

HC HOMES at Tehaleh
BUILDER'S ADDENDUM A-1

Last Updated: 1/5/2017

The following is made part of the Purchase and Sale Agreement dated _____, 2017. This agreement covers the purchase and sale of the property described as Lot _____ according to plat recorded under auditor's file number _____, in Pierce County, Washington. Plan _____, between HC HOMES INC, as Builder/Seller and _____ as purchaser.

1. The Seller's TITLE INSURANCE will go through Fidelity National Title — Tacoma, WA. Sam Riley - 5006 Center St. Ste J Tacoma, WA 98409, Phone 253-671-7624, Fax — 877-236-4110. Purchaser has the choice of using any Title Insurance company. In the event that another Title Insurance company is used, Purchaser and Seller agree to have a split Title.
2. Seller has elected to order CLOSING/ESCROW through Fidelity Escrow — Tacoma, WA. Sam Riley — 5006 Center St, Ste J Tacoma, WA 98409, phone 253-671-7624 — Fax 877-236-4110. Purchaser is aware that the Seller receives a Builder's discount rate on the escrow fee. Builder's discount does not affect Buyer's normal competitive rate.
3. **Standard Form Owner's Policy of Title Insurance.** Notwithstanding the "Title Insurance" Clause in the Agreement. Seller authorizes Buyer's lender or Closing Agent at Seller's expense, to apply for a standard form Owner's Policy of Title Insurance (ALTA 1992 or equivalent). Together with homeowner's additional protection and inflation protection endorsements if available at no additional cost, from the Title Insurance Company rather than the Homeowner's Policy of Title Insurance.
4. **Earnest Money** is a minimum of \$10,000 on existing inventory and \$20,000 on all presales. Earnest Money shall be paid to Fidelity National Title & Escrow. Earnest Money is considered a non-refundable construction deposit and Fidelity shall release earnest money to HC Homes upon removal of the financing contingency or 30 days after Mutual Acceptance, whichever is first. Seller will credit earnest money back to buyer at the time of closing.
5. **Removal of Contingencies:** All contingencies expire and are considered waived within 30 days of mutual acceptance unless otherwise agreed in writing.
6. **The completion date** is an estimate only. COMPLETION is defined as when construction is substantially complete and a CERTIFICATE OF OCCUPANCY is issued. Any completion date contained in this agreement or communicated to Purchaser by Seller or Seller's Agent is the best estimate of when the new home will be completed and in no way is a guarantee. The Closing Date in this agreement shall be the termination date unless mutually extended. If construction is not complete prior to the closing date, an automatic 30-day extension is applied.
7. **Approved Lender:** In order to maintain the current low pricing for the homes at Tehaleh and for Purchaser to be entitled to receive any buyer closing cost assistance incentive at the closing of this agreement, Purchaser agrees that they will apply for financing within five (5) days after mutual acceptance of the agreement through one of the Seller's approved premium lenders which include the following individuals/companies:

Chris Johnston, Community One Financial: Cell 253-229-2562/Office 253-770-2282
Email: cjohnston@CommunityOneOnline.com

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If Purchaser elects to make application with any alternate lender, they will still be required to get pre-qualified from one of the above approved lenders but, in such event, they will receive no buyer bonus or closing cost assistance, at all, from the seller at closing then being offered by seller. This supersedes NWMLS Finance Contingency form 22A

Seller shall pay up to a \$_____ Buyer Bonus which shall be applied to buyers loan(s) and settlement costs.

Buyer may not use or apply any portion of any closing cost bonus or credit or special incentive or promotion offered, from time to time, by seller toward the payment of any of buyers selected home upgrades or options and only for allowable closing costs including, but not limited to escrow fees and allowables.

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8. In the event that the upgrades are not fully used by the date stated in this agreement, the unused portions are surrendered back to the seller & are no longer redeemable.
9. Builder is not responsible for expiration of purchaser's loan commitment, penalties, loan fees, or any other fee or loss due to the estimated completion date not being met. PURCHASER IS ADVISED TO INSURE THAT LENDER AND ANY OTHER INTERESTED PARTY IS MADE AWARE OF THIS AGREEMENT.
10. The buyer agrees to close within 3 days of the final building inspection or the buyer as well as the buyer's lender will agree to pay HC Homes \$150 per day until closing. In the event that the lender is unwilling to pay the buyer will be responsible for both fees.

