

DWELLING CONSTRUCTION AGREEMENT

THIS DWELLING CONSTRUCTION AGREEMENT (the "Dwelling Construction Agreement") is hereby bargained for, made, and entered into on the _____ day of _____, _____, by and between HONS BUILDERS, INC. (the "Contractor") and _____ (whether one or more, the "Buyer"). If applicable, Buyer's construction lender is _____ (the "Buyer's Construction Lender").

WITNESSETH:

WHEREAS, Buyer has entered into a purchase and sale agreement dated the _____ day of _____, _____, with Papillion Enterprises, LLC as Seller (the "Purchase and Sale Agreement"), for the lot in Snowden Place Subdivision in Mobile, Alabama, described as Phase _____, Lot _____ (the "Lot"), together with the improvements constructed or to be constructed thereon (the "Dwelling") pursuant to the Dwelling plans and specifications described in the Purchase and Sale Agreement as _____ (the "Plans and Specifications") (The Lot and Dwelling are, collectively, the "Property"); and,

WHEREAS, the Purchase and Sale Agreement stipulates that Buyer shall purchase the Property for the total purchase price of \$ _____ (the "Purchase Price"); and,

WHEREAS, the Purchase and Sale Agreement has been assigned to Contractor as stipulated in paragraph 13 thereof (the "Assignment"); and,

WHEREAS, Contractor has consented to the Assignment of the Purchase and Sale Agreement and is prepared to construct the Dwelling on the Lot; and,

WHEREAS, Buyer now wishes to hire Contractor to construct the Dwelling on the Lot in accordance with the provisions of this Dwelling Construction Agreement for which Buyer will compensate Contractor as hereinafter provided; and,

WHEREAS, as a part of the negotiation of the terms and provisions of this Dwelling Construction Agreement, Buyer and Contractor have negotiated between themselves the terms and provisions of a Limited Warranty Agreement and a Preoccupancy Inspection Agreement as described herein below,

NOW, THEREFORE, in consideration of the foregoing recitals, the agreements contained herein and attached hereto, the provisions of the Limited Warranty Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Contractor do hereby agree as follows:

1. Construction of the Dwelling Plans and Specifications. Contractor hereby agrees to construct the Dwelling on the Lot in accordance with provisions of this Dwelling Construction Agreement and the Limited Warranty Agreement and in general conformity with the Plans and Specifications which are labeled as Exhibit "A" and which are by reference incorporated herein, and which have been signed and dated simultaneously with the execution of this Agreement by both Contractor and Buyer pursuant to Paragraph 7 herein. Any changes in the Plans and Specifications which have been agreed upon by both Contractor and Buyer have been clearly shown and initialed by both Contractor and Buyer.

2. Date of Commencement and Substantial Completion. In the event Buyer is obtaining construction financing (the "Buyer Construction Financing") or paying cash, within Three (3) days of the final execution of this Dwelling Construction Agreement, Buyer shall provide written proof of Buyer Construction Financing or Buyer's cash, or this Dwelling Construction Agreement shall be null and void and of no further force and effect. Contractor shall commence construction of the Dwelling (the "Commencement Date") within Three (3) days of the issuance of the building permit (the "Permit"), and shall cause the construction of the Dwelling to be substantially complete within One Hundred Fifty (150) business days, being Monday through Friday and not including any Federal, or State of Alabama Holidays, from the Commencement Date (the "Completion Date"), subject to such extensions of the Completion Date as might occur pursuant to the provisions of this Dwelling Construction Agreement. The construction of the Dwelling shall be deemed completed upon the issuance of a Certificate of Occupancy by the City of Mobile.

3. Purchase Price and Payment of Purchase Price. Buyer shall pay to Contractor in current funds the Purchase Price, which includes the Lot, and all Construction Costs and Fees (including materials, labor, taxes, fees, insurance costs and any other costs or services associated with construction of the Dwelling) (the "Construction Costs"), in the following manner:

(a) In the event Buyer provides construction financing from Buyer's Construction Lender (the "Buyer Construction Financing"), or does not obtain Buyer Construction Financing but pays in cash, Buyer shall pay to Contractor the sums due according to invoices to be submitted to Buyer by Contractor at the end of each month.

(b) In the event Contractor provides construction financing (the "Contractor Construction Financing"), commensurate with the execution of this Dwelling Construction Agreement Buyer shall pay to Contractor Twenty (20%) percent of the Purchase Price, less the Earnest Money Deposit as provided in the Purchase and Sale Agreement, and the entire remaining balance of the Purchase Price, plus any other Additional Construction Cost and/or Additional Decorating Allowances due at Closing as defined either in the Purchase and Sale Agreement or in this Dwelling Construction Agreement. Buyer shall pay to Contractor all sums due and owing within Seven (7) days of presentment of each invoice. Should Buyer fail to pay Contractor all sums due within Seven (7) days of the date of each invoice submitted by Contractor to Buyer, Buyer shall pay to Contractor an additional One Hundred (\$100.00) Dollars per day after the 7th day after presentment of each invoice in addition to the invoice.

(c) This Purchase Price is subject to increase to allow for changes and/or modifications of the Plans and Specifications as provided in Paragraph 7 of this Dwelling Construction Agreement.

4. Discounts, Rebates, and Refunds. Cash discounts obtained on payments made by Contractor shall accrue to Buyer. Trade discounts, rebates, refunds, and amounts received from sales of surplus materials and equipment shall also accrue to Buyer.

5. Closing. Closing shall occur within not less than Five (5) days after the issuance of a Certificate of Occupancy for the Dwelling by the City of Mobile. Pursuant to the Purchase and Sale Agreement, the Closing shall take place at the offices of RELS Title Insurance, located at 1110 Hillcrest Road, Mobile, Alabama. At Closing, upon receipt of final payment of any remaining monies due from Buyer, Contractor will sign lien waivers releasing Buyer of all liability of payments, and shall cause all obligations of the Seller as defined in the Purchase and Sale Agreement to be performed.

