

WARDSON CONSTRUCTION, INC.**NEW HOME****OFFER TO PURCHASE AND CONTRACT ADDENDUM**

LIMITED WARRANTY. BUYER AGREES TO ACCEPT SELLER'S LIMITED WARRANTY (THE NORTH CAROLINA WARRANTY --- SIX (6) YEAR WARRANTY FOR NEW HOMES BY RESIDENTIAL WARRANTY COMPANY, LLC), AS FURTHER DESCRIBED AND INCORPORATED BY REFERENCE HEREIN AS EXHIBIT D, IN LIEU OF ALL OTHER WARRANTIES, ORAL OR WRITTEN, EXPRESS OR IMPLIED (INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTY OF HABITABILITY AND FITNESS FOR A PARTICULAR PURPOSE), FROM SELLER. BUYER ACKNOWLEDGES AND AGREES THAT SELLER IS RELYING ON THIS WAIVER AS PART OF THE CONSIDERATION FOR THE PROPERTY. BUYER ACKNOWLEDGES RECEIPT OF EXHIBIT D BY INITIALING BELOW.

INITIALS OF BUYER _____ / _____

BUYER'S PERFORMANCE. Buyer acknowledges that Seller has agreed to the purchase price for the Home and otherwise entered into this Contract with the express understanding that Seller will utilize Seller's standard construction and contract administration processes and procedures in constructing the Home and otherwise performing this Contract, without disruption of or interference with those processes and procedures from Buyer. Buyer shall be in default of this Contract if Buyer or Buyer's agents or representatives engage in specific acts or a course of dealing which disrupts Seller's standard and customary contract performance process including but not limited to the following actions or failure to act:

- (a) Failure to make choices or take other actions required of Buyer within the indicated time frame.
- (b) Refusal to deal with the particular persons or entities designated by Seller as Seller's representative to perform certain aspects of this Contract, such as the designated field manager, salesperson, suppliers, vendors, contractors or other representatives of Seller designated for particular parts of Seller's contract performance.
- (c) Interfering with or attempting to direct or supervise the performance of Seller, or Seller's contractors or material suppliers in the performance of this Contract or any aspect of their work.
- (d) Refusal to acknowledge Buyer's acceptance or approval of work which complies with the plans and specifications and is otherwise performed in a good and workmanlike manner as would be customarily accepted in the applicable trade.
- (e) Other actions similar in nature to the foregoing which would have the effect of delaying the construction schedule, increasing the Seller's cost of performance, modifying the plans and specifications or otherwise substantially impeding Seller's performance.

SUBSTITUTION OF MATERIALS; CHANGES IN PLANS. In the event that Seller, through reasonable sources of supply, is unable to obtain the exact materials specified on the plans and specifications or is unable to obtain items listed in this Contract, Seller shall have the right to substitute materials and items of similar

Buyer(s) Initials _____ / _____

pattern and design and of substantially equivalent quality. Seller reserves the right to make changes in the plans and specifications for purposes of mechanical installation, building code requirements, and normal architectural design improvements after the date of this Contract.

DEFAULT BY BUYER. Notwithstanding anything to the contrary contained in the Contract, should the Buyer default in any of the payments or obligations called for in the Contract, including, but not limited to completion of Settlement on the Settlement Date, Buyer agrees to pay to Seller the sum of One Hundred Fifty and No/100 Dollars (\$150.00) per day from the date of said default until said default is cured. Said sum is agreed to be a reasonable estimate of damages suffered by Seller, including, but not limited to, additional interest expense, utility costs, property taxes, HOA dues and property maintenance. Should said default continue for ten (10) days after notice from Seller to Buyer, then in such event Seller may unilaterally terminate the Contract whereupon all amounts paid toward the Purchase Price will be forfeited to Seller and such forfeiture shall not affect any other remedies available to Seller due to Buyer's default.

