

**BROOKSTONE HOMES, LLC
ADDENDUM TO
RESIDENTIAL REAL ESTATE PURCHASE AND SALE
AGREEMENT**

THIS ADDENDUM is to be made a part of and further supplements and revises that certain Earnest Money Agreement and/or Residential Purchase and Sale Agreement, hereinafter ("the Agreement") date _____, between BROOKSTONE HOMES, LLC, as "Seller" and _____, collectively known as "Buyers" and/or "Buyer" with regard to that certain real property commonly known as lot _____ in Development, _____, _____ county, WA.

IN THE EVENT OF ANY CONFLICT BETWEEN THIS ADDENDUM AND THE PURCHASE AND SALE AGREEMENT, THE TERMS OF THIS ADDENDUM SHALL GOVERN.

1. HOME STYLE SELECTION, ELEVATION, & EARNEST MONEY: Seller ("Seller") agrees to build Plan # _____, Elevation _____, on the Property. Earnest Money is a minimum of 3% of the total purchase price (purchase price + upgrades = total purchase *price*) or 2% of the purchase price if upgrades are paid in full. Earnest Money to be held by **Ticor Title Co.** and becomes non-refundable upon removal of the finance contingency or 21 days after mutual acceptance whichever is first.

2. BUYER: "Buyer agrees that within (5) days of mutual acceptance of Real Estate Purchase and Sale Agreement, a written application for financing (including making credit report and appraisal deposits) will be made. Buyer authorizes lender to make available to the Seller any reasonable information, on an on-going basis, needed for the Seller to determine that the Buyer can complete this transaction per its terms and conditions.

2.1 BUYER PRE-QUALIFICATION: Buyer agrees to make a written application (the "Loan Application") for financing (including paying all required deposits related to such application) within five (5) calendar days of the Effective Date of this Agreement. Buyer is required under the terms of this Agreement to be pre-qualified by Seller's Preferred Lender: Homestreet Home Loans, Jodie Baumann, (253) 405-6936, Jodie.Baumann@homestreet.com as a condition of this sale. Buyer may also provide a pre-approval from a lender of their choice. Buyer may use whichever lender they select as offering the best terms for their loan provided that any Seller incentive to buyer for closing costs shall be applicable when buyer is using the Seller's Preferred Lender only.

Buyer shall have the financing contingency removed within 5-10 days. This supersedes financing contingency form 22A. *Builder is not responsible for buyers' loan commitment, penalties, fees or any other fee(s) or loss due to builders estimated completion date not being met. Purchaser is advised to insure that lender and any other interested party is made aware of this agreement.*

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3. COMPLETION OF NEW HOME: The closing date for the new home to be constructed for Buyer as described in the Agreement (the "Home") is an estimation only. If this Agreement provides for the purchase and construction of a presale home, Seller estimates that construction will take approximately 75 working days in addition to all holidays and weather related delays from the date that the main lumber package is delivered to the building site. At time of lumber delivery, an addendum will be provided to Buyer with an estimated completion date noted (the "Completion Date Estimate"). Such Completion Date Estimate shall be incorporated into and become a part of the Agreement.

However, in order to maintain the strict quality standards of each new home constructed by Seller, ANY COMPLETION DATE ESTIMATE IS AN ESTIMATE ONLY AND THERE IS NOT A REPRESENTATION OR GUARANTEE AS TO THE EXACT DATE WHEN YOUR NEW HOME WILL BE COMPLETED. There may be conditions which extend the completion date of the home, including but not limited to: back orders, late selections by Buyer, labor delays, discovery of defective materials that will require replacement and delays due to weather conditions. In such an event, Seller may elect an automatic sixty (60) day extension of the Agreement. Buyer shall be entitled to possession upon Closing. "Closing" is deemed as the date on which all closing documents are recorded and the sale proceeds are available to Seller. If the new home described in the Agreement is not completed on or before the Closing date stated in the Agreement or as extended by automatic seller election, the exclusive remedy available to Buyer shall be to either terminate the Agreement OR for Buyer and Seller to mutually extend the Closing date of the Agreement. Any concerns with regards to the Home to be constructed or as to its materials and labor or as to the construction schedule are to be directed to the listing agent in writing via Brookstone Homes standard Customer Concern Form for all periods prior to the Closing date only. The listing agent shall forward any such concerns to Seller for a response to Buyer and/or its agent at Buyer's and/or its agent's designated email address. SELLER IS NOT RESPONSIBLE for the expiration of Buyer's loan commitment, penalties, loan or other fees or losses due to any delay in the Closing. BUYER IS ADVISED TO INSURE THAT THEIR LENDER AND ANY OTHER INTERESTED PARTY IS PROVIDED WITH A COPY OF THE AGREEMENT AND ANY ADDENDA. Buyer and Buyer's lender agree that if weather and/or ground conditions delay completion of landscaping, final grading and/or flatwork, such delay will not be a reason to delay Closing or require a holdback of sale proceeds. Seller agrees that as soon as weather and/or ground conditions permit landscaping, final grading and/or flatwork, such work will move forward to completion.

4. LOT AVAILABILITY: If this offer is a presale on a lot not currently owned by the Seller, or a lot in which the Seller is not engaged in purchasing, then this offer is subject to Seller acquiring the lot within Sellers lot allowance. Buyer is aware that the Seller may not currently own subject property but has full rights from landowner to build structure with purchase and sale agreement between landowner and Brookstone homes accepted and completed prior to mutual acceptance of home sale. If, at Sellers sole discretion, Seller is unable to acquire the lot within Sellers lot allowance the earnest money will be refunded to Buyer and this agreement will be null and void.

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5. FINANCING: If Seller is unable to obtain financing to undertake and complete construction, then Seller shall refund all earnest money and any other funds deposited with seller or escrow. Buyer's damages shall be limited to the foregoing and Buyer agrees to waive any and all other claim for damages that buyer may have, including but not limited to any claims for consequential damage. Buyer and seller agree that the foregoing shall constitute a valid, liquidated damage clause. In the event that the sale does not close, this Agreement shall be of no further effect, it being the intention of the parties that Buyer will forfeit the earnest money and be free of any further obligations under this Agreement. If Seller or Buyer otherwise fails to consummate the transaction, the earnest money will be refunded to Buyer, this Agreement shall be null and void, and the parties shall have no further liability to the other arising out of this transaction. In the event of any suit or action to enforce the terms and provisions of this agreement, the losing party agrees to pay the prevailing party's costs, expenses, and reasonable attorney fees both at trial and on appeal there from.

The seller is not responsible for the expiration of the Buyer's loan commitment, penalties, loan fees or any other costs due to the estimated completion date not being met.

5.1 MORTGAGE LOAN LOCK-IN AGREEMENTS: The buyer hereby acknowledges and agrees that the Seller shall have no responsibility whatsoever with respect to Mortgage Lock-In Agreements that the Buyer may enter into with a lender unless the Seller encourages the Buyer in writing to enter into such an agreement with a lender. If the Buyer chooses to enter into such a Mortgage Lock-In Agreement with a lender of their own volition, the Buyer hereby further acknowledges and agrees that they do so willingly of their own free will and that any penalties incurred for failure to deliver are and shall remain the sole responsibility of the Buyer.

5.2 ALL CASH BUYERS: In the event that the Buyer intends to pay all cash for the Property instead of obtaining financing, the Buyer shall furnish to the reasonable satisfaction of the Seller written evidence of availability of sufficient funds to close the transaction contemplated by the Agreement. The determination of the sufficiency of such evidence shall be at the sole and absolute discretion of the Seller, and shall be provided within five (5) calendar days of the Effective Date of the Addendum. In the event that the Buyer fails to provide satisfactory evidence, the Earnest Money shall become non-refundable and the Escrow Agent is hereby authorized to release the Earnest Money to the Seller upon receipt of Seller's request.

5.3 PROHIBITION AGAINST CHANGE OF LOAN OR LENDER: The Buyer hereby acknowledge and agrees that they may not change the type of loan or the lender after the initial loan application is made absent the prior written approval of the Seller.

6. BUYER DECOR SELECTIONS: Buyer is aware that the home being purchased will be constructed with certain limited opportunities for color and finish selection by Buyer. Any model home in the plat or development is presented as a general illustration only. The

