

NORRIS HOMES, INC.
PURCHASE & SALE ADDENDUM

The following is part of the Purchase and Sale Agreement dated _____ (the "Agreement") between Norris Homes, Inc. ("Seller") and _____ ("Buyer"). This Addendum shall supersede any conflicting term in the between the Agreement.

1. OWNER OCCUPIED REQUIREMENT

1.1 Seller will not sell homes to investors. Buyer warrants that Buyer intends and will close with the intention that the Property will be the Buyer's: (INITIAL ONE)

_____ Primary Residence. Occupied by the Buyer as Buyer's primary residence as defined by the United States tax laws.

_____ Second Home. Occupied by Buyer as a second home or vacation home, while maintaining primary residence in another city, state, or country. Buyer represents that Buyer owns no other second home in the State of Washington.

1.2 Buyer agrees that the preceding warranty is a material inducement to Seller to sell the Property to Buyer. Should Buyer breach this warranty, Seller may, in its sole discretion, terminate the Agreement and retain the Earnest Money and any fee for upgrades or changes ("Construction Deposits") as liquidated damages for Buyer's breach.

1.3 Buyer covenants that the Property will not be rented or sold while Seller has homes for sale in the community in which the Property is located. In the event of Buyer's breach of this covenant, Seller may, at its sole discretion and as its sole remedy, purchase the property from Buyer at the price provided for in the Agreement.

2. DISCLOSURES AND SELLER DISCLOSURE STATEMENT

2.1 **WAIVER OF SELLER DISCLOSURE STATEMENT.** Washington law (RCW 64.06) requires Seller to provide Buyer with a completed seller disclosure statement. RCW 64.06 provides that Buyer may waive its right to receive the seller disclosure statement. However, if the answer to any of the questions in the section entitled "Environmental" would be "yes," Buyer may not waive the receipt of the "Environmental" section of the seller disclosure statement. By executing this Agreement, Buyer acknowledges that it has received the "Environmental" section of the seller disclosure statement and Buyer waives its right to receive the balance of the completed seller disclosure statement.

Buyer's Initials Acknowledging Waiver: _____

Buyer's Initials Acknowledging Waiver: _____

Buyer's Initials: _____ Buyer's Initial: _____ Seller's Initials: _____

2.2 Limited to the actual knowledge of Seller's principal, John Norris, of the condition of the Property as of the date of this disclosure, Seller makes the following disclosures:

2.2.1 TITLE. The Property is part of a residential plat, and title is subject to all covenants, conditions, restrictions and reservations ("CC&Rs"), encumbrances, rights of way, easements, future or existing assessments and other matters of record, which may be disclosed in the preliminary or final title policy.

2.2.2 WATER. A public water utility provides or will provide the Property with a water system, which is maintained according to regulations and/or agreement with the utility and will meet applicable legal requirements.

2.2.3 SEWER/SEPTIC. Unless otherwise provided in the Agreement, the Property is served by a public sewer utility providing the Property with a sewer system designed according to the regulations and/or agreement with the utility which will meet all applicable legal requirements.

2.2.4 SEWER CAPACITY CHARGES. Properties that connect to sewers in many jurisdictions, including but not limited to King, Pierce, and Snohomish Counties are required to pay capacity charges. Buyer is advised to verify the existence and amount of any capacity or impact charges for connecting utilities to the Property, including any deferred amounts, as capacity charges can be paid over several years. Buyer is advised that capacity charges may not appear in the title report. If capacity charges apply, Seller and Buyer agree that they will be prorated between Seller and Buyer at Closing.

2.2.5 STRUCTURAL, SYSTEMS, AND FIXTURES. The Property is new construction, and meets applicable legal requirements. The condition of the Property (and improvements thereon), will be warranted as set forth herein which is given by Seller and accepted by Buyer.

2.2.6 FARMS. Effective July 24, 2005, the Washington State Legislature amended RCW 64.06 to include a statewide farm proximity disclosure requirement. Buyer is advised that the Property may lie within one (1) mile of the property boundary of a farm, as defined in RCW 7.48.310(2). Buyer is advised to verify the existence of any farm(s) in the area of the Property, as a farm may generate noise, dust, odors, and other associated conditions. These practices are protected by the Washington Right to Farm Act.

2.2.7 COMMON INTERESTS. As more particularly set forth in the Agreement and preliminary title report (and copies of any recorded documents referenced in the report): (a) the property may subject to CC&Rs; (b) there may be commonly owned/and or used property to the extent set forth in the CC&Rs or on the plat maps; (c) Buyer may be a member of a Homeowners' Association; and (d) Buyer must pay homeowner assessments to the extent required in the CC&Rs.

