

ZETTERBERG QUALITY HOMES, INC.
REAL ESTATE PRE-SALE CONTRACT ADDENDUM

Date: _____

Purchaser: _____

Home Telephone: _____

Work Telephone: _____

Co-Purchaser: _____

Home Telephone: _____

Work Telephone: _____

Mailing Address: _____

Builder: Zetterberg Quality Homes, Inc.
202 Rose Place
Puyallup, Washington 98371
253-845-9203

Selling Broker: _____

Address: _____

Selling Agent: _____ Work Telephone: _____ Other Telephone: _____

Property Address: _____

Subdivision Name: _____ Lot #: _____

According to Plat recorded in the records of: _____ County, Washington.

AGREEMENT ADDENDUM

In consideration of the mutual covenants contained herein and other good, valuable and sufficient consideration, receipt of which is hereby acknowledged, the Purchaser, whose name(s) and address appear above, hereby agrees to purchase from Zetterberg Quality Homes, Inc., herein referred to as the Builder, and the Builder to construct and sell to the Purchaser, a home to be located on the Purchaser's real property as described above.

Builder and Purchasers each agree that the terms of the sale will include all of the conditions contained in this Agreement and all of the conditions contained in the Addenda (supplementary agreements), if any, attached to this Agreement and signed by both Purchasers and Builder's division president, controller or other authorized manager. Each also agrees that there are no terms, conditions or promises relied on, either written, or oral, that are not contained in this Agreement or the Addenda.

1. **SPECIFICATIONS:** Said home is to be constructed in accordance with the following plans or plans and specifications made a part of this agreement by reference. The specifications shall supersede the plans in cases of conflict. Copies of plans initialed by each of the parties hereto are in the possession of each of the parties and are being incorporated in this agreement to the same extent and effect as if such plans were fully set out herein.
2. **MATERIALS:** In the event of unavailability, Purchasers agree that the Builder may replace materials or fixtures used in the model homes and/or depicted on the plans or drawings or renderings of the house with suitable substitutions provided that they are of similar or better quality, and acceptable under government and/or industry standards that apply. Purchasers consent to other changes which may be necessary, required, authorized or approved by governmental authorities having jurisdiction, by the Lender or as may be otherwise necessary due to material shortages, drainage considerations, work stoppages or emergencies. Builder will make every effort to notify the Purchaser of substitutions made, however, Builder is not required to notify Purchasers of the substitution or replacement of materials or fixtures unless it materially affects the quality or value of the house.
3. **MODELS AND PLANS:** Before signing this Agreement, purchasers have viewed a certain model and/or certain plans, drawings or other renderings depicting examples of the type of house they are purchasing. Purchasers acknowledge that: (A) Information in the written materials represents only an approximation of the scale and dimensions designated therein, (B) the models contain a number of options ideas and decorator items, and (C) Purchasers have received and signed a Description of Materials and Specifications. The house, as built, will be substantially similar to the examples Purchasers have viewed, but may differ to an extent consistent with normal practices and tolerances within the construction industry. The use of materials may be different from those viewed by the Purchasers. The floor plan and garage may be reversed due to the conditions on the property or conditions on adjacent lots.
4. **AMMENITIES SELECTIONS:** Purchasers shall make selections of decorating colors and materials from among color and material samples to be provided by Builder with respect to selections allowed by Builder where selections have not been previously made. If Purchasers fail to make the selections in writing within ten days after Builder's request, Builder may select (and install) such colors and materials itself. The following schedule applies to selection

Purchaser's Initials _____ Date _____ Builder's Initials _____ Date _____

deadlines:

Exterior color selections to be finalized no later than 2 weeks after the pre-construction meeting;

Changes or upgrades allowed as per Paragraph 7 finalized no later than 2 weeks after the pre-construction meeting;

Interior amenities selections to be finalized no later than 4 weeks after the pre-construction meeting;

Lighting fixture selections finalized no later than 1 week after electrical rough-in start date.

