

**ADDENDUM TO REAL ESTATE PURCHASE AND SALE AGREEMENT
HOME UNDER CONSTRUCTION**

This Addendum to Real Estate Purchase and Sale Agreement (herein the "Addendum") amends the Real Estate Purchase and Sale Agreement (herein the "Agreement") dated _____, 20_____, between **WILLIAM BUCHAN HOMES, INC.** (herein "Seller") and _____ (herein "Purchasers") with regard to the home (herein the "Home") and real property located at _____ in the City of _____, _____ County, Washington (herein the "Property"). Except as set forth in this Addendum: (i) all terms and conditions of the Agreement remain in full force and effect, and (ii) in the event of any conflict, inconsistency or disagreement between the terms of the Agreement and this Addendum, the terms of this Addendum shall control and (iii) all capitalized terms not otherwise expressly defined in this Addendum shall have the same meanings ascribed to such capitalized terms in the Agreement.

1. CLOSING. The Closing Agent shall be: Mark E. Hodges, P.S., Escrow Services Division, Attention: Debbie Johnson, 1215 120 Ave NE, Bellevue, Washington 98005; Telephone number: (425) 558-4800. Seller's share of the total escrow fee shall not exceed \$150.00.

2. LIMITED WARRANTY. The sole warranty of Seller with regard to Home and the Property is specified in the Homeowner's Limited Warranty of William Buchan Homes, Inc. (Form # 109), which is attached to this Addendum and incorporated herein by this reference. Purchasers warrant and confirm that they have fully reviewed the Homeowner's Limited Warranty and acknowledge that it is the sole warranty given by Seller with regard to the Home and the Property. On Closing, Purchasers shall accept the Home and the Property, in its then, AS-IS, AS-BUILT condition subject only to the attached Homeowner's Limited Warranty and the Pre-Closing Inspection as specified in Paragraph 3 hereof. All other express or implied warranties of any nature are expressly disclaimed by Seller.

3. PRE-CLOSING INSPECTION. Prior to Closing, at a time specified by Seller, Purchasers and a representative of Seller shall inspect the Home and the Property (herein the "Pre-Closing Inspection") and shall complete the "William Buchan Homes, Inc. Pre-Closing Inspection Form", listing aspects or details of the Home and the Property which Purchasers reasonably believe require completion, repair or correction. Any repairs, corrections or completions to aspect or detail of the Home or the Property which are not identified by Purchasers on the William Buchan Homes, Inc. Pre-Closing Inspection Form at the time of the Pre-Closing Inspection shall be deemed unconditionally acceptable and accepted by Purchasers. Seller shall not be obligated to remedy, correct, complete or repair aspects or details of the Home or the Property which are: (i) not identified on the William Buchan Homes, Inc. Pre-Closing Inspection Form at the time of the Pre-Closing Inspection, or (ii) which are identified by Purchasers on the William Buchan Homes, Inc. Pre-Closing Inspection Form but which Seller, in its discretion, determines are not defects or deficiencies in the Home or the Property. Seller shall use best efforts to repair, complete or correct defects or deficiencies in the Home or the Property which Seller is obligated to undertake within forty-five (45) days following the completion of the William Buchan Homes, Inc. Pre-Closing Inspection Form. However, the Closing shall not be delayed and Seller shall not be liable for any direct, incidental or consequential damages in the event that Seller's repair, completion or correction activities shall not delay beyond this forty-five (45) time period.

Initials:

Purchaser

Purchaser

Agent

Seller

Seller

4. COVENANTS, CONDITIONS AND RESTRICTIONS. The Property and the Home are subject to certain covenants, conditions and restrictions (herein the "**Covenants**"). Purchasers warrant, agree and confirm that they have received and reviewed the Covenants and that Purchasers shall be bound by the terms of the Covenants, as now existing or as may be amended in the future.

