

NEW HOMEBUYER INFORMATION

To: _____

 From: _____

 CC: _____

 Date: _____

Procedure: This Worksheet must be filled out on every Buyer and faxed to the Design Center, the Lender and the Area Coordinator. Any subsequent changes need to be documented and re-faxed. Please use the Comments section to note any buyer issues that the Design Center needs to be aware of, such as a maximum upgrade guideline, MCRV compliance or the maximum that can be added to the loan.

COMMUNITY: _____ **BUYER:** _____
PROPERTY:
 Street Address: _____, City: _____, _____ ZIP: _____
 Lot: _____ Tract No.: _____ Plan: _____ Elevation: _____ SETS No: _____

Community Information

Community Name:	
Salesperson:	
Community Address:	
Phone:	
Fax:	

Buyer Information

Co-Buyer Information

	Buyer Information	Co-Buyer Information
Name:		
Contact Address:		
Home Phone:		
Work Phone:		
Home Fax:		
Work Fax:		
Cell:		

New Home Information

Examples: Indicate if there is a bonus room in lieu of a 3rd car garage. Indicate any optional rooms (Bedroom 4 in place of Den). Indicate cabinet finish (i.e. Oak, maple or white). Indicate countertop type and color (i.e. white tile, black granite) Indicate location of any optional fireplaces. Indicate any other options that may impact Buyer's selection of flooring material.)

Tract and Lot:	
Installation Address:	
Plan:	
Elevation:	
Square Footage:	
Bonus/Optional Room(s):	
Cabinets:	
Countertops:	
Fireplace(s):	
Other Options:	

Loan Information

Lender's Name:	
Phone or Contact #:	
Mortgage Type:	
Total Purchase Price:	
Est. Close of Escrow:	
Options Concession:	

Comments or Other Instructions

Net Transaction Analysis (Net Sheet)

Community _____	Buyer _____
Tract _____	Today's Date _____
Lot _____	Sale Date _____
Plan _____	Estimated COE _____
SETS No: _____	

A Floor Plan List Price		Includes garage count; "Base Price" in CPS
B Elevation List Premium		"Elevation Cost" in CPS
C Manager's List Discount		"Allowance" in CPS
D BASE PURCHASE PRICE	D=A+B-C	
E LOCATION PREMIUM		"Fixed Premium" in CPS
F TOTAL OPTIONAL ITEMS		
G TOTAL PURCHASE PRICE		G=D+E+F
H TOTAL OPTIONAL ITEMS PAID IN CASH		
I TOTAL REVENUE		I=G+H
J Closing Cost Concession		
K Options/Design Ctr		
L SUBTOTAL	L=J+K	
M Referral Fee		
N Broker Co-op Commission		
O Other Concession		
P SUBTOTAL	P=M+N+O	
Q TOTAL CONCESSIONS	Q=L+P	
R NET REVENUE		R=I-Q

COMMISSION REQUEST CALCULATION				(Commissionable Sales Price is above)	
Salesperson(s)	Rate	Participation	Commission		

Notes (Be specific)	Office use Only – Contract Dep Amt:
	Option Total:
	D/C Credits:
	Existed Opt:
	Paid in Cash:
	Financed:
	Credit COE:

TRANSACTION APPROVAL		
Sales Associate Signature and Date:		Date:
Area Coordinator Signature and Date:		Date:
Area Manager Signature and Date:		Date:

DESIGN CENTER (DC) RECONCILIATION (This is a handwritten section)			
	Participation	%	Upgrades
S Flooring Upgrades			
T Window Coverings Upgrades			
U Other DC Upgrades			
V TOTAL DC UPGRADES			V=S+T+U
W Buyer Direct Pay to DC			
X DC Purchase Price			X=V-W
Y Buyer Deposit @ DC			
Z Balance Due From Buyer			Z=X-Y

AA Seller's Total Proceeds	The sum of all Participation cells in S, T & U. This is the amount of Seller Participation whether from Escrow proceeds or direct from Design Center	
BB DC Demand on Escrow	This is V less W unless Buyer's Deposit ("Y") exceeds Design Center Participation, in which case, it would be zero	
CC Seller's Proceeds from DC	If all Upgrades are paid in cash or there is no demand on escrow	

AREA COORDINATOR FINAL RECONCILIATION (this is a handwritten section)		
DD FINAL TOTAL PURCHASE PRICE		DD=G+X
EE FINAL TOTAL CONCESSIONS		EE=Q
FF FINAL TOTAL NET REVENUE		FF=DD-EE

FINAL TRANSACTION APPROVAL	
Area Coordinator Signature and Date:	Date:
Area Manager Signature and Date:	Date:

PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS

COMMUNITY: _____	BUYER: _____
PROPERTY:	
Street Address: _____, City: _____, California ZIP: _____	
Lot: _____ Tract No.: _____ Plan: _____ Elevation: _____ SETS No: _____	

This Purchase Agreement and Escrow Instructions (the "**Agreement**") is made between **K. Hovnanian Forecast® Homes, Inc., a California corporation** ("**Seller**"), and the individual(s) identified below as "**Buyer**". Buyer, Seller and Escrow Holder may be called a "**Party**" or the "**Parties**." Buyer agrees to buy the "**Property**" described below including the residence built or to be built thereon (the "**Residence**"), and Seller, by acceptance of this Agreement, agrees to sell the Property to Buyer, on the terms and conditions below in the **Transaction Summary, General Provisions**, any attached **Addenda** and any attached **Additional Documents**, all of which are incorporated as a part of this Agreement.

TRANSACTION SUMMARY

COMMUNITY: _____

BUYER: _____

PROPERTY: (The complete legal description will be stated in the title report given to Buyer in Escrow).

Street Address: _____, City: _____, CA ZIP: _____

Plan _____ Lot _____ of Tract No. _____

ESCROW:

"**Escrow Holder:**" _____

escadd
esccity
Telephone: **escrowtele**
Fax: **escrowfax**

(To be completed by Escrow Holder):

Escrow Officer: _____
Escrow No.: _____
Date Received in Escrow: _____ ("**Opening Date**")

PURCHASE PRICE: The purchase price ("**Purchase Price**") for the Property is listed below. Concurrently with signing this Agreement, Buyer delivered the "**Deposit**" to Seller as a deposit toward the purchase of the Property. Buyer shall pay the balance of the Purchase Price and the "**Closing Costs**" at the time and in the manner specified below. Where **Estimated** is indicated below, the exact amounts will be determined before Close of Escrow.

- (A) Base Purchase Price: _____
- (B) Location Premium _____
- (C) Optional Items: _____
- (D) Total Purchase Price (A + B + C) _____
- (E) Loan Amount (if applicable): _____
- (F) Deposit Received (check made payable to Escrow Holder): _____
Deposit and any Additional Deposit shall be made by check payable to **Seller** pursuant to the RE 600A surety bond, except if this Agreement is entered into under the authority of a Conditional Subdivision Public Report, deposit checks shall be made payable to **Escrow Holder**.
- (G) Additional Deposit (if any, required within **addwithin** days after the Effective Date): _____
- (H) Balance of Down Payment Due Before Close of Escrow (D-E-F-G) (neg. amount reflects a credit) . . . _____
- (I) **Estimated** Closing Costs: _____
 Buyer shall pay actual closing costs ("**Closing Costs**") (including "**Third Party Charges**" for cost of credit reports and appraisals required by the Lender, Escrow fees and loan fees, currently estimated to be \$_____), other lender fees, prepayables and impounds (based on preliminary loan program discussed with Buyer), any tax, insurance, Owner's and Lender's title policy charges, tax service, notary fees, recording costs, insurance premiums, any Association(s) fees, any VA or FHA fees not financed, tax disclosure report, natural hazards disclosure report, and such other Closing Costs as are necessary to close this transaction.
- (J) Total **Estimated** Cash Due Before Close of Escrow (H + I) ("**Closing Funds**") _____
- (K) **Estimated** Monthly Payments on first loan (principal and interest at _____% per annum): _____
- (L) **Estimated** Monthly Payments on second loan (principal and interest at _____% per annum). . . _____
- (M) **Estimated** Monthly Impounds (taxes and insurance – if required): _____
- (N) **Estimated** Association(s) Assessments (if applicable): _____
- (O) Total **Estimated** Monthly Payment: _____

FINANCING: Seller-Approved Lender: _____ ,

Phone: Fax: Cell:

Loan Type: _____

Buyer must submit a completed Loan Application to Seller-Approved Lender within seven (7) days after the date shown at Buyer's signature ("**Buyer Signature Date**"). Buyer may also apply for a Loan with Buyer's Outside Lender identified by Buyer in the Outside Lender Addendum, if any. Buyer is not obligated to obtain financing through Seller-Approved Lender.

The **Estimated** amounts referenced above, including Estimated Closing Costs, are not conditions to or a part of this Agreement. Actual Closing Costs, interest rates and terms, taxes, prorations and monthly expenses may vary from Estimated Closing Costs and other Estimated amounts shown above. Buyer agrees that the interest rate is the prevailing rate at time of loan funding.

SIGNIFICANT DATES:

Effective Date of this Agreement - Refer to date shown at Seller's signature, below.	
Estimated Closing Date: (Subject to change – See Section 2.4)	_____
Loan Application Deadline.	7 days after Buyer Signature Date, below
Proof of Closing Funds Deadline (See Section 1.1).	7 days after Buyer Signature Date, below
Loan Approval Deadline: (See Section 1.2(c)).	21 days after Buyer Signature Date, below
Due Date for Buyer's Funds:.	3 business days prior to Estimated Closing Date

ADDITIONAL TERMS OF SALE: This Agreement may include additional terms and conditions which, if any, are stated in the Additional Terms Addenda, attached.

ADDENDA: Buyer acknowledges that the following Addenda which are marked as "**Attached**," have been received with this Agreement and reviewed by Buyer:

Attached
if checked

- Addendum A – Escrow Holder's General Escrow Instructions
- Addendum B – Real Estate Agency Disclosure and Confirmation
- Addendum C – Affiliated Business Arrangement Disclosure Statement
- Addendum D – Additional Documents
- Addendum E – Right to Repair Law, Fit and Finish Warranty and Indemnity

OTHER PROPERTY CONTINGENCY: If Buyer must sell another property before Buyer can close this Escrow, then Buyer must disclose this to Seller's sales representative and sign a Contingency Addendum before Buyer signs this Agreement. If Buyer fails to make this disclosure to Seller, then Buyer's obligations are not contingent on such a sale and Buyer shall be in default if Buyer fails to close Escrow for that reason.

Check one of the following:

- Non-Contingent.** Buyer's obligation to purchase and Seller's obligation to sell the Property **is not contingent** on the sale of a separate property. Buyer must execute Source of Funds Addendum.
- In Escrow.** Buyer's obligation to purchase and Seller's obligation to sell the Property **is contingent** on the sale of a separate property, which is **currently in escrow**. Buyer must execute Contingent Sale and Waiver of Contingent Sale Addenda.
- Contingent.** Buyer's obligation to purchase and Seller's obligation to sell the Property **is contingent** on the sale of a separate property. Buyer must execute a Contingent Sale Addendum. Buyer understands that even if Buyer's obligation to purchase the Property is contingent, failure to satisfy the contingency does not extend any of the deadlines in this Agreement. Instead, failure to satisfy the contingency by any of the deadlines set in this Agreement gives Buyer or Seller the right to cancel this Agreement.

VESTING: Manner in which title is to vest: _____

(**Note:** The manner of taking title may have significant legal and tax consequences. Buyer should consult with a professional regarding such consequences. Unless Buyer otherwise designates in further instructions to Escrow Holder, title to the Property shall be vested as stated above).

OFFER AND ACCEPTANCE: Execution of this Agreement by Buyer and Seller's sales representative is only an offer to purchase which is accepted only when an authorized representative of Seller signs in the designated spaces and delivers to Buyer or Escrow a copy of this Agreement. If Seller, in its sole discretion, does not accept Buyer's offer, this Agreement shall be automatically revoked and Buyer's initial Deposit shall be promptly refunded to Buyer. Seller's sales representatives are not authorized to accept this offer. Receipt and deposit of Buyer's funds do not constitute Seller's acceptance of this offer. Seller may hold Buyer's Deposit check uncashed until Seller accepts this Agreement. No interest will be paid on any deposits made by Buyer.

COMPLETE AGREEMENT: This Agreement is the complete agreement between the Parties concerning the Property. There are no other representations or agreements, oral or written, other than those contained in this Agreement. No sales representative or other agent of Seller has the authority to modify the terms of this Agreement or to make any agreements or representations on behalf of Seller. Therefore, although Buyer has had, and in the future may have conversations with sales representatives or other agents of Seller concerning any matter, including (a) the Property and the Community, (b) the availability of or Buyer's ability to qualify for or obtain any Loan, (c) the future value of the Property, or (d) any other matter affecting the purchase of the Property, none of the information contained in such conversations including representations, promises or statements of any kind shall be binding upon Seller unless they are added by written addenda, executed by Buyer and Seller and attached.

BUYER'S RIGHT TO CANCEL: BUYER MAY CANCEL BUYER'S OFFER TO PURCHASE THE PROPERTY, AND THE AGREEMENT RESULTING FROM SELLER'S ACCEPTANCE OF BUYER'S OFFER, AND RECEIVE A FULL REFUND OF BUYER'S DEPOSIT UNTIL MIDNIGHT OF THE THIRD (3RD) CALENDAR DAY AFTER THE DAY ON WHICH BUYER SIGNS THIS AGREEMENT (THE "**BUYER CANCELLATION DEADLINE**"), BY NOTIFYING SELLER IN THE MANNER PROVIDED IN THIS AGREEMENT (SEE SECTION 9.3 OF GENERAL PROVISIONS). IF BUYER DOES NOT DELIVER THE CANCELLATION NOTICE BY THE BUYER CANCELLATION DEADLINE, BUYER WILL BE CONCLUSIVELY DEEMED TO HAVE WAIVED BUYER'S CANCELLATION RIGHT UNDER THIS SECTION.

Balance of this page left intentionally blank

Signature page follows

THIS AGREEMENT WILL BE A LEGALLY BINDING CONTRACT. YOU SHOULD READ IT CAREFULLY AND UNDERSTAND IT BEFORE YOU SIGN IT. IF YOU HAVE ANY QUESTIONS ABOUT YOUR RIGHTS OR OBLIGATIONS UNDER THIS AGREEMENT, YOU SHOULD CONSULT AN ATTORNEY BEFORE YOU SIGN IT.

BUYER:

Signed on _____, _____
(the "Buyer Signature Date")

1. _____
Buyer's Signature

Print First Middle Last Name
Address: _____
City, State & Zip Code _____

Business Phone _____ Business Fax _____

Home Phone _____ Home Fax _____

Cell Phone _____
E-mail Address: _____
Social Security No.: _____

3. _____
Buyer's Signature

Print First Middle Last Name
Address: _____
City, State & Zip Code _____

Business Phone _____ Business Fax _____

Home Phone _____ Home Fax _____

Cell Phone _____
E-mail Address: _____
Social Security No.: _____

2. _____
Buyer's Signature

Print First Middle Last Name
Address: _____
City, State & Zip Code _____

Business Phone _____ Business Fax _____

Home Phone _____ Home Fax _____

Cell Phone _____
E-Mail Address: _____
Social Security No.: _____

4. _____
Buyer's Signature

Print First Middle Last Name
Address: _____
City, State & Zip Code _____

Business Phone _____ Business Fax _____

Home Phone _____ Home Fax _____

Cell Phone _____
E-Mail Address: _____
Social Security No.: _____

(Seller or sales representative must be notified by Buyer of any change in Buyer's address or phone number.)

Acknowledgment of receipt of Buyer's Deposit
(Check # _____) on _____

By: _____
(Sales Representative)

Date: _____

Sales Office Phone: _____

E-Mail: _____

Seller:
Accepted by Seller on _____, _____
(the "Effective Date").

**K. HOVNIANIAN FORECAST® HOMES, INC.,
a California corporation**

By: _____ Date

Its: _____
Address: _____

Tel: _____
Fax: _____

GENERAL PROVISIONS

1. PAYMENT TERMS.

1.1. **Financial Capability Contingency.** Seller's obligations under this Agreement are subject to and conditional upon Buyer providing evidence of Closing Funds in an amount sufficient to close Escrow. Such evidence must be satisfactory to Seller and provided on or before the Proof of Closing Funds Deadline specified in the Transaction Summary. Unless otherwise provided in the Transaction Summary, Buyer's purchase of the Property is not conditional upon the sale of Buyer's current residence or any other property owned by Buyer. If Buyer does not comply with this Section, Seller may terminate this Agreement.

1.2. **Loan Contingency (if applicable).** If a portion of the Purchase Price is to be paid with the proceeds of a loan in the amount specified in the Transaction Summary ("**Loan**"), the Close of Escrow is contingent on the satisfaction of all of the following:

(a) **Lender Selected.** Buyer may use either the Seller-Approved Lender or an Outside Lender which is selected by Buyer and is acceptable to Seller ("**Outside Lender**"). To be acceptable to Seller, the Outside Lender must be an institutional lender which is experienced in and capable of processing the Loan according to the time limitations and requirements related to the Loan in this Agreement. If an Outside Lender has been selected, Buyer and Seller shall complete and sign an Outside Lender Financing Addendum in the form attached to this Agreement. As used in this Agreement, the term "**Lender**" means (i) prior to Loan Approval, both the Seller-Approved Lender and the Outside Lender, and (ii) after Loan Approval, the Lender who issues the Loan Approval.

(b) **Loan Application.** Buyer shall (i) on or before the Loan Application Deadline specified in the Transaction Summary, submit to the Seller-Approved Lender or any Outside Lender, all information and Lender-required fees necessary for Lender's loan approval of Buyer ("**Loan Application**"), (ii) within three (3) calendar days after requested by Seller, Escrow Holder or Lender, execute and provide all documents, information necessary to obtain Loan approval in accordance with the terms, including credit reports, Loan applications, verifications and any other Lender-required documents and information (collectively, "**Loan Application Package**"), and (iii) immediately upon Lender's request, provide a check to Lender for funds necessary to pay for the appraisal and credit report. If an Outside Lender is selected as the Lender, Buyer shall, concurrently with submitting the Loan Application and the Loan Application Package to the Outside Lender, also submit a complete Loan Application and Loan Application Package to the Seller-Approved Lender in such a form and including such documents and information as Seller-Approved Lender may require. The Seller-Approved Lender shall use such submittal to determine if Buyer is financially capable of purchasing the Property. Such prequalification shall not, however, constitute Loan approval. Seller may unilaterally terminate this Agreement if the Seller-Approved Lender determines that Buyer is not financially capable of purchasing the Property, in which case Buyer and Seller shall have no further rights and obligations under this Agreement and the Deposit shall be returned to Buyer less amounts paid for Third Party Charges.

(c) **Loan Approval.** On or before the Loan Approval Deadline specified in the Transaction Summary, Buyer shall provide Seller written verification of Lender's approval of a Loan to Buyer (subject only to the Lender's approval of the appraisal and the title report for the Property) for an amount equal to or greater than the Loan Amount listed in the Transaction Summary ("**Loan Approval**"). If Buyer is unable to obtain such Loan Approval within that time period or if Lender gives written notice that Lender is not willing to make the Loan as a result of any reason other than Buyer's default, then Buyer or Seller may terminate this Agreement, in which case Buyer and Seller shall have no further rights or obligations under this Agreement and the Deposit shall be returned to Buyer less amounts released for Third Party Charges. Buyer's acceptance of those funds constitutes Buyer's waiver and release of any claim or interest Buyer may have in the Property.

(d) **If Loan Is Approved For a Lesser Amount.** If Buyer is approved for a Loan in an amount less than the Loan Amount listed in the Transaction Summary, Buyer must provide evidence to the satisfaction of Seller that Buyer has funds in the amount of the difference that will be deposited by Buyer with Escrow Holder before Close of Escrow. Buyer's Loan application shall be deemed rejected for the purposes of this Agreement if Buyer fails to provide such evidence.

(e) **Buyer's Default.** Buyer shall use Buyer's best efforts to obtain the Loan. Buyer shall be in default if Buyer: (i) fails to obtain Loan Approval on or before the Loan Approval Deadline; (ii) takes any voluntary action to prevent or delay Loan Approval; (iii) requests that Lender not approve the Loan; (iv) fails to furnish all documents and information required by Lender within the required time periods; (v) fails after obtaining Loan Approval to sign promptly all documents and take all actions necessary for the timely funding of the Loan; or (vi) makes any misrepresentations or otherwise defaults in Buyer's obligations concerning the Loan under this Agreement. If Buyer defaults under this Section, Seller may at any time thereafter terminate this Agreement and proceed under Section 7 hereof.

(f) **Lender Information Release.** Buyer instructs Lender to release to Seller or its authorized representatives all information concerning the status of Buyer's Loan, including application, submission conditions, submission, suspension, approval conditions, approval, denial and the reasons therefor, status of Loan documents, before funding conditions and funding.

(g) **Seller is Not Lender or Lender's Agent.** This Agreement is not a loan application to, or a loan approval or commitment by, any lending institution. Although financing may be offered to Buyer by an affiliate or subsidiary of Seller, neither Seller nor Seller's affiliate makes any representation or guarantee to Buyer that Buyer will qualify for such loan.

(h) **Loan Terms.** The interest rate and other Loan terms will not be determined with certainty until the Close of Escrow. The interest rate obtained at the Close of Escrow may be higher or lower than the rate available as of the Effective Date and may be a variable interest rate. The interest rate and other Loan terms are matters of concern solely between Buyer and Lender and shall not affect the rights and obligations of Buyer and Seller under this Agreement. Seller makes no representations that Buyer will qualify for the Loan or that the interest rate or other Loan terms available at the Close of Escrow will be those quoted by Lender at the time of Loan application or approval or discussed by anyone at any time before the Close of Escrow. Buyer's obligations under this Agreement are not contingent upon Buyer obtaining any specific interest rate or other Loan terms.

(i) **Loan Lock.** Buyer shall "lock" the Loan, by authorizing the preparation of Loan documents, at least 21 days prior to the Estimated Close of Escrow, or at such later date as may be approved by Seller.

(j) **Loan Documents.** The Loan shall be evidenced by a promissory note ("**Note**") in favor of the Lender in the amount indicated in the Transaction Summary of the Agreement or such other amount as may be approved by Lender. The Note shall be secured by a first deed of trust ("**Trust Deed**"). The Note, Deed of Trust and any other documents evidencing, securing or otherwise related to the Loan ("**Loan Documents**"), shall be on Lender's forms and shall include such terms and conditions as the Lender may require, or as may be otherwise negotiated between the Lender and Buyer. Buyer shall make such monthly payments for real property taxes and assessments, assessments for any homeowners association(s), private mortgage insurance and fire and other hazard insurance premiums as are required under the Loan Documents. Signing the Loan Documents, constitutes Buyer's approval of all of the terms and conditions of the Loan.

(k) **VA/FHA Property Appraisal.** Buyer and Seller agree that Buyer shall not forfeit any deposits, or be obligated to purchase the Property, if the Purchase Price exceeds the VA's Certificate of Reasonable Value, the FHA Appraisal or the Conventional Lender's Appraisal, if either is applicable. Buyer shall, however, have the right and option of proceeding with the purchase of the Property, without regard to any Certificate of Reasonable Value or Appraisal, so long as an appropriate adjustment in the Down Payment and/or Loan Amount is made.

1.3. **Disbursement of Deposits.** If Seller and Buyer have entered into this Agreement under the authority of a Conditional Subdivision Public Report issued by the California Department of Real Estate ("**DRE**"), Escrow Holder is instructed to release to Seller, under California Business and Professions Code Section 11013.2(c) or 11013.4(b) and the RE 600A surety bond, without further written instruction from Seller and Buyer, the full amount of the initial Deposit and any Additional Deposits described in the Transaction Summary and actually paid to Escrow Holder, immediately upon Escrow Holder's receipt of a copy of Buyer's written receipt and approval of the Final Subdivision Public Report issued by the DRE for the Property.

1.4. **Payment of Closing Funds by Buyer.** Buyer shall deposit into Escrow all Closing Funds required of Buyer to complete the purchase of the Property (other than any portion of the Purchase Price obtained through the Loan) not later than the date specified in this Agreement. All of Buyer's funds required under this Agreement will be paid by bank cashier's check paid through a California institution or wire transfer.

1.5. **Failure to Deposit.** If Buyer fails to perform as set forth in Section 1.4 above, Seller may in Seller's sole discretion, either: (a) extend the date for the payment for an additional period of time specified by Seller at that date; or (b) reach an alternative financing agreement in writing with Buyer or (c) treat Buyer's failure to perform as a default hereunder, in which event Seller may terminate the Agreement, cancel Escrow and proceed in accordance with Section 7.

2. **ESCROW.**

2.1. **Opening of Escrow.** On or promptly after the Effective Date, Seller shall open escrow ("**Escrow**") by depositing an executed copy of this Agreement with the Escrow Holder. The date on which Escrow Holder receives the fully executed Agreement shall be the "**Opening Date**." As soon as possible after the Opening Date, Escrow Holder shall deliver a copy of the fully executed Agreement to Buyer and shall notify the Parties of the Opening Date.

2.2. **Escrow Instructions.** The Transaction Summary of this Agreement, together with Sections 1 through 9 of these General Provisions and Escrow Holder's "**General Escrow Instructions**" attached as **Addendum A**, constitute the Parties' instructions to Escrow Holder. Escrow Holder is not responsible for any other parts of this Agreement. Provisions regarding an award of attorney fees and related costs in the General Escrow Instructions or any other Escrow instructions shall apply only to disputes between Escrow Holder and the Parties, and not to disputes between the Parties themselves. If there is any conflict between this Agreement and Escrow Holder's General Escrow Instructions, the provisions of this Agreement shall control.

2.3. **Third Party Charges.** Escrow Holder may disburse the Closing Costs payable to third parties ("**Third Party Charges**") from funds deposited into Escrow by Buyer before or upon Close of Escrow.