5. **NECESSARY EXTRAS:** Any costs incurred in excess of the amounts set forth for the project due to Purchaser changes or additions shall be considered as an extra. These extras are invoiced directly from signed work orders from the Purchaser. The Purchaser shall be solely liable for all such additional costs. Builder will allow submittal of three REQUEST FOR CHANGE/WORK ORDER QUOTE forms at no charge to Purchaser. Any request for quotes or changes after that will be subject to a \$250.00 change order fee. A REQUEST FOR CHANGE/WORK ORDER QUOTE form can be filled out and will receive a 5-business day response. Signing the CHANGE/WORK ORDER acceptance line AND submitting a check for the full amount of the total change/work order payment will implement the CHANGE/WORK ORDER. The check will be deposited by the Builder and is non-refundable.
NOTE: No work will be started on any CHANGE/WORK ORDER unless approved by the Purchaser by signing the acceptance line and the Builder receives receipt of payment in full of the change order. Delays in confirmation could result in an increase in the quote cost. In the event that the billed extras as set forth are not paid in full at the time the Purchaser takes possession of the contracted home, then the Builder reserves the right to withhold the execution of a release of lien in favor of the Purchaser until such time as billed extras are paid in full. Additionally, the builder reserves the right to require the purchaser to sign a Promissory Note in the amount owing the Builder for the billed extras still outstanding. Said Promissory Note shall accrue interest at the rate of Citibank's prime lending rate plus 2% on a monthly basis, computed on the outstanding balance until such time as principle balance is paid in full.
6. **TIME FOR COMMENCEMENT AND COMPLETION:** The Builder agrees to commence work hereunder on or before thirty (30) days after receiving a building permit and to complete the home approximately two hundred ten (210) days from the starting date. The Builder shall not be responsible for any delay caused by acts of arbitration, failure of any subcontractor or materialmen, fires, strikes, legal acts of public authority, war, inclement weather, allocation of material priorities, delays or defaults by public or private carriers, shortages of material or labor, acts of the Purchaser or of persons employed by the Purchaser, acts of God or other work stoppages, casualties, or other causes beyond the control of the Builder. In the event that substantial delays on account of any of the above reasons shall be apparent anytime prior to or during the construction of the home contracted for herein, the Builder shall have the option to terminate this contract. In the event of such termination, the Builder shall be obliged to return all payments made by the Purchaser less any expenses that have been actually incurred by the builder prior to said termination. Some selections are required to be made by the Purchaser before work can continue. Purchaser agrees to abide to the selection target dates with their amenities selections. The Builder shall not be responsible for any delays caused by incomplete selection information or "special order" selection items. Requests for change orders are another factor which can cause delays in the completion of the home. Purchaser agrees to abide by change order deadlines. Deadlines mean dates in which making a change order would cause a reversal in the schedule. (i. e. no foundation changes after the foundation has been poured, no framing changes after the framing has been completed, etc.)
7. **COMPLETION:** When the house is completed, if not already completed, Purchasers will examine it to determine its acceptability. Closing of the sale constitutes Purchaser's unconditional acceptance of the house as built without regard to variations or differences between the house and the model home and/or drawings, renderings or plans viewed as examples by Purchasers. Purchaser's refusal to accept the house as built shall constitute a breach of this Agreement for which Builder may retain all deposits pursuant to Paragraph 25.
