Narwhal Homes,
Warranty Addendum

This is a legally binding contract. If you desire legal advice, contact your attorney

This Warranty Addendum ("Agreement") is made and entered into by and between Narwhal Homes LLC ("SELLER"), and _____("BUYER") relating to the real property located at _____ also known as Lot____ of Eagle Village Subdivision, in the City of Eagle Mountain, Utah County, State of Utah, which real property includes the lot and a home and improvements erected thereon ("Property" or "Home").

This Agreement is made and shall be construed in connection with that Earnest Money Receipt and Purchase Contract ("REPC") previously or contemporaneously signed by SELLER and BUYER relating to the Property. This Agreement shall govern the parties with regard to all warranties pertaining to the Property and the REPC shall govern with regard to all other matters contained in the REPC or relating to the Property unless such matter is mentioned herein and is not mentioned in the REPC.

Congratulations on the purchase of your new home. Narwhal Homes stands behind each and every home they build with a written limited warranty.

BUYER acknowledges he has received, reviewed and accepted the Home Warranty Orientation Addendum explaining how to use his homebuyer limited warranty. BUYER acknowledges that he has received, reviewed and accepted the Construction Quality Standards Addendum **(CQSA)** which describes the construction standards followed by SELLER in building the Home, which are consistent with national building standards. The CQSA explains the standards, remedies, exclusions, builder and BUYER responsibilities and corrective measures pertaining to the Home as between the parties. BUYER also acknowledges that he has received, reviewed and accepted the Homebuyer's Maintenance Addendum explaining periodic maintenance and inspections which SELLER recommends the BUYER implement and follow. The BUYER and SELLER agree to all of the terms, conditions, standards, responsibilities, limitations, remedies, exclusions, notification, definitions, arbitration requirements, and other provisions, as set forth in this Addendum and in the aforementioned addendums. BUYER further agrees to make the Home available for limited warranty work during regular business hours: 8:00am–5:00pm.

1- **REPAIRS** - Any repairs must be reported promptly to SELLER to enable SELLER to minimize further repairs (and reduce costs) and to make any needed repairs in a timely manner. Failure of BUYER to notify SELLER promptly of any needed repair may invalidate the warranty or cause BUYER to share a portion of the repair cost. BUYER agrees to inspect the Home thoroughly (in a final walkthrough with BUYER) before closing and specify in writing delivered to SELLER any unresolved, unfinished or deficiency items requiring further work by SELLER to deliver a finished Home to BUYER. BUYER shall be responsible to prepare and deliver to SELLER a written, pre-closing walk-through inspection list which shall identify any scratches, repairs, and dents in walls, tubs, tops, surrounds, floor(s) or missing screens, rips, or gouges in the screens, unacceptable cracks, chips, etc. prior to closing. Upon delivery, BUYER and SELLER shall together conduct a pre-closing walk-through inspection at which time they both shall agree upon a plan to remedy such items, if applicable. Any such items noted after the earlier of closing or BUYER's occupancy are excluded from warranty unless such items were not readily apparent at the time of such walk-through. BUYER further acknowledges that any items noted after closing may or may not, at the sole discretion of SELLER, be repaired or remedied by SELLER, notwithstanding this warranty – see CQSA. BUYER shall promptly notify SELLER in writing on the Narwhal Homes website (www.narwhalhomes.com) under "Warranties" for pre-walkthrough items and for any future warranty items after closing, for the coverage period of the warranty. BUYER is invited to call or write to SELLER for any clarifications or questions.