2.2.8 GENERAL. The Property: (a) is not subject to material settling, soil, standing water (surface water remaining more than 48 hours after the cessation of rain or

Buyer's Initials: _____ Buyer's Initial: _____ Seller's Initials: _____

other source of the water), or drainage problems originating from the Property (excluding drainage issues arising from the diversion/direction of water for adjacent properties); and (b) is not in a designated flood plain or flood hazard zone (although Buyer's lender may require flood hazard insurance at Buyer's expense). To enhance the appearance and grade of the property, Seller may have placed fill on the Property in a manner meeting applicable legal requirements.

3. EARNEST MONEY/CONSTRUCTION DEPOSITS AND FINANCING CONTINGENCY.

- 3.1 Buyer agrees that all Earnest Money and Construction Deposits required shall be paid by Buyer within three (3) days of mutual acceptance of the Agreement or addendum requiring the payment of the Earnest Money or Construction Deposit and shall be nonrefundable except as otherwise stated herein, and shall be released to Seller at the time of payment. Earnest Money and Construction Deposits shall be credited to Buyer at Closing.
- 3.2 In the event that Buyer fails to timely pay Earnest Money or Construction Deposits (or any installment payment thereof), Seller may unilaterally elect to terminate the Agreement by written notice to Buyer at any time. In the event of Buyer's default, Buyer's failure to close, or if the Agreement is otherwise terminated, the Earnest Money and Construction Deposits shall be retained by Seller as liquidated damages.
- 3.3 Notwithstanding anything to the contrary in the Agreement (specifically including anything in NWMLS for 22A or any other part of the Agreement pertaining to the financing of the Purchase Price), any financing contingency is conclusively deemed waived on the earlier of (1) thirty (30) days after mutual acceptance; or (2) or twenty-five days prior to the Closing Date.

4. MODIFICATIONS, UPGRADES AND PRESALES

- 4.1 Seller reserves the right to decline to make any changes to the basic plan, but Seller may grant Buyer the opportunity to make personalized choices of specifications and upgrades to the Property. Any payments required as a condition of a change or upgrade shall be nonrefundable and released to the Seller at the time of payment and shall be paid in full before any installation of said change or upgrade. Buyer understands that any change or upgrade fee is non-negotiable.
- 4.2 Seller reserves the right to approve or disapprove, in Seller's sole discretion, Buyer's requested specifications, color, or material and changes or upgrades.
- 4.3 Buyer acknowledges that changes or upgrades may cause delays in the construction schedule. In the event that Buyer changes or customizes Seller's standard house design or materials, the Closing Date shall automatically be modified to provide that Seller and Buyer shall close within seven (7) days after Seller obtains a Certificate of Occupancy for the house. Seller shall not be liable for any direct, incidental, or consequential damages arising from the extension or delay in the Closing Date.

Buyer's Initials: _____ Buyer's Initial: _____ Seller's Initials: _____

- 4.4 CR Floors, American Lighting, and Isham Landscape are excluded from the Seller's standard handling of changes and upgrades. Buyer agrees to pay overage charges for requested changes and upgrades directly to CR Floors, American Lighting, and Isham Landscape prior to Buyer's order being accepted by these suppliers. Any fee for such changes or upgrades paid directly to these suppliers are not considered changes or upgrades with Seller and will not be refunded in the event of a termination of the Agreement.
- 4.5 Only with Seller's advance written consent, Buyer may elect to add the costs of certain changes, upgrades or closing costs to the Purchase Price of the Property, including payments to CR Floors, American Lighting, and Isham Landscaping. If Seller so approves, the construction deposit shall equal the amount of Earnest Money plus the increase in the Purchase Price. Buyer understands that when increasing the Purchase Price to absorb these costs, that Buyer's lender may require a higher down payment to satisfy loan to value ratios. Any amounts that are added into the Purchase Price will be subject to an additional ten percent (10%) increase to cover additional costs incurred by Seller. Buyer understands that changes, upgrades, and overages must be paid for prior to installation of said change/upgrade/overage. Notwithstanding the foregoing, in the event Seller proceeds with the work in advance of payment therefore, the fee for such changes or upgrade untimely paid shall be paid at Closing and together with a additional charge of 25% fee (in lieu of 10%) to cover Seller's carrying costs for the change or upgrade. Buyer acknowledges that the full cost of changes and upgrades may not be reflected in the appraised value of the Property. Buyer waives the right to terminate the Agreement in the event of a low appraisal to the extent of the cost of such changes or upgrades and Buyer agrees to pay advance the adjusted amount over the original sales price and not seek financing therefore.
- 4.6 If construction of the home on the Property has not yet commenced, Buyer must apply for and have loan approval in a form acceptable to Seller prior to commencement of construction. If Buyer fails to receive loan approval, Seller may elect delay construction, and/or, at Seller's election and charge Buyer a one half percent (.5%) loan fee based upon the purchase price to cover additional construction loan costs.
- 4.7 Seller, as a repeat customer, receives discounted rates for title insurance and escrow fees that consumers do not receive. In case of new construction, escrow fees are normally divided 50-50 and will reflect a discount to Seller. Buyer and Seller agreed to use the following title and escrow company:

Wells Fargo Escrow Company
Karen Stone
(866) 459-4622 ext. 139 phone
(253) 474-5431 fax
4301 S. Pine St., Suite 530
Tacoma, WA 98409

Stewart Title
Robert Jackson
(253) 882-2003 phone
(206) 802-9344 fax
4002 Tacoma Mall Blvd., Suite 204
Tacoma, WA 98409

5. DISPUTE RESOLUTION AND REMEDIES

Buyer's Initials: _____ Buyer's Initial: _____ Seller's Initials: _____

- 5.1 In the event of a dispute arising from the Agreement either party may request that the matter be submitted to final and binding arbitration in accordance with the arbitration rules of the American Arbitration Association and each party shall share equally the cost of said arbitration. The arbitrator shall have the authority to award reasonable attorney's fees to the prevailing party as determined by the arbitrator. The decision of the arbitrator shall be final and binding upon the parties and there shall be no appeal.
- 5.2 Upon any incidental or material default in performance of the Agreement by Seller, the failure of Seller to construct on the property the model of home described in the Agreement, or the inaccuracy of any representation by Seller or Seller's agent(s), Buyer's sole and exclusive legal and equitable remedy is agreed by Buyer and Seller to be Buyer's termination of the Agreement, and the return to Buyer of the Earnest Money together with interest on such deposit at twelve percent (12%) per annum from the date the deposit was delivered to Seller until the deposit is returned to Buyer and, provided that Buyer is not in breach of the Agreement in any manner at the time of Seller's breach, return by Seller to Buyer of any Construction Deposits made by Buyer to Seller together with interest on the payment made by Buyer at twelve percent (12%) per annum from the date the payment was delivered to Seller until the payment is returned to Buyer. Seller shall not be responsible for any damages claimed by Buyer resulting from delay in completing the construction described in this Agreement.

6. LIMITED WARRANTY

THE FOLLOWING NON-ASSIGNABLE, NON-TRANSFERABLE WARRANTY IS GIVEN TO THE ORIGINAL BUYER IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. SELLER SHALL NOT BE LIABLE UNDER ANY CIRCUMSTANCES FOR ANY INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES ARISING FROM OR ON ACCOUNT OF SUCH DEFECTS IN THE WORK, AND THE REMEDIES HEREIN ARE EXPRESSLY AGREED TO BE EXCLUSIVE.

- 5.3 Seller warrants that all work will be performed in a commercially reasonable manner and will meet or exceed industry standards. Seller warrants that all workmanship and materials furnished by it in the construction of the home shall be free from defects for a period of one (1) year from date of Closing or Buyer's earlier occupancy of the home. Before the expiration of the warranty period, Buyer shall provide Seller with a single written list of any defects in the finished construction of the home so that Seller may correct all such conditions at the end of the warranty period. Seller shall repair such defects within a reasonable period of time thereafter. Notwithstanding the foregoing, Buyer shall not wait until the end of the warranty period, and shall immediately notify Seller of any serious or material defect which Seller shall promptly correct. Accordingly, Seller shall not be responsible for any damage which could have been prevented by timely notice and correction of a defect.
- 5.4 Upon receipt of notice of a defect substantially affecting the Property, Seller will undertake to make repairs promptly. Damages resulting from failure to notify Seller of a problem within a reasonable time period are not covered under this warranty.

Buyer's Initials: _____ Buyer's Initial: _____ Seller's Initials: _____

Other defects will be repaired within a reasonable period of time. Buyer acknowledges that it is Buyer's responsibility to provide access to the Property during Seller's normal working hours (Monday through Friday, 8:00am to 3:00pm, excluding recognized holidays) to make corrections/repairs to any warranted items.

- 5.5 Seller's warranty does not extend to any work, materials, or items warranted by third parties, including without limitation, manufacturer's warranties. Seller's warranty excludes damage or defect caused by abuse or modifications to the Property not executed by Seller, improper or insufficient maintenance, improper operation, or normal wear and tear under normal usage. Seller does not warrant against gouges, scratches, dents, etc., that are not recorded on the final walk-through inspection. Seller will not be responsible for fallen trees or consequential damages for fallen trees after Closing.
- 5.6 Seller will install materials specified in the Agreement, although materials may be substituted with like quality materials, at Seller's sole discretion due to availability. Where the Agreement does not call for a specific grade or specification, Seller will install materials which are new and conform to industry standards. Seller is not responsible for the suitability, function, or safety of materials or designs specified by Buyer. Seller is not responsible for property damage or other damage caused by chemical, biological or toxic agents or elements that may be part of any building materials utilized in construction unknown to Seller.
- 5.7 Any warranty claim or any other cause of action arising under the terms of this Agreement, including the warranty, must be filed in a court of competent jurisdiction within four (4) months of the expiration of the warranty. Any unresolved, unasserted or undiscovered claim or cause of action which is not filed within four (4) months from the expiration of this warranty is waived.
- 5.8 Buyer acknowledges that there are commercially available homeowner warranties that cover many structured mechanical components of the residence. Buyer is advised to obtain said coverage at their own expense, as part of their purchase.
- 5.9 Manufactured or consumer products such as roofing materials, appliances, hardware, windows, heating and mechanical systems, fixtures, etc. are not separately warranted by Seller.
- 5.10 **ONLY THE FOLLOWING ITEMS ARE WARRANTED:**
- 5.10.1 **FOUNDATION.** Seller warrants the foundation of the home against any material structural defects. Hairline fractures in the concrete or minor settlement of the foundation are not defects and are not warranted.
- 5.10.2 **CONCRETE.** Seller will repair cracks in garage floor slabs which exceed 1/4" in width or vertical displacement. Surface patching is an acceptable means of repair. Seller will repair concrete porches, steps or garage floors (attached to house) that settle or separate more than 1" from the house. Seller will not repair cracks in driveways, patios or sidewalks.

Buyer's Initials: _____ Buyer's Initial: _____ Seller's Initials: _____

- 5.10.3 PROPERTY DRAINAGE. After Seller has established necessary grades and swales, Buyer is responsible for maintaining the same. Seller is not responsible for problems arising from any alteration of drainage by homeowner or adjacent property owners. Certain areas may have standing water for up to 48 hours after a rainfall.
- 5.10.4 MASONRY. Seller will repair cracks in mortar joints more than 3/8". Pointing or patching is acceptable, and color variation in new mortar might occur, due to no fault of Seller.
- 5.10.5 ROOF. Seller will repair any verified roof or flashing leak, except for leaks caused by homeowner's failure to keep roof valleys, flashed areas, gutters, etc. clear of debris that would prevent or restrict water flow.
- 5.10.6 WINDOWS, SKYLIGHTS, AND SKY WALLS. Seller will repair windows, skylights or sky walls that fail to function as designed, including condensation between panes and water leaks. Water leakage may occur if weep holes are not kept clean or under extreme weather conditions that combine rain with severe winds. Seller will not replace scratched glass unless agreed upon at final walk-through.
- 5.10.7 SIDING. Seller will repair material defects in the siding. Buyer is responsible for maintaining caulked joints and corners. Minor cracks and separation are to be expected.
- 5.10.8 GUTTERS. Seller will repair leaks, except for leaks caused by Buyer's failure to properly maintain gutter system.
- 5.10.9 FIREPLACES. Seller will repair fireplaces that fail to operate as designed. During heavy rains, inside of firebox may become damp due to water entering flue which is normal.
- 5.10.10 SEPTIC SYSTEM. Seller will repair a non-functioning septic system if Seller or Seller's subcontractor caused failure. Seller will not be responsible for problems to the system as a result of Buyer's negligence including, but not limited to, changes to original plumbing system, changes to grades or conditions of surrounding soils, landscaping, sprinkler system, or outbuildings. Buyer accepts responsibility for use and maintenance of said septic system.
- 5.10.11 CRAWL SPACE. The crawl space of the home is not a living area and water and moisture infiltration into crawlspaces is common and not a defect in the Property. Seller will remedy water that puddles and that remains more than 48 hours following the termination of the rainfall causing the infiltration.
- 5.10.12 EXTERIOR DOORS. Seller will repair doors that fail to function as designed to keep out elements and to be weather resistant. Insert panels in doors may shrink to expose unpainted wood. Seller shall not be responsible for repainting of doors in which insert panels have shrunk. Note that Buyer's selection of

Buyer's Initials: _____ Buyer's Initial: _____ Seller's Initials: _____

darker colors may subject exterior doors to conduction of heat and resulting warping. Seller shall not be responsible for warped doors if painted or stained with darker colors selected by Buyer.

- 5.10.13 GARAGE DOORS. Seller will repair garage doors that do not function as designed. If someone other than Seller installs garage door opener, this provision of this warranty shall not apply.
- 5.10.14 EXTERIOR PAINT. Seller warrants exterior paint against peeling, flaking, or blistering. Seller will not warrant precise color match upon repair of paint items, cracking at wood joint on doors, windows, and siding is normal and is not considered a failure or breach of warranty. Seller will not warrant exterior lacquer or moss or mildew buildup on siding. Paint or sealers on decks and deck railings are not covered under this warranty.
- 5.10.15 LANDSCAPING. Landscaping materials are warranted for ninety (90) days from the date of installation, provided that they are properly watered and fertilized. There is no warranty as to any native growth material on the property, nor is there any warranty with regard to plants, shrubs or trees, damaged by frost, freezing or wind damage.
- 5.10.16 SPRINKLER SYSTEM. The sprinkler system, if any, is warranted against leaks. This warranty, however, is subject to Buyer's obligation to properly drain and winterize the system during all winter months and does not cover damage done to system by others.
- 5.10.17 INTERIOR PAINT. Seller will correct defects with interior paint that are agreed upon in writing at final walk-through. Cracks developing between painted wood joints of where wood is attached to a wall or ceiling are a common occurrence due to shrinkage and will not be repaired by Seller. Buyer acknowledges that lighting and other factors may affect paint sheen and that Seller warrants only that paint coverage will meet or exceed industry standards and not that paint sheen will appear uniform in all settings.
- 5.10.18 DRYWALL. Seller will repair drywall defects agreed upon in writing at the final walk-through. Seller will not be responsible if cracks or nail pops that appear after that time unless cracks exceed 1/8" inch.
- 5.10.19 PLUMBING. Seller will repair water supply, drain lines, or fixtures that leak. Seller will repair any resulting damage to drywall of other interior or exterior finishes resulting from plumbing leaks. Seller does not warrant against freezing of pipes or bursting of pipes installed in accordance with applicable plumbing codes. Seller will not be responsible for chips or cracks in porcelain or fiberglass surfaces unless agreed upon in writing at time of final walk-through.
- 5.10.20 TILE. Seller will replace damaged, cracked or defective tile only if agreed upon in writing at time of final walk-through. Cracking in grout is normal and repair is Buyer's maintenance responsibility.

Buyer's Initials: _____ Buyer's Initial: _____ Seller's Initials: _____

- 5.10.21 CARPET. Seams in carpet will show. Seller will only repair open gaps in carpet seams. Seller does not warrant against fading or spotting.
- 5.10.22 FLOOR SQUEAKS. Because squeaks are common in new construction, Seller cannot warrant against all floor squeaks.
- 5.10.23 HARDWOOD FLOORING. Seller warrants floors in accordance with the standards as established by the American hardwood flooring industry. Cracks between boards are to be expected and not considered a defect. The size of the cracks may vary with-changes in humidity. Seller is not responsible for damage caused to hardwood flooring by homeowner due to improper care, maintenance or abuse
- 5.10.24 APPLIANCES. Seller assigns to Buyer the manufacturer's warranty on all appliances, but otherwise does not warrant appliances, including oven and cook top, microwave oven, dishwasher, garbage disposal, hot water tank, automatic garage door opener, alarm system and intercom system.
- 5.10.25 ELECTRICAL, HEATING AND STRUCTURAL FRAMING. Seller warrants the following against failure during the first year unless Buyer's negligence has contributed to the failure:
- a. Electrical systems;
 - b. Heating systems, including all ductwork;
 - c. Wood framing
- 5.10.26 PESTS. Seller takes certain precautions to avert pest infestation in and around the home. Seller incorporates into the construction of the home bird-blocks and other materials in order to assist in the deterrence of such pests. However, some homes are exposed to larger colonies of pests due to the types of vegetation and surroundings of the property. It is Buyer's responsibility to maintain the home and the surrounding property to control any type of pests. Seller will not be responsible for pest control or pest damage.
- 5.10.27 PLANS AND SPECIFICATIONS. The plans and specifications as recorded with the county for issuance of a building permit may be modified or changed in accordance with the requirements of the county or the requirements of the site upon which the home is being constructed.
- 5.10.28 BUILDING CODES. Seller warrants that the structures on the Property were built pursuant to applicable building code and in accordance with permits and inspections by local building authorities.

6. FINAL WALK-THROUGH AND PROFESSIONAL HOME INSPECTION

6.1 FINAL WALK-THROUGH.

Buyer's Initials: _____ Buyer's Initial: _____ Seller's Initials: _____

6.1.1 Prior to Closing, Seller's authorized representative will schedule and accompany Buyer on a final walk-through of the Property. During the final walk-through, Buyer shall inspect the home and prepare a list of any deficiencies in construction that do not fall within the quality required under this Agreement. Seller will attempt to correct all items identified during the final walk-through prior to Closing. Buyer agrees that some items may require additional time to correct, which may be accomplished after Closing. In no event shall Closing be delayed to accomplish the work identified pursuant to this provision. However, Seller, may, in its sole discretion, delay Closing or terminate the Agreement, in response to items identified in the final walk-through. If Seller terminates this Agreement, all Earnest Money and Construction Deposits shall be refunded and the parties shall have no further obligations to one another under this Agreement.

