

**HUDSON HOMES, LLC
BUILDER'S ADDENDUM TO
RESIDENTIAL REAL ESTATE PURCHASE AND SALE AGREEMENT**

THIS ADDENDUM is part of the Purchase and Sale Agreement dated _____, 2010 ("the Agreement"), between HUDSON HOMES, LLC, a Washington limited liability company ("Seller") and _____, ("Buyer").

1. **PROPERTY DESCRIPTION.** Lot ____ of Plat of White Hawk Pointe, recorded October 4, 2007 under Thurston County Auditor's Recording No. 3962779 (the "Property").

2. **COVENANTS, CONDITIONS AND RESTRICTIONS.** Buyer is directed to review the terms of the Covenants, Conditions and Restrictions ("CC&R's") for White Hawk Pointe which control certain aspects of owning and maintaining your new home at White Hawk Pointe. These CC&R's are recorded under Recording No. _____, records of Thurston County, Washington. Buyer has reviewed, understands and accepts the recorded CC&Rs.

3. **HOME STYLE SELECTION.** Seller agrees to build Plan Style _____ on the Property (the "Home").

4. **CLOSING DATE/COMPLETION OF IMPROVEMENTS.**

a. Closing of this sale shall occur by the later of _____ or 150 days after issuance of a building permit for the Home on the Property ("Closing Date"); provided however, if Seller has not completed the Home and obtained a Certificate of Occupancy prior to the Closing Date for any reason, Seller may automatically extend the Closing Date for up to 60 days. Notwithstanding the foregoing, any specified completion dates and Closing Dates given by Seller are subject to extension for reasonable time at Seller's option due to the unavailability of material, labor disputes, weather conditions, soils conditions, and other conditions beyond Seller's control. Seller shall apply for a building permit within ten business days after the later date of Seller (1) receiving acceptable loan approval from Buyer's lender, (2) if applicable, receiving the waiver by Buyer of any contingencies, and (3) completion of the preconstruction meeting between Buyer and Seller's representatives with all upgrades/revisions/additions fully selected and paid.

b. Closing shall not be deemed to have occurred until Buyer's funds are available for immediate disbursement to Seller; at that time, keys will be turned over to Buyer.

c. **SELLER IS NOT RESPONSIBLE** for the expiration of Buyer's loan commitment, penalties, loan or other fees or losses due to any delay in the Closing. **BUYER IS ADVISED TO INSURE THAT BUYER'S LENDER AND ANY OTHER INTERESTED PARTY IS PROVIDED WITH A COPY OF THE AGREEMENT AND ANY ADDENDA.**

5. SELECTIONS, UPGRADES, CHANGES.

5.1 Once construction is underway and materials have been ordered in advance, changes will be limited as follows:

- a. If foundation is started, no framing changes will be allowed.
- b. If framing is started, no changes will be allowed in windows, doors or room configurations. Any framing changes must be approved a minimum of one week prior to start of framing.
- c. Once framing is completed, no plumbing, electrical, hearing or cabinet changes will be allowed.
- d. If electrical has been started, no changes will be allowed in doors or millwork.
- e. If sheetrock is started, the only changes allowed will be carpet, vinyl, tile or Formica, and lights, provided they are chosen from readily available supplies and provided that none of these materials has been ordered, and further provided that any changes do not result in construction delay.

5.2 Buyer shall have the right to choose exterior paint, floor coverings, countertop surfaces, and light fixtures (if applicable) from the Seller's standard selections and within Seller's allowances. All selections shall be made within five (5) days from the date of mutual acceptance of this Addendum or Seller shall have the right to make its own selections (Note: Selections available only if made prior to wall insulation being installed). Any changes or upgrades requested by Buyer, including any selections outside of the Seller's standard selections or which exceed the Seller's allowances, or which otherwise increase construction costs, are subject to Seller's approval and must be paid by Buyer directly to Seller in cash, in advance, and will be non-refundable. If Buyer wishes to have the nonrefundable payment reflected in the final Purchase Price for financing and/or title insurance purposes, then such payment will be increased by five percent (5%) to reflect the increases costs to Seller (excise tax, title insurance, etc.) and shall be added to the Purchase Price at Closing with a credit for the amount paid.

5.3 Buyer understands and agrees that in the event this transaction fails to close for any reason other than Seller's material default, then Buyer's payment for any changes or upgrades are non-refundable and will be retained by Seller.

6. QUESTIONS DURING CONSTRUCTION. Seller expects Buyer to have questions regarding the construction of the Home and improvements. Buyer acknowledges that Seller's subcontractors, employees and real estate agents have no authority to respond to Buyer's questions and no authority to make any changes in the work. Accordingly, Buyer agrees not to interrupt the work of subcontractors and employees with questions and shall submit any questions regarding the construction process in writing to the listing agent, for review and answer by the Seller.

