

STERLING VENTURES LLC
BUILDER'S ADDENDUM "A"

The following is part of the purchase and sale agreement dated: _____,
between Sterling Ventures LLC, Seller, and _____ Purchaser(s).

- 1) Purchaser shall have the right to choose exterior paint, floor covering, counter tops, light fixtures (if applicable) from the builder's standard selections. All selections are to be made in accordance with the Sterling Ventures LLC Builder's Addendum "B" (see attached). (Note: Selection availability and cost will vary depending on stage of construction).
- 2) Purchaser to make loan application at Wallick & Volk with Shawn Portmann 253-208-7817 and closing is to be at Stewart Title, 424 29th Ave. N.E. Ste. A, Puyallup, WA 98372 (Escrow Officer: Cindy Jenkins 253-848-7100). Seller encourages Purchaser to utilize the premium lending services offered by Wallick & Volk which will provide Purchaser with the further benefit of reducing the deposits required for any upgrades selected by Purchaser at the Design Center. Please review the provisions of Sterling Ventures LLC Builder's Addendum "B" for additional information. If purchaser elects to make application at an alternate lender, they will still be required to be pre-qualified @ Wallick & Volk. Seller's portion of escrow fee shall not exceed \$150.00. Purchaser will pay normal escrow fee. We use Stewart Title for the Title Policy.
- 3) Purchaser to deposit \$5,000.00 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 #24)*

Initial & Date

Initial & Date

- 4) Should purchasers be delayed in obtaining loan approval or providing Seller an approval letter, the closing and completion dates, at seller's sole option, shall be extended an equal amount of time. Should construction be delayed due to circumstances beyond seller's control, seller shall have the option to extend the closing date up to 30 days.
- 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. If closing does not occur within this specific time due to no fault of the Seller, 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 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 and Health Departments). Said disputed agreement will not void the entire Purchase & Sale Agreement, only terminate the disputed item.

Initial/Date

Initial/Date

Sterling Ventures LLC

- 7) This transaction refers to Model _____
- 8) 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

- 9) **Any changes/additions must be in writing on an addendum and submitted to the Listing Office (Doug Walker, John L. Scott/Puyallup fax 253-770-6501) by your agent. All upgrade/selection options are to be selected in accordance with the Builder's Addendum "B". All upgrade payments shall be considered a non-refundable deposit.**

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 Builders Addendum "A" and "B" and the Purchase and Sales Agreement, the terms of Addendum "A" and "B" 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 items shall be of equal or better quality.
- 13) Seller shall have sole responsibility of home placement on the lot, observing curb appeal, driveway location, drainage considerations, existing trees, and topography.
- 14) Purchaser has reviewed, understands and accepts the recorded plat Covenants and Residential Construction Guidelines.
- 15) 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.
- 16) 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.
- 17) Construction shall commence upon release of earnest money to Seller, and building permits being issued by the County or City. (This item applies to pre-sale homes only.)
- 18) E-mail transmission of any signed original document, and retransmission of any signed e-mail transmission, shall be the same as delivery of an original. At the request of either party, or the Closing Agent, the parties will confirm e-mail transmitted signatures by signing an original document.
- 19) Listing agent, Doug Walker, is a member of the selling LLC, Sterling Ventures LLC.

Initial/Date

Initial/Date

Sterling Ventures LLC

Dear Customer:

Thank you for purchasing one of our homes. We at Sterling Ventures LLC 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 misunderstandings, however, it is impossible to predict every detail or question that may arise. Our goal is to offer the most affordable home, and this we will endeavor to accomplish. 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.

Sterling Ventures LLC 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:

It is understood by both parties that the only warranty offered by the Seller to the Buyer is the limited warranty contained in the Home Buyers Warranty Booklet dealing with the 10 year limited warranty offered by the Home Buyers Warranty Incorporation. No other warranty, expressed or implied, is made by the Seller, and Purchaser specifically acknowledges this fact. In the event of a dispute related to the terms and conditions of the Home Buyers Warranty, the parties agree that they will follow the claim process and dispute resolutions system contained in the Home Warranty Buyers Warranty Booklet. Further, the parties agree to be bound by any decision reached pursuant to the provisions of the Home Buyers Warranty and the disputes resolution system outlined in that booklet. In the event of any other dispute between Seller and Buyer, the parties agree that they shall submit that dispute to binding arbitration pursuant to RCW 7.04 or pursuant to any other arbitration system to which the parties agree to refer the dispute. The arbitration process shall be binding on the parties and neither party shall have authority to proceed to any court prior to exhaustion of the arbitration process. The parties may appeal the arbitrator's award only as allowed in RCW 7.04.