5. CLOSING/UNAVOIDABLE DELAY. Should Seller be delayed in the execution or completion of construction of the Home by any occurrence including but not limited to: delays in obtaining required permits, acts of public authorities, acts of God, fire, adverse weather conditions, delays in utility installation, shortage or unavailability of labor or material, Changes, incapacitating illness, delays in obtaining interim or final inspection of any aspect of the Home, or any other delays caused by any similar means or which are beyond the reasonable control of Seller, at Seller's election and upon notice by Seller to Purchasers, the Closing Date specified in the Agreement for the Closing (herein the "**Closing Date**") shall be extended for a period of time to enable Seller to complete construction of the Home. Seller shall not be liable for any direct, incidental or consequential damages arising from the extension or delay in the Closing Date.

In the event that Seller must extend the Closing for ninety (90) days or more beyond the Closing Date specified in the Agreement, upon written notice to the other party, either party may terminate the transaction set forth in the Agreement and this Addendum, without further liability to the other. Provided however, Purchasers' right to terminate this transaction shall not be applicable if the delay(s) in Closing is the direct or indirect result of Purchasers' delay, failure or refusal to accomplish or undertake any actions required by the terms of the Agreement or this Addendum. Provided further, in the event Purchasers elect to terminate the transaction set forth in the Agreement and this Addendum, the Non-Refundable Deposits and Change Order Price Payments paid by Purchasers for Change Orders shall be retained by Seller.

6. ACCESS TO HOME AND PROPERTY. Purchasers acknowledge that entry upon the Property during construction can be dangerous and that hazards may exist that are not observable. Purchasers, Purchasers' agents and related parties shall not enter the Home or the Property prior to Closing without Seller's approval and only when accompanied by an authorized representative of Seller. Purchasers hereby waive any and all claims against Seller for injury or loss to person or property arising out of or in connection with any entry by Purchasers or Purchasers' agents and related parties on to the Property. Purchasers shall defend and hold Seller harmless from and against all claims and liability for injury, loss, damage or expense to Purchasers, it's agents, and related parties or property arising out of or in connection with any such entry. Keys to the Home will be given to Purchasers only upon Closing.

7. CONSTRUCTION OF THE HOME. Seller's construction of the Home on the Property shall be accomplished as follows:

7.1 Construction Methods. Seller, in its sole discretion, shall specify all construction mode, manner, means, methods, techniques, sequences, procedures, subcontractors and materialmen to accomplish the construction of the Home, all in keeping with the terms of the Agreement and this Addendum; and applicable rules, codes, regulations, building codes, laws, and statutes applicable to such construction (herein collectively the "**Codes**").

Initials:

Purchaser

Purchaser

Agent

Seller

Seller

7.2 Siting. As part of Seller's determination of the manner in which the Home is constructed, Seller, in its discretion, shall determine the location of the Home on the Property, shall determine, set and establish the finished elevations of the Home, shall alter or modify existing grades and, determine, set and establish the final grades of the Property, and shall determine the amount of clearing, grading or filling to take place on the Property. Seller reserves the right to make reasonable adjustments in the siting, reasonable adjustments or additions of walls and adjustments to all associated improvements to accommodate the physical condition of the Property

7.3 Contractors. Only employees, agents, materialmen and subcontractors specified and identified by Seller shall perform work or supply materials for the construction of the Home; no work can be performed by Purchasers or by subcontractors or agents of Purchasers. Purchasers shall not supply any material for incorporation into the Home and shall not request any subcontractor agent or employee of Seller to modify, amend, redo, re-accomplish or add to its work.

7.4 Models, Interior Decoration. Interior decorations, furnishings and optional upgrades in model homes are displayed for illustration only and are not included within Seller's obligations under the Agreement or this Addendum unless specifically and expressly set forth herein.

7.5 Questions During Construction. Seller anticipates that Purchasers will have questions regarding the construction of the Home. Purchasers acknowledge that Seller's subcontractors, employees and agents have no authority to respond to Purchasers' questions and no authority to make any unauthorized changes in the Plans or Specifications. Accordingly, Purchasers agree not to interrupt the work of subcontractors and employees with questions and instead to direct any questions regarding the construction process to the Builders Representative at: (425) 828-6424.

8. AUTOMATIC WAIVER OF FINANCING CONDITION. Regardless of any language to the contrary in the Agreement, any condition relating to Purchasers' ability to obtain financing for the purchase of the Property shall automatically be waived thirty-five (35) days after the date of mutual acceptance of the Agreement, unless within said thirty-five (35) days Purchasers give notice to Seller that they are unable to obtain financing as specified in the Agreement, in which event the Agreement and this Addendum shall terminate, and the refundable Earnest Money Deposit shall be refunded to Purchasers.