2- **YARD SITE WORK** – SELLER has provided proper slope away from home and grading of the lot to ensure proper drainage. In addition, SELLER has used commercially reasonable efforts to compact the dirt and soil under and around Home to avoid settling. However, some settling is likely to occur at a future date. Some settling is normal in a new home and is the BUYER's responsibility to see that any settling is re-filled (see CQSA) and re-graded properly. Otherwise, water could seep into the basement windows or filter down to

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the footings and foundation level and cause structural damage to the Home. BUYER must divert water to drain away from house and must re-grade dirt as needed to insure that no water paths, courses or traps slope to basement windows or foundation walls. This is especially important when BUYER does landscaping and bordering (see Section 15). BUYER agrees that SELLER cannot control or guarantee against standing water on the Property or that any water on the Property (from whatsoever source) will drain away from the Home or out of yard or be absorbed into the dirt or soil– see CQSA. BUYER agrees that the SELLER shall not provide retention walls, berms or underground drains between his Property and adjoining lots unless specifically contracted in the original sales agreement or by signed Change Order Addendum. Rather, in his discretion, BUYER may work with neighbors in providing any desired retention or control of water drainage. Gravel has been placed in your Home's basement windows. However, the window wells can quickly fill with water and flood into the basement with torrential rains, excessive sprinkling, or from the ground becoming saturated by water by other means. This is especially true with large basement window wells. SELLER does not warranty against water flooding into basement from window wells nor any damages incident thereto. If BUYER has a finished basement, SELLER recommends that BUYER install pipe extensions on the Home's downspouts to guarantee drainage to at least ten feet away from the Home – see CQSA

3 -**PLUMBING** - SELLER has installed quality insulation and implemented proper plumbing techniques in building the Home to avoid frozen water lines. However, some home styles require the plumbing to be in overhangs or against an exterior wall. BUYER should inspect the location of plumbing lines, and in such cases, should take special care during periods of colder temperature. Whenever the outside temperature drops below 0 degrees Fahrenheit (-17.78 degrees Celsius), it is advisable to keep the temperature of the home at normal levels to prevent against frozen water pipes. During periods of freezing weather, the furnaces should not be turned off for extended periods of time. The home has frost free exterior taps which require the removal of hoses from them before winter. Hoses left on taps may cause them to freeze and break. Cold storage and crawl space areas will normally have open-air vents for summertime ventilation and airflow. During the cold season, it is recommended the BUYER close these off and insulate (though always allowing for the free-flow of air through the Home), thereby not allowing cold air into the home and thus protecting exposed waterlines in these areas. This is especially important if storage areas have been maximized, which may block free airflow. BUYER should also periodically add water to floor drains in order to keep sewer gases from backing up. BUYER should regularly check washer hoses, as the floor drain won't be able to handle all the water on a full blow out. BUYER should see that water heaters are drained annually to clear the sediment in the tank. This will increase the life of the water heater. Disposals have a red reset button on the bottom for resetting. If they fail to turn on, try the reset button first. Also, an Allen wrench can be used on the bottom for loosening a jammed disposal. BUYER should be careful of toilet tank cleaners as some will erode the rubber rings. This is not covered under the warranty. - see CQSA.

4- **ELECTRICAL** - All baths, kitchen, garages and exterior outlets are GFI. They are designed to "trip" easily and BUYER may need to reset them periodically. Should BUYER have an outlet that doesn't work, he should reset the GFI's and check the main electrical panel to see if any circuits have been tripped. If a light fails to work, BUYER should first check the bulb. Light bulbs (unless noted before closing) are not covered in the limited warranty – see CQSA.

5- **HEATING & COOLING** - Depending on the time of year the Home was constructed, the heating ventilation and air conditioning unit (HVAC) may have not been turned on. Regardless,
in a new home the heat exchangers inside the furnace are treated with oil that needs to burn off and the first time the furnace is started it may give off some smoke. This is normal, and BUYER should simply open windows to ventilate the Home. BUYER should regularly clean or change furnace filters (in accordance with HVAC manufacturer instructions) to insure proper cooling and heating. – see CQSA. If BUYER's Home has swamp coolers, BUYER should properly winterize by disconnecting the water line and blowing air through the waterline. Otherwise, remaining water may freeze and burst the line and leak with the spring/summer hookup!