2.4. **Close of Escrow.** Buyer and Seller agree that the term "**Close of Escrow**" shall mean the date that the Grant Deed conveying title to the Property to Buyer is recorded. Unless (a) terminated as provided in this Agreement, or (b) extended by Seller in writing, Close of Escrow is intended by Seller and Buyer to occur on the earlier of (1) the date specified as the "**Estimated Closing Date**" in the Transaction Summary or (2) the date Buyer is notified by Seller or Escrow Holder that Seller has obtained final inspection approvals of the Property from governing authorities or Seller has otherwise determined that the Property is substantially complete and ready for occupancy as described in Section 10.2. **BUYER ACKNOWLEDGES THAT SELLER'S DETERMINATION THAT THE PROPERTY IS READY FOR OCCUPANCY IS NOT A REPRESENTATION THAT THE PROPERTY'S UTILITIES WILL BE ON AT CLOSE OF ESCROW AND THAT SUCH UTILITY OPERATION IS NOT A CONDITION TO THE CLOSE OF ESCROW.** Because of the nature of the home building industry, it is not possible to estimate the Close of Escrow with accuracy. Due to a

variety of factors including Buyer's timing for obtaining Loan approval, Seller's decisions concerning scheduling work, availability of materials and labor, actions of public authorities, national or regional emergency and weather conditions, the Estimated Closing Date could be delayed by weeks or months. Buyer accepts the uncertainty of the Estimated Closing Date and waives all claims against Seller, its agents, employees and contractors for all inconvenience, expense or other loss from any such delay. If, through no fault of the Seller, Buyer is unable to timely close Escrow and requests an extension from Seller before the scheduled close, Seller may extend Escrow at Seller's sole discretion by delivering written notice of the extension to Buyer and Escrow Holder. In consideration therefor, Buyer shall pay Seller, upon written demand, at such subsequent date when Escrow does close, a sum equal to the greater of (a) \$150 per day or (b) 1% of the Purchase Price divided by 30 days for each day Escrow is extended. If Buyer fails to close Escrow within the extension period, through no fault of Seller, Buyer shall be in default. Seller may thereafter pursue any remedy in law or equity that Seller may have against Buyer on account of Buyer's default.

2.5. **Other Documentation/Cooperation.** Buyer shall complete and deliver to Seller or Escrow Holder all further instructions, documents, acknowledgments of disclosures and applications required by Seller or Escrow Holder to complete the transaction contemplated in this Agreement, and shall otherwise cooperate fully with Seller and Escrow Holder within three (3) business days after receipt of a request for action by Buyer. Buyer's failure to cooperate is a default hereunder and it may cause Seller to terminate this Agreement, cancel Escrow and proceed in accordance with Section 7.

2.6. **Closing Procedure.** As soon as Escrow Holder holds all documents and all Closing Funds and has confirmed the performance of all other conditions precedent to the Close of Escrow, Escrow Holder shall promptly cause the Grant Deed to be recorded and, on receipt of recording confirmation, promptly disburse Seller's net closing proceeds to Seller or Seller's order.

3. TITLE.

3.1. **Grant Deed.** Title to the Property is to be conveyed to Buyer by grant deed in a form selected by Seller ("**Grant Deed**"), subject to (a) all non-delinquent taxes and assessments including any supplemental taxes levied after the Close of Escrow; (b) Declaration of Covenants, Conditions and Restrictions ("**Declaration**"), reservations, dedications, easements and rights-of-way of record, (c) other matters of record or apparent affecting the use and occupancy of the Property, including those set forth in the final recorded map, the Declaration, and any applicable Notice of Annexation; (d) encumbrances evidencing Buyer's Loan, if any; and (e) reservations contained in the Grant Deed, including reservations of oil, gas and minerals.

3.2. **Vesting.** Buyer shall provide further instructions to Escrow Holder to designate the manner in which Buyer wants title to vest. Buyer acknowledges that the manner of taking title may have significant legal and tax consequences, and that Buyer should consult a professional concerning such consequences.

3.3. **Title Insurance.** Seller shall cause to be delivered to Buyer a preliminary report specifying the legal description of the Property and the matters to which title to the Property shall be subject at the recording of the Grant Deed. This title report shall be deemed approved by Buyer five (5) days after delivery to Buyer, unless Buyer has given prior written notice to Seller and Escrow Holder of Buyer's objections to specified reported title matters. Seller shall either cause the matters to which Buyer has objected to be removed from title to the Property as a matter of record, or Seller shall have the right to terminate the sale and cancel the Escrow by written notice delivered to Buyer and Escrow Holder, in which case Buyer shall be refunded all amounts deposited. After Close of Escrow, Escrow Holder shall deliver to Buyer a CLTA title insurance policy (with regional exceptions) issued by a title insurance company selected by Seller, insuring title to the Property vested in Buyer in the condition described above with a liability equal to the Purchase Price.

4. **CLOSING COSTS AND PRORATIONS.** Buyer shall pay all Closing Costs as provided in the Transaction Summary. Seller shall pay documentary transfer fees for recordation of the Grant Deed and any costs in connection with partial reconveyance of any construction loan. Association(s) assessments shall be prorated as of Close of Escrow. Real property taxes and assessments shall also be prorated as of the Close of Escrow based upon a thirty (30) day month for expenses billed monthly, and a three hundred sixty (360) day year for expenses billed yearly, using the most recent available information. The Property will be reassessed after Close of Escrow, based upon the sale to Buyer, completion of construction or otherwise. Buyer is responsible for all property taxes against the Property assessed after Close of Escrow.

5. **CONDITIONS TO CLOSE OF ESCROW.** Escrow shall not close, title to the Property shall not be conveyed to Buyer and, except for an uncured default of Buyer, Buyer's funds shall not be unconditionally released from Escrow until the following conditions have been satisfied:

5.1. **Blanket Encumbrances.** All blanket encumbrances (as defined in Section 11013 of the California Business and Professions Code) encumbering the Property are released or will be released through Escrow.

5.2. **Subordination of Encumbrances.** All mortgages and deeds of trust encumbering the real property in the Community are subordinate to or will be subordinate to the Declaration. This provision does not include real property taxes or assessments constituting a lien not yet delinquent.

5.3. **Property Insurance.** Unless Buyer is purchasing the Property without financing, Buyer has obtained appropriate fire and other casualty insurance for the Property no less than five (5) days prior to the Estimated Closing Date.

5.4. **Other Contingencies.** All other applicable conditions to the Close of Escrow, including those specified in any Addenda, are satisfied.

7.2. **Payment of Liquidated Damages.** LIQUIDATED DAMAGES SHALL BE REMITTED TO SELLER ACCORDING TO THE FOLLOWING PROCEDURES:

(a) SELLER SHALL GIVE WRITTEN NOTICE TO ESCROW HOLDER AND TO BUYER, IN THE MANNER PRESCRIBED BY SECTION 116.340 OF THE CODE OF CIVIL PROCEDURE FOR SERVICE IN A SMALL CLAIMS ACTION, OF SELLER'S DETERMINATION THAT BUYER IS IN DEFAULT, AND DEMAND THAT ESCROW HOLDER DISBURSE THE LIQUIDATED DAMAGES TO SELLER ("**SELLER'S DEMAND**").

(b) WITHIN TWENTY (20) DAYS AFTER BUYER'S RECEIPT OF SELLER'S DEMAND, BUYER MAY DELIVER A WRITTEN NOTICE TO ESCROW HOLDER INSTRUCTING ESCROW HOLDER NOT TO DISBURSE SUCH FUNDS TO SELLER ("**BUYER'S OBJECTION**").

(c) IF BUYER DOES NOT DELIVER BUYER'S OBJECTION TO ESCROW HOLDER WITHIN THE TWENTY (20) DAY TIME PERIOD (1) ESCROW HOLDER SHALL RELEASE THE LIQUIDATED DAMAGES TO SELLER, AND REMIT THE BALANCE OF FUNDS IN ESCROW, IF ANY, TO BUYER, AND (2) BUYER SHALL BE DEEMED TO HAVE WAIVED BUYER'S RIGHT TO RECOVER DAMAGES, IF ANY.

(d) UPON RECEIPT OF THE BUYER'S OBJECTION, ESCROW HOLDER SHALL IMMEDIATELY NOTIFY SELLER AND THE CONTROVERSY REGARDING THE DISPOSITION OF FUNDS DEPOSITED INTO ESCROW BY BUYER SHALL BE RESOLVED IN ACCORDANCE WITH SECTION 7.3 BELOW.

(e) SELLER AGREES TO INDEMNIFY AND HOLD ESCROW HOLDER HARMLESS FROM ANY CLAIM ARISING OUT OF ANY DISTRIBUTIONS MADE BY ESCROW HOLDER UNDER THE PROVISIONS OF THIS SECTION 7.2.

7.3. **Arbitration of Liquidated Damages Disputes.** IF BUYER AND SELLER HAVE INITIALED THIS ARBITRATION PROVISION IN THE SPACES BELOW, UPON RECEIPT OF AN OBJECTION NOTICE, ESCROW HOLDER SHALL IMMEDIATELY NOTIFY SELLER AND THE CONTROVERSY AS TO WHETHER SELLER IS ENTITLED TO THE DISBURSEMENT OF LIQUIDATED DAMAGES, SHALL BE RESOLVED BY ARBITRATION IN ACCORDANCE WITH THE COMMERCIAL ARBITRATORS RULES OF THE AMERICAN ARBITRATION ASSOCIATION. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATOR(S) MAY BE ENTERED IN ANY COURT HAVING JURISDICTION. IF BUYER AND SELLER HAVE NOT INITIALED THIS ARBITRATION PROVISION, THEN UPON RECEIPT OF BUYER'S OBJECTION, ESCROW HOLDER MAY BRING AN ACTION IN INTERPLEADER AS TO ALL SUMS ON DEPOSIT, IN ACCORDANCE WITH ESCROW HOLDER'S GENERAL ESCROW INSTRUCTIONS.

NOTICE: BY INITIALING IN THE SPACE BELOW, YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE ARBITRATION OF DISPUTES PROVISION OF THIS AGREEMENT DECIDED BY BINDING ARBITRATION PURSUANT TO THE FEDERAL ARBITRATION ACT. BY DOING SO, YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE A CLAIM OR DISPUTE LITIGATED IN A COURT WHETHER BY JURY TRIAL OR JUDGE TRIAL. IF YOU REFUSE TO SUBMIT TO ARBITRATION, AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE FEDERAL ARBITRATION ACT.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION OF THIS AGREEMENT TO ARBITRATION:

Buyer Initials (____) (____)

Seller Initials (____) (____)

7.4. **Resolution of Other Than Liquidated Damages Disputes.** EXCEPT FOR PRE-CLOSING DISPUTES REGARDING LIQUIDATED DAMAGES UNDER SECTION 7.3, ANY DISPUTE BETWEEN BUYER AND SELLER REGARDING THIS AGREEMENT OR ANY OTHER MATTER, SHALL BE RESOLVED PURSUANT TO THE DISPUTE RESOLUTION PROVISIONS OF THE HOME BUILDER'S LIMITED WARRANTY ("**LIMITED WARRANTY**"), A COPY OF WHICH IS ATTACHED TO AND INCORPORATED IN THIS AGREEMENT. HOWEVER, IF THE DISPUTE RESOLUTION PROVISIONS SPECIFIED IN THE LIMITED WARRANTY ARE NOT ENFORCEABLE FOR ANY REASON, THEN THE "JUDICIAL REFERENCE" PROVISIONS OF SECTION 8 OF THIS AGREEMENT SHALL APPLY TO DISPUTES OTHERWISE GOVERNED BY THIS SECTION.

BY INITIALING BELOW, THE PARTIES ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND SECTION 7.4 AND THE PARTIES AGREE THAT DISPUTES BETWEEN BUYER AND SELLER NOT COVERED BY SECTION 7.3, WILL BE SUBJECT TO THE DISPUTE RESOLUTION PROCEDURE IN THE LIMITED WARRANTY OR, IF THAT IS NOT ENFORCEABLE, IN SECTION 8.

Buyer Initials (____) (____)

Seller Initials (____) (____)

7.5. **Federal Arbitration Act Governs.** The arbitration procedures in this Section 7 and the Limited Warranty are implemented for the Property in accordance with the philosophy and intent of the Federal Arbitration Act (9 U.S.C. Sections 1-16) which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy traditional court proceedings. These procedures are to be interpreted and enforced as authorized by the Federal Arbitration Act. Parties interpreting these procedures shall follow the federal court rulings (Allied-Bruce Terminix Companies, Inc. v. Dobson, 115 S.Ct. 834 (1995), and other federal court rulings) that provide, without limitation, that the Federal Arbitration Act (1) is a congressional declaration of a liberal federal policy favoring arbitration agreements, notwithstanding substantive or procedural state policies to the contrary, (2) requires that federal and state courts rigorously enforce agreements to arbitrate, (3) requires the scope of this alternative dispute resolution

agreement be interpreted broadly in favor of arbitration, and (4) requires disputes over whether an issue is arbitrable be resolved by a finding in favor of arbitration. References to California Code Sections are not to be interpreted as a waiver of rights created under the Federal Arbitration Act.

7.6. **Use of Buyer Funds.** IF SELLER HAS HAD THE USE OF BUYER'S DEPOSITS, PENDING CONSUMMATION OF THE SALE UNDER AUTHORIZATION BY THE DRE, PURSUANT TO SUBDIVISION (b) OR (c) OF SECTION 11013.2 OR SUBDIVISION (b) OR (c) OF SECTION 11013.4 OF THE CALIFORNIA BUSINESS & PROFESSIONS CODE, SELLER SHALL IMMEDIATELY UPON ALLEGING THE BUYER'S DEFAULT, TRANSMIT TO ESCROW HOLDER FUNDS EQUAL TO ALL DEPOSITS PAID BY BUYER LESS THAT PORTION OF THE DEPOSIT ALREADY DISBURSED AS THIRD-PARTY CHARGES.

8. **JUDICIAL REFERENCE OF DISPUTES.** Except for disputes regarding whether Seller is entitled to the disbursement of liquidated damages for Buyer's default under Section 7.3, and disputes governed by the dispute resolution provisions enforceable under Section 7.4, all disputes between Seller and Buyer of any kind (each a "**Dispute**") shall be resolved by the following Dispute resolution procedure.

8.1. **Judicial Reference Procedure.** Any Dispute shall be submitted to general judicial reference pursuant to California Code of Civil Procedure Section 638(a) or any successor statutes thereto. Buyer and Seller shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the judicial reference proceeding. Neither Seller nor Buyer shall be required to participate in the judicial reference proceeding unless all necessary parties participate. The Parties shall be responsible for their own attorney fees. All other costs and expenses of the proceeding shall be initially borne by Seller. However, at the conclusion of the proceeding, the referee shall have the power to reallocate these costs and expenses between the Parties in the referee's discretion.

The general referee shall have the authority to try all issues of fact and law, and shall report a statement of decision to the court. The Parties shall use the procedures adopted by Judicial Arbitration and Mediation Services ("**JAMS**") for judicial reference (or any other entity offering judicial reference dispute resolution procedures as may be mutually acceptable to the Parties), provided that the following rules and procedures shall apply in all cases unless the Parties agree otherwise:

- (a) The proceedings shall be heard in the County in which the Community is located;
- (b) The referee must be a retired judge or a licensed attorney with substantial experience in relevant real estate matters;
- (c) Any dispute regarding the selection of the referee shall be resolved by JAMS or the entity providing the reference services, or, if no entity is involved, by the court with appropriate jurisdiction;
- (d) The referee may require one or more pre-hearing conferences;
- (e) The Parties shall be entitled to conduct discovery as if the matter were being tried in court, and the referee shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge;
- (f) A stenographic record of the trial may be made at the request of any party as may be necessary for post-hearing motions and any appeals;
- (g) The referee's statement of decision shall contain findings of fact and conclusions of law to the extent applicable; and
- (h) The referee shall have the authority to rule on all post-hearing motions in the same manner as a trial judge.

The statement of decision of the referee upon all of the issues considered by the referee is binding upon the Parties, and upon filing of the statement of decision with the clerk of the court, or with the judge where there is no clerk, judgment may be entered thereon. The decision of the referee shall be appealable as if rendered by the court. This Section shall survive the Close of Escrow and shall in no way be construed to limit any valid cause of action which may be brought by any of the Parties.

BY INITIALING BELOW, THE PARTIES ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE FOREGOING DISPUTE RESOLUTION PROCEDURE INVOLVING JUDICIAL REFERENCE, AND THE PARTIES AGREE THAT THEY ARE WAIVING THEIR RIGHT TO A JURY TRIAL.

Buyer's Initials (____) (____) Seller's Initials (____) (____)

9. **MISCELLANEOUS.**

9.1. **Entire Agreement.** This Agreement, the Addenda and the Additional Documents attached hereto are the entire agreement between the Parties concerning the subject matter hereof. Except for the written warranties provided by Seller to Buyer on or before the Close of Escrow as described in Section 10.5, neither Seller nor any sales representative, employee or agent of Seller has made or will make any representation or warranty, express or implied, not contained in this Agreement concerning the subject matter hereof, including any representation of merchantability, fitness for a particular purpose, quality of construction or otherwise concerning the Property. Buyer has not executed this Agreement in reliance upon any representation or warranty not contained in this Agreement. All advertising material is superseded by this Agreement. Neither this Agreement nor any memorandum hereof may be recorded. All

representations and warranties of Buyer and any indemnity of Seller by Buyer under this Agreement shall survive the Close of Escrow and the delivery of the Grant Deed.

9.2. **Successors and Assigns.** In view of the credit qualifications, processing and other personal matters considered hereunder, this Agreement and the rights of Buyer hereunder may not be assigned or transferred by Buyer voluntarily, involuntarily, or by operation of law without first obtaining Seller's written consent. If Buyer attempts to assign Buyer's interest under this Agreement before the Close of Escrow or enters into another escrow for the concurrent resale of the Property, Buyer is in default. Escrow Holder is instructed not to assist or participate in any way in the consummation of any so-called "double-escrows" initiated by Buyer. This Agreement and the rights, duties and obligations of the Parties shall be binding upon and shall inure to the benefit of the successors and assigns of Seller and, subject to the preceding sentences, to the heirs, executors, administrators, successors and assigns of Buyer.

9.3. **Notices.** All notices pertaining to this Agreement must be in writing and either delivered personally or mailed. A mailed notice is deemed delivered forty-eight (48) hours after deposit into the United States mail first class, addressed to the applicable Party at the address listed in this Agreement, with postage prepaid, by registered or certified mail, return receipt requested. A Party may change its address for notice by giving the other Party a notice in the manner provided in this Section.

9.4. **Time is of the Essence.** Time is of the essence in the performance of Buyer's obligations under this Agreement. Any delay in Buyer's performance under this Agreement will prejudice Seller. Therefore, any failure by Buyer to perform within the specified periods will be a default by Buyer. Unless otherwise provided in this Agreement, the term "days" means consecutive "calendar days." If the date on which any action is to be taken, any obligation is to be performed, or any notice is to be given under this Agreement falls on a day which is not a "business day" (meaning any day other than Saturday, Sunday, and any day the Recorder's Office of the County in which the Property is located is closed) such performance date shall be automatically extended to the next business day.

9.5. **Severability.** If any provision of this Agreement is determined to be invalid, illegal or unenforceable by a court of competent jurisdiction, the validity and enforceability of the other provisions of this Agreement shall not be affected thereby.

9.6. **Interpretation.** Headings in this Agreement are included for reference purposes only and shall not affect the meaning of any provisions of this Agreement. Buyer (and Buyer's counsel, if desired by Buyer) has reviewed this Agreement and Buyer agrees that any rule of contract interpretation that ambiguities or uncertainties are to be interpreted against the drafting party or the party who caused it to exist shall not be employed in the interpretation of this Agreement. This Agreement shall be governed by California law. As used in this Agreement, the word "including" means "including but not limited to." If more than one person or entity is a Party, each of them is jointly and severally liable under this Agreement.

9.7. **Waivers.** Seller's waiver of a default by Buyer shall not be deemed a continuing waiver or a waiver of any subsequent default.

9.8. **Counterparts.** This Agreement may be executed in counterparts, each of which is an original, and all of which are one agreement.

9.9. **Brokers.** Except for Seller's sales representative (who represents Seller only) or as may be set forth in a Broker Commission Agreement, if any, attached to this Agreement, Buyer represents and warrants to Seller that Buyer has not dealt with any broker, real estate sales representative, or finder in connection with the transactions contemplated by this Agreement. Buyer shall indemnify, defend and hold Seller harmless from all claims, demands, liabilities, judgments and expenses arising out of any amounts claimed to be owing to any such persons on account of Buyer's conduct.

9.10. **Buyer's Representations.** Unless otherwise mutually agreed in writing, Buyer represents and warrants to Seller that (a) Buyer has a bona fide intention of residing in the Property as Buyer's principal place of residence and will be the first occupant of the Property after the Close of Escrow and (b) Buyer has not entered into any other contract or deposit receipt with Seller under which escrow has not yet closed. The inaccuracy or untruth of any of Buyer's representations and warranties in this Section or elsewhere in this Agreement shall be a Buyer default entitling Seller to terminate this Agreement, cancel Escrow and proceed under Section 7.

10. **ADDITIONAL AGREEMENTS.** The following Sections represent additional agreements between Buyer and Seller only with which Escrow Holder shall have no liability or duty except in the event of a cancellation.

10.1. **Construction.** Seller shall cause construction and completion of the Residence and appurtenant improvements on the Property, furnishing all labor and material therefor. Buyer is purchasing a completed Residence. Seller is not acting as a contractor for Buyer in the construction of such Residence. Issuance of a Certificate of Occupancy or other alternative final approval of occupancy of the Property by the relevant local governmental authority is conclusive evidence of Seller's completion of the Residence. Seller is not constructing any element of the Residence specifically for the Buyer, except as expressly provided in any Optional Items Addendum between Buyer and Seller. Seller is constructing the Residence as part of the Community and in compliance with the requirements of the Declaration and other legal management documents applicable to the Community. The usable or buildable area, location and configuration of the Property and all improvements located thereon may fluctuate from that shown or displayed to Buyer in the Buyer information map and any drawings, plans, topographic maps or models when Seller places final improvements, including fencing and slopes, at Seller's sole and absolute discretion. The location, size, height and composition of all walls, fences and other improvements to be constructed on the Property or adjacent thereto shall be determined by Seller in its sole and absolute discretion. Despite temporary fencing, models, drawings or topographic maps displayed to Buyer, Seller has made no representations, warranties or assurances to Buyer

regarding the size, height, location or composition of any wall, fence or other improvement to be constructed on or adjacent to the Property. Seller may substitute the type and location of materials, appliances and other items in the Residence and on the Property with items Seller determines are of substantially equal quality and utility (and acceptable to any Lender) to complete the Residence. Such substitutions may include kitchen appliances, household fixtures, electrical outlets and switches, hardware, wall surfaces, painting and other similar items. Buyer agrees that any substitutions made by Seller will not cause an adjustment in the Purchase Price. Seller may make substitutions without adjusting the Purchase Price. Buyer's consultation by Seller or Seller's agents shall not waive Seller's rights to make any change contemplated or provided in this Agreement. If Seller is unable to complete or install on the Property any optional item, decorator item, fixture, furnishing or other improvement, and such failure is caused by circumstances beyond Seller's reasonable control, the Close of Escrow shall not be delayed so long as occupancy of the Residence is approved by the applicable governmental authority. The incomplete items shall be completed by Seller as soon as reasonably possible after the Close of Escrow.

10.2. **Completion of Residence.** Seller has not provided Buyer an exact date for completion or occupancy of the Residence; however, except for delays caused by circumstances beyond Seller's reasonable control, Seller shall complete the construction of the Residence within one (1) year after the Effective Date. Buyer understands that the Residence will be substantially complete on the Close of Escrow. At the Close of Escrow there may be service items that need to be corrected by Seller. These items may include but are not limited to: paint touch-up, drywall patching, grout repair, caulk repair, flooring corrections, cabinet adjustments and other repairs not affecting the habitability of the Residence. Buyer understands that these are normal items that may be found in a new home and they shall not cause an extension of the Close of Escrow.

10.3. **Possession and Delivery of Keys.** Once the Escrow Holder confirms the recordation of the Grant Deed, the sales representative will contact Buyer to deliver the keys to the Residence. Under no circumstances is Buyer entitled to delivery of the keys prior to the confirmation of the recordation of the Grant Deed. Buyer has no right, title or interest in the Property, except the right and obligation to purchase the Property in accordance with this Agreement. Buyer may not possess the Property nor enter it prior to the confirmation of the recordation of the Grant Deed. Any entry by Buyer shall be at Buyer's own risk. Buyer shall indemnify, defend and hold Seller, its agents, contractors, officers, directors, shareholders, partners and employees, harmless from and against all claims, demands, liabilities and expenses arising from any personal injury, death or property damage to Buyer, Buyer's invitees and guests, Seller or any other individual or entity as a result of any such entry. Buyer understands that to permit the work to progress in an orderly fashion, no interference with construction work on the Property is permitted. In addition, prior to the confirmation of the recordation of the Grant Deed (a) no custom work may be contracted for or performed by Buyer or Buyer's agents on the Property and (b) no signs may be posted by Buyer or Buyer's agents on or near the Property, and (c) Buyer shall not enter into any contract for the sale or transfer of the Property or the assignment of Buyer's interest in this Agreement. A violation of the foregoing is a material default by Buyer.

10.4. **Orientation.** Buyer and Seller shall perform a joint courtesy orientation and inspection of the Property before the Close of Escrow. This inspection shall be for the sole purposes of orienting Buyer to the Property and preparing a list of corrective work, if any, which Seller may agree to perform. Although Buyer acknowledges the right to negotiate with Seller concerning the inspection of the Property, the Parties agree that Buyer may not bring other persons to the orientation. The Parties agree that (a) such items need not be completed before the Close of Escrow, and (b) the fact that such items have not been completed before the Close of Escrow shall not be a condition precedent to Close of Escrow, nor entitle Buyer to extend or otherwise delay the Close of Escrow. As of the Close of Escrow, Buyer shall be deemed to have approved all aspects of the Property and to have acknowledged and agreed that Seller has performed all of Seller's obligations to Buyer under the terms of this Agreement and concerning the Property and the Community as a whole, except as to those items which may be completed after the Close of Escrow and those items covered by the Fit and Finish Warranty, described below.