The final payment of the entire unpaid balance of the Purchase Price shall be paid by Buyer to Contractor upon the issuance of a Certificate of Occupancy by the City of Mobile. If Contractor incurs additional construction costs subsequent to the receipt of the final payment from Buyer, if said additional work has been requested by Buyer, and is not required pursuant to the original Plans and Specifications, or the warranty provisions herein, then Buyer shall pay to Contractor the amount of such additional construction costs.

6. Contractor's Representations and Warranties. Contractor hereby represents and warrants unto Buyer as follows:

(a) Contractor has good, clear, free, unencumbered fee simple title to the Lot and the unrestricted right and authority to enter into this Dwelling Construction Agreement;

(b) There are no parties other than Contractor in possession of any portion of the Lot and there are no disputes with respect to the boundary line or title to the Lot;

(c) There are no pending or threatened condemnation proceedings with respect to the Lot or any portion thereof;

(d) The construction of the Dwelling on the Lot in accordance with the Plans and Specifications will not violate any applicable governmental laws, rules or regulations or any private restrictions, covenants, or other such agreements affecting the Lot and will not encroach outside the boundary lines of the Lot or within any applicable building setback lines, easements, or rights-of-way;

(e) The Lot is free of any environmental hazards or materials or substances which would cause the Lot to be in violation of any federal, state, or local environmental laws, rules, or regulations.

7. Changes to Plans and Specifications. Contractor has agreed to construct the Dwelling in general conformity with Plans and Specifications pursuant to the preceding paragraphs, and Contractor shall be under no obligation to make any changes, additions or alterations to the Plans and Specifications. Contractor may elect to make changes, additions or alterations to the Plans and Specifications upon the request of Buyer; however, Contractor shall not be obligated to do so, unless the changes conform to the requirements under this Dwelling Construction Agreement.

In the event Buyer selects materials or vendors that are not recommended by the Contractor, the Contractor makes no warranties as to its material or work performed. If such materials are faulty, defective or structurally unsound, the Buyer will have no right to seek indemnity or redress therefor from the Contractor, so that Buyer's sole claim will be against the party furnishing such materials.

In the event that Contractor and Buyer agree upon changes, additions or alterations to the Plans and Specifications, then such agreement shall become effective only upon the execution by both Contractor and Buyer of a written change order, in a form which is acceptable to both parties and which sets forth the changes to be made (the "Construction Changes") and the additional construction cost, including any additional Contractor's Fee (the "Additional Construction Cost") to be paid by Buyer to Contractor in connection therewith. Any such Additional Construction Cost shall be in addition to the Purchase Price and any payments of said Additional Construction Cost by Buyer to Contractor shall not be a credit against the Purchase Price and shall be non-refundable. Contractor shall not be obligated to agree to any Construction Changes, and may condition any such agreement upon such matters as Contractor shall, in sole discretion of Contractor, determine, including, but not limited to, the payment of Additional Construction Cost by Buyer, the approval of Construction Changes by the Buyer's Lender, if applicable, and the local building inspection officials, if any. In the event that Contractor agrees to Construction Changes and has not received all of the Additional Construction Cost to be paid in connection therewith, then the balance of the Additional Construction Cost shall be paid as a part of the final payment of the Purchase Price in accordance with the provisions of paragraph 5. Notwithstanding the foregoing, Contractor shall have the right to make such changes, additions, or alterations to the Plans and Specifications as shall be required by any governmental officials who have jurisdiction or authority over the construction of the Dwelling, or to cause the construction of the Dwelling to be in compliance with any applicable building codes or other applicable governmental laws, rules, or regulations, without notice to or approval by Buyer.

The parties acknowledge and agree that certain modifications to the Plans and Specifications may be necessary for accessibility by the Buyer (the "Accessibility Changes"). The parties will agree upon any Accessibility Changes Plans and Specifications, and any additional costs associated with such Accessibility Changes prior to Contractor making them.

8. Decorating Allowances. Contractor will allow Buyer to select some or all of the decorating items to be incorporated into the Dwelling. Such items may include brick, paint colors, roof colors, light fixtures, wall paper, and floor covering (the "Buyer Selections") for which Contractor shall establish allowances (the "Decorating Allowances"), and which are in compliance with the Design Guidelines of Snowden Place as applicable. Buyer shall make Buyer Selections within Seven (7) working days after the request by Contractor after which Contractor shall be entitled to make decisions related to Buyer Selections in Contractor's sole discretion. If Buyer Selections exceed the amount of the Decorating Allowances established by Contractor, then Buyer shall pay such portion of any such excess as shall be required by Contractor at the time of making the Buyer Selections (the "Additional Decorating

Allowances”), and the balance of the Additional Decorating Allowances, if any, shall be paid together with the final payment of the Purchase Price, and payments of the Additional Decorating Allowances shall not be limited in any manner. The Decorating Allowances established by Contractor and which have been used to determine the Purchase Price, if any, are outlined in the Plans and Specifications. Decorating Allowances may be applied to other items if the Decorating Allowances are not met for one particular item. If the Buyer slows or stops progress of Construction because Buyer cannot decide on an item, the Buyer will accrue a charge of \$100.00 per day of delay. It is understood and mutually agreed, that the Buyer takes full responsibility on all items they choose which are contrary to the selection of Contractor or for any Decorating Allowances they exceed, the cost of which shall be borne by Buyer. There will not be any reimbursements, replacements or warranty from Contractor on items that are contrary to the selection of the Contractor. Those items will be the responsibility of the vendor or sub-contractor supplying the items. In the event that the Contractor cannot obtain an item that is specified in the Plans and Specifications, the Contractor has the right to decide and replace that item with the same value or quality.

