

Escrow No.: \_\_\_\_\_

Buyer: \_\_\_\_\_

# NORA NORTH PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS

**THIS AGREEMENT IS INTENDED TO BE A LEGALLY BINDING CONTRACT. YOU SHOULD READ IT CAREFULLY AND UNDERSTAND IT BEFORE YOU SIGN IT.**

THIS PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS (the “**Agreement**”) is made between Wilson Estates, LLC, a California limited liability company (“**Seller**”), and \_\_\_\_\_

(“**Buyer**”). Buyer and Seller may hereinafter collectively be called the “**Parties.**” Buyer agrees to buy the “**Property**” described below including the lot built or to be built thereon (the “**Residence**”), and Seller, upon acceptance by its duly authorized representative, agrees to sell the Property to Buyer, on the terms and conditions set forth below in the **Basic Provisions, General Provisions** and any **Addenda** attached hereto, all of which are incorporated in this Agreement by this reference.

## BASIC PROVISIONS

### PROPERTY:

**Address:** \_\_\_\_\_, Rancho Cucamonga, California, 91739.

Lot \_\_\_\_\_ (the “**Lot**”), Tract 18960, as shown on a Map recorded in Book 347, Pages 77 through 80, inclusive, of Maps, in the Office of the County Recorder of San Bernardino County, California. \*\*\*

The Property is a part of a planned development being marketed to the public as “NORA NORTH” (the “**Community**”).

\*\* \* The full legal description of the Property shall be as set forth on the Preliminary Title Report issued by the Title Company and on the Grant Deed for Seller’s conveyance of title to the Property to Buyer.

### ESCROW:

**Escrow Holder:** Belle Vista Escrow, Inc  
273 North Euclid Ave  
Upland, California 91786  
**Telephone:** (909) 946-9188  
**Fax:** (909) 946-7846  
**Email:** misty@bvescrow.com

**Escrow Officer:** Misty Teeter  
**Escrow No.:** \_\_\_\_\_

**PURCHASE PRICE:** The purchase price (the “**Purchase Price**”) for the Property is set forth below in this Paragraph. Concurrently with signing this Agreement, Buyer shall deliver the “**Deposit**” to Escrow on or before the Effective Date. Buyer shall pay the balance of the Purchase Price at the time and in the manner specified below.

**Details of Purchase Price:**

\$ \_\_\_\_\_

Deposit

\$ \_\_\_\_\_

Additional Deposit (due on \_\_\_\_\_)

\$ \_\_\_\_\_

Balance of Downpayment Due Before Closing (excluding Closing Costs)

\$ \_\_\_\_\_

Loan Amount Estimated ( check if applicable)

\$ \_\_\_\_\_

**Note: Estimated Closing Costs and third-party charges will be provided by Buyer's lender prior to Close of Escrow**

\$ \_\_\_\_\_

**Total Estimated Cash Due Before Close of Escrow**

\$ \_\_\_\_\_

Lender (See Section 1.2):

Pre-Qualifying Lender: J&J Coastal Lending

Approved Outside Lender: \_\_\_\_\_

***Note:** The Purchase Price stated above may be increased pursuant to the terms of any addenda and options and upgrades work orders provided by Seller and signed by Buyer concurrently with or after the date of the Agreement for optional and upgrade improvements to the Property. Also, the Purchase Price stated above does not include the Closing Costs described below. The combined total of the cash portion of the Purchase Price and the estimated Closing Costs is herein called the "Total Estimated Cash Due Before Closing."*

**CLOSING COSTS:** In addition to the Purchase Price, Buyer shall pay the Escrow Fee, survey preparation costs, all charges for recording the Grant Deed, the premium charge for the CLTA Title Insurance Policy, the premium charge for an ALTA Title Insurance Policy required by Lender, including any special endorsements, a credit report, tax service, private mortgage insurance (PMI), if required, appraisal report(s) and updates (as necessary) and credit updates, as necessary, loan fees, impounds as may be required by Lender, prorations and advance appraisal, credit updates, title company sub-escrow and wire fees, 50% of Escrow Holder fees, County Transfer Tax fee, escrow fee or escrow termination charge and Buyer's closing costs which may vary according to the requirements of the Buyer's lender. Buyer and Seller shall each pay their own escrow costs.

**SIGNIFICANT DATES:**

Effective Date:

See signature page

Additional Deposit Due Date:

Estimated Closing Date:

Outside Closing Date (if applicable):

Loan Application Deadline (if applicable):

Credit Approval Deadline (if applicable):

Proof of Closing Funds Deadline:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_ days after the Effective Date  
\_\_\_\_ days after the Loan Application Deadline  
\_\_\_\_ days after the Effective Date

**OFFER AND ACCEPTANCE:** Execution of this Agreement by Buyer and Seller's sales representative is only an offer to purchase which is not binding unless Seller delivers to Buyer a copy of this Agreement, executed by an individual authorized to accept it on behalf of Seller. If Seller, in its sole discretion, does not accept Buyer's offer, this Agreement shall be automatically revoked and all funds Buyer has deposited pursuant to this Agreement 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.