10.5. **Warranties.** Seller will provide to Buyer with this Agreement, for execution before the Close of Escrow, an agreement entitled "Home Builder's Limited Warranty" (the "**Limited Warranty**") which establishes a method for determining the existence and remedying of "Construction Defects" (as defined in the Limited Warranty) in the Property for a period of up to ten (10) years after the date the Property is transferred to Buyer. Seller will also provide to Buyer with this Agreement a written fit and finish one year limited warranty (the "**Fit and Finish Warranty**") as set forth in the Right To Repair Law, Fit and Finish Warranty and Indemnity Addendum attached to this Agreement. Neither the Limited Warranty nor the Fit and Finish Warranty cover "Consumer Products" (as defined in the Limited Warranty), being any equipment, appliance or other item defined as such in the Magnuson-Moss Warranty Act, including but not limited to a dishwasher, garbage disposal, range, oven, range hood, microwave oven, refrigerator, trash compactor, hot water heater, thermostat, washer and dryer and garage door opener. Seller makes no warranty concerning such Consumer Products, but Buyer is entitled to any Consumer Product warranty that may be provided by the product manufacturer. THE LIMITED WARRANTY AND FIT AND FINISH WARRANTY ARE IN LIEU OF ANY IMPLIED WARRANTY AND ARE THE ONLY WARRANTIES BY SELLER APPLICABLE TO THIS PURCHASE. ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, WHETHER ARISING UNDER STATE LAW OR THE MAGNUSON-MOSS WARRANTY ACT OR OTHERWISE, INCLUDING ALL IMPLIED WARRANTIES OF FITNESS, MERCHANTABILITY OR HABITABILITY, ARE DISCLAIMED, EXCLUDED AND WAIVED. No sales representative or other representative of Seller or any contractor may change, extend or alter the Limited Warranty or the Fit and Finish Warranty.

[End of General Provisions]

ADDENDUM
OPTIONAL ITEMS

COMMUNITY: _ Sales Representative: _	BUYER: Phone: _ Fax:
PROPERTY: Street Address: _, City: _ ZIP: Lot: _ Tract No.: _ Plan: _ Elevation: SETS No:	

This is an addendum (the "**Addendum**") to the Purchase Agreement and Escrow Instructions ("**Agreement**") dated _____, between _____, as "**Seller**," and the undersigned, as "**Buyer**," concerning the property described above ("**Property**"). This Addendum modifies the Agreement as set forth below. All capitalized terms used below shall have the same meaning given them in the Agreement unless otherwise defined in this Addendum.

1. **Optional Items:** Buyer requests the following optional items ("**Options**") be added to the Property. Seller's ability to install or construct Options, and the price of Options, may be affected by the Property's "**Stage of Construction**" at the time of Seller's acceptance. The current Stage of Construction is _____.

Date	Option ID	Description	Qty	Unit Price	Cut-Off Stage	Total Price	Deposit %	Deposit Amount
Construction Superintendent Initials _____						Totals:		

2. **Financing.** Buyer requests the following (check one):
 Options in the amount of \$ _____ to be included in the Loan; or
 No Options to be included in the Loan (meaning Buyer will pay for Options in cash), or
 Options in the amount of \$ _____ to be included in the Loan, and Options in the amount of \$ _____ will be paid in cash.
 \$ _____ Seller Options Concession (If Applicable)
3. **Amended Purchase Price.** If the cost of Options (whether paid in cash or with Loan proceeds) will be added to the Purchase Price, payments for such Options made by Buyer will be credited to Buyer's down payment at Close of Escrow. Accordingly, the Purchase Price is amended as follows:

Current Purchase Price:	\$ _____
+ Total Options:	\$ _____
= Amended Purchase Price	\$ _____

4. **Option Deposits:** Buyer includes herewith a check for all deposits on Options in the amount of \$ _____ made payable to _____ pursuant to the RE600A surety bond, except if this Agreement is entered into under the authority of a Conditional Subdivision Public Report, the Option deposits check shall be made payable to Escrow Holder.
5. **Options Cancellation.** If Seller has placed an order for the purchase of Options or commenced the installation of Options, and thereafter any such Options are cancelled by Buyer (but Buyer is not otherwise in default under the Agreement), Seller will incur costs for restocking, restoration, time delay and other causes. Accordingly, if Buyer cancels Options for which a purchase order has been placed or installation has commenced, **Seller may retain some or all of Buyer's deposit for all Options cancelled, as a cancellation charge.**
6. **Buyer's Default.** When Seller has placed an order for the purchase of Options or commenced the installation of Options, the obligations of Seller and the condition of the Property are materially affected. If Escrow fails to close as a result of Buyer's default, Seller will incur damages which are very difficult to ascertain. Such damages would include the Seller's total cost of ordering, acquiring and installing the Options, the cost of restoring the Property to a readily marketable condition, and the time delay and cost of remarketing and reselling the Property. Accordingly, if Escrow fails to close as a result of Buyer's default, **Seller may retain some or all of Buyer's Option deposits as liquidation of Seller's damages, as provided in Section 7 of the Agreement.**
7. **Installation.** If Seller is unable to complete or install on the Property any Option, the Close of Escrow shall not be delayed so long as occupancy of the Residence is approved by the applicable governmental authority. The incomplete Option shall be completed by Seller as soon as reasonably possible after the Close of Escrow. If any Option is determined to be permanently unavailable, Seller shall refund to Buyer all amounts Buyer has paid for that Option, unless Buyer and Seller agree upon an alternative Option.
8. **Escrow Instructions.** Buyer and Seller instruct the Escrow Holder to accept this Addendum as supplemental Escrow instructions.
9. **Effect and Ratification.** This Addendum shall be effective only upon its execution by Seller. This Addendum supercedes and replaces all previous Optional Items Addenda between the parties.

ADDENDUM
OPTIONAL ITEMS

BUYER'S REQUEST AND AGREEMENT: Buyer requests the Options listed above (and on any additional pages) be added to the Property. Buyer acknowledges Buyer has read, understands and agrees to be bound by all of the terms of this Addendum. This Addendum shall not be binding on Buyer and Seller until it is signed by Seller's authorized officer, and until Options terms modified by Seller below, if any, are accepted by Buyer.

Buyer:

Buyer:

Date

Date

SELLER'S ACCEPTANCE:

Construction Approval: Seller's Community Construction Manager confirms that the current Stage of Construction allows sufficient time to order and install or construct the Options, except for the following Options:

- 1. _____
- 2. _____
- 3. _____

Community Construction Manager

Date

Options Approval: (Check one box)

Seller agrees to Buyer's request for the Options listed above; or

Seller agrees to Buyer's request for the Options listed above, with the following modifications:

Seller:

By: _____ Its: _____ Date: _____

BUYER'S ACCEPTANCE OF MODIFICATIONS (if applicable):

Buyer agrees to be bound by the terms of this Addendum including Seller's modifications to the Options stated above.

Buyer:

Buyer:

Date

Date

ADDENDUM

ADDITIONAL TERMS

COMMUNITY: _____	BUYER: _____
PROPERTY:	
Street Address: _____, City: _____, _____ ZIP: _____	
Lot: _____ Tract No.: _____ Plan: _____ Elevation: _____	SETS No: _____

This is an addendum (the "**Addendum**") to the Purchase Agreement and Escrow Instructions ("**Agreement**") dated _____, between _____, as "**Seller**," and the undersigned, as "**Buyer**," concerning the property described above ("**Property**"). This Addendum modifies the Agreement as set forth below. All capitalized terms used below shall have the same meaning given them in the Agreement unless otherwise defined in this Addendum.

The undersigned acknowledge that they have read, understand and agree to be bound by each and all of the conditions contained in this Addendum. This Addendum shall not be binding on Seller unless and until signed by an authorized officer of _____.

BUYER(S):

SELLER:

Buyer _____ Date

By: _____
Date

Buyer _____ Date

Its: _____

ADDENDUM

OUTSIDE LENDER FINANCING

COMMUNITY: _____	BUYER: _____
PROPERTY:	
Street Address: _____, City: _____, _____ ZIP: _____	
Lot: _____ Tract No.: _____ Plan: _____ Elevation: _____ SETS No: _____	

This is an addendum (“**Addendum**”) to the Purchase Agreement and Escrow Instructions (“**Agreement**”) dated _____, between _____, as “**Seller**,” and the undersigned, as “**Buyer**,” concerning the property described above (“**Property**”). This Addendum modifies the Agreement as set forth below. All capitalized terms used below shall have the same meaning given them in the Agreement unless otherwise defined in this Addendum.

OUTSIDE LENDER.

Name: _____

Address: _____

Phone: _____

Pager: _____

Fax: _____

Cell Phone: _____

Home Phone: _____

Home Fax: _____

Contact Person: _____

Office Manager: _____

Seller approves Buyer’s use of the Outside Lender subject to the terms specified in this Addendum.

1. **Loan Application Package.** Buyer shall provide the Seller-Approved Lender and the Outside Lender with all documents necessary to obtain Loan Approval.
2. **Loan Fees and Costs.** Buyer shall pay all fees and charges connected with obtaining the Loan directly to the Outside Lender involved. However, Buyer shall not be charged any fee by the Seller-Approved Lender unless the Seller-Approved Lender actually makes a Loan to Buyer. BUYER ACKNOWLEDGES THAT SELLER WILL NOT PARTICIPATE IN ANY COSTS OR FEES RELATING TO THE LOAN. ANY FEES OR DISCOUNT POINTS NOT ELIGIBLE FOR PAYMENT BY BUYER UNDER REGULATED LOAN PROGRAM REQUIREMENTS MUST BE WAIVED BY ANY OUTSIDE LENDER.
3. **Loan Approval.** Buyer shall use its best efforts to obtain the required Loan Approval (General Provisions, Section 1.2(c)) from the Outside Lender within twenty-one (21) days after the Buyer Signature Date.
 - a. In the event the Outside Lender gives its approval of Buyer’s chosen loan program prior to the expiration of this period, Buyer agrees to fully comply with any additional requirements of the Outside Lender. Specifically, Buyer agrees to “lock” the Loan (authorize the preparation of Loan documents) at least 21 days prior to the Estimated Closing Date for the Property. Outside Lender agrees to order loan documents and cause Buyer to fully execute them at least fourteen (14) days prior to the Estimated Closing Date. Outside Lender also agrees to fund Buyer’s loan at least three (3) working days prior to the anticipated Close of Escrow for the Residence.
 - b. In the event Outside Lender is unable or unwilling to give the required Loan Approval for Buyer’s chosen loan program by the end of the twenty-one (21) day period, and Seller-Approved Lender is in a position to provide a loan at such time, Buyer agrees that their right to use Outside Lender shall be terminated and Buyer shall use its best efforts to obtain the required Loan Approval from Seller-Approved Lender.
4. **Outside Lender Agreement.** Buyer shall deliver to Outside Lender a copy of the Transaction Summary, the General Provisions, and this Addendum with the Loan Application. Buyer shall cause Outside Lender to acknowledge its acceptance of the provisions of this Addendum by executing a copy of this Addendum in the place indicated and returning the same to Seller’s Sales Representative at the Community. Outside Lender shall also agree to advise such Sales Representative in writing of (a) Outside Lender’s receipt of a completed Loan Application from Buyer, and (b) Outside Lender’s Loan Approval and terms of Buyer’s Loan. Outside Lender’s failure or refusal to agree to the terms and conditions of this Addendum shall be conclusively presumed to be Buyer’s failure to comply with the Agreement, and Seller shall have the right, but not the obligation, to terminate the Agreement and cancel the Escrow.
5. **Timing and Reinspection.** Buyer agrees that time is of the essence in obtaining Loan Approval and the Close of Escrow. Therefore, should Buyer or Outside Lender fail to meet any of the deadlines in this Addendum and the Agreement and Buyer elects or otherwise delays or refuses to process their loan application with Seller-Approved Lender, or such other Lender as the Seller may designate, it is agreed that Seller, at its option, may elect to terminate Escrow immediately upon written notice given to Buyer and Escrow Holder. This includes, but is not limited to, delays resulting from the Outside Lender requiring a reinspection of the Property (a 442 re-inspection)

before Close of Escrow. Buyer is advised that to avoid such delays, Buyer should immediately check with the Outside Lender to determine if such re-inspection will be required, and verify with the Outside Lender before the scheduled Close of Escrow that all items have been completed and all necessary approvals have been obtained concerning the re-inspection. If the Outside Lender desires to require a re-inspection, Outside Lender shall permit Escrow to close subject to withholding in Escrow funds in an amount up to one hundred-twenty percent (120%) of the cost of the items to be re-inspected, to be released upon completion of the re-inspection. In particular, this applies in situations where flooring installation is incomplete as of the scheduled date of Close of Escrow.

- 6. **Optional Extension.** If, upon Buyer's request, Seller elects to extend the date for Close of Escrow, Buyer shall pay Seller an extension fee equal to the greater of (a) \$150.00 per day, or (b) one percent (1%) of the total Purchase Price divided by 30 days, for each day the Escrow is extended, as consideration for the extension. This fee, in the form of a cashier's check, shall accompany the request for the extension, and shall be paid directly to Seller outside of Escrow.
- 7. **Loan Agreement Terms.** Buyer shall forward a copy of this Financing Addendum to the Outside Lender and require the incorporation of pertinent terms in Outside Lender's loan agreement with Buyer.
- 8. **Buyer Instructs Outside Lender.** Buyer instructs Lender to release to Seller or its authorized representatives all information concerning the status of Buyer's Loan, including application, submission conditions, submission, suspension, approval conditions, approval, denial and the reasons therefor, status of Loan documents, before the issuance of funding conditions and funding.

The undersigned acknowledge that they have read, understand and agree to be bound by each and all of the conditions contained in this Addendum. This Addendum shall not be binding on Seller unless and until signed by an authorized officer of _____.

BUYER(S):

SELLER:

Buyer Date

By: _____
Date

Buyer Date

Its: _____

Outside Lender:

Outside Lender agrees to those terms of the Agreement and this Addendum which relate to Outside Lender's performance and fees, although Outside Lender is not otherwise a party to the Agreement and this Addendum. The person signing below represents that they have the authority to bind Outside Lender and that Seller may rely on this representation. Outside Lender acknowledges that Buyer must comply with the Significant Dates in the Transaction Summary and the dates for Buyer's performance in this Addendum, and Buyer's failure to do so entitles Seller to terminate the Agreement.

OUTSIDE LENDER DECLARES THAT IT EXPECTS TO OBTAIN LOAN APPROVAL BY _____
(Date)

Outside Lender Authorized Signature

Date

Print Name

Title

ADDENDUM A
GENERAL ESCROW INSTRUCTIONS

COMMUNITY: _____	BUYER: _____
PROPERTY: Street Address: _____, City: _____, California ZIP: _____	
Lot: _____ Tract No.: _____ Plan: _____ Elevation: _____	SETS No: _____

Buyer, Seller and/or First and Second Parties (hereinafter sometimes referred to collectively as the "Principals" and each separately as the Principal), jointly and severally, hereby appoint and designate _____, as Escrow Holder, to perform escrow services in connection with the transaction which is the subject of this escrow in accordance with written instructions accepted by you in this escrow. As used herein, the term "Instructions" shall mean and refer to the instructions set forth on Page 1 hereof and by reference is incorporated herein, along with any written amendments and supplements thereto as hereafter may be given to Escrow Holder and the terms, conditions and provisions herein below set forth.

THE PRINCIPALS HEREBY AGREE, JOINTLY AND SEVERALLY, AND HEREBY AUTHORIZE, EMPOWER AND DIRECT ESCROW HOLDER AS FOLLOWS:

- 1) Principals acknowledge that escrow companies are not duly authorized to give legal advice and no such advice has been given and Principals further understand that if they desire legal advice such Principal should consult an attorney.
- 2) A Principal's signature whether, original, electronic, e-mail, faxed on any document and/or instruction, which arises, relates to or results from this escrow shall indicate and evidence such Principal's unconditional approval of such document and/or instruction and all terms and conditions contained therein.
- 3) If there is no action taken on this escrow within six (6) months after the "time limit date", as set forth in the escrow instructions and/or written extension thereof, at Escrow Holder's sole and absolute option, escrow may be terminated and all documents, monies, and any other items being held, shall be returned to the parties depositing same. In the event of cancellation of this escrow, whether it is at the request of any of the principal's or otherwise, the fees and charges due Escrow Holder, including, but not limited to, expenditures incurred and/or authorized shall be borne equally by the parties hereto, (unless otherwise agreed to in writing).
- 4) All funds received in this escrow shall be deposited into an FDIC insured bank trust account designated by Escrow Holder. All such funds shall be designated pursuant to an Escrow Number and shall be deposited with other escrow funds, unless otherwise instructed in writing by the Principals. All disbursements shall be made by Escrow Holder's check.
- 5) Escrow Holder is instructed to prorate on the basis of a 30 day month in any proration (unless otherwise instructed) as follows:
 - a) Prorate taxes on Real Property only, based on the latest tax statement, or tax information provided by Title Company, including any supplemental taxes of record for current year.
 - b) Prorate rents based on a rental statement as provided by Seller and approved by Buyer, which is to be delivered into escrow for proration purposes.
 - c) Prorate interest on Notes secured by Trust Deed of record, based on a statement of Beneficiary or agent.
- 6) Principal's agree to pay for all costs and charges according to written instructions contained herein and/or each Principal agrees to pay their customary costs and charges at closing.
- 7) Escrow Holder's duties in this escrow shall be limited to the safekeeping of such funds and documents as may be received by Escrow Holder for the disposition of these documents in accordance with these instructions. Escrow Holder shall not be liable on account of any claim, demand, loss or damages which may arise, related to or resulting from its acts or failure to act in any manner or for any reason except for willful misconduct or gross negligence. Without limiting the generality of the foregoing Escrow Holder shall not be responsible or liable in any manner whatever for any of the following matters:
 - 1) With respect to any writing or instrument deposited in escrow and any document of record, the sufficiency, correctness, genuineness, validity, form, content or manner of execution of any such writing, instrument or document, or the identity, authority or right of any person executing same;
 - 2) To notify or disclose to any person, including, without limitation, either Principal, any fact or circumstance that may come to your attention that is outside the scope of these instructions, including, without limitation, any information regarding any sale, loan, exchange or other transaction concerning the real property involved in this escrow;
 - 3) To give any disclosure required by City, County, State or Federal law, including without limitation, the Federal Truth in Lending Act and Regulation Z;
 - 4) To examine the applicability, amount, validity or payment of any tax, including, without limitation, any transfer tax imposed by any local, city or county ordinance, any personal property tax and business or license tax;
 - 5) To perform any duty or service as Escrow Holder, that is not expressly required of you and specifically not set forth in the instructions.
- 8) Escrow Holder shall collect any assignments of funds pursuant to written escrow instructions which shall be in writing signed by the Principal to be charged and shall be irrevocable and unchangeable, without the written consent of the assignee. If the Seller unilaterally assigns or orders the proceeds of this escrow to be paid to any person, other than a Principal, such assignment shall be subordinated to the expense of this escrow, encumbrances and liens of record on the subject property, and payments directed to be made by the funds to close, then Escrow Holder is directed to close this escrow and to pay such assignments, in the order in which they are received by Escrow Holder.
- 9) Escrow Holder is hereby authorized incident to the close of this escrow to do any and all acts in connection with this escrow including but not limited to the following:
 - 1) To complete, fill in, and arrange for execution of any note, writing or other document or instrument, as required herein.

Buyer Initials _____ / _____ **Seller's Initials** _____ / _____

- 2) To furnish to any attorney, broker or lender identified with this transaction or anyone acting on behalf of such lender, any information, instructions, amendments, statements, or notices of cancellation given in connection with this escrow.
- 3) To deposit any funds or documents received in escrow with any duly authorized sub-escrow agent subject to a title order or concurrent transaction at or prior to the close of escrow.
- 4) To record any instrument delivered through this escrow, if necessary, or proper, in the issuance of a policy of title insurance and to pay all fees and costs incident to the closing of escrow.
- 5) To require any Principal, as a condition precedent to Escrow Holder closing this escrow, to deposit funds and monies Escrow Holder deems requisite and to obtain and pay all encumbrances, claims, demands and/or assessments of record necessary to place title to the subject property in the condition called for in these instructions.
- 6) To deduct from the proceeds due each Principal any and all costs or charges of this escrow, which Escrow Holder is due for work performed during this escrow.
- 7) To notify all principals and/or their respective agents if any check submitted to Escrow Holder is a third party check and/or dishonored when presented for payment.
- 8) In the absence of instructions to the contrary, you are hereby authorized to utilize wire services, overnight, next day, or other expedited delivery services, (as opposed to the regular U.S. Mail) and to charge the respective party's account accordingly.
- 9) To obtain Demands from existing lienholder(s) of record, (including having this instruction authorize any line of credit to be frozen) and payoff from proceeds due the Seller at close of escrow without further authorization.
- 10) The parties herein agree as follows:
 - 1) Each Principal will pay reasonable compensation to Escrow Holder for extraordinary or unusual services rendered to or for that Principal, plus costs and expenses incurred in connection with those services.
 - 2) Each principal agrees to pay on Escrow Holders demand all closing costs properly attributable to such Principal.
 - 3) Escrow Holder is given a lien by each Principal upon all the rights, title and interest of each Principal in all escrowed documents, funds, monies or property for any and all charges, expenses, attorney's fees, losses and other liabilities that may be charged to escrow.
 - 4) No refund will be given for under \$10.00.
 - 5) In the event of failure to pay fees or charges due Escrow Holder, each Principal agrees to pay reasonable attorney's fees paid or incurred by Escrow Holder in connection with the collection of such fees or charges.
- 11) If by the date specified herein, this escrow is not in a position to close, Escrow holder shall nevertheless close escrow as soon as possible thereafter, unless any principal instructs Escrow Holder to cancel this escrow. Upon Escrow Holders receipt of any written notice to cancel this escrow, Escrow Holder shall, within two (2) working days thereafter mail, by certified mail, a copy of such notice to each principal at the address stated in this escrow. At Escrow Holder's option, unless written objection to cancellation is filed in Escrow Holders office by either Principal within ten (10) calendar days after date of such mailing, as evidenced by a certified mail return receipt form, Escrow Holder is authorized to comply with such notice and demand payment of its cancellation charges. If written objection is filed, Escrow Holder is authorized to hold all money and instruments in this escrow and to take no further action until otherwise directed, either by the Principals' mutual written instructions, or final order of a court of competent jurisdiction. Escrow Holder shall charge the escrow file a fee of \$20.00 per month for each month following the request for cancellation as a holding fee.
- 12) Escrow Holder may resign at anytime, in its' sole and absolute discretion, upon written notice to all Principals.
- 13) All notices, demands and instructions must be in writing. If conflicting demands are made or notice served on Escrow Holder or any dispute or controversy arises between the Principals or with any third person relating to this escrow, Escrow Holder shall have the absolute right, to withhold and stop all further proceedings in this escrow without liability and without determining the merits of the demands, notices or litigation, or sue in interpleader, or both. The Principals, jointly and severally, hereby promise and agree to pay promptly on demand, as well as to indemnify Escrow and hold Escrow Holder harmless against and in respect of any and all litigation and interpleader costs, claims, losses, damages, recoveries, judgments and expenses, including, without limitation, reasonable attorney's fees that Escrow Holder may incur or suffer, which arise, result from or relate to this escrow.
- 14) Close of escrow means the time when instruments are recorded, unless all parties mutually instruct Escrow Holder to the contrary. As soon after close of escrow as is convenient, Escrow Holder shall deliver funds and documents, including without limiting, any policy of title insurance, if any, to the parties respectively entitled to receive them. Escrow Holder is authorized and instructed to adjust the estimated closing figures to the final closing figures over the signatures of the Principal's thereon.
- 15) These instructions shall be binding on, and shall inure to the benefit of each Principal and their respective heirs, legal representatives, successors and assigns.
- 16) Escrow Holder is hereby authorized to destroy or otherwise dispose of the escrow file and all documents therein at any time after five (5) years from the date of close of escrow.
- 17) As used in these instructions, the masculine, feminine or neuter gender, and the singular or plural number shall be deemed to include the other whenever the context so indicates.
- 18) These instructions may be executed in any number of counterparts, each of which shall be deemed to be an original.
- 19) In the event any check issued is not cashed within three (3) months from the date of issuance, Escrow holder may, at its option, void such check. Escrow holder shall thereafter deduct therefrom, a maintenance/administrative fee of \$25.00 per year up to three years. At the end of three years, Escrow holder shall remit the remaining balance, if any, to the California State Controller's Office in accordance with the provisions of the California Unclaimed Property Law.
- 20) The principals will be assessed a fee of \$25.00 per request for any file documentation six (6) months after said file is closed and/or cancelled.
- 21) The principals herein are aware and agree to comply with California Insurance Code Section 12413.1, which mandates that all funds with respect to an escrow must be collected and available for withdrawal prior to disbursement as follows:
 - a) Wired funds may be disbursed the same day as deposited
 - b) Cashier's checks, Teller's Checks, and Certified checks may be disbursed the next business day following the day of deposit.

Other forms of payment such as Official Checks, Personal Checks, Money Orders, etc...must be confirmed as "paid" prior to disbursement, and may cause extensive delays to the closing of the escrow. Escrow Holder shall not

Buyer Initials _____ / _____ **Seller's Initials** _____ / _____

be held responsible for the accrual of interest, or other charges that may be incurred by the Parties herein as a result of Escrow Holder's compliance with this Regulation. Delays in disbursement and/or closing shall occur if deposit of funds by either party or lender is not in compliance with Section 12413.1 of the California Insurance Code.

