

Exhibit B

WARRANTY

A. CONTRACTOR'S WARRANTY

1. Defined Terms

As used herein, "Agreement" means an agreement between Eastern Eight Community Development Corporation, and _____ dated _____.

As used herein, "Contractor" means,
Eastern Eight Community Development Corporation
221 E. Unaka Avenue
Johnson City, TN. 37601

As used herein, "Client" means,

As used herein, "Final Inspection" has the same meaning as defined in Paragraph 5 of the Agreement.

2. Term

The terms of the various coverage of this warranty begin on the date when the Client first occupies the home.

3. Coverage

Contractor warrants that by the standards of construction relevant in _____ **County**, Tennessee for a period of one (1) year:

- A. The floors, ceilings, walls, and other internal structural components of the home that are not covered by other portions of this limited warranty will be free of defects in materials or workmanship;
- B. The plumbing, heating, and electric wiring systems will be free of defects in materials or workmanship; and
- C. The roof will be free of leaks caused by defects in materials or workmanship.

Contractor warrants that by the standards of construction relevant in Carter County, Tennessee for a period of **90** days that the following items will be free of defects in materials or workmanship: doors, (including hardware); windows; electric switches, receptacles, and fixtures; caulking around exterior openings; plumbing fixtures; and cabinet work.

4. Manufacturers' Warranties

Contractor assigns and passes through to Client (to the extent they are assignable), the manufacturers' warranties on all appliances and equipment.

5. Exclusions from Coverage

The Contractor does not assume responsibility for any of the following, all of which are excluded from the coverage of this limited warranty:

- A. Defects in appliances and equipment that are covered by manufacturers' warranties (Contractor has assigned these manufacturers' warranties to Client to the extent they are assignable, and the Client should follow the procedures in these warranties if defects appear in these items.);
- B. Damage resulting from ordinary wear and tear, abusive use, or lack of proper maintenance of the home;
- C. Defects that result from characteristics common to the materials used, such as (but not limited to) warping and deflection of wood; fading, chalking and checking of paint from exposure to sunlight; cracks that occurred in the drying and curing of concrete, stucco, plaster, bricks, and masonry; drying, shrinking, and cracking of caulking and weather stripping;
- D. Defects in items installed by Client or anyone other than Contractor or Contractor's subcontractors;
- E. Work done by Client or anyone other than Contractor or Contractor's subcontractors;
- F. Loss or injury attributable to the elements; and
- G. Conditions resulting from condensation on, or expansion or contraction of, materials.

6. No Other Warranties

This limited warranty is the only express warranty given by Contractor. Notwithstanding the foregoing, the Warranty does not limit Client's right to recover from Contractor for damages resulting from deficiency in design, planning, supervision, observation of construction, or construction of an improvement on real property within the time period afforded by Tenn. Code Ann. § 28-3-202 or otherwise resulting from any breach of the Agreement.

B. STATEMENT OF NON-WARRANTABLE CONDITIONS

This statement of conditions that are not subject to Contractor's warranties explains some of the changes and need for maintenance that may occur in a new home over the first year or so of occupancy. A home requires more maintenance and care than most products because it is made of many different components, each with its own special characteristics.

Client understands that like other products made by humans, a house is not perfect. It will show some minor flaws and unforeseeable defects, and it may require some adjustments and touching up.

As described above, Contractor will correct certain defects that arise during defined time periods after construction is completed. Other items that are not covered by the Contractor's warranty may be covered by manufacturers' warranties.

Some conditions, including (but not limited to) those listed in this statement of non-warrantable conditions, are not covered under Contractor's warranties. Client should read these carefully and understand that Contractor is not responsible for correcting certain types of problems that may occur in client's new house. These guidelines will alert Client to certain types of maintenance (a) that are the responsibility of Client and (b) that could lead to problems if they are neglected.

The following list outlines some of the conditions that are not warranted by Contractor. Client should be sure to understand this list. If Client has any questions, Client should discuss these concerns with Contractor before signing the acknowledgment.

1. Concrete

Concrete foundations, walks, drives, and patios can develop hairline cracks that do not affect the structural integrity of the building. These cracks are caused by characteristics of expansion and contraction. No method of eliminating these cracks exists. This conditions does not affect the strength of the structure.

2. Masonry and Mortar

Masonry and mortar can develop cracks from shrinkage of either the mortar or the brick. This condition is normal and should not be considered a defect.

3. Wood

Wood will sometimes check, crack, or “spread apart” because of the drying out process. This condition is most often caused by the heat inside the house or the exposure to the sun on the outside of the house. This condition is considered normal and Client is responsible for any maintenance or repairs resulting from it.