6- **CONCRETE** – SELLER has constructed the Home with good quality concrete and, as mentioned previously, has compacted the soil under and about the Home to prevent against extensive settling. Rebar dowels have been placed in porches, steps and garage areas. However, due to the extreme freezing conditions

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Buyer Initials Buyer Initials Seller Initials

in Utah, concrete frost heaving, extensive yard watering, substrate materials, drainage, city road/approach salting, improper BUYER maintenance, and other factors beyond the SELLER's control, BUYER acknowledges and agrees that SELLER does not warranty against any cracking, chipping, heaving, movement, settling, spalling or peeling of the concrete (See Construction Quality Standards - CQSA). BUYER also acknowledges that spalling or peeling concrete or surface disintegration may be caused by: BUYER's salting of concrete; city road salting of concrete, drive approaches and lower drives; continual same place parking of vehicles on driveways thereby allowing salt penetration; snow not being removed thereby allowing vehicles to pack snow/ice into new concrete, and/or failure to apply a sealer to the concrete. BUYER acknowledges that longer preserve the condition and appearance of concrete surfaces, wintertime parking of vehicles should be in the garage or on the street, snow/ice should be promptly removed from concrete surfaces, and salt MUST NOT be placed on concrete for at least one year (and preferably never - a light sand is better). (NOTE: most de-icers specifically state that salt/de-icers should not be applied to concrete less than one year old). BUYER acknowledges that concrete cracks (unless extensive) are not a structural defect, are normal in most concrete surfaces, and that even with controlled joints, cracking outside these joints may occur (NOTE: cold joints are not put in the basement/garage areas). BUYER acknowledges that color differences of concrete are not warranted. BUYER should apply a quality concrete sealer on concrete at least annually, preferably each fall – see CQSA.

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7- **PLASTER** - As with all concrete, some minor cracking may appear on the foundation plaster and this in no way reflects improper workmanship. Should any plaster break or pop off in the first-year due to no fault of BUYER, SELLER will re-plaster that section. BUYER acknowledges there will be color differences of concrete which is not warranted. – see CQSA.

8- **STUCCO -** SELLER has used good quality synthetic stucco finish and cement hard-coat base. This should eliminate most cracks. However, BUYER acknowledges that with a cement hard-coat base and synthetic finish, some cracking may still occur. Usually, it is minor and of no consequence. However, if a crack widens it will be recoated and repaired as per the limited warranty and the CQSA.

9- **PAINTING/CAULKING/CRACKING** - Due to the newness of the materials used in the construction of the Home, the humidity and the extreme changes in temperatures, some shrinkage may occur in certain portions or components of the Home. This is normal. This is most notable along the back of kitchen counters, along the baseboards, corners and/or vaults. The BUYER should simply re-caulk and touch up these areas with the touch up kit provided at closing. Exterior wood railings, door jambs, decks, banisters, etc. that will require constant maintenance by BUYER even during the first year after construction, and are not covered under the warranty. Again, this in no way reflects improper workmanship, but the inherent problems with exterior paint and rails are due to factors beyond the SELLER's control, are a homeowner maintenance matter, and are not covered by the warranty. In time, BUYER may need to re-caulk areas (corners) of the tub surrounds to insure no leakage. If the BUYER has chosen tile, BUYER agrees that grout lines may crack or sometimes come out and are not covered by the warranty. This is an inherent problem requiring homeowner maintenance, involving re-caulking. – see CQSA.

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10-**FRAMING/SQUEAKS** - Good quality kiln dried wood has been used in the construction of your Home. Still, occasionally, due to humidity, temperature changes, shrinkage, or duct temperature changes, a squeak may occur which is beyond the SELLER's control. If a "nagging" squeak persists it can often be fixed. SELLER builds quality and "quiet" homes and will devote its reasonable efforts to fix/resolve a persistent squeak. Provided, BUYER acknowledges SELLER does not guarantee that BUYER's Home will never have a

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squeak. – see CQSA.