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11. If construction cannot be completed prior to the closing date, seller is granted an automatic extension until seller has obtained a Certificate of Occupancy. The extension shall not exceed 4 months from the original closing date.
12. Any lender choosing to participate in financing of a home built by HC HOMES INC will not charge a loan processing fee, document prep fee or underwriting fee to either Buyer or Seller. Seller will not pay any fee of any nature to purchaser's lender unless expressly agreed in this agreement.
13. VA Financing: Purchaser and Seller agree that Purchaser will finance the VA Funding Fee, and that any such fees are not part of the purchase price herein. Any and all Seller paid closing cost on the Purchaser's behalf such as escrow fee shall be paid from the Buyer Bonus.
14. Purchaser acknowledges that the property shall belong to the builder until closing and that ONLY BUILDER AND BUILDER'S SUBCONTRACTORS are authorized to enter and to do work on the home or premises for any reason.

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15. Builder reserves the right to substitute items of comparable quality without notice. All items are subject to reasonable availability.
16. Some homes may have designer/upgraded features outside of what the standard features may be. This does not change the standard features.
17. All upgrades are to be agreed upon and paid for in full within 10 days of mutual acceptance of this agreement. All requests and upgrade quotes must be sent directly to the Seddon Marketing in writing via email on a NWMLS form 34. Emails must be sent to Rick@SeddonMarketing.com, Kortni@SeddonMarketing.com, and Brianna@SeddonMarketing.com. Responses to upgrade requests will be within 2 business days. Buyer understands that upgrade prices may vary based on the stage of construction. Pricing given for upgrades is valid for 5 days only. After 5 days the pricing will be void and subject to a price increase. Any features other than the range, oven, microwave, dishwasher and refrigerator included on the front page of the purchase and sale under "included items" will not be part of the contract unless they are agreed to on a form 34. Upgrades must be purchased through HC HOMES LLC and all upgrades monies are non-refundable at the time order is placed. Washington State Sales Tax of 9.3% to be added to all prices quoted for upgrades. Upgrades must be paid for at the time order is placed. If any changes are made after the purchase and sales agreement have been mutually accepted by both the purchaser and the seller a \$250.00 administration fee will be charged per **any** upgrade. This \$250.00 administration fee will be over and above the cost of changes. In the event that a buyer pays for an upgrade & builder fails to install for any reason, buyer will take upgrade money as its sole & exclusive remedy. This will not give buyer cause rescind this Purchase and Sales agreement. Option payments are as follows:
 - a. **Preferred Lender Clients:** 50% down plus the balance on a promissory note due at closing, rescission or change of lenders, but no later than the closing date.
 - b. **Other Lender Clients:** 100% down.
18. Timelines for upgrade selections are as follows:
 - Foundation or Framing Changes (I.E. man door, outdoor living, window, siding changes) **Due 2 weeks after mutual acceptance.**
 - Rough-in Plumbing, HVAC, Electrical, Light Fixtures. Cabinet layout and all hard surface selections. **Due prior to framing.**
 - Interior/Exterior paint. Stone selection. **Due prior to combination inspection.**
 - Exterior Concrete. **Due prior to installation inspection.**
 - Millwork, flooring, tile and granite. **Due prior to stocking drywall.**
 - Landscape. **Due prior to texture and tape.**
 - Window screens. **Due prior to carpet.**

