

NEW CONSTRUCTION ADDENDUM
(Not to be used if Buyer owns lot)

The additional provisions set forth below are hereby made a part of the Offer to Purchase and Contract ("Contract") for the Property located at:

sample sample sample

between Buyer:

and Seller:

Seller represents and certifies that the name of the duly licensed general contractor who is constructing or is to construct the improvements on the Property is: n/a

North Carolina contractor's license number, type and limit: n/a

1. CONSTRUCTION OF HOUSE.

(a) Seller shall complete construction of a single-family dwelling and related improvements (hereinafter "House") on the Property in accordance with the plans and specifications agreed to and signed by Seller and Buyer, and described as follows: (list or describe all site plans, drawings, floor plans, landscape plans, description of materials and specification lists):

n/a

(hereinafter collectively "Plans and Specifications").

- (b) Seller shall construct the House (i) in accordance with the Plans and Specifications; (ii) in compliance with all laws, regulations, codes, and ordinances applicable to the construction of the House; and (iii) in a good and workmanlike manner with new, good quality materials and components.
- (c) Seller shall not make any material deviation or change in the Plans and Specifications without the prior written consent of Buyer.

2. COST OF CONSTRUCTION.

- (a) Seller shall provide and pay for all labor, materials, equipment, tools, clean-up, utilities, transportation, facilities, permits, fees, licenses and all other costs, charges and expenses whatsoever in connection with or related to the construction of the House.
- (b) Seller shall pay all costs, charges, and other expenses, of any nature whatsoever, for Seller's construction financing of the House.

3. COMPLETION OF CONSTRUCTION. Seller shall diligently pursue the construction of the House, and shall complete construction of the House as a "turn-key" job on or before the Closing. If Seller is delayed at any time in the progress of construction by (a) any act or neglect of Buyer, (b) any changes ordered in the construction, (c) material shortages, adverse weather conditions, or delays in transportation which were not reasonably anticipated or (d) acts of God, then the time for completion of construction of the House and the Closing shall be extended automatically by a reasonable time to account for the delay experienced. Seller shall notify Buyer in writing within ten (10) days after the commencement of the delay; otherwise the right to an extension shall be waived. The construction of the House shall be deemed completed when (i) the House has been completed in accordance with the Plans and Specifications and is broom-clean; and (ii) a certificate of compliance has been issued by the appropriate governmental authority having jurisdiction over the construction of the House.

4. PURCHASE PRICE AND ALLOWANCES.

- (a) The purchase price set forth in paragraph 4 of the Contract includes the purchase price of the House and all allowances stated on this Addendum. Whenever the final cost for allowances is more or less than the allowances stated on this Addendum, the difference shall be adjusted between the parties at or prior to Closing.
- (b) Buyer agrees to make an advance payment toward the purchase price in the amount of \$n/a ("Building Deposit") (insert "0" or "N/A" if no such payment will be made), to be paid to Seller (not Escrow Agent) on the Effective Date as set forth in paragraph 27 of the Contract. The Building Deposit is not a part of any earnest monies and will be used by Seller in the construction of the House. The Building Deposit will be credited to the purchase price at Closing, and the balance of the purchase price set forth in paragraph 4(f) of the Contract shall be reduced by the amount of the Building Deposit. The Building Deposit shall be refundable only in the event of a material breach of the Contract by Seller, the nonfulfillment of any of the conditions set forth in paragraphs 6 or 7 of the Contract, or if the Contract is terminated under paragraph 21.

5. INSPECTIONS. Buyer or Buyer's designated representative may enter and inspect the House at reasonable times and in such manner as not to interfere with the progress of construction for the limited purpose of determining whether the work performed or being performed conforms with the Plans and Specifications and the terms of this Contract. In the event that during construction the Buyer

shall reasonably determine that such construction is not proceeding in accordance with this Contract, Buyer shall give written notice to Seller specifying the particular deviation, deficiency, or omission, and the Seller shall forthwith correct such deviation, deficiency, or omission. Buyer's rights under this paragraph shall not release Seller from any of Seller's obligations for the construction of the House in accordance with the Plans and Specifications and this Contract.

6. INSURANCE. Seller shall purchase and maintain "All Risks" Builder's Risk Insurance coverage, including Theft and Vandalism and Malicious Mischief, upon the House on a "Completed Values" basis, while the House is in the course of construction. "Completed Values" shall mean the full value of the House, as of the date that all construction is completed, including the Seller's total cost plus profit, but excluding the cost of the land. In the event that construction is fully completed prior to sale of the Property, Seller shall purchase and maintain Permanent "All Risks" Property Insurance coverage on the House, including Theft and Vandalism and Malicious Mischief, on a "Replacement Cost" basis. "Replacement Cost" shall mean the full cost of replacement of the structure or structures at the same site with new material of like kind and quality without deduction for depreciation. In addition, Seller shall purchase and maintain Third Party Liability Insurance coverage on the premises of the Property during the course of, and after construction is completed. Seller shall assume the obligation and cost of restoring, rebuilding, repairing and/or replacing the House. Such risk of loss or damage assumed by Seller shall continue until the Closing in accordance with the terms of this Contract.

7. CHANGE ORDERS. The Buyer, without invalidating this Contract, may order changes in the construction of the House within the general scope of the Plans and Specifications, consisting of additions, deletions or other revisions, and the purchase price and Closing date shall be adjusted accordingly. All such changes shall be made only by a change order, which shall be in writing and signed by both Buyer and Seller.

