

FIELDSTONE LIMITED WARRANTY

**THIS LIMITED WARRANTY CONTAINS SELF EXECUTING BINDING
ARBITRATION PROCEDURES THAT ARE ENFORCEABLE BY AND
AGAINST BOTH HOMEOWNER AND BUILDER.**

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I. INTRODUCTION

Throughout this LIMITED WARRANTY, the words "YOU" and "YOUR" refer to the HOMEOWNER, including any subsequent owners, and, where applicable, a HOMEOWNERS ASSOCIATION. The words "WE", "US" and "OUR" refer to the BUILDER. YOU and WE may sometimes be referred to as a "party" or, together, as "parties." Other words and phrases which appear in uppercase font also have special meaning. YOU should refer to Section III, Definitions, so that YOU are acquainted with the terminology used in this LIMITED WARRANTY.

This LIMITED WARRANTY is subject to terms, conditions, and limitations which affect YOUR rights as the HOMEOWNER and OUR obligations as the BUILDER/warrantor of the HOME. YOU should read it carefully and, in its entirety, so that YOU are informed of its coverage and required processes. It is OUR intent to resolve all Limited Warranty claims informally. If a claim cannot be resolved pursuant to normal customer service, it must be resolved pursuant to the Notice and Opportunity to Repair procedures in Section V below. YOU must use those procedures to obtain the benefits of this LIMITED WARRANTY. Claims processed informally through these procedures are resolved in less time and less cost to YOU.

IF YOU AND WE CANNOT RESOLVE YOUR CLAIM THROUGH THE ABOVE PROCEDURES, THIS LIMITED WARRANTY CONTAINS AN AGREEMENT BETWEEN YOU AND US UNDER WHICH YOU AND WE WAIVE OUR RIGHTS TO RESOLVE THE CLAIM AND ANY OTHER DISPUTES IN COURT AND TO A JURY TRIAL AND AGREE TO RESOLVE THE CLAIM AND ALL OTHER DISPUTES EXCLUSIVELY THROUGH SELF-EXECUTING BINDING ARBITRATION IN ACCORDANCE WITH SECTION XI BELOW.

II. BUILDER'S ONLY WARRANTY

THIS LIMITED WARRANTY IS THE ONLY WARRANTY THAT WE ISSUE TO YOU ON THE HOME AND THE COMMON ELEMENTS OF THE HOME. WE DO NOT MAKE ANY OTHER WARRANTIES, EXPRESS OR IMPLIED. WE do not make any warranty other than this LIMITED WARRANTY and expressly disclaim any and all other express and implied warranties, oral or written, of every kind and nature.

III. DEFINITIONS

BUILDER means Fieldstone Construction & Management Services, Inc., unless it is not the SELLER under the original Sales Contract that provides YOU with this LIMITED WARRANTY, in which case BUILDER shall mean the SELLER. Where other persons or entities undertake to act on the BUILDER'S behalf or otherwise assume obligations of the BUILDER under this LIMITED WARRANTY, they shall, in that limited context, have the same rights as the BUILDER under this LIMITED WARRANTY.

CLOSING means the date the title to the HOME is transferred to the first HOMEOWNER.

COMMON ELEMENTS means the property as defined in the COVENANTS, CONDITIONS AND RESTRICTIONS as common area and any other property as to which the HOMEOWNERS ASSOCIATION has standing under the law to repair. This may include, but is not limited to, streets, slopes, the structure or components of enclosure or other parts of the HOME, corridors, lobbies, vertical transportation elements, rooms, balconies, clubhouses or other spaces that are for the common use of the residents of the development in which the HOME is located. Plumbing, electrical, heating, cooling and ventilation systems, including wiring, piping and ductwork serving two or more HOMES in a multi-unit building, and the outbuildings that contain parts of such systems are also included in this definition.

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or damage other than:

1. OUR cost to correct a CONSTRUCTION DEFECT including the correction of those surfaces, finishes and coverings damaged by the CONSTRUCTION DEFECT;
2. OUR cost to repair or replace, at market value, furniture, flooring materials, or other personal property damaged by the CONSTRUCTION DEFECT;
3. OUR cost to repair damage to the HOME which occurs in the course of OUR repair or replacement of a CONSTRUCTION DEFECT;

4. The reasonable cost of the HOMEOWNER'S alternative shelter, storage expenses and lost business income (if the HOME was used as a principal place of business licensed and permitted to be operated from the HOME) during the time the HOME is uninhabitable due to a CONSTRUCTION DEFECT or when the HOME is rendered uninhabitable by the work necessary to repair a CONSTRUCTION DEFECT.

