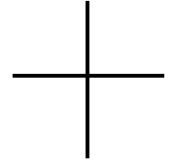


CARTER, INC.
BUILDER WARRANTY



1682 East Gude Drive, Suite 301, Rockville, MD 20850
Tel: 301-738-7717 Fax: 301-738-7714
cw@carterbuildersmd.com

Issued to _____ ("Owner"), of Lot 15, Block J of the subdivision known as Battery Park improved by premises known as 5110 Battery Lane, Bethesda MD, 20814

This is to certify Carter, Inc., 1682 East Gude Drive, Suite 301, Rockville, MD 20850, ("Builder") does hereby issue this Limited Warranty in connection with the construction of the house ("Dwelling") on the above mentioned property and the same is accepted by the Purchaser, subject to the conditions herein set forth, this Limited Warranty being in addition to any other rights and privileges which the Purchaser may have under the warranties of the various manufacturers, equipment suppliers and subcontractors who have performed services in the construction of the Dwelling and any rights under the State of Maryland and/or Montgomery County New Home Warranty Law.

I. BUILDER HEREBY WARRANTS:

(A) For one year, your new home will be free of any defect in materials or workmanship as defined in the minimum performance standards issued by the Montgomery County Executive Regulation No. 31, C.

(B) That it will correct any major defects which significantly affect the load bearing functions of the Dwelling due to faulty construction and/or defective materials, excluding normal wear and tear, brought to its attention in writing during the period ("Warranty Period") of five years from the date of possession or transfer or record title, whichever occurs first except as otherwise stated herein. It does not assume responsibility for any secondary damage (damage done to personal property or any other material or construction not originally installed by the Builder) caused by the defect and nothing herein contained shall be determined to make the Builder an insurer of the personal property of the Purchaser. No action taken, or omission of the Builder to correct defects shall act to extend the Warranty period beyond the initial term of five years. This certificate is applicable only to the matters warranted herein and only if notice of those defects is received by the Builder in writing before the end of the Warranty Period. This warranty is issued to the original Purchaser only and is not transferable without the written consent of the Builder.

(C) The Roof and roof flashing are to be free from leaks for the Warranty Period of Two Years and will so maintain the roof except where such defects are caused by acts or circumstances beyond its control. This Limited Warranty is void in the event the buyer or his agents utilize the roof for any activity or attach superstructure or appliances thereto.

(D) The Plumbing System to be in proper working order and free from defective workmanship and materials for the Warranty Period of Two Years. Failures caused by negligence of the Purchaser or his agents to keep foreign materials out of the systems are excluded from this Limited Warranty. Failure of the Purchaser to maintain or drain sillcocks or cut off valves which causes damage to the plumbing system are not the responsibility of the Builder and are excluded from this Limited Warranty. Where applicable, well and septic systems are not included as part of this Limited Warranty, except for the defects in construction and installation of these systems, where Builder has built and installed them. Builder is relieved from all liability from any damage caused by acts of God (e.g., change in water table).

(E) The Heating System, in original finished room areas, has been installed in accordance with good heating practices and has been designed in accordance with standard heat-loss factors to maintain an average 70 degrees Fahrenheit temperature inside with an equivalent wind chill temperature of 0 degree Fahrenheit outside. This two-year Limited Warranty does not include the systems or its parts, which become defective through faulty operation, maintenance or alteration by the Purchaser or its agents.

(F) The Air Conditioning System has been installed in accordance with good air conditioning practices to maintain an average 78 degrees Fahrenheit temperature inside with a 95 degree Fahrenheit outside at 24 hours continuous operation. This two-year Limited Warranty does not include the systems or its parts, which become defective through faulty operation, or alteration by the Purchaser or its agents, or by damage caused by a power failure or inadequate line voltage. Please note exception to these performance specifications in contract documents.

(G) The Electrical System, excluding light bulbs, against defective workmanship and materials for the Warranty Period of Two Years except for improper operation, use, or alteration caused by the Purchaser or his agents.

(H) The Basement against infiltration of free water due to penetration through walls or floor for the Warranty Period of Two Years. This Limited Warranty does not cover condensation, backing up of sewers, flash floods, hurricanes, leaks through window wells, or welled exits that are not properly maintained. Where wet basement conditions covered by this Limited Warranty result from ineffective facilities for the disposal of surface or storm drainage water, the Builder is authorized to take such steps of corrective action as may be considered desirable, including the installation of sump pumps. This Limited Warranty shall not apply if any person other than the Builder or his agents has made any openings or holes of any kind in the basement walls or floors, or has altered or disturbed the finished grade adjacent to the Dwelling, or elsewhere on the lot if the result is to change the drainage pattern of the ground adjacent to, or near, the Dwelling, nor shall it apply to dampness beyond the control of the Builder such as condensation.