- 22) The Principals herein are aware that California Revenue and Tax Code Section 480.3 mandates that all deeds and other documents that reflect a change of ownership in real property when presented for recording must be accompanied by a "Preliminary Change of Ownership Report". Escrow Holder will furnish the parties with such forms for their completion prior to close of escrow, and/or in the event that the form is not returned to Escrow Holder and/or the County Recorder should reject said form for any reason, all Principals are aware that the closing will not be affected; however, an additional recording fee of \$20.00 as charged by the County Recorder, as required by said law, will be assessed to the account of the party not returning or completing said form. All parties release, relieve, indemnify, and agree to hold Escrow Holder harmless from any and all liability and/or responsibility in connection with said law, other than to hand said "Preliminary Change of Ownership" form to the Principals for completion prior to close of escrow and other than Escrow Holder's responsibility to transmit said completed form to the County Recorder's office together with other documents as called for in these instructions. **INFORMATION PURPOSES ONLY:** After close of escrow, new owner may receive an additional request for the "Change of Ownership" information, which must be returned to the Assessor's Office. If not completed as required, Principal may be charged a penalty, as required by this law. Escrow Holder has no involvement in this filing and is providing this for information purposes only.
- 23) Buyer is aware that the recording of the Deed in consummation of this escrow may result in a re-assessment of the property taxes and/or supplemental tax bill pursuant to the provisions of Chapter 498, Statutes of 1983, State of California. All assessments not shown on the Tax Rolls are to be adjusted outside of escrow. The title policy will contain an exception for the lien of any assessment of supplemental taxes assessed pursuant to Chapter 498, Statutes of 1983, State of California.
- 24) It is the responsibility of _____ utilizing Financial Processing Systems, to report this transaction to the Federal Government and issue to the Seller a Form 1099 for reporting it to the Internal Revenue Service for income tax purposes. All information contained in this reporting shall remain confidential other than the reporting of the information to the Internal Revenue Service. The only exception to this is if each Seller executes the new Seller's Certification and all questions in such document are answered "YES". **LIMITATION OF LIABILITY:** _____, as Escrow Holder, is held harmless from any liability in as much as the law has not yet been defined and shall report the sale of the property as set forth herein.
- 25) Seller represents and warrants to Buyer and Escrow Holder that it is not, and as of the date of close of escrow, will not be a foreign person, within the meaning of Internal Revenue Service Code Section 1445 and that, if requested, it will execute and deliver to Escrow Holder prior to closing a Non-Foreign Affidavit on your standard form. The Principals are advised to seek an attorney's accountants or other tax specialist's opinion regarding conformity with the Foreign Investment in Real Property Tax Act of 1980, as amended by the Tax Reform Act of 1984.
- 26) Escrow Holder notifies Buyer of withholding provisions of California Revenue and Taxation Code Sections 18805, 18815, 18662, 18668 and 26131, applicable to certain sales of California Real Estate. Where applicable, Buyer is required to withhold three and one third percent of the sales price of California Real Property obtained from Sellers. However, Buyer understands that in no event will Escrow Holder undertake to advise Buyer and/or Buyer's representative(s) on the possible application of the above code sections to this specific transaction. Buyer understands that, unless expressly instructed by the Seller and Buyer herein, Escrow Holder will not assist in the withholding of funds from Seller and the remittance of said funds to the Franchise Tax Board. Buyer understands that the State of California may impose penalties for failure to comply with withholding laws. In the event that the parties request Escrow Holder to withhold funds due the Seller, Escrow Holder will furnish the parties with the necessary tax forms, which the parties shall complete and submit to Escrow Holder along with the instructions as to the withholding of the funds and remittance of the same to the Franchise Tax Board. At that time, the Buyer and Seller shall agree to cooperate fully in providing necessary information and to indemnify Escrow Holder and hold Escrow Holder harmless in the event of noncompliance resulting from information supplied by the undersigned.
- 27) **FOR ADDITIONAL INFORMATION CONCERNING THE WITHHOLDING PROVISIONS REFERENCED ABOVE, PLEASE CONTACT THE FRANCHISE TAX BOARD WITHHOLDING AT SOURCE UNIT AT 888-792-4900, OR WRITE TO THEM AT P.O. BOX 651, SACRAMENTO, CA. 95812-0651.**
- 28) Escrow Division is licensed by the Department of Insurance of the State of California.

ALL GENERAL ESCROW INSTRUCTIONS AS SET FORTH HEREIN ARE RECEIVED, READ AND APPROVED BY:

BUYER(S):

Date

Date

Date

SELLER:

**K. HOVNANIAN FORECAST HOMES, INC.,
a California corporation**

By: _____

Date

Its: _____

Buyer Initials ____/____ **Seller's Initials** ____/____

ADDENDUM B

REAL ESTATE AGENCY RELATIONSHIP DISCLOSURE AND CONFIRMATION

COMMUNITY: _____ BUYER: _____
PROPERTY:
Street Address: _____, City: _____, _____ ZIP: _____
Lot: _____ Tract No.: _____ Plan: _____ Elevation: _____ SETS No: _____

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction.

SELLER'S AGENT: A Seller's agent under a listing agreement with Seller acts as the agent for the Seller only. A Seller's agent or a subagent of that agent has the following affirmative obligations:

To the Seller:

- (a) A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Seller.

To the Buyer and Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
(b) A duty of honest and fair dealing and good faith.
(c) A duty to disclose all facts known to the agent materially affecting the value or desirability of property that are not known to, or within the diligent attention and observation of, the parties.

An agent is not obligated to reveal to either party any confidential information obtained from the other party which does not involve the affirmative duties set forth above.

BUYER'S AGENT: A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations:

To the Buyer:

- (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Buyer.

To the Buyer and Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
(b) A duty of honest and fair dealing and good faith.
(c) A duty to disclose all facts known to the agent materially affecting the value or desirability of property that are not known to, or within the diligent attention and observation of, the parties.

An agent is not obligated to reveal to either party any confidential information obtained from the other party which does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH SELLER & BUYER: A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer.

In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer:

- (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Seller or the Buyer;
(b) Other duties to the Seller and the Buyer as stated above in their respective sections.

In representing both Seller and Buyer, the agent may not, without the express permission of the respective party, disclose to the other party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered.

The above duties of the agent in a real estate transaction do not relieve a Seller or a Buyer from the responsibility to protect their own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

Throughout your real property transaction, you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction.

This disclosure includes the provisions of Sections 2079.13 through 2079.24 of the California Civil Code which are attached. Please read them carefully.

CONFIRMATION OF AGENCY RELATIONSHIP

, Selling Agent, is the agent of (check one):

- [X] The Seller Exclusively [] The Buyer Exclusively [] Both the Buyer and Seller

By signing below, Buyer acknowledges receipt of this document and the attachment, and that Buyer understands and accepts the terms of this Confirmation of Agency Relationship.

Buyer _____ Date _____
Buyer _____ Date _____
Buyer _____ Date _____
AGENT:
By: _____
Authorized Sales Representative (Associate Licensee)
Date: _____

Attachment: Agency Relationship in Residential Real Property Transactions (Calif. Civil Code Sections)

Agency Relationship in Residential Real Property Transactions

California Civil Code Sections 2079.13 - 2079.15 and 2079.17 - 2079.24

§ 2079.13. Definitions. As used in Sections 2079.14 to 2079.24, inclusive, the following terms have the following meanings:

a. **"Agent"** means a person acting under provisions of Title 9 (commencing with Section 2295) in a real property transaction, and includes a person who is licensed as a real estate broker under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code, and under whose license a listing is executed or an offer to purchase is obtained.

b. **"Associate licensee"** means a person who is licensed as a real estate broker or salesperson under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code and who is either licensed under a broker or has entered into a written contract with a broker to act as the broker's agent in connection with acts requiring a real estate license and to function under the broker's supervision in the capacity of an associate licensee.

The agent in the real property transaction bears responsibility for his or her associate licensees who perform as agents of the agent. When an associate licensee owes a duty to any principal, or to any buyer or seller who is not a principal, in a real property transaction, that duty is equivalent to the duty owed to that party by the broker for whom the associate licensee functions.

c. **"Buyer"** means a transferee in a real property transaction, and includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. **"Buyer"** includes vendee or lessee.

d. **"Dual agent"** means an agent acting, either directly or through an associate licensee, as agent for both the seller and the buyer in a real property transaction.

e. **"Listing agreement"** means a contract between an owner of real property and an agent, by which the agent has been authorized to sell the real property or to find or obtain a buyer.

f. **"Listing agent"** means a person who has obtained a listing of real property to act as an agent for compensation.

g. **"Listing price"** is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the listing agent.

h. **"Offering price"** is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property.

i. **"Offer to purchase"** means a written contract executed by a buyer acting through a selling agent which becomes the contract for the sale of the real property upon acceptance by the seller.

j. **"Real property"** means any estate specified by subdivision (1) or (2) of Section 761 in property which constitutes or is improved with one to four dwelling units, any leasehold in this type of property exceeding one year's duration, and mobilehomes, when offered for sale or sold through an agent pursuant to the authority contained in Section 10131.6 of the Business and Professions Code.

k. **"Real property transaction"** means a transaction for the sale of real property in which an agent is employed by one or more of the principals to act in that transaction, and includes a listing or an offer to purchase.

l. **"Sell," "sale," or "sold"** refers to a transaction for the transfer of real property from the seller to the buyer, and includes exchanges of real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of Section 2985, and transactions for the creation of a leasehold exceeding one year's duration.

m. **"Seller"** means the transferor in a real property transaction, and includes an owner who lists real property with an agent, whether or not a transfer results, or who receives an offer to purchase real property of which he or she is the owner from an agent on behalf of another. **"Seller"** includes both a vendor and a lessor.

n. **"Selling agent"** means a listing agent who acts alone, or an agent who acts in cooperation with a listing agent, and who sells or finds and obtains a buyer for the real property, or an agent who locates property for a buyer or who finds a buyer for a property for which no listing exists and presents an offer to purchase to the seller.

o. **"Subagent"** means a person to whom an agent delegates agency powers as provided in Article 5 (commencing with Section 2349) of Chapter 1 of Title 9. However, **"subagent"** does not include an associate licensee who is acting under the supervision of an agent in a real property transaction.

§ 2079.14. Provision of disclosure form to buyer and seller; Acknowledgment of receipt. Listing agents and selling agents shall provide the seller and buyer in a real property transaction with a copy of the disclosure form specified in Section 2079.16, and, except as provided in subdivision (c), shall obtain a signed acknowledgment of receipt from that seller or buyer, except as provided in this section or Section 2079.15, as follows:

a. The listing agent, if any, shall provide the disclosure form to the seller prior to entering into the listing agreement.

b. The selling agent shall provide the disclosure form to the seller as soon as practicable prior to presenting the seller with an offer to purchase, unless the selling agent previously provided the seller with a copy of the disclosure form pursuant to subdivision (a).

c. Where the selling agent does not deal on a face-to-face basis with the seller, the disclosure form prepared by the selling agent may be furnished to the seller (and acknowledgment of receipt obtained for the selling agent from the seller) by the listing agent, or the selling agent may deliver the disclosure form by certified mail addressed to the seller at his or her last known address, in which case no signed acknowledgment of receipt is required.

d. The selling agent shall provide the disclosure form to the buyer as soon as practicable prior to execution of the buyer's offer to purchase, except that if the offer to purchase is not prepared by the selling agent, the selling agent shall present the disclosure form to the buyer not later than the next business day after the selling agent receives the offer to purchase from the buyer.

§ 2079.15. Party's refusal to sign acknowledgment of receipt. In any circumstance in which the seller or buyer refuses to sign an acknowledgment of receipt pursuant to Section 2079.14, the agent, or an associate licensee acting for an agent, shall set forth, sign, and date a written declaration of the facts of the refusal.

§ 2079.17. Disclosure of exclusive or dual agency; Confirmation of relationship.

a. As soon as practicable, the selling agent shall disclose to the buyer and seller whether the selling agent is acting in the real property transaction exclusively as the buyer's agent, exclusively as the seller's agent, or as a dual agent representing both the buyer and the seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller, the buyer, and the selling agent prior to or coincident with execution of that contract by the buyer and the seller, respectively.

b. As soon as practicable, the listing agent shall disclose to the seller whether the listing agent is acting in the real property transaction exclusively as the seller's agent, or as a dual agent representing both the buyer and seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller and the listing agent prior to or coincident with the execution of that contract by the seller.

c. The confirmation required by subdivisions (a) and (b) shall be in the following form: (Name of Listing Agent) is the agent of (check one): [] the seller exclusively; or [] both the buyer and seller. (Name of Selling Agent if not the same as the Listing Agent) is the agent of (check one): [] the buyer exclusively; or [] the seller exclusively; or [] both the buyer and seller.

d. The disclosures and confirmation required by this section shall be in addition to the disclosure required by Section 2079.14.

§ 2079.18. Representation of buyer by selling and listing agent. No selling agent in a real property transaction may act as an agent for the buyer only, when the selling agent is also acting as the listing agent in the transaction.

§ 2079.19. Payment of compensation; Effect on determination of particular agency relationship. The payment of compensation or the obligation to pay compensation to an agent by the seller or buyer is not necessarily determinative of a particular agency relationship between an agent and the seller or buyer. A listing agent and a selling agent may agree to share any compensation or commission paid, or any right to any compensation or commission for which an obligation arises as the result of a real estate transaction, and the terms of any such agreement shall not necessarily be determinative of a particular relationship.

§ 2079.20. Selection of specific form of agency relationship as condition of employment. Nothing in this article prevents an agent from selecting, as a condition of the agent's employment, a specific form of agency relationship not specifically prohibited by this article if the requirements of Section 2079.14 and Section 2079.17 are complied with.

§ 2079.21. Nondisclosure responsibilities of dual agents. A dual agent shall not disclose to the buyer that the seller is willing to sell the property at a price less than the listing price, without the express written consent of the seller. A dual agent shall not disclose to the seller that the buyer is willing to pay a price greater than the offering price, without the express written consent of the buyer.

This section does not alter in any way the duty or responsibility of a dual agent to any principal with respect to confidential information other than price.

§ 2079.22. Combined listing and selling agents. Nothing in this article precludes a listing agent from also being a selling agent, and the combination of these functions in one agent does not, of itself, make that agent a dual agent.

§ 2079.23. Time for modification of agency contract. A contract between the principal and agent may be modified or altered to change the agency relationship at any time before the performance of the act which is the object of the agency with the written consent of the parties to the agency relationship.

§ 2079.24. Construction of article; Breach of fiduciary duty or duty of disclosure. Nothing in this article shall be construed to either diminish the duty of disclosure owed buyers and sellers by agents and their associate licensees, subagents, and employees or to relieve agents and their associate licensees, subagents, and employees from liability for their conduct in connection with acts governed by this article or for any breach of a fiduciary duty or a duty of disclosure.

ADDENDUM C
K. HOVNIANIAN AMERICAN MORTGAGE
AFFILIATED BUSINESS ARRANGEMENT DISCLOSURE

ALL BUYERS MUST SIGN BOTH COPIES AS A DISCLOSURE OF SELLER'S AFFILIATIONS

COMMUNITY: _____ **BUYER:** _____

PROPERTY:
 Street Address: _____, City: _____, California ZIP: _____
 Lot: _____ Tract No.: _____ Plan: _____ Elevation: _____ SETS No: _____

The undersigned **Buyer** is purchasing the Property from K. Hovnianian Forecast® Homes, Inc., a California corporation ("**Seller**"). This Disclosure is to notify Buyer that Seller has a direct financial and ownership interest in K. Hovnianian American Mortgage, which provides real estate loan brokerage services.

Seller may be provided a financial or other benefit from loan services provided by K. Hovnianian American Mortgage, and Buyer is NOT required to use the services of K. Hovnianian American Mortgage as a condition of the purchase of the Property.

THERE ARE FREQUENTLY OTHER REAL ESTATE LOAN BROKERS AVAILABLE WITH SIMILAR SERVICES. BUYER MAY COMPARE THE SERVICES, RATES AND EXPERIENCE OFFERED BY OTHER LOAN BROKERS BEFORE MAKING A DECISION ABOUT THESE SERVICES.

K. Hovnianian American Mortgage is a mortgage banker with a license issued by the California Department of Corporations. Its offices are at 1800 S. Australian Avenue, Suite 400, West Palm Beach, FL 33409.

An example of the approximate loan charges or range of loan charges that Buyer would pay would be: (Approximate charges must match the Miscellaneous Cost Breakdown Detail in the SalesBuilder Move-In screen)

Loan origination fee (% of the loan amount)	0% to 1%
Application fee (including Appraisal and Credit Report fees):	
Conventional loan	\$350.00
VA/FHA loan w/MCRV	\$350.00
VA/FHA loan w/o MCRV	\$350.00
Processing fee:	
Conventional loan	\$350.00
VA/FHA loan	\$0.00
Underwriting fee:	
Conventional loan	\$350.00
VA/FHA loan	\$0.00
Final inspection and flood certification:	
Conventional loan	\$100.00
VA/FHA loan	\$0.00
Notary fee:	
Conventional loan	\$75.00
VA/FHA loan	\$0.00
Tax service:	
Conventional loan	\$79.00
VA/FHA loan	\$0.00
Commitment Fee:	
Conventional loan	\$0.00
VA/FHA loan	\$350.00

These charges are not a complete list of all charges Buyer may pay. Additionally, these charges are only an example and Buyer's actual charges may be different.

Acknowledgment

Buyer has read this Disclosure and understands that (i) Seller is referring Buyer to K. Hovnianian American Mortgage for loan brokerage services, and (ii) Seller may receive a financial or other benefit as a result of this referral.

BUYER:

1. _____ Name: _____ Date: _____
 Signature

2. _____ Name: _____ Date: _____
 Signature

3. _____ Name: _____ Date: _____
 Signature

ADDENDUM E

RIGHT TO REPAIR LAW , FIT AND FINISH WARRANTY AND INDEMNITY

COMMUNITY: _____	BUYER: _____
PROPERTY:	
Street Address: _____, City: _____, California ZIP: _____	
Lot: _____ Tract No.: _____ Plan: _____ Elevation: _____	SETS No: _____

This is an addendum ("Addendum") to the Purchase Agreement and Escrow Instructions ("Agreement") dated _____, between **K. Hovnanian Forecast Homes, Inc.**, a California corporation, as "Seller" , and the undersigned, as "Buyer", concerning the property described above ("Property"). This Addendum modifies the Agreement as set forth below. All capitalized terms below shall have the same meaning given them in the Agreement unless otherwise defined in this Addendum.

1. Right to Repair Law. The Right to Repair Law is contained in Part 2 of Division @ of the California Civil Code, ("Part 2"), commencing with Section 895 (the "**Right to Repair Law**"). The Right to Repair Law establishes residential construction standards and provides claim resolution mechanisms. Required notifications to you, as Buyer, under the Right to Repair Law and summaries of some its pertinent provisions, are as follows:

(a) Statutory Standards. Chapter 2 of the Right to Repair Law ("**Chapter2**") includes a series of standards describing how a home and its components should function (the "**Standards**"). These Standards are divided into categories such as water intrusion, structural and soils related issues, fire protection issues, plumbing and sewer, electrical and several other categories. The components of a home must meet the Standards for periods

(b) Buyer Maintenance Obligations. Under the Right Repair Law and this Addendum, Buyer is obligated to follow all reasonable maintenance obligations communicated to Buyer in writing. Seller may be excused from its obligations under the Right to Repair Law if Buyer fails to properly maintain the Property or fails to promptly notify Seller of damage, if damage to a component is caused by a third party or an act of nature, or if certain other circumstances occur as specified in the Right to Repair Law. Seller will provide Buyer close of Escrow with a New Home Maintenance Manual containing maintenance obligations that then pertain to the Property, and with other product manufactures' maintenance and warranty information. Additional maintenance obligations are continued in the Fit and Finish Warranty Standards. Notwithstanding the foregoing, Seller may, by written notice to Buyer, supplement or amend such maintenance obligations pertaining to the Property, from time to time. Buyer shall follow all such maintenance. Buyer shall provide all such maintenance obligations to any subsequent purchaser of the Property from Buyer.

(c) Receipt of Right to Repair Law. Buyer acknowledges that (I) Buyer has been provided a written copy of the Right to Repair Law, (II) Buyer has been offered a complete copy of all of Part 2 and (III) a complete copy of Part 2 is available in Seller's sales office upon request. Seller instructs Buyer to, and Buyer acknowledges that Buyer shall, provide such documents to any subsequent purchaser of the Property from Buyer.

Buyers Initials: _____ Sales Representative's Initials: _____

(d) Right to Repair Procedures. Seller hereby advises Buyer of the existence of the prelitigation procedures set forth in Chapter 4 (sections 910 through 938) of the Right to Repair Law (the "**Right to Repair Procedures**") and that such procedures provide that if a homebuyer asserts that component of the Property violates any Standards, the homebuyer may initiate a claim pursuant to the procedure set forth in Section 910 of the Right to Repair Law. As authorized by section 914 of the Right to Repair Law, Seller hereby elects to use alternative nonadversarial contractual provisions to attempt to resolve such claims instead of the Right to Repair Procedures. Seller's nonadversarial contractual provisions are set forth in the Home Builder's Limited Warranty ("**Limited Warranty**"), a copy of which is provided to Buyer with the agreement. Any dispute which is not resolved under those nonadversarial contractual provisions shall be resolved by judicial reference under Section 8 of the Agreement or under applicable judicial reference provisions of the Declaration, if any-.

Buyer's Initials: _____ Sales Representative's Initials: _____

2. Fit and Finish Warranty. To fulfill Seller's obligations under section 900 of the Right to Repair Law, Seller warrants to Buyer that the "fit and finish" of the following building components (the "**Covered Components**") will be free from "deficiencies" for a period of one (1) year after the Close of Escrow: cabinets, mirrors, flooring, interior and exterior walls, countertops, pain finishes and the trim (the "**Fit and Finish Warranty**"). For purposes of this Addendum, "fit and finish" means the non-structural, cosmetic appearance and alignment of Covered Components as manufactured, constructed or installed, and "deficiencies" means the fit and finish of a Covered Component significantly fails to meet the standards of performance established in the Fit and Finish Warranty Standards for Property, attached to this Addendum as **Attachment 1**, or if no applicable standards have been provided then established by accepted trade practices or by the Residential Construction Performance Guidelines published by the National Association of Home Builders. In addition to any conditions of the Covered Components which are expressly excluded from coverage under the Fit and Finish Warranty Standards, the following items are excluded from coverage under this Fit and Finish Warranty:

(a) **Failure to maintain.** Deficiencies in a covered component caused by Buyers failure to perform normal or required maintenance of the Covered Component as provided in the New Home Maintenance Manual or the Fit and Finish Warranty Standards.

(b) **Defects in Noncovered Component.** Deficiencies in a Covered Component caused by defect in any component covered in Chapter 2 Standards.

(c) **Natural Occurrences or Man-Made events.** Loss or injury due to (I) natural occurrences such as storm, fire, flood, earthquake, wind, insects, microorganisms, vermin, rodents, birds, wild or domestic animals, or (II) man-made events such as war, terrorism or vandalism. Any and all other natural occurrences or man-made events beyond Seller's Control.

(d) **Misuse or Neglect.** Deficiencies die to ordinary wear and tear, misuse, abuse, neglect, lack of proper of timely maintenance, or Buyer's unreasonable failure to allow reasonable timely access for inspections and repairs and failure to give timely notice to Seller after discovery, or use of the Covered Components for something other than their intended use. Such exclusion includes dame caused by Buyer during move-in

(e) **Work You do.** Deficiencies in the Covered Components which you or your agents, employees or contractors have installed, modified or added to in any way including, without limitation, attempted repairs, any addition, alterations, remodeling or repair preformed by you under your direction.

(f) **Characteristics Common to Materials.** Characteristics common to the materials used, such as, but not limited to, warping, shrinkage expansion, contraction and deflection of wood, fading, chipping, flaking, chalking and checking of paint die to sunlight, cracks due to drying and curing of the concrete, stucco, drywall, plaster, bricks and masonry, drying, shrinking and cracking of grout, caulking and weather stripping, or settling-in of the structure.

(g) **Failure to Report Within the Warranty Term.** Deficiencies which are not reported to Seller within the warranty term.

(h) **Consequential Damages.** Consequential or Incidental damages or losses of any kind whatsoever which may arise from or out of any deficiencies warranted Including, but not limited to, personal injury, mental pain and suffering and emotional distress, medical, hospital rehabilitation or other incidental or consequential or damage to personal property, loss of wages, inconvenience or diminished market value.

This Fit and Finish Warranty (1) excludes any matter which would give rise to a claim by Buyer pursuant to the terms of Chapter 2 of the Right to Repair Law, (2) shall not be deemed an "Enhancement Protection Agreement" as defined in Section 901 of the Right to Repair Law, (3) together with the Limited Warranty defined above are expressively in lieu of all other warranties or guaranties, express or implied, written or oral, including, but limited to, any implied warranty of merchantability, habitability or fitness for a particular purpose, and (4) together with the Limited Warranty are the only warranties by Seller applicable to the Property.

Claims for repairs under Fit and Finish Warranty are not subject to the Right to Repair Procedures (defined above). Fit and Finish Warranty claims should be made to Seller's customer service representative on the claim form you can obtain from Seller. Buyer shall provide this Fit and Finish One Year limited Warranty to any person who purchases the Property from Buyer on or before the first anniversary of the Close of Escrow.

3. **Indemnity of Seller by Buyer .** Buyer shall indemnify, defend and hold Seller harmless for any loss, cost or damages arising from Buyer's failure to carry out Buyer's obligations under the terms of this Addendum.

The Agreement, as modified by this Addendum, is hereby ratified and shall continue in effect.

BUYER(S):

SELLER:

Buyer Date

K. Hovnanian Forecast Homes, Inc.,
a California corporation

Buyer Date

By: _____ Date

Its: _____

Attachments to Addendum E:

Attachment 1. Fit and Finish Warranty Standards

ADDENDUM

DISCLOSURE AND AGREEMENT CONCERNING MOLD AND FLOORING

COMMUNITY:

BUYER:

PROPERTY:

Street Address: _____, City: _____ State: _____ ZIP: _____

Lot: _____ Tract No.: _____ SETS No: _____

This is an addendum (the "**Addendum**") to the Purchase Agreement and Escrow Instructions ("**Agreement**") dated between **K. Hovnanian Forecast® Homes, Inc., a California corporation**, as "**Seller**," and the undersigned, as "**Buyer**," concerning the property described above ("**Property**"). This Addendum modifies the Agreement as set forth below. All capitalized terms used below shall have the same meaning given them in the Agreement unless otherwise defined in this Addendum.

WHAT IS MOLD? Microscopic organisms commonly referred to as "mold" may be present in the newly constructed Residence at the time of Buyer's initial occupancy, or, if not present at the time of Buyer's initial occupancy, may later develop within the interior of the Residence. Mold is a natural occurring organism and typically will collect and grow whenever the combinations of moisture, organic materials and warmth co-exist. There are hundreds – maybe thousands – of species of organisms commonly referred to as "mold." Some of those species are possibly benign but others are believed to be toxic to human health and destructive of certain building materials like wood. Many people are allergic to, or develop allergies to mold. In addition to mold, certain other naturally-occurring, sometimes organic, airborne and often invisible contaminants such as animal dander, dust, dust mites, fungi, bacterial and pollen (collectively, "**Biological Impurities**") may be brought into the home through the natural circulation of air or generated by or carried upon people, animals or things, where they can become trapped and allowed to grow in the Residence unless they are actually removed. As with mold, Biological Impurities can cause allergies or other health effects.

RESPONSIBILITIES FOR MOLD PREVENTION. The Residence is neither constructed nor warranted to be free of mold or Biological Impurities. Your normal maintenance duty requires you to (1) perform periodic inspection to find visible mold or Biological Impurities, (2) remove those substances when present, and (3) perform periodic inspections to detect visible moisture which contributes to mold growth. You must repair any moisture barrier built into the Residence which is aged or which has failed and is permitting the presence of moisture. Contact a licensed contractor for assistance in meeting these responsibilities. Specific mold preventing and remediation information is available from the Indoor Air Quality Section of the California Department of Health Services at 2151 Berkeley Way, Berkeley, California 94704, (510) 540-2476, www.cal-iaq.org.

