

RESIDENTIAL PURCHASE AND SALE AGREEMENT

Specific Terms

1. **Date:** _____ **MLS No.:** _____
2. **Purchaser:** _____
3. **Seller:** Lozier at Woodside, LLC
4. **Property:** Parcel 01304000; Lot _____ Woodside Walk, according to the Plat thereof recorded under Snohomish County Auditor's File no. 200505265392, records of Snohomish County, Washington.
5. **Purchase Price:** _____
6. **Earnest Money:** To be held by Selling Firm Closing Agent
Earnest Money Check: \$5,000
7. **Default:** (check only one) Forfeiture of Earnest Money Seller's Election of Remedies
8. **Offer Expiration Date:** _____
9. **Title Insurance Company:** Chicago Title Insurance Company
10. **Closing Date:** - see PSDS (Purchase and Sale Data Sheet; Page 2)
11. **Closing Agent:** First American Title Insurance Company - see PSDS Page 2 for contact information
12. **Agency Disclosure:** Selling Broker represents: Seller Buyer both parties
Listing Broker represents: Seller

Purchaser's Signature Date

Lozier at Woodside, LLC
Seller

Purchaser's Signature Date

By: _____
Seller's Signature Date

See PSDS Page 2 for Purchaser contact information

1203 114th Avenue SE
Bellevue, WA 98004

Seller's Address

Selling Firm MLS Office No.

425-635-3922 425-635-3959
Phone Fax

Selling Broker (Print)

lindac@loziergroup.com
Email

See PSDS Page 2 for Selling Licensee contact information

Windermere RE Mill Creek 6150
Listing Firm MLS Office No.

Lisa Sleister
Listing Broker (Print)

425-327-1204 cell 425-635-3959
Phone Fax

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1. **Offer.** Purchaser agrees to purchase the Property under the terms and conditions of this Agreement. Seller shall have until 9:00 p.m. on the Offer Expiration Date to accept this offer, unless sooner withdrawn. Acceptance shall not be effective until a signed copy is actually received by Purchaser, by Selling Broker or at the licensed office of Selling Broker. If this offer is not so accepted, it shall lapse and any Earnest Money shall be refunded to Purchaser.
2. **Counteroffer.** Seller agrees to sell the Property under the terms and conditions of this Agreement. If Seller makes a counteroffer, Purchaser shall have until 5:00 p.m. on the Counteroffer Expiration Date to accept that counteroffer, unless sooner withdrawn. Acceptance shall not be effective until a signed copy is actually received by Seller, by Listing Broker or at the licensed office of Listing Broker. If the counteroffer is not so accepted, it shall lapse and any Earnest Money shall be refunded to Purchaser. If no expiration date is specified for a counteroffer, the counteroffer shall expire at 5:00 p.m. 1 day after the counteroffer is signed by the last party making the counteroffer, unless sooner withdrawn.
3. **Assignment.** Purchaser may not assign this Agreement or Purchaser's rights hereunder, without Seller's prior written consent which consent may be withheld in the Seller's sole discretion.
4. **Purchase Price.** Purchaser agrees to pay to Seller the Purchase Price, including the Earnest Money, in cash at Closing. Purchaser represents that Purchaser 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. Purchaser warrants that they have available or will have available the required down payment and closing costs to complete this sale on the agreed closing date. This sale is not contingent upon any event through which the Purchaser expects to obtain or realize said funds unless expressly set forth in this Agreement.
5. **Earnest Money.** Purchaser agrees to deliver the Earnest Money within 2 days after mutual acceptance of this Agreement to Selling Broker who will deposit any check to be held by Selling Firm, or deliver any Earnest Money to be held by Closing Agent, within 3 days of mutual acceptance. If the Earnest Money is held by Selling Firm, even if it is over \$10,000.00, the Purchaser and Seller direct the Selling Firm to deposit the Earnest Money into the Housing Trust Fund Account, with the interest paid to the State Treasurer. Selling Firm may transfer the Earnest Money to Closing Agent at Closing. The parties instruct Closing Agent to: (1) provide written verification of receipt of the Earnest Money and notice of dishonor of any check to the parties and Brokers at the addresses and/or fax numbers provided herein; and (2) commence an interpleader action in the Superior Court for the county in which the Property is located within 30 days of a party's demand for the Earnest Money (and deduct up to \$500.00 of the costs thereof) unless the parties agree otherwise in writing. For Partially Completed Homes, Earnest Money shall be deposited within 3 days after mutual agreement as to the terms and conditions of this Agreement and shall not be delayed until the Builder Meeting.
6. **Included Items.** Any of the following items located in or on the Property are included in the sale: built-in appliances; wall-to-wall carpeting; ventilating, heating fixtures; fireplace doors, electric or gas logs and electric or gas log lighters; irrigation fixtures; water heaters; installed electrical fixtures; lighting fixtures; shrubs, plants and trees planted in the ground; and all bathroom and other fixtures. **The following additional items are included in this sale: Stove/Range, Dishwasher and Microwave Oven.**
7. **Condition of Title.** Purchaser and Seller authorize Selling Broker, Listing Broker or Closing Agent to correct the Legal Description of the Property. Unless otherwise specified in this Agreement, title to the Property shall be marketable at Closing. The following shall not cause the title to be unmarketable: rights, reservations, covenants, conditions and restrictions, presently of record and general to the area; easements and encroachments, not materially affecting the value of or unduly interfering with Purchaser's reasonable use of the Property; and reserved oil and/or mining rights. Monetary encumbrances not assumed by Purchaser shall be paid or discharged by Seller on or before Closing. Title shall be conveyed by a Statutory Warranty Deed.