4. Sheetrock or Drywall

Sheetrock or drywall will sometimes develop a few nail pops or small settlement cracks. These nail pops and settlement cracks are a normal part of the drying out process. Client, with spackling and paint, can easily handle these items.

5. Floor Squeaks

After extensive research and writing on the subject, technical experts have concluded that much has been tried but that little can be done about floor squeaks. Generally floor squeaks will appear and disappear over time with changes in the weather.

6. Floors

Floors are not warranted for damage caused by neglect or the incidents of use. Wood, vinyl, tile, and carpet all require maintenance. Floor casters are recommended to prevent scratching or chipping of wood, vinyl, or tile; stains should be cleaned from carpets, wood, vinyl, or tile immediately to prevent discoloration. Carpet has a tendency to loosen in damp weather and will stretch tight again in dryer weather.

7. Caulking

Exterior caulking and interior caulking in bathtubs, shower stalls, and ceramic tile surfaces will crack or bleed somewhat in the months after installation. These conditions are normal and should not be considered a problem. Maintenance or repairs resulting from them are Client’s responsibility.

8. Brick Discoloration

Bricks may discolor because of the elements of rain, weathering, or bleaching.

9. Broken Glass

Any broken glass or mirrors that are **not** noted by Client prior to the Final Inspection are the responsibility of Client.

10. Frozen Pipes

Client must take precautions to prevent freezing of pipes and sillcocks during cold weather, such as removing outside hoses from sillcocks, leaving faucets with a slight drip, closing any vents in crawl spaces or basements, and turning off the water system if the house is to be left for extended periods during cold weather.

11. Stained Wood

All items that are stained will normally have a variation of colors because of the different texture of the woods. Because of weather changes, doors that have panels will sometimes dry out and leave a small space of bare wood. These normal conditions should not be considered defects.

12. Paint

Good quality paint will be used internally and externally in this home. Nevertheless, exterior paint can sometimes crack or check. The source of this defect is most often something other than the paint. To avoid problems with the paint, Client should avoid allowing lawn sprinklers to hit painted areas, washing down painted areas, and so on. Client should also not scrub latex-painted inside walls and be careful of newly painted walls as they move furniture. The best paint will be stained or chipped if it is not cared for properly. Any defects in painting that are **not** noted prior to the Final Inspection are the responsibility of Client.

13. Cosmetic Items

Client has not contracted with Contractor to cover ordinary wear and tear or other occurrences subsequent to construction that affect the condition of features in the home. Chips, scratches, or mars in tile, woodwork, walls, porcelain, brick, mirrors, plumbing fixtures, Formica tops, lighting fixtures, kitchen and other appliances, doors, paneling, siding, screens, windows, carpet, vinyl floors, cabinets, and the like that are **not** recognized and noted prior to the Final Inspection are Client's responsibility.

14. Plumbing

Dripping faucets, toilet adjustments, and toilet seats are covered by Contractor's warranty for 90 day period only. After that, they are Client's responsibility. If the plumbing is stopped up during the warranty period and the person servicing the plumbing finds foreign materials in the line, Client will be billed for the call.

15. Alterations to Grading

Client's lot has been graded to ensure proper drainage away from the home. Should Client wish to change the drainage pattern, because of landscaping, installation of patio or service walks, or other reasons, Client should be sure a proper drainage slope is retained. Contractor assumes **no** responsibility for the grading or subsequent flooding or stagnant pool formation if the established pattern is altered.

16. Lawn and Shrubs

Contractor accepts no responsibility for the growth of grass or shrubs. Once the Contractor grades, seeds, and fertilizes the yard, Client must water and spread ground cover to prevent erosion. Contractor will not re-grade a yard nor remove or replace any shrubs or trees, except for those that are noted as diseased prior to the Final Inspection.

17. Roof Damage

Contractor will **not** be responsible for any damages caused by walking on the roof or by installing a television antenna or other item on the roof.

18. Heating and Air-Conditioning

Client's source of heating and air-conditioning is covered by a manufacturer's warranty. Client is responsible for making sure the filters are kept clean and changed on a 30-day basis. Failure to do so may void the warranty. Having the equipment serviced or checked at least yearly is a good idea.

We acknowledge having read and understood this Warranty. We further acknowledge that we received a copy of this Warranty.

This the _____ day of _____, 2007.

Eastern Eight Community Development Corporation

**By: _____
Retha Patton, Executive Director**

Client:

