

**NEW CONSTRUCTION ADDENDUM #1
TO PURCHASE AND SALE AGREEMENT**

1. **TERMS.** The following terms and conditions are part of the Purchase and Sale Agreement (“Agreement”) dated _____ between _____ (“Buyer”) and _____ (“Seller”). This addendum clarifies or supersedes terms in the rest of the agreement and has additional terms for this new construction project. Seller has included this addendum because there is typically not a standard set of documents in the offer presented by Buyers to Sellers, and the resultant legal review of each new offer is not possible on a timely basis.

In the event of a conflict between this addendum and any other contract documents, this addendum shall supersede any and/or all other terms and conditions of this Purchase and Sale agreements. Buyer hereby indemnifies and holds Seller harmless in connection with Buyer’s performance of this agreement.

2. **PLANS AND SPECIFICATIONS.** The house will be built to Sellers standards in accordance with the plans, specifications and applicable building codes. If applicable, this Agreement is subject to Design and Review Committee approval of the plans and specifications. In the case of a conflict, the specifications shall override the plans, and codes shall override the specifications and plans. The plans indicate dimensions that may vary slightly to reflect actual building dimensions. The insulation specifications are those required by the governing jurisdiction at the time of construction . In most cases, a photo, artist’s rendering or architect’s line drawing has been provided to show the general appearance of the house. In no case should the Buyer assume this would be the exact finished look. Buyer acknowledges site plans reflect approximate measurement and square footage computations. Each new home is hand crafted by many skilled trade people, and each home is unique. No two homes are the same, as each new home will vary due to site conditions, subcontractor’s installation detail variance, or other standard building practice. In other words, the homes as built may vary from the building plans. The nature of residential construction is unlike an assembly line and allows a broad scope for tolerances on non-structural issues. Each new home is unique and the Seller reserves the exclusive right to make judgments and decisions on safety items, all exterior items, cosmetic items, and anything that may affect the neighborhood as a whole.

In some cases on a ‘presale’ the Seller will show the Buyer a finished model or home in the same or different neighborhood. In such cases it is the Buyer’s responsibility to request clarification to any questions they may have about exact specifications. Seller will not be responsible for Buyer’s assumptions, nor to bring any detail or specification to Buyer’s standards. Seller reserves the right to substitute materials or supplies of equal or greater value than those that may have been originally represented to Buyer. Interior decorations and furnishing in model units are displayed for illustration purposes only and are

not included in this Agreement unless otherwise expressly set forth. The home includes the base appliance package for the plat as called out in the specifications. Regardless of what boxes are checked on any other contract document, other appliances (such as washers, dryers, refrigerators, special fireplaces, etc.) are not part of this contract unless specified by exact make and model number.

Buyer shall have ten (10) calendar days from the date of receipt of plans and specifications to review the neighborhood and approve the Plans and Specifications. During this period, the Buyer(s) may elect to terminate this agreement without explanation. In the event written approval (or disapproval) is not received in ten (10) calendar days, approval of the Plans and Specifications by Buyer's will be assumed and effected. If the home is within approximately 30 days of substantial completion, approval of Plans and Specifications is hereby waived.

3. CHANGES.

Timing: BUYER SHALL HAVE UP TO TEN (10) DAYS from mutual acceptance of the agreement TO REQUEST ALL PRICING for changes to the Standard Specifications, and five (5) days from receipt of pricing to order changes. Changes must be requested in writing, and those change requests acceptable to Seller shall be itemized in writing with pricing and returned to Buyer. Change orders may not be issued until payment is received. Seller reserves the right to decline to price items and further reserves the right to decline installation of changes and to return any associated payments. Changes may affect the closing date due to the additional time required to execute the changes.