Seller's Initials _____ Purchaser's Initials _____

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8. **Title Insurance.** The Purchaser agrees to use **CHICAGO TITLE INSURANCE COMPANY** for the title insurance on this sale. The Purchaser acknowledges that the property is being purchased subject to easements, reservations, covenants, plat conditions and agreements of record. Seller authorizes Purchaser's lender or Closing Agent, at Seller's expense, to apply for the current standard form ALTA Owner's Policy of Title Insurance, together with homeowner's additional protection and inflation protection endorsements if available at no additional cost. The Title Insurance Company is to send a copy of the preliminary commitment to Purchaser, Seller, Listing Broker and Selling Broker. The preliminary commitment, and the title policy to be issued, shall contain no exceptions other than the General Exclusions and Exceptions in the Policy and Special Exceptions consistent with the Condition of Title herein provided. If title cannot be made so insurable prior to the Closing Date, then as Purchaser's sole and exclusive remedy, the Earnest Money shall, unless Purchaser elects to waive such defects or encumbrances, be refunded to the Purchaser, less any unpaid costs described in this Agreement, and this Agreement shall thereupon be terminated. Purchaser shall have no right to specific performance or damages as a consequence of Seller's inability to provide insurable title.
9. **Escrow and Closing.** This sale shall be closed at **FIRST AMERICAN TITLE INSURANCE COMPANY** (Closing Agent) on the Closing Date. If the Closing Date falls on a Saturday, Sunday, or legal holiday as defined in RCW 1.16.050, the Closing Agent shall close the transaction on the next day that is not a Saturday, Sunday, or legal holiday. "Closing" means the date on which all documents are recorded and the sale proceeds are available to Seller. The Purchaser acknowledges that the Seller will receive a discount on the escrow fee based on volume of business and accordingly the Purchaser and the Seller may pay different fees. Escrow shall deliver Seller's closing papers to the Seller's office for signature (including delivering via fax or email if applicable) and shall pick up the signed papers when signatures are completed. In the event that the Purchaser's lender requires the use of another escrow company, the Seller's escrow fee shall not exceed \$100.00 plus applicable sales tax. This \$100.00 fee shall include all applicable courier charges.
10. **Possession.** Purchaser shall be entitled to possession at 9:00 p.m. on date of Closing. Seller agrees to maintain the Property in its present condition, normal wear and tear excepted, until the Purchaser is entitled to possession. Seller shall deliver keys to Purchaser on date of Closing.
11. **Prorations.** Taxes for the current year, rent, interest, and lienable homeowners' association dues shall be prorated as of Closing. Purchaser agrees to pay Purchasers escrow fee, loan costs, including credit report, appraisal charge and lender's title insurance, unless provided otherwise in this Agreement. If any payments are delinquent on encumbrances which will remain after Closing, Closing Agent is instructed to pay such delinquency at Closing from money due, or to be paid by, Seller. **Purchaser waives services of Closing Agent for payment of utilities.** Seller agrees to pay all utility charges for utility use through the date of Closing. Sewer capacity charges not yet due shall be the responsibility of the Purchaser.
12. **Sale Information.** The Listing Broker or Selling Broker is authorized to report this Agreement (including price and all terms) to the Multiple Listing Service that published it and to its members, financing institutions, appraisers, and anyone else related to this sale. Purchaser and Seller expressly authorize all Closing Agents, appraisers, title insurance companies, and others related to this Sale, to furnish the Listing Broker and/or Selling Broker, on request, any and all information and copies of documents concerning this sale.
13. **FIRPTA** - Seller is not a "foreign person" within the meaning of the Foreign Investment In Real Property Tax Act.
14. **Notices.** Any notice required or permitted in, or related to, this Agreement (including revocations of offers or counteroffers) must be in writing. Notices to Seller must be signed by at least one Purchaser and shall be deemed given only when the notice is received by Seller. Notices to Purchaser must be signed by the Seller and shall be deemed given only when the notice is received by Purchaser, by Selling Broker or at the licensed office of Selling Broker. Selling Broker and Listing Broker have no responsibility to advise of receipt of a notice beyond either phoning the party or causing a copy of the notice to be delivered to the party's address shown on this Agreement. Purchaser must keep Selling Broker advised of their whereabouts in order to receive prompt notification of receipt of a notice.
15. **Computation of Time.** Unless otherwise specified in this Agreement, any period of time stated in this Agreement shall start on the day following the event commencing the period and shall expire at 5:00 p.m. of the last calendar day of the specified period of time. If the last day is a Saturday, Sunday or legal holiday as defined in RCW 1.16.050, the specified period of time shall expire on the next day that is not a Saturday, Sunday or legal holiday. Any specified period of 5 days or less shall not include Saturdays, Sundays or legal holidays. Time is of the essence of this Agreement.

Seller's Initials _____ Purchaser's Initials _____

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16. Facsimile and E-mail Transmission. Facsimile transmission of any signed or initialed original document or notice, and retransmission of any signed or initialed facsimile transmission, shall be the same as delivery of an original. Email transmission of any signed or initialed document or notice shall be the same as delivery of an original. At the request of either party, or the Closing Agent, the parties will confirm facsimile or email transmitted signatures by signing an original document.
17. Integration. This Agreement constitutes the entire understanding between the parties and supersedes all prior or contemporaneous understandings and representations. No modification of this Agreement shall be effective unless agreed in writing and signed by Purchaser and Seller.
18. Default. In the event Purchaser fails, without legal excuse, to complete the purchase of the Property, then the following provision, as identified in **Specific Term No. 7**, shall apply:
 - a. Forfeiture of Earnest Money. (Statutory Safe Harbor) In the event the Purchaser has elected Forfeiture of Earnest Money as the Seller's remedy for Purchaser's default, the parties agree that RCW 64.04.005 shall apply and that in the event the Purchaser fails, without legal excuse, to complete the purchase of the Property, then that portion of the Earnest Money which does not exceed 5% of the Purchase Price shall be forfeited to the Seller as the sole and exclusive remedy available to Seller for such failure. In such event, any nonrefundable deposits made by the Purchaser for options shall not be deemed Earnest Money and shall also be retained by the Seller in event of Purchaser's default.
 - b. Seller's Election of Remedies. Seller may, at Seller's option, (a) keep the Earnest Money as liquidated damages as the sole and exclusive remedy available to Seller for such failure, (b) bring suit against Purchaser for Seller's actual damages, (c) bring suit to specifically enforce this Agreement and recover any incidental damages, or (d) pursue any other rights or remedies available at law or equity. In such event, any nonrefundable deposits made by the Purchaser for options shall not be deemed Earnest Money and shall be retained by the Seller in event of Purchaser's default.
19. Purchaser's Remedies. If Seller shall, for any reason, fail or be unable to convey the Property or otherwise fail to close this transaction, either the Purchaser or the Seller may elect to rescind this Agreement in writing, and all monies paid by the Purchaser pursuant to this Agreement shall be refunded to the Purchaser. In such event, the Purchaser's receipt of said monies shall constitute the Purchaser's sole remedy. Upon such refund being made to Purchaser, this Agreement shall be canceled, and neither Seller nor Seller's agents shall be under any other, further or continuing obligation or liability whatsoever to the Purchaser for any claim (including without limitation moving costs, temporary housing costs, loss of financing or increase in interest rates) that the Purchaser may have sustained, and each of the parties shall thereby be released from any and all claims by the other of any kind or nature.
20. Agency Disclosure. Selling Firm represents the same party that Selling Broker represents. Listing Firm represents the same party that the Listing Broker represents. All parties acknowledge receipt of the pamphlet entitled "The Law of Real Estate Agency."
21. Commission. Seller and Purchaser agree to pay a commission in accordance with any listing or commission agreement to which they are a party. The Listing Firm's commission shall be apportioned between Listing Firm and Selling Firm as specified in the listing. Seller and Purchaser hereby consent to Listing Firm or Selling Firm receiving compensation from more than one party. Seller and Purchaser hereby assign to Listing Firm and Selling Firm, as applicable, a portion of their funds in escrow equal to such commission(s) and irrevocably instruct the Closing Agent to disburse the commission(s) directly to the Firm(s). In any action by Listing or Selling Firm to enforce this paragraph, the prevailing party is entitled to court costs and reasonable attorneys' fees.
22. Property Condition Disclaimer. Brokers do not guarantee the value, quality or condition of the Property. Some properties may contain building materials, including siding, roofing, ceiling, insulation, electrical, and plumbing materials, that have been the subject of lawsuits and/or governmental inquiry because of possible defects or health hazards. In addition, some properties may have other defects arising after construction, such as drainage, leakage, pest, rot and mold problems. Brokers do not have the expertise to identify or assess defective products, materials, or conditions. Purchaser is urged to retain inspectors qualified to identify the presence of defective materials and evaluate the condition of the Property.

Seller's Initials _____ Purchaser's Initials _____

BUILDER ADDENDUM

Note: See the **Purchase and Sale Data Sheet (PSDS)**, which is part of this Agreement for specific dates referred to in this Builder Addendum.

1. **PREQUALIFICATION OF PURCHASER AND APPLICATION FOR FINANCING**. If this Agreement is subject to the Purchaser securing financing for the purchase of the Property, the following provisions shall apply.
 - a. Prequalification of Purchaser – Within three (3) business days of mutual acceptance of this Agreement, Wells Fargo Home Mortgage will contact the Purchaser to be prequalified to purchase the Property. The Purchaser may also contact Wells Fargo as follows:

 Contact: Jim Trout at 425-239-7440 or jim.trout@wellsfargo.com

 - b. Based on the prequalification performed by Wells Fargo, if the Seller is not satisfied that the Purchaser can qualify for and obtain the required financing, the Seller may, at their sole discretion, terminate this Agreement any time on or before removal of the finance contingency by giving written notice to the Purchaser and/or the Selling Broker, in which event the Purchaser's earnest money shall be immediately refunded. Purchaser authorizes Wells Fargo and the Selling Broker to make available to the Seller any reasonable information needed for the Seller to determine that the Purchaser can complete this transaction per its terms and conditions.
 - c. Wells Fargo is the Seller's preferred lender. After prequalification, Purchaser may, however, select a Lender of their choice. In the event the Purchaser uses Wells Fargo – Jim Trout - as their lender, Wells Fargo will credit the Purchaser \$1,000.00 towards the Purchaser's allowable closing costs. Purchaser shall make written loan application (including making credit report and appraisal deposits) for financing within five (5) days of mutual acceptance with either Wells Fargo or Purchaser's selected lender. Purchaser will provide Lender with all necessary information to process the application in a prompt manner. If Purchaser fails to make application for financing within the agreed time or changes the type of loan or lender without the Seller's prior written consent, then the financing contingency contained herein shall be deemed waived. Purchaser authorizes Lender and Selling Broker to make available to the Seller any reasonable information needed for the Seller to determine that the Purchaser can complete this transaction per its terms and conditions. Unless specifically stated otherwise, the purchase price does not include any costs in connection with the Purchaser's financing.

2. **FINANCE CONTINGENCY**. If this sale is contingent on financing, the Purchaser shall have until the **Finance Contingency Removal Date** to obtain finance approval. If Purchaser, after a good faith effort, is unable to secure financing prior to the **Finance Contingency Removal Date**, Purchaser must give Seller written notice of termination prior to the **Finance Contingency Removal Date** and the Purchaser's earnest money, less any nonrefundable amounts, shall be refunded to the Purchaser. Upon the **Finance Contingency Removal Date**, the finance contingency shall be deemed satisfied and no longer in effect. Upon satisfaction of the financing contingency, by expiration of the **Finance Contingency Removal Date**, the Purchaser hereby authorizes and agrees that the earnest money deposit given to the Selling Broker as stated in the Agreement shall become nonrefundable and shall be immediately released to the Seller. Release of the earnest money shall be automatic, no additional authorization or signatures shall be required to release the funds to the Seller. The earnest money deposit shall be applied towards the purchase price at closing. If this transaction should fail to close, the earnest money deposit shall be forfeited to the Seller. If this transaction is subject to the sale or closing of the Purchaser's existing home, see the Contingency Addendum for additional provisions.

3. **FOR VA LOANS ONLY**. In the event the PSDS specifies that the Purchaser is making application for a **VA Loan**, the Seller shall pay escrow fees as required by VA. In addition, the "EARLY/LATE CLOSE" in section 4 below shall not apply for VA loans. In the event the VA appraisal (Certificate of Reasonable Value/CRV) is less than the sales price of the property, the Purchaser has the right to either cancel this transaction or to pay in cash the difference between the CRV and the sales price. In the event the CRV is less than the sales price, the Purchaser will notify Seller of their intent to proceed with the purchase or to terminate the transaction, within forty-eight (48) hours of receipt of the CRV.

BUILDER ADDENDUM

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4. **CLOSING DATE (If sold as a completed home).** If a specific **Closing Date** is specified on the PSDS, the sale price is in consideration of that **Closing Date**. If closing is delayed by events through the Purchaser or their agents, including the Lender or closing agent, then upon closing, the Purchaser shall pay to the Seller the amount of \$100.00 per day for each day said closing is delayed beyond the **Closing Date**. Conversely, if the closing occurs sooner than said **Closing Date**, then the Purchaser shall receive a credit towards their allowable closing costs in the amount of \$100.00 per day for each day said closing and disbursement of closing proceeds to Seller occurs prior to the specified **Closing Date**. In any event, closing shall take place no later than seven (7) days after the specified **Closing Date**.

5. **TARGET CLOSING DATE (If sold as a partially completed home).** If a **Target Closing Date** is indicated on the PSDS, the **Target Closing Date** is based on the typical construction period under normal anticipated construction sequencing and building conditions and is an estimate only. The Purchaser acknowledges that completion of the home is subject to the availability of materials, labor disputes, weather conditions, and other conditions beyond the control of the Seller. The Seller shall not be responsible for delays in the completion date or for the expiration of loan commitments caused by delays in construction. The Seller shall provide at least seven (7) days written notice to the Purchaser and/or the Selling Broker of the Closing Date on which the house will be substantially complete and ready for occupancy. If closing is delayed by events through the Purchaser or their agents, including the Lender or closing agent, then at the Seller's discretion, closing shall be extended up to ten (10) days and the Purchaser shall pay to the Seller the amount of \$100.00 per day for each day said closing is delayed beyond the assigned closing date. The early close provision of Section 4 above shall not apply to this transaction.

6. **INDEPENDENT INSPECTION (Note: This section applies to Completed Homes only as specified on the PSDS.)** If this is a completed home and if this Agreement is subject to the Purchaser's personal approval of an **Independent Inspection Report** on the structural, mechanical and general conditions of the property by an inspector of the Purchaser's choice, the following conditions shall apply:
 - a. The inspection is to be ordered by the Purchaser and completed at the Purchaser's expense within seven (7) days of mutual acceptance of this Agreement.
 - b. This inspection contingency shall be conclusively deemed satisfied by the Purchaser unless written notification of disapproval of an item or items listed in the inspection report, is received by the Seller no later than ten (10) days after mutual acceptance of this Agreement. A copy of the inspection report and a list clearly identifying the specific property conditions that are objectionable to the Purchaser must accompany such notice. These specific conditions will be reviewed during the Walk Through Inspection. Items in question by the Purchaser shall be reviewed and judged by the Seller's representative and where they do not fall within the Seller's quality standards, they shall be listed for corrective action. Agreed to repairs will be limited to those documented as part of the Walk Through Inspection. Repairs will be scheduled for correction at the Seller's expense by qualified persons selected by the Seller. The conclusion of the Walk Through shall satisfy the Inspection Contingency.
 - c. In the event the Purchaser disagrees with the determination made during the Walk Through Inspection, the Purchaser may submit a written request for reconsideration to the Seller. A request for reconsideration shall be limited to the specific independent inspection report items addressed during the Walk Through Inspection and must be received by the Seller's office on the next business day following the Walk Through Inspection. The Seller shall have two (2) business days to respond to the request for reconsideration. If the Seller fails to respond or agree to correct the condition, then the Purchaser shall have one (1) business day to elect to terminate this Agreement. The sale of the subject property would then become null and void and the earnest money less any nonrefundable deposits would be returned to the Purchaser.
 - d. If the Purchaser elects to order and pay for a re-inspection of the corrected conditions, the re-inspection is to be completed by the inspector who prepared the original report and will address only those conditions noted in the original notice to the Seller that the Seller agreed to correct.
 - e. The Seller will keep the subject property on the market and will accept backup offers on the subject property until the Independent Inspection Contingency is satisfied or waived. Upon satisfaction or waiver, this transaction will be deemed in full force and effect and proceed to closing per the terms and conditions of the Agreement.

BUILDER ADDENDUM

- 7. **WALK THROUGH INSPECTION.** Not less than two (2) days prior to closing, the Purchaser and the Seller's representative shall perform a Walk Through Inspection of the subject property. If this sale is subject to an Independent Inspection Report, the Walk Through will be performed within 3 days after Seller's receipt of Purchaser's Notice per Section 6.b. above. Items in question by the Purchaser shall be reviewed and judged by the Seller's representative and where they do not fall within the Seller's quality standards, they shall be listed for corrective action. The Purchaser shall receive a copy of the agreed to Walk Through Inspection results. The completion of items listed for corrective action shall not be reason to delay closing. Purchaser may, at Purchaser's expense and with prior arrangement with Seller, conduct an independent inspection prior to the walk through. As an accommodation to the Purchaser, any independent inspection performed on behalf of the Purchaser shall be reviewed in connection with the walk through. Except for homes which were completed at time of sale where Section 6 above may apply, this sale is not subject to said independent inspection.

- 8. **BROKERAGE.** The Purchasers warrant that they are not represented by any Real Estate Broker other than the Selling Firm and Selling Broker referenced in the Agreement; and Purchaser further agrees to hold Seller harmless against any claims by any Real Estate Broker who claims to represent the Purchaser in this transaction other than those named herein. In any event, Seller shall not pay more than one commission in connection with the sale of this property. The Seller reserves the right to show the home until legal close has occurred.

- 9. **2-10 HBW AND HOMEOWNER MAINTENANCE GUIDELINES.**
 - a. Purchaser and Seller understand that each new home may contain some flaws in workmanship and materials and that the quality of the home shall be measured on the basis of overall quality. The Seller shall judge individual items with consideration given to how conspicuous the item is and to its impact both functionally and esthetically.
 - b. The Seller has prepared Homeowner Maintenance Guidelines to assist you in routine inspections and maintenance of your home. These guidelines include a listing of procedures and schedules for the home maintenance. Proper maintenance will serve to protect your new home investment for years to come.
 - c. **THE 2-10 HOME BUYERS WARRANTY™ (2-10 HBW) IS A THIRD-PARTY, INSURANCE-BACKED, NEW HOME WARRANTY PROGRAM. THE HOUSE SHALL BE INCLUDED UNDER THE 2-10 HBW. THE 2-10 HBW SHALL REPRESENT THE FULL LIMIT OF THE SELLER'S RESPONSIBILITY AFTER CLOSING. IN THE EVENT OF A CONFLICT BETWEEN THE PROVISIONS OF THIS AGREEMENT AND THE PROVISIONS OF THE 2-10 HBW, THE PROVISIONS OF THE 2-10 HBW WILL APPLY. THE 2-10 HBW PROGRAM REQUIRES THAT ALL DISPUTES RELATED TO OR ARISING OUT OF THE 2-10 HBW PROGRAM SHALL BE SUBMITTED TO BINDING ARBITRATION FOR RESOLUTION. COPIES OF THE 2-10 HBW (SAMPLE COPY), THE 2-10 DVD (or Video) AND THE HOMEOWNER MAINTENANCE GUIDELINES HAVE BEEN RECEIVED BY THE PURCHASER. THIS PROVISION HAS BEEN SPECIFICALLY NEGOTIATED BY THE PARTIES AS EVIDENCED BY THE PURCHASER'S INITIALS BELOW:**

Purchaser's initials

Purchaser's initials

BUILDER ADDENDUM

- d. Effective June 13, 2002, Washington law requires that all Purchasers receive the following notice:

CHAPTER 64. – RCW (sections 1 through 7 of this act) CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY FILE A LAWSUIT FOR DEFECTIVE CONSTRUCTION AGAINST THE SELLER OR BUILDER OF YOUR HOME. FORTY-FIVE DAYS BEFORE YOU FILE YOUR LAWSUIT, YOU MUST DELIVER TO THE SELLER OR BUILDER A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS YOU ALLEGE ARE DEFECTIVE AND PROVIDE YOUR SELLER OR BUILDER THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY THE BUILDER OR SELLER. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER STATE LAW, AND FAILURE TO FOLLOW THEM MAY AFFECT YOUR ABILITY TO FILE A LAWSUIT.