CONSTRUCTION DEFECT(S) means a deficiency in materials or workmanship when measured against OUR Construction Standards, as referenced in Section VI below and property damage resulting from it.

CONSUMER PRODUCT means any piece of equipment, appliance or other item that is a CONSUMER PRODUCT for purposes of the Magnuson-Moss Warranty Act (15 U.S.C. § 2301, et m.) which is installed by US in the HOME. Examples of CONSUMER PRODUCTS include, but are not limited to, dishwasher, garbage disposal, gas or electric cook-top, range, range hood, refrigerator or refrigerator/freezer combination, gas oven, electric oven, microwave oven, trash compactor, automatic garage door opener, clothes washer and dryer, hot water heater, solar water heater, solar water heating panels, furnace, boiler, heat pump, air conditioning unit, humidifier, thermostat, and security alarm system.

COVENANTS, CONDITIONS AND RESTRICTIONS mean those certain recorded COVENANTS, CONDITIONS AND RESTRICTIONS designating common area and any other property to which the Homeowners Association has standing under the law to make a claim.

FAIR MARKET VALUE shall mean the amount it would cost to repair or replace a damaged item with material of similar kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

FIELDSTONE LIMITED WARRANTY and LIMITED WARRANTY mean solely this express limited warranty document undertaken and provided to YOU by the BUILDER.

HOME means a single family residence either attached or detached covered by this LIMITED WARRANTY, or a condominium, townhome or cooperative unit in a multi-unit residential building covered by this LIMITED WARRANTY, except for any components of the HOME that are part of the COMMON ELEMENTS over which Homeowner has no standing under the law to repair.

HOMEOWNER means the first person(s) to whom a HOME (or a unit in a multi-unit residential structure/building) is sold, or for whom such HOME is constructed, for occupancy by such person or such person's family, and such person's(s') successors in title to the HOME, or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf.

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the COMMON ELEMENTS.

LIMITED WARRANTY PERIOD shall commence on the date the title to the HOME is transferred to the first HOMEOWNER. The LIMITED WARRANTY PERIOD for the COMMON ELEMENTS of an individual structure/building commences on the date the title for the first HOME in the structure/building is transferred to the first HOMEOWNER or, as concerns clubhouses or outbuildings or other COMMON ELEMENTS not part of the HOME, the earlier of the date of substantial completion or the date title to these structures/buildings is transferred to the HOMEOWNERS ASSOCIATION. The LIMITED WARRANTY PERIOD shall not be tolled and shall expire one year after commencement of the Limited Warranty Period. TO THE FULLEST EXTENT ALLOWED OR PERMITTED UNDER LAW, ALL OTHER WARRANTIES EXPRESS OR IMPLIED SHALL BE LIMITED TO ONE (1) YEAR AFTER CLOSING.

POLLUTANTS mean all solid, liquid, gaseous or thermal irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, radon gas, mold, and waste materials, including materials to be recycled.

SALES CONTRACT means the purchase and sale agreement and escrow instructions entered into by and between YOU and BUILDER pursuant to which YOU purchased the HOME.

SELLER means the entity who sold the HOME to YOU under the SALES CONTRACT for the HOME.

WE, US, OUR means the BUILDER.

YOU, YOUR means the HOMEOWNER.

IV. WHAT IS COVERED

Subject to exclusions stated in Section VIII below, WE warrant OUR original materials and workmanship against CONSTRUCTION DEFECTS during the LIMITED WARRANTY PERIOD.

OUR obligation under this LIMITED WARRANTY is limited solely to repairing CONSTRUCTION DEFECTS in a workmanlike manner. However, if the cost to repair is greater than the diminution in current value of the HOME caused by the CONSTRUCTION DEFECT, WE may elect to pay YOU a sum equal to such diminution in value in lieu of repair.

V. NOTICE AND OPPORTUNITY TO REPAIR

OUR obligation to respond to a claim under this LIMITED WARRANTY begins only after YOU have promptly notified OUR Warranty Service Department, in writing, of a condition in YOUR HOME which YOU believe requires OUR attention. Oral notice is insufficient. Written notice must be sent by YOU and received by US as soon as possible after YOU know of the condition, but no later than the end of the LIMITED WARRANTY PERIOD. YOU should refer to the Homeowner's Manual or other materials WE provided to YOU as to where to send your written notice to OUR Warranty Service Department. YOUR notice must describe, with reasonable specificity, why YOU believe a CONSTRUCTION DEFECT exists, where it exists, what Home or Common Element systems or components are involved and whether you have observed any resulting property damage or sustained any other loss. YOUR notice should also inform US of how YOU prefer to be contacted for follow-up.