THE ROLE OF FLOORING. In an effort to reduce the amount of moisture, mold and Biological Impurities in the Residence, Seller has specified vinyl flooring as the building standard for the Residence in the following areas: kitchen, laundry room, bathrooms, vanity areas and all areas in which bathtubs and showers are located (collectively, "**Vinyl Areas**").

Buyer is also informed that mold and Biological Impurities may be particularly likely to develop in Vinyl Areas if some type of flooring other than vinyl is installed. If Buyer elects to install non-vinyl flooring within the Vinyl Areas, Buyer acknowledges that such installation is at Buyer's own risk and contrary to Seller's specification of vinyl flooring and warning to Buyer regarding the installation of non-vinyl flooring in the Vinyl Areas.

WAIVER AND INDEMNITY AGREEMENT.

BUYER (I) WAIVES ALL CLAIMS ARISING FROM THE PRESENCE OF MOLD AND BIOLOGICAL IMPURITIES IN THE HOME, WHETHER NOW EXISTING OR THAT MAY ARISE IN THE FUTURE, AND (II) AGREES TO INDEMNIFY, DEFEND AND HOLD SELLER, SC DESIGN, THEIR EMPLOYEES, AGENTS, SUBSIDIARY AND PARENT ENTITIES AND AFFILIATES (COLLECTIVELY "SELLER") FREE AND HARMLESS, FROM ALL CLAIMS ARISING FROM THE PRESENCE OF MOLD AND BIOLOGICAL IMPURITIES IN THE HOME-- BUT ONLY TO THE EXTENT CAUSED BY THE ACTS OR OMISSIONS OF BUYER, INCLUDING WITHOUT LIMITATION MOLD OR BIOLOGICAL IMPURITIES ARISING FROM BUYER'S FAILURE TO MEET ITS RESPONSIBILITIES FOR MAINTENANCE, OR MOLD PREVENTION AS DESCRIBED ABOVE, OR BECAUSE BUYER ELECTED TO INSTALL NON-VINYL FLOORING WITHIN THE VINYL AREAS AS DESCRIBED ABOVE. BUYER DOES NOT WAIVE ANY CLAIMS OR INDEMNIFY THE SELLER FOR ANY SUCH CLAIMS ARISING FROM THE SELLER'S OWN NEGLIGENCE, OR ANY CONSTRUCTION OR DESIGN DEFECTS.

The undersigned acknowledge that they have read, understand and agree to be bound by each and all of the conditions contained in this Addendum.

BUYER(S):

Buyer Date

Buyer Date

Buyer Date

HOME BUILDER'S LIMITED WARRANTY REGISTRATION FORM

Builder Identification No.:
Builder Name:

Address of Home to be registered (number and street name):

Street Address: _____
City: _____
State, Zip: _____

Community: _____ **Tract:** _____ **Lot:** _____ **SETS:** _____

Estimated date the Warranty Period will begin: _____

Estimated sales price of this Home: _____

Name of initial purchaser(s) of home: _____

Mailing address (complete only if different from number and street of the home identified above)

Street Address: _____
City: _____
State, Zip: _____

Signature of Builder's Representative or Authorized Agent:

_____ Date: _____

HOME BUYER ACKNOWLEDGEMENT

The undersigned hereby acknowledges as follows:

I/We have received, reviewed, understand and agree to terms of the Home Builder's Limited Warranty ("Limited Warranty") document (PWC Form # 117). I/We acknowledge that the Builder does not make any representations as to its Limited Warranty that contradict or are inconsistent with the terms and conditions stated in its Limited Warranty.

All Buyers must sign:

_____	Date	_____	Date
_____	Date	_____	Date

**Attachment 1
To
Addendum E**

Fit and Finish Warranty Standards

1. CABINETS

COVERED

1 year: The operating parts of cabinet doors and drawers.

1 year: Cabinet door should not warp more than ¼ inch from the face of the frame (slight warpage is normal and expected due to the expansion and contraction of the wood from moisture variation).

1 year: Gaps between moldings and adjacent surfaces are covered if they exceed 1/8 inch.

UNCOVERED

Chips, gouges, scratches, smudges, or stains must be reported during the walkthrough or such conditions will be presumed to have been caused by you and will only be covered by this *Limited Warranty* if you can establish otherwise.

All lacquer finished fade or yellow with time depending on exposure to sunlight and moisture. Fading and yellowing is not covered.

Damage caused by lack of maintenance, improper cleaning products or exposure to sunlight or moisture.

Damage caused by slamming or overloading drawers.

Damage caused by slamming doors or hanging/leaning on doors.

Plastic laminate surfaces that peel/delaminate.

Irregularities of color and grain patterns in stained cabinets.

HOMEOWNER MAINTENANCE REQUIREMENTS

Only use cleaning products recommended or appropriate for your cabinets.

Lubricate metal drawer guides with a light lubricating oil every year.

Replace broken drawer guides.

Inspect hinges and retighten periodically as necessary.

IMPORTANT!

Cabinet/vanity finishes are not waterproof and they age quickly when exposed to sunlight and moisture. Cabinets in these areas (e.g. around sinks) will need to be refinished more often than other cabinets in your home.

Dry cabinets whenever they get wet.

Do not use chemicals or solvents on your cabinets.

2. COUNTERTOPS

2.A CERAMIC TILE

COVERED

1 year: Ceramic tile countertops should be level and not exceed ¼ inch of rise or drop in any 8-foot direction.

1 year: Cracked tiles across a number of consecutive tiles caused by an Installation deficiency.

UNCOVERED

Chips, gouges, scratches, or stains must be reported during the walkthrough or such conditions will be presumed to have been caused by you and will only be covered by this *Limited Warranty* if you can establish otherwise.

Unequal grout joints.

Grout joint cracks. Hairline cracks will appear in grout joints, particularly where there are changes in the plane of the tile surface and where tile abuts a backsplash, sink or wall.

Variations in color between trim tiles and flat, field tiles.

Grout shade variations or discoloration.

Hollow tiles.

Isolated cracked tiles unless reported at the initial walk-through or such conditions will be presumed to have been caused by you and will only be covered by this *Limited Warranty* if you can establish otherwise.

HOMEOWNER MAINTENANCE REQUIREMENTS

Maintain caulking.

Repair grout cracking (especially at backsplash and sink areas).

Follow the manufacturer's care and cleaning recommendations.

Do not use abrasives to clean the countertop.

IMPORTANT!

Do not place heavy objects on the countertop surface.

Avoid dropping objects on the countertop surface.

2.B GRANITE, MARBLE AND OTHER STONE

COVERED

1 year: Cracks in excess of 1/32 inch that are caused by improper installation.

UNCOVERED

Variations in texture or color.

Chips, gouges, scratches, stains or discoloration must be reported during the walkthrough or such conditions will be presumed to have been caused by you and will only be covered by this *Limited Warranty* if you can establish otherwise.

Unequal grout joints. (Grout joints are determined by the tile setter at the time of Installation and are governed by the actual size and shape of the tile and the dimensions of the countertop and backsplash. Layouts will vary).

Grout joint cracks. Hairline cracks will appear in grout joints, particularly where there are changes in the plane of the tile surface and where tile abuts a backsplash, sink or wall.

Grout shade variations or discoloration.

HOMEOWNER MAINTENANCE REQUIREMENTS

Follow the manufacturer's care and cleaning recommendations.

Do not use abrasives to clean the countertop.

Maintain caulking.

Repair grout cracking (especially at backsplash and sink openings).

IMPORTANT!

Granite, marble and other stone (i.e. slate, limestone and travertine) countertops are natural products and therefore subject to variation in appearance (i.e. color, veining, surface variations, texture, shading, markings, pattern etc.).

Do not place heavy objects on the countertop surface.

Avoid dropping objects on the countertop surface.

2.C LAMINATE

COVERED

1 year: Joints separated by more than 1/32 inch that are caused by improper installation.

1 year: Delamination due to an adhesive application problem or another installation deficiency.

UNCOVERED

Chips, gouges, scratches, stains or burns must be reported during the walkthrough or such conditions will be presumed to have been caused by you and will only be covered by this Limited Warranty if you can establish otherwise.

HOMEOWNER MAINTENANCE REQUIREMENTS

Follow the manufacturer's care and cleaning recommendations.

Do not use abrasives to clean the countertop surface.

Maintain caulking.

IMPORTANT!

Do not place heavy objects on the countertop surface.

Avoid dropping objects on the countertop surface.

2.D. SOLID SURFACE (Corian and other Synthetic Surfaces)

COVERED

1 year: Joints or seams separated by more than 1/32 inch that are caused by improper installation.

UNCOVERED

Texture variations.

Chips, gouges, scratches, stains, burns or blemishes must be reported during the walkthrough or such conditions will be presumed to have been caused by you and will only be covered by this Limited Warranty if you can establish otherwise.

HOMEOWNER MAINTENANCE REQUIREMENTS

Follow the manufacturer's care and cleaning recommendations.

Do not use abrasives to clean the countertop.

Maintain caulking.

IMPORTANT!

Do not place heavy objects on the countertop surface.

Avoid dropping objects on the countertop surface.

3.FINISH FLOORING

3.A. ALL FINISH FLOORING

COVERED

1 year: Finished floors should be level and should not be more than 1/2 inch out of level in a distance of twenty (20) feet.

1 year: Floor squeaks frequently occur as the result of separate parts of the floor moving relative to each other and rubbing against nails. Seller will make a reasonable attempt to correct floor squeaks during the first year but cannot and does not guarantee that all floor squeaks will be repaired to your satisfaction.

UNCOVERED

Vertical displacement between different flooring surfaces at the transition.

HOMEOWNER MAINTENANCE REQUIREMENTS

Maintain floors in accordance with manufacturer's recommendations.

IMPORTANT!

Do not overload floors. Never exceed the load capacity of the floor.

If you install a finish floor, you are responsible for proper preparations of the subfloor or slab at the time of installation.

3.B CARPETS

COVERED

1 year: Carpet should be secured properly and should not be loose or buckle.

UNCOVERED

Fading. Fading is unavoidable, particularly in areas exposed to sunlight.

Visible seams. The number and location of seams is determined by the carpet installer at the time of installation. Layouts will vary from the model homes. Seams will be more visible in certain types of carpet (i.e. Berber or carpets with short nap or pile).

Loose fibers. It is normal for loose fibers to be found during the first few months of use with a new carpet. Spots or marks on carpet must be reported during the walkthrough or such conditions will be presumed to have been caused by you and will only be covered by this *Limited Warranty* if you can establish otherwise.

HOMEOWNER MAINTENANCE REQUIREMENTS

Promptly clean spills and do not allow carpet to remain wet for any extended period of time.

Clean carpet only with products recommended by the manufacturer.

Vacuum carpet regularly (daily is best).

Follow manufacturer's care and maintenance recommendations.

IMPORTANT!

The carpet itself is a product warranted by the manufacturer. This Limited Warranty covers installation only.

3.C. CERAMIC AND CLAY TILE

COVERED

1 year: Loose tile and tiles that are cracking as the result of any installation deficiency.

UNCOVERED

Chips, gouges, scratches, stains or discoloration must be reported during the walkthrough or such conditions will be presumed to have been caused by you and will only be covered by this *Limited Warranty* if you can establish otherwise.

Unequal grout joints.

Grout joint cracks. Hairline cracks will appear in grout joints, particularly where there are changes in the plane of the tile surface and where the tile abuts a backsplash, sink or wall.

Grout shade variations or discoloration.

Hollow tiles.

Isolated cracked tiles unless reported at the initial walk-through or such conditions will be presumed to have been caused by you and will only be covered by this Limited Warranty if you can establish otherwise.

HOMEOWNER MAINTENANCE REQUIREMENTS

Maintain caulking.

Repair grout cracking.

Follow the manufacturer's care and cleaning recommendations.

Do not use abrasives to clean the floor.

IMPORTANT!

Ceramic and clay tiles are easily cracked, chipped or broken by placing or dropping heavy objects on them.

3.D HARDWOOD AND LAMINATES

COVERED

1 year: Hardwood floors and laminates will be properly installed.

UNCOVERED

Wood flooring will expand and contract causing minor cupping and/or crowning. This is natural due to changes in humidity and unavoidable with wood floor products.

Gouges, scratches, abrasions, stains or discoloration must be reported during the walkthrough or such conditions will be presumed to have been caused by you and will only be covered by this *Limited Warranty* if you can establish otherwise.

Color variation between wood boards is natural. Floor boards will vary.

HOMEOWNER MAINTENANCE REQUIREMENTS

Promptly clean spills and do not allow floor to remain wet for any perceptible length of time. Moisture will cause the boards to swell and become uneven.

Clean floor only with products recommended by the manufacturer.

Do not clean floor with detergent.

Follow manufacturer's care and maintenance recommendations.

IMPORTANT!

The hardwood floor itself is a product warranted by the manufacturer. This Limited Warranty covers installation only.

New wood floors should not be subjected to extreme variations in temperature or humidity (this can cause gaps between boards due to shrinkage).

Direct sunlight will cause floor boards to become darker.

3.E. GRANITE, MARBLE AND STONE

COVERED

1 year: Natural stone is susceptible to cracking. Cracks in excess of 1/32 inch that are caused by improper installation are covered.

UNCOVERED

Variations in texture or color.

Chips, gouges, scratches, abrasions, stains or discoloration must be reported during the walkthrough or such conditions will be presumed to have been caused by you and will only be covered by this *Limited Warranty* if you can establish otherwise.

Unequal grout joints. (Grout joints are determined at the time of installation and are governed by the actual size and shape of the material and the dimensions of the floor. Layouts will vary).

Grout joint cracks. Hairline cracks will appear in grout joints.

Grout shade variations or discoloration.

HOMEOWNER MAINTENANCE REQUIREMENTS

Follow the manufacturer's care and cleaning recommendations.

Do not use abrasives to clean the floor.

Marble, granite and stone contain numerous pits and voids. The pits and voids may be filled with a clear epoxy filler or a colored filler.

Maintain caulking.

Repair grout cracking (especially at backsplash and sink openings).

IMPORTANT!

Granite, marble and other stone (i.e. slate, limestone and travertine) are natural products and therefore subject to variation in appearance (i.e. color, veining, surface variations, texture, shading, markings, pattern, etc.).

Natural stone is susceptible to staining and etching by household products and cleansers containing ammonia.

Do not place heavy objects on the flooring surface.

Avoid dropping objects on the flooring surface.

3.F. VINYL

COVERED

1 year: Joints separated by more than 1/32 inch that are caused by improper installation.

1 year: Delamination due to an adhesive application problem or another installation deficiency.

UNCOVERED

Gouges, scratches, stains or discoloration must be reported during the walkthrough or such conditions will be presumed to have been caused by you and will only be covered by this *Limited Warranty* if you can establish otherwise.

HOMEOWNER MAINTENANCE REQUIREMENTS

Follow the manufacturer's care and cleaning recommendations.

Do not use abrasives to clean the floor.

Maintain caulking.

IMPORTANT!

Promptly clean up any spills. Do not allow liquids to remain on vinyl flooring for any extended period of time. Vinyl flooring is not waterproof.

Do not allow chemicals or any products that stain to come in contact with the floor.

4. MIRRORS

COVERED

1 year: Mirrors should not become loose or lose adherence to the wall surface.

UNCOVERED

Scratches, chips, peeling, flaking, discoloration or other damage or imperfections to mirrors must be identified at time of walk-through or such conditions will be presumed to have been caused by you and will only be covered by this *Limited Warranty* if you can establish otherwise.

HOMEOWNER MAINTENANCE REQUIREMENTS

Follow manufacturer's recommendations regarding care and maintenance.

IMPORTANT!

Do not allow cleaners to get into the track.

Ammonia and vinegar cleaners may damage the metallic backing of the mirror.

5. INTERIOR PAINT FINISHES

COVERED

One Year: Interior paint is covered against flaking and peeling.

One Year: Paint should cover all intended surfaces – "holidays" (light or inadequately covered surfaces) should not exist and are covered.

UNCOVERED

Any aesthetic issue with paint (color, evenness of color, brush marks, lap marks, blotchy, etc.) must be reported on original walkthrough or such conditions will be presumed to have been caused by you and will only be covered by this *Limited Warranty* if you can establish otherwise.

Paint will fade with time and sun exposure. Fading is not covered.

Caulking will deteriorate, shrink and crack over time and is normal. Cracks in caulking are therefore not covered and are a homeowner maintenance responsibility.

HOMEOWNER MAINTENANCE REQUIREMENTS

Buyer must maintain painted surfaces and keep the surfaces clean and free of debris.

Caulking must be regularly maintained by Buyer.

Buyer must inspect painted surfaces periodically and touch up or repaint as needed and prior to deterioration.

IMPORTANT!

In the event of touch up painting, the sheen/luster/finish will vary. Seller cannot guarantee an exact match for paint.

Follow the manufacturers guidelines and directions regarding painting.

6. EXTERIOR PAINT AND TRIM

COVERED

One year: Exterior paint is covered against flaking and peeling.

One year: Paint should cover all intended surfaces – “holidays” (light or inadequately covered surfaces) should not exist and are covered.

One year: The paint on your home will not show rust from nails or stucco wire.

UNCOVERED

Any aesthetic issue with paint (color, evenness of color, brush marks, lap marks, blotchy, etc.) must be reported on original walkthrough or such conditions will be presumed to have been caused by you and will only be covered by this *Limited Warranty* if you can establish otherwise.

Color variations due to faded or chalky paints considered normal because paint will fade with time and exposure to sun and weather.

Efflorescence is a natural condition and is considered normal.

Mildew or mold on the exterior surface of paint.

HOMEOWNER MAINTENANCE REQUIREMENTS

Inspect all exterior painted surfaces every 6 months to ensure they have clear airspace around them to ensure air circulation and prevent mold/mildew and deterioration.

Once every year, inspect and repaint as necessary to ensure that any weather, sun or other damage to the paint is immediately repaired.

Repaint all trim and wood surfaces that are exposed to direct sun every 2-3 years, depending on sun exposure and color of paint.

Repaint stucco every 5-7 years depending on the color of the paint and the sun exposure.

Repaint trim or other wood surfaces that are NOT exposed to direct sun every 3-4 years, depending on color of the paint and the sun exposure.

IMPORTANT!

Do not paint your trim a darker color, as this will exacerbate sun damage.

Follow all manufacturers guidelines and directions regarding painting.

WALLS (interior)

COVERED

One year: Interior drywall is covered against cracks greater than 1/16-Inch in width.

One year: Nail pops that are visible under natural light conditions from a distance of 6 feet are covered.

One year: Corner beads and tape seams that crack or pull away and are visible under natural light conditions from a distance of 6 feet away are covered.

UNCOVERED

Hairline cracks will appear due to normal shrinkage and settlement and are NOT covered. Common places for cracks to appear are at the heads of windows and where walls and ceiling planes intersect.

Variations in texture are normal and expected and not covered.

Drywall surfaces have variations due to the nature of the material and the installation (joint compounds, tapes, components behind the drywall etc.) Areas of unevenness (such as humps, dips, crowns and bows) will be visible from various angles or in certain light. This is considered normal and is not covered. Garages and utility areas that are drywall and textured.

HOMEOWNER MAINTENANCE REQUIREMENTS

Repair drywall cracks not otherwise covered.

IMPORTANT!

VARIATIONS ARE NORMAL: Wall and ceiling texturing is an art and not a science. Irregularities are expected and will become more prominent under artificial light sources which cast shadows.

COLOR VARIATIONS EXPECTED: In the event of touch up or other repairs, the texture/finish will vary. Seller cannot guarantee an exact match.

WALLS (exterior)

8.A SIDING

COVERED

One year: Your exterior siding will not contain significant cracks or separations that impair the functioning of the siding.

UNCOVERED

Damage resulting from landscape irrigation and/or improperly directed sprinkler heads.

Nail pops in siding.

Paint – except as covered above under paint.

Any damage resulting from failure to maintain in the paint as required under Section 6, “Exterior Paint and Trim”.

Any damage resulting from failure to properly maintain caulking or perform any other required maintenance.

Damage within the wall cavity or to the siding or paper caused by excessive moisture in the interior of the home.

HOMEOWNER MAINTENANCE REQUIREMENTS

Repair nail pops but do not overdrive nail.

Each fall, inspect and repair or replace as necessary any and all caulking, especially at the trim to siding, and at butt joints in the siding.

Perform all maintenance required under Section 6, Exterior Paint and Trim”.

Keep irrigation from contacting siding and keep landscaping trimmed back from siding to allow sufficient air circulation.

Avoid excessive moisture or humidity in the home.

IMPORTANT!

Do not install landscaping or hardscape too close to the bottom of siding. Maintain clearance from the bottom of the siding to pavement (2 inches) or earth (6 inches).

Do not fasten anything to the side of your home, including window boxes, trellises, or awnings.

8.B. STUCCO

COVERED

One year: The stucco on your exterior walls will not contain significant cracks or separations (in excess of 1/8 inch wide and 1/2 inch deep).

UNCOVERED

Hairline cracks (1/8 inch or less wide and or greater than 1/2 inch deep) due to expansion and settlement of the home which is a normal condition caused by movement in soil as well as drying and compaction of the wooden structure of the home.

Water that passes through the stucco and drains from the wall without materially damaging other component of the home. Stucco is not waterproof and water is expected to pass through stucco and drain down the wall on the building paper and out of the building assembly through the weep screed.

Water that enters the home through stucco because of lack of proper maintenance of the paint or stucco. Damage within the wall cavity or to the stucco or paper caused by excessive moisture in the interior of the home.

HOMEOWNER MAINTENANCE REQUIREMENTS

Each Fall, repair, with caulk and paint, all stucco cracks.

Perform all maintenance required by Section 6, "Exterior Paint and Trim."

IMPORTANT!

Avoid excessive moisture or humidity in your home.

Ensure that the weep screed is not blocked in any way. Do not install landscaping or hardscape so as to block drainage from the weep screed. Maintain clearance from the bottom of the stucco to pavement (2 inches) or earth (6 inches).

Do not fasten anything to the side of your home, including window boxes, trellises, or awnings.

TRIM AND ARCHITECTURAL DETAILS

COVERED

One year: The pot shelves, horizontal surfaces, columns, trim, plant-ons and architectural details on your home will not contain significant cracks or separations (in excess of 1/4 inch wide and 1/2 inch deep).

UNCOVERED

Hairline cracks due to expansion and settlement of the home which is a normal condition caused by movement in soil as well as drying and compaction of the wooden structure of the home.

Water that passes through or around the trim or architectural detail and drains from the wall without materially damaging other component of the home. Stucco is not waterproof and water is expected to pass through stucco and drain down the wall on the building paper and out of the building assembly through the weep screed.

Water that enters the home through the trim or architectural details because of lack of proper maintenance of the trim or architectural details.

Damage within the wall cavity or to the siding by excessive moisture in the interior of the home.

HOMEOWNER MAINTENANCE REQUIREMENTS

Each year inspect and recaulk as necessary all trim and architectural details, particularly where the trim or details intersect the stucco walls or siding.

Perform all maintenance required by Section 8, Stucco or Siding, as applicable.

Keep the area around the weep screed free and clear of debris, landscaping, hardscape and other matter.

Do not allow debris of any kind to collect on or around architectural details.

Maintain exterior paint as required under Section 6, Exterior Paint and Trim.

ADDENDUM

CONTINGENT SALE

COMMUNITY: _____	BUYER: _____
PROPERTY:	
Street Address: _____, City: _____, California ZIP: _____	
Lot: _____ Tract No.: _____ Plan: _____ Elevation: _____	SETS No: _____

This is an addendum (“*Addendum*”) to the Purchase Agreement and Escrow instructions (“*Agreement*”) dated between **K. Hovnanian Forecast Homes, Inc., a California corporation**, as “*Seller*,” and the undersigned, as “*Buyer*”, concerning the property described above (“*Property*”). This Addendum modifies the Agreement as set forth below. All capitalized terms used below shall have the same meaning given them in the Agreement unless otherwise defined in this Addendum.

This Addendum evidences the fact that Buyer must sell property, currently owned by Buyer (“*Buyer’s Property*”) in order to obtain the Closing Funds required for the purchase of the Property from Seller. Buyer acknowledges and agrees that Seller would not agree to this contingency on the purchase of the Property unless certain requirements were imposed upon Buyer and Buyer complied with these requirements in a timely and good faith manner. As a material inducement to Seller to enter into the Agreement with Buyer. Buyer shall fully perform all of the following:

1. REQUIRED INFORMATION

a. Prior to or concurrent with the execution of the Agreement, Buyer shall provide the following information for Seller’s approval, which approval may be granted or withheld in Seller’s sole discretion. In the event of Seller’s disapproval, Seller shall so inform Buyer and, if executed, the Agreement shall be immediately cancelled:

I) A fully extended exclusive authorization and right to sell the Buyer’s Property (“*Contract*”), having among other terms a minimum term of thirty (30) calendar days from Buyer’s execution of the Agreement (“*Term*”) with a reputable California licensed real estate broker (“*Broker*”) having an office in the general vicinity of the Buyer’s Property.

II) The Listing Price of the Buyer’s Property shall be fully and reasonably supported by the Competitive Market Analysis (“*CMA*”) and shall be within two percent (2%) of the suggested selling price, as indicated in the CMA or other market evaluation provided by the Designated Contingency Broker or Salesperson, defined below;

III) A CMA prepared by the Broker or some other Seller-approved entity, that is accompanied by a written statement from the Broker that the listing price is a price at which the Buyer’s Property should sell within the time frame required by the Seller in accordance with the guidelines provided in the following table:

Stage of Property Construction**	Stage 0	1	2	3	4	5	6	7	8	9	10	11	12 or more
Listing Price of Buyer’s Property Should produce a sale within this # of days	30	21	21	21	15	15	7	0-No Contingent Sales	0-No Contingent Sales	0-No Contingent Sales	0-No Contingent Sales	0-No Contingent Sales	0-No Contingent Sales

**Stages of Property construction: 1. Footing poured; 2. Slab poured; 3. Set trusses; 4. Finish framing; 5. Second inspection; 6. Drywall hung; 7. Drywall textured; 8. Interior trim/paint; 9. Cabinets and counters; 10. Trim complete; 11. Flooring and Landscaping; 12. 100% complete.

iv) A written overall Plan of Action, prepared by the Broker, on a weekly basis, detailing the proposed marketing plan for Buyer’s Property (“*Plan*”) over the term of the Contract. The Plan must include no less than Buyer’s Property’s inclusion in the multiple listing service, on-site “for sale” sign, timely office and area/community caravans, at least twice a month advertising in a major city-wide newspaper having a daily circulation, distribution of a color photo brochure, at least one weekend open house per month during the Term and such other effective marketing techniques as may be recommended by the Broker.

b.) Buyer shall, at all times, comply with the requirement that on-going information and current information be provided to Seller in a timely and continuous manner in accordance with the terms of the Plan. Said information shall include, by way of example, but not limitation, the following:

- I) Written weekly sales updates on sales and closing activity in area of Buyer’s Property (new listings, pending sales and contingent sales, closings, comparables, etc.);
- II) Copies of any offers, counteroffers or other correspondence between Buyer and any prospective purchasers (“*Purchaser*”) of Buyer’s Property; and
- III) Copies of all marketing material and ads.