9. Condition of the Lot.

(a) Buyer hereby affirms that, before signing this Dwelling Construction Agreement, Buyer has personally walked upon and inspected the Lot. Buyer represents that Buyer or its representatives have conducted such engineering studies, site investigations and analyses (including soil tests) as Buyer deems desirable to determine whether the soil or other conditions of the Lot are acceptable to Buyer. Buyer acknowledges and agrees that Buyer has received no representation or warranty from Contractor with respect to the condition of the Lot and that Contractor shall not in any manner be responsible for the condition thereof.

(b) Buyer waives all claims, present and future, against Snowden Place, LLC, Papillion Enterprises, LLC, The Cummings Company, LLC, The Chamberlin Company, LLC, and Contractor and any or all of their respective agents, employees, successors, assigns, members, buyer(s), managers, partners, officers, contractors and/or sub-contractors based upon or connected with the condition of the Lot and hereby releases Snowden Place, LLC, Papillion Enterprises, LLC, The Cummings Company, LLC, The Chamberlin Company, LLC, and any or all of their respective agents, employees, successors, assigns, members, buyer(s), managers, partners, officers, contractors and/or sub-contractors from any liability whatsoever thereof.

(c) Buyer acknowledges that Buyer has been advised to investigate the purchase of insurance for protection in the event of earthquakes or sinkholes and that Contractor has made no representation or warranty with respect to the availability of such insurance coverage.

(d) The Purchase Price does not include any costs or contingencies for groundwater, rock or other abnormal subsurface or surface conditions, and Buyer shall be responsible for the costs of correcting any such conditions. Should such abnormal conditions be encountered on the building site in connection with foundations and footing excavation, Contractor shall immediately inform Buyer of same and estimated costs of the additional work. Such costs may include, but are not necessarily limited to, blasting expenses, jack hammer and drill operations. The actual costs will be reflected in an increase in the Purchase Price.

10. Maintenance and Prevention of Moisture-Related Conditions.

(a) Buyer hereby acknowledges and agrees that, upon the completion of the construction of the Dwelling and occupancy of the Property by Buyer: (i) it shall be the responsibility and obligation of Buyer to maintain the Property, including the Dwelling and all components thereof, in good condition and repair, including all caulking, water seals, exterior surfaces and finishes, mortar, water pipes, drainage systems, HVAC pipes and systems, basement and crawl space areas, gutters, roofs, and landscaping, for the prevention of water penetration, mildew, mold, spores, fungi, damage to wood and other materials, and other moisture-related conditions; (ii) the failure to do so could result in health-related problems and/or damage to the Property; (iii) Contractor shall have no liability or responsibility with respect to same; and (iv) Buyer hereby waives and disclaims any claims against Contractor arising out of any such condition and any loss, damage, or injury resulting there from, which occurred beyond the warranty period as provided herein.

(b) Buyer further acknowledges and agrees that: (i) if Buyer becomes aware of water intrusion into the Property, Buyer should respond immediately; (ii) in cases of serious water damage, Buyer should hire construction and indoor air quality consultants to assess the damage and determine what remediation is needed; (iii) inadequate remediation, even if well-intentioned, will only create more problems; (iv) water damaged materials may need to be removed, and the source of the water intrusion should be addressed; (v) the Property may have to be vacated while remediation work is in progress; and (vi) a certified industrial hygienist experienced with testing for molds in indoor environments should be retained to determine whether the water damage has caused a source of mold growth and amplification.

(c) Buyer further acknowledges and agrees that: (i) unusual odors should also be investigated promptly; (ii) unusual odors may be indicative of water intrusion and mold growth; and (iii) chronic complaints of illness (especially respiratory, breathing, or allergy-type problems), headaches or nausea may indicate indoor air quality problems and should be taken seriously and investigated promptly.

11. Extension of the Completion Date; Delivery of Possession. The Completion Date may be extended by Contractor for such additional time as Contractor shall determine to be reasonably necessary (i) as the result of any delay in the approval of Buyer's construction or permanent loan, if any, or (ii) to complete the construction of the Dwelling as the result of any delays in the progress of the construction of the Dwelling due to items such as, but not limited to, inclement weather consisting of hurricanes, tropical storms, tropical depressions, flash flood warnings, tornado warnings or alerts or rain events in excess of One (1) inch in a Twenty Four (24) hour period, acts of war or terrorism, force majeure, changes in the Plans and Specifications, requirements of any building officials or other governing authorities, delays in the delivery of materials, delays in the approval of Buyer's loan, contingencies under this Dwelling Construction Agreement, if any, the completion of the pre-occupancy inspection and any additional work required as the result thereof, and any other matters which might delay the completion of construction of the

Dwelling; or (c) as the result of any delay caused by the failure or interruption of systems used by Contractor or systems used by third parties upon whom Contractor relies or any other system where such failures or interruptions are caused, in whole or in part, directly or indirectly, by the inability of such systems to accurately calculate, compare, extract, sequence, display, accept, process, store, reserve, and provide date data in a manner that is consistently correct and accurate, regardless of the date data input, the functions requested, the date data output requested, or the date upon which the date data is input, processed, or output; or (d) as the result of any damage or destruction to all or any portion of the Property as the result of fire, storm, or other casualty. In the event of the delay of the Completion Date pursuant to the foregoing provisions, then the Completion Date shall be that date which has been established in a written notice from Contractor to Buyer provided that such date is no less than Ten (10) days after the date of such notice. Pending the substantial completion of the construction of the Dwelling and the payment in full by Buyer to Contractor of the Purchase Price, possession of the Dwelling shall be maintained by Contractor. Possession of the Property shall be delivered to Buyer at Closing as defined in the Purchase and Sale Agreement, and at Closing Buyer shall pay to Contractor the entire amount remaining of the Purchase Price and any other sums payable by Buyer under this Dwelling Construction Agreement.