6.2 PROFESSIONAL HOME INSPECTION.

6.2.1 Buyer may have an independent professional home inspection performed on the Property, at a time appropriate for such inspection, as mutually determined by Buyer and Seller. A home inspection may give Buyer more detailed information about the overall condition of the home prior to purchase. In a home inspection, a qualified inspector takes an in-depth, unbiased look at your potential new home to evaluate the physical condition (structure, construction, and mechanical systems), identify items that need to be repaired or replaced, and estimate the remaining useful life of the major systems, equipment, structure, and finishes.

6.2.2 Buyer acknowledges construction does not stop for inspections. Inspection will be completed at Buyer's expense. The company or professional to perform inspection will be chosen by Buyer at Buyer's sole discretion. The professional home inspection shall be scheduled by Buyer with Seller in advance. To avoid an inspection interfering with construction, no inspector will be allowed to inspect the subject property without prior scheduling.

6.2.3 Buyer must provide to Seller a copy of the inspection report, in writing, with all deficiencies noted prior to the final walk-through. Buyer will bring any building code violations to Seller's attention for repair. However, the Agreement is not conditioned on that inspection.

7. **RELEASE OF LIABILITY FOR VISITING JOB SITE PRIOR TO ISSUANCE OF FINAL OCCUPANCY PERMIT**

7.1 Before the transaction closes, the Property is still owned by Seller. Therefore, Seller reserves the right to restrict access to the Property. Seller discourages all persons from visiting the Property for safety reasons and no children shall be allowed at any time for any reason. Because Seller, its agents or employees, a construction worker or real estate licensee does not immediately ask a person to leave the Property, does not mean that the Property is safe.

Buyer's Initials: _____ Buyer's Initial: _____ Seller's Initials: _____

- 7.2 Seller understands that Buyer is excited to view the house being built. However, the Property can be a hazardous place for obvious reasons such as incomplete construction, excavation, heavy equipment, debris and movement about the job site. This list of hazards is by no means exhaustive.
- 7.3 Therefore, if Buyer elects to visit the Property prior to Closing, visits shall be limited to one per week. On such visits, Buyer accepts all risks, known and unknown, which may cause bodily injury to Buyer.
- 7.4 Buyer agrees to release and waive any claims for bodily injury liability against Seller, the employees, contractors, subcontractors and real estate licensees associated with the construction and sale of the Property.

8. DISCLAIMER AND WAIVER REGARDING MOLD

- 8.1 **MOLD.** Mold is a type of fungus. It occurs naturally in the environment, and it is necessary for the natural decomposition of plant and other organic material. It spreads by means of microscopic spores borne on the wind, and is found everywhere life can be supported. Residential home construction is not, and cannot be, designed to exclude mold spores. If the growing conditions are right, mold can grow in your home. Most homeowners are familiar with mold growth in the form of bread mold, and mold that may grow on bathroom tile.

In order to grow, mold requires a food source. This might be supplied by items found in the home, such as fabric, carpet or even wallpaper, or by building materials, such as drywall, wood and insulation, to name a few. In addition, mold growth requires a temperate climate. The best growth occurs at temperatures between 40° F and 100° F. Finally, mold growth requires moisture. Moisture is the only mold growth factor that can be controlled in a residential setting. By minimizing moisture, a homeowner can reduce or eliminate mold growth.

Moisture in the home can have many causes. Spills, leaks, overflows, condensation, and high humidity are common sources of home moisture. Good housekeeping and home maintenance practices are essential in the effort to prevent or eliminate mold growth. If moisture is allowed to remain on the growth medium, mold can develop within 24 to 48 hours.

- 8.2 **CONSEQUENCES OF MOLD.** Not all molds are necessarily harmful, but certain strains of mold have been shown to have adverse health effects in susceptible persons. The most common effects are allergic reactions, including skin irritation, watery eyes, runny nose, coughing, sneezing, congestion, sore throat, and headache. Individuals with suppressed immune systems may risk infections. Some experts contend that mold causes serious symptoms and diseases which may even be life threatening. However, experts disagree about the level of mold exposure that may cause health problems, and about the exact nature and extent of the health problems that may be caused by mold. As of the date of this Agreement, The Center for Disease Control has not identified a link between the presence of toxic mold and serious health conditions.