Selection of Surfaces, Colors & Upgrades: Seller shall advise Buyer if Seller's schedule allows for Buyer to choose "surface colors". The timing of these selections must meet the supplier's schedule. Surface colors include countertops and floor coverings from Seller's 'standard' selections. There will not be any substitution of colors or materials by Buyer once Seller has ordered or scheduled the items for construction or installation. Upgrades to floor coverings and countertops will be ordered and paid by Buyer directly to supplier. Such payments are non-refundable.

Payments: All changes must be paid for in cash directly to Seller at the time changes are accepted. Seller reserves the right to wait until all contingencies are removed, the non-refundable earnest money payment is received by Seller, and change requests are paid for before commencing changes, unless specifically agreed otherwise. If the timing for release of contingencies and receipt of payments so impedes Seller's ability to reasonably complete changes, Seller may, at Seller's sole option, elect not to do specific and/or any changes, and will notify Buyer of such and return any corresponding payments to Buyer. Delay in payments to Seller and/or supplier may affect

Seller's ability to make the requested changes. Buyer understands and agrees that in the event this transaction fails to close for any reason other than Seller's default, all payments for changes are non-refundable and shall be retained by the Seller. The non-refundable payments may be added to the base purchase price at closing with a credit for the amount paid. Commissions shall be paid on the 'original' purchase price only.

Other: Seller reserves the choice of interior and exterior paint colors. Warranty on changes requested by Buyer shall be limited to actual defects (see warranty document) – not with Buyer's satisfaction with said changes. The Seller is not responsible for the suitability or function of materials specified by Buyer. Seller is not responsible for the safeness or function of design(s) furnished by Buyer.

4. GENERAL.

Buyer hereby waives the right to receive the (NWMLS form 17 or equal) real property disclosure statement. The NWMLS form 17 was developed for use in the sale of used homes.

Buyer hereby waives the identification of utilities pursuant to RCW 60.80 (see the Purchase and Sale Agreement). Upon occupancy or closing, whichever comes first, agrees to assume any and all utility charges including but not limited to: natural gas, electricity, water, sewer, garbage, Metro and related fees and charges such as sewer capacity charges as of the time of closing.

All communications from Buyer shall be submitted to Seller in writing through the agents/ Buyer shall not communicate directly with Sellers personnel or trades without pre-approval by Seller. Excess interaction by Buyer with Seller and Seller's personnel may affect the delivery date of the home. Seller may respond to Buyer's inquiries at Seller's discretion and may advise Buyer that excess inquiries and/or requests for items or meetings requiring staff time may be at a cost to Buyer. If complaints or legal action by Buyer demanding standards outside those in this agreement cause time or expense to Seller outside the scope of this agreement, Seller may, at Seller's discretion, add any such expense to the contract and be reimbursed upon request.

5. **CLOSING.** Escrow. Escrow Agent shall be of Seller's choice. It is the responsibility of Buyer to read and understand the title report. Buyer shall pay one half of the normal escrow fee, and Seller shall pay standard builder's rate (not to exceed \$200.00). Buyers agree to sign all necessary documents, deposit required funds, and authorize immediate closing of the home by the Closing Date even if Seller has not completed items noted on the 'punch list'.

Closing Date: The closing date is subject to the Seller's receipt of the "Certificate of Occupancy" issued from the governing jurisdiction. In the

event the Certificate of Occupancy is received later than the “closing date”, the closing date shall be amended to read “no later than three (3) days after receipt of the Certificate of Occupancy. Keys shall not be released to Buyer until closing, and closing shall not be deemed to have occurred until Buyer’s funds are available for immediate disbursement to the Seller. Seller reserves the right to continue to show the property to third parties until the actual closing date.

Automatic Extension Period: In the event closing does not occur by the closing date, (through no fault of seller), it shall automatically be extended up to three (3) days. If Buyer fails to close the property on or before this extended closing date, Seller’s remedies shall be the termination of this Agreement, retaining any payments or deposits by Buyer, and/or specific performance of this Agreement at Seller’s discretion.