10. **DIMENSIONS.** Dimensions, square footage and elevations shown in advertising and promotional materials are approximate and may vary from actual dimensions, square footage and elevations on a particular home site. Purchaser understands and agrees that the sales price of each home is based on a number of contributing factors and not on the specific size of a particular plan. The Listing Broker and the Selling Broker make no representations concerning: (a) the lot size or the accuracy of any information provided by the Seller; (b) the square footage of any improvements on the Property; or (c) whether there are any encroachments (fences, rockeries, buildings) on the Property, or by the Property on adjacent properties.
11. **INSULATION DISCLOSURE.** Pursuant to Federal Trade Commission Regulations, the following Insulation Disclosure shall constitute notice to the Purchasers as to the insulation standards included in the construction of this home. Insulation is/will be installed as follows:
- a. Flat ceilings (where exposed to unheated areas above) are/will be insulated with BLOWN INSULATION to minimum thickness of 16 inches, which thickness, according to the manufacturer, will result in an R-value of 38. (Garages not included unless situated directly under finished living space, in which case they are/will be insulated with FIBERGLASS BATTS to a minimum thickness of 9½ inches, which thickness, according to the manufacturer, will result in an R-value of 30.)
 - b. Sloped ceilings (if any) are/will be insulated with FIBERGLASS BATTS to a minimum thickness of 9½ inches, which thickness, according to the manufacturer, will result in an R-value of 30.
 - c. Exterior framed 2x4 walls (if any) are/will be insulated with FIBERGLASS BATTS to a minimum thickness of 3½ inches, which thickness, according to the manufacturer, will result in an R-value of 13. Exterior framed 2x6 walls (if any) are/will be insulated with FIBERGLASS BATTS to a minimum thickness of 6 inches, which thickness, according to the manufacturer, will result in an R-value of 21.
 - d. Floors over crawl areas (if any) are/will be insulated with either FIBERGLASS BATTS to a minimum thickness of 9½ inches, which thickness, according to the manufacturer, will result in an R-value of 30, or with HIGH DENSITY FIBERGLASS BATTS to a minimum thickness of 8¼ inches, which thickness, according to the manufacturer, will result in an R-value of 30.
 - e. Floor overhangs (if any) are/will be insulated with either FIBERGLASS BATTS to a minimum thickness of 9½ inches, which thickness, according to the manufacturer, will result in an R-value of 30 or with HIGH DENSITY FIBERGLASS BATTS to a minimum thickness of 8¼ inches, which thickness, according to the manufacturer, will result in an R-value of 30.
12. **REAL PROPERTY DISCLOSURE.** The Purchaser has received a copy of the Real Property Transfer Disclosure Statement (Disclosure Statement). This Agreement is subject to Purchaser's Waiver of Right to Revoke Offer (see the Disclosure Statement) on or before the acceptance of this Agreement. The Purchaser acknowledges receipt of the protective covenants for the community, which effect the property. The covenants establish a Homeowners' Association (HOA) which is a non-profit corporation, registered with the State of Washington. Dues are as indicated in the Disclosure Statement shall be prorated at closing and are subject to change per the terms and conditions of the covenants.