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decorations, furnishings, options, and color selections included in a model home shall not create an agreement or commitment by Seller as to the Home being purchased by Buyer. None of the decorations, furnishings, options, or color selections in or to any model home is included in the Agreement unless Seller, as a part of the Agreement, agrees to deliver the same as part of the purchase price. If Seller has not already obtained a building permit prior to acceptance of the Agreement and Addenda and Buyer has removed in writing all contingencies to the Closing of the Agreement, Buyer may submit to Seller Buyer's requested colors of hard surfaces – carpet, vinyl floor coverings, countertop, laminates and exterior color of home from Seller's designated suppliers and within Seller's standard designated specifications and cost allowances, as further described in this Addendum. Any colors, selections or chosen items that are different from Seller's standard designated specifications and/or cost allowances must be approved by Seller and will be paid for in full by Buyer prior to installation and will remain the property of Seller until transfer of title to the Property at Closing. If this transaction does not close for any reason other than default by Seller, all funds paid for any such items are a non-refundable payment from Buyer to Seller and shall be retained by Seller. In the event Seller has already obtained a building permit and has ordered colors of carpet, vinyl floor coverings, countertop laminates, color of appliances, and exterior color of home prior to mutual acceptance of the Agreement and related Addenda, Buyer may request Seller in writing for a change in any of said items. To the extent Seller consents to a change, Buyer understands there will be an additional non-refundable administration charge of \$250.00 per change review, to be paid prior to any review of any changes. This payment does not guarantee the acceptance of the change nor is it applied towards any of the costs of said approved changes.

7. PRECONSTRUCTION MEETING & UPGRADES: A meeting (the "Preconstruction Meeting") between Buyer and Seller's representative will be held if determined by Seller to be necessary, after (a) the date Buyer receives written loan approval and delivers same to Seller. Seller shall determine the date and time of such Preconstruction Meeting which shall take place on a date and time and at a location determined by Seller exclusively. Preconstruction Meetings are scheduled ONLY on Mondays- Thursdays from 10am - 3pm and last approximately one to two hours. Buyer should come prepared to the Preconstruction Meeting with a clear understanding of any desired upgrades/revisions/additions. It is the responsibility of Buyer to make arrangements to be available at the designated place, date and time for the Preconstruction Meeting determined by Seller. In order to complete the Preconstruction Meeting within a reasonable period, it is highly recommended that only Buyer and/or its agent attend this meeting and that Buyer make alternative arrangements for any necessary childcare during this period. In the event there are no significant upgrades or changes to the Home, then Buyer and/or its agent may submit, in the form of a written addendum signed by Buyer and submitted to the listing agent, a list of upgrades/changes Buyer requests in which event Seller, at Seller's discretion, will review and provide Buyer and/or their agent with the costs to complete the same. Buyer shall provide Seller and/or its designated suppliers with their choice of all interior surface selections, TV and phone jack locations and any additional upgrade/option selections either in writing to Seller's designated listing agent and or in writing at the Preconstruction Meeting to the extent such selections and locations have not been determined prior to mutual execution of the Agreement. Exterior elevations will be reviewed at the Meeting and/or through Buyer's agent. (Exterior elevation policy dictates that duplicate plan elevations are not allowed next door or

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directly across the street.) All elevation, color and materials requests that are agreed upon will be written on a floor plan and initialed by both Buyer and Seller's representative at the Preconstruction Meeting. At the Preconstruction Meeting, Buyer will pay to Seller in full all additional costs associated with the upgrade/options selected by Buyer and approved by Seller. It is mutually understood and agreed that Seller will not delay construction of the Home to wait for Buyer's requested selections. If the Home is under construction, any changes to the colors and hard surfaces, carpet, paint, etc., are at the exclusive discretion of Seller and only as evidenced by a mutually signed addendum allowing such changes. In the event the purchase price is increased for upgrades, cover closing costs etc. commissions will be factored on the current list price only.

8. BUYER'S PRESALE UPGRADES AND CONCESSIONS: The cost of any upgrades requested by Buyer and approved by Seller will be paid in full at the time of the Selections Meeting. To the extent Buyer is unable to pay for all of the costs associated with such upgrades selected, Seller may, in its sole and absolute discretion, permit Buyer to finance a portion of the total amount of such upgrades. Buyer will be required to make a partial payment to Seller, noted in Section 8.1 of this Addendum, to be determined by Seller at Seller's sole and absolute discretion, prior to installation of such upgrades. Seller's upgrade price list only applies to changes requested prior to commencement of construction. All payments and deposits for upgrades shall be considered to constitute a non-refundable payment to Seller and shall be retained by Seller in the event Buyer is unable to and/or elects, for any reason whatsoever, not to complete the transaction contemplated by the Agreement. All items are subject to reasonable availability. Special Buyer selected items will not be allowed if they would delay construction scheduling or completion. All changes/upgrades must be evidenced in the form of a written addendum signed by both Seller and Buyer and Buyer shall be required to sign and personally guarantee a promissory note representing the total amount of unpaid upgrades to be financed. Other terms and restrictions may be imposed on such financing by Seller at Seller's sole and absolute discretion.