**COMPLETE AGREEMENT:** This Agreement and all Addenda attached to and made part of this Agreement constitute the complete agreement between the Parties concerning the Property. There are no collateral understandings, representations or agreements, oral or written, other than those contained in this Agreement. No sales representative, employee or other agent of Seller has the authority to modify the terms of this Agreement or to make any agreements, representations or promises 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

Buyer's Initials \_\_\_\_/\_\_\_\_ Seller's Initials \_\_\_\_/\_\_\_\_

the Community, (b) the availability of or Buyer's ability to qualify for or obtain any Loan, (c) the likelihood of the Property appreciating in value, 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 same are added by written addenda attached hereto and executed by Buyer and Seller.

**SPECIAL CONDITIONS:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
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\_\_\_\_\_

**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 FIFTH (5TH) 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. 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 AGREEMENT.

**[SIGNATURES ON NEXT PAGE]**

**BUYER:**

**BUYER:**

Signed by Buyer on \_\_\_\_\_, 201\_\_

Signed by Buyer on \_\_\_\_\_, 201\_\_

\_\_\_\_\_  
Buyer's Signature

\_\_\_\_\_  
Buyer's Signature

\_\_\_\_\_  
*Print First Middle Last Name*

\_\_\_\_\_  
*Print First Middle Last Name*

Address: \_\_\_\_\_

Address: \_\_\_\_\_

City, State & Zip Code \_\_\_\_\_

City, State & Zip Code \_\_\_\_\_

\_\_\_\_\_  
Business Phone Home Phone

\_\_\_\_\_  
Business Phone Home Phone

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

Accepted by Seller on \_\_\_\_\_, 201\_\_  
(the "**Effective Date**").

Wilson Estates, LLC,  
a California limited liability company

By: \_\_\_\_\_  
Name: Nat DiCarlo  
Its: Manager

Sales Office:

12436 Altura Drive  
Rancho Cucamonga, CA 91739  
Tel: (909) 581-4342  
Fax: (909) 944-2228

# 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 cash available 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 Basic Provisions. Unless otherwise provided in the Basic Provisions and a "Contingent Sale" addendum has been executed by Buyer and Seller, 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 Paragraph, 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 Basic Provisions (the "**Loan**"), the Close of Escrow is contingent on the satisfaction of all of the following:

(a) **Lender Selected.** Buyer may use either the Pre-Qualifying Lender or the Outside Lender identified in the Basic Provisions or another Outside Lender acceptable to Seller. To be acceptable to Seller, the Outside Lender must be an institutional Lender which is experienced in and capable of processing [specifically in new home loans] loans for the sale of new construction according to the time limitations and requirements related to the Loan in this Agreement. If an Outside Lender has been selected and approved by Seller, Buyer and Seller shall complete and sign an Outside Lender Financing Addendum in the form attached to this Agreement. In no event may Buyer change Lenders during the period beginning forty-five (45) days before the Estimated Closing Date and ending on the actual Closing Date. If Buyer changes Lenders during such forty-five (45)-day period and Buyer fails to close on the Closing Date (defined Section 2.4) because of the change, then Buyer's failure to close Escrow will be considered a default under this Agreement, and Seller at its election may (a) terminate the Agreement and proceed under Section 7 below, or (b) extend the Close of Escrow to a date determined by Seller, in which case Buyer shall pay to Seller a charge of **\$200.00** per calendar day for any time extensions granted by the Seller. Such payments shall be prorated as of the Close of Escrow, and shall not be credited against the Purchase Price. Seller reserves the right to terminate this Agreement in the event Buyer cannot close Escrow on or before the extension.

(b) **Buyer's Change in Lender.** If Buyer decides to change lender prior to the Close of Escrow, Buyer must finally and irrevocably select an alternative lender by written notification to Seller on or before forty-five (45) days prior to the Close of Escrow. Buyer's written notification must include the following:

- (i) Lender's written confirmation of approval of the Loan without any funding conditions on the part of the Buyer;
- (ii) the duration of the loan commitment; and
- (ii) Terms of the loan and funding.

A change in lenders within forty-five (45) days of the Close of Escrow or failure of Buyer's notification to include items (i) through (iii), above, will be considered a breach of this Agreement, and Seller may elect to declare a default, terminate the Agreement and proceed under Section 7 below. In the alternative, Seller may agree to extend the Close of Escrow, in which case Buyer shall pay to Seller the amount of Two Hundred Dollars (\$200.00) per calendar day as an extension fee for any time extension by the Seller. Such payment shall be prorated as of the Close of Escrow and is not a part of the Purchase Price. Nothing herein shall obligate Seller to continue waiving such default by Buyer to close Escrow and Seller may at any time declare the Buyer in default for any continued delay by Buyer in closing and proceed in accordance with Section 7 below.