2. DESIGNATE CONTINGENCY BROKERS. Brokers that are pre-approved by the Seller (“*Designated Contingency Brokers*”) have been determined by Seller to have a Plan what is acceptable to Seller. The Designated Contingency Brokers are familiar with the Seller’s Community and with Seller’s requirements and limitations for contingency sales. The Seller encourages Buyer to consider utilizing the services of a Designated Contingency Broker.

a. As of the date of execution of the Addendum, the Designated Contingency Brokers are: any Broker or licensed real estate salesperson (“*Salesperson*”) affiliated with or associated with Real Property Marketing (“*RPM*”);

Buyer Initials____/____ Seller’s Initials ____/____

- b. If Buyer elects to utilize the services of an RPM Broker or Salesperson, or any other Designated Contingency Broker, the Designated Contingency Broker will provide all the required information outlined in Section 1 above, directly to Seller and Buyer shall be relieved of the direct responsibility for providing it.
3. **OUTSIDE BROKER.** Notwithstanding the foregoing, Buyer may elect to sign a Contract with a Broker of Buyer's choice other than an RPM Broker ("**Outside Broker**"). In such even, Buyer and Outside Broker shall perform and provide all of the following in a timely and professional manner:
- a. All of the required Information in Section 1, above, to the Seller for its review prior to execution of the Agreement by Buyer.
 - b. Written weekly sales updates to the Seller for its review.
 - c. Communicate no less frequently than weekly, or as otherwise requested by Seller, with Seller or Seller's sales representative to update Seller on the progress of the sale of Buyer's Property. Specifically, Buyer grants Seller and Seller's sales representatives permission to discuss with and obtain from the Designated Contingency Broker, Outside Broker, escrow company and lender, details concerning the process of sale of Buyer's Property, including without limitation, terms, conditions, price, mortgage loan status and projected closing dates. Buyer is obligated and agrees to advise these parties of Seller's rights hereunder and shall cause them to comply with the duty to communicate with Seller as often as deemed necessary by Seller.
4. **SALE OF BUYER'S PROPERTY/ESCROW/PERIOD OF EXCLUSIVITY.** An escrow with a licensed escrow company must be opened (with both Purchaser's and Buyer's signatures) for the sale of the Buyer's Property with a ready, willing and able Purchaser within _____ calendar days from the execution of this Addendum by Buyer. Buyer shall furnish Seller with certified copies of escrow instructions for the sale of Buyer's Property and shall execute a Waiver of Contingent Sale Addendum no less than three (3) business days after the escrow is opened for the sale of Buyer's Property. The period of time inserted in the blank within this paragraph shall be in accordance with the guidelines in the following table in the event of the use of an RPM Broker. In the event Buyer executes a contract for sale of Buyer's Property with an Outside Broker, the period inserted into the above blank shall be zero (0).

Stage of Property	Prior to Start	1	2	3	4	5	6	7	8	9	10	11	12 or more
Period of Exclusivity in Days	45	30	30	30	21	15	15	0-No Contingent Sales	0-No Contingent Sales	0-No Contingent Sales	0-No Contingent Sales	0-No Contingent Sales	0-No Contingent Sales

5. **NON-CONTINGENT SALE.** The Buyer's Property may not be sold to a Purchaser contingent upon the sale of the Purchaser's property. In the event Buyer accepts a contingent offer for the sale of the Buyer's Property, Seller, in its sole discretion, may elect to cancel this Addendum and the Agreement, without prior notice. If Seller so acts, Seller shall notice escrow, and escrow shall prepare cancellation instructions and both Buyer and Seller agree to immediately execute same.
6. **CLOSE OF ESCROW OF BUYER'S PROPERTY.** The escrow described in Section 4 must close on the earlier of thirty (30) calendar days from the opening of said escrow, or on a date which is at least five (5) business days prior to the Estimated Closing Date in the Agreement. In order to accommodate Seller's requirements for "end of the month" closings, the escrow must close at least five (5) business days prior to the end of any month.
7. **EXPIRATION OF CONTINGENCY ADDENDUM.** At the expiration of any of the time periods in Section 4 and 6, above, if Buyer has not unconditionally and completely removed the contingency of the sale of the Buyer's Property and provided evidence to Seller that Buyer is ready, willing and able to close escrow on the purchase of the Property in the time that is contemplated by the Agreement, then Seller may, in its sole discretion elect to cancel this Addendum and the Agreement. If Seller so acts, Seller shall notify escrow, and escrow shall prepare cancellation instructions, and both Buyer and Seller agree to immediately execute same.
8. **EXTENSION OF CONTINGENCY ADDENDUM.** If, at the expiration of any of the time periods in Section 4 and 6, above, Seller elects not to cancel the escrow, then this Addendum shall continue in effect for a period ("Extension Period") until canceled by either Buyer or Seller. During this Extension Period, should it occur, either Buyer or Seller may cancel the Agreement and this Addendum without cause upon at least 72-hour's advance written or verbal notice to the other party. Any verbal notice must be followed by transmittal of a similar written notice no later than 24 hours thereafter. Once a written notice of cancellation is delivered to Buyer or Escrow, Seller shall be under no obligation to accept a waiver of this Addendum.
9. **CONTINUED OFFERING.** Seller shall have the right to continue to offer the Property for sale to other prospective buyers and to receive offers to purchase the Property, subject to the rights of Buyer contained herein and under the Agreement.
10. **DISPOSITION OF DEPOSIT.** In the event the Agreement and this Addendum are canceled by either Buyer or Seller, Buyer's deposit, less reasonable cancellation charges, shall be returned to Buyer in accordance with Escrow's cancellation instructions.
11. **PROPERTY IN ESCROW.** In the event the Buyer's Property is in escrow and the closing of that escrow is pending, Buyer or Buyer's agent shall provide Seller with certified copies of escrow instructions for the sale of the Buyer's Property along with such other information as Seller may reasonably request to ensure the authenticity of the sale and monitor the status of the sale.
12. **SELLER-BROKER RELATIONSHIP.** Sell K. Hovnanian Forecast Homes, Inc., is a California licensed real estate broker and may be paid a referral fee by either the Designated Contingency Broker or an Outside Broker for referring Buyer to such Broker for the sale of Buyer's Property. Seller makes no representation or warranty, either express or implied, as to the actual quality of the specific brokerage services that may be provided to Buyer by any Designated Contingency Broker or Outside Broker.

Buyer Initials ___/___ Seller's Initials ___/___

The undersigned acknowledge that they have read, understand and agree to be bound by each and all of the conditions contained in this Addendum. This Addendum shall not be binding on Seller unless and until signed by an authorized officer of K. Hovnanian Forecast Homes, Inc.

BUYER(S):

Date

Date

Date

SELLER:

**K. HOVNANIAN FORECAST HOMES, INC.,
a California corporation**

By: _____

Date

CONTINGENT PROPERTY ADDRESS:	Listing Broker: _____ Agent: _____ Address: _____ _____ Phone _____ Fax : _____ Pager: _____ Cell: _____ Email: _____
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Buyer Initials ___/___ Seller's Initials ___/___

ADDENDUM

WAIVER OF CONTINGENT SALE

COMMUNITY: _____	BUYER: _____
PROPERTY:	
Street Address: _____, City: _____, California ZIP: _____	
Lot: _____ Tract No.: _____ Plan: _____ Elevation: _____	SETS No: _____

This is an addendum (the "**Addendum**") to the Purchase Agreement and Escrow Instructions ("**Agreement**") dated _____, between **K.Hovnanian Forecast® Homes, Inc., a California corporation**, as "**Seller**", and the undersigned, as "**Buyer**," concerning the property described above ("**Property**"). This addendum modifies the Agreement as set forth below. All capitalized terms used below shall have the same meaning given then in the Agreement unless otherwise defined in the Addendum.

By Buyer's execution of this Addendum, Buyer acknowledges (1) that funds to close this Escrow will be, in whole or in part, derived from the proceeds Buyer will realize from the sale of Buyer's Property, (2) That Buyer's Property is sold and in escrow with _____; (3) that they Buyer's Property escrow is scheduled to close on or _____; (4) that the Buyer's Property escrow may not close and would then fail to provide Buyer with the proceeds necessary to close the Escrow; and (5) that regardless of the Buyer's Property escrow closing, and with the Buyer's understanding of the consequences associated with the Buyer's Property's escrow not being consummated, Buyer nevertheless waives and removes the contingency states in the Contingent Sale Addendum previously executed by Buyer and Seller on _____.

The undersigned acknowledge that they have read, understand and agree to be bound by each and all of the conditions contained in this Addendum. This Addendum shall not be binding on Seller unless and until signed by an authorized officer of K. Hovnanian Forecast Homes, Inc.

Buyer(s):	Seller:
_____	K. HOVNANIAN FORECAST HOMES, INC.,
Date	a California corporation
_____	By: _____
Date	Date
_____	Its: _____
Date	

THIS SECTION TO BE COMPLETED BY SALESPERSON AND BUYER AT TIME OF EXECUTION BY BUYER

CONTINGENT PROPERTY ADDRESS: Listing Broker: Address: _____ Phone: _____ Fax: _____ Pager: _____ Cell: _____ Loan Officer: _____ Lender: Address: _____ _____ Phone: _____ Fax: _____ Pager: _____ Cell: _____	Date Sold: Selling Broker: Address: _____ _____ Phone: _____ Fax: _____ Pager: _____ Cell: _____ Contingent Buyer Source of Funds: _____ Fund Verified: _____ Type of Sale: p CASH p CONV p FHA p VA p Other: _____	Est. COE: Escrow No. Escrow Officer: Address: _____ _____ Phone: _____ Fax: _____ Pager: _____ Cell: _____
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NOTES:

ADDENDUM

SOURCE OF CLOSING FUNDS
(Non-Contingent Buyer)

COMMUNITY: _____	BUYER: _____
PROPERTY:	
Street Address: _____, City: _____, _____ ZIP: _____	
Lot: _____ Tract No.: _____ Plan: _____ Elevation: _____ SETS No: _____	

This is an addendum (the "**Addendum**") to the Purchase Agreement and Escrow Instructions ("**Agreement**") dated _____, between _____, as "**Seller**," and the undersigned, as "**Buyer**," concerning the property described above ("**Property**"). This Addendum modifies the Agreement as set forth below. All capitalized terms used below shall have the same meaning given them in the Agreement unless otherwise defined in this Addendum.

As a material inducement for Seller to sell the above referenced Lot to Buyer, Buyer affirmatively states that:

- Funds needed to close this purchase will be derived from verifiable savings or other liquid asset sources as noted here:**

Buyer states that the source and amount of funds is:

	Name of Bank or Depository	Account No.	Amount	Address	Phone Number	Contact Person
Source #1						
Source #2						
Source #3						
Source #4						

- The close of this purchase is NOT contingent on the sale of Buyer's Property:**

Buyer understands and agrees that in the event any circumstances change or the source of funds is no longer feasible or available, or that Buyer's purchase becomes contingent on the sale of Buyer other real or personal property, then in such event, Seller shall have the right but not the obligation, in its sole discretion, to cancel the Agreement and the Escrow and sell the Property to one or more third parties not now known. In the event Seller exercises this right, then Buyer agrees, upon demand, to do any and all things Seller or Escrow Holder may deem necessary to perfect the cancellation of Escrow and termination of the Agreement, including without limitation, immediately signing cancellation instructions. Once Buyer signs this Addendum and Seller later decides to terminate the Agreement, Seller shall automatically be relieved of its obligation to sell the Property to Buyer and Buyer's only recourse against Seller shall be the return of Buyer's deposits now being held by Escrow Holder.

Other terms and conditions:

The undersigned acknowledge that they have read, understand and agree to be bound by each and all of the conditions contained in this Addendum. This Addendum shall not be binding on Seller unless and until signed by an authorized officer of _____.

BUYER(S):

SELLER:

Date

Date

Date

By: _____
Date

Its: _____
Date

THE RIGHT TO REPAIR LAW

CIVIL CODE OF CALIFORNIA
DIVISION 2, PART 2, TITLE 7
**REQUIREMENTS FOR ACTIONS
FOR CONSTRUCTION DEFECTS**

CHAPTER 1. DEFINITIONS

§ 895 (a) “Structure” means any residential dwelling, other building ,or improvement located upon a lot or within a common area.

(b) “Designed moisture barrier” means an installed moisture barrier specified in the plans and specifications, contract documents, or manufacturer’s recommendations.

(c) “Actual moisture barrier” means any component or material, actually installed, that serves to any degree as a barrier against moisture, whether or not intended as such.

(d) “Unintended water” means water that passes beyond, around, or through a component or the material that is designed to prevent that passage.

(e) “Close of escrow” means the date of the close of escrow between the builder and the original homeowner. With respect to claims by an association, as defined in subdivision (a) of Section 1351, “close of escrow” means the date of substantial completion as defined in Section 337.15 of the Code of Civil Procedure, or the date the builder relinquishes control over the association’s ability to decide whether to initiate a claim under this title, whichever is later.

(f) “Claimant“ or “homeowner” includes the individual owners of single-family homes, individual unit owners of attached dwellings and, in the case of a common interest development, any association as defined in subdivision (a) of Section 1351.

CHAPTER 2. ACTIONABLE DEFECTS

§ 896. In any action seeking recovery of damages arising out of, or related to deficiencies in, the residential construction, design, specifications, surveying, planning, supervision, testing , or observation of construction, a builder, and to the extent set forth in Chapter 4 (commencing with Section 910), a general contractor, subcontractor, material supplier, individual product manufacturer, or design professional, shall, except as specifically set forth in this title, be liable for, and the claimant’s claims or causes of action shall be limited to violation of, the following standards, except as specifically set forth in this title. This title applies to original construction intended to be sold as an individual dwelling unit. As to condominium conversions, this title does not apply to or does not supersede any other statutory or common law.

(a) With respect to water issues:

(1) A door shall not allow unintended water to pass beyond, around, or through the door or its designed or actual moisture barriers, if any.

BUYER DATE

BUYER DATE

BUYER DATE

BUYER DATE

PERFORMANCE STANDARDS

APPLICABLE TO YEAR ONE OF THE HOMEOWNERS LIMITED WARRANTY PERIOD

[This Edition Effective: September 1, 2002]

The **PERFORMANCE STANDARDS** listed in the following pages are intended to provide **YOU** with an understanding of **OUR** obligation for the correction of **CONSTRUCTION DEFECTS** under the **HOME BUILDER'S LIMITED WARRANTY**. Please note that the **PERFORMANCE STANDARDS** listed here are applicable only to the first year of **YOUR HOME'S WARRANTY PERIOD**. Following the end of the first year of your **HOME'S WARRANTY PERIOD**, WE will utilize the other factors contained in Section III (Our Coverage Obligation) of the **HOME BUILDER'S LIMITED WARRANTY** to determine whether a **CONSTRUCTION DEFECT** exists at **YOUR HOME**.

“WE”, “US”, and “OUR” refer to the **BUILDER** and **“YOU”** and **“YOUR”** refer to the **HOMEOWNER**.

Type of Material Or area of HOME	Specific item or work	DEFICIENCY or Condition	Applies To:	Builder responsibility	Your Responsibility
A. Site Work	1. Site Grading	a. settling of ground around foundation, utility trenches or other filled areas does not allow water to drain away from Home.	Year 1	WE will fill excessively settled areas (i.e., areas which settle more than 6- inches after original construction) which affect the proper drainage, and any landscaping originally installed by US which is damaged in the course of those repairs.	Remove and replace shrubs, sod or other landscaping originally installed by someone other than US and which has been affected by the placement of the fill.

I/We have received a copy of this document: _____
Buyers Signature Date

Buyer's Signature Date

DATA BASE DISCLOSURE
(MEGAN'S LAW)

COMMUNITY: _____	BUYER: _____
PROPERTY:	
Street Address: _____, City: _____, California ZIP: _____	
Lot: _____ Tract No.: _____ Plan: _____ Elevation: _____	SETS No: _____

Pursuant to California Civil Code Section 207910a, K. Hovnanian Forecast Homes, Inc. hereby provides the following notice regarding the data base maintained by law enforcement authorities with the locations of registered sex offenders:

Notice: The California Department of Justice, sheriffs departments, police departments serving jurisdictions of 200,000 or more and many other local law enforcement authorities maintain for public access a data base of the locations of persons required to register pursuant to paragraph (1) of subdivision (a) of Section 290.4 of the Penal Code. The data base is updated on a quarterly basis and a source of information about the presence of these individuals in any neighborhood. The Department of Justice also maintains a Sex Offender Identification Line through which inquiries about individuals may be made. This is a "900" telephone service. Callers must have specific information about individuals they are checking. Information regarding neighborhoods is not available through the "900" telephone service. For more information, please go to the website: <http://www.meganslaw.ca.gov>.

Date: _____

Buyer's Signature

Buyer's Signature

Buyer's Signature

Buyer's Signature

ADDENDUM
DISCLOSURE REGARDING SUPPLEMENTAL PROPERTY TAX BILL

COMMUNITY: _____	BUYER: _____
PROPERTY:	
Street Address: _____, City: _____, _____ ZIP: _____	
Lot: _____ Tract No.: _____ Plan: _____ Elevation: _____ SETS No: _____	

This is an addendum (the "**Addendum**") to the Purchase Agreement and Escrow Instructions ("**Agreement**") dated _____, between _____, as "**Seller**," and the undersigned, as "**Buyer**," concerning the property described above ("**Property**"). This Addendum is incorporated into the Agreement and made an integral part thereof as if it were fully set forth in the Agreement. All capitalized terms used below shall have the same meaning given them in the Agreement unless otherwise defined in this Addendum.

The purpose of this Addendum is to explain and to set forth certain disclosures required pursuant to California Civil Code Section 1102.6c regarding supplemental property tax bills.

The annual property tax bill may not necessarily reflect all the tax you may owe for the Property. There is also a 'supplemental' property tax, which is imposed on the difference between the property value and taxes the seller paid, and the likely greater value and taxes that you will have to pay. Please also note that even if your taxes are impounded as part of your mortgage payment, that portion which represents the 'supplemental property tax' will usually not be impounded as part of the loan payment and therefore, you will have to pay it separately.

Therefore, pursuant to California Civil Code Section 1102.6c, you are hereby notified as follows:

NOTICE OF YOUR 'SUPPLEMENTAL' PROPERTY TAX BILL

California property tax law requires the Assessor to revalue real property at the time the ownership of the property changes. Because of this law, you may receive one or two supplemental tax bills, depending on when your loan closes.

The supplemental tax bills are not mailed to your lender. If you have arranged for your property tax payments to be paid through an impound account, the supplemental tax bills will not be paid by your lender. It is your responsibility to pay these supplemental bills directly to the Tax Collector.

If you have any question concerning this matter, please call your local Tax Collector's Office.

The undersigned acknowledge that they have read and understand the disclosures contained in this Addendum. By signing below Buyer also acknowledges receipt of a copy of this Addendum.

BUYER(S):

SELLER:

Buyer _____ Date

By: _____
Date

Buyer _____ Date

Its: _____

OCCUPANCY POLICY STATEMENT AND AGREEMENT

Seller desires to sell only to buyers who will occupy the purchased home to create an established community of owner-occupied homes. Seller is aware that homebuyers and homeowners prefer owner-occupied communities and as such, owner-occupied communities provide a better environment to sell homes. Seller also believes that "For Sale" and "For Rent" signs are perceived negatively by prospective homebuyers and make it more difficult to sell homes. Therefore, Seller chooses to only sell homes to people who intend to occupy the home as their primary residence (their "**Residence**"), for a minimum of one year after the close of escrow.

Consistent with this policy, the undersigned homebuyer(s) ("**Buyer**") represents that Buyer intends to occupy the home (the "**Property**") which Buyer is acquiring from Seller in this community as Buyer's Residence for a minimum of one year after the close of escrow of the Property (the "**Occupancy Period**") and to hold title to the Property in fee simple during the Occupancy Period. Buyer agrees that the foregoing representation will be incorporated into an Addendum (the "**Addendum**") to the Purchase Agreement and Escrow Instructions (the "**Purchase Agreement**"). Further, Buyer acknowledges that the foregoing representation is a material inducement to Seller to sell the Property to Buyer in view of Seller's stated objective of avoiding the sale of homes to speculative purchasers.

Buyer understands and agrees that Buyer may not (except in the event of a Hardship Situation or Unrestricted Transfer as defined in the Addendum), take any of the following actions.

- A. Assign the Purchase Agreement to another person before close of escrow.**
- B. Advertise, list or otherwise offer the Property for sale or rent to others at a time or in a manner which would result in Buyer's failure or inability to occupy the Property for the full Occupancy Period.**
- C. Sell or rent the Property or enter an agreement to sell or rent the Property that would cause Buyer not to occupy the Property during the Occupancy Period.**

If Buyer breaches this Agreement or the Addendum, liquidated damages in the amount specified in the Addendum are a reasonable estimate of Seller's damages because Seller's actual damages would be extremely difficult and impractical to determine.

Seller's failure to enforce any of Seller's rights hereunder on any occasion is not a waiver of Seller's right to enforce these rights thereafter. Furthermore, it is within Seller's sole discretion whether and the extent to which Seller may elect to enforce its rights under any similar agreement Seller may have entered into with other buyers in this Community. Buyer is not a third party beneficiary of any such agreement between Seller and another buyer.

Buyer

Date: _____

Buyer

Date: _____

ADDENDUM _____
TO
PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS

OCCUPANCY AND RESALE AGREEMENT

This is an addendum (the "**Addendum**") to the Purchase Agreement and Escrow Instructions (the "**Agreement**") between K. HOVNANIAN FORECAST HOMES, INC., a California corporation ("**Seller**"), and the undersigned ("**Buyer**"), concerning the property described above (the "**Property**"). This Addendum modifies the Agreement as set forth below. All terms used as defined terms below shall have the same meaning as when used in the Agreement unless expressly stated otherwise in this Addendum.

Seller desires to sell only to buyers who will occupy the home as their primary residence (a "**Residence**"), in order to create an established community of owner-occupied homes. Seller is aware that both homebuyers and homeowners prefer owner-occupied communities and as such, owner-occupied communities provide a better environment to sell homes. Seller also believes that "For Sale" and "For Rent" signs are perceived negatively by prospective homebuyers and make it more difficult for seller to sell homes. Therefore, Seller chooses to sell homes only to people who intend to occupy the home as their Residence for a minimum of one year after the close of escrow. To induce Seller to agree to sell the Property to Buyer, Buyer represents and agrees as follows:

1. **Use as Principal Residence for One Year.** Buyer represents to Seller that (a) Buyer is purchasing the Property for use as Buyer's Residence, (b) Buyer will occupy the Property within thirty (30) days after the Close of Escrow, and (c) Buyer will not attempt to transfer Buyer's rights under the Agreement or enter into any agreement for the lease, sale or other transfer of the Property which would result in Buyer's failure to occupy the Property as Buyer's Residence, or to hold title thereto in fee simple, for a period of one year after the Close of Escrow of Buyer's purchase of the Property (the "Occupancy Period"). The provisions of this paragraph and the accuracy of the above representations constitute a covenant of Buyer and a condition precedent to Seller's performance under the Agreement.

2. **Transfer Before Close of Escrow.** Except for Hardship Situations as described in Paragraph 5 of this Addendum, or Unrestricted Transfers, as described in Paragraph 6 of this Addendum, any attempt by Buyer to assign Buyer's rights under the Agreement or to lease, sell or otherwise transfer the Property before the Close of Escrow will constitute (a) a material breach of the Agreement, entitling Seller, at its sole election, to immediately terminate the Agreement and retain Buyer's deposit as liquidated damages pursuant to Section 7 of the Agreement, and (b) the failure of a condition precedent to Seller's obligation to sell the Property to Buyer. However, if Buyer's breach does not become known to Seller or Seller fails to terminate the Agreement until after Close of Escrow, then Seller will be limited solely to the remedy of Liquidated Damages described in Paragraph 3 and 4, below.

3. **Transfer After Close Of Escrow.** Except for Hardship situations as described in Paragraph 5 of this Addendum, or Unrestricted Transfers as described in Paragraph 6 of this Addendum, Buyer's transfer of title to the Property during the Occupancy Period constitutes a material breach of the Agreement as supplemented by this Addendum. Buyer and Seller agree that such a breach will entitle Seller to liquidated damages, equal to any appreciation of the Property, defined as the difference between (a) the actual market value of the Property at the time of Buyer's transfer thereof, less Buyer's customary costs of resale such as broker's commission, escrow fees and title costs, and (b) the purchase price paid by Buyer to Seller for the Property plus the actual cost of Buyer of any improvements made by Buyer to the Property, as can be documented to the reasonable satisfaction of the Seller. **Seller and Buyer agree that such liquidated damages are a reasonable measurement of Seller's damages in the case of such a breach given that Seller's actual damages would be extremely difficult and impractical to determine.**

_____ Buyer _____ Buyer

4. **Lease of Property After Close of Escrow.** Except for Hardship situations as described in Paragraph 5 of this Addendum, or Unrestricted Transfers as described in Paragraph 6 of this Addendum, Buyer's failure to make the Property Buyer's Residence during the Occupancy Period constitutes a material breach of the Agreement as supplemented by this Addendum. Buyer and Seller agree that such a breach will entitle Seller to liquidated damages, equal to the amount of net rent (actual rent minus any actual expenses attributable to the Property) received by Buyer from any renter during the Occupancy Period. Seller and Buyer agree that such liquidated damages are a reasonable measurement of Seller's damages in the case of such a breach given that Seller's actual damage would be extremely difficult and impractical to determine.