Chapter 64.50 RCW contains 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 a 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.

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 10 year 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. A minimum of forty-eight (48) hours notice will be required to schedule a walk-through. We realize the possible inconvenience, but due to crew scheduling, we must adhere to this policy.

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 4 DAYS FOLLOWING BUILDER'S WALK-THRU/ORIENTATION. THERE WILL BE NO EXCEPTIONS TO THIS RULE. WE APPRECIATE YOUR COOPERATION.

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 Sterling Ventures LLC Buyers Book).
- B. Schedule an appointment.
- C. If you do not receive satisfactory service from the sub-contractor and you still need assistance, write a letter to the Seller. Be sure to include your name, address, phone number at work and home, along with a description of the problem. Please direct it to the attention of the Customer Service Department located at 424 29th St. N.E. Ste. C; Puyallup, WA 98372. Please do not call the office unless immediate assistance is needed. At all times, please put the nature of your problem in writing and retain a copy for your personal records. We will need to know when you called the sub-contractor and whom you talked with in order to be of assistance to you.

All construction meets or exceeds FHA and HBW 2/10 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 Sterling Ventures LLC standards:

- A. Abuse, alteration, accidents or wear and tear caused by owner. Sterling Ventures LLC, along with HBW, are the sole judges of acceptable tolerances.
- C. Sheet rock cracking due to normal settling. (Sterling Ventures LLC supplies repair kit.)

Again, thank you for choosing Sterling Ventures LLC.

Sincerely,

HANS ROHR
Sterling Ventures LLC

THE UNDERSIGNED HAS READ AND UNDERSTANDS THIS NOTICE.

Purchaser Date Purchaser Date

- DRIVEWAYS ARE ON AVERAGE 20 FEET IN LENGTH, ANY ADDITIONAL IS AT PURCHASERS EXPENSE.



**STERLING VENTURES
BUILDER'S ADDENDUM "B"**

PURCHASER(S): _____
ADDRESS: _____ PHONE: _____
COMMUNITY: _____ LOT: _____
APPOINTMENT DATE: ___/___/___ TIME: _____ CONSULTANT: _____

Congratulations on the purchase of your new **Sterling Ventures Home**. We would like to take this opportunity to explain the process for completing the selection of colors and optional upgrades that will personalize your new home. The **Design Center** displays a wide variety of colors to choose from, as well as a wide variety of upgrade options that can be added, depending on where your home falls on the construction schedule. Most of these options can be financed through our preferred lender Shawn Portmann at Wallick & Volk, based on appraisal and loan qualification.

In order to deliver you a quality home with the most possible choices, it is important that all options be thoroughly reviewed and selected in a timely manner. **Once these items are selected and finalized no changes will be permitted. All options offered at your community must be selected at the Design Center within 21 days from the signing of your purchase and sale agreement, or before the designated start of construction date as determined by Sterling Ventures LLC, whichever occurs last. Again, once these items are selected, no changes will be permitted. Should the Builder choose to make an exception and allow a change after the allowed 21 days, Purchaser will be charged a \$1,000 change fee per occurrence.**

The option selection timeline (final selection) date is a point in time where certain options are no longer available for ordering. Please understand that the option selection time line has been established by Sterling Ventures LLC to provide you with the maximum choices available at the optimum price. The time line has also been established in order to deliver you a high quality home, without affecting the construction schedule. If your selections are not finalized in this timeline, standard selections may be selected for you in order to meet the construction schedule. If you are purchasing a home that is currently under construction, certain options may not be available and/or may need to be made in a shorter timeframe – inquire at the Design Center for specific information on your home. Sterling Ventures LLC reserves the right to delay construction of your home until you obtain formal loan approval.

Understanding the Design Center and Selection Process:

A **Design Center** representative will call you to arrange your appointment date and time within approximately one week from Mutual Acceptance of your Purchase and Sale agreement. If you do not receive a phone call from the Design Center within the specified 7 days, you may also call to make your own appointment at 253-446-0388. Both your preliminary and final appointments must be completed and all options/flooring selections finalized **21 days** from the date you are contacted by the Design Center for an appointment. Prior to your final appointment we encourage you to visit the models with your brochure and become familiar with the standard and optional features. This will assist you when making your final selections and ensure a smoother and shortened final appointment.

Please remember that all appointments must be scheduled in advance, and may require that you take additional time off of work to receive the focused time and attention you deserve in making these important decisions.