8.1 STANDARD UPGRADE PAYMENT POLICY: Seller hereby requires Buyer to provide up front deposits on all Buyer selected upgrades as denoted in the table below. (Example: Buyer A wants to finance \$19,000 in upgrades. The first \$10,000.00 would not require a down payment however the remaining \$9,000 would require a \$4,500 down payment.)

Amount to be Financed	% Down Payment Required
\$0 – \$10,000.00	25 %
\$10,000.01 – \$20,000.00	50%
\$20,000.01 – \$45,000.00	75%
\$45,000.01 and Up	100%

Should the appraised price be less than the agreed sales price due to changes/upgrades the buyer has selected that are not normally offered as standard by the builder, buyer must pay the difference between the sales and appraised price in cash directly to seller upon closing. If Purchaser elects to make any upgrade or selection outside of Seller's standard stock materials, the Purchaser shall pay in advance the costs of any and all of such upgrades and additional features

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directly to the Seller and such payment shall then become non-refundable. Purchaser also acknowledges that due to variable appraisal policies, the full value of the upgrades and additional features may not be included in the appraised value of the property. Purchaser agrees to execute a waiver of low appraisal, except on FHA/VA financed transactions, if necessary to include the value of upgrades and additional features to the purchase price. Upgrade value shall be determined at the sole discretion of the Seller.

In the event Seller agrees to provide any upgrades without Buyer's full payment or if the Seller provides upgrades as a concession on the purchase of the home, the Buyer's deposit and or earnest money shall become non-refundable (other than for Seller's default) to cover costs paid by Seller for upgrades and concessions if Buyer fails to perform on purchase of home.

8.2 BUILDER CONCESSIONS: In the event that part of the Agreement entails Seller paid concessions that require the Seller to purchase upgrades that would not normally be included in the home, all additional requested upgrades/concessions shall deem a portion of Buyers earnest money non-refundable, in the amount to be determined solely by the seller. If for any reason Buyer cannot close on the home the non-refundable portion shall be immediately released to seller.

9. POTENTIAL RESTORATION FEE: Seller hereby reserves the right to approve or disapprove of any and all selections, upgrades and/or changes made by the Buyer if the Seller reasonably determines that any such selections, upgrades, and/or changes will adversely affect the marketability of the Property in the event that the Agreement should fail to close, or will not add value to the Property commensurate with the cost of performing the requested modification(s). In which event, the Seller hereby agrees to so advise the Buyer and shall then may either: (i) reject the requested selections, upgrades and/or changes; or (ii) proceed with the requested modification(s) provided that, in addition to cash payment in advance for the costs related to the requested modification(s) to be mutually agreed to by the Buyer and the Seller by separate addenda (the "**Modification Fee(s)**"), the Buyer deposits with the Escrow Agent an amount determined at the Seller's sole discretion to be sufficient to pay the costs of the Seller's restoration of the Home to its former condition in the event that closing does not occur (the "**Restoration Fee(s)**"). The seller shall have no obligation to proceed with any such modifications unless and until the Restoration Fee(s) is paid to the Escrow Agent in the amount determined by the Seller. Any and all amounts paid as Restoration Fee(s) shall be credited as part payment of the total purchase price at the time of closing. However, if closing does not occur for any reason other than one caused solely by the Seller, any and all Restoration Fee(s) shall be forfeited.

In the event that the Buyer chooses not to make payment of any Restoration Fee(s) requested by the Seller, then the Buyer may, within five (5) calendar days of the Seller's request for the same give notice of termination of the Agreement and receive a refund of Earnest Money previously paid, less any deductions authorized by the Agreement. IF the Buyer fails to give such notice of termination within five (5) calendar days after their rejection of the Seller's request, then the Seller shall proceed with construction without making the modification(s) requested by the Buyer.

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10. NO ORAL REPRESENTATIONS: It is natural during the course of the transaction for Buyer to have questions regarding their new home. In order for Buyer to receive responsible and authoritative answers to their questions during the construction process and prior to the Closing date of the Agreement, Buyer's questions shall be forwarded by Buyer's real estate agent to Seller's listing agent in written form and delivered to Seller's listing agent who will then forward them directly to Seller using the Brookstone Standard Customer Concern Form. Any response by Seller shall be in writing, and may be made by email response either to Buyer and/or their designated real estate representative. Buyer understands and agrees that any statements, interpretations or representations regarding the Agreement or the Property made by sales agents, Seller's employees, Seller's agents, contractors or subcontractors are not binding on Seller and that the terms and full understanding of the Agreement shall be limited to the Agreement as written together with any clarifications to the Agreement made by Seller in writing and directed specifically to Buyer. Buyer acknowledges that neither Seller (nor any agent or any other person) has made any representation regarding views, or the future use of any developed or undeveloped properties in the vicinity of the Property.