Buyer's Initials: _____ Buyer's Initial: _____ Seller's Initials: _____

- 8.3 **WHAT BUYER CAN DO TO PREVENT MOLD.** The homeowner can take positive steps to reduce or eliminate the occurrence of mold growth in the home, and thereby minimize any possible adverse effects caused by mold. These steps include the following:
- 8.3.1 Regular vacuuming and cleaning will help reduce mold levels. Mild bleach solutions or most tile cleaners are effective in eliminating or preventing mold growth.
 - 8.3.2 Keep the humidity in the home low. Vent clothes dryers to the outdoors. Ventilate kitchens and bathrooms by opening the windows and using exhaust fans.
 - 8.3.3 Promptly clean up spills, condensation and other sources of moisture.
 - 8.3.4 Thoroughly dry any wet surfaces or material. Do not let water pool stand in your home. Promptly replace any materials that cannot be thoroughly dried.
 - 8.3.5 Inspect for leaks on a regular basis, look for discolorations or wet spots. Repair any leaks promptly. Take notice of musty odors, and any visible signs of mold.
 - 8.3.6 Should mold develop, thoroughly clean the affected area with a mild solution of bleach. First, test to see if the affected material or surface is color safe. Porous materials, such as fabric, upholstery, or carpet should be discarded. Should the mold growth be severe, call on the services of a qualified professional cleaner.
- 8.4 **DISCLAIMER AND WAIVER.** In order to prevent mold growth in a home it is entirely up to the homeowner to properly manage and maintain the home. The responsibility of a builder is limited to things that can be controlled during construction. The builder cannot eliminate the possibility that mold and other fungi may grow in your home after construction is completed.

Buyer agrees that Seller shall not be liable for any damages caused by mold, or by some other fungus or agent, that may be associated with alleged defects in construction, including but not limited to property damage, personal injury, loss of income, emotional distress, death, loss of use, loss of value, adverse health effects, or any other effects. The Limited Warranty does not apply to the prevention of mold or other fungal growth. Buyer hereby waives all claims and causes of action against Seller in connection with mold or other fungal growth, and any damages related thereto.

9. **HOMEOWNERS ASSOCIATION**

- 9.1 Buyer agrees that Buyer will become a member of the Association, if any, identified in the CC&Rs, which was organized for the purpose of promoting the health, safety, and welfare of the owners of lots in the plat, administering and enforcing the CC&Rs applicable to the plat and providing for the maintenance, preservation, and

Buyer's Initials: _____ Buyer's Initial: _____ Seller's Initials: _____

management of any common areas. For this purpose the Association shall exercise all of the powers and privileges and perform all of the duties and obligations of the Association as set forth in the CC&Rs.

- 9.2 Buyer agrees that the Association has the power to assess and collect a one-time initiation/start up/capitalization fee and annual dues. The amount to be assessed and collected is determined by either, the CC&Rs for the plat or the Amendments made to those documents. Buyer understands that if a one-time initiation/start up/capitalization fee is assessed it will be collected in full at escrow and paid to the Association, unless it has been paid in advance of Closing by the Seller, in which case it will be collected in full at escrow and paid to the Seller. Buyer understands that if annual dues are assessed they will be collected at a pro-rated amount at escrow.

10. BUYER BONUS AND PREFERRED LENDER AFFILIATED BUSINESS ARRANGEMENT DISCLOSURE

- 10.1 **Buyer must be approved for loan services through Seller's Preferred Lender (listed below). However, Buyer is not required to use the loan services of the Preferred Lender.**
- 10.2 Buyer agrees to pay an additional Two Thousand Five Hundred Dollars (\$2,500) Earnest Money deposit within thirty (30) days of mutual acceptance of the Agreement if Buyer has not made application and paid all applicable application fees to Seller's Preferred Lender.
- 10.3 Seller reserves the right to rescind the Agreement if Buyer neglects to complete the following in the given time frames with Seller's Preferred Lender:
- 10.3.1 Loan application must be made within five (5) days of mutual acceptance of the Agreement.
- 10.3.2 Credit approval must be signed and returned to Seller by the loan officer of the Preferred Lender within ten (10) days of mutual acceptance of the Agreement.
- 10.3.3 Final loan approval, pending standard conditions, must be received by Seller within thirty (30) days of mutual acceptance of the Agreement. Said loan approval shall conclusively waive lenders need for FNMA final approvals or any other pre-sale requirements.
- 10.4 Buyer is not required to use the Preferred Lender, but by using the Preferred Lender, Buyer will receive:
- 10.4.1 A buyer bonus in the amount of One Thousand Dollars (\$1,000.00) will be credited from Preferred Lender credited towards Buyer's closing costs.
- 10.4.2 The Preferred Lender will accept responsibility for any bank related extension of the Closing Date.