We shall contact YOU promptly and, if necessary, arrange to inspect and initiate testing (including destructive testing where necessary) to determine the existence, location, cause, and scope of any CONSTRUCTION DEFECT reported to US. As a condition to OUR obligations under this LIMITED WARRANTY, YOU are required to cooperate in allowing US and parties acting on OUR behalf reasonable weekday access to YOUR HOME for this purpose and to repair or replace any CONSTRUCTION DEFECT. If WE determine that a CONSTRUCTION DEFECT exists and corrective work is to be performed, WE shall arrange a schedule to remedy YOUR claim. YOU and WE shall agree upon a commencement date for repair work and WE shall diligently move to complete the work within a reasonable period of time, allowing for availability of necessary materials, labor and scope of work to be performed.

The requirements for written notice and right to cure are non-waivable pre-conditions to YOU obtaining any benefits under this LIMITED WARRANTY and to initiating any arbitration or other proceeding based on or arising out of this LIMITED WARRANTY or OUR performance under it.

Surfaces, finishes and coverings in the HOME which require repair due to damage caused by a CONSTRUCTION DEFECT, or such damage caused in the course of OUR repair of a CONSTRUCTION DEFECT, shall be repaired and restored to approximately the same condition as existed prior to the CONSTRUCTION DEFECT, but not necessarily to a like new condition. When repairing or replacing surfaces, finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to such factors as fading, aging and unavailability of the same materials.

Home furnishings, carpet or personal property damaged by a CONSTRUCTION DEFECT shall be repaired or replaced at FAIR MARKET VALUE of the item at the time of damage.

Alternate shelter, storage expenses and lost business income (if the HOME was used as a principal place of business licensed and permitted to be operated from the HOME) during such time as the HOME is uninhabitable due to a CONSTRUCTION DEFECT or uninhabitable during work to repair a CONSTRUCTION DEFECT, shall be limited to those reasonable shelter, storage and other expenses expressly approved by US or OUR designated representative prior to your move out.

Action taken by US to correct a CONSTRUCTION DEFECT shall not serve to extend the LIMITED WARRANTY PERIOD.

In the event that WE offer, and YOU accept a cash payment or other thing of value in lieu of OUR repairing a CONSTRUCTION DEFECT, then YOU must sign a release and waiver of any further obligation by US relating to that for which YOU received payment or other thing of value.

VI. STANDARDS BY WHICH A CONSTRUCTION DEFECT WILL BE DETERMINED

In any dispute as to the existence of a CONSTRUCTION DEFECT or the adequacy of OUR corrective action to remedy a CONSTRUCTION DEFECT, OUR construction standard tolerances or guidelines contained in any document provided to YOU by US, at or prior to CLOSING on the HOME or, in the case of COMMON ELEMENTS as to which YOU have standing under the law to repair, provided by US to the HOMEOWNERS ASSOCIATION, shall be determinative of OUR performance obligations under this LIMITED WARRANTY. If WE have not provided such construction standard documents, OUR construction standards shall be the Residential Construction Performance Guidelines published by the National Association of Home Builders in effect at the time YOUR HOME or COMMON ELEMENTS as to which you have standing under the law to repair were constructed. In the event that OUR construction standards do not address an alleged CONSTRUCTION DEFECT, then generally accepted local building practices and standards shall apply.

VII. HOMEOWNER MAINTENANCE REQUIREMENTS

Maintenance of the HOME and the COMMON ELEMENTS is YOUR responsibility. All HOMES and COMMON ELEMENTS require periodic maintenance to prevent premature deterioration and water intrusion. WE will make a Homeowner Maintenance Manual or similar document available to YOU. YOU must understand and perform the routine maintenance that the HOME and COMMON ELEMENTS require. If YOU have a question about maintenance, YOU should contact US. WE are not responsible for HOME or COMMON ELEMENTS maintenance issues or for damage that results from YOUR failure to perform normal maintenance on the HOME or the COMMON ELEMENTS.

