



**ADDENDUM TO RESIDENTIAL REAL ESTATE PURCHASE AND SALE AGREEMENT  
for an  
UNDER CONSTRUCTION RESIDENCE**

- 1) **ADDENDUM**. This Addendum provides additional terms and conditions for the Purchase and Sale Agreement ("Agreement") to which it is attached. This Addendum also modifies terms and conditions contained in the Agreement. If there is any conflict between the terms and conditions in the Agreement and those contained in this Addendum, the terms and conditions in this Addendum shall control.
- 2) **NOTICE TO BUYER**. CHAPTER 64.50 RCW CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY FILE A LAWSUIT FOR DEFECTIVE CONSTRUCTION AGAINST THE SELLER OR BUILDER OF YOUR HOME. FORTY-FIVE DAYS BEFORE YOU FILE YOUR LAWSUIT, YOU MUST DELIVER TO THE SELLER OR BUILDER A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS YOU ALLEGE ARE DEFECTIVE AND PROVIDE YOUR SELLER OR BUILDER THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY THE BUILDER OR SELLER. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER STATE LAW, AND FAILURE TO FOLLOW THEM MAY AFFECT YOUR ABILITY TO FILE A LAWSUIT.
- 3) **WARRANTY**. The Seller is hereby providing the Buyer with the warranty contained in the most recent edition of the HBW 2-10 Asset Protection Program Booklet ("APP Warranty"), which is incorporated by reference and made a part of this Addendum. The Buyer acknowledges receipt of the APP Warranty, and acknowledges that the APP Warranty is the sole warranty provided to the Buyer. Any other warranty or warranties, whether express or implied, are disclaimed by the Seller and waived by the Buyer.
- 4) **ARBITRATION**. It is hereby agreed that all claims, disputes and controversies between Buyer and Seller arising from or related to the home, the Agreement or this Addendum, whether arising prior to closing or thereafter, including but not limited to any claims for a defect in the home or on the subject property, for personal injury, or for negligent or intentional misrepresentation, shall be submitted to binding arbitration before a single arbitrator from Judicial Dispute Resolution, LLC ("JDR") in Seattle, WA who is experienced in construction matters. The arbitrator shall be selected by the parties in the manner set forth in JDR's Arbitration Rules. The arbitration shall be governed by the Federal Arbitration Act, in strict compliance with the procedures and manner set forth in the APP Warranty. Any award rendered by arbitration shall be final and binding on the parties, and judgment thereon may be entered in King County Superior Court or any other court of competent jurisdiction. The arbitrator shall have the authority and discretion to award costs and reasonable attorneys' fees to the prevailing party.
- 5) **COVENANTS/RESTRICTIONS/HOMEOWNERS' ASSOCIATION**. The Buyer acknowledges receipt of a copy of the protective covenants, conditions and restrictions which affect the property. The covenants may provide for a homeowners association with the power to collect dues from homeowners and establish architectural controls and other standards governing the community of which the residence sold hereunder is a part.
- 6) **COMPLETION OF CONSTRUCTION OF THE RESIDENCE**. The Buyer acknowledges that the residence being purchased is currently under construction by the Seller and that the Buyer has reviewed the residence in its stage of completion as of the date of this agreement. The Buyer and the Seller agree that that the terms of this Section shall govern the remainder of the construction process and completion of the residence.
  - a) The Buyer acknowledges that the construction plans, the design and related drawings and materials are the property of the architect and/or the Seller and shall remain so whether or not the purchase transaction is completed. The Buyer may not utilize the plans for construction of a residence/structure or for any other purpose outside those uses specifically outlined in this agreement. Furthermore, the Buyer may not transfer the plans to any other person or builder for use in construction of a residence/structure.
  - b) The Seller shall provide the Buyer a copy of the floor plan and specification for the residence within seven (7) days of the date of execution of this Addendum by the Buyer and the Seller. If the information provided does not meet the Buyer's expectations, the Buyer shall have the right to terminate this Agreement upon written notice to the Seller and in such event, the earnest money deposit, less any nonrefundable amounts, shall be refunded to the Buyer. The Seller must receive written notice of termination within seven (7) business days after the Seller provides the plan and specification information. If the Seller does not receive such notice of termination within the time prescribed, the plans and specifications shall be deemed approved by the Buyer on the seventh business day following the Buyer's receipt of the plans and specifications ("Plan Approval Date").
  - c) Within twenty four (24) hours of the removal of the Buyer's Property Sale Contingency ~~seven (7) business days of the Plan Approval Date~~, the Buyer shall pay directly to the Seller a nonrefundable construction deposit ("Construction Deposit") consisting of five percent (5%) of the purchase price of the base model of the home, plus 100% of the options and upgrades requested by Buyer. The Construction Deposit shall be applied to the purchase price at closing. In the event the Buyer does not close this sale as agreed, the Construction Deposit shall be forfeited to the Seller as liquidated damages for the Buyer's failure to close. The Seller's remedy provided herein is in addition to any Seller's remedies contained in the Agreement, and shall not be construed as a waiver or limitation of any such Seller's remedies.