Buyer's Initials: _____ Buyer's Initial: _____ Seller's Initials: _____

10.5 Seller's preferred lender is:

Joe Lombardo
Bank of America
(206) 650-3263 Direct
(866) 381-0588 Toll Free
(866) 374-9227 Fax
Joe.Lombardo@BankofAmerica.com

11. **OTHER TERMS**

- 11.1 **BUYER BUILDER MEETING.** This Agreement is subject to a successful meeting between the Buyer and Seller (the "Buyer-Builder Meeting"). The Buyer-Builder Meeting is required for all pre-sale homes and will be scheduled by Seller and held within fifteen (15) days of mutual acceptance of the Agreement, unless otherwise agreed in writing. Buyer and Seller agree that the meeting shall be deemed successful unless either party gives written notice of dissatisfaction to the other party within three (3) days of the meeting, in which case the Earnest Money shall be promptly returned to Buyer.
- 11.2 **ARTIST'S RENDERINGS.** All renderings, floor plans, sketches of the property, landscaping, etc. are artist's conceptions and not intended to be exact depictions. Buyer should verify all of the above to Buyer's satisfaction.
- 11.3 **ABILITY TO BUILD.** Seller's obligation to perform under the Agreement is contingent upon Seller receiving a building permit for construction of the house according to Seller's construction drawings and plans. If Seller does not receive a building permit within a reasonable time, as determined by Seller in its sole discretion, Seller shall so notify Buyer, and Seller may terminate the Agreement and return to Buyer the Earnest Money and any construction deposit, as Buyer's sole and exclusive remedy.
- 11.4 **LOCATION OF HOME ON SITE.** Seller shall have the sole authority to locate the house on the lot, in the location and orientation that Seller selects, in its sole discretion, taking into account building setbacks, curb appeal, drive location, drainage, existing trees, topography, and other considerations. Buyer acknowledges that specific site conditions may cause certain changes to be made in the location, orientation and shape of the foundation of the home, which may result in a below-grade garage and/or changes to the floor plan.
- 11.5 **MULTIPLE HOME PURCHASES.** If Buyer is currently under contract (with a mutually accepted purchase & sale agreement) to purchase a home from Seller, and wishes to enter into a second purchase and sale agreement with Seller, the earnest monies for both homes shall be increased by Five Thousand Dollars (\$5,000) or to Twenty-Five Thousand Dollars (\$25,000), whichever is greater. Both of the increased earnest money deposits shall be considered non-refundable Construction Deposits and released to Seller upon mutual acceptance of the second purchase and sale agreement. Buyer must be pre-approved on both properties by the Preferred Lender (as identified

Buyer's Initials: _____ Buyer's Initial: _____ Seller's Initials: _____

in this Addendum), with the Preferred Lender having knowledge of the second purchase and sale agreement.

- 11.6 LEGAL, FINANCIAL, AND TAX ADVICE/IMPLICATION. Buyer is advised to seek independent legal or financial counsel concerning the Agreement and/or provisions of any other document prepared in connection with this Agreement or Closing.
- 11.7 NO VERBAL AGREEMENTS. There are no verbal representations or other agreements which modify or affect this Agreement. This Agreement constitutes the full understanding between Buyer, Seller, and any agent.
- 11.8 CLOSING DATE AND FORCE MAJEURE. Seller shall use its best efforts to complete construction of the home by the estimated closing date in the Agreement, although the closing date shall remain an estimated date. Buyer understands that completion of the home may be sooner or later than the estimated date, and agrees the Closing Date shall be on a date determined by Buyer within seven (7) days of Seller obtaining the Certificate of Occupancy. Seller, at its sole discretion, may delay Closing, without any liability to Buyer. In the event of occurrences beyond the reasonable control of Seller, Seller is unable to obtain permits or a Certificate of Occupancy necessary to accomplish Closing within a reasonable time after the Closing Date, Seller may require Buyer to elect to either (1) terminate this Agreement upon notice to Buyer, in which case Buyer shall immediately receive a refund of all Earnest Money and Construction Deposits paid Seller; or (2) agree to pay Seller's increased costs resulting from such delay, which will include ten percent (10%) interest on Seller's investment in the Property, including land acquisition costs.
- 11.9 EXTENSION OF CLOSING DATE. If this transaction does not close on or before the Closing Date specified in the Agreement, due to no fault of Seller, Buyer shall pay Seller \$150.00 (if purchase price is equal to or greater than \$500,000, Buyer shall pay \$200.00) per day for an extension fee beginning the day after the closing date through the day of Closing. Extensions will be granted at the sole discretion of the Seller, and this provision shall not constitute a waiver of the time is of the essence provision in the Agreement and Seller's right to insist on Buyer's timely performance.
- 11.10 REAL ESTATE COMMISSIONS. There are no commissions paid on Buyers bonus, upgrades, or changes. Commissions are paid solely on the base price of the Property, excluding lot premiums, where applicable. Other agent commission policies may apply.

Buyer's Initials: _____ Buyer's Initial: _____ Seller's Initials: _____