VIII. WHAT IS NOT COVERED

WE shall not be liable under this LIMITED WARRANTY for any damages or losses that occur because YOU failed timely to allow US to make repairs. Additionally, if YOU make or pay for repairs without first notifying US of the problem and allowing US to investigate and repair as required by this LIMITED WARRANTY, then WE shall not be obligated to reimburse YOU for those repairs. Notwithstanding the preceding sentence, if an emergency situation occurs at a time when WE are not available to take YOUR call, and immediate repairs are necessary to protect the safety of occupants of the HOME or to prevent imminent serious damage to the HOME, YOU may make those necessary repairs and WE will reimburse YOU the reasonable cost of those repairs that would otherwise be OUR obligation under this LIMITED WARRANTY. YOU are still obligated to give US notice as soon as possible and an opportunity to respond, even in an emergency situation.

Other exclusions for which WE shall not be liable under this LIMITED WARRANTY include damage or loss excused by, caused by or resulting from any of the following occurrences, conditions or events:

1. Misuse, abuse or neglect, or defects or damage caused by YOU or others for whom WE are not responsible.
2. Ordinary wear and tear.
3. Failure to maintain the HOME and COMMON ELEMENTS in accordance with recommendations and schedules provided by US or by manufacturers of CONSUMER PRODUCTS.
4. Changes to the grading of the ground or the installation or alteration of improvements such as drain or gutter outlets by anyone other than US.
5. Improvements or repairs made by anyone other than US.
6. Moisture or condensation due to YOUR failure to properly ventilate the HOME.
7. Installation of furniture, equipment and appliances weighing in excess of design loads for the HOME pursuant to applicable building codes in effect when the HOME was originally constructed.
8. Actual, alleged, or threatened discharge, dispersal, seepage, migration, release or escape of POLLUTANTS, whether occurring inside or outside the HOME.

9. Proximity to or effects of electromagnetic fields (EMFs) or radiation.
10. CONSEQUENTIAL OR INCIDENTAL DAMAGES other than as expressly allowed in this LIMITED WARRANTY.
11. Penalties or punitive damages.
12. Any deviation from plans and specifications where the deviation does not cause a condition described in the definition of CONSTRUCTION DEFECT.
13. Any CONSUMER PRODUCTS.
14. Expiration of any limitations period applicable to a CONSTRUCTION DEFECT as provided by law.
15. Any release of liability obtained by US from YOU.
16. Damage caused by animals, insects, or other vermin.
17. Unforeseen acts of nature including, but not limited to, extreme weather events or conditions, or natural disasters responsible for conditions in excess of the design criteria set forth in applicable building codes, regulations or ordinances in effect when the HOME was originally constructed.
18. Mine subsidence or sinkholes.
19. Changes in the underground water table.
20. Manmade events such as war, terrorism, vandalism, riot or civil unrest.
21. Accidents or events over which WE have no control, including any damage caused by HOMEOWNER or HOMEOWNER'S movers during the move-in process.
22. Any CONSTRUCTION DEFECT as to which YOU have not taken timely and reasonable steps to protect and minimize damage after WE or OUR authorized representative have provided YOU with authorization to prevent further damage.
23. Any damage to the extent it is incurred after or as a result of YOUR failure to notify US in the manner and time required under this LIMITED WARRANTY.
24. Any costs or obligations paid or incurred by YOU to remedy a condition YOU believe to be a CONSTRUCTION DEFECT without OUR prior written approval.
25. Any non-conformity with local building codes, regulations or requirements where the condition does not meet the definition of a CONSTRUCTION DEFECT. While WE acknowledge OUR responsibility to build in accordance with applicable building codes, this LIMITED WARRANTY does not cover building code violations in the absence of a CONSTRUCTION DEFECT.

Further, the exclusions stated above shall apply without regard to whether any other occurrence, condition or event not directly caused by US acted concurrently or in any sequence with the excluded occurrence, condition or event.

IX. SUBSEQUENT HOMEOWNERS

If YOU are not the original purchaser of the HOME from US, then YOU shall have the benefit of any remaining term of this LIMITED WARRANTY subject to all of its terms, conditions and limitations including, in particular, the Dispute Resolution requirement described in Section VIII above and provided YOU first complete and return to US the "Subsequent Homeowner Acknowledgement and Transfer" form located at the back of this warranty booklet. YOU may also request a copy of this form directly from US by phoning (801) 810 – 2356. YOU should not submit the Subsequent Homeowner Acknowledgement and Transfer form until YOU have reviewed the Dispute Resolution requirement described in Section XI of this LIMITED WARRANTY.

