

BUILDER/SELLER'S ADDENDUM "A"
CAPSTONE HOMES, INC.
ADDENDUM / AMENDMENT TO PURCHASE AND SALE AGREEMENT

The following conditions are an integral part of the Purchase and Sale Agreement dated _____, 20 ____ between CAPSTONE HOMES, INC (Builder/Seller) and _____ (Buyer).

1. CLOSING OF SALE. The closing agent shall be **Jolyne M. Baines, DEO/LPO, FOUNDATION ESCROW, INC., 4119 6th Ave TACOMA, WA 98406 - (253) 756-1760** jb@foundationscrowinc.com.

2. CONSTRUCTION DELAYS. In the event there is a delay in closing beyond the closing date set forth, closing may be extended by Builder/Seller at his option for 30 days with written notice to Buyer. If construction is not completed by the adjusted closing date, Buyer's sole remedy, other than waiving timely performance and accepting closing upon completion, is termination of the Agreement and return of earnest money deposit to Buyer.

3. PURCHASER IS AWARE THAT COMPLETION OF ITEMS NOTED AT THE HOME ORIENTATION (PRE-CLOSING WALK THROUGH) WILL NOT DELAY THE CLOSING.

4. HOME ORIENTATION. Prior to closing date, an authorized representative of the Builder/Seller, **Cascade Builder Services**, shall accompany the Buyer on a pre-closing walk through. Any warranty items noted during the pre-closing walk through which require adjustment or correction, shall be brought to industry standards as soon as possible by Builder/Seller, and to be not more than **45 days following closing**. Upon completion of pre-closing walk through adjustments, Buyer shall acknowledge the completion of the adjustments in writing by signature and date. Further, Buyer understands that failure to acknowledge completion of adjustments may constitute a waiver of Builder/Seller's obligation, if any, to make any further related adjustments.

5. LENDER FEES. Builder/Seller will not participate in any cost or fees involved with outside lending including document preparation fees or underwriting fees.

**6. BUILDER/SELLER'S FIRST PREFERRED LENDER IS 'AMERICAN PACIFIC MORTGAGE' 5151 Borgen Blvd Suite 101C Gig Harbor WA 98332. Kim Porreca, Loan consultant cell 253-278-6166 office 253-649-4041, kym.porreca@apmortgage.com. BUILDER/SELLER'S SECOND PREFERRED LENDER IS 'LAND HOME FINANCIAL SERVICES' 22525 SE 64TH Place Suite 220 Issaquah, WA 98027. Kenton Becker, Loan Consultant cell 206-423-2552 office 425-654-2552, kenton.becker@lhfs.com.
KNOBLE ROAD PLAT ONLY**

7. UTILITIES. The Builder/Seller will pay all utilities up to the date of closing or occupation, whichever comes first.

8. Buyer has been advised of buyer's right to receive a completed real property transfer disclosure statement. Buyer waives that right.

9. ESCROW FEE AND PRORATION. Builder/Seller shall pay escrow fee per Builder/Seller's agreement with Escrow Company. Buyer shall pay escrow fee according to fee schedule unless this sale is FHA or VA financed, in which case it shall be paid according to FHA or VA regulations. Taxes for the current year, rent, interest, and lien able homeowners' association dues shall be prorated as of closing. Buyer agrees to pay Buyer's loan costs, including credit report, appraisal charge and mortgagee's title insurance, unless provided otherwise in this Agreement.

10. TITLE INSURANCE. Builder/Seller authorizes Selling Agent or closing agent, at Builder/Seller's expense, to apply for a standard form owner's policy of title insurance from **Fidelity National Title** for King, Pierce and Kitsap counties, **Chicago Title Insurance Co.** for Thurston counties, and **First American Title** for Mason Counties, containing no other provisions than those set forth in NMLS Residential Real Estate Purchase and Sale Agreement, General Terms, Section "d". The preliminary commitment therefore, and the title policy to be issued, shall contain no exception other than the General Exclusions and Exceptions in said standard form. If title cannot be made so insurable prior to closing date, the earnest money shall, unless Buyer elects to waive such defects or encumbrances, be refunded to the Buyer, less any costs described in Paragraph 5 hereof, and this agreement shall thereupon be terminated.

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11. CLOSING COSTS. Builder/Seller's payment of buyer's loan and settlement costs shall not exceed \$ _____ towards all closing costs including escrow fees and all VA and FHA associated fees.

