

EXHIBIT E-1 OF UNIT PURCHASE AND SALE AGREEMENT  
WARRANTY EXCLUSION AND MODIFICATION

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Unit Owner (Purchaser)

By Unit Deed of even date. herewith, Surfside Corporation (hereinafter Declarant) has sold to Purchaser a unit in the SeaWatch Condominium located in Old Orchard Beach, Maine. The Unit and the Building in which it is located is newly constructed. All improvements were made in accordance with the local building code of the Town of Old Orchard Beach, Maine. Pursuant to the Unit Purchase and Sale Agreement, Declarant and Purchaser agree as follows:

I. WARRANTY

Declarant warrants that it will correct any structural defect to the Building in which Unit is located arising within one year of closing to the extent directly resulting from any improvement made by Declarant, which reduces the stability or safety of the Unit below generally accepted standards or which restricts the normal intended use of all or part of the structure and which is brought to Declarants attention within the time provided herein.

Declarant makes no warranties as to any appliances, equipment or fixtures, if any, sold with the Unit except as may be required by the statutory warranties set forth in the Maine Condominium Act to the extent not hereinafter modified or excluded. Declarant shall not be responsible for performance under any manufacturer's warranties in any way.

II. EXCLUSIONS

The following are excluded from any warranty hereunder and are also excluded from the implied warranties of quality under the Maine Condominium Act or under any other provision of law:

A. The express and implied warranties or quality do not include or cover cracks, popping nails or other effects of normal settlement, or expansion, contraction, shrinkage or warping of materials that occur in walls, floors, ceilings, doors or any of the components of the Unit, or drainage, seepage or other water problems, as long as such defect will not prevent the normal intended use of all or part of the Unit.

B. Declarant's warranty hereunder, and implied warranties do not cover or include defects or smudges in painted surfaces, chipping and/or cracking of marble, formica, fiberglass or tiles, defective or broken glass, or similar defects readily visible to the human eye or water leakage resulting from storms. Declarant's implied warranty obligations shall be limited to repair and replacement of, (a) any defective improvements made by Declarant; or (b) any defective new furniture, fixtures or furnishings, if any, supplied or installed by Declarant pursuant to Unit Purchase and Sale Agreement between Purchaser and Declarant.

C. Declarant's warranty hereunder and implied warranties do not cover normal maintenance items. Declarant's warranties do not apply where use or maintenance was contrary to the Declaration, or Bylaws or rules and regulations of the Association or where any defect results from damage by or under the Unit Owner or by negligence or unreasonable use (including failure to provide reasonable and necessary maintenance) or from any damage caused by any Tenant, occupant or guest of the premises.

D. Although walls, windows, ceilings and doors shall be generally as shown in any model displayed to Purchaser, except as otherwise agreed to in writing by the parties, furniture, wall coverings, furnishings or the like as shown in or about any model unit are for display purpose only and are not considered a part of the Unit. Further, the location of wall switches, thermostats, plumbing and electrical outlets and similar items may vary from unit to unit and may not be as shown in any model unit. Any floor plans, sketches or sales drawings shown to Purchaser other than those which are part of the Plans or the Public Offering statement are for display purposes only and may not be exactly duplicated. The Unit will contain only the appliances and equipment and furnishes and the like and other items, if any, described in the Unit Purchase and Sale Agreement between Declarant and Purchaser or in the SeaWatch Condominium Public Offering Statement, dated July 16, 1984.

E. DECLARANT SPECIFICALLY DISCLAIMS ANY LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL (SECONDARY) DAMAGE TO ANY PERSON, THE UNIT, OTHER COMPONENTS OR ANY OTHER REAL OR PERSONAL PROPERTY, RESULTING FROM A DEFECT IN THE UNIT, THE COMMON ELEMENTS OR ANY PART THEREOF. Some states do not allow exclusion or limitation of incidental or consequential damages, so the above limitation or exclusion may not apply to you.

F. Declarant specifically disclaims any liability for any defect currently known to Purchaser or for any defect not reported in writing to Declarant by Purchaser within 120 days from Purchaser's first knowledge thereof.

### III. LIMITATION AND MODIFICATION OF IMPLIED WARRANTIES

A. ON PROPERTY FINALLY DETERMINED BY A COURT TO BE WITHIN THE STATUTORY WARRANTY DESCRIBED ABOVE, ALL IMPLIED WARRANTIES ARE LIMITED IN DURATION TO THE PERIOD SPECIFIED HEREIN. This limitation includes the implied warranties of merchantability and fitness created by Sections 2-314 and 2-315 of the Maine Uniform Commercial Code and the implied warranties set forth in Section 1604-113 of the Maine Condominium Act.

B. On all other consumer products, whether or not warranted by manufacturers, all implied warranties are expressly disclaimed and do not apply to the extent such disclaimer is permitted by law, including without limitation the implied warranties of merchantability and fitness created by Sections 2-314 and 2-315 of the Maine Uniform Commercial Code and the implied warranties set forth in the Maine Condominium Act, such products being sold "as is" except as may otherwise be provided in or as may be required by any applicable law.

Declarant's implied warranties which are not herein excluded shall be limited to the obligation to repair or replacement, within of

the period and subject to the limitations set forth herein any improvements, furniture, furnishings or fixtures constructed, supplied or installed by Declarant pursuant to the Unit Purchase and Sale Agreement between Purchaser and Declarant or described in the Seawatch Condominium Public Offering Statement, dated July 16, 1984.

#### IV. WAARRANTY PROCEDURES AND STATUTE OF LIMITATIONS

A. The following procedures have been established to permit maximum efficiency in administering work under warranty. Each Unit Owner has the opportunity to inspect his Unit prior to closing. At that time a list of items needing correction in accordance with Declarant's warranty is to be prepared. Certain additional items may arise from time to time. If any additional items arise, the procedure to be followed for correcting these items is as follows:

(1) Within 120 days of discovery of any defects, if the Unit Owner has discovered defects that are covered by this Warranty Exclusion and Modification, in order to obtain performance of any of the Declarant's warranty obligations, a written statement of all warranty claims should be sent to: Surfside Corporation, c/o Filler and How, 70 Center Street, Portland, Maine; and

(2) Upon receipt of the written statement, Declarant's representative will meet with the Unit Owner, inspect the Unit and make a list all warranted defects to be signed by both the Unit Owner and Declarant's representative.

B. This Warranty Modification and Exclusion may be assigned by a Unit Owner to a subsequent owner of the Unit effective on the date that the subsequent owner notifies Declarant in writing of such assignment; this Warranty Modification and Exclusion is not otherwise transferable.

C. The period for bringing of a judicial proceeding for breach of any warranty hereunder is reduced to two (2) years from date thereof.

#### V. INTERPRETATION

No action taken to correct defects shall extend any implied warranty or create any warranty. The warranty set forth herein is in lieu of all other warranties, express or governed by the laws of Maine. This warranty gives you specific legal rights, and you may also have other rights which vary from state to state.\*

Dated:

Witness:

SURFSIDE CORPORATION

By

Its President

Purchaser

Purchaser

NOTE: This Warranty Modification and Exclusion has been prepared to comply with the disclosure requirements of the federal Magnuson Moss Warranty - Federal Trade Commission Improvement Act (15 U.S.C. § 2301) enacted in 1975. The sentences indicated by asterisks are required by regulations promulgated by the Federal Trade Commission (16 C.F.R. § 701.3. Dec. 31, 1975)

84-142-006