Purchasers' Initials

Seller's Initials

9. NON-REFUNDABLE DEPOSITS. In addition to the Earnest Money Deposit, Purchasers shall deposit and shall release to Seller the portion of the Non-Refundable Deposits specified in this Addendum (herein the "**Non-Refundable Deposits**") on or before the date specified in this Paragraph 9. Time is of the essence in the payment of each of the sums listed by the specified dates. In the event that Purchasers fail to pay any installment of the Non-Refundable Deposits by the due date specified in this Paragraph 9, Seller, by written notice to Purchasers may elect to terminate the Agreement and this Addendum. The Non-Refundable Deposits paid by Purchasers to Seller shall be applied to the Purchase Price at the Closing of this transaction. In the event Purchasers default and/or fail and/or refuse to Close, or if the Agreement and this Addendum is terminated or canceled pursuant to any provision of the Agreement or this Addendum, the Non-Refundable Deposits and any Change Order Price Payments shall be retained by Seller. Purchasers must pay the Non-Refundable Deposits according to this schedule:

Initials:

Purchaser

Purchaser

Agent

Seller

Seller

Amount: \$ _____ Due Date: _____

Amount: \$ _____ Due Date: _____

Amount: \$ _____ Due Date: _____

Purchasers acknowledge that notwithstanding any language in the Agreement which may purport to limit the maximum amount retainable by the Seller, in the event that Purchasers default and/or fail and/or refuse to Close or in the event that this Agreement is terminated or canceled as provided herein, all Non-Refundable Deposits and all Change Order Price Payments shall be retained by Seller and shall not be refundable to Purchasers under any circumstance. Purchasers hereby unconditionally waive and release all right, claim or entitlement to the refund of all or any portion of the Non-Refundable Deposits and all Change Order Price Payments paid to Seller pursuant to the Agreement or this Addendum. The provisions of this Paragraph 9 have been specifically negotiated and specifically agreed to by Purchasers:

Purchasers' Initials

Seller's Initials

10. CHANGES. Any modification, alteration or addition by Purchasers to the Plans or the Specifications which is not an Allowance Item permitted pursuant to the Specifications is a "**Change**". A written request for a Change is a "**Change Request**". Seller's and Purchasers' written agreement on the accomplishment of a Change and the price to be charged for the Change shall be set forth in a "**Change Order**". The non-refundable amount payable by Purchasers to Seller for a Change is a "**Change Order Price Payment**". In Seller's discretion, it may permit changes to be made as follows:

10.1 Limitations. Seller has limited ability to make Changes. Therefore, Seller in its sole discretion may refuse to make any Change for any reason. Any Change may delay the completion of the Home and the Closing of this transaction. Seller is not obliged to notify Purchasers if a Change will cause a delay.

10.2 Change Order Procedure.

(a) All Change Requests shall be submitted in writing to Seller, Attention: Builders Representative, 2630 116th Ave NE, Bellevue, WA 98004, telephone number (425) 828-6424, facsimile number (425) 828-4435.

(b) Each of Purchasers' Change Requests must be accompanied by a \$150.00 **PER ITEM** administrative fee. If Seller refuses to make a Change specified in a Change Request, Seller shall refund to Purchasers the administrative fee for that specific item.

(c) Seller reserves the right to require payment of an administrative fee in excess of the specified \$150.00 amount if the requested Change, in Seller's determination will require processing costs, design costs or consideration costs in excess of this sum in order to prepare a Change Order. If this is the case, Seller will notify Purchasers, and the excess amount shall be paid before Seller proceeds with processing of the Change Order.

Initials:

Purchaser

Purchaser

Agent

Seller

Seller

(d) Following the receipt of a properly submitted Change Request and calculation of a Change Order Price Payment, if Seller elects to accomplish the Change, Seller will provide Purchasers with a proposed Change Order including a description of the Change, the Change Order Price Payment and the date by which Purchasers must sign and return the proposed Change Order and pay the Change Order Price Payment. Seller is not obligated to perform any Changes for which Purchasers have not signed and returned the Change Order or for which the Change Order Price Payment has not been paid by the due date specified in the Change Order. In such instances Seller, at its option may proceed with the work without the proposed Change, and Seller shall retain the administrative fee.