(c) **Loan Application.** Buyer shall (i) on or before the Loan Application Deadline specified in the Basic Provisions, submit to the Lender selected in the Basic Provisions or otherwise selected pursuant to Section 1.2(a) above, all information and Lender-required fees necessary for Lender's credit approval of Buyer (the "**Credit Application**"), (ii) within three (3) calendar days following Buyer's execution of this Agreement, Escrow Holder or Lender, execute and provide all documents, information necessary to obtain Loan approval in accordance with the terms hereof, including credit reports, Loan applications, verifications and any other Lender-required documents and information (collectively, the "**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 Credit Application and the Loan Application Package to the Outside Lender, also submit a complete Credit Application and Loan Application Package to the Pre-Qualifying Lender in such a form and including such documents and information as Pre-Qualifying Lender may require. The Pre-Qualifying 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 PRE-QUALIFYING LENDER DETERMINES THAT BUYER IS NOT FINANCIALLY CAPABLE OF PURCHASING THE PROPERTY, WHEREUPON BUYER AND SELLER SHALL HAVE NO FURTHER RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT AND THE DEPOSIT SHALL BE RETURNED TO BUYER.** Buyer's acceptance of the refunded Deposit constitutes Buyer's waiver and release of any claim or interest Buyer may have in the Property.

(d) **Loan Approval.** On or before the Credit Approval Deadline specified in the Basic Provisions, Buyer shall provide Seller in form and substance acceptable to Seller, written verification of Lender's underwritten approval of the 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 Basic Provisions. To be satisfactory to Seller, the Lender's Loan approval verification must state that the Loan has been formally approved by Lender's underwriter and that the Loan is subject only to a final appraisal condition. If, for any reason other than Buyer's default (in which event Section 1.2(e) below will apply), 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 Seller shall have the right to unilaterally terminate this Agreement, whereupon Buyer and Seller shall have no further rights or obligations under this Agreement. Buyer's acceptance of the refunded Deposit constitutes Buyer's waiver and release of any claim or interest Buyer may have in the Property. If following Loan approvals, Buyer decides to select a new Lender, then such approval must be approved in writing by Seller, and such approval may be withheld at Seller's reasonable discretion. If Buyer does not provide Seller with written notice of Buyer's decision to change Lender, then Seller may unilaterally terminate this Agreement.

(e) **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 Basic Provisions, 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 within such time period. Seller may at any time thereafter terminate this Agreement and proceed under Paragraph 7 hereof. If Seller allows Buyer to implement a savings program to accumulate late funds, such funds must be deposited into Escrow as they are accumulated. Buyer's failure to make a scheduled deposit required under this Agreement shall constitute a default under this Agreement.

(f) **Modification of Approved Loan.** Buyer understands and acknowledges that Buyer is not permitted to change the lender, apply for a new loan, or take any action that results in a derogatory credit report or a revocation or invalidation of the Loan after receiving the original final loan approval referenced in Paragraph 1.2(c) above, as such action shall constitute a default under this Agreement for which Seller shall have the right to terminate this Agreement, cancel Escrow, and retain Buyer's Deposit as provided in Paragraph 7 of this Agreement.

(g) **Re-verification of Cash or Loan Approval.** At any time prior to the Close of Escrow, Seller shall have the right, in its sole discretion, to require Buyer, upon five (5) days' notice, to provide re-verification of any of the matters required in this Paragraph. If Seller determines that Buyer does not have the required cash available or financing approval(s) required to purchase the Property, then Seller shall have the right to terminate this Agreement and cancel Escrow, and retain Buyer's Deposit as provided in Paragraph 7 of this Agreement.

(h) **Buyer's Default.** Buyer shall use Buyer's best efforts to obtain the Loan. Buyer shall be in default if Buyer: (i) takes any voluntary action to prevent or delay Loan approval; (ii) requests that Lender not approve the Loan; (iii) fails to furnish all documents and information required by Lender or the Pre-Qualifying Lender within five (5) calendar days from Seller's or Lender's request for further information; (iv) fails after obtaining Loan approval to promptly sign all documents and take all actions necessary for the timely funding of the Loan; or (v) makes any misrepresentations or otherwise defaults in Buyer's obligations concerning the Loan under this Agreement. If Buyer defaults under this Paragraph, Seller may at any time thereafter terminate this Agreement and proceed under Paragraph 7 hereof.

(i) **Lender Information Release.** Buyer authorizes 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.

(j) **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. Buyer is not obligated to accept a loan from