12. ARBITRATION OF DISPUTES (a) (b) & (c)
12(a) SUPERSEDING AGREEMENT.

The provisions of this Addendum are a material consideration for the Builder/Seller to enter into the purchase contract and supersede and preempt any and all different or inconsistent provisions that may occur in any part of the purchase contract.

12(b) ARBITRATION AGREEMENT. Any and all claims or disputes between the Builder/Seller, Buyer and or 2-10 HBW arising from or relating to the 2-10 HBW Warranty, purchase contract, the home, the real property on which it is located and any common elements in which the Buyer has an interest, including without limitation, any claim of neglect or intentional misrepresentation, shall be settled by binding arbitration. The arbitration shall be conducted by Construction Dispute Resolution Services LLC, or DeMars & Associates, Ltd, or some other mutually agreed to service. The decision of the arbitrator shall be final and binding and may be entered as a judgement in any state or federal court of competent jurisdiction. Any person in contractual privity with the Builder/Seller whom the Buyer(s) contends is responsible for any construction defect in the home, shall be entitled to enforce this arbitration agreement. The Builder/Seller and Buyer(s) agree that this agreement and arbitration provision may involve and concern interstate commerce and are governed by the provisions of the Federal Arbitration Act (9 U.S.C. Sect. 1-16) to the exclusion of any different or inconsistent state or local law, ordinance, or judicial rule. Prior to commencing arbitration, litigation or any other dispute resolution process, the Buyer shall comply with the provisions of RCW 64.

RCW 64.50.005.060 CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY FILE A LAWSUIT ALLEGING DEFECTIVE CONSTRUCTION AGAINST THE SELLER OR BUILDER OF YOUR HOME. FOURTY-FIVE (45) DAYS BEFORE YOU FILE YOUR LAWSUIT, YOU MUST DELIVER TO THE SELLER OR BUILDER A WRITTEN NOTICE LISTING IN REASONABLE DETAIL ANY CONDITIONS YOU ALLEGE ARE DEFECTIVE. THE NOTICE MUST BE DELIVERED TO THE SELLER OR BUILDER BY PERSON OR THROUGH CERTIFIED MAIL. THE NOTICE MUST ALSO PROVIDE THE SELLER OR BUILDER THE OPPORTUNITY TO INSPECT, OFFER TO REPAIR OR PAY FOR THE ALLEGED 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 RCW 64.50 et seq. FAILURE TO FOLLOW THEM MAY AFFECT YOUR ABILITY TO FILE A LAWSUIT.

12(c) 2-10 WARRANTY. At or about close of escrow, Builder/Seller will purchase for Buyer(s) a 2-10 HBW Warranty which is administered by the Home Buyers Warranty Corporation. This warranty is limited and provides one year workmanship, two year systems and qualifying ten year structural defect coverage for certain construction defects in the subject home. As consideration for the 2-10 HBW Warranty, Buyer agrees to the provisions in this addendum. Buyer represents that they have been furnished with a copy of the 2-10 HBW Warranty and has had an opportunity to read and understand it, including the binding arbitration agreement contained in it, before signing this addendum. Further, Buyer(s) waive the right to a jury trial or class action litigation. The warranty contained in the 2-10 Home Buyers Warranty Booklet is the sole warranty provided to the Buyer. Any other warranty or warranties, whether express or implied, are disclaimed by Builder/Seller and waived by Buyer, unless otherwise prohibited by particular state law. Buyer acknowledges that this Agreement (and any addendums attached hereto or warranties specifically included herein by reference) constitutes any and all express warranties made by Builder/Seller. Buyer further acknowledges that any warranty provided by Builder/Seller and accepted by Buyer forms in part the basis of the bargain for this Agreement.

13. ACCEPTANCE. THE BUYER ACCEPTS ALL WORK 'AS IS' AND WAIVES THE CLAIMS PROCESS IF THEY:
(a) FAIL TO PRODUCE A PUNCH LIST AT THE END OF THE JOB.
(b) HIRES SOMEONE ELSE TO WORK ON OR AROUND THE BUILDER/SELLER'S WORK, WITHOUT ALLOWING THE BUILDER/SELLER TO FIRST REPAIR.
(c) REFUSE TO ALLOW THE BUILDER/SELLER TO TAKE PICTURES PRIOR TO ALTERING THE BUILDER/SELLER'S WORK IN ANY WAY.