(I) That it assigns to the Purchaser, without recourse, the manufacturer warranties for all mechanical, electrical and other equipment and appliances furnished with the Dwelling. Purchaser is solely responsible for pursuing its remedies under manufacturer warranties.

(J) After 90 days from the move in date, the Owner will contact the Builder to arrange for a “walk-thru”, to document any defects that need repair or replacement. The Builder will make the repairs, and use its best efforts to do so within 30 days of receiving the punchlist. Within 30 days before or after the one year anniversary of the settlement (as described in the Contract) the Owner may require, at his sole choosing, an additional “walk-thru”, to document any defects that need repair or replacement. The Contractor will make the repairs, and use its best efforts to do so within 30 days of receiving this revised punchlist.

II. BUILDER WILL NOT BE RESPONSIBLE FOR:

(A) Cracks or surface damage and discoloration in concrete porches, patios, foundations, walks and drives which can develop minor cracks and surface damage and discoloration due to expansion or contraction of concrete or the soil on which it is laid. There is no known method for eliminating this condition. **Salt applied for de-icing and snow melting will damage and discolor concrete.**

(B) Mortar-cracks, which can develop in bonding bricks together. This is a normal condition due to the shrinkage in either the mortar or the brick and this will not affect the structural strength of the Dwelling.

(C) Changes of the grading of the ground by anyone other than the Builder or his employees, agents or subcontractors.

(D) Cracks in Sheetrock, paneling, molding and wood, which can appear during the normal drying out process of the Dwelling.

(E) Minor cracking or loss of grouting between tiles or between tile and other material.

(F) Minor openings of joints in resilient flooring, vinyl, rubber tile, etc.

(G) Floor squeaks. Extensive research concludes that much has been accomplished in avoiding floor squeaks, but complete avoidance is almost impossible. Generally, these will appear and disappear with changes in humidity.

(H) Variations, minor shrinkage or warpage in stained woods, wood cabinets, paneling, doors and trim. `Separation of trim moldings from finished walls and shrinkage of caulking less than 1/4".

(I) Paint. Color fastness under conditions of exposure to extreme sun and weather conditions cannot be maintained, although wood surfaces will still have protection of paint. Paint cracks may occur that are not attributable to the paint or its application. Variations cannot be controlled. Touch-up paint may vary slightly from the original color and does not warrant repainting the entire surface.

- (J) Chips, scratches or mars in tile, woodwork, walls, porcelain, bricks, mirrors, plumbing fixtures, minor scratches on Formica, glass, carpet stains or other patent defects not recognized at the time Settlement.
 - (K) Sodding, seeding, shrubs, trees and planting. These are to be inspected by the Purchaser prior to possession. Unless otherwise noted in writing at that time, these items for the purpose of this Limited Warranty are considered to be in good condition and are not included in the Limited Warranty. Care and maintenance of these items becomes the responsibility of the Purchaser at the time of possession.
 - (L) Insect damage or infestation after Settlement.
 - (M) Defects in mechanical, electrical and other equipment and appliances, which are covered by manufacturer's warranties.
 - (N) All other conditions, which customarily are, regarded as normal maintenance responsibilities or as acceptable construction variations.
 - (O) Loss or damage from accidental causes beyond the fault and control of Builder including, but not limited to the following: Fire, explosion, smoke, water escape, windstorm, hail, lightening, flood and falling trees.
 - (P) Condensation on windows and doors. Condensation in basements.
 - (Q) Carter Inc. does not guarantee stucco, plaster or concrete from fine-line cracking.
 - (R) Owner provided Items.
 - (S) Loss or damage from removal/realignment of Fire Suppression/Sprinkler System Insulation. The Fire Suppression/Sprinkler System is a "wet", always charged, system. The attic insulation has been installed in accordance with Montgomery County and industry standards to prevent freezing.
- III. A number of materials, both manmade and nature created, will have color, texture, grain, finish, size, density, etc. variations both within the material itself and when compared with samples. These variations are both inherent and unavoidable. These materials include, but are not limited to, ceramic and quarry tile, marble, brick, mortar, all wood products, stone, paint, stain, pre-cast materials, grout, plumbing and appliance finishes, plaster, synthetic trim materials, laminates, cultured marble, interior hardware, resilient flooring, concrete, asphalt, stucco etc. Purchaser understands and accepts these inevitable variations.
- IV. The provisions of this Limited Warranty shall not apply if there is any money owed by the Purchaser to the Builder, including extras, unless such money is covered by an executed escrow agreement.
- V. This Limited Warranty gives you specific legal rights, and you may also have other rights under the laws of the State of Maryland or Montgomery County.