8. WARRANTIES.

(a) **LIMITED WARRANTY OF CONSTRUCTION.** Unless otherwise provided for herein, Seller hereby warrants that, for a period of one (1) year from the date of Closing or the date Buyer occupies the House, whichever comes first, Seller will make all necessary repairs and corrections to the House, either interior or exterior, structural or nonstructural, that shall become necessary by reason of faulty construction, labor or materials or non-conformity of construction to the Plans and Specifications. At Seller's sole option, Seller may either (i) make such repairs and corrections, (ii) replace any faulty or non-conforming item or condition or (iii) pay to Buyer the reasonable cost of such repair, correction or replacement. This limited warranty: (1) is for the benefit of Buyer only and may not be assigned nor shall it inure to the benefit of any other person or entity, and (2) shall survive Closing and the delivery of the deed.

(b) **WARRANTIES OF COMPONENTS.** Seller shall assign and deliver to Buyer at Closing all guarantees and warranties of all components comprising the House to the extent the same are assignable. Buyer shall be responsible for compliance with any notice and claim procedures set forth therein.

9. INSULATION OF HOUSE:

	WALLS	CEILINGS	FLOORS
TYPE	n/a	n/a	n/a
THICKNESS	n/a	n/a	n/a
R-VALUE	n/a	n/a	n/a

10. SCHEDULE OF ALLOWANCES.

NOTE: Reference should be made to the Plans and Specifications for a more detailed description of the items and allowances and where the items are to be located. **The amount of the allowance indicated below includes the materials and labor to install the item unless otherwise indicated.**

ITEM	AMOUNT OF ALLOWANCE
1. Wallpaper:	
A. Kitchen	\$ _____ n/a per roll
B. Bathrooms	\$ _____ n/a per roll
C. Other n/a _____	\$ _____ n/a per roll
2. Flooring:	
A. Carpet and Pad	\$ _____ n/a per sq. yd.
B. Marble or Ceramic tile	\$ _____ n/a per sq. ft.
C. Vinyl/floor covering	\$ _____ n/a per sq. yd.

This form jointly approved by: North Carolina Bar Association and North Carolina Association of REALTORS®, Inc.

PREPARED BY: Sandy Howard, Broker

STANDARD FORM 2A3-T Revised 7/2007 © 7/2009

RealFA\$T® Software, ©2009, Version 6.17 Beta. Software Registered to: Office Manager, Black Bear Realty, Inc.

09/30/09 12:41:03

Buyer initials

	D. Hardwood	\$ _____	n/a per sq. ft.
3.	Light fixtures (including fixtures, bulbs, spots, floods, door chimes and recessed fixtures)	\$ _____	n/a
4.	Hardware for doors	\$ _____	n/a
5.	Cabinets:		
	A. Kitchen	\$ _____	n/a
	B. Bathrooms	\$ _____	n/a
	C. Other n/a _____	\$ _____	n/a
6.	Countertops:		
	A. Kitchen	\$ _____	n/a
	B. Bathrooms	\$ _____	n/a
	C. Other n/a _____	\$ _____	n/a
7.	Paneled walls	\$ _____	n/a per 4x8 sheet
8.	Appliances:		
	A. Range	\$ _____	n/a
	B. Oven	\$ _____	n/a
	C. Refrigerator	\$ _____	n/a
	D. Dishwasher	\$ _____	n/a
	E. Disposal	\$ _____	n/a
	F. Microwave	\$ _____	n/a
	G. n/a _____	\$ _____	n/a
	H. n/a _____	\$ _____	n/a
	I. n/a _____	\$ _____	n/a
	J. n/a _____	\$ _____	n/a
9.	Bathrooms:		
	A. Mirrors and Medicine Cabinets	\$ _____	n/a
	B. Accessories (such as Paper and Towel Bars)	\$ _____	n/a
	C. Plumbing Fixtures	\$ _____	n/a
10.	Ceiling Fan(s)	\$ _____	n/a
11.	Landscaping to include trees and shrubs	\$ _____	n/a
12.	Driveway	\$ _____	n/a
13.	n/a _____	\$ _____	n/a
14.	n/a _____	\$ _____	n/a
15.	n/a _____	\$ _____	n/a
16.	n/a _____	\$ _____	n/a
17.	n/a _____	\$ _____	n/a

This form jointly approved by: North Carolina Bar Association and North Carolina Association of REALTORS®, Inc.

PREPARED BY: Sandy Howard, Broker

STANDARD FORM 2A3-T Revised 7/2007 © 7/2009

RealFA\$T® Software, ©2009, Version 6.17 Beta. Software Registered to: Office Manager, Black Bear Realty, Inc.

09/30/09 12:41:03

Buyer initials

18. n/a
19. n/a
20. n/a

\$ n/a
\$ n/a
\$ n/a

IN THE EVENT OF A CONFLICT BETWEEN THIS ADDENDUM AND THE OFFER TO PURCHASE AND CONTRACT, THIS ADDENDUM SHALL CONTROL.

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. AND THE NORTH CAROLINA BAR ASSOCIATION MAKE NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. IF YOU DO NOT UNDERSTAND THIS FORM OR FEEL THAT IT DOES NOT PROVIDE FOR YOUR LEGAL NEEDS, YOU SHOULD CONSULT A NORTH CAROLINA REAL ESTATE ATTORNEY BEFORE YOU SIGN IT.