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19. **Buyer understands that any meeting with the site superintendent will be billed at a 3 hour minimum at \$300 per hour.**
20. In the event that the purchase price is raised for upgrades, to cover closing costs, etc. commission will be based on the base price only, and there will be an extra 10% added for the increased amount only. Should the purchase price be increased to cover closing costs or Buyer selected options and the appraised price fails to meet the agreed sales price, Buyer must pay the difference between the sales and appraised price in cash directly to the Seller.
21. Purchaser acknowledges that the only appliances that come standard in the purchase of the home are stove/range, dishwasher, refrigerator, and microwave. All other appliances will have an additional cost to the price of the home.
22. Builder has sole discretion as to location of home on lot. Many factors and considerations dictate that the builder has the responsibility and authority to make that decision.
23. Buyer to review and approve all lot corners and lot square footages to own satisfaction. This will not be reason to terminate the transaction.
24. Plans, drawings, specifications and design materials shall remain the sole property of the builder and will not be available to purchaser.
25. **All questions regarding the new home shall be submitted through Seddon Marketing via email to the Builder and only written responses shall be relied upon. Agents, Subcontractors, and Field Superintendents are not authorized to make representations for the Builder and the Purchaser is cautioned not to make verbal inquiries or rely on any verbal representations.**
26. At Sellers sole and exclusive discretion, in the event of a dispute, of any kind, regarding this transaction Buyer will agree to rescind this Purchase and Sale Agreement and to accept the Earnest Money back as their sole and exclusive remedy.

27. Insulation: Federal Trade Commission Regulations require the following information to be disclosed:
Wall Insulation: Fiberglass Batt- 5 'A" thickness-Washington Energy Code R-49 Ceiling Insulation: Cellulose- 9 'A" thickness- Washington Energy Code R-21 Floor Insulation: Fiberglass Batt- 5 1/2" thickness-Washington Energy Code R-30.
28. Disclosure Statement: Effective January 1, 1995, the Seller of residential real property within the state of Washington is required by RCW 64.06 to disclose the condition of property in writing within five (5) days of mutual acceptance of the Purchase and Sale Agreement. Since this agreement involves the purchase and sale of new construction, Buyer hereby waives the right to receive the completed disclosure statement.

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29. Pre-Closing Inspections: The Seller will schedule a pre-settlement orientation for the Purchaser prior to closing. Seller and Purchaser agree that any item(s) that need additional attention, as noted at the pre-settlement orientation, will be completed as soon as reasonably possible; but in any event will not delay the closing process. Minor defects or deficiencies in construction, appliances, equipment or landscaping shall not justify that the Purchaser's refusal to close this transaction, at full price, within the time provided. Purchaser acknowledges that it is Purchaser's sole responsibility to provide access to the home and property during Seller's normal working hours to ensure prompt correction of any deficiencies after closing.
30. Home Sale Contingency: If this Purchase and Sale Agreement is contingent upon the successful sale and closing of Purchaser's current residence, then Seller's acceptance herein is subject to Seller's determination of the strength and soundness of Purchaser's Broker's price opinion. Purchaser or Purchaser's Agent will provide said Broker's price opinion within 3 days of mutual acceptance. Seller will have 3 days with which to review if Seller has not disapproved in writing then Broker's price opinion is deemed acceptable.
31. Property to Remain on the Market: Purchaser agrees that Seller shall keep Seller's property on the market and shall continue to show it until Purchaser has accepted an offer for sale of Purchaser's property, another offer to purchase Seller's property which Seller chooses to accept, Seller shall give Purchaser notice of Seller's intent to terminate this agreement. Purchaser shall then have 2 business days from notification as to the termination date of the Purchase and Sale Agreement which ever is sooner, in which to waive this contingency.
32. Price Increase Due To Delay: The agreed Purchase Price is based on Seller being able to start construction within 14 days after mutual acceptance of this Agreement. If Seller is unable to commence construction within this period due to any circumstances beyond Seller's control (such as Buyer's failure to satisfy or waive contingencies), then so long as Seller has not terminated the Agreement due to Buyer's breach, the Purchase Price shall be increased by the greater of Seller's actual increased costs (including Seller's overhead and additional sales tax) due to delay, or ten percent (10%) for each month or portion of a month for which the commencement date is delayed.
33. Purchaser may choose colors of carpet, counter tops, tile (if applicable), providing Seller has not already ordered the above listed items. All colors must be within Builder allowances and color schemes. Buyer understands that some features on model are not standard and relies on no verbal representation.
34. **Buyer understands and acknowledges that Shelly Hebert is a partial owner of HC HOMES, INC. and is a licensed Real Estate Broker in the State of Washington working on her own behalf for a profit.**

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35. General Provisions: Purchaser understands that Seller accepts no responsibility for rent. Storage or any other expenses related to the Purchaser's moving into the home. Purchaser agrees to notify utilities companies (gas, water, sewer, electricity, etc.) and make necessary arrangements to transfer billings effective as of the date of closing or possession, whichever comes first. Seller shall assign Purchaser at closing, all warranties applicable to equipment installed on the premises. The buyer acknowledges that the property may have easements and accepts this at the time of signing this agreement.