8. **LOTS:** Each lot is unique in its size, shape and drainage characteristics. Purchasers understand and agree that the size of the lot; the exact location of trees, sidewalks (if any) and driveways; and the drainage patterns of their lot may differ from the model home and drawings or renderings they have examined; and Builder reserves the right to determine the location and configuration of the house upon the lot, all final grades of the lot and extent of clearing of the lot (if any) to ensure that all municipal codes and covenant requirements are met. Purchasers acknowledge that they have physically inspected the lot that they select and find that lot acceptable. Purchasers understand and agree that any additional dirt needed for backfill or to be removed due to excess is at Purchaser's expense. Builder will make every effort to set the home in the lot as such to allow for enough dirt/fill for adequate backfill.
9. **PREPAID EXPENSES:** Purchasers agree to pay in cash at closing the actual amounts required as Prepaid Expenses including taxes, assessments, mortgage lender escrows, homeowner's insurance and Homeowner's Association maintenance assessments, if any. All real property taxes and assessments, and maintenance assessments for the year of closing shall be prorated through the date of closing based upon the previous year's assessments, or, if available, the current year's assessments.
10. **FINANCING:** Section 8 Line 1 of the Financing Addendum Form 22A states Seller agrees to pay the full escrow fee plus. Buyer acknowledges that all non allowable VA costs to come out of the Seller credit including the escrow fee.
11. **COMMISSIONS:** Commissions are calculated at 2.5% of original contract price. All upgrades, change work orders and closing costs agreed upon after mutual acceptance will not increase the amount of commission due to selling agent.
12. **INTERIM INTEREST ON PURCHASER'S MONEY MORTGAGE:** In addition to the Purchase Price, Closing Costs and Prepaid Expenses, Purchasers agree to pay interim interest on the purchaser money mortgage in cash at closing or as otherwise instructed by the mortgage lender.
13. **LOAN APPLICATION AND APPROVAL:** If this is not a cash sale, Purchasers and Builder agree that this sale is subject to the Purchasers obtaining a loan in the necessary amount from such mortgage lender as shall be selected by the Purchasers and is reasonably acceptable to the Builder. Should the Purchaser select a lender that is not located within the immediate market, i.e. Pierce County, the Builder may elect to have Purchaser place in escrow an additional deposit equal to one percent of the purchase price to be forfeited to Builder, should the purchase not close and fund as originally agreed in the purchase and sale agreement or custom contract. This is intended to offset additional costs and financial expense incurred by Builder due to delays in funding. Purchaser's failure to apply to a lender for a loan, including payment of all application fees and signing of all forms required by the lender within five (5) business days after signing this Agreement, at Builder's sole discretion, shall be an event of default.
14. **TITLE AND ESCROW:** Purchaser and Seller mutually agree that title and escrow will be closed through The Talon Group 2913 5th Ave. NE, Ste. 102 Puyallup, WA 98372. Purchaser understands that seller will be receiving a discounted rate at closing for title and escrow, Purchaser will pay a normal escrow fee. Seller agrees to provide Purchaser with an Owners Standard Policy of title insurance at closing.
15. **LIMITED HOME WARRANTY:** Builder shall provide its standard Builder Limited Warranty covering defects in materials and workmanship in the Property for a period of one year from the date of the certificate of occupancy as described in the Builder Limited Warranty documents. Copies of the Builder Limited Warranty are available for Purchasers' review in the Sales Office and a copy will be provided to the Purchasers at closing or earlier upon request. This warranty is non transferable.