11- **FLOOR COVERINGS** - SELLER does not warranty flooring/installation or materials, as this is an allowance the BUYER has chosen. However, should BUYER purchase materials and installation from SELLER's preferred flooring company, SELLER agrees to warranty the flooring/installation in accordance with the preferred flooring company's warranty. – see CQSA. SELLER recommends the BUYER to add a humidifier if the home contains wood floors. BUYER acknowledges that wood floors are more prone to cracking and seam separation when there is no humidifier in the home.

12- **ROOFING** - SELLER covers any shingle repair or replacement for "normal" wind damage for up to one year. Good quality wind resistance shingles have been used on the home's roof. The shingles are self-tabbing with summer heat. However, depending on the time of application (winter, for example), the roof may not have had a chance to tab. Therefore, some shingle loss may be expected and is covered under the warranty program. – see CQSA.

13- **WINDOWS/DOORS** - SELLER has used good quality windows and doors in the construction of your Home which are covered by manufacturers' extended warranties. For example, the manufacturer provides a lifetime warranty on the frames and a 10-year warranty on the glass from fogging. However, due to unforeseen events and circumstances, the windows are not covered for glass breakage. In addition, depending on the patio door chosen, some doors (especially French doors and Prado doors) are prone to water leakage because of the swinging threshold design. This is especially the case when there are forcing rains. Because of this potential leakage problem, neither the manufacture nor SELLER warranties against water leakage nor floor (wood) damage caused by water leakage for these types of doors. BUYER acknowledges this inherent problem and any floor damage resulting from the installation of these types of doors are not a warranty item. BUYER may choose to add a storm door for extra protection. BUYER further agrees that any black or dark door voids are not covered under warranty by the SELLER or manufacture on such type of door. – see CQSA.

14- **GARAGE** - The garage door is of good quality in the industry. It has additional hardware, high-grade tracks, and additional metal bracing and comes with a manufacturer's 10-year warranty on the finish and a one-year warranty on the labor for any adjustments or repairs. However, even with this quality garage door, BUYER could buckle the door by creating a vacuum when opening other additional doors during high winds (such as door to the Home). Such items are not covered under the manufacturer's warranty, nor Narwhal Homes limited warranty. Also, SELLER recommends that BUYER lubricate the track, hinges, etc. regularly (in accordance with manufacturer instructions) with a lubricant such as WD 40, which should extend the life of garage door. – see CQSA.

15- **LANDSCPAING -** Few improvements add to the value and appeal of a home more than a beautifully landscaped and well-kept yard. SELLER encourages BUYER to do landscaping as soon as possible. BUYER agrees to landscape the front yard within the allotted time period specified in the CC&R's, which BUYER has agreed to, which shall not exceed one year after occupancy. BUYER acknowledges that SELLER does not install or warranty landscaping. Rather, the landscaper or landscape company retained by BUYER to install the landscaping may provide a warranty, and any landscape warranty issues covered, if at all, by the landscape company, and SELLER provides no landscaping warranty whatsoever. If a BUYER has opted for seeding or hydro-seed, proper care is essential for new lawn and BUYER should follow appropriate landscape instructions in watering, caring for, and fertilizing any landscaping, and mowing the lawn. In addition, it is recommended that BUYER deep water trees and shrubs once or twice a week during the hottest parts of the summer as sprinklers alone may not provide enough water to keep new plants/trees alive and healthy. BUYER acknowledges that SELLER is not responsible for the loss of any trees, bushes or grass or any aspect of the landscaping. – see CQSA.

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16- **EXCLUSIONS** - This warranty does not apply to any defect or damage to the extent it is caused by or made worse by: negligence, improper maintenance, improper operations, improper material or work supplied by anyone other than Narwhal Homes LLC, its employees, agents or subcontractors. Nor does this warranty

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cover against natural disasters or acts of God. BUYER agrees to indemnify Narwhal Homes (and the limited warranty contained herein shall not apply) for any damage, liability, or related costs that result from such occurrences or items. BUYER acknowledges and agrees to all manufacturer warranty exclusions which result from improper maintenance or use. For example, by way of illustration and not limitation, standing water or excessive heat (ie., hot appliances, pots, pans, utensils, etc. placed on counter tops) can cause irreparable damage to the seams and countertop areas. – see CQSA.