This agreement shall supersede and prevail in any conflict between the standard Purchase and Sale Agreement from which this is attached. Changes to the standard form of this addendum shall prevail, provided they are initialed by both parties.

36. In the event you choose to have the property inspected by a licensed home inspector prior to New Home Orientation. Inspections must be performed after Certificate of Occupancy is issued and prior to the New Home Orientation. All inspections must be scheduled with the approval of the HC Homes superintendent. Inspection reports submitted to the Seller must include a copy of the inspector's license and credentials. Seller agrees in advance to correct items required by local building code, items required to obtain final Certificate of Occupancy and items that do not meet HC Homes standards as stated in the HC Homes Express Limited Warranty. Any items noted by the inspector that do not fall under these requirements may not be completed by the Seller and shall not be cause to terminate the sale. The terms of NWMLS Form 35 are superseded by this agreement.
37. Homeowner's Association & Dues: Upon closing, Buyers will become members of the community Home Owner Association (HOA), a non-profit corporation organized under the laws of the state of Washington, to maintain and improve common areas. www.mytehaleh.com. The HOA will assess annual dues of \$780.00 each year and are due at the time of closing. Dues are pro-rated based on closing date.
38. Buyer understands that basement toilets function with the use of a grinder pump and only accept human waste and toilet paper. The typical products that can and will compromise the grinder pumps ability to process effluent include handy wipes, paper towels, feminine hygiene products, etc. These restrictions apply only to the basement toilets. All other bathrooms on the upper floors are not a concern due to the fact that they gravity flow to the sewer systems without first passing through the grinder pump. In the event the power is out the grinder pump will not function making it necessary to use the upstairs bathrooms. Buyer understands that the builder will not be held liable for any necessary repairs needed due to clogging of the grinder pump caused by misuse.

Buyers initials _____

Buyers Initials _____

Buyers' Initials: _____

Seller's Initials: _____

39. **Proper landscape maintenance is important so you do not experience dead or dying lawn and plantings. Our landscape installer recommends you perform the following to keep your yard looking its best. Water every day 2-3 times a day (during warm or hot weather. Fertilize 4 weeks after sod has been installed Fertilize sod at least 3 times a year. Water plant materials daily during warm or hot weather. Buyer understands that HC Homes will not be held responsible for replacement of sod and/or plantings due to lack of improper maintenance. Buyer understands that no landscaping will be replaced unless it is addressed during the final walk thru.**

Buyers Initials _____

Buyers Initials _____

All Warranty Requests are to go directly through Brian Hall with HC Homes – customerservice@hchomesinc.com Hours for repair are Monday-Friday, 8:00am – 5:00pm.

40. **ARBITRATION:** Any controversy or claim arising out of or relating to this Builder's Addendum, the Purchase and Sale Agreement, any matter related to the Property or the Home, or any claim of defect or breach of warranty relating to the Property or the Home, including without limitation, any claim brought under the Washington State Consumer Protection Act, (but excepting any request by Seller to quiet title to the Property) shall be determined by binding arbitration in accordance with RCW 7.04A The Uniform Arbitration Act 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. The prevailing party in any such arbitration shall be entitled to reasonable attorney's fees and expenses.

Buyers' Initials: _____

Seller's Initials: _____

LIMITED WARRANTY

The contractor shall be responsible for all construction means, methods and sequences. The contractor will install materials specified in the contract. Where the contract does not call for a specific grade or specification, the contractor will install materials that are new and conform to industry practice. The contractor is not responsible for the suitability of function of materials specified by the customer. Contractor is not responsible for the safeness or function of design(s) furnished by the customer. The contractor is not responsible for property damage, or the consequences thereof, or personal injury, of the consequences thereof caused by chemical, biological or toxic agents or elements that may be part of any building material utilized in construction. The contractor will not utilize any building material known to the contractor to be directly toxic or harmful to persons of the environment.