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13. **PARKING COVENANT.** The Purchaser is aware of and has read the Parking Covenants attached to the Disclosure Statement and understands that the Property is subject to said Parking Covenant.
14. **HOMEOWNERS' ASSOCIATION.** The Seller hereby notifies the Purchaser that an Architectural Control Committee or Architectural Review Community, a committee of the HOA, will establish and maintain rules, regulations, guidelines, and approval criteria pertaining to new construction and future alterations, and governing all exterior architecture, finishes and colors, landscaping, fencing, and any other exterior installations, and will have the power of enforcement to maintain the established standards. All new installations and alterations must be approved in writing prior to installation. In addition the Homeowners' Association shall perform front yard maintenance of the Property as detailed in Article E of the Declaration of Protective Covenants for Woodside Walk.
15. **SNOHOMISH COUNTY ONLY.** Pursuant to the Right to Farm and the Right to Practice Forestry Disclosure for Snohomish County, the Purchaser is notified that the property is not "designated farmland" or situated within 1300 feet of "designated farmland" in Snohomish County, Washington. Additionally, the property is not "designated forest land" or situated within 300 feet of "designated forest land" in Snohomish County, Washington.
16. **CHANGE ORDERS.** The Seller and Purchaser hereby agree as follows with respect to any Change Orders that are included in the purchase price of the property.
- a. Upon execution of a Change Order, the Purchaser shall pay to the Seller a nonrefundable deposit.
 - b. Change order deposits are separate from and in addition to the earnest money deposit.
 - c. If the Purchaser completes the sale of the subject property, then the nonrefundable deposit shall be applied, at the time of closing, to the purchase price of the subject property. If the Purchaser fails to complete the purchase of the subject property by the agreed upon closing date, for any reason whatsoever, and without respect to any contingencies contained in the Agreement, then the nonrefundable deposit for change orders shall be forfeited to the Seller.
 - d. The Seller shall initiate installation of the agreed changes upon receipt of the nonrefundable deposit. All such work shall be completed in a reasonable time, subject to the conditions at hand and barring unforeseen or uncontrollable occurrences. In the event the work to be done is to be completed, all or in part, while the Purchaser is in possession of the property, then upon mutual agreement, the Seller shall be granted access for the purpose of such work. The Purchaser shall make all reasonable efforts to accommodate the execution of the required work.
17. **CONSTRUCTION PROCESS.** The Purchaser acknowledges that they are purchasing a home based on a field review of the actual work that has been completed to date.
- a. The Purchaser acknowledges that any plan and specification information provided by the Seller and the actual work to date may differ from another home they have already seen for any of the following reasons: (1) The Seller may have made a change in the plans or specifications since the similar home was built. (2) Plumbing, electrical installations and heat vent locations are approximate only on the plans and actual installations may vary either to comply with codes or due to the installer's judgment. (3) Options may have been included in the similar homes.
 - b. The Purchaser has examined the construction in place as of the date of this Agreement and accepts any changes or variations that exist from the plans. Any plans and specifications referenced herein shall apply as applicable to the installations remaining to be completed.
 - c. In the event that there is a discrepancy between this Agreement and any plans and the specifications, this Agreement shall prevail over the plans and specifications. Actual measurements in construction may vary from those shown on the plans. All square footage amounts are approximations only. Final layout and installation of structural, mechanical and utility service systems may vary due to code requirements, technical adjustments and the installer's judgment.
 - d. Any construction plans and specifications referenced in this Agreement are the property of the Seller and shall be retained by the Seller. The Purchaser acknowledges that said plans are the stock and trade of the Seller and agree that they will not transmit or make available information concerning said plans to any other builder or parties which might use said plans or specifications for the purpose of designing or building a similar or same type home.

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- e. Final delineation of clearing, grading and removal of ground cover debris outside the area of general landscaping standards will be determined solely by the Seller on an as needed and site specific basis. The Seller reserves the right to make reasonable adjustments in the grading, the layout of walks, stoops, rockeries (including the addition or deletion of rockeries), garage man-door applications, and patios (including changing from a patio to a deck or a deck to a patio) all to accommodate site conditions as actually encountered. It is the Seller's policy to install decks only in situations where patios are not feasible. In clearing for the house it is the Seller's policy to save specimen trees if reasonably possible. In some cases, however, trees will be removed due to grade relationships for the site and/or their undue interference with the construction of the house. The Seller shall be the sole judge in such matters. Landscaping installation (materials and workmanship) shall be of similar quality to the other "For Sale" homes currently built by the Seller for that specific "Series" home in the community. In the event site conditions result in the modification of the landscape areas, the installation of sod and plantings shall remain of equivalent value. Yard areas on the site will be graded using materials on the site for final contouring and proper site drainage.
- f. Purchaser recognizes that material color runs, both natural and manufactured, vary on most finish and decorator items. The Seller shall not be responsible for variations that are a result of the normal manufacturing and supply processes.
- g. Any changes and/or additions made after the date of this Agreement shall be submitted for Seller's review and approval of processing and scheduling requirements and are subject to the mutual agreement of the Purchaser and Seller. All changes shall be agreed to in writing, and shall be based on an agreed price. Pricing of changes may include any costs to the Seller such as the cost of the extra design, estimating, supervision, rescheduling, restocking charges, and delays in construction as well as the usual cost of material, labor, and the Seller's normal markup. A MINIMUM PROCESSING CHARGE OF **\$500.00** PER CHANGE ORDER (UP TO THREE ITEMS PER CHANGE ORDER) WILL BE ADDED TO THE NORMAL PRICE, FOR ANY CHANGES AGREED TO **AFTER THE BUILDER MEETING**. FOR CHANGE ORDERS EXCEEDING THREE ITEMS OR FOR COMPLEX CHANGES, YOU WILL BE QUOTED A CHANGE ORDER FEE. All charges for and in connection with changes shall be in addition to the purchase price and shall be paid for in advance. Washington State sales tax shall be added to any such change. In the event this sale is not completed for any reason whatsoever, other than default on the part of the Seller, and without respect to the contingent conditions herein, all such amounts paid shall be forfeited to the Seller.
- h. The Seller shall be responsible for all construction means, methods and sequences. The Seller will install materials specified in this Agreement. Where the Agreement does not call for a specific grade or specification, the Seller will install materials which are new and conform to industry practice. The Seller is not responsible for the suitability or function of materials specified by the Purchaser. Seller is not responsible for the safeness or function of design(s) furnished by the Purchaser. The Seller is not responsible for property damage, or the consequences thereof, or personal injury, or the consequences thereof caused by chemical, biological or toxic agents or elements that may be part of any building material utilized in construction.
- i. The Purchaser understands and acknowledges that the property is an active construction site and that due to job safety requirements Purchaser shall not visit the job site during job work hours. The Purchaser shall not contact job workers or subcontractors directly unless a health or safety issue is involved. All inquiries shall be directed to the Selling Broker. Unless accompanied by the Selling Broker, the Purchaser shall not visit the job site during non job work hours.