_____ Buyer _____ Buyer

5. **Hardship Situations.** The following events will be deemed to constitute "Hardship Situations" under which Buyer will be relieved of the obligations of this Addendum concerning limitations on the sale or lease of the Property.
 - a. The death of the Buyer (or any person who is a co-buyer if more than one);
 - b. The dissolution of marriage or legal separation of married Buyers;
 - c. A mandatory job transfer required by Buyer's employer (not including Buyer if Buyer is self-employed);
 - d. A medical or financial emergency, proof of which has been delivered to Seller and which Seller has approved within its reasonable discretion; and

- e. A situation which, in the reasonable judgment of Seller, constitutes a hardship consistent with the purpose of this Addendum.
6. **Unrestricted Transfers.** The following transfers are not in violation of the stated purpose of this Addendum and are not subject to the penalties of this Addendum as described in Paragraphs 3 and 4:
- a. A transfer between spouses or between parent and child;
 - b. A transfer resulting from a decree of dissolution of marriage or legal separation or from a property settlement agreement incident to such a decree;
 - c. A transfer into a revocable inter vivos trust in which Buyer is the beneficiary; and
 - d. A transfer, conveyance, pledge, or assignment of the Property to secure the performance of an obligation, which will be released or reconveyed upon the completion of the performance.
 - e. A transfer resulting from a foreclosure (by judicial foreclosure or trustee's sale) by the beneficiary of a first mortgage or a transfer in lien thereof.
7. **No Unreasonable Restraint.** The purpose of this Addendum is to comply with Seller's intention of sell homes only to persons who intend to occupy them as their Residences, to obtain a stabilized community of owner-occupied homes and to provide the type of community in which prospective buyers are most interested in purchasing a homes. Buyer agrees that the provisions and restrictions set forth in this Addendum do not constitute an unreasonable restraint upon alienation of the Property, and that the liquidated damages provisions in Paragraphs 3 and 4 are not a penalty or a forfeiture.
8. **Survival; Severability.** All of the covenants contained herein survive the delivery and recordation of the deed conveying the Property from Seller to Buyer. The provisions of this Addendum are independent and severable, and the determination of invalidity or partial invalidity or enforceability of any one provision or portion hereof will not affect the validity or enforceability of any other provisions of this Addendum or the Agreement.
9. **Subordination.** Buyer's violation of this Addendum will not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith and for value by Buyer. This Addendum shall be subordinate to the lien of any such first mortgage or deed of trust recorded concurrently with the deed conveying the Property to Buyer.
10. **Entire Agreement.** This Addendum contains the entire agreement between Buyer and Seller concerning the matters set forth herein. All prior discussions, negotiations and agreements, if any, whether oral or written, are superseded by these documents. No addition or modification of this Addendum will be effective unless set forth in writing and signed by Buyer and an authorized officer of Seller.
11. **Attorney's Fees.** In the event of controversy, claim or dispute relating to breach of the terms of this Addendum, the prevailing party will be entitled to recover from the losing party reasonable expenses, including attorney's fees, expert's fees and costs.
12. **No Waiver or Third Party Beneficiary.** Seller's failure to enforce any of Seller's rights under this Addendum on any occasion is not a waiver of Seller's right to enforce these rights thereafter. Furthermore, it is within Seller's sole discretion whether and the extent to which Seller may elect to enforce its rights under any similar agreement Seller may have with any other buyer in the Community. Buyer is not a third party beneficiary of any such agreement between Seller and another buyer.

Buyer acknowledges that Buyer has read and understands the provisions of this Addendum and has had the opportunity to consult legal counsel of Buyer's own choosing.

ACKNOWLEDGED AND AGREED BY BUYER ON:

BY SELLER ON:

_____ Date

_____ Date

_____ Buyer Signature

By: _____

_____ Buyer Signature

Public Report Special Note regarding Owner Occupancy Agreement

COMMUNITY: _____	BUYER: _____			
PROPERTY: Street Address: _____, City: _____, California ZIP: _____				
Lot: _____	Tract No.: _____	Plan: _____	Elevation: _____	SETS No: _____

Subdivider has indicated that it presently intends to sell all of the lots/units in this community subject to a Policy Statement and Occupancy Agreement (the "***Occupancy Agreement***"), a copy of which has been provided to the Department of Real Estate. Subdivider will require each purchaser of a lot/unit in this community to sign the Occupancy Agreement as well as an Addendum to the purchase contract incorporating the terms of the Occupancy Agreement. By signing the Occupancy Agreement, you are representing to the Subdivider among other things, that you intend to occupy the lot/unit as your principal residence for a minimum of one year after the close of escrow for your lot/unit. If you breach your representations under the Occupancy Agreement for any reason other than a hardship or unrestricted transfer situation as described in the addendum or as reasonably determined by the Subdivider in its sole discretion (e.g. a job transfer), the Subdivider may exercise certain rights and remedies against you which are set forth in the Occupancy Agreement. You should read the Occupancy Agreement carefully before signing it.

ACKNOWLEDGED AND AGREED BY BUYER:

_____	_____	_____	_____
Buyer Signature	Date	Buyer Signature	Date
_____	_____	_____	_____
Buyer Signature	Date	Buyer Signature	Date

K. Hovnanian Forecast Homes, Inc.

K.Hovnanian American Mortgage

BORROWERS AUTHORIZATION

BORROWER

CO-BORROWER

Name:

Name:

Address:

Address:

Home Phone:

Home Phone:

Work Phone:

Work Phone:

Pager:

Pager:

E-Mail:

E-Mail:

Fax:

Fax:

S.S.N.#: _____

S.S.N.#: _____

We, the Borrower(s) and Co-Borrower(s) hereby give our consent to have K. Hovnanian Forecast Homes, Inc. and/or K. Hovnanian American Mortgage, Inc., its secondary market investors or any credit reporting bureau which they may, in their sole and absolute discretion, designate (collectively, the Data Seekers) obtain any and all information concerning our individual and/or collective employment, checking and/or savings accounts, obligations, credit history and all other credit matters which they may require in connection with our application for a loan and any quality control review of such loan. We also authorize and instruct any lender with whom we have applied to release the loan application that we may have submitted to such lender(s), to K. Hovnanian American Mortgage or any of the agents or representatives that the Data Seekers may request. This form may be reproduced or photocopied and, if so copied, the copy shall be deemed to be as effective as the original which we have signed.

X _____
BORROWER Date

X _____
CO-BORROWER Date

X _____
BORROWER Date

X _____
CO-BORROWER Date

I hereby certify this to be true and correct copy of the original.

Company Name: _____

By: _____

Date: _____

INSURANCE QUOTE

BUYER

CO/BUYER

NAME

NAME

CURRENT ADDRESS

CURRENT ADDRESS

CITY ST ZIP

CITY ST ZIP

PHONE NO.

PHONE NO.

DATE OF BIRTH

DATE OF BIRTH

EMPLOYER

EMPLOYER

YEARS WITH PRESENT EMPLOYER

YEARS WITH PRESENT EMPLOYER

OCCUPATION

OCCUPATION

WORK PHONE

WORK PHONE

SUBDIVISION

LOT #

PLAN NO.

SQ.FT

SETS No

SALES PRICE

LOAN AMOUNT

NEW ADDRESS

CITY ST ZIP

SALES COUNSELOR

EST. CLOSE OF ESCROW

It is the buyers(s) responsibility to provide an insurance policy acceptable to the Lender and said Insurance policy shall be in the possession of Escrow prior to closing. I/we hereby authorize Inland Southern Insurance Services to issue a Homeowners quotation and/or Homeowners policy acceptable to the Buyer(s) and Lender in a timely manner as to not delay the close of Escrow. There is no obligation to purchase a Homeowners policy from Inland Southern Insurances Services by signing this form.

BUYER SIGNATURE _____

CO-BUYER SIGNATURE _____

DATE _____

DATE _____

Inland Southern Insurance Services
(800) 745-0320 FAX (909) 476-0449

**ADDENDUM
TO
PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS**

Accessibility Features Disclosure and Acknowledgement

COMMUNITY: _____	BUYER: _____
PROPERTY:	
Street Address: _____, City: _____, _____ ZIP: _____	
Lot: _____ Tract No.: _____ Plan: _____ Elevation: _____ SETS No: _____	

The undersigned (collectively, "**Buyer**") is entering into a Purchase Agreement and Escrow Instructions with K. HOVNANIAN FORECAST HOMES, INC., a California corporation, as **Seller**, for the purchase of the Property described above. This Disclosure and Acknowledgment, with its attachments, provides additional information to Buyer about the Property, in compliance with California law.

Accessibility Features Disclosure Law

In 2003 the California legislature approved Assembly Bill 1400 to enact California Health and Safety Code Section 17959.6 which requires builders of new for-sale homes to provide buyers with a list of accessibility features that would make the entrance, interior routes of travel, kitchen and bathrooms accessible to disabled persons. The California Department of Housing and Community Development ("**HCD**") has published a universal checklist of accessibility features ("**Accessibility Checklist**") that may be used by builders to meet this requirement.

The Accessibility Checklist is attached and has been completed by Seller to indicate which if any of the listed accessibility features are standard, optional or unavailable for the Subject Property. Seller is not required by Health and Safety Code Section 17959.6 to offer or install any particular feature on the Accessibility Checklist. Also, Seller and Buyer may agree in writing to features which differ from those described in the Accessibility Checklist. In addition to the Accessibility Checklist, a "*Summary of the New Home Universal Design Checklist (AB 1400)*" prepared by HCD is attached to this Disclosure and Acknowledgment to provide further information concerning compliance with Health and Safety Code Section 17959.6

Acknowledgment

Buyer acknowledges and agrees that (a) Buyer has read this Disclosure and Acknowledgment and has received a copy for Buyer's records, (b) Buyer is solely responsible to make certain that Buyer understands the information in this Disclosure and Acknowledgment and will take whatever steps are necessary, including without limitation, consulting an attorney, interpreter, engineer, or any other person whose advice or assistance may be necessary, to fully understand this information, (c) Seller and Seller's representatives have made no other representations or warranties regarding this information, and (d) Buyer has considered the possible effect of this information in Buyer's decision to purchase the Property.

BUYER(S):

Buyer Date

Buyer Date

- Attachments: • Summary of New Home Universal Design Checklist (AB 1400)
- New Home Universal Design Checklist

Community Lot SETS No
Buyer

Stage 1 Complete

1. Layout-trench
2. Set forms
3. Ground Plumbing
4. Install copper-rebar
5. Plumbing inspection
6. Pour footings

Stage 2 Complete

1. Grade-gravel
2. Sand-mesh-membrane
3. Saturation
4. Saturation inspection
5. City/VA inspection
6. Pour slab and garage
7. Strip form-rough grade

Stage 3 Complete

1. Snap and plate
2. Setal-1" floor walls
3. Complete first door frame
4. Plumb and line- truss layout
5. Sub-floor
6. Complete sub-floor
7. 2nd floor walls
8. Complete 2nd floor walls
9. Plumb and line walls-truss layout
10. Stand Trusses

Stage 4 Complete

1. Fascia and barges
2. Roof sheathing
3. Roof nailing-shear
4. Roof nailing and shear inspection
5. Install windows
6. Set exterior door and roof metal
7. Start lath-plumbing vents
8. Dry in roof- finish trim
9. Pick up-pull braces

Stage 5 Complete

1. Lath Complete
2. Top out plumbing-paint fascia
3. Complete plumbing-flat work
4. HVAC-rough-frame pick up
5. Complete HVAC rough-pick up
6. Rough electric
7. Complete rough electric- fill DWV
8. Frame-mech. inspection-passed

Stage 6 Complete

1. Insulate-exterior paint
2. Insulation inspection
3. Hang lids
4. Hang Walls
5. DW wall inspection

Stage 7 Complete

1. Spot Walls
2. 1st coat
3. 2nd coat
4. Skim coat
5. Touch up drywall
6. Texture
7. Sand-touch up

Stage 8 Complete

1. Interior trim
2. Complete trim-paint prep masonry
3. Interior paint
4. Interior paint complete

Stage 9 Complete

1. Install cabinets
2. Start ceramic tile
3. Complete tile
5. Install marble tops

Stage 10 Complete

1. Install vinyl
2. Plumbing HVAC trims
3. Electric trim
4. Complete trims
5. Trash Removal
6. Final Grade

Stage 11 Complete

1. Complete fence
2. Start landscape
3. Install Carpet
4. Hang door, hardware, detail
5. Mirrors>Showers doors
6. Final clean-screens, flatwork & garage
7. Paint touch up
8. Landscape complete

Stage 12 Complete

1. Super walk
2. Final Inspections
3. Punch touch up and clean
4. Quality Control from acceptance

Buyers Signature

Buyer Signature

Date

ADDENDUM

FLOORING AND OPTIONS ADDED TO LOAN

COMMUNITY: _____	BUYER: _____
PROPERTY:	
Street Address: _____, City: _____, _____ ZIP: _____	
Lot: _____ Tract No.: _____ Plan: _____ Elevation: _____ SETS No: _____	

This is an addendum (the "**Addendum**") to the Purchase Agreement and Escrow Instructions ("**Agreement**") dated _____ between _____, as "**Seller**," and the undersigned, as "**Buyer**," concerning the property described above ("**Property**"). This Addendum modifies the Agreement as set forth below. All capitalized terms used below shall have the same meaning given them in the Agreement unless otherwise defined in this Addendum.

Buyer has chosen to add the flooring and/or options listed below to the Total Purchase Price. Buyer and Seller hereby instruct Escrow Holder and Lender to adjust the total Purchase Price and the Loan amount as required.

Flooring Selections:

Carpet: _____

Vinyl: _____
 Entry Kitchen Bath ____ Bath ____ Laundry

Tile: _____
 Entry Kitchen Bath ____ Bath ____ Laundry

Pad: _____

Fireplace: _____

TOTAL COST OF FLOORING SELECTIONS: \$ _____

Other Options: _____ \$ _____
 _____ \$ _____
 _____ \$ _____
 _____ \$ _____

TOTAL COST TO BUYER:	\$ _____
DEPOSIT:	\$ _____
AMOUNT ADDED TO LOAN:	\$ _____

Escrow Holder is instructed to credit the Buyer and Debit the Seller for the amount of the Deposit indicated above, if any.

The undersigned acknowledge that they have read, understand and agree to be bound by each and all of the conditions contained in this Addendum. This Addendum shall not be binding on Seller unless and until signed by an authorized officer of _____.

BUYER(S):

SELLER:

 Buyer Date

By: _____
 Date

 Buyer Date

Its: _____

Buyer Initials ____/____ Seller's Initials ____/____

SUMMARY OF NEW HOME UNIVERSAL DESIGN CHECKLIST (AB 1400)

Assembly Bill 1400 (Chapter 648 of Statutes of 2003) adopted Section 17959.6 of the Health & Safety Code. This law requires California builders constructing new for-sale residential units to provide a “checklist” of universal accessibility features to potential purchasers of a home. The statute specifically requires:

- That it cover single-family, duplex, triplex, townhouse, condominium or other dwellings.
- That it include specified standards and features, and any other requested by the buyer at a reasonable time, if reasonably available and feasible to install or construct.
- That the developer and buyer be permitted to agree in writing to different standards if they are clearly disclosed.
- That each feature be indicated on the list as “standard,” “limited,” “optional,” or “not available.”
- That the list include the construction period before which the feature must be requested.
- That the developer is not required to provide any feature on the list.
- That the Department can develop, certify and make available a standard form providing the checklist information, and that a developer’s use of a form substantially the same as that developed and distributed by the Department is deemed to comply with the law.

The cover sheet of the Checklist provides information as to the house being purchased, and clarifies, in plain English, the statutory requirements and how the form works.

Part I describes, in detail, the features that might be available and are being disclosed. The form allows the developer to provide abbreviated information regarding the status (as “standard,” “limited,” “optional,” or “not available”), timing (suggested periods are on the cover sheet), details (a reference to Part III for specific information), and cost construction or installation.

Part II describes features available for common rooms, bedrooms, and laundry areas. It follows the same format as Part I.

Part III provides direction for specified attachments, rather than requiring additional details and writing on the form itself, as well as certifications to ensure both parties that they have provided or received, and considered, all required information.

Again, this form is a standard available to those who want to use it. Its use, in substantially the same form, is deemed compliance with the statute. Any builder, however, may develop its own form as long as it complies with the requirements of the statute.

NEW HOME UNIVERSAL DESIGN CHECKLIST

Name of Development _____
Home/Lot Address _____
Developer (Contact) Name _____
 Phone # Fax _____
 Address _____

California law, section 17959.6 of the Health and Safety Code, requires a builder of new for-sale residential units to provide potential buyers with a list of specific “universal design features” which make a home safer and easier to use for persons who are aging or frail, or who have certain temporary or permanent activity limitations or disabilities.

Part I of this Checklist includes those features related to exterior adaptations, doors and openings, interior adaptations, kitchens, and bathrooms or powder rooms.

Part II of this Checklist includes features which apply to other parts of the house and are commonly requested or considered universal design features.

Part III provides space for details, or for any other external or internal feature that may be requested, if it is requested at a reasonable time by the buyer, is reasonably available, is reasonably feasible to install or construct, and makes the home more usable and safer for a person with any type of activity limitation or disability.

All features covered by “Chapter 11A” of the California Building Code (Title 24, CA Code of Regulations, Part 2) are identified by an asterisk (*) and must comply with that Chapter unless otherwise specifically provided. All features not in Chapter 11A must be selected and installed in a workmanlike manner by the builder unless they are further described in **Part III**.

Not every feature listed must actually be available or offered by the builder. In addition, certain items must be requested prior to certain phases of construction, as specified by the builder. The builder may provide estimated costs for the special features. The features must be installed and comply with Chapter 11A, unless the builder and buyer agree in writing to different standards than those in Chapter 11A and the differences are clearly disclosed in **Part III**. A builder is not required to install the listed features unless the builder offers them and both of the following occur: (1) the buyer requests them with the specified phase of construction, and (2) the buyer agrees to provide payment for the features. Any violation of this law is enforced by the local building department and local public prosecutors, and is punishable by civil penalties.

The attached chart lists the specific features which must be disclosed, as well as others commonly requested but not required by law. There are four categories for each feature:

- “Status”: whether it is standard (“S”), limited (“L”), an option (“O”), or not available (“NA”), all as determined by the builder.
- “Timing”: by what stage in construction it must be requested (such as “any time,” “before foundation,” “before framing,” or “before internal wall covering”), with actual times selected by the builder.
- “Details”: whether or not there are additional details or specified modifications from the Building Code listed in the “Additional Details” section, Part III (e.g., “Yes” or “No”).
- “Cost”: optional labor and materials costs which may be estimated by the builder.

Part I: General Exterior and Interior Components and Features

<u>Feature</u>	<u>Status</u>	<u>Timing</u>	<u>Details</u>	<u>Cost</u>
Exterior Adaptations				
Accessible route of travel to dwelling from public sidewalk or thoroughfare to primary entrance				
Graded path*	_____	_____	_____	\$ _____
Ramp*	_____	_____	_____	\$ _____
Driveway to graded path	_____	_____	_____	\$ _____
No-step entry (1/2" or less threshold)*	_____	_____	_____	\$ _____
Accessible landscaping of at least one side yard and rear yard	_____	_____	_____	\$ _____
Accessible route from garage/parking to home's primary entry*	_____	_____	_____	\$ _____
Accessible route from garage/parking to secondary entry	_____	_____	_____	\$ _____
Other options offered by builder [List in Part III]			_____	
Exterior Doors, Openings, and Entries:				
Minimum 32" clear primary entry doorway*	_____	_____	_____	\$ _____
Minimum 32" clear secondary entry doorway*	_____	_____	_____	\$ _____
Primary entry accessible internal/external maneuvering clearances, hardware, thresholds, and strike edge clearances*	_____	_____	_____	\$ _____
Secondary entry accessible internal/external maneuvering clearances, hardware, thresholds, and strike edge clearances*	_____	_____	_____	\$ _____
Primary entry accessible/dual peephole and doorbell	_____	_____	_____	\$ _____
Primary entry door sidelight/window	_____	_____	_____	\$ _____
Accessible sliding glass door and threshold height*	_____	_____	_____	\$ _____
Weather-sheltered entry area	_____	_____	_____	\$ _____
Other options offered by builder [List in Part III]			_____	
General Interior Modifications				
Accessible route of travel to at least one bathroom/powder room, kitchen, and common room*	_____	_____	_____	\$ _____
Accessible route of travel: other areas*	_____	_____	_____	\$ _____
42" wide hallways/maneuvering clearances with 32" clear doorways on accessible route*	_____	_____	_____	\$ _____
39" wide hallways/maneuvering clearances with 34" clear doorways on accessible route*	_____	_____	_____	\$ _____
Accessible hallways and doorway widths: other areas*	_____	_____	_____	\$ _____
Accessible hardware, strike edge clearance, and thresholds for accessible doorways*	_____	_____	_____	\$ _____
Light switches, electric receptacles, and environmental and alarm controls at accessible heights on accessible route/rooms*				
Light switches, electric receptacles, and environmental and alarm controls at accessible heights on primary floor*	_____	_____	_____	\$ _____
Light switches, electric receptacles, and environmental and alarm controls at accessible locations when over barriers*	_____	_____	_____	\$ _____
Rocker light switches/controls on accessible route/rooms	_____	_____	_____	\$ _____
Rocker light switches/controls on primary floor	_____	_____	_____	\$ _____
Visual smoke/fire/carbon monoxide alarm	_____	_____	_____	\$ _____
Audio and visual doorbell	_____	_____	_____	\$ _____
Audio and visual security alarm	_____	_____	_____	\$ _____
Closets on accessible route: adjustable (36"-60") rods/shelves	_____	_____	_____	\$ _____

Abbreviation Meanings: Standards in CA Bldg Code (Chapter 11A), ("**"); **Status:** Standard ("S"), Limited ("L"), Option ("O"), or Not Available ("NA"); **Timing:** Any Time ("AT"), Before Foundation ("BFo"), Before Framing ("BFr"), Before Internal Wall Covering ("BIW"); **Details:** See Part III ("Y" or "Yes"), None ("N" or "No").

<u>Feature</u>	<u>Status</u>	<u>Timing</u>	<u>Details</u>	<u>Cost</u>
Nonslip carpet/floor for accessible route	_____	_____	_____	\$ _____
Handrail reinforcement (1 side) provided in all accessible routes of travel/rooms over 4 feet long	_____	_____	_____	\$ _____
Handrails (1 side) provided in all accessible routes of travel/rooms over 4 feet in length	_____	_____	_____	\$ _____
Handrail reinforcement (2 sides) provided in all accessible routes of travel/rooms over 4 feet in length	_____	_____	_____	\$ _____
Handrails (2 sides) provided in all accessible routes of travel/rooms over 4 feet in length	_____	_____	_____	\$ _____
Handrail reinforcement or handrails installed in other areas	_____	_____	_____	\$ _____
Interior lifts/elevators:	_____	_____	_____	\$ _____
Interior stairway lift	_____	_____	_____	\$ _____
Interior elevator	_____	_____	_____	\$ _____
Electrical and reinforcement for future lift	_____	_____	_____	\$ _____
Electrical and location for future elevator	_____	_____	_____	\$ _____
Laundry Area, if provided:	_____	_____	_____	\$ _____
Accessible route of travel	_____	_____	_____	\$ _____
Accessible workspace	_____	_____	_____	\$ _____
Accessible cabinets	_____	_____	_____	\$ _____
Accessible appliances	_____	_____	_____	\$ _____
Other options offered by builder [List in Part III]	_____	_____	_____	\$ _____
Kitchen				
At least one kitchen on accessible route of travel	_____	_____	_____	\$ _____
Adequate work/floor space in front of:	_____	_____	_____	\$ _____
Stove (specify 30"x48" or greater)*	_____	_____	_____	\$ _____
Refrigerator (specify 30"x48" or greater)*	_____	_____	_____	\$ _____
Dishwasher (specify 30"x48" or greater)*	_____	_____	_____	\$ _____
Sink (specify 30"x48" or greater)*	_____	_____	_____	\$ _____
Oven (if separate) (specify 30"x48" or greater)*	_____	_____	_____	\$ _____
U-shaped kitchen space requirements*	_____	_____	_____	\$ _____
Other (specify 30"x48" or greater)*	_____	_____	_____	\$ _____
Accessible appliances (door, controls, etc.)	_____	_____	_____	\$ _____
Stove	_____	_____	_____	\$ _____
Refrigerator	_____	_____	_____	\$ _____
Dishwasher	_____	_____	_____	\$ _____
Sink	_____	_____	_____	\$ _____
Oven (if not part of stove)	_____	_____	_____	\$ _____
Microwave/receptacle at countertop height	_____	_____	_____	\$ _____
Other appliances	_____	_____	_____	\$ _____
Accessible countertops	_____	_____	_____	\$ _____
All or a specified portion repositionable*	_____	_____	_____	\$ _____
One or more breadboards at 15" wide* and 28"-32" high	_____	_____	_____	\$ _____
One or more counter areas at 30" wide* and 28"-32" high	_____	_____	_____	\$ _____
One or more workspaces at 30" wide with knee/toe space	_____	_____	_____	\$ _____
Other features	_____	_____	_____	\$ _____
Cabinets:	_____	_____	_____	\$ _____
Base cabinets: pull-out and/or Lazy Susan shelves	_____	_____	_____	\$ _____
Wall cabinets: put-out and/or Lazy Susan shelves	_____	_____	_____	\$ _____
Additional interior lighting	_____	_____	_____	\$ _____
Additional under-cabinet lighting	_____	_____	_____	\$ _____
Accessible handles/touch latches for doors/drawers	_____	_____	_____	\$ _____
Under-cabinet roll-out carts	_____	_____	_____	\$ _____
Other features	_____	_____	_____	\$ _____

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<u>Feature</u>	<u>Status</u>	<u>Timing</u>	<u>Details</u>	<u>Cost</u>
Sink:				
Repositionable height*	_____	_____	_____	\$ _____
Removable base cabinets under sink*	_____	_____	_____	\$ _____
Single-handle level faucet*	_____	_____	_____	\$ _____
Hose/sprayer feature	_____	_____	_____	\$ _____
Anti-scald device	_____	_____	_____	\$ _____
Other features	_____	_____	_____	\$ _____
Contrasting Colors:				
Edge border of cabinets/counters	_____	_____	_____	\$ _____
Flooring: in front of appliances	_____	_____	_____	\$ _____
Flooring: on route of travel	_____	_____	_____	\$ _____
Other features	_____	_____	_____	\$ _____
Other options offered by builder [List in Part III]	_____	_____	_____	\$ _____
Bathroom/Powder Room				
At least one full bathroom on accessible route of travel	_____	_____	_____	\$ _____
Maneuvering Space (For bathrooms and powder room)				
Maneuvering Space diameter	_____	_____	_____	\$ _____
30" x 48" turning area*	_____	_____	_____	\$ _____
60" diameter turning area	_____	_____	_____	\$ _____
Clear space for toilet and sink	_____	_____	_____	\$ _____
36" x 36" clear use area	_____	_____	_____	\$ _____
30" x 48" clear use area*	_____	_____	_____	\$ _____
Bathtub and/or shower (For bathrooms only)	_____	_____	_____	\$ _____
Standard bathtub with grab bar reinforcement*	_____	_____	_____	\$ _____
Standard bathtub with grab bars:	_____	_____	_____	\$ _____
Accessible bathtub (size* and handles)	_____	_____	_____	\$ _____
Standard shower with grab bar reinforcement*	_____	_____	_____	\$ _____
Standard shower with grab bars	_____	_____	_____	\$ _____
Accessible (roll-in) shower*	_____	_____	_____	\$ _____
Single-handle lever faucets*	_____	_____	_____	\$ _____
Offset controls for exterior use	_____	_____	_____	\$ _____
Toilet (For bathrooms or powder room)	_____	_____	_____	\$ _____
Standard toilet with grab bar reinforcement*	_____	_____	_____	\$ _____
Standard toilet with grab bars*	_____	_____	_____	\$ _____
Accessible toilet with grab bars*	_____	_____	_____	\$ _____
Sink/Lavatory (For bathrooms or powder room)	_____	_____	_____	\$ _____
Standard with undersink cabinets	_____	_____	_____	\$ _____
Standard with removable base cabinets*	_____	_____	_____	\$ _____
Pedestal or open front*	_____	_____	_____	\$ _____
Accessories (For bathroom or powder room)	_____	_____	_____	\$ _____
Lower/accessible medicine chest	_____	_____	_____	\$ _____
Accessible counter space near sink	_____	_____	_____	\$ _____
Single-handle lever faucets*	_____	_____	_____	\$ _____
Anti-scald devices for sink	_____	_____	_____	\$ _____
Accessible handles/touch latches for doors/drawers	_____	_____	_____	\$ _____
Lower towel rack(s)	_____	_____	_____	\$ _____
Lower/tilted mirror(s)	_____	_____	_____	\$ _____
Contrasting floor color	_____	_____	_____	\$ _____
Fold-down/fixed shower seat(s)	_____	_____	_____	\$ _____
Accessible toilet tissue holder	_____	_____	_____	\$ _____
Hand-held adjustable shower spray unit(s)	_____	_____	_____	\$ _____
Other options offered by builder [List in Part III]	_____	_____	_____	\$ _____

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Part II: Other Components and Features

<u>Feature</u>	<u>Status</u>	<u>Timing</u>	<u>Details</u>	<u>Cost</u>
Common Room				
Dining room on accessible route of travel*	_____	_____	_____	\$ _____
Living room on accessible route of travel*	_____	_____	_____	\$ _____
Den on accessible route of travel*	_____	_____	_____	\$ _____
Split-level common room with accessible route of travel*	_____	_____	_____	\$ _____
No split level common room*	_____	_____	_____	\$ _____
Other options offered by builder [List in Part III]			_____	
Bedroom				
One bedroom on accessible route of travel	_____	_____	_____	\$ _____
Two or more bedrooms on accessible route of travel	_____	_____	_____	\$ _____
Closets have minimum 32" clear opening*	_____	_____	_____	\$ _____
Larger "walk-in" closets	_____	_____	_____	\$ _____
Closets have adjustable (36"-60") shelves and bars	_____	_____	_____	\$ _____
Other options offered by builder [List in Part III]			_____	
Laundry Area				
Laundry area on accessible path of travel	_____	_____	_____	\$ _____
Accessories:				
Accessible workspace	_____	_____	_____	\$ _____
Accessible cabinets	_____	_____	_____	\$ _____
Accessible handles/touch latches for doors/drawers	_____	_____	_____	\$ _____
Accessible appliances	_____	_____	_____	\$ _____
Other options offered by builder [List in Part III]			_____	

Abbreviation Meanings: Standards in CA Bldg Code (Chapter 11A), ("*"); **Status:** Standard ("S"), Limited ("L"), Option ("O"), or Not Available ("NA"); **Timing:** Any Time ("AT"), Before Foundation ("BFo"), Before Framing ("BFr"), Before Internal Wall Covering ("BIW"); **Details:** See Part III ("Y" or "Yes"), None ("N" or "No").