DEFAULT BY SELLER. In the event Seller fails to comply with or perform any of the conditions or obligations required by the Contract and should such failure by Seller continue for thirty (30) days after written notice thereof by Buyer to Seller, Buyer shall have the right to provide to Seller a written notice of unilateral termination of the Contract. Upon receipt of said written notice of unilateral termination of Contract, Seller shall refund to Buyer all amounts paid toward the Purchase Price plus twelve percent (12%) per annum computed thereupon. Said refund shall constitute fixed and full liquidated damages, and not a penalty. The Parties agree that the interest component of said refund is a reasonable and adequate estimate of the damages suffered by Buyer due to Seller's default. This remedy shall be the sole and exclusive remedy for Buyer due to Seller's default of the Contract.

SPECIFICATIONS AND PLANS. In case of conflict between the Plans and Specifications contained in the Contract, the Specifications will take precedence over the Plans. Plans are representational only. Modifications may be made during framing to accommodate mechanical installation, building code requirements and Builder implemented normal architectural design improvements. In addition, small variations in measurements are a normal part of the construction of the house.

LIVING AREA MEASUREMENT. The approximate living area of the residence that has been built or is to be built on the Property may have been observed by or represented to Buyer in various ways and places. It is understood and agreed between Buyer and Seller that "living area" square footage as represented by Seller and Seller's agents has been based upon builder plan dimensions and is subject to change without notice during construction. This Property and the house constructed on it are not being sold on a "per square foot" pricing basis. Although the completed improvements should substantially comply with agreed plans and specifications, no adjustment will be made in price because of discrepancies in living area or room sizes in the completed improvements.

RADON INSPECTION. Buyer shall have the option, at Buyer's expense, to have the Home tested for radon on or before the Repair Notice Date. The test result shall be deemed satisfactory to Buyer if it indicates a radon level of less than 4.0 pico curies per liter of air (**as of January 1, 1997, EPA guidelines reflect an "acceptable" level as anything less than 4.0 pico curies per liter of air**). If the test result exceeds the above-mentioned level, Seller shall have the option of: a) remediating to bring the radon level within the satisfactory range; or b) refusing to remediate. Upon the completion of remediation, Buyer may have a radon test performed at Seller's expense, and if the test result indicates a radon level less than 4.0 pico curies per liter of air, it shall be deemed satisfactory to the Buyer. If Seller elects not to remediate, or if

Buyer(s) Initials _____ / _____

remediation is attempted but fails to bring the radon level within the satisfactory range, Buyer shall have the option of: a) accepting the Home with its then current radon level; or b) terminating the Contract, in which case all Deposits shall be refunded to the Buyer.

OUTSOURCED HOME INSPECTION. Upon written request to Seller by Buyer no later than three (3) days prior to the Seller Walk-Through, Buyer, at Buyer's sole expense, may have the Home inspected by a home inspector and items that are reported by the home inspector that require correction or that are not in compliance with the Contract shall be included on the Walk-Through List. Immediately prior to Closing, Buyer and Seller will perform a final verification of completion of the Walk-Through List. All equipment manufacturers' operating manuals and warranties will be left in the Home or delivered to Buyer and final explanation of the Home's system operations will be made. Prior to Closing, Buyer will sign off on acceptance of all items except those specifically documented. Buyer will be given a cop of these documents for their records and they will constitute full performance of the Contract by Seller and, except for those items that specifically survive Closing, acceptance by Buyer of Seller's performance. After Closing, all cosmetic items shall be homeowner's maintenance responsibility. In the event of a warranty claim, the decision of whether to repair or replace a defective item or pay reasonable cost of repair or replacement is solely the decision of the Seller. Actions taken to cure defects will not extend the warranty period as further described in the Limited Warranty.

WALK-THROUGH LIST ITEMS. Seller shall notify Buyer when there has been Substantial Completion (see definition below) of the Dwelling and shall schedule a mutually agreeable date and time on which Buyer shall inspect the Dwelling. Prior to Settlement, Buyer and Seller shall agree upon a written list of all deficiencies in workmanship and material that are detectable by visual examination ("Walk-Through List Items"). Seller shall correct Walk-Through List items at Seller's cost within a reasonable period of time. AFTER SUBSTANTIAL COMPLETION (as defined herein), SELLER'S FAILURE TO CORRECT A WALK-THROUGH LIST ITEM PRIOR TO SETTLEMENT WILL NOT BE GROUNDS FOR DELAYING SETTLEMENT OR THE IMPOSITION OF ANY CONDITIONS ON SETTLEMENT; PROVIDED, SETTLEMENT SHALL NOT RELIEVE SELLER FROM THE OBLIGATION TO CORRECT ANY WALK-THROUGH LIST ITEM.