12. Insurance. A policy of insurance for protection from claims under Workers' or Workmen's Compensation Acts and other employee benefit acts which are applicable, claims for damages because of bodily injury, including death, and from claims for damages to property (other than to the Dwelling) which may arise out of or result from Contractor's operations under this Agreement, whether such operations be by Contractor or by a subcontractor or anyone directly or indirectly employed by either of them, shall be purchased and maintained by Contractor, and the cost thereof shall be included in the Consideration. The limits of liability under said policy of insurance shall be not less than One Million (\$1,000,000) Dollars. Contractor shall maintain Builder's Risk Insurance on Dwelling until Buyer takes possession.

13. Termite Contract/Termite Bond. Contractor shall be responsible for purchasing such termite or wood infestation reports, termite treatment contracts, or termite bonds as Buyer deems appropriate, if any, at the expense of Buyer. Any such report, contract, or bond, if any, which is provided by Contractor shall be accepted by Buyer without representation, obligation, or warranty from Contractor, and Buyer hereby acknowledges and agrees that Buyer shall determine whether any such report, contract, or bond provides sufficient protection of Buyer's interests, and Buyer shall look solely to the issuer of any such report, contract, or bond with respect to any representations, agreements, or obligations therein contained.

14. Time Is Of The Essence. TIME IS OF THE ESSENCE with respect to the obligation of Buyer to make payments to Contractor toward the Purchase Price within the times required pursuant to this Dwelling Construction Agreement.

15. Disclaimer. Buyer further acknowledges that Buyer has not relied upon any advice or representations of Contractor or any person associated therewith relative to (i) the legal or tax consequences of this Dwelling Construction Agreement; (ii) the condition of the Property; (iii) the investment or resale value of the Property; (iv) subsurface conditions, including groundwater, radon and other potentially nonhazardous or hazardous materials and/or gases; or (v) any other matters affecting Buyer's willingness to enter into this Dwelling Construction Agreement on the terms and conditions herein set forth. Buyer acknowledges that if such matters are of concern to Buyer in the decision to enter into this Dwelling Construction Agreement, Buyer has sought and obtained independent advice relative thereto.

16. Casualty Loss. In the event of any damage or destruction to all or any portion of the Property as the result of fire, storm, or other casualty, then Contractor shall have the right, at the election of Contractor, to either (i) extend the Completion Date as necessary to permit Contractor to remedy any such damage and complete the Dwelling, in which event Contractor shall be paid the additional costs and fees (including an additional contractor's fee) as shall be determined by Contractor to be necessary to remedy such damage, or (ii) terminate this Agreement, whereupon Customer shall pay to Contractor the balance of the Consideration owing to Contractor for the portions of the construction of the Dwelling completed as of the occurrence of the damage, including costs incurred by Contractor for materials, supplies, and other items ordered, acquired, or delivered to the Property, and Contractor shall be relieved of any obligation to complete the construction of the Dwelling. The Customer shall be entitled to retain any materials or supplies purchased for the project once the contractor has been reimbursed for those expenses.

17. Arbitration. Contractor and Buyer acknowledge and agree that this transaction substantially affects interstate commerce by virtue of the materials and components contained in the Dwelling. Any controversy, claim, or dispute arising out of or relating to this Dwelling Construction Agreement, or the breach thereof, or the transaction contemplated hereby, shall be settled by binding arbitration pursuant to the Federal Arbitration Act, 9 USC § 1, et seq., and shall be administered in accordance with the applicable rules of Judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The parties agree that the process of arbitration shall be governed by the rules of the Construction Industry Rules of the American Arbitration Association for the resolution of any and all disputes that might arise hereunder this Dwelling Construction Agreement, or the Warranty provisions this Dwelling Construction Agreement. In the event of Arbitration, Arbitration need not be administered through the American Arbitration Association (the "AAA"). Contractor shall designate a proposed slate of Five (5) Arbitrators who do not need to be AAA approved and Buyer shall have the right to select an Arbitrator from the slate within Five (5) days of receiving notice of Contractor's proposed arbitrators, after which time, Contractor shall have the right to select one of the Five (5) proposed arbitrators. Upon agreement of the parties, Contractor and Buyer can seek the appointment of the Arbitrator by the Presiding Circuit Judge of Mobile County, Alabama. Costs of the Arbitration may be taxed against either or both the parties in the discretion of the Arbitrator.

18. Notices. Any notices to be given pursuant to the provisions of this Dwelling Construction Agreement shall be in writing and shall be deemed received by the party to whom given when deposited in the United States Mail, by certified mail, with postage pre-paid, and addressed as follows:

When to Contractor: P.O. Box 703, Daphne, AL 36526

When to Buyer: _____

19. Default.

(a) In the event of a dispute with the entirety of this contract or the construction of the dwelling, the Contractor has first right to purchase the dwelling for the amount the purchaser has in the dwelling at the time of the dispute.

(b) By Contractor: If this transaction is not concluded because of the material default of Contractor in the performance of the obligations of Contractor pursuant to this Dwelling Construction Agreement, and if said default is not remedied within Thirty (30) days after written notice from Buyer to Contractor setting forth the details of the default and demanding that the default be remedied (or within such reasonable period of time as may be necessary to remedy the default in the event that Thirty (30) days is not a sufficient time, provided that Contractor is diligently pursuing the remedy of any such default), then Buyer shall have the right to terminate this Dwelling Construction Agreement upon payment by Buyer to Contractor for all work performed and all costs incurred by Contractor as of the date of termination, whereupon this Dwelling Construction Agreement shall be deemed terminated and both Contractor and Buyer shall be relieved of any further obligations hereunder. If as a result of the Contractor's default herein and pursuant to the arbitration provisions of Paragraph 17 hereof the Buyer invokes arbitration, Buyer's damages shall be limited to reimbursement of the Contractor's fee.