11. BUYER'S ACCESS DURING CONSTRUCTION: Buyer acknowledges that the Property being purchased pursuant to the Agreement is and shall continue to belong to Seller until the closing date of the Property purchase under the Agreement. Buyer agrees that neither they, or their agents or representatives, shall enter onto the Property during construction unless accompanied by Seller's representative or agent and then only at the sole risk of Buyer. Buyer further acknowledges notice that only Seller and Seller's employees and authorized subcontractors are authorized to enter and do work on the Property, and Buyer is expressly denied permission to do any work on the Property prior to closing for any reason whatsoever without the prior written consent of Seller.

ESCROW: TITLE & CLOSING OFFICE:

Buyer and Seller mutually agree that the designated Title Insurance & Closing/Escrow agent for the Agreement shall be ordered through ***Ticor Title Company, 437 29th Street NE Suite B , Puyallup, WA 98372, Dani Schneider, 253-904-1059; teamdani@ticortitle.com*** or such other closing/escrow agent as Seller may approve. Seller is allowed a special builder's rate on escrow fees if such company is used and these costs savings are reflected in the sales price of your new home.

12. NEW HOME ORIENTATION: Prior to the Closing date of the Agreement, Seller will schedule a new home orientation with Buyer to explain the required Buyer maintenance and the operational procedures of the home's appliances, heating and plumbing systems. Due to the number of new homes constructed by Seller and the importance of this limited time availability, the only parties that shall be permitted to attend the new home orientation shall be between Builder and Buyer(s) only. No other family members or representatives are permitted to attend this orientation session.

In the event Buyer requests to have a home inspection of the Property conducted prior to Closing, Buyer shall provide the listing agent with the time and date requested for said inspection (limited

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only to Mondays - Fridays between 10 am - 12 pm and 1 pm - 4 pm) which shall be forwarded to Seller's construction department for approval and confirmation. Any request must have the inspector's company information, a photocopy of a current business license for respective city in which the home is located, and proof of insurance. **NO INSPECTION WILL BE GRANTED WITHOUT REVIEW AND APPROVAL OF THESE DOCUMENTS.** Such inspection will waive the typical orientation offered by Seller and, in such event, Buyer and Seller's representative will conduct, prior to Closing, a limited orientation.

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BUYERS UNCONDITIONAL WAIVER: IN THE EVENT THAT A NEW HOME ORIENTATION HAS NOT BEEN COMPLETED PRIOR TO CLOSING, THROUGH NO FAULT OF THE SELLER, THE BUYER HEREBY RELEASES THE SELLER OF ANY NICK AND DING, DAMAGES ON SURFACE OF THE HOME, CABINETS, OR ITS FIXTURES AND APPLIANCES. SELLER WILL NOT BE LIABLE IN ANY WAY TO MAKE ANY OF THESE REPAIRS AND ANY ENSUING HOME OWNER WALK THROUGH WILL BE FOR THE SOLE PURPOSE OF ORIENTATION.

13. LOCATION OF HOME AND FENCING; LANDSCAPING: SELLER HAS SOLE DISCRETION TO DETERMINE THE EXACT LOCATION OF THE HOME AND ANY FENCING OR LANDSCAPING ON THE PROPERTY BEING PURCHASED. Many factors and considerations dictate that Seller have the exclusive responsibility and authority to make such decisions. Seller agrees to landscape front of the property, and back if applicable, in a manner consistent with the appearance of the neighborhood and the new home. Buyer acknowledges that Seller will also landscape in order to meet engineering requirements such as grading and water drainage. Buyer thus acknowledges that matters of landscaping have been delegated to Seller's sole and absolute discretion.

14. HOMEOWNER'S ASSOCIATION AND DUES: The homeowner's association is a nonprofit corporation organized and existing under the laws of the State of Washington. It is understood that all owners of lots within the Plat/development will become members of the Homeowner's Association (HOA) identified in the CC&R's at the time of closing and agree to pay, at the Closing, the Capital Contribution and Developer Reimbursement, if any, in the amount of Six Hundred Dollars and No/100ths Dollars (\$600.00). The Association will also assess annual dues of the Association for 2014-2015 in the amount of Four Hundred Twenty Dollars and No/100ths Dollars (\$420.00) and will be pro-rated at closing.