SELLER'S REPRESENTATIONS. If there is any statement or understanding for which the Seller is to be responsible, Buyer must make it a part of the Contract Agreement. No oral representations, commitments, or obligations will be binding on Seller unless it is a part of the Contract. No representative of Seller has the authority to make statements to obligate Seller unless it is specifically written in the Contract.

In addition, Buyer at Buyer's sole expense may obtain an inspection of the property. Any inspection shall be completed and written notice of items requiring correction shall be given to Seller no later than three (3) days prior to Seller Walk-Through. Seller shall complete any required repairs unless such repairs are outside the Industry Standards for new home construction.

CHANGE ORDERS. Buyer and Seller may agree to written Change Orders in the construction of the Home and the purchase price shall be adjusted as agreed to by both parties in writing. All increases in purchase price associated with Change Orders must be paid in cash at the time Change Orders are accepted in writing by the Seller, and Seller will not begin work on the Change Orders until such payment in cash has been received. Any reductions in the purchase price due to Change Orders shall be credited by Seller to offset increases by Change Order or at Closing. All payments for Change Orders are non-refundable. The Seller reserves the right to reject requests for Change Orders made within four (4) weeks of Closing.

Buyer(s) Initials _____ / _____

SURVIVAL OF CONTRACT PROVISIONS. The acceptance of a deed from Seller to Buyer at Closing shall be deemed to be a full performance and discharge of every agreement and obligation on the part of the Seller to be performed pursuant to this Contract except those agreements and obligations which are herein or by other agreement in writing stated to survive the Closing.

****NOTICE TO BUYER****

This Agreement provides that ALL disputes between Buyer and Seller including all disputes during the Contract Period, Prior to Closing, During and After the Written Warranty Period shall be resolved by BINDING ARBITRATION, THIS MEANS THAT BUYER AND SELLER EACH GIVE UP YOUR RIGHT TO GO TO COURT to assert or defend rights under this Contract (EXCEPT for matters that may be taken to SMALL CLAIMS COURT). Buyer's rights and Seller's rights will be determined by a neutral arbitrator and not by a judge or jury. Buyer and Seller are entitled to a FAIR HEARING, BUT the arbitration procedures are SIMPLER AND MORE LIMITED THAN THE RULES FOLLOWED IN A COURT. Arbitrator decisions are as enforceable as any court order and are subject to VERY LIMITED REVIEW BY A COURT.

****END OF NOTICE TO BUYER****

ARBITRATION AGREEMENT. The arbitration will be conducted by the American Arbitration Association ("AAA") in accordance with its Commercial Arbitration rules. Judgment on the award made by the arbitrator may be entered in any court having jurisdiction over the dispute. If there are preliminary steps that would have to be followed under state law before a lawsuit could be commenced, such as mediation, those steps must be followed before the arbitration can begin. Compliance with these state law provisions, and any negotiations or settlement attempts made before arbitration, do not constitute waiver of arbitration. If Seller chooses, it can have its supplier(s) and contractor(s) whose work or supplies in the dispute included as parties to the arbitration. Seller and Buyer agree to share the cost of filing fees and administrative fees charged by the AAA as well as the fee charged by the arbitrator. If one of the parties pays a fee to the arbitrator or the AAA, in the process of requesting or scheduling an arbitration, the other party will reimburse the paying party for its half of the fee within thirty (30) days of being requested to do so in writing. The parties acknowledge that this Contract evidences a transaction involving interstate commerce. The Federal Arbitration Act will govern the interpretation and enforcement of this provision. This provision will survive the closing of the purchase of the Home and the default of either party. It is binding on the Buyer and Seller and on their respective successors and assigns. If a party uses litigation to enforce this provision or the arbitration award, the court shall award such party its court costs and reasonable attorneys' fees.

Buyer:

Printed Name: _____

Printed Name: _____

Buyer(s) Initials _____ / _____

Seller:

Wardson Construction, Inc.

By: _____

Printed Name: _____

Title: _____