Part III: Additional Details, Components, or Features

A. External Features: Buyer Request (Any other additional external feature requested at a reasonable time by the buyer that is reasonably available and reasonably feasible to install or construct and makes the residence more usable for a person with activity limitations or disabilities in order to accommodate them.) These may include features such as high-visibility address numbers, electronic garage door openers, additional lights, door bench or package shelf, oversize garage, zero-step house/garage entry, etc. (Attached as Part III. A: Yes No)

B. External Features: Builder Offer (Any other additional external feature offered to the buyer by the builder that makes the residence more usable for a person with disabilities or activity limitations in order to accommodate them.) (Attached as Part III. B: Yes No)

C. Internal Features: Buyer Request (Any other additional internal feature requested at a reasonable time by the buyer that is reasonably available and reasonably feasible to install or construct and makes the residence more usable for a person with activity limitations or disabilities in order to accommodate them). These may include features such as lowered window sills (under 36”), additional lighting, “touch” luminous light switches, automatic internal lights, additional wiring for electronic features, lighted closets, air filtration systems, larger/more automatic thermostats, pocket doors, etc. (Attached as Part III. C: Yes No)

D. Internal Features: Builder Offer (Any other additional internal feature offered to the buyer by the builder that makes the residence more usable for a person with activity limitations or disabilities in order to accommodate them.) (Attached as Part III. D: Yes No)

E. Variation from State Chapter 11A Standards: (Any mutually agreed-upon features with standards different than Chapter 11A of the California Building Code, including clearly identified deviations from those standards.) (Attached as Part III. E: Yes No)

F. Additional Features or Requirements: (Any mutually agreed-upon features not covered by Chapter 11A of the California Building Code for which additional detail would be helpful to the builder and buyer, including clearly identified standards.) (Attached as Part III. F: Yes No)

Form Provided by Builder to Buyer: _____
Builder Initials/Date Buyer Initials/Date

No Universal Design Features Requested: _____
Buyer Signature/Date

Universal Design Features Identified And Agreed To By Builder and Buyer: _____
Buyer Signature/Date

Builder Signature/Date

Abbreviation Meanings: Standards in CA Bldg Code (Chapter 11A), (“*”) ; **Status:** Standard (“S”), Limited (“L”), Option (“O”), or Not Available (“NA”); **Timing:** Any Time (“AT”), Before Foundation (“BFo”), Before Framing (“BFr”), Before Internal Wall Covering (“BIW”); **Details:** See Part III (“Y” or “Yes”), None (“N” or “No”).

COMMUNITY: _____	BUYER: _____
PROPERTY:	
Street Address: _____, City: _____, California ZIP: _____	
Lot: _____ Tract No.: _____ Plan: _____ Elevation: _____	SETS No: _____

“If this document contains any restriction based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates state and federal fair housing laws and is void. Any person holding an interest in this property may request that the county recorder remove the restrictive covenant language pursuant to subdivision (c) of Section 12956.1 of the California Government Code (see below).”

California Government Code Section 12956.1 (c) reads:

“(c) any person who holds interest in the property that is the subject of this document may require the county recorder to remove any blatant racial restrictive covenant contained in any recorded document associated with that property. Any application to the county recorder pursuant to this subdivision shall be in writing, shall identify the document and the location within the document where the restrictive covenant is located, and shall be accompanied by any fee prescribed by the recorder, not to exceed the actual cost of the required action. The recorder shall carry out the required action in a timely manner.”

BUYER(S):

	Date
	Date
	Date
	Date

KEY RECEIPT AND CONFIRMATION OF INFORMATION

COMMUNITY: _____	BUYER: _____
PROPERTY:	
Street Address: _____, City: _____, _____ ZIP: _____	
Lot: _____ Tract No.: _____ Plan: _____ Elevation: _____ SETS No: _____	

Buyer hereby acknowledges that they have received confirmation that the Grant Deed has recorded and are hereby accepting receipt of the following **(check if applicable)**:

1. Door Keys to all doors: _____ (enter quantity of keys)

Buyer understands that once these keys are used in any door, the tumblers are automatically changed and the Builder Key will no longer work. This is to prevent anyone other than the Buyer to have access to the home.

By reason of this, no K. Hovnanian Forecast Homes Associate or other workman will be able to enter your home to perform warranty service without you or an authorized adult being present at the time.

IMPORTANT ADVISORY: Written policy of K. Hovnanian Forecast Homes prohibits any K. Hovnanian Forecast Homes Associate being in possession of homeowner keys for whatever reason.

2. Garage Door Opener(s): _____ (enter quantity of openers)

3. Garage Door Opener Instruction or User's Manual.

4. Other:

5. Other:

NEW HOMEOWNER INFORMATION

Please confirm the following information:

	Current Information	New Information
Home Phone Number:		
Home Fax Number:		
Buyer #1 Business Phone		
Business Fax		
Cell Phone		
Email Address		
Buyer #2 Business Phone		
Business Fax		
Cell Phone		
Email Address		
Mailing Address if different from Property Address		

Best Time(s) to Contact You	Best Way(s) to Contact You:
<input type="checkbox"/> 8:00 a.m. to 12:00 noon Mon-Fri	
<input type="checkbox"/> 12:00 noon to 1:00 p.m. Mon-Fri	
<input type="checkbox"/> 1:00 p.m. to 5:00 p.m. Mon-Fri	
<input type="checkbox"/> 5:00 p.m. to 7:00 Mon-Fri	
<input type="checkbox"/> _____ Mon-Fri	

ACKNOWLEDGEMENT OF UTILITY TRANSFER: It is the Buyer's responsibility to transfer all utilities into an account in Buyer's name(s) as soon as possible after the close of escrow. Buyer understands that Seller will advise all utility providers that utilities will be disconnected in Seller's name five (5) business days after close of escrow.

BUYER(S):

Buyer Date Buyer Date

PRE-APPLICATION

COMMUNITY: _____	BUYER: _____
PROPERTY:	
Street Address: _____, City: _____, _____ ZIP: _____	
Lot: _____ Tract No.: _____ Plan: _____ Elevation: _____ SETS No: _____	

PLEASE FILL OUT THE FOLLOWING INFORMATION AS COMPLETELY AS POSSIBLE AND FAX OR MAIL TO YOUR ACCOUNT REPRESENTATIVE. YOUR ACCOUNT MANAGER WILL CONTACT YOU TO ANSWER ANY QUESTIONS REGARDING YOUR LOAN AND REVIEW THE INFORMATION PROVIDED ON THIS APPLICATION.

ACCOUNT MANAGER: _____	PURCHASE PRICE: _____
COMMUNITY: _____	LOAN AMOUNT: _____
ESTIMATED CLOSING DATE: _____	BUILDER DEPOSIT AMOUNT: _____

TITLE WILL BE HELD IN WHAT NAMES: _____

THE SOURCE OF DOWN PAYMENT AND CLOSING COSTS: _____

LOAN TYPE: _____

PROPERTY TYPE: _____

NUMBER OF MONTHS: _____

AMORTIZATION: _____

BORROWER INFORMATION	CO-BORROWER INFORMATION
NAME: _____	NAME: _____
SOC SEC #: _____	SOC SEC#: _____
AGE: _____ YEARS OF SCHOOLING _____	AGE: _____ YEARS OF SCHOOLING: _____
MARITAL STATUS: _____ DEPENDENTS AGES: _____	MARITAL STATUS: _____ DEPENDENTS AGES: _____
HOME PHONE #: _____	HOME PHONE #: _____
ADDRESS: _____	ADDRESS: _____
CITY, STATE, ZIP: _____	CITY, STATE, ZIP: _____
OWN/RENT: _____ NO. YRS: _____	OWN/RENT: _____ NO. YRS: _____
LANDLORD NAME, ADDRESS & PHONE IF RENTING: _____	
RENTAL AMOUNT: \$ _____	
MARKET VALUE OF HOME IF OWNED: \$ _____	
WILL YOU BE SELLING / RENTING: _____ NET PROCEEDS: _____	
IF SELLING, WILL YOU STILL CLOSE ON THE NEW HOME IF YOUR HOME DOES NOT SELL? _____	
WOULD YOU CONSIDER RENTING IF YOUR HOME DOES NOT SELL? _____ RENTAL AMOUNT: _____	

*****IF LESS THAN TWO YEARS LIST PRIOR RESIDENCE INFORMATION BELOW*****

ADDRESS: _____	ADDRESS: _____
CITY, STATE, ZIP: _____	CITY, STATE, ZIP: _____
OWN/RENT: _____ NO. YRS.: _____	OWN/RENT: _____ NO. YRS.: _____
LANDLORD NAME, ADDRESS & PHONE IF RENTING: _____	

BORROWER EMPLOYMENT INFORMATION	CO-BORROWER EMPLOYMENT INFORMATION
EMPLOYER: _____	EMPLOYER: _____
ADDRESS: _____	ADDRESS: _____
CITY, STATE, ZIP: _____	CITY, STATE, ZIP: _____
PHONE: _____	PHONE: _____
TITLE: _____	TITLE: _____
YRS. ON JOB: _____ YRS. IN LINE OF WORK: _____	YRS. ON JOB: _____ YRS. IN LINE OF WORK: _____
SELF EMPLOYED: _____	SELF EMPLOYED: _____
GROSS MONTHLY INCOME:	GROSS MONTHLY INCOME:
SALARY: _____	SALARY: _____
HOURLY: _____	HOURLY: _____
COMMISSION: _____	COMMISSION: _____
BONUS: _____	BONUS: _____
OVERTIME: _____	OVERTIME: _____
OTHER (PENSION/SOC. SEC.): _____	OTHER (PENSION/SOC. SEC.): _____

*****IF LESS THAN TWO YEARS LIST PRIOR EMPLOYMENT INFORMATION BELOW*****

EMPLOYER: _____	EMPLOYER: _____
ADDRESS: _____	ADDRESS: _____
CITY, STATE, ZIP: _____	CITY, STATE, ZIP: _____
PHONE: _____	PHONE: _____
TITLE: _____	TITLE: _____
DATES ON JOB: _____	DATES ON JOB: _____
SELF EMPLOYED: _____	SELF EMPLOYED: _____
GROSS MONTHLY INCOME: _____	GROSS MONTHLY INCOME: _____

*****LIST ASSET ACCOUNT INFORMATION BELOW *****

ACCOUNT TYPE: _____	Bank Name: _____	Address: _____
	Account #: _____	Balance: _____
ACCOUNT TYPE: _____	Bank Name: _____	Address: _____
	Account #: _____	Balance: _____
ACCOUNT TYPE: _____	Bank Name: _____	Address: _____
	Account #: _____	Balance: _____
ACCOUNT TYPE: _____	Bank Name: _____	Address: _____
	Account #: _____	Balance: _____

SCHEDULE OF REAL ESTATE OWNED:

Property Address (enter S if sold, PS if pending sale or R if rental being held for income)	Type of Property	Present Market Value	Amount of Mortgages and Liens	Gross Rental Income	Mortgage Payments	Insurance Maintenance Taxes & Misc.	Net Rental Income
		\$	\$	\$	\$	\$	\$
TOTALS		\$	\$	\$	\$	\$	\$

If you answer "Yes" to any questions a through i, please use continuation sheet for explanation

	Borrower		Co-Borrower	
	Yes	No	Yes	No
a. Are there any outstanding judgments against you?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Have you been declared bankrupt within the past 7 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Are you a party to a lawsuit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment? (This would include such loans as home mortgage loans, SBA loans, home improvement loans, manufactured (mobile) home loans, any mortgage, financial obligation, bond, or loan guarantee. If "Yes" provide details, including date, name, and address of Lender, FHA or V.A. case number, if any, and the reasons for the action.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Are you presently delinquent or in default on any Federal debt or any other loan, mortgage, financial obligation, bond, or loan guarantee? If "Yes", give details as described in the preceding question.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Are you obligated to pay alimony, child support, or separate maintenance? If so, how much? \$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Is any part of the down payment borrowed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Are you a co-maker or endorser on a note?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Are you a U.S. citizen?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Are you a permanent resident alien?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Do you intend to occupy the property as your primary residence?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If "Yes", complete question m below.				
m. Have you had an ownership interest in a property in the last three years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(1) What type of property did you own - principal residence (PR), second home (SH), or investment property (IP)?				
(2) How did you hold title to the home - solely by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?				

ACKNOWLEDGEMENT AND AGREEMENT

The undersigned specifically acknowledge(s) and agree(s) that: (1) the loan requested by this application will be secured by a first mortgage or deed of trust on the property described herein; (2) the property will not be used for any illegal or prohibited purpose or use; (3) all statements made in this application are made for the purpose of obtaining the loan indicated herein; (4) occupation of the property will be as indicated above; (5) verification or reverification of any information contained in the application may be made at any time by the Lender, its agents, successors and assigns, either directly or through a credit reporting agency, from any source named in this application, and the original copy of this application will be retained by the Lender, even if the loan is not approved; (6) the Lender, its agents, successors and assigns will rely on the information contained in the application and I/we have a continuing obligation to amend and/or supplement the information provided in this application if any of the material facts which I/we have represented herein should change prior to closing; (7) in the event my/our payments on the loan indicated in this application become delinquent, the Lender, its agents, successors and assigns, may, in addition to all their other rights and remedies, report my/our name(s) and account information to a credit reporting agency; (8) ownership of the loan may be transferred to successor or assign of the Lender without notice to me and/or the administration of the loan account may be transferred to an agent, successor or assign of the Lender with prior notice to me; (9) the Lender, its agents, successors and assigns make no representations or warranties, express or implied, to the Borrower(s) regarding the property, the condition of the property, or the value of the property.

Certification: I/We certify that the information provided in this application is true and correct as of the date set forth opposite my/our signature(s) on this application and acknowledge my/our understanding that any intentional or negligent misrepresentation(s) of the information contained in this application may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq. and liability for monetary damages to the Lender, its agents, successors and assigns, insurers and any other person who may suffer any loss due to reliance upon any misrepresentation which I/we have made on this application.

Borrower's Signature _____ Date _____ Co-Borrower's Signature _____ Date _____

INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the Federal Government for certain types of loans related to a dwelling, in order to monitor the Lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a Lender may neither discriminate on the basis of this information, nor on whether you choose to furnish it. However, if you choose not to furnish it, under Federal regulations this Lender is required to note race and sex on the basis of visual observation or surname. If you do not wish to furnish the above information, please check the box below. (Lender must review the above material or assure that the disclosures satisfy all requirements to which the Lender is subject under applicable state law for the particular type of loan applied for.)

BORROWER

- I do not wish to furnish this information
- Race/National Origin:**
 - American Indian or Alaskan Native
 - Asian or Pacific Islander
 - White, not of Hispanic Origin
 - Black, not of Hispanic Origin
 - Hispanic
 - Other (specify) _____
- Sex:**
 - Female
 - Male

CO-BORROWER

- I do not wish to furnish this information
- Race/National Origin:**
 - American Indian or Alaskan Native
 - Asian or Pacific Islander
 - White, not of Hispanic Origin
 - Black, not of Hispanic Origin
 - Hispanic
 - Other (specify) _____
- Sex:**
 - Female
 - Male

<p>To be Completed by Interviewer:</p> <p>This application was taken by:</p> <p><input type="checkbox"/> face-to-face interview</p> <p><input type="checkbox"/> by mail</p> <p><input type="checkbox"/> by telephone</p>	<p>Interviewer's Name (print or type)</p> <hr/> <p>Interviewer's Signature Date</p> <hr/> <p>Interviewer's Phone Number (incl. area code)</p>	<p>Name and Address of Interviewer's Employer</p>
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IF APPLICABLE, PLEASE PROVIDE YOUR E-MAIL ADDRESS _____

For your convenience, we do accept Visa and Mastercard as payment for your application fee. Please provide your account #, expiration date, and full billing address (including zip code) below.

Acct. #: _____ Exp. Date: _____ Billing Address: _____

USE OF OUTSIDE LENDER

Community:

Lot#: SETS No:

Name of Outside Lender:

K. Hovnanian American Mortgage Questionnaire:

1. Have you been contacted by a K. Hovnanian American Mortgage Loan Representative? Y or N

If Yes, please rate the following:

	Excellent	Good	Average	Fair	Poor
a.) Knowledge of Mortgage Process:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.) Understood Your Needs:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.) Explained Different Financing Programs:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d.) Listened and Answered Questions:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e.) Attitude-Courteous and Pleasant:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Within how many days from signing your contract were you contacted?

3. Did you receive a written good faith estimate? Y or N

If Yes, what the: Loan Type: Interest Rate:

Outside Lender Questionnaire:

1. Have you used this outside lender in the past? Y or N

If yes, what pervious transactions were involved?

2. Is the lender a family member or friend? Y or N

If yes, what is the relationship of the lender to you?

3. Have you received a written good faith estimate? Y or N

If yes, what was the: Loan Type: Interest Rate: Points/Origination Fee:

4. Are you paying a broker fee? Y or N If yes, What %?

.....
What can K. Hovnanian American Mortgage do or have done differently to earn your business?

Buyer: _____ Date: _____

Buyer: _____ Date: _____

This is Not an Offer or Contract to Purchase or Sell

(Hereinafter "Subdivider") acknowledges receipt from (hereinafter "Potential Buyer") of the sum of for reservation of in County of , State of California.
(County)

Subdivider hereby reserves the above-identified lot or unit for Potential Buyer and represents that he will immediately place the funds and a signed copy of this document in the following escrow depository:

ESCROW NAME:

STREET ADDRESS:

CITY / STATE / ZIP CODE:

TELEPHONE NUMBER:

1. This instrument does not create a contractual obligation to buy or sell on the part of either Subdivider or Potential Buyer. Either party may, at any time, cancel this reservation instrument without incurring liability to the other. In the event of cancellation by either party, all funds received towards this reservation will be returned to the potential buyer within tow business days.
2. If Potential Buyer so requests by completing appropriate instructions below, Subdivider will make arrangements with the escrow depository for the earning interest on Potential Buyer's funds. will be deducted by escrow depository from interest earned as a charge for providing the service to Potential Buyer. The balance of the interest earned will be paid to Potential Buyer or credited to his/her account.
3. By initialing here_____, Potential Buyer agrees to the payment of charges as set forth above and requests that the funds be placed into an interest bearing account as follows.

NAME AS ACCOUNT IS TO BE HELD

TAXPAYER IDENTIFICATION NO.(Social Security)

4. CAVEAT: If the funds are to be placed into an interest bearing account:
 - (a) Escrow depository will not deposit funds into the account on Potential Buyer's behalf- and therefore interest will not accrue-until escrow depository has been notified that Potential Buyer's check has cleared.
 - (b) There may be a delay in returning the funds to Potential Buyer on his request.
 - (c) There may be an interest penalty in the case of an early withdrawal from the account.
 - (d) If after Potential Buyer has received a Final Subdivision Public Report for this subdivision, he enters into a contract with Subdivider to purchase the reserved subdivision interest, the deposit plus interest earned on the deposit, if any, may be applied toward purchase of the subdivision interest with the express authorization of Potential Buyer.
5. The price and other terms of purchase of the subdivision interest will be those set forth in a purchase contract if Potential Buyer enters into one after receiving a copy of the Final Subdivision Public Report.

NAME OF SUBDIVIDER

SIGNATURE OF POTENTIAL BUYER

DATE

SIGNATURE OF AGENT

DATE

SIGNATURE OF POTENTIAL BUYER

DATE

STORM WATER POLLUTION PREVENTION
DISCLOSURE

Community _____
Lot _____ SETS No: _____
Buyer _____

This is a notification to you prior to your entering into a contract to purchase this property. The seller is required to give you this notice and to obtain a copy signed by you to indicate that you have received and read a copy of this notice.

The State of California has implemented regulations requiring property developers and owners to play an active role in protecting local creeks and streams from storm water runoff impacted by various construction activities including typical homeowner projects such as the construction of rear yard landscaping and pools. These regulations, known as the National Pollutant Discharge Elimination System (NPDES) General Permit for Storm Water Discharges Associated with Construction Activity, also require property developers to inform buyers of their duty to comply with State of California regulations concerning the NPDES and to notify the State of California a Water Resources Control Board (SWRCB) at the transfer in ownership of each property.

To find out more information about your responsibilities under the current State of California Guidelines for Storm Water Pollution Prevention, please call the Storm Water Section of the SWRCB at (916) 341-5537 or you may visit the SWRCB website at www.swreb.ca.gov.

I/WE ACKNOWLEDGE THAT I/WE HAVE READ AND RECEIVED A COPY OF THIS NOTICE PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE OR DEPOSITING MONEYS WITH RESPECT TO THE ABOVE REFERENCED PROPERTY. I/WE UNDERSTAND THAT I/WE MAY TERMINATE THE CONTRACT TO PURCHASE OR DEPOSITS PREVIOUSLY MADE (IF ANY), WITHIN THREE (3) DAYS AFTER RECEIVING THIS NOTICE IN PERSON OR WITHIN FIVE (5) DAYS AFTER IT WAS DEPOSITED IN THE MAIL, BY GIVING WRITTEN NOTICE OF THAT TERMINATION TO THE OWNER, SUBDIVIDER, OR AGENT SELLING THE PROPERTY.

Buyer _____ **Date** _____

Buyer _____ **Date** _____

Buyer to sign below. Seller to retain this signed Acknowledgement
Buyer to retain remainder of packet

Home Builder's Limited Warranty

(Acknowledgement of Receipt and Agreement to Read and Understand)

I/we hereby certify that on, or prior to, the date of this Agreement, I/we have received a sample of the Home Builder's Limited Warranty (PWC Form No. 117) which commences on the date the title for the home is transferred to the first homeowner and expires 10 years from the date the title for the home is transferred to the first homeowner.

I/we agree that, prior to closing/settlement on the home to which this Agreement relates, I/we will read the sample Home Builder's Limited Warranty in its entirety and will contact the builder with any questions I/we have about my/our or the builder's duties, rights and obligations under the Home Builder's Limited Warranty or the coverage, limits or exclusions contained therein.

I/we understand that I/we may contact Professional Warranty Service Corporation (PWC), which acts as the warranty administrator, to discuss these issues.

I/we understand that I/we have the right to have the Home Builder's Limited Warranty and any and all other documents related to my/our purchase of the home reviewed by an attorney of my/our choosing at my/our sole expense. This review does not allow the purchaser to alter the terms of the warranty, delay, or cancel the closing on the contracted home.

I/we agree that my/our failure to read the sample Home Builder's Limited Warranty and to obtain and needed assistance in understanding the Home Builder's Limited Warranty document shall not in any way change my/our or the builder's rights, duties or obligations under this Home Builder's Limited Warranty.

Property Address:

Signature of Home Buyer

Date

Signature of Home Buyer

Date

Signature of Home Buyer

Date