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15. SUBSTITUTION/CHANGES: Seller reserves the right to substitute items of comparable quality or to make changes or modifications, as needed, to meet County, City, FHA, VA or Lender guidelines or codes, without prior notice to Buyer. During construction it may be necessary to make changes to the plans and specifications. The modifications may include changes to the floor plans, interior and exterior design, and materials, as Seller deems necessary and/or required by Building Codes. Seller may make minor modifications to the design and/or sitting of the home during construction if topographical conditions of the property so dictate, or as a result of requirements of the Building Code. Seller reserves the rights to modify materials and specifications provided the modifications are equal to or better than the original, in Seller's sole and absolute discretion. Electrical, mechanical and plumbing placement may vary at the sale and absolute discretion of Seller.

16. PLAN VARIATIONS: No two homes are built exactly alike. It is not uncommon to have minor differences in the dimensions or style of concrete, landscaping, framing, cabinets, etc. All homes are built with materials of comparable quality, but the above-mentioned items can and do

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vary from home to home. These variations are not considered defects and will not be changed.

17. PLANS ARE PROPERTY OF SELLER: Plans, drawings, specifications and design materials shall remain the sole property of Seller and will not be made available to Buyer.

18. COMMON AREAS; PLAT: Buyer hereby acknowledges and agrees that the Seller's obligations with respect to the Common Areas and the plat/development as a whole are limited to performing such work, and completing such improvements, as are required to obtain approval of completion from the applicable City or County. Buyer agrees that Seller has made no other representations or warranties with respect to the Common Areas and the plat/development as a whole, and Buyer releases Seller from any and all obligations with respect to the Common Areas and the plat/development as a whole except as specifically set forth in this paragraph.

19. INSULATION: As to homes permitted with applicable governmental authorities on or after July 1, 2002 and in accordance with Washington State Energy code requirements at the time of building permit and pursuant to Federal Trade Commission. Regulations require the following information shall be filled in by Seller: (if insulation is not yet selected, FTC regulations require Seller to furnish to Buyer the information below in writing as soon as available.) Wall Insulation: Type: Batt Thickness: 5 1/2" R-Value: R-21 Ceiling Insulation: Type: Batt (Vault Only) Thickness: 10" R-Value: R-30 Ceiling Insulation: Type: Blown Thickness: 16" R-Value: R-49 Floor Insulation: Type: Batt Thickness: 10" R-Value: R-30 Other Insulation Data: Insulation installation specifications meet Washington State requirements. Insulation requirements are subject to change to comply with current energy code. Per 2002 WSEC under 12% glazing. All glazing is U=35 or less.

20. UTILITIES PAID OUTSIDE OF ESCROW BY SELLER: Seller acknowledges the obligation under RCW 60.80.010 to satisfy, upon closing, any lien or charge provided for by RCW 35.21.290, 35.67.200, 36.36.045, 36.89.090, 36.94.150, 56.16.100, 57.08.080, or 87.03.445. Seller agrees to satisfy any such liens or charges outside of closing and Seller and Buyer hereby waive the right to have escrow closing agent administer the payment of such liens or charges as provided under RCW 60.80. Closing agent shall not be held liable or responsible in connection with the same now or hereafter the close of escrow.

21. WAIVER OF REAL PROPERTY TRANSFER DISCLOSURE STATEMENT: Buyer waives its right to receive a Real Property Transfer Disclosure Statement as provided in RCW 64.06 et. Seq.

If there are any sections of the section 7 below with "yes" answers Buyer is not able to waive the Real Property Transfer Disclosure Statement. Seller's answers to all questions are "Don't Know" as Seller purchased finished lots.

Don't Know Yes No

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7. ENVIRONMENTAL

- *A. Have there been any flooding, standing water, or drainage problems on the property that affect the property or access to the property?.....
- *B. Does any part of the property contain fill dirt, waste, or other fill material?
- *C. Is there any material damage to the property from fire, wind, floods, beach movements, earthquake, expansive soils, or landslides?
- D. Are there any shorelines, wetlands, floodplains, or critical areas on the property?.....
- *E. Are there any substances, materials, or products in or on the property that may be environmental concerns, such as asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks, or contaminated soil or water?.....
- *F. Has the property been used for commercial or industrial purposes?.....
- *G. Is there any soil or groundwater contamination?
- *H. Are there transmission poles or other electrical utility equipment installed, maintained, or buried on the property that do not provide utility service to the structures on the property?
- *I. Has the property been used as a legal or illegal dumping site?
- *J. Has the property been used as an illegal drug manufacturing site?
- *K. Are there any radio towers in the area that cause interference with cellular telephone reception?