(c) By Buyer: In the event of default by Buyer in the performance of the obligations of Buyer under this Dwelling Construction Agreement, and should said default not be remedied within Ten (10) days after written notice from Contractor to Buyer setting forth the details of the default and demanding that the default be remedied, then Contractor may pursue all remedies available to Contractor under Alabama Law, including but not limited to, at the election of Contractor, (i) retaining all earnest money paid by Buyer to Contractor; (ii) pursuing claims for damages for all lost profits as well as reimbursement of monies expended for purchasing the land on which the dwelling is to be constructed; (iii) reimbursement for all materials purchased by Contractor and reimbursement of any out of pocket expense incurred by Contractor related to the construction to be performed by Contractor for Buyer.

In the event of Buyer's default or termination of this Dwelling Construction Agreement for any reason, Contractor shall retain all sums paid to Contractor by Buyer pursuant to this Dwelling Construction Agreement including, but not limited to, any advance payment, any sums with respect to changes in the Plans and Specifications, any sums with respect to allowance overages, and any other sums received by Contractor. Contractor shall have the right to retain all sums paid to Contractor, as aforesaid, by Buyer, which sums shall be applied toward the actual damages of Contractor, and Contractor shall be entitled to recover from Buyer the balance of any portion of the Purchase Price owing, together with damages incurred by Contractor; without prejudice to Contractor's right to pursue, in addition to the retainage of said sums, equitable relief against Buyer, including the remedy of specific performance together with the recovery of remaining portion of the Purchase Price or Contractor's attorney's fees and costs. Any arbitration award or award by any Court in favor of Contractor may include some or all of the above legal and/or equitable remedies.

20. General Provisions.

(a) If any provision of this Dwelling Construction Agreement is determined by a court of competent jurisdiction to be unenforceable, that determination will not affect the enforceability of the remaining portions.

(b) This Dwelling Construction Agreement shall be binding upon Contractor and Buyer, and their respective heirs, executors, administrators, successors and assigns.

(c) This Dwelling Construction Agreement shall be governed by and construed in accordance with the laws of the State of Alabama.

(d) The titles or headings to the paragraphs included herein are for convenience only and shall not add to, reduce, limit or modify in any manner the content thereof.

(e) The use of one gender shall include all other genders, the use of singular shall include the plural, and the use of the plural shall include the singular, all as may be appropriate to the context in which they are used.

(f) The rights of Buyer hereunder may not be assigned by Buyer without the written consent of Contractor, which consent may be withheld in the sole discretion of Contractor.

21. Limited Warranty/Preoccupancy Inspection. Buyer and Contractor agree to the terms and conditions of the Limited Warranty Agreement, as shown on Exhibit "B", which is attached hereto and made a part of this Dwelling Construction Agreement. The terms and provisions of the Limited Warranty Agreement have been fully negotiated between Buyer and Contractor as a part of the negotiation of the terms and provisions of this Agreement. The Limited Warranty Agreement has been fully executed, as of the date of this Dwelling Construction Agreement, and the terms and provisions thereof are an integral part of the terms and provisions of this Dwelling Construction Agreement. Buyer and Contractor agree to re-execute the Limited Warranty Agreement and to deliver duplicate originals of same at Closing at the time of the payment by Buyer to Contractor of the final payment of the balance of the Purchase Price. Buyer and Contractor agree to be fully bound by the terms and provisions of the Limited Warranty Agreement and agree that the Limited Warranty Agreement shall survive the final payment of the Purchase Price. Pursuant to the Limited Warranty Agreement, Buyer and Contractor shall make a preoccupancy inspection of the Dwelling and shall complete and execute the Dwelling Buyer Orientation Checklist. When Buyer accepts delivery of the Property and takes possession thereof, by so doing agrees that it has been inspected in its entirety and find the Dwelling and all improvements constructed on the Lot to be built in a workmanlike manner, including but not limited to wiring, electrical work connected thereto, the size and location of all rooms, windows and doors, plumbing, brickwork (or other exterior materials), roof carpentry work and foundation.

(a) Duration of Limited Warranty. Contractor and Buyer have negotiated and agreed upon the Limited

Warranty Period, as defined in paragraph 1 of the Limited Warranty Agreement, and acknowledge that the duration of the Limited Warranty Period, as negotiated between Contractor and Buyer, has been material to the amount of the Purchase Price and the other terms and conditions set forth in this Agreement.

(b) Buyer's Acknowledgment. Buyer hereby acknowledges that Contractor has offered to agree to a Limited Warranty Period of greater duration than that which is set forth in paragraph 1 of the Limited Warranty Agreement and that, rather than accepting the longer duration of the Limited Warranty Period, Buyer has preferred to reduce the amount of the Purchase Price, to the amount thereof which is set forth in the Purchase and Sale Agreement, and accept the Limited Warranty Period of the duration set forth in paragraph 1 of the Limited Warranty Agreement.

22. WAIVER OF WARRANTIES AND CLAIMS. BUYER AGREES THAT THE LIMITED WARRANTY AGREEMENT IS GIVEN IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY AND WORKMANSHIP, AND IS ALSO IN LIEU OF ANY CLAIMS FOR CONSEQUENTIAL DAMAGES, MENTAL ANGUISH OR DISTRESS, AND FOR DAMAGES BASED UPON NEGLIGENCE, AND BUYER HEREBY EXPRESSLY WAIVES AND DISCLAIMS ALL SUCH OTHER WARRANTIES AND CLAIMS WITH RESPECT TO BOTH THE DWELLING AND THE PROPERTY.