X. GENERAL PROVISIONS

1. WE assign to YOU all the manufacturers' warranties on all CONSUMER PRODUCTS that WE installed in the HOME. Should a CONSUMER PRODUCT malfunction YOU must follow the procedures set forth in that manufacturer's warranty to correct the problem. OUR obligation is limited to workmanlike installation of CONSUMER PRODUCTS.
2. If WE repair a CONSTRUCTION DEFECT, or other related damage to the HOME or COMMON ELEMENTS covered by this LIMITED WARRANTY, or if WE make a payment to YOU in lieu of repair, WE shall then be entitled, to the extent of OUR cost to repair or payment in lieu of repair, to take over YOUR rights to recover from other persons and entities, including but not limited to, other warrantors and insurance obligated to pay for all or part of costs incurred by US. YOU are required to cooperate with US in our exercise of these recovery rights. YOU agree to sign any papers, and do anything else that is reasonably necessary for US to exercise these recovery rights.
3. If any provision of this LIMITED WARRANTY is determined to be unenforceable or to have been waived, that provision shall be deemed severed and the remaining provisions shall continue to apply according to their terms. Any such determination shall be limited to the HOME then at issue and shall have no *res judicata*, collateral estoppel or other similar preclusive effect in any other arbitration or civil proceeding concerning any other HOME or COMMON ELEMENTS.

EXHIBIT A

**SUBSEQUENT HOMEOWNER LIMITED WARRANTY
TRANSFER**

SUBSEQUENT HOMEOWNER LIMITED WARRANTY TRANSFER

The FIELDSTONE LIMITED WARRANTY applicable to the HOME located at _____, Utah _____ (zip), is hereby transferred to the SUBSEQUENT HOMEOWNER for any remaining Limited Warranty Period as defined in that LIMITED WARRANTY.

SUBSEQUENT HOMEOWNER hereby acknowledges and agrees that SUBSEQUENT HOMEOWNER has received from the previous HOMEOWNER (or from BUILDER by calling (801) 810-2356 and has reviewed, understands and agrees to all the terms of the LIMITED WARRANTY applicable to the HOME and any COMMON ELEMENTS as to which SUBSEQUENT HOMEOWNER has standing under the law to repair.

ANY CLAIM, CONTROVERSY, OR DISPUTE (COLLECTIVELY "DISPUTE") BETWEEN YOU AND US, AND ANY SUCCESSOR OR ASSIGN OF YOU OR US, BASED ON OR ARISING OUT OF THIS LIMITED WARRANTY, AND WHICH IS NOT RESOLVED THROUGH CUSTOMER SERVICE OR THE NOTICE AND OPPORTUNITY TO REPAIR PROCEDURES DESCRIBED IN SECTION V ABOVE, SHALL THEN BE RESOLVED THROUGH BINDING ARBITRATION (WHICH IS SELF EXECUTING), UNDER AND THROUGH THE "DISPUTE RESOLUTION AGREEMENT ADDENDUM" ATTACHED TO THE MASTER CUSTOMER AGREEMENT FOR THE HOME, A COPY OF WHICH ADDENDUM IS ATTACHED HERETO AS EXHIBIT "A" AND WHICH IS REFERRED TO AND INCORPORATED HERE IN FULL BY THIS REFERENCE.

NOTICE

BY SIGNING IN THE SPACE BELOW, YOU AND WE AGREE TO THE TERMS IN THE PARAGRAPH IMMEDIATELY ABOVE AND THE FOLLOWING WAIVER. YOUR AND OUR AGREEMENT TO THE ABOVE REFERENCED CUSTOMER SERVICE, NOTICE PROCEDURES AND DISPUTE RESOLUTION PROCEDURES AND THE FOLLOWING WAIVER IS VOLUNTARY. AS TO ALL DISPUTES SUBJECT TO SAID ALTERNATIVE DISPUTE RESOLUTION PROCEDURES, YOU AND WE WAIVE ANY RIGHT TO A COURT OR JURY TRIAL AND APPEAL, AS WELL AS OTHER CIVIL LITIGATION PROCEEDINGS.

Signature(s) of subsequent homebuyer(s):
(individually and collectively "SUBSEQUENT HOMEOWNER")

_____ Date: _____

_____ Date: _____

Subsequent Homebuyer information:

Name(s): _____

Email: _____

Phone: _____

*Please send a signed copy of this form to:
Warranty
12896 Pony Express Rd. #400
Draper, UT. 84020
warranty@fieldstonehomes.com

After we receive the form, we will send you an updated copy of the warranty certificate as well as credentials for logging onto our warranty system.