DISCLAIMER: THERE ARE NO OTHER WARRANTIES, EITHER EXPRESSED OR IMPLIED, OTHER THAN THE BUILDER LIMITED WARRANTY REFERENCED IN THE ABOVE SECTION OF THIS REAL ESTATE PRE-SALE CONTRACT. THIS BUILDER LIMITED WARRANTY IS PROVIDED IN LIEU OF ANY STATE OR FEDERAL WARRANTY, INCLUDING THE WARRANTY OF HABITABILITY, FITNESS, OR MERCHANT ABILITY

Purchaser's Initials _____ Date _____ Builder's Initials _____ Date _____

16. **WAIVER OF IMPLIED WARRANTIES:** PURCHASERS AGREE THAT THIS WARRANTY EXCLUDES ALL OTHER WARRANTIES EITHER EXPRESSED OR IMPLIED UNDER WASHINGTON OR FEDERAL LAWS AND HEREBY WAIVE AND RELINQUISH ANY AND ALL IMPLIED WARRANTIES INCLUDING ANY EXPRESS OR IMPLIED WARRANTIES OF FITNESS, MERCHANTABILITY OR HABITABILITY AND AGREE TO RELY SOLELY ON SELLER'S BUILDER LIMITED WARRANTY. PURCHASERS ACKNOWLEDGE AND AGREE THAT BUILDER IS RELYING ON THIS WAIVER AND WOULD NOT SELL THE PROPERTY TO PURCHASERS WITHOUT THIS WAIVER.
17. **WARRANTY SERVICE:** Purchasers' and Builder agree that any repairs or service performed by Builder under the Builder Limited Warranty will be done using generally accepted industry practices, techniques and materials. Completion of the work will be done during normal business hours to the standards and tolerances set forth in the Builder Limited Warranty provided that if the Builder Limited Warranty establishes no such criteria, work will be completed to generally accepted industry standards and tolerances. Purchasers shall not direct the manner in which the work is done or the standards or tolerances of completion. Purchasers and Builder agree that if a dispute should occur over the need for service or repair, the technique or method of the work, the Builder's duties under the Builder Limited Warranty or the interpretation or meaning of the Builder's Limited Warranty, such disagreements will be settled according to the terms of the Builder's Limited Warranty.
18. **MANUFACTURERS' LIMITED WARRANTIES:** Manufacturers of the consumer products and appliances included in the house (water heater, dishwasher, etc.) may provide Limited Warranties for their products. No changes or additions will be made to the Manufacturers' Limited Warranties. Builder shall have no responsibility for the Manufacturers' service or repairs to their consumer products.
19. **DEED:** Title to the property will be transferred from Builder to Purchasers by a Warranty Deed. There shall be no liens on the property when it is transferred except a vendor's lien, securing Builders' receipt of the Purchase Price, and the mortgage lien of the Lender and the lien of current taxes and assessments not yet due and payable. However, the title to the property will be subject to all other recorded matters such as (I) reservations, covenants, conditions and restrictions easements, rights-of-way, rights reserved in federal patents or state deeds; (II) zoning laws (if any), regulations or ordinances (if any) of governmental authorities relating to the property; (III) mineral reservations and interests of record (if any) and a reservation of ingress and egress for the benefit of the Builder, its employees, subcontractors, successors and assigns, over and upon the front, side and rear yards of the Property as may be expedient or necessary for the construction, servicing and completion of dwellings and grading upon lots adjacent to or in the vicinity of the Property, provided that the easement shall automatically terminate upon the first to occur of (a) sixty days after the final completion of all dwellings and grading upon all lots adjacent to or in the vicinity of the Property, or (b) twenty-four months after the closing date; and the deed shall contain a recitation of the matters set forth herein. Purchasers agree to accept the title to the property subject to these conditions.
20. **POSSESSION:** Purchasers may take possession of the property after closing and after receipt of funds. Builder and Purchaser understand that any and all incomplete items on the home prior to possession will be addressed by the lender's appraiser during the final appraisal (442). Once the home has closed, further minor incomplete items shall be addressed in accordance with Paragraph 14. Prior to the closing, Purchasers shall not enter upon the Property to make any changes, additions or alterations in the construction of the house or lot including but not limited to the installation or addition of any equipment, wiring, appliances, fencing, decks or patios, landscaping, wall coverings or paint without prior written approval from Builder. From and after the date of closing, Builder shall have the right to enter upon the Property for purposes incidental to the construction by Builder of improvements upon adjacent property provided that Builder shall repair any damage to Purchaser's real property resulting from such activity by Builder.