23. Entire Agreement. This Dwelling Construction Agreement and the Limited Warranty Agreement, together with all of the other exhibits and attachments to this Dwelling Construction Agreement and the Limited Warranty Agreement, constitute the entire agreement of the parties, and Buyer acknowledges that Buyer has not relied upon any oral or written statements, undertakings, or representations and that no prior agreement or understanding shall be valid or of any force or effect, unless the same have been fully set forth in this Dwelling Construction Agreement, the Limited Warranty Agreement, or the attachments and exhibits thereto. The covenants and agreements contained in this Dwelling Construction Agreement and the Limited Warranty Agreement cannot be altered, changed, modified, or added to, except in a written instrument signed by Buyer and Contractor. No representation, inducement, understanding, or anything of any nature whatsoever made, stated, or represented by Contractor or on Contractor's behalf, either orally or in writing (except as specifically set forth in this Dwelling Construction Agreement or in the Limited Warranty Agreement), has induced Buyer to enter into this Dwelling Construction Agreement or shall be enforceable in any manner against Contractor.

IN WITNESS WHEREOF, the undersigned parties have set their hands and seals to this Dwelling Construction Agreement on this the _____ day of _____, 20__.

CONTRACTOR:

HONS BUILDERS, INC.

By: _____
Jason Hons, President

BUYER:

By: _____

Print Name: _____

BUYER:

By: _____

Print Name: _____

EXHIBIT "A"

PLANS AND SPECIFICATIONS TO BE SIGNED BY CONTRACTOR AND BUYER SIMULTANEOUSLY WITH THE EXECUTION OF THIS DWELLING CONSTRUCTION AGREEMENT AND ARE TO BE LABELED AS EXHIBIT "A" AND BY REFERENCE ARE INCORPORATED HEREIN

EXHIBIT "B"

LIMITED WARRANTY AGREEMENT

This Limited Warranty Agreement is hereby entered into on this the ____ day of _____, 20____, by HONS BUILDERS, INC., (the "Contractor"), and _____ (whether one or more, the "Buyer").

WHEREAS, Buyer has entered into a purchase and sale agreement with Papillion Enterprises, LLC as Seller (the Purchase and Sale Agreement"), for the lot in Snowden Place Subdivision in Mobile, Alabama, described as Phase ____, Lot ____ (the "Lot"), together with the improvements constructed or to be constructed thereon (the "Dwelling") pursuant to the Plans and Specifications described as _____ (the "Plans and Specifications") (The Lot and Dwelling are, collectively, the "Property") ; and,

WHEREAS, the Purchase and Sale Agreement has been assigned to Contractor as stipulated in paragraph 13 thereof (the "Assignment"); and,

WHEREAS, Contractor has consented to the Assignment of the Purchase and Sale Agreement; and,

WHEREAS, Contractor and Buyer on this same day entered into an agreement for the construction of the Dwelling (the "Dwelling Construction Agreement") of which this Limited Warranty Agreement is a part, for the construction by Contractor of the Dwelling located on the Lot; and,

WHEREAS, Contractor has agreed in the Dwelling Construction Agreement to provide to Buyer and Buyer has agreed to accept this Limited Warranty Agreement, in lieu of all other warranties and claims whatsoever, whether implied by law or otherwise.

NOW, THEREFORE, in consideration of the premises, the agreements herein, the agreements set forth in the above mentioned Dwelling Construction Agreement, the payment of the Purchase Price as set out in the Purchase and Sale Agreement, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree to the terms and conditions of this Limited Warranty Agreement as follows:

1. Warranty Period. Contractor does hereby provide to Buyer this Limited Warranty Agreement on the Dwelling for a period of One (1) year. (The "Limited Warranty Period") beginning on the earlier of (i) the date upon which a Certificate of Occupancy has been issued with respect to the Dwelling by the applicable governmental building inspection department; (ii) the date upon which Contractor has reasonably determined that the construction of the Dwelling is substantially complete and ready for occupancy (in the event that there is no governmental building inspection department with jurisdiction over the Dwelling; or (iii) the date of initial occupancy of the Dwelling, whichever occurs first (the "Limited Warranty Commencement Date"), and Buyer does hereby agree to the terms of this Limited Warranty Agreement and further agrees to accept this Limited Warranty Agreement as the only warranty given, in lieu of all other warranties of any kind, expressed or implied, with respect to the Dwelling. The Limited Warranty Period has been negotiated between Contractor and Buyer as a part of the negotiation of the terms and provisions of the Contract.

2. Limited Warranty. Contractor hereby warrants to Buyer that, for and during the Limited Warranty Period, the Dwelling will be free from Latent Defects, as hereinafter defined. If a Latent Defect occurs in an item which is covered by this Limited Warranty Agreement, Contractor will repair, replace, or pay to Buyer the reasonable cost of repairing or replacing any such item. Contractor shall in its sole discretion determine whether to repair, replace, or pay the reasonable cost of repairing or replacing any such item. THE LIABILITY OF CONTRACTOR IS STRICTLY LIMITED TO THE OBLIGATION TO REPAIR, REPLACE, OR PAY THE REASONABLE COST OF REPAIRING OR REPLACING ANY SUCH ITEM, AND BUYER ACKNOWLEDGES THAT THE SOLE REMEDY AVAILABLE TO BUYER HEREUNDER IS THE RIGHT TO REQUIRE CONTRACTOR TO REPAIR, REPLACE, OR PAY THE REASONABLE COST OF REPAIRING OR REPLACING ANY SUCH ITEM. Steps taken by Contractor to correct any Latent Defect under this Limited Warranty Agreement shall not extend the Limited Warranty Period.

3. Definition of Latent Defect. For the purposes of this Limited Warranty Agreement, a Latent Defect is defined as and limited to a defect in a necessary component in the Dwelling which (i) is not apparent at the Limited Warranty Commencement Date but which becomes apparent during the Limited Warranty Period; (ii) is not otherwise excluded in this Limited Warranty Agreement; (iii) results in actual physical damage to the Dwelling; (iv) is the direct result of the failure by Contractor to construct the Dwelling in accordance with the applicable Building Standard portion of the Building Quality Standards Section attached hereto as Exhibit I; and (v) has been set forth in detail by Buyer in a written notice to Contractor prior to the expiration of the Limited Warranty Period.