- VI. In order for the Purchaser to obtain performance under this Limited Warranty, notice of a defect must be filed, in writing, with the Builder. Such notice must be mailed or faxed to the Builder at the address stated on this Limited Warranty and must be received before expiration of the Warranty Period. If a defect occurs in an item, which is covered by the Limited Warranty, the Builder will repair, replace, or pay the reasonable cost of repairing or replacing the defective items. The Builder's total liability, under this Limited Warranty is limited to the purchase price of the Dwelling. The choice among repair, replacement or payment is the Builder's. In the event the Builder repairs or replaces, or pays the cost of repairing or replacing, any defect covered by the Limited Warranty for which the Purchaser is covered by other insurance, said Purchaser shall, upon request by the Builder, assign the proceeds of said insurance to the Builder to the extent of the cost of the Builder of such repair or replacement.
- VII. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF ANY KIND GIVEN BY BUILDER IN CONNECTION WITH THE CONSTRUCTION OR SALE OF THE HOUSE AND RELATING TO THE QUALITY OR CONDITION OF ANY PART OF THE HOUSE, OF THE LOT, OR OF ANY EQUIPMENT, FIXTURE, APPLIANCE OR OTHER PROPERTY SUPPLIED WITH THE HOUSE EXCEPT AS PROVIDED HEREIN. ALL OTHER EXPRESS OR IMPLIED WARRANTIES PERTAINING TO THE DWELLING, ITS MATERIALS, EQUIPMENT, FIXTURES OR APPLIANCES ARE SPECIFICALLY DISCLAIMED AND EXCLUDED BY THE BUILDER INCLUDING BUT NOT LIMITED TO THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND FITNESS FOR HABITATION. IN NO EVENT SHALL BUILDER BE RESPONSIBLE TO PURCHASER FOR INCIDENTAL, INDIRECT, CONSEQUENTIAL OR DELAY DAMAGES OF ANY KIND ARISING OUT OF OR RELATING TO THE BUILDER'S ALLEGED FAILURE TO COMPLY WITH THE TERMS OF THIS LIMITED WARRANTY OR ANY OTHER WARRANTY WHETHER OR NOT EXCLUDED HEREIN. NO OFFICER, EMPLOYEE OR AGENT OF BUILDER IS AUTHORIZED TO GRANT ANY OTHER EXPRESS WARRANTY OR MODIFY THE PROVISIONS OF THIS LIMITED WARRANTY AT ANY TIME.
- VIII. All claims, disputes and other matters in question between the Builder and Purchaser concerning completion of the Dwelling, performance of any "punchlist" or punchlist item, performance of items on the "Customer Walk Thru List" and any and all other items arising out of or relating to the Builder's Limited Warranty, shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association. Notice of the Demand for Arbitration shall be filed in writing with the other party to the Limited Warranty and with the Washington, D.C., office of the American Arbitration Association and shall be made within a reasonable time after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations. Purchaser agrees to make the Dwelling and any alleged defects available for inspection by the Builder and its representatives upon reasonable notice. This arbitration clause shall not apply to disputes involving items, which are "consumer products" within the meanings of the Magnuson-Moss Warranty Act. The decision of the

arbitrator(s) shall be binding by any court of competent jurisdiction. This agreement to arbitrate shall be specifically enforceable under the laws of the State of Maryland.

IX. This Limited Warranty is not transferable and is for the use and benefit of the original Purchaser, only during the occupancy of the premises within the Warranty Period.

IN WITNESS WHEREOF, CARTER, INC., has caused this Limited Warranty to be executed and the same has been accepted by the Purchaser as evidenced by their signature hereto on the ____ day of _____ . The effective date of this Limited Warranty will be the date of possession or transfer of record title, whichever occurs first.

Carter Willson, President Date
Carter, Inc.

PURCHASER _____
Date

PURCHASER _____
Date

NOTICE TO PURCHASER

Required by Montgomery County Office of Consumer Affairs

Montgomery County law does not require this builder to furnish any bond insurance, or other financial security to guarantee the builder's performance of its warranty obligations. If a builder has promised you any other bond, insurance, or security to guarantee the performance of its warranty obligations, that bond, insurance, or security must be listed here:

I, the buyer, acknowledge that I have read and understand the above notice.

PURCHASER _____
Date

PURCHASER _____
Date