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18. **COMPLETION.** In the event the house is substantially complete and ready for occupancy, excepting change orders or certain exterior items of more than minor nature and for which completion costs would exceed \$10,000.00, according to the Seller's estimates, and which cannot, in the Seller's opinion, be reasonably completed due to the change order timelines or seasonal ground and/or weather conditions; the sale shall be closed as if such items were complete and an amount necessary to complete said items shall be held in escrow for such purpose. The Seller shall be held responsible for completing all such items that shall be identified separately on the final walk-through report. An amount based on the Seller's estimates of their costs to complete said items shall be set aside in an independent escrow and held until completion of the work. All items to be completed shall be specifically identified and release of the funds shall be conditioned only upon the completion of such items. The release and payment of funds to the Seller shall be made in full within five (5) days after written notice of completion to the Purchaser and escrow agent. If the Seller is not paid as agreed, then the amount due shall bear interest at the highest legal rate from the date of notice of completion to the date of payment. The Seller's rights and remedies to enforce payment shall include the right to lien the property for the amount of the unpaid balance. No other hold backs or set asides shall be allowed.
19. **FOR PARTIALLY COMPLETED HOMES ONLY.** In the event the PSDS specifies that this agreement is for a **Partially Completed Home**, the following conditions shall apply:
- a. This Agreement is subject to the Seller providing the Purchaser with standard plan and specification information for review on or before the **Builder Meeting**. Upon completion of the **Builder Meeting**, the Purchaser shall deposit with the Seller **\$5,000.00** as a nonrefundable deposit. This amount is separate from and in addition to the Earnest Money Deposit. Said amount shall be applied to the purchase price at closing. In the event this sale is not completed for any reason whatsoever, other than default on the part of the Seller, and without respect to the contingency conditions herein, said deposit shall be forfeited to the Seller. If the information provided does not meet the Purchaser's expectations, the Purchaser shall have the right to terminate this Agreement upon completion of the **Builder Meeting**. In the event the Seller does not receive the \$5,000.00 nonrefundable deposit within 3 calendar days of the **Builder Meeting**, then said failure to release the deposit shall be deemed Purchaser's notice of termination of this Agreement.
 - b. The plans and specifications referenced in this Agreement are the property of the Seller and shall be retained by the Seller. The Purchaser may, at any time prior to closing, request and shall be granted the right to review copies of said plans at the office of the Seller during normal working hours.
 - c. The house is (or will be) placed on the building site approximately as shown on the "Approximate Site Plan" provided at the **Builder Meeting**. (Note that if the garage location on the site plans is different than on the building plans, the site plan is the correct location). The site plan is a reasonably accurate scale drawing of the site and house. Any site characteristics (trees, banks, topography, grade transitions, etc.) shown are based on rough field observations and are approximate only. The Seller reserves the right to make reasonable adjustments in the location and siting of the house, including the addition of pony walls and raised foundation walls which are not indicated on the building plans.
 - d. As dictated by the status of the construction and processing lead times, the Purchaser may have a choice of decorating selections for those items that have not passed the Seller's construction change cut off date. Typical selections include carpet, tile, granite, vinyl, plastic laminates and such other decorator items that may be available for selection. All such available selections shall be made on or before the date of the **Builder Meeting**. Selections shall be made from the Seller's standard decorator combinations and standard stock of materials as offered by the Seller. All selections shall be subject to the ready availability as may be required for the scheduled installations. In the event that an item is not available, the Purchaser shall make a new selection within 48 hours of notice or the Seller may select and install an alternative for such item.
 - e. Any upgrade charges shall be payable at the time of making such selections.

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- f. In the event the Purchaser requests decorator selections which, in the Seller's sole opinion, do not adhere to the Seller's general market standards, a "Selections" deposit will be charged. The amount of the "Selections" deposit will be determined by the Seller and payment made prior to the Seller proceeding with the processing of the change order for the nonconforming change. In the event the required "Selections" deposit is not received by the prescribed date, then the Seller may select and install an alternative for such items, which adhere to the Seller's market standards. The "Selections" deposit will be applied to the purchase price at closing. In the event this sale is not completed for any reasons whatsoever, other than default on the part of the Seller, and without respect to the contingent conditions herein, said "Selection" deposit shall be forfeited in full to the Seller.
- g. The Purchaser will be notified of any Decorating Allowances for Light Fixtures at the **Builder Meeting**. In the event the choices made by the Purchaser should result in costs which are less than the stated amount, and if said difference exceeds \$100.00 in total, then the full amount of the difference in cost shall be credited to the Purchaser at closing. Conversely, in the event the choices made by the Purchaser result in a cost exceeding the stated amount; the Purchaser shall pay the specified vendor directly for the cost difference at the time of selection.
- h. The \$500.00 minimum change order processing fee shall be waived for any change orders processed prior to the completion of the **Builder Meeting**.