22. POSSESSION: Buyer shall be entitled to possession of their new home on the Closing date. In the event that Buyer desires to take possession of their new home prior to the actual Closing date, Seller may agree, at Seller's exclusive option in Seller's sole and absolute discretion, to allow Buyer to move into their new home prior to the actual Closing date only if 1) Buyer has obtained final loan approval and has deposited all funds required for Closing with the escrow/closing agent, 2) the home is fully completed and Seller has received a final certificate of occupancy from all applicable governmental agencies, 3) Buyer provides Seller with verification of insurance coverage in an amount not less than the purchase price naming Seller as an additional loss payee for the period prior to the actual Closing date, and 4) Buyer executes a pre-closing rental agreement in a form and according to terms approved by Seller in Seller's sole and absolute discretion and agrees to prepay rent, seven (7) days in advance, to Seller in the amount of \$200.00 per day from and inclusive of each day Buyer is granted possession of their new home prior to the actual Closing date, said rental amount to be in addition to all other sums represented by the Agreement. All rents pre-paid by Buyer shall be pro-rated and any excess rent paid shall be refunded to Buyer within five (5) days after the Closing date.

23. AGENCY: Both Seller and Buyer acknowledge that Buyer's selling real estate agent represents Buyer exclusively and not Seller, and that Seller's listing agent represents Seller exclusively and not Buyer. If selling agent and listing agent are different licenses affiliated with the same real estate broker, then both Seller and Buyer consent to said broker acting as a dual agent. Both Seller and Buyer acknowledge receipt of a copy of the pamphlet entitled "The Law of Real Estate Agency." Seller may have directed its listing agent to list the subject property in the Northwest Multiple Listing Service (NWMLS) and Seller agrees to pay a commission as set forth in the terms of any such listing agreement. Commissions are paid by Seller based on the sales price of the new Home constructed/to be constructed less the amount of any upgrades to the new home selected and paid by Buyer.

24. INTERPRETATION: This Addendum shall supersede and prevail in any conflict between the Agreement and this Addendum. Only handwritten or typed changes to the Agreement or this addendum shall have effect, provided that both Buyer and Seller initial them.

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BUYER INITIAL: _____ DATE: _____ SELLER INITIAL: _____ DATE: _____

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25. INTEGRATED AGREEMENT; BUYER'S CAPACITY: There are no express or implied agreements, promises or representation except as set forth herein or in another written document executed by Seller and Buyer. Buyer enters into this Addendum and the Agreement on behalf of themselves personally, and on behalf of the Homeowner's Association in Buyer's capacity as a future Member of the HOA, and their heirs, successors, and assigns.

26. INSPECTION ADDENDUM: The terms and conditions of any Inspection Addendum are amended as follows: If Buyer has not requested and notified Seller in writing of the date for the inspection within five (5) days, prior to Buyer's new home orientation, any requirements of an Inspection Addendum shall be deemed waived and satisfied. Buyer's delay in ordering and conducting an inspection shall not be an excuse to delay Buyer's new home orientation and/or closing. The seller requires that no pre-sale homes or homes under construction be contingent upon having a home inspection nor be able to hold up closing in any way. Buyer has the right to have a home inspection done upon completion of the home given the inspector requirements set fourth in Section 12 of this Agreement are met; however the purchase and sale agreement will not be contingent upon it. Buyer waives the right to an inspection contingency.

27. ARBITRATION: Any controversy or claim arising out of or relating to this Addendum, the Agreement, any matter related to the Property or the Home, or any claimed defect relating to the Property, including without limitation, any claim brought under the Washington State Consumer Protection Act, (but excepting any request by Seller to quiet title to the Property) shall be determined by binding arbitration in accordance with RCW 7.04. The decision and award rendered by the arbitrator(s) shall be final and binding upon the parties, and judgment upon the award may be entered in any court having jurisdiction. The prevailing party in any such arbitration shall be entitled to reasonable attorney's fees and expenses but not any other form of damages.