7. **BUYER'S ACCESS PRIOR TO CLOSING.** Buyer acknowledges that the Property being purchased pursuant to the Agreement is and shall continue to belong to Seller until closing. Buyer agrees that neither they, nor their agents or representatives, shall enter onto the Property during construction unless accompanied by Seller's representative or agent and then only at the sole risk of Buyer. Buyer further acknowledges that only Seller and Seller's employees and authorized subcontractors are authorized to enter and do work on the Property, and Buyer is expressly denied permission to do any work on the Property prior to closing for any reason whatsoever without the prior written consent of Seller.

8. **PRE-QUALIFICATION--PREFERRED LENDER.**

a. Buyer shall supply Seller with a pre-qualification letter and verification of credit approval from their lender within ten (10) days of mutual acceptance of the Agreement. If Buyer is not pre-qualified to the Seller's satisfaction within ten (10) days, the Seller may terminate the Agreement at Seller's option.

b. Seller prefers that loan application be made with Seller's preferred lender identified as:

- Chris Johnston of Community One Financial at 253-229-2562
- Bryce Zimmerman of Community One Financial at 253-606-8429

Buyer is required under the terms of this Agreement to be pre-approved by the preferred lender as a condition of this sale. However, Buyer may make the Loan Application with lender of Buyer's choice so long as a Preferred lender pre-approves the Buyer's qualifications.

However, if Buyer applies for financing of this transaction with the preferred lender and obtains its financing from the preferred lender, Seller shall provide Buyer with a credit of \$3000.00 at closing of this Agreement toward Buyer's legally allowable closing costs. \$1,000 of this \$3,000 credit will be provided by Community One Financial in the form of a lender credit for buyers closing costs, pre-pays and/or buydowns. For FHA and VA loans, the credit shall be applied first to that portion of Buyer's loan and settlement costs that the lender is prohibited from collecting from the Buyer under FHA or VA regulations.

c. Seller shall not pay any fee on behalf of Buyer or to the Buyer's lender unless expressly agreed in this Agreement.

9. **TITLE/ESCROW/CLOSING OFFICE:** Buyer and Seller further agree that title insurance shall be provided by First American Title Insurance Company, and that the designated closing/escrow agent for the Agreement shall be Michelle Arena at First American Title Insurance Company which is located at 612 Harrison Street, Suite 100, Sumner, WA 98390; telephone number (253) 299-3980, facsimile number (866) 525-0611.

10. **NEW HOME ORIENTATION:** Prior to the Closing Date of the Agreement, Seller will schedule a new home orientation with Buyer to explain the new home warranty program, required Buyer maintenance and the operational procedures of the home's appliances, heating and plumbing systems. In the event Buyer requests to have a home inspection of the Property conducted prior to Closing, such inspection will waive the typical orientation offered by Seller and, in such event, Buyer and Seller's representative will conduct, prior to Closing, a limited orientation.

11. **LOCATION OF HOME; LANDSCAPING:** SELLER HAS SOLE DISCRETION TO DETERMINE THE EXACT LOCATION OF THE HOME AND ANY LANDSCAPING ON THE PROPERTY BEING PURCHASED. Many factors and considerations dictate that Seller have the exclusive responsibility and authority to make such decisions. Seller agrees to landscape the property in a manner consistent with the appearance of the Neighborhood and the CC&Rs. Buyer acknowledges that Seller will also landscape in order to meet engineering requirements such as grading and water drainage. Buyer thus acknowledges that matters of landscaping have been delegated to Seller's sole and absolute discretion.

12. **HOMEOWNER'S ASSOCIATION AND DUES:** It is understood that all owners of lots within the White Hawk Pointe development will become members of the White Hawk Pointe Homeowners Association. The homeowner's association is a nonprofit corporation organized and existing under the laws of the State of Washington. The Association will assess and collect a one-time capital contribution fee of \$_____ from each member, collected at closing. The Association will also assess each member of the Association annual dues to maintain and improve the common areas of White Hawk Pointe. The annual dues of the association for 2010 are \$_____, which shall be prorated at closing.

13. **ARCHITECTURAL CONTROL COMMITTEE.** If the construction of the Home is subject to the approval of an Architectural Control Committee, the Buyer agrees to abide by any ruling of the Committee.

