

J. KERZIE HOMES
BUILDER'S ADDENDUM "A"

The following is part of the purchase and sale agreement dated: _____,
between John & Margaret Meek, Seller, and _____ Purchaser(s).

- 1) Purchaser shall have the right to choose exterior paint, floor covering, counter tops, and light fixtures from the builder's standard selections. All selections are to be made within fourteen (14) days from mutual acceptance, or otherwise, if notified by seller. (Note: Selection is available only if made prior to wall insulation being installed). Exterior color scheme is subject to ACC approval.
- 2) Closing is to be at Chicago Title & Escrow at 719 Sleater Kinney Rd SE #108 (Escrow Officer: Kami Clark 360-456-7878). Seller's portion of escrow fee shall not exceed \$150.00. Purchaser will pay normal escrow fee. Builder requires that all Purchasers be Pre-Approved by Alan Thain, Cobalt Mortgage (206-631-2210). It is not a requirement that Purchaser close the transaction with Cobalt Mortgage. We use Ticor Title for the Title Policy.
- 3) Purchaser to deposit \$5,000.00 Earnest Money. In the event home is already under construction, purchaser shall deposit \$2,500 Earnest Money. Upon credit approval and/or removal of all contingencies contained here-in, said Earnest Money shall be released to the Seller and construction shall commence/continue. At that time, Earnest Money shall be deemed non-refundable. Purchaser expressly waives all claims to refund of the Earnest Money after contingencies are removed or waived. Upon Seller's receipt of credit approval letter, financing contingency shall be deemed satisfied and waived. Purchaser authorizes Broker holding Earnest Money, to release funds to the Seller. All deposits will be credited to purchaser at closing. *(To begin construction before a house sale contingency is waived, see item #23)*

Initial & Date

Initial & Date

- 4) Should purchasers be delayed in obtaining loan approval, the closing and completion dates, at seller's sole option, shall be extended an equal amount of time. The completion date is an estimate only; any completion date contained in this agreement is the best estimate of when the new home will be completed. Should construction be delayed due to circumstances beyond seller's control, at seller's sole option, the closing date shall be extended up to 30 days. J. Kerzie Homes and Seller are not responsible for the expiration of Purchaser's loan commitment, penalties, loan fees or any other fee or loss due to the estimated completion date not being met.
- 5) This transaction shall close according to the Purchase & Sale Agreement or within seven (7) days of delivery to escrow the final inspection and approval to occupy from the governing authority, whichever is sooner. If closing does not occur within this specific time, it is the seller's sole option to terminate or extend the agreement. Readiness to close is evidenced by delivery of final inspection to the escrow company. Closing shall not occur prior to Builder receiving the Final Occupancy Permit. Closing cannot be delayed due to items needing minor repair, adjustment or replacement, as noted on final walk-through. All Seller and Builder approved items noted on walk-through will be completed within 30 days of closing.
- 6) It is understood and agreed that any agreements made between purchaser and seller will become null and void should they be contrary to the rules and regulations of any authorities governing the construction of the home (i.e., FHA, VA, County Building & Health Departments). Said disputed agreement will not void the entire Purchase & Sale Agreement, only terminate the disputed item.

Initial/Date

Initial/Date

Seller

- 7) Any inquiries or requests, collection of moneys and Earnest Money deposits are to be handled by the Selling Agent. Selling commission shall be based off the list price of home or the selling price, whichever is less.

Selling Agent Initial/Date

- 8) This transaction refers to Model _____

- 9.) **Any changes/additions must be in writing on an addendum and submitted to the Listing Office (Doug Walker, John L. Scott/Puvallup fax 253-770-6501) by your agent. All options are to be selected and fully paid by buyers within fourteen (14) days after the date of mutual acceptance of the purchase and sale agreement, and shall be considered a non-refundable deposit. Should buyer want to add upgrade costs to the purchase price, buyer will still be required to pay for upgrades in advance, and then be credited back that amount at closing (subject to both lender & Seller approval). Please be aware that some upgrades and/or changes to your new home may require special engineering and/or permitting which may delay the completion date of your new home. Availability and costs of upgrades may vary if home is already under construction. For each additional change/upgrade made beyond finalizing the upgrade addendum, or made beyond the allowed (14) days after mutual acceptance, will be subject to a \$500.00 change fee payable to the Seller and an automatic 2 week extension of the closing date at seller's option. All prices and materials are subject to change without notice. Varying payment options are occasionally offered as a courtesy and convenience for our customers, however, Purchaser is still ultimately responsible for the payment of any and all upgrades selected. Should closing not occur, due to no fault of the Seller, balance of upgrades shall be paid directly to the Seller within 3 days of termination of the Purchase and Sale Agreement. Seller shall have the sole option to reduce amount owed by Purchaser if selected items have not been installed and/or ordered at the time of cancellation. Provisions in this paragraph shall survive the termination of the Purchase and Sale Agreement.**