It is hereby further agreed by both Buyer and Seller that all claims, disputes and controversies between Buyer and Seller arising from or related to the Property, or to any defect in or to the Home or the lot on which the Home is situated, or the sale of the Home by Seller, including but not limited to, any claim for breach of contract, negligent or intentional misrepresentation, nondisclosure in the inducement, execution or performance of any contract, including this arbitration agreement and breach of any alleged duty of good faith and fair dealing shall be submitted to binding arbitration by and pursuant to the arbitration provision contained in the most recent edition of the Warranty Booklet, as of the date of the execution of this Agreement. That booklet has been made available to Buyer and is incorporated herein by reference, and made part of this Agreement. As set forth in the Warranty Booklet, binding arbitration of disputes which arise after the close of escrow will be accomplished pursuant to the rules of Construction Arbitration Services (“CAS”), in effect at the time of the request for arbitration. This arbitration agreement shall be governed by the Federal Arbitration Act, to the exclusion of any inconsistent state law.

28. IRRECONCILABLE DIFFERENCES: In the event of any dispute of any kind regarding the Agreement, Buyer's sole and exclusive legal and equitable remedy for any breach of this agreement by Seller shall be the rescission of the Agreement and the release by the Seller of any Earnest Money.

BUYER INITIAL: _____ DATE: _____ SELLER INITIAL: _____ DATE: _____

BUYER INITIAL: _____ DATE: _____ SELLER INITIAL: _____ DATE: _____

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Furthermore should the working relationship between the Buyer and the Seller deteriorate to a level unacceptable to the Seller, the Seller may, at its sole discretion, void the Agreement by refunding to the Buyer all Earnest Money and any other deposits paid to the Seller, subcontractors and /or suppliers for materials and labor related to or part of the new Home; except for any and all Restoration Fees paid by the Buyer. In which event, the foregoing described refund(s) shall be Buyer's sole remedy for Seller's termination of the transaction and shall constitute the total liquidated damages to which Buyer is entitled. To the full extent permitted by applicable law, the Buyer hereby waives any and all potential additional legal remedies with respect to the foregoing.

BUYER INITIAL: _____

BUYER INITIAL: _____

29. NOTICE: Buyer acknowledges that mold and mildew are normally occurring conditions in any climate. Seller makes no representation or warranty that the home is or shall remain free from mold, mildew or similar conditions ("Mold"). Seller specifically disclaims all express and implied warranties with respect to Mold, and with respect to any related damage to the home or problems with the air quality in or about the home. Buyer is solely responsible for maintaining the exterior of the home and the interior of the home ventilation systems, in such Manner so as to prevent the growth of Mold, and Seller has no responsibility to take any action whatsoever in this regard.

30. SEWER CAPACITY CHARGE: Buyer acknowledges they have been advised that the property is or may be subject to a sewer capacity charge in most areas of King County where sewer connection was made after February 1, 1990, and understands said charge is the responsibility of the Buyer. For more information you may contact Water Pollution Control Department at 206-296-1450 or visit:

<http://www.kingcounty.gov/environment/wastewater/capacitycharge.aspx>.

31. APPRAISAL CONTINGENCY: This contract is not contingent on an appraisal. Purchaser shall proceed with this Contract at the stated Sales Price without regard to the Appraised Valuation of the Property. In the event that the Appraisal reduces the amount of financing available from the Lender, Purchaser shall tender additional funds in cash at Settlement.

32. PENALTY FOR FAILING TO CLOSE ON TIME: Buyer must close by the Closing Date, or within 5 days of issuance of the Certificate of Occupancy or pay a penalty of \$100 per day to Seller.

BUYER INITIAL: _____

BUYER INITIAL: _____

33. ENVIRONMENTAL FEES: The Buyer hereby acknowledges and agrees to pay the Seller an environmental fee in the amount of Seven Hundred Dollars and no/100ths Dollars (\$700.00) for environmental improvements.

BUYER INITIAL: _____ DATE: _____

SELLER INITIAL: _____ DATE: _____

BUYER INITIAL: _____ DATE: _____

SELLER INITIAL: _____ DATE: _____

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I/WE HAVE HAD THE OPPORTUNITY TO READ ALL ELEVEN (11) PAGES OF THIS ADDENDUM AND HEREBY AGREE TO ITS TERMS AND CONDITIONS.

ALL OTHER TERMS AND CONDITIONS OF SAID AGREEMENT REMAIN THE SAME AND UNCHANGED.

BUYER SIGNATURE: _____ DATE: _____

BUYER SIGNATURE: _____ DATE: _____

SELLER SIGNATURE: _____ DATE: _____
BROOKSTONE HOMES, LLC CEO/MANAGING MEMBER

BUYER INITIAL: _____ DATE: _____ SELLER INITIAL: _____ DATE: _____

BUYER INITIAL: _____ DATE: _____ SELLER INITIAL: _____ DATE: _____

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