIMS ARISING FROM INTENTIONAL MISCONDUCT OF ANY OF THE RELEASED PARTIES.**

5. Remedy

If a defect is covered by this warranty and notice is given to Builder prior to the expiration of this warranty in accordance with Paragraph 6 below, then Customer's sole remedy under this warranty is for Builder to repair or replace, at Builder's sole option, the covered defect. Builder makes no express or implied warranty of any building materials, services and/or construction methods, except as otherwise expressly provided herein. THIS LIMITED WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED (INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY OF MERCHANTABILITY, USE, HABITABILITY, OR FITNESS FOR A PARTICULAR PURPOSE) AND ANY AND ALL SUCH OTHER WARRANTIES ARE HEREBY DISCLAIMED. Customer waives any and all claims for consequential and incidental damages and any other expenses associated with or related to any defect, or the repair or replacement of any defects, in workmanship, materials or design, arising from or relating to this warranty, including a breach thereof.

6. Time for Notice of Claim

In order for a defect to be covered by this warranty, Customer must give prompt written notice of such defect to Builder and be able to provide proof of delivery, prior to the date of expiration of this warranty. Any defect, latent or otherwise, for which written notice is not provided to the Builder prior to the expiration of this warranty shall not be covered by this warranty.

7. Builder Access

Customer shall provide Builder with reasonable access to the home during normal working hours for the performance of any work under the warranty. Customer shall ensure that all furniture and other obstacles within or around the portion of the home to be repaired will be removed so that Builder has reasonable access and sufficient working space necessary to repair and/or replace the covered defect.

8. Other Insurance or Warranties

In the event Builder repairs, replaces or pays the cost of repairing or replacing any defect covered by this warranty and Customer is covered by insurance or other warranties, then Customer shall assign the proceeds of such insurance or warranties to Builder for such defect.

9. Warranty Assignments

Builder hereby assigns to Customer all manufacturers' warranties pertaining to any fixtures, appliances and equipment in the home. Builder's warranty is not assignable or transferable to any subsequent owner of the home without the Builder's prior written consent.

10. Dispute Resolution

Any dispute between the Parties, their spouses, officers, owners, shareholders, directors, employees, successors, members, assigns or agents, arising out of or relating to this Contract and its performance, including, but not limited to, its meaning, enforceability, changes, payments, warranties, or any other disputed terms, rights or obligations, will be resolved using the following process:

A. Mediation.

Mediation may be requested by the Customer or the Builder by conveying a written notice to the other party and the MBA Construction Arbitration Board (**MBA CAB**). The mediation will be conducted according to the MBA Construction Mediation & Arbitration Procedures ("Mediation and Arbitration Procedures") in effect at the time the notice of mediation is sent. Both Parties hereby agree to abide by the Mediation and Arbitration Procedures. The Parties agree that if mediation is commenced, they will make good faith efforts to resolve their dispute, or as much of it as reasonably possible, through mediation. Mediation will not waive or affect the Parties' obligation to resolve their dispute by arbitration in the event a full and final resolution is not reached in mediation.

B. Arbitration.

If neither of the Parties elects to proceed to mediation, or if all or any part of a dispute is not fully resolved through mediation (other than enforcement of any extended warranty plan which shall be resolved through dispute resolution procedures set forth in that plan), the Parties agree to arbitrate their dispute. The Parties agree MBA CAB shall act as arbitrator conducting the arbitration under the Mediation and Arbitration Procedures, unless an alternative dispute resolution body and its procedures are set forth below:

If arbitration is undertaken, the arbitrator shall have authority to determine procedural and jurisdictional matters including compliance with notice provisions of Wisconsin Right to Cure Laws. The decision of the arbitrator(s) shall be binding, final and may be enforced in accordance with Wisconsin Statutes Chapter 788. The arbitrator(s), in their sole discretion, may award costs, including filing fees, and reasonable attorney's fees, to the prevailing party.

The filing of a lien claim shall not be considered an election by the Builder to waive its mediation or arbitration rights. Builder's filing of, or commencement of an action to foreclose, a Claim for Lien is not a violation of the duty to arbitrate, provided that the action is stayed and the claims asserted in the action are resolved by arbitration as provided in this Contract.

11. Enforceability

If any part of this warranty is found to be unenforceable, it shall not affect the enforceability of the remainder of this warranty. The failure of either party to enforce any term or condition of this warranty, shall not constitute a waiver of any other breach of any right, claim, term or condition of this warranty. This warranty is to be covered by and construed in accordance with the laws of the State of Wisconsin.

12. Special Conditions

This shall constitute the sole and entire warranty and no other written or implied warranties exist between the parties whose signatures are affixed below:

Customer Date

Builder Date

Customer Date