4. LIMITATION UPON LIABILITY. THE SOLE REMEDY AVAILABLE TO BUYER UNDER THIS LIMITED WARRANTY AGREEMENT IS THE RIGHT TO REQUIRE CONTRACTOR TO REPAIR, REPLACE, OR PAY THE REASONABLE COST OF REPAIRING OR REPLACING LATENT DEFECTS, AS HEREIN DEFINED, IN THE DWELLING. CONTRACTOR'S TOTAL LIABILITY UNDER THIS LIMITED WARRANTY AGREEMENT SHALL NOT EXCEED THE ORIGINAL CONSIDERATION PAID TO CONTRACTOR UNDER THE CONTRACT. THIS LIMITED WARRANTY AGREEMENT DOES NOT EXTEND TO OR INCLUDE LIABILITY FOR INDIRECT OR CONSEQUENTIAL DAMAGES.

5. Pre-Occupancy Inspection. Prior to taking possession of the Dwelling, Buyer agrees to cooperate with Contractor in the completion and execution by Buyer of a preoccupancy inspection of the Building, and Buyer and Contractor will complete and execute the Preoccupancy Inspection Report, and any exceptions, omissions, or malfunctions, being what is otherwise known as a "Punch List" being agreed upon and noted thereon will be corrected promptly by Contractor. Contractor may elect, at the discretion of Contractor, to correct all exceptions, omissions, or malfunctions and document, with Buyer, such corrections of exceptions, omissions, or malfunctions, and Contractor shall be allowed such time and access to the Dwelling as necessary to complete said corrections.

6. Exclusions and Disclaimers.

This Limited Warranty Agreement shall not extend to, include, or be applicable to (a) defects in garages, storage buildings or other outbuildings not attached to the Dwelling; swimming pools; other recreational facilities; driveways; walkways; retaining walls; fences; landscaping (including sodding, seeding, shrubs, trees, and plantings); or items furnished or installed by Buyer or by parties who have dealt directly with Buyer; or (b) defects resulting from failure to perform general maintenance, including but not limited to the presence or growth of mildew, mold, spores, fungi, or other moisture-related conditions; negligence; normal wear and tear; improper maintenance; or improper operation of the Dwelling or any part of the systems in the Dwelling; and Buyer hereby waives and disclaims any claim arising out of any such defects.

This Limited Warranty Agreement shall not extend to, include or be applicable to any loss, damage, or injury caused by or resulting from any events, conditions or circumstances not within the complete control of Contractor; riots; civil commotion; fire; explosion; smoke; accidents; water escape; mildew, mold, spores, fungi, or other moisture-related conditions; falling objects; aircraft; vehicles; acts of God; lightning; windstorm; hail; flood; mud slides; damage to personal property; earthquakes; volcanic eruptions; wind driven water; radon gas; the presence of fiberglass (also known as rock wool) as a component in the construction of the Dwelling; infestation from termites or other insects; sink holes; subsurface conditions; or changes in the underground water table; including, but not limited to, any mental anguish or bodily injury and any incidental, consequential, or secondary damages caused or claimed to be caused thereby; and Buyer hereby waives and disclaims any claim arising out of any such loss, damage or injury.

This Limited Warranty Agreement does not limit or enhance any manufacturer's warranty that is given on any appliance, fixture, equipment, or material included within the Dwelling ("Manufacturer's Warranted Items"). The warranties supplied by the manufacturers, either directly or indirectly, to Buyer, on some Manufacturer's Warranted Items, may be greater in both scope and time than warranties provided in this Limited Warranty Agreement. These warranties are the property of Buyer, and Contractor shall deliver all such warranties at the pre-occupancy inspection and transfer the rights that Contractor has in such warranties, if any, to Buyer. Buyer will file with the manufacturer any forms contained in these manufacturer's warranties that are necessary to activate such warranties. These Manufacturer's Warranted Items are specifically not covered by this Limited Warranty Agreement, and Buyer shall rely on the manufacturers to correct any deficiencies with respect to these Manufacturer's Warranted Items.

7. Access to the Dwelling. Buyer must provide Contractor with reasonable workday access to the Dwelling in order to perform any warranty service required under this Limited Warranty Agreement. Failure or refusal of Buyer to provide such access to Contractor will relieve Contractor of its obligations under this Limited Warranty Agreement.

8. Opportunity to Perform. Prior to filing any action under this Limited Warranty Agreement, Buyer must give to Contractor reasonable notice of and a reasonable opportunity to repair, replace, or pay the reasonable cost of repairing or replacing any Latent Defect covered hereunder. SUCH NOTICE MUST, IN ANY EVENT, BE GIVEN IN THE MANNER DESCRIBED IN PARAGRAPH 13 OF THIS LIMITED WARRANTY AGREEMENT AND MUST BE GIVEN PRIOR TO THE EXPIRATION OF THE LIMITED WARRANTY PERIOD. Buyer acknowledges that the right of Buyer to require Contractor to repair, replace, or pay the reasonable cost of repairing or replacing any Latent Defect covered hereunder is the sole and exclusive remedy available to Buyer.

9. Arbitration. Contractor and Buyer acknowledge and agree that this transaction substantially affects interstate commerce by virtue of the materials and components contained in the Dwelling. Any controversy, claim, or dispute arising out of or relating to this Agreement, or the breach thereof, or the transaction contemplated hereby, shall be settled by binding arbitration pursuant to the Federal Arbitration Act, 9 USC ' 1, et seq., and shall be administered in accordance with the applicable rules of Judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The parties agree that the process of arbitration shall be governed by the rules of the Construction Industry Rules of the American Arbitration Association for the resolution of any and all disputes that might arise hereunder the Agreement, or the Warranty provisions this Agreement. In the event of Arbitration, Arbitration need not be administered through the American Arbitration Association ("AAA"). Contractor shall designate a proposed slate of 5 Arbitrators who do not need to be AAA approved and Buyer shall have the right to select an Arbitrator within five (5) days of receiving notice of Contractor's proposed arbitrators, after which time, Contractor shall have the right to select one of the five (5) proposed arbitrators. Upon agreement of the parties, Contractor and Buyer can seek the appointment of the Arbitrator by the Presiding Circuit Judge in the County in which the Property is located. Costs of the Arbitration may be taxed against the parties in the discretion of the Arbitrator.