14. **SELLER SUBSTITUTION/CHANGES:** Seller reserves the right to substitute items of comparable quality or to make changes or modifications to the plans and specifications, as needed, to meet County, City, FHA, VA or Lender guidelines or codes, without prior notice to Buyer. The modifications may include changes to the floor plans, interior and exterior design, and materials, as Seller deems necessary and/or required by applicable building codes. Seller may make minor modifications to the design and/or siting of the Home during construction if topographical conditions of the property so dictate, or as a result of requirements of the applicable building codes. Seller reserves the rights to modify materials and specifications provided the modifications are equal to or better than the original, in Seller's sole and absolute discretion. Electrical, mechanical and plumbing placement may vary at the sole and absolute discretion of Seller. It is not uncommon to have minor differences in the dimensions or style of concrete, landscaping, framing, cabinets, etc. All homes are built with materials of comparable quality, but the above-mentioned items can and do vary from home to home. These variations are not considered defects and will not be changed.

15. **PLANS ARE PROPERTY OF SELLER:** Plans, drawings, specifications and design materials shall remain the sole property of Seller. Buyer acknowledges that said documents are the stock and trade of the Seller and agrees that Buyer will not transmit or make available information concerning the plans, drawings, specifications and design materials to any other builders or third parties.

16. **INSULATION:** The Washington State Energy code and Federal Trade Commission regulations require the following information to be filled in by Seller: (if insulation is not yet selected, FTC regulations require Seller to furnish to Buyer the information below in writing as soon as available.)

Wall Insulation: Type: _____ Thickness: _____ R-Value: _____

Ceiling Insulation: Type: _____ Thickness: _____ R-Value: _____

Other Insulation Data: _____

17. **UTILITIES PAID OUTSIDE OF ESCROW BY SELLER:** Seller acknowledges the obligation under RCW 60.80.010 to satisfy, upon closing, any lien or charge provided for by RCW 35.21.290, 35.67.200, 36.36.045, 36.89.090, 36.94.150, 56.16.100, 57.08.080, or 87.03.445. Seller agrees to satisfy any such liens or charges outside of closing and Seller and Buyer hereby waive the right to have escrow closing agent administer the payment of such liens or charges as provided under RCW 60.80. Closing agent shall not be held liable or responsible in connection with the same now or hereafter the close of escrow.

18. **PARTIAL WAIVER OF REAL PROPERTY TRANSFER DISCLOSURE STATEMENT.** Buyer has been advised of Buyer's right to receive a completed Real Property Disclosure Statement as described in RCW 64.06.020. Due to the fact that the Home is a presale or currently under construction, the Seller shall not provide Buyer with a completed Disclosure Statement. Buyer waives its right to receive a completed Real Property Transfer Disclosure Statement as provided in RCW 64.06 et. seq. However, if the answer to any of the questions in the section entitled "Environmental" would be "yes," the Buyer does not waive the receipt of the "Environmental" section of the Disclosure Statement, and Seller shall provide Buyer with the Environmental section of the Disclosure Statement, but it shall not become a part of this Agreement.

19. **WARRANTY—DISCLAIMERS.** Seller agrees to provide to Buyer the limited warranty ("Limited Warranty") described in the most recent edition of the HBW 2-10 Warranty Booklet, as published on the date of the execution of this Agreement. That Booklet has been made available to Buyer, and is incorporated by reference, and made a part of this Agreement. Buyer agrees to read and understand the Limited Warranty before the Closing Date. Validation of the Limited Warranty is not guaranteed, but is conditioned upon the satisfactory completion of any required inspections, upon Seller's compliance with all enrollment procedures, and upon

Seller remaining in good standing in the HBW 2-10 program. **Buyer understands and agrees that if the Limited Warranty is validated, it is the sole warranty provided by Seller, and is provided in lieu of all other warranties, verbal agreements or representations, to the extent permitted by law. Seller makes no warranty, express or implied, as to the quality, fitness for a particular purpose, merchantability, habitability or otherwise of the home or Property, except as is expressly set forth in the Limited Warranty program or as required by law. Any other warranty or warranties, whether express or implied, are disclaimed by Seller and waived by Buyer, unless such disclaimer is otherwise prohibited by Washington state law. Buyer acknowledges and agrees that except for buyers of FHA or VA financed homes, all disputes between Buyer and Seller related to warranted items, and claims that result from warranted items, shall be arbitrated through the procedures described in the HBW Warranty.** Seller shall not be liable for any personal injury or other consequential or secondary damages and/or losses which may arise from any and all defects present in the home or on the Property. Buyer understands and agrees the warranties of all appliances and other consumer products installed in the home are those of the manufacturer or supplier and these warranties are assigned to Buyer, effective on the Closing Date.