Initial & Date

Initial & Date

- 10) Should the appraised price be less than the agreed sales price due to changes/upgrades the purchaser has selected that are not normally offered as standard by the builder, purchaser must pay the difference between the sales and appraised price in cash directly to Seller upon closing.
- 11) In the event of any inconsistencies between the terms of the Addendum "A" and the Purchase and Sale Agreement, the terms of Addendum "A" shall supersede.
- 12) Builder reserves the right to modify floor plans, exteriors, specifications, features and product types without notice or obligation in order to accommodate any governmental requirements or supply changes. Any substituted item shall be of equal or better quality.
- 13) Seller and Builder shall have sole responsibility of home placement on the lot, observing curb appeal, driveway location, drainage considerations, existing trees, and topography.
- 14) If the construction of the home is subject to the approval of the Architectural Control Committee (ACC), Purchaser agrees to abide by any ACC ruling.
- 15) Construction shall commence upon release of earnest money to Seller, and building permits being issued by the County. (This item applies to pre-sale homes only.)
- 16) Purchaser has reviewed, understands and accepts the recorded plat Covenants.

Initial/Date

Initial/Date

Seller

- 17) Any negotiated seller paid closing costs and/or prepaids, shall **include** the VA/FHA mandatory Seller costs which Seller must pay and any additional costs/fees associated with purchaser's loan program.
- 18) The Seller, Listing Agent and Selling Licensee make no representations concerning: (a) the lot size; (b) the square footage of any improvements on the Property; (c) whether there are any encroachments (fences, rockeries, buildings) on the Property, or by the Property on adjacent properties. Buyer is advised to verify lot size, square footage and encroachments to Buyer's own satisfaction. Seller is not responsible for determining legal lot markings.
- 19) Purchaser has received a blank Form 17 for informational purposes and understands that due to the fact this home is a pre-sale, under construction, or newly constructed there is not a completed Form 17. Please note: Environmental portion of Form 17 has no "Yes" answers. Purchaser has been advised of Purchaser's right to receive a complete Real Property Transfer Disclosure Statement. Purchaser waives that right.
- 20) Purchaser has received a blank Form 35 from Selling Agent for information purposes and understands that due to the fact this home is a pre-sale or under construction, an inspection would not be able to be performed within the standard 10 days from Mutual Acceptance. Therefore, the Seller requires that no pre-sale homes or homes under construction be subject to, or contingent upon, having a home inspection. Purchaser has the right to have a home inspection done upon completion of the home, however the Purchaser and Sale agreement will not be contingent upon it. Purchaser's waives right to an inspection contingency. *(does not apply to completed homes)*
- 21) In the event of a dispute of any kind regarding this transaction, at Seller's option, Purchaser will agree to rescind this Purchase and Sale Agreement and accept Earnest Money back as their sole and exclusive remedy.
- 22) HOMEOWNER'S ASSOCIATION & OTHER DUES. It is understood that all owners of lots within Highline Village will become members of the Highline Village Homeowner's Association, a non-profit corporation organized and existing under the laws of the State of Washington. The Association will assess annual dues at each member to maintain and improve the common areas of Highline Village. The annual dues of the Association for 2012 are in the amount of approximately \$500. Purchaser will be assessed a one-time initiation fee of \$250 per home site at closing which will be paid directly to the HOA.
- 23) If buyer is contingent and wants construction on new home to begin prior to contingency being removed or waived, buyer must release earnest money deposit of \$5,000 to the seller immediately as a non-refundable construction deposit. (Addendum available from listing agent).
The following formula will apply in regards to Buyer's Contingency Status:
 - a) Purchaser cannot be bumped during the course of construction, however, if purchaser's home sells, purchaser must remove contingency status and paragraph 5 of this addendum shall apply.
 - b) Upon notice of final occupancy, if purchaser is still contingent, purchaser shall have 7 days to close on subject property. If closing does not occur within the allowed 7 days, purchaser will be subject to being bumped from the subject property by a non-contingent purchaser. Upon being bumped, the construction deposit remains non-refundable.