- d) Within seven (7) business days of the Plan Approval Date, the Buyer shall provide the Seller with a written waiver of any financing contingency contained in the Agreement, whether or not the Buyer has obtained a firm commitment for financing. In removing the financing contingency, the Buyer represents and warrants that he or she will be able to obtain the necessary financing prior to the closing date. Whether or not the Buyer provides the Seller with a written waiver of any financing contingency contained in the Agreement, the Buyer's payment of the Construction Deposit to the Seller shall be deemed a waiver of any such financing contingency.
  - e) In the event the Buyer does not deliver the Construction Deposit to the Seller as provided above, the Seller may, at any time thereafter, refuse to accept a construction deposit, and may cancel the Agreement by giving written notice to the Buyer and/or the Seller Licensee, at which time the Buyer's earnest money shall be forfeited to the Seller as liquidated damages.
  - f) The Seller does not warrant that the completed residence which is the subject of this agreement will be the same as or similar to any artist rendering, brochure, or picture provided by Seller, or to any other model home or other residence building constructed by the Seller. There are numerous reasons why construction of the purchased residence may differ from an artist rendering, brochure, picture, model home, or other residence building constructed by the Seller, including field changes made by the contractor or subcontractor regarding matters that are only approximated on the construction drawings, changes in the plans utilized for construction, availability of materials, upgrades, or changes included in some residences and not others.
  - g) The Seller will use commercially reasonable efforts to match colors and other specifications contained in the plans, but the Buyer acknowledges that the manufacturing processes and other factors beyond the control of the Seller may change the finished colors of some components in the residence, and the Seller is not responsible for such variations. The Buyer also acknowledges that colors and finishes may naturally fade and/or change characteristics over time.
  - h) The Seller will provide landscaping in accordance with the plans and specifications or other specific requirements contained in this agreement. The Seller reserves the right to make decisions regarding the clearing and grading of the building site and surrounding property, including the removal of existing vegetation and trees. Site conditions encountered by the Seller during construction may require alterations of landscaping plans and specifications, and the Seller reserves the right to make reasonable adjustments in the grading and other landscape work.
  - i) If the Buyer desires any changes or additions after the date of the Construction Deposit, such change requests shall be submitted to the Seller for the Seller's review and approval. If approved, the Buyer and the Seller shall enter into a written agreement delineating the specific change or addition to the residence, the price to be paid by the Buyer for the change or addition, and any schedule requirements. The Seller may require that the price of any such changes or additions be paid to the Seller upon the execution of a change agreement. The Buyer acknowledges that, depending on the timing and nature of the requested change, the completion date and/or the closing date may be delayed. In the event this sale is not completed for any reason whatsoever, other than default on the part of the Seller, all such amounts paid shall be forfeited to the Seller as additional liquidated damages.
  - j) The residence will be placed on the building site approximately as shown on the site plan provided to the Buyer by the Seller with the plans and specifications. Any site characteristics shown on the site plan and plans and specifications are approximate only. The Seller reserves the right to make reasonable adjustments in the location and siting of the house, including but not limited to the addition of pony walls and raised foundation walls which are not indicated on the building plans.
  - k) The Seller may offer the Buyer a choice of certain residence components, such as carpeting, appliances, flooring and counter surfaces, lighting fixtures and other decorating items if the Seller has not already obtained or committed to such items at the time of the execution of this Addendum. If such choices will be available to the Buyer, the Seller shall notify the Buyer and provide the Buyer with specifications taken from the Seller's list of standard decorator combinations and standard stock of materials. The Buyer shall promptly advise the Seller of the Buyer's choices following the Seller's presentation of choices to the Buyer.
- 7) **PUNCH LIST.** Not less than five (5) days prior to closing, the Buyer and the Seller's representative shall perform a punch list inspection of the residence. The purpose of this inspection shall be to create an agreed list of defects ("Punch List") requiring correction or completion by the Seller. The Seller shall provide Buyer with a copy of the Punch List items agreed to by the Buyer and Seller and Seller shall thereafter proceed to correct or complete the items on the Punch List within a commercially reasonable time. Buyer acknowledges that the completed homes may exhibit signs of wear. Home is being sold AS-IS, except for defects warranted pursuant to paragraph 3 above, and except for any defects noted on the Punch List, Buyer agrees to accept the residence in the condition existing on the date of inspection. Buyer agrees that the closing will not be delayed pending correction or completion of the Punch List items.
- 8) **INSPECTIONS.** If Buyer's has elected to close this transaction contingent upon Buyer's approval of a home inspection, Buyer's right to terminate the transaction based upon approval of the results of the inspection is limited as set forth in this paragraph. The inspection must be conducted by a professional inspector, at Buyer's expense, and documented by a written report from said inspector. Buyer's right to terminate based upon the defects identified in the report is strictly limited to such defects that violate the local building code(s). Buyer may not terminate the transaction based upon identification of such defects unless each of the following occur: (a) Buyer shall promptly provide Seller with a full copy of the written report identifying such defects and Buyer shall state specifically which items identified in the report Buyer disapproves (on the appropriate NWMLS form); (b) Buyer shall provide Seller with no less than 30 days in which to cure the identified violation(s); and (c) Seller fails or declines to cure the identified violation(s) within the allowed time, which