Buyer acknowledges that mold and mildew are normally occurring conditions in any climate. Seller makes no representation or warranty that the Home is or shall remain free from mold, mildew or similar conditions (“Mold”). Seller specifically disclaims all express and implied warranties with respect to Mold, and with respect to any related damage to the home or problems with the air quality in or about the Home. Buyer is solely responsible for maintaining the exterior of the home and the interior of the home ventilation systems, in such manner so as to prevent the growth of Mold, and Seller has no responsibility to take any action whatsoever in this regard.

Seller Initial:

Buyer Initial:

Buyer Initial:

20. NO RELIANCE BY BUYER UPON REPRESENTATIONS BY SELLER AND AGENT. Buyer acknowledges that that Buyer has not relied on any representations, opinions or statements, oral or implied, made by the Listing Agent, or its subagents and employees, or the Seller, Seller’s agents and employees of the Seller, concerning (1) the property condition; (2) property boundaries; (3) noise; (4) property value, (5) work or material quality, (6) views; (7) grounds; (8) future improvements; (9) ownership; (10) natural buffers or greenbelts, (11) zoning and/or pending development of surrounding properties; (12) issues of personal and environmental concerns; (13) neighborhood security risks, including but not limited to the presence of persons under government supervision as a result of the conviction of crimes and subsequent parole; (14) encroachments; (15) school district boundaries; (16) square footage of lots or buildings; (17) road improvements; (18) the contents of county records; (19) fact or

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Seller

Buyer

Buyer

preview sheets provided by any agent; (20) the existence of any guaranties or warranties other than the written guaranties and warranties described in this Agreement, or (21) any other matter not contained in this Agreement. Buyer agrees to rely solely upon Buyer's own independent analysis, neighborhood investigations, inspections of the property, and written agreements between Seller and Buyer. The foregoing list is not exhaustive, but intends to illustrate Buyer's obligation and willingness to assure himself or herself of Buyer's satisfaction with all aspects of the property and its surrounding neighborhood. Buyer further acknowledges that only written agreements between Buyer and Seller shall be binding and enforceable under this Agreement. Buyer understands and acknowledges that any representations contained in listing agreements, marketing literature, flyers, advertisements, websites, e-mail or other written and electronic media communication are all subject to change, and therefore are not to be interpreted to expand or modify any of the terms or conditions contained in this Agreement. Buyer agrees to hold Seller's Agent and Seller, their subagents, principals, and employees harmless from any claims or damages related

21. **SALES RESTRICTED.** Seller has an interest in maintaining the attractiveness and marketability of Seller's property, and establishing a residential community that maintains a high quality of livability consistent with Seller's established good reputation. The representations made by Buyer and the remedies afforded Seller in this Paragraph shall survive the Closing of this sale. The Seller's interest in other property owned by Seller located in the vicinity of the Property could be damaged by sales to persons who participate in programs that require governmental oversight and monitoring of daily activities. Therefore, Buyer further represents that (a) Buyer (or, if there is more than one Buyer, either Buyer) has not become or is not required to be a participant in any program described in RCW 9A.44.130 (registration of sex and kidnapping offenders); (b) Buyer (or, if there is more than one Buyer, either Buyer), does not provide and will not provide after closing a residence or employment at the Buyer's home to any person who has become or is required to be a participant in any program described in RCW 9A.44.130; and (c) Buyer has no knowledge of any complaint, information, indictment, or pending proceeding that could require Buyer (if there is more than one Buyer, either Buyer), or any person for whom Buyer provides or intends to provide a residence or employment at the Buyer's home to become a participant in any program described in RCW 9A.44.130 at a future date. Seller shall be entitled to rescind the transaction and seek incidental damages, or seek actual damages, in the event of a breach of this representation and warranty by Buyer.

22. **SUFFICIENT FUNDS.** Buyer represents that Buyer has sufficient funds to close this sale in accordance with this Agreement, and is not relying on any contingent source of funds or gifts, except to the extent otherwise specified in this Agreement.