17- **MANUFACTURER WARRANTIES** – Narwhal Homes has provided BUYER with reliable extended warranties for materials used in the construction of the Home from reputable manufacturers. Materials such as the garage door, windows, shingles, appliances, water heater(s), HVAC units, siding, stucco, flooring/carpets, etc. come with their own manufacturer extended warranties. BUYER agrees to be responsible for and to mail in any pertinent registrations, applications, warranties, etc., required by the manufacturers to maintain such manufacturer warranties in effect. BUYER agrees to call the manufacturer or the supplier should he have any questions concerning the warranties and whether they are extended (pro-rated and not pro-rated) warranties. BUYER acknowledges that Narwhal Homes does not guarantee, underwrite or co-guaranty any manufacturer warranty for materials and/or installation services used in the construction of the Home where the manufacturer/installer warranties such material and/or installation service, and SELLER disclaims any and all such manufacturer warranties.

18- **WARRANTY** – BUYER acknowledges that this warranty agreement is not an insurance policy, a maintenance agreement or a service contract. Rather, the Limited One Year Warranty specified herein provides coverage only in excess of that coverage provided by other warranties and in accordance with this Agreement and the CQSA. This One Year Limited Warranty is binding on Narwhal Homes and the BUYER and is separate and apart from, and supersedes, any other contracts or agreements between the BUYER and the SELLER, including any sales agreements. This warranty cannot be affected, altered or amended in any other agreement or by any party hereto except by a formal written instrument signed by the BUYER and SELLER.

19- **REMEDY FOR BREACH** Pre-closing, in the event BUYER alleges any breach or violation of this Agreement by SELLER, SELLER shall, at its sole discretion, have the option to refund all monies paid then paid to SELLER by BUYER and cancel the sales contract between SELLER and BUYER without further notice. Post-closing, in the event BUYER alleges any breach or violation of this Agreement by SELLER, BUYER grants SELLER the option, at SELLER's sole discretion, to re-purchase the Property and Home from BUYER at the original contract price. These provisions shall survive Closing. The cure options granted to SELLER under this provision are in addition to and do not constitute the sole options available to SELLER in the event of an alleged breach by SELLER of this Agreement.

20- **ARBITRATION** – BUYER andSELLER agree that should SELLER not opt to exercise its right to repay all amounts to BUYER (pre-closing) or to re-purchase the Property from BUYER (post-closing) as provided in Section 19 above, that the parties shall submit the dispute to binding Arbitration, which shall be the only other sole recourse for resolving the controversy or claim(s) arising out of or relating to this Agreement, or the alleged breach thereof, including without limitation any unresolved Warranty issue(s). Both parties agree that binding arbitration is in lieu of court proceeding, the right to which is hereby waived by both parties, and the findings of the Arbitrator shall be final and binding on all parties. BUYER and SELLER agree that any arbitration shall be conducted by an independent qualified arbitrator mutually agreed to by both BUYER and SELLER and any arbitration proceedings shall be conducted in Utah County, Utah. Any binding arbitration shall be governed by the policies, procedures, and rules promulgated by the Federal Arbitration Act, 9 U.S.C. Sections 1 et seq. The arbitration will be conducted in accordance with this Agreement, and the arbitration rules and regulations to the extent that they are not in conflict with the Federal Arbitration Act. Furthermore, should any party begin litigation in violation of this Arbitration clause, such initiating party shall reimburse the other parties for their costs and expenses, including attorneys' fees incurred in seeking to dismiss such litigation, unless both SELLER and BUYER shall then agree in writing to permit the matter to be resolved by a

Utah State court having jurisdiction rather than to be resolved by binding arbitration as stipulated above.

Buyer(s) Signature _____ Builder's Signature _____

Buyer(s) Signature _____