The **Design Center** is open to serve you by appointment only; in order to provide superior service drop-in meetings are not allowed, please call your Design Consultant for any follow up appointments you may need. It is important to schedule your appointment as soon as possible, when contacted, to ensure a designated time has been reserved just for you that will meet the schedule to deliver your home on time. Once your final appointment is scheduled, it is important and expected that you arrive on time and that you are prepared to make your final decisions. As a courtesy to all of our Sterling Ventures Home Purchasers, the Design Center will allow for a 15-minute grace period before or after your scheduled appointment time. If you arrive for your appointment more than 15 minutes late, you may be asked to reschedule for another date and time. If you are late and are asked to reschedule, or the appointment was missed completely, the construction schedule will not be adjusted and the final selection dates may pass, limiting your ability to order optional items. In addition, we strongly recommend that prior arrangements are made for childcare, so that you may dedicate your full attention to these important details.

Please initial each individual section on the line provided below:

_____ ■ **Selection Policy**

Purchaser is aware and understands that; (1) All options and/or selections must be made within the terms of the purchase agreement and option timeline as set forth by Sterling Ventures LLC. Sterling Ventures LLC will not be held responsible for options and selections missed due to Purchaser's failure to choose all options and selections within terms of the purchase agreement, or fail to obtain loan approval. Sterling Ventures LLC reserves the right to delay the start of construction on the home to make all selections.

_____ ● **Payment Responsibility**

Varying payment options listed below are offered as a courtesy and convenience for our customers, however, Purchaser is still ultimately responsible for the payment of any and all upgrades selected at the Sterling Master Homes Design Center. 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 Purchase and Sale Agreement.

_____ ■ **Deposit Policy**

Loan from preferred lender –Wallick & Volk – Purchaser acknowledges and understands that in utilizing Wallick & Volk for the processing of their loan, that: (1) **Most options may be financed in the mortgage.** (2) Your Sales Executive or Design Center Consultant will inform you if full payment is required for specific options selection at the time of your preliminary appointment, depending on the stage of construction; (3) Any required deposits paid prior to closing may be included in the total purchase price at the close of escrow (subject to Seller and Lender approval); (4) For Contingent purchases, a 50% Deposit is required.

A 25% deposit is required for Non-Contingent purchases if Shawn Portmann at Wallick & Volk is used (subject to Purchasers ability to qualify for an increased Purchase Price). (5) A 100% Deposit is required for all Late Stage Options selected within 2 weeks of closing.

Loan From Any Other Lender, and Cash Sales – Purchaser acknowledges and understands that when utilizing a lender other than Wallick & Volk or when paying all cash for the purchase that: (1) For Contingent purchases or Non Contingent purchases a 50% Deposit is required. (2) A 100% Deposit is required for all Late Stage Options selected within 2 weeks of closing.

Payment of Deposit – Purchaser acknowledges any deposit required for optional and upgraded items **must** be made at the time of the **Design Center** appointment. The **Design Center** will not order any optional items until the required deposit is received. If a required deposit is not received at the time of final appointment, we reserve the right to install standard selections in place of your desired optional or upgraded selections.

Buyer may not use a negotiated “Buyer Bonus” to meet requirements of deposit. If Buyer wishes to use their Buyer Bonus for upgrades, the Buyer Bonus will be applied to balance following application of required deposit.

Refunds on Optional Items – Purchaser acknowledges and understands that: (1) No refunds will be made if Purchaser cancels the purchase of property after optional or upgraded items have been ordered and the Purchaser’s loan has been approved. (2) If Purchaser qualifies for a refund, the refund will only be on the items that have not been ordered or installed.

No Refund on Permit Related Options – Purchaser acknowledges that no refund will be made on permit related options, after the items have been permitted, and the purchaser’s loan has been approved.

▪ **Pricing of Options**

The price of individual options distributed at the time of sale, and/or at the Design Center are subject to change at any time without notice. Sterling Ventures LLC reserves the right to modify option prices unless Purchaser has signed their final selection invoice prior to the date of change.

▪ **Availability of Options**

Options are incorporated into the construction schedule. Due to construction scheduling restrictions, final selection dates are not flexible. Prior to the start of construction, once the final selection date has passed, certain options are no longer available.

The availability of individual options are subject to change at any time without notice. Options may be added or deleted at the **Design Center**. As a result, some items may have been available at the time of purchase may not be available for you to select at your appointment.

▪ **Missed Options**

Should Sterling Ventures LLC for any reason, not install options as described on the final selection sheet (except where a mutually agreed substitution has been made), then Sterling Ventures LLC shall refund to Purchaser the price paid for those items as final settlement with no further liability or obligation on the part of the Sterling Ventures LLC Communities.