shall be no less than 30 days. In the event that the Agreement closing date is within the 30-day time frame for corrections, Seller, at its option, can elect to add the agreed upon corrections to the Punch List identified in paragraph 7 of this Addendum. Should Seller not elect to add the agreed upon items to the Punch list, the closing date shall be adjusted accordingly.

- 9) **CLOSING DATE.** The Buyer and the Seller agree that the Closing Date shown on the Residential Real Estate Purchase and Sale Agreement is an estimated closing date and not a guaranteed completion date. The Seller shall provide the Buyer with written notice that the residence is substantially complete and ready for the Buyer's occupancy not less than ten (10) days before the closing date. The Seller shall not be responsible for delays in the completion date or for the expiration of loan commitments caused by delays in construction. The Buyer acknowledges that completion of construction of the residence may be delayed for many reasons beyond the control of the Seller, including weather conditions, strikes or other labor unrest, and availability of materials or specialized labor. If the Seller is prepared to close on the Closing Date, but the Buyer is not prepared to close on the Closing Date for any reason, regardless of whether or not the delay is caused by or contributed to by the Lender or closing agent, then at the Seller's discretion, closing shall be extended up to ten (10) days and the Buyer shall pay to the Seller the amount of \$50.00 per day for each day said closing is delayed.

It is hereby understood and agreed that the above clauses modify the Purchase and Sales Agreement between the parties names and signed below:

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Buyer:

\_\_\_\_\_  
Seller: **Meridian – Greenfield, LLC**

\_\_\_\_\_  
Buyer:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date