Purchaser Date

Purchaser Date

Seller Date

Dear Customer:

Thank you for purchasing one of our homes. We at J. Kerzie Homes appreciate your decision. We'd like to take this opportunity to inform you of some facts about the building of your new home. This information is designed to minimize misunderstanding, however, it is impossible to predict every detail or question that may arise. After we have gone through all government and county offices, and you the Purchaser, have received credit approval, we will begin construction. Please remember that we cannot control the time it takes to go through some of these governing offices.

PLEASE DO NOT WALK THROUGH YOUR HOUSE DURING THE CONSTRUCTION PHASE without your sales agent or an on-site sales representative. Violations will stop construction of the dwelling, as our insurance will not cover you should you become injured. During construction, you may notice what you believe are errors in construction. Minor problems are not unusual in the process of construction and in fact, most will be corrected during the normal course of construction. Please do not contact the Seller to report minor problems. However, if a major problem should develop, please call your sales agent, who will then report the problem to the Seller's agent representative.

We understand your interest in your new home; however, we respectfully request that you do not bother the Job Superintendents or workmen on the job site. Our employees and subcontractors must meet construction deadlines and are instructed not to discuss the construction with the prospective purchasers, as this seems to inadvertently lead to misunderstandings and construction delays.

J. Kerzie Homes will make every effort to complete your home per the closing date on the Purchase and Sale Agreement. However, please remember that unforeseen circumstances such as weather, material shortages, inspections, or illness may cause unexpected delays.

WARRANTY AND DISPUTES:

Purchaser has been provided a sample warranty book and has read and understands the 2/10 HBW limited warranty administered by Home Buyers Warranty Corporation. Validation of the Warranty is not guaranteed, but is conditioned on the satisfactory completion of any required inspections, upon Seller's compliance with all of HBW's enrollment procedures, and upon Seller remaining in good standing in the HBW Program. Purchaser understands and agrees that if the above Warranty is validated, it is provided by the Seller in lieu of all other warranties, verbal agreements or representations to the extent permitted by law; and Seller makes no warranty, express or implied, as to quality, fitness for a particular purpose, merchantability, habitability or otherwise, except as is expressly set forth in the Program or as required by law. Purchaser understand and agrees the warranties of all appliances and other consumer products installed in the home are those of the manufacturer or supplier and same are assigned to Purchaser, effective on the date of closing. In any event, Seller shall not be liable for any personal injury or other consequential or secondary damages and/or losses which may arise from or out of any and all defects. Except for purchases of FHA or VA financed homes, Purchaser acknowledges and understands that the Warranty includes a provision requiring all disputes that arise under the Warranty to be submitted to binding arbitration.

FINAL WALK-THRU:

A walk-through inspection will be done by Purchaser prior to closing or early possession. The Purchaser **MUST** inspect the residence and will have the opportunity to note all inefficiencies in construction at that time. Any items in question on the walk-through will be reviewed, and if judged by our customer service representative to be defective, correction will be authorized. If any item in question is judged to be a homeowner maintenance responsibility or it falls within Seller's quality standard, the Purchaser will be advised that no corrective action will be taken.

Purchaser agrees to accept the residence "AS IS" except for those items covered by the limited warranty specifications or any deficiencies noted on the walk-through form.

Walk-through inspections hours are 9 a.m. to 2 p.m. WEEKDAYS. We realize the possible inconvenience, but due to crew scheduling, we must adhere to this policy. A minimum of forty-eight (48) hours notice will be required to schedule a walk-through.

TO ENSURE A MORE TIMELY COMPLETION OF PICK-UP ITEMS NOTED AT WALK-THRU, NO MOVE-IN'S OR EARLY OCCUPANCY WILL BE ALLOWED WITHIN 3 DAYS FOLLOWING BUILDER'S WALK-THRU/ORIENTATION.

Purchaser Initial/Date

Purchaser Initial/Date

Seller./Date

CUSTOMER SERVICE AFTER CLOSING

Seller reserves the right to enter the residence after closing to complete warranty and customer service work. Seller may require the presence of the owner while repairs are being made. If the owner is not present, then he/she waives any claim which may arise regarding loss or damage of property. Please remember, if we cannot get in, we cannot make repairs.