If Buyer requests an extension to closing and Seller agrees to extend, Buyer agrees to pay two hundred dollars (\$200.00) per day at closing for each day closing is delayed (provided that the delay is not caused by Seller). The \$200.00 per day charge is required to compensate Seller for construction interest, insurance, tax, maintenance and other costs associated with the delay period after the initial closing date.

Seller’s Termination. In the event Seller elects to terminate this Agreement and refunds all payments and deposits back to Buyer, acceptance of the refund (holding the funds, cashing or depositing the refund check, etc.) by Buyer shall constitute termination of the Agreement and Buyer hereby waives any and all claims against Seller.

6. **INSPECTIONS.** Subject to Seller’s permission in advance, Buyer may have access to the Property during normal business hours only. Buyer shall be accompanied by at least his or her own agent, and shall not cause any interference with Seller’s personnel or trades by making inquiries, requesting changes or explanations of work being performed. Seller hereby notifies Buyer that construction sites are dangerous places, and Buyer shall enter premises at Buyer’s own risk and will not bring others to the site without express permission.

If Buyer chooses to have an inspection of the property, other than the “walk-through” below, this Agreement is not subject to or conditioned upon the results of the inspection, and the inspection will be at Buyer’s expense. Buyer shall arrange timing for such inspection with Seller’s representative in advance. Because there is no industry accreditation, standardization or licensing for typical building inspectors, SELLER SHALL HAVE NO OBLIGATION TO SUCH INSPECTIONS. The inspection is for Buyer’s satisfaction and informational purposes only. Buyer may address concerns brought to their attention at the above inspection at the walk-

through/orientation as described below. This construction project has met the close scrutiny of multiple inspections by the jurisdiction, engineers, and others. The Certificate of Occupancy is proof of the construction worthiness of the home. However, if Buyer does have an independent inspection, Buyer shall restore the property to pre-existing condition.

Prior to closing date, an authorized representative of the Seller shall accompany the Buyer on an orientation tour (“walk-through”) of the home at a time to be designated by the Seller. Seller shall make a written “punch list” of items to be repaired that do not meet Seller’s standards as called out in Section 2. The punch list may also include questions, items or clarifications, which may not require repair, correction or adjustment. Any items noted on the tour (“punch list”), not affecting the safe operation of the home, which require adjustment or correction shall be done as soon as possible by the Seller. This is anticipated to be not more than thirty (30) days following closing. Attendance at the walk-through will be restricted to the Seller’s personnel and the Buyer(s).

7. **WARRANTY.** This Agreement is subject to the terms of the Seller’s Limited Warranty Agreement, which is part of this Agreement. Seller provides such warranty to Buyer for Buyer’s occupancy purposes. In the event the home is utilized for commercial or rental purpose, Seller shall have no further responsibility under the Warranty Agreement. The Warranty Agreement is for one year. This warranty give by Seller is in lieu of all other expressed warranties or implied warranties of fitness, merchantability or habitability otherwise provided under the laws of the State of Washington. Seller is not responsible for consequential damages. It is the Buyer’s sole responsibility to obtain a copy and review the warranty during the ten (10) day plans and specifications period. Absent notification to Seller during this period shall deem full acceptance of all items of the Warranty Agreement by Buyer.

The Seller is not responsible for property damage, or the consequences thereof, or personal injury, or the consequences thereof caused by chemical, biological or toxic agents or elements that may be part of any building material utilized in construction. The Seller is not responsible for conditions resulting from construction standards and specifications required by the jurisdiction, engineers, or other experts required to meet jurisdiction approval.

Maintenance. The warranty is not intended to cover maintenance. Buyer hereby represents that they accept full responsibility to maintain the home after closing, and have adequate knowledge of home maintenance requirements. Buyer further agrees that the receipt of the Certificate of Occupancy by Seller shall constitute adequate proof habitability and structural integrity.