LIMITED WARRANTY

- A. The contractor warrants that all labor, materials and taxes will be paid for, and there will be no potential lien claimants upon the completion of the work and final payment by the customer. All work will be performed in a commercially reasonable manner and will be performed to industry standards or better. The contractor will promptly return to the project and repair or replace as necessary, any defect in workmanship at the contractor's sole expense. The contractor's warranty is for a period of 12 months from the date of closing and thereafter expires. Any warranty claim of the customer shall accrue only during this 12 month period. Any warranty claim or any other cause of action arising under the terms of this agreement, including the warranty, must be filed in a court of competent jurisdiction within four (4) months of the expiration of the warranty. Any unresolved, unasserted or undiscovered claim or cause of action that is not filed within (4) months from the expiration of this warranty is waived. Warranty work performed by the contractor does not extend the warranty. The warranty is void if a person or firm other than this contractor performs or re-performs any work within the scope of this agreement. The contractor is not responsible for consequential damages. This warranty is not transferable. **THIS WARRANTY IS GIVEN IN LIEU OF ANY EXPRESS OR IMPLIED WARRANTY OTHERWISE PROVIDED UNDER THE LAWS OF WASHINGTON. INCLUDING THE WARRANTIES OF FITNESS, MERCHANTABILITY OR HABITABILITY.**
- B. Manufactured or consumer products such as roofing materials, appliances, Hardware. Windows, heating and mechanical systems, fixtures, etc. are not separately warranted by the contractor. In the event that the customer encounters a defect in a manufactured or supplied product, the contractor shall assist the customer in securing the repair or replacement of these products pursuant to the particular manufacturer's or distributor's warranty.

Buyers' Initials: _____

Seller's Initials: _____

Purchase & Sales Agreement Addendum
FORMPSA-Addendum

Address of Subject Home: _____

1. **The HBW Warranty.** At or about close of escrow, Seller will purchase for Homebuyer(s) an HBW Warranty from Home Buyers Warranty Corporation. The HBW Warranty is a ten-year, new home warranty providing coverage for certain construction defects in the subject home. As consideration for the HBW Warranty, Homebuyer(s) agrees to the provisions of this Addendum, which supersede any different or inconsistent provisions in the Purchase Contract. Homebuyer(s) represents that Homebuyer(s) has been furnished with a copy of the HBW Warranty and has had an opportunity to read and understand it.

Homebuyer
Date: _____

Homebuyer
Date: _____

Seller
Date: _____

Title: _____

2. **ARBITRATION AGREEMENT.** Any and all post-closing claims, disputes and controversies between Seller and Homebuyer concerning defective construction of the Home or the real property on which it is located shall be settled by arbitration. Any person in contractual privity with Seller whom Homebuyer contends is responsible for any construction defect in the Home shall be entitled to enforce this arbitration agreement. The decision of the arbitrator shall be final and binding and may be entered as a judgment in any state or federal court of competent jurisdiction.

The arbitration shall be conducted by the American Arbitration Association, Construction Arbitration Services, Inc., or DeMars & Associates, Ltd. The choice of arbitration service shall be that of the claimant. The arbitration shall be conducted pursuant to the applicable rules of the arbitration service selected. If for any reason this method for selecting an arbitration service cannot be followed, the parties to the arbitration shall mutually select an arbitration service.

The parties expressly agree that this arbitration agreement involves and concerns interstate commerce and is governed by the provision of the Federal Arbitration Act (9 U.S.C. § 1, et seq.), to the exclusion of any different or inconsistent state or local law, ordinance or judicial rule.

Homebuyer
Date: _____

Homebuyer
Date: _____

Seller
Date: _____

Title: _____

*IMPORTANT: * The information contained herein is intended to be used solely as a guideline. Attorney review is strongly recommended before using this document in a contract. Network Adjusters, Inc. is not responsible for the use of any language used in full or in part from this sample document. The Builders attorney must verify that any changes to the Builders legal documents are appropriate for the Builders circumstances and the pertinent state law.*