- A. If you have a problem after closing with plumbing, electrical, etc., please call the sub-contractors. (Listed in your J. Kerzie Homes Buyers Book).
- B. Schedule an appointment.
- C. If you do not receive satisfactory service from the sub-contractor and you still need assistance, please send an e-mail to the J. Kerzie Homes Customer Service Department at customerservice@kerziehomes.com. Be sure to include your name, address and/or home site #, phone number at work and home, along with a description of the problem. We will need to know when you called the sub-contractor and who you talked with in order to be of assistance to you. Do not call the office unless immediate/emergency assistance is needed.

All construction meets or exceeds FHA and HBW standards; however, certain conditions are inevitable or unavoidable and beyond the scope of any construction standards or expectations. These conditions include, without limitation, conditions arising as a result of ground water, also including all types of molds and fungi, geographic conditions, climate conditions and influences, conditions arising as a result of the passage of time, and the care and attention (maintenance) by the owner. Purchasers are aware that there may be mold, mold growth, or mold spores on construction sites. Despite the awareness by all parties that mold may be present on the premises, both purchaser and seller elect to go forward with the transaction acknowledging this fact. The following conditions are not warranted except as set forth in J. Kerzie Homes LLC standards:

- A. Abuse, alteration, accidents or wear and tear caused by owner. J. Kerzie Homes LLC, along with Home Buyer Warranty Corporation, are the sole judges of acceptable tolerances.
- B. Sheet rock cracking due to normal settling. (J. Kerzie Homes supplies repair kit.)

Again, thank you for choosing a J. Kerzie Home.

Sincerely,

JAMES KERZIE
J. Kerzie Homes LLC
On behalf of John & Margaret Meek

THE UNDERSIGNED HAS READ AND UNDERSTANDS THIS NOTICE.

Purchaser

Date

Purchaser

Date

Exhibit A

LEGAL DESCRIPTION OF PROPERTY:

Lot _____, of Highline Village, according to the plat thereof recorded December 8th, 2008 under recording No. 20081208001085, records of King County, Washington.

Buyer Initial/Date

Buyer Initial/Date

Seller Initial/Date

**AFFILIATED BUSINESS ARRANGEMENT
DISCLOSURE STATEMENT**



John L. Scott, Inc. ("John L. Scott") would like to take this opportunity to refer you to mortgage, and home warranty services incidental to the sale or purchase of real estate. These services may be provided through: **Wells Fargo Bank, N.A.** ("Wells Fargo") and **American Home Shield Corporation** ("AHS"). Although not an affiliated business arrangement, John L. Scott has a contractual relationship with AHS, and receives a fee when a home warranty is purchased from AHS by a seller or buyer. Although not an affiliated business arrangement, John L. Scott also has a contractual relationship with Wells Fargo and receives a fixed monthly fee from Wells Fargo. This fee does not change based on the number of referrals made by John L. Scott. John L. Scott broker associates do not participate in any of the above referenced benefits.

Set forth below is the estimated charge or range of charges for the settlement services listed. You are **NOT** required to use the listed provider(s) as a condition for the sale or purchase of the property. **THERE ARE FREQUENTLY OTHER SETTLEMENT-SERVICE PROVIDERS AVAILABLE WITH SIMILAR SERVICES; YOU ARE FREE TO SHOP AROUND TO DETERMINE THAT YOU ARE RECEIVING THE BEST SERVICES AND THE BEST RATE FOR THESE SERVICES.**

Service Provider	Settlement Service	Range of Fees
Wells Fargo	Mortgage Loan Origination	Lender origination charges vary depending on loan amount and loan program.
American Home Shield	Home Warranty	\$ 310 to \$605 for the core coverage plan with additional options available. Please contact American Home Shield or your John L. Scott broker associate.

While we recommend obtaining these services from Wells Fargo and AHS, you are NOT required to use these companies as a condition for the financing, sale or purchase of the subject property.

ACKNOWLEDGMENT: I/we have read this disclosure form, and understand that John L. Scott is referring me/us to purchase the above-described settlement services from Wells Fargo and AHS and may receive a financial or other benefit as the result of this referral.

Name (Date)

Name (Date)