14. SITE LOCATION. Builder/Seller shall have sole responsibility to locate house on lot, observing curb appeal, driveway location, drainage considerations, existing trees and topography, subject to house fitting on lot.

15. ACCESS TO BUILDING SITE. Buyer agrees to accept Builder/Seller's requirement of pre-arranging visits to the site. No Buyer or perspective Buyer shall proceed onto a construction site unless accompanied by the site manager in order to avoid hazard and safety issues. All instructions to superintendent or sub-contractors shall be relayed through the site manager and not done directly. Failure to comply may result in production being halted which in turn may delay closing.

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16. NOTICES. Builder/Seller and Buyer must keep listing agent advised of their whereabouts to receive prompt notification of receipt of a notice. Listing agent's responsibility to advise on receipt of a notice shall not extend beyond either phoning the party or causing a copy of the notice to be delivered to that party's address on this agreement.

17. SELECTIONS / OPTIONS. Buyer may make selection of materials, i.e., wallpaper, vinyl, carpet, ceramic tile (when applicable), exterior paint color, brick, and light fixtures. All selections must be made from Builder/Seller's standard stock of materials and colors and within allowance specified by Builder/Seller. Builder/Seller reserves right to substitute materials, fixtures and appliances of comparable quality for those specified in the plans and specifications. Buyer is to pay lighting upgrades direct to supplier.

18. AVAILABLE OPTIONS. Buyer may select **options** only from Builder/Seller's standard available **options list**. Options must be selected within ten **(10) days** (longer only by arrangement with Builder/Seller) **following acceptance of Agreement**. Location of additional electrical, telephone, or cable TV outlets must be noted on diagram of model. Once construction of house has begun, no changes other than those already agreed to will be granted. Any request for change after the ten (10) day acceptance period must be accompanied by a late fee check in the amount of \$100 per item requested.

19. SPECIFICATON CHANGES. Any upgrades or changes in specifications are subject to Builder/Seller's approval. Any selection or change by Buyer which exceeds the allowance specified by Builder/Seller or otherwise increases the construction costs must be paid for by the Buyer in cash, in advance, at time of invoice, refundable only at Builder/Seller's option.

20. MAINTENANCE. After closing Buyer has an obligation to make reasonable and routine inspection of the property for purposes of upkeep and maintenance. Buyer further understands and acknowledges that Buyer has been put on notice, that certain construction assemblies including, but not limited to, windows, exterior doors, vents and siding require routine maintenance to ensure waterproofing performance. Buyer understands that to facilitate and/or ensure waterproofing performance of such assemblies requires routine annual inspection of such assemblies including inspecting caulking/sealants, trim and paint applied to and around the assemblies. Further, caulking/sealants and paint should be maintained, replaced or reapplied on average every three years or as recommended by the manufacturer.

21. CONFLICTS BETWEEN THIS ADDENDUM AND OTHER ASPECTS OF THE PURCHASE & SALE AGREEMENT. In the event of a conflict between this Addendum and any other contract documents including but not limited to the NWMLS Pre-Sale Addendum, this Addendum shall control, supersede and survive the terms and conditions and provisions found therein.

22. FURTHER AGREEMENT Effective one year from the date of closing on the purchase of the Home, Buyer(s) waive the right to seek damages or other remedies from the Builder/Seller, it's subcontractors, agents, suppliers or design professionals for any defect in the Home, the real property upon which it is situated, and any common elements Buyer(s) have any interest in, under any common law or statutory theory of liability, including but not limited to negligence and strict liability. Buyer(s) exclusive remedy for any such defect shall be the coverage provided in the 2-10 HBW Warranty. The agreement contained in this paragraph shall be enforceable to the maximum extent permitted by the State of Washington and shall be applicable to any claim made after the effective date of this Addendum. This paragraph shall not be applicable where prohibited by law or to any written warranty provided by a manufacturer of vendor who has supplied any appliance or component.

By signing this Addendum, Buyer(s) agree to all the terms of the arbitration agreement and waive their right to a jury trial or class action litigation.

BUYER _____ DATE _____, 20____

BUYER _____ DATE _____, 20____

BUILDER/SELLER _____ DATE _____, 20____