23. **ARBITRATION AGREEMENT FOR NON-WARRANTY CLAIMS.** All parties to this Agreement agree that any claim arising from or related to this Agreement, to the sale of the Property, or to any defect in a Home or the Property, including without limitation any claim of breach of contract, negligent or intentional misrepresentation or nondisclosure in the inducement, execution or performance of any contract, including this Agreement, any alleged statutory violation, claim of bodily injury and any claim brought under the Washington State Consumer Protection Act, *but excluding any claims related to a defect in or to the home on the Property asserted by Buyer after Buyer closes the purchase of the Property (which claims shall be determined as provided below)* shall be determined by binding arbitration as described in this paragraph 23. The Arbitration shall be conducted by JAMS, the American Arbitration Association, Construction Arbitrations Services, Inc., DeMars & Associates, Ltd., or another arbitration service selected by the parties in writing, pursuant to the arbitration service's applicable arbitration rules to the extent such rules are not inconsistent with this Arbitration Agreement. If the parties fail to agree on the selection of an arbitration service, the choice of arbitration service shall be that of the claimant. All administrative fees of the arbitration service and fees of the Arbitrator shall be borne equally by the parties to the arbitration, subject to the discretion of the Arbitrator to reallocate such fees in the interest of justice. In making the decision and award, the Arbitrator shall apply applicable substantive law. The Arbitrator may award injunctive relief or any other remedy available from a judge, including without limitation joinder of parties or consolidation of this arbitration with any other involving common issues of law or fact, or which may promote judicial economy, but shall not have the power to award punitive or exemplary damages. The decision and award rendered by the arbitrator(s) shall be final and binding upon the parties, and judgment upon the award may be entered in any court having jurisdiction.

24. **ARBITRATION AGREEMENT FOR WARRANTY CLAIMS.** All claims, disputes and controversies between Seller and Buyer arising from or related to alleged defects in the home or the Property which are asserted by Buyer after the Buyer's closing of the purchase of the Property shall be submitted to binding arbitration commenced and conducted in accordance with the arbitration provision of the most recent edition of the HBW 2-10 Warranty Booklet, as published on the date of the execution of this Agreement. The Warranty Booklet has been made available to the Buyer, is incorporated into and made of part of this Agreement by reference. Buyer acknowledges that the remedies described in the HBW 2-10 Warranty Booklet are the sole and exclusive remedies provided to Buyer after closing of this transaction for defects which Buyer claims are present in the home. Buyer agrees that Seller may specifically enforce the limitations upon Buyer's remedies recited therein, including but not limited to Seller's right to require that Seller repair any condition determined by the arbitrator to be deficient, in lieu of Seller's payment of monetary damages to Buyer.

25. **ATTORNEY'S FEES, COSTS AND EXPENSES.** In the event that any suit or other proceeding is instituted by any person arising out of or pertaining to this Agreement, including but not limited to any arbitration proceeding, appeal or collateral action, the substantially prevailing party, as determined by the court or arbitrator, shall be entitled to recover reasonable attorneys' fees, costs and litigation expenses of any kind (including expert witness fees) incurred relative to such suit or proceeding from the substantially non-prevailing party, in addition to such other relief as may be awarded to the substantially prevailing party.

26. **BUYER'S EXCLUSIVE REMEDY:** BUYER'S SOLE AND EXCLUSIVE LEGAL AND EQUITABLE REMEDY FOR ANY MATERIAL BREACH OF THE AGREEMENT BY SELLER PRIOR TO CLOSING SHALL BE THE RESCISSION OF THE AGREEMENT AND THE RELEASE BY SELLER OF ANY CLAIM OR INTEREST IN THE EARNEST MONEY DEPOSIT PAID BY BUYER.

Seller Initial:

Buyer Initial:

Buyer Initial:

27. **CONFLICT:** In the event of a conflict between this Addendum and the Agreement, or any other addendum to the Agreement, this Addendum controls unless the other document specifically references this Addendum and the fact that it supersedes this provisions of this Addendum.

28. **INSPECTIONS:** Buyer may, at Buyer's expense, have the home inspected by an independent licensed building inspector prior to Closing. Buyer shall notify Seller of the date of the inspection, which shall be prior to the homeowner's orientation and in any event completed prior to the Closing Date. Those conditions described in the inspection report that do not meet local building codes, shall be corrected by the Seller, before or after Closing, at Seller's election. Non building code items may be noted in the inspection report (each an "Additional Item") and Seller may review the Additional Item(s) and determine whether Seller, in Seller's sole discretion will agree to address any or all of the Additional Item(s). However, the Purchase and Sale Agreement and Buyer's obligation to purchase the home are not contingent on the inspection or the Seller's agreement to address the Additional Items, and Seller will have no obligation to make any repairs other than the items that do not meet local building codes.

29. **Earnest Money Deposit:** Purchaser shall deposit a minimum of \$2,500.00 as a construction deposit for any homes either under construction or prior to construction or \$1,500.00 for any completed home. Earnest Money shall be paid to First American Title and Escrow. Earnest Money shall be considered non-refundable construction deposit 30 days after Mutual Acceptance of this agreement or after removal of Financing Contingency, whichever is first. All deposits will be credited to Purchaser at closing, unless otherwise stated in writing.

SELLER:

BUYER:

Hudson Homes, LLC

By: _____

Date: _____

Date: _____