10. No Assignment. This Limited Warranty Agreement is provided to Buyer only and is not transferable or assignable by Contractor or Buyer nor enforceable by any subsequent Buyer or occupant of the Dwelling without the express written consent of Contractor which even if given will not exceed the time set forth in paragraph 1 above.

11. General Provisions.

(a) If any provision of this Limited Warranty Agreement is determined by a court of competent jurisdiction to be unenforceable, that determination will not affect the enforceability of the remaining portions.

(b) This Limited Warranty Agreement shall be binding upon Contractor and Buyer and their respective heirs, executors, administrators, successors and assigns.

(c) This Limited Warranty Agreement shall be governed by and construed in accordance with the laws of the State of Alabama.

(d) The titles or headings to the paragraphs included herein are for convenience only and shall not add to, reduce, limit, or modify in any manner the content thereof.

(e) The use of one gender shall include all other genders, the use of singular shall include the plural, and the use of the plural shall include the singular, all as may be appropriate to the context in which they are used.

12. Notice to Contractor. Buyer shall notify Contractor in writing before the expiration of the Limited Warranty Period of any alleged defect covered by this warranty. Such notice and any other notices to be given to Contractor hereunder must be sent by certified mail to Contractor at the following address:

Attention: Hons Builders, Inc., 25421A State Highway 181, Suite Upstairs, Daphne, AL 36526.

FAILURE OF BUYER TO GIVE SUCH WRITTEN NOTICE TO CONTRACTOR BEFORE THE EXPIRATION OF THE LIMITED WARRANTY PERIOD SHALL BAR ANY RIGHT TO RECOVERY BY BUYER PURSUANT TO THIS LIMITED WARRANTY AGREEMENT.

13. Consumer Products. This Limited Warranty Agreement does not extend to or cover any appliance, piece of equipment, or any item defined as a consumer product for purposes of the Magnusson-Moss Warranty Act (15 USC 2301-2312, as amended).

14. WAIVER OF WARRANTIES AND CLAIMS. THIS LIMITED WARRANTY AGREEMENT IS GIVEN IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY AND WORKMANSHIP AND IS ALSO IN LIEU OF ANY CLAIMS FOR CONSEQUENTIAL DAMAGES, MENTAL ANGUISH OR DISTRESS, AND FOR DAMAGES BASED UPON NEGLIGENCE, AND BUYER HEREBY EXPRESSLY WAIVES AND DISCLAIMS ANY SUCH WARRANTIES AND CLAIMS WITH RESPECT TO BOTH THE DWELLING AND THE REAL PROPERTY UPON WHICH THE DWELLING HAS BEEN CONSTRUCTED.

15. SOLE WARRANTY/ENTIRE AGREEMENT. IT IS SPECIFICALLY AGREED BY THE PARTIES HERETO THAT THIS LIMITED WARRANTY AGREEMENT IS ACCEPTED BY BUYER AS THE SOLE WARRANTY GIVEN BY CONTRACTOR, EXCEPT FOR ANY WARRANTIES IN THE AGREEMENT FOR THE CONSTRUCTION BETWEEN THE PARTIES OR THE EXHIBITS ATTACHED THERETO. (EXCEPT FOR THOSE SPECIFICALLY SET FORTH IN THIS LIMITED WARRANTY AGREEMENT, AND/OR AGREEMENT FOR THE CONSTRUCTION BETWEEN THE PARTIES). BUYER ACKNOWLEDGES THAT THIS LIMITED WARRANTY AGREEMENT IS THE ENTIRE AGREEMENT OF THE PARTIES RELATED TO WARRANTIES. BUYER FURTHER AGREES THAT BUYER HAS NOT RELIED UPON ANY ORAL OR WRITTEN STATEMENTS, UNDERTAKINGS, OR REPRESENTATIONS EXCEPT AS SPECIFICALLY SET FORTH IN THIS LIMITED WARRANTY AGREEMENT AND THAT NO PRIOR AGREEMENT OR UNDERSTANDING PERTAINING TO WARRANTIES SHALL BE VALID OR OF ANY FORCE OR EFFECT. THE COVENANTS AND AGREEMENTS OF THIS LIMITED WARRANTY AGREEMENT CANNOT BE ALTERED, CHANGED, MODIFIED, OR ADDED TO, EXCEPT IN A WRITTEN INSTRUMENT SIGNED BY BUYER AND CONTRACTOR. NO REPRESENTATION, INDUCEMENT, UNDERSTANDING, OR ANYTHING OF ANY NATURE WHATSOEVER MADE, STATED, OR REPRESENTED BY CONTRACTOR OR ON CONTRACTOR'S BEHALF, EITHER ORALLY OR IN WRITING, (EXCEPT FOR THOSE SPECIFICALLY SET FORTH IN THIS LIMITED WARRANTY AGREEMENT, AND/OR AGREEMENT FOR THE CONSTRUCTION BETWEEN THE PARTIES). HAS INDUCED BUYER TO ENTER INTO THIS LIMITED WARRANTY AGREEMENT OR SHALL BE ENFORCEABLE IN ANY MANNER AGAINST CONTRACTOR.

IN WITNESS WHEREOF the parties hereto have set their hands and seals on this the _____ day of _____, 20____.

CONTRACTOR:

HONS BUILDERS, INC.

By: _____
Jason Hons, President

BUYER:

By: _____

Print Name: _____

BUYER:

By: _____