(e) If Purchasers do not agree to accomplish the Change Request following Seller's determination of the Change Order Price Payment, or if Purchasers do not sign and return the Change Order and/or pay the Change Order Price Payment by the due date, the Change will not be accomplished and the administrative fee shall be retained by Seller.

(f) If the proposed Change Order is signed and returned by Purchasers to Seller by the due date specified together with the Change Order Price Payment, the administrative fee will be applied as part payment of the Change Order Price Payment as shown on the Change Order.

(g) All Change Order Price Payments made by Purchasers for Change Orders are non-refundable to Purchasers under any circumstances. In the event this transaction fails to Close for any reason, including termination of the Agreement, the Change Order Price Payments shall be retained by Seller and shall not be refundable to Purchasers for any reason.

10.3 General Reservations. Seller is not liable for any back orders generated as a result of a signed Change Order or Allowance Item Selection by Purchasers, nor shall the back order delay Closing. Seller does not warrant that prices quoted or charged for Changes are competitive. Seller shall not be required to delay or terminate construction on the Home while Purchasers consider any Change Request or potential Change Order.

10.4 Adding Change Orders To Purchase Price. The provisions of this paragraph supersede any terms to the contrary in any Financing Addendum to the Agreement. The Agreement shall not be conditioned upon a determination that the appraised value of the Property exceeds the Purchase Price (without addition of the Change Order Price Payment). In the event the appraisal does not equal or exceed the final Purchase Price, Purchasers agree that the Change Order Price Payments paid for Changes will not become a part of the financed portion of the final Purchase Price. If Purchasers wish to have the Change Order Price Payments added to the Purchase Price (subject to approval by Purchasers' lender), an additional addendum to the Agreement must be completed specifying the following information:

(a) The amount of the Purchase Price (without the Change Order Price Payment).

(b) The Change Order numbers and the total amount of the Change Order Price Payment for each Change Order to be added to the Purchase Price.

Initials:

Purchaser

Purchaser

Agent

Seller

Seller

(c) The calculation of Seller's fee in the amount of Six and 75/100 percent (6.75%) of the total amount of the Change Order Price Payments, to reimburse Seller for the administrative expense of adding the Change Order Price Payments to the Purchase Price (including excise tax and title insurance).

(d) The revised amount of the Purchase Price including the amounts of the items specified in Paragraph 10.4(a), (b) and (c) hereof.

(e) The total amount of the non-refundable Change Order Price Payments made to Seller pursuant to Paragraph 10.2 hereof which will apply to the Purchase Price at Closing. The addition of non-refundable Change Order Price Payments to the Purchase Price shall not cause the non-refundable Change Order Price Payments made by Purchasers for Change Orders to be refundable.

(f) In all events, the real estate commission shall be based upon the Original Purchase Price, without the addition of the sums calculated in Paragraph 10.4(a) through (e) hereof.

11. PRORATIONS. Taxes and assessments for the current year, homeowner's association dues, utility charges or fees shall be pro rated between Seller and Purchasers as of the Closing Date. Sewer or water general facility or capacity charges, local improvement district charges, special assessments and all other levies, assessments or charges made by local municipal bodies, special districts or other entities shall be extended and amortized over the longest term legally permissible and shall be assumed by Purchasers as of the Closing Date and all post-Closing installments shall be paid by Purchasers.

12. MERGER. The Agreement, this Addendum (including the documents attached to or referenced in this Addendum) constitute the entire agreement of the parties relating to the subject matter hereto. All prior and contemporaneous negotiations, representations, understandings and agreements between the parties, oral or written, are hereby merged into and, extinguished by, completely expressed by and superseded by the Agreement and this Addendum. There are no other agreements, verbal or in writing, including any representations or warranty by Seller or any agent or employee of Seller which modify or effect the terms hereof.