21. **USE RESTRICTIONS:** Purchasers acknowledge that the property may be subject to a Declaration of Covenants and Restrictions of the subdivision (the "Declaration"). A Declaration imposes certain restrictions on the use of the Property (house, appurtenances and lot) on the Purchasers. Purchasers acknowledge that they have received a copy of the Declaration affecting their property (if any) for their review and retention.
22. **HOMEOWNERS' ASSOCIATION:** If the subdivision is within the jurisdiction of a Homeowner's Association, Purchasers acknowledge that they will be members of the Homeowner's Association after the closing. The activities, privileges, rights and responsibilities of the Homeowner's Association are fully described in the Declaration and Homeowner's Association Documents.
23. **ADJACENT LAND USE:** land adjacent to or surrounding the subdivision which is not owned by the Builder is not within the Builder's control. Builder shall not be liable to the Purchasers for any use or condition of adjacent or surrounding land for residential, commercial, industrial, institutional, multi-family, non-residential or other purposes.
24. **BUILDER'S FAILURE:** If the Builder fails to comply without legal excuse before closing, or fails to close without legal excuse, and the Purchasers are in compliance with this Agreement, then the Purchasers may either enforce specific performance of this Agreement, provided that suit is instituted within six (6) months from the date of the Builder's failure, or cancel this Agreement and receive damages described in Paragraph 25. If after closing, the Purchasers wish to pursue a complaint or claim against the Builder, they must do pursuant to Paragraph 25. No claim waived by the Purchasers in Paragraphs 16 or 28 may be brought either before or after closing. Claims covered by the Builder Limited Warranty or the Manufacturers' Limited Warranties must be brought under those documents respectively.
25. **PURCHASERS' FAILURE:** If the Purchasers fail to comply with this Agreement without legal excuse, the Builder at its sole discretion, may allow a refund of the Earnest Money deposit and other deposits to the Purchasers or may retain all or a portion of the Earnest Money and other deposits not to exceed five percent (5%) of the final purchase price as liquidated damages as its sole and exclusive remedy and this Agreement shall be canceled. Such damages are not a penalty, but represent actual damages which the Builder will incur upon any default by the Purchasers; and those damages will be substantial, but cannot be precisely determined as of the date of this Agreement.
26. **LENDER'S FAILURE:** If the Lender should fail or refuse to make the loan to the Purchasers (for any reason except for the Purchasers' failure to cooperate with the Lender or refusal to close) the Purchasers shall be entitled to a refund of the Earnest Money and this Agreement shall be canceled.
27. **LIMITATION OF LIABILITY:** Except as provided in the next sentence, the Builder shall not be responsible for any expenses or inconvenience experienced by the Purchasers. If this Agreement is canceled before closing, the Builder's only responsibility shall be to allow a refund to the Purchasers of their Earnest Money deposit and other deposits, unless retained pursuant to the other terms hereof, together with the additional sum of \$750.00 as liquidated damages if cancellation is due to the Builder's failure, since any actual damages cannot be precisely determined as of the date of this Agreement. In connection with the payment of Earnest Money and other deposits hereunder to either the Purchasers or Builder, each party hereby directs the Selling Broker to pay whatever sums it hold under this Agreement to the party entitled to such money under this Agreement.
28. **WAIVER OF FUTURE CLAIMS:** PURCHASERS HEREBY WAIVE AND RELINQUISH ALL CLAIMS AGAINST THE BUILDER FOR DAMAGES TO PROPERTY OR PERSONAL INJURY ARISING AFTER THE DATE OF THIS AGREEMENT AND RELATING TO ANY OF THE FOLLOWING:
 - a. ENVIRONMENTAL OR ECOLOGICAL CONDITIONS OR EVENTS SUCH AS WEATHER CONDITIONS, ATMOSPHERIC CONDITIONS, TERRESTRIAL CONDITIONS, ACTS OF GOD OR OTHER NATURAL OR MAN-MADE CONDITIONS OR OCCURANCES BEYOND THE REASONABLE CONTROL OF THE BUILDER;
 - b. THE PRESENCE OR EXISTENCE OF CANCER-CAUSING OR RADIOACTIVE SUBSTANCES OR MATERIALS, OR MATERIALS OR SUBSTANCES CAUSING OR SUSPECTED OF CAUSING ILLNESS UNLESS THE BUILDER (I) HAS ACTUAL KNOWLEDGE OF THE PRESENCE OF SUCH SUBSTANCE OR MATERIAL AND THE ILLNESS-CAUSING POTENTIAL OF SUCH SUBSTANCE AND (II) BUILDER FAILS TO ADVISE PURCHASERS OF THE PRESENCE OF THE SUBSTANCE PRIOR TO CLOSING;
 - c. CONSEQUENTIAL DAMAGES OR EXPENSES RESULTING FROM THE TERMINATION OF THIS CONTRACT OR DELAYS IN CLOSING, SUCH AS LODGING, COMMISSIONS, INTEREST RATE FLUCTUATIONS, STORAGE, MOVING, MEAL OR TRAVEL EXPENSES;

Purchaser's Initials _____ Date _____ Builder's Initials _____ Date _____