Claims. The parties intend that any construction related disputes or

controversies arising out of this Agreement be speedily resolved. Accordingly, the parties agree that any construction related dispute, claim or controversy relating to this agreement and arising during the course of construction shall be resolved by arbitration. If a dispute, claim or controversy arises, the Buyer has fourteen (14) months from the date of title transfer to file a claim for arbitration or else all claims against the Seller are waived. Forty five (45) days before a claim is made for arbitration, a written notice of any construction conditions alleged to be defective must be delivered to the Seller or Builder to provide the Seller or Builder the opportunity to make an offer to repair or pay for the defects. Buyer is not obligated to accept any offer made by the Seller or Builder.

The arbitrator shall use the Construction Industry Arbitration Rules of the American Arbitration Association for the conduct of the arbitration, or such other rules as the arbitrator in his or her sole discretion deems more appropriate. The arbitrator is granted by the parties the authority to award such legal or equitable relief as the arbitrator deems appropriate, including reasonable attorneys' fees. The award of the arbitrator may be enforced in any court of suitable jurisdiction.

8. **TITLE.** Seller shall pay for standard coverage title insurance of Seller's choice. Buyer shall have five (5) days from receipt of preliminary title report to notify Seller of objections. If Seller does not elect to cure objections, then Buyer may elect to terminate this Agreement. Absent notification by Buyer, Buyer shall accept title. It is Buyer's sole responsibility to review title. Many properties include easements, utility access, CC&R's and Homeowners Associations. Any and all of the above may limit the use of property in some ways. Seller encourages Buyer to study the title report carefully.

No Protest. Seller shall retain the sole right to: Record CC&R's, Establish a Homeowner's association; Serve in an architectural review capacity; Create easements or dedications; Govern the construction, sale and disposition of other homes or home sites, and common spaces or tracts; and Create any other documents or conditions as regards the neighborhood. Buyer hereby waives any protest and agrees not to interfere with Seller as regards the plat/neighborhood and the above items.

Special Assessments, etc.: Seller shall have no responsibility for various assessments related to the property after closing such as, but not limited to: King County sewage treatment capacity charge, homeowners or related dues and costs, taxes, or any other expense other than normal warranty coverage as provided in the Warranty Agreement or specified within this Agreement.

9. **BUYER FINANCING CONTINGENCY.** Buyer shall have fifteen (15) days from mutual acceptance to determine, in Buyer's sole opinion, Buyer's ability to complete this transaction. Buyer may

terminate this agreement within this fifteen (15) day period at Buyer's discretion. Absent notification to Seller of termination by Buyer within this period, BUYER HEREBY WAIVES ALL FINANCING CONTINGENCIES.

Buyer agrees to pay all costs associated with Buyer's financing, including credit reports, appraisals, and inspections, etc. Seller shall pay no fees connected with Buyer's loan including, but not limited to, documentation, preparation fees, underwriting fees, courier fees, computer fees, express mail fee, and/or any miscellaneous fees without the Seller's prior written approval. Buyer hereby agrees to pay all Buyers' allowable fees. If Seller has agreed to sell with FHA or VA financing, Seller agrees to pay only those fees required by FHA or VA regulations that the Buyer is not allowed to pay.

It is not a requirement of this Agreement that the appraised value of the property meets the purchase price. It is solely the Buyer's responsibility to provide lenders with appropriate documentation, including any changes or upgrades that may affect the appraised value.

10. **DEPOSITS.** If this Agreement is not terminated by either party in the first fifteen (15) days from mutual acceptance, and the Sale of Existing Home Contingency is removed (if applicable), the Earnest Money Deposit shall automatically be released to Seller as a non-refundable payment, in consideration of Seller signing the Purchase and Sale Agreement and holding the property off the market until the closing date. Said payment shall be credited towards the purchase price at time of closing.

11. OTHER.

Buyer

Date

Buyer

Date

Seller/Builder

Date