▪ **Product Discontinuation**

_____ Purchaser acknowledges and understands that styles and colors of merchandise selected from the **Design Center** were available from the manufacturer at the time of order. However, it is understood that between the time of order and time of actual installation, it is possible that the specific style and or color may become discontinued or back ordered. In this event, the **Design Center** will notify the Purchaser to make new selection from available materials.

▪ **Price Outs / Special Purchasers Requests**

_____ Purchaser acknowledges and understands that due to the nature of building homes on a production basis, some special requests may be denied. If a special request is approved, the request must be fully paid in advance, and will be non-refundable.

▪ **Models**

_____ Purchaser acknowledges and understands that model homes are shown with upgraded flooring, cabinets, countertops, appliances, and various other upgrades and options which may or may not be available at the **Design Center**. In addition, decorator's accessories and discontinued items shown in the models are not available for purchase.

▪ **Community Differences**

_____ The optional and upgrade items available may differ by community and floor plan. Your **Design Center** consultant will explain the standard features of the home you are purchasing as well as all optional and upgrade items for that home. In addition, pricing may be different for the same option from community to community.

▪ STERLING VENTURES LLC RESERVES THE RIGHT TO MODIFY OR DEVIATE FROM THESE GENERAL INSTRUCTIONS AT ANYTIME WITH NOTICE.

▪ PURCHASER UNDERSTANDS AND ACCEPTS THE ABOVE. PURCHASER ACKNOWLEDGES RECEIPT OF DISCLOSURE BY SIGNING BELOW. STERLING VENTURES LLC OR ANY OF ITS SUBSIDIARIES WILL NOT HONOR ANY REPRESENTATIONS MADE UNLESS MADE IN WRITING AND SIGNED BY THE SELLER.

PURCHASER

DATE

PURCHASER

DATE

SELLER

DATE

Last Updated 7/7/2009

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY:

Lot _____, of Sterling Crossing, according to the plat thereof recorded
December 18th, 2007 under recording No. 28047621, records of Thurston County,
Washington.

Buyer initial Date

Buyer initial Date

Seller initial Date

RECEIPT FOR EARNEST MONEY

This Receipt is for Earnest Money received as part of the Purchase and Sale Agreement dated _____
between _____ ("Buyer")
and _____ ("Seller")
concerning _____ ("the Property")

On _____, the undersigned received earnest money from Buyer in the amount
of _____ by personal check cashier's check promissory note cash
 other (_____).

- _____
 Selling Licensee
 Selling Broker
 Closing Agent
 Other _____

NOTE: If the Earnest Money is cash, you must deposit it or deliver it not later than the first banking day following receipt, regardless of the terms of the Agreement.

**AFFILIATED BUSINESS ARRANGEMENT
 DISCLOSURE STATEMENT**



John L. Scott, Inc. ("John L. Scott") would like to take this opportunity to refer you to mortgage, title insurance and home warranty services incidental to the sale or purchase of real estate. These services may be provided through: **CWB Mortgage Ventures, LLC dba Response Mortgage** ("Response Mortgage"), **Rainier Title, LLC** ("Rainier Title") and **American Home Shield Corporation** ("AHS"). This is to give you notice that John L. Scott has a business relationship with Response Mortgage and Rainier Title, based on a direct or indirect ownership interest in each company. Because of these relationships, this referral may provide John L. Scott with a financial or other benefit. 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. John L. Scott sales 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
Rainier Title	Title Insurance (Owner's Coverage)	*Varies by the amount of the purchase price. Typically, not less than \$435 nor more than \$1,790 for a purchase price up to \$900,000. For a purchase price exceeding \$900,000, contact Rainier Title. *Owner-occupied residential property
Rainier Title	Title Insurance (Lender's Coverage)	*Varies by the amount of the purchase price. Typically, not less than \$455 nor more than \$1,235 for a loan amount up to \$900,000. For a loan exceeding \$900,000, contact Rainier Title. *Based on simultaneous issue rate. Owner-occupied residential property
Rainier Title	Escrow Fee	Varies by the amount of the purchase price. Typically, not less than \$400 per side nor more than \$900 per side for purchase price up to \$1,000,000. For a purchase price exceeding \$1,000,000, contact Rainier Title.
Response Mortgage	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 sales associate.

While we recommend obtaining these services from Rainier Title, Response Mortgage 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 Rainier Title, Response Mortgage and AHS and may receive a financial or other benefit as the result of this referral.

 Name (Date) Name (Date)