13. TERMINATION OF AGREEMENT/DEFAULT. In the event that Seller elects to exercise any right set forth in the Agreement or this Addendum to terminate or cancel the Agreement and this Addendum, it shall do so by written notice to Purchasers. In such event, the Earnest Money Deposit (to the extent it is refundable pursuant to the terms of the Agreement or this Addendum) shall be returned to Purchasers and the Non-Refundable Deposits and Change Order Price Payments shall be retained by Seller, and Seller shall have no further duty or obligation to Purchasers or any real estate agent associated with this transaction. In the event the Seller materially defaults under the Agreement or this Addendum and fails to cure such default after written notice thereof from Purchasers, Purchasers shall be entitled as their sole and exclusive remedy to terminate the Agreement and this Addendum and receive a refund of Earnest Money Deposit and any Non-Refundable Deposits made to Seller. In such event, Seller shall not be liable for any direct, incidental or consequential losses suffered by Purchasers and Purchasers shall not be entitled to seek any equitable remedies including the remedy of specific performance of the Agreement and this Addendum.

Initials: _____
Purchaser Purchaser Agent Seller Seller

Except as expressly set forth in the Agreement or this Addendum, Purchasers or any real estate agent involved in this transaction shall not have any claim, right or entitlement to the Earnest Money Deposit, any Non-Refundable Deposits or any Change Order Price Payment in the event of termination or cancellation of this Agreement. Additionally, in the event Purchasers default under the Agreement or this Addendum and fails or refuses to Close, the entirety of the Earnest Money Deposit, the Non-Refundable Deposits and Change Order Price Payments shall be retained by Seller, free and clear of any claims or demands by Purchasers or any real estate agent.

14. ASSIGNMENT. Notwithstanding any other provision of the Agreement or this Addendum, Purchasers may not transfer or assign the Agreement, this Addendum or any rights hereunder without Seller's prior written consent, which consent may be withheld in Seller's discretion.

15. DISCLAIMER BY PURCHASERS. Other than the terms of the Limited Warranty attached hereto, Purchasers acknowledge and confirm that incident to their selection of the Home and the Property and in the execution of the Agreement and this Addendum, Purchasers has not relied upon any written or oral statement, representation, warranty or assurance (herein "**Representations**"), by any real estate agent, Seller or any agent or employee thereof with regard to any aspect of the Home or the Property or this transaction, including any Representations with regard to the size or shape of the Property, the location or length of property lines, the nature, configuration or content of the improvements to be constructed within the subdivision in which the Property is located (herein the "**Plat**"), the size of the Home, the final construction of the Home or the nature, use or application of any improvements existing or to be constructed upon any other real property within the vicinity of the Property. Purchasers expressly waive and release any claim, liability or demand based upon any Representations which are not specifically set forth in the Agreement or this Addendum.

16. SELLER'S RESERVED RIGHTS. Seller retains the unconditional right to: (i) construct any improvement of any design, use or application upon any lot within or without the Plat or upon any other real property, and (ii) to modify, amend, alter or change the design, model, location, grade, elevation, color and orientation of any existing or proposed home or improvement on any other lot within or without the Plat, (iii) to utilize the design of the Home to construct any home on any lot within or without the Plat, and (iv) to market and/or sell other lots within or without the Plat to any person or entity or to otherwise deal with any real property or lots within or without the Plat according to Seller's discretion. Unless otherwise specifically set forth in the Agreement or this Addendum, Seller is under no duty or obligation to remove any vegetation from any lot within or without the Plat or to install any landscaping on any lot within or without the Plat.

17. SEVERABILITY. The enforceability, invalidity, illegality or termination of any provision of the Agreement or this Addendum shall not render any other provision of the Agreement or this Addendum unenforceable, invalid or illegal, and shall not terminate the Agreement or this Addendum or the rights or obligations of the parties. Nothing contained herein shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provision contained in this Addendum and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but the provision of the Agreement or this Addendum which is affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law without invalidating or affecting the remaining provisions of the Agreement or this Addendum.

Initials: _____
Purchaser Purchaser Agent Seller Seller

PURCHASERS:

By _____

By: _____

Date: _____

SELLER:

WILLIAM BUCHAN HOMES, INC.

By _____

Its: _____

Date: _____

SELLING AGENT

By _____

Date: _____

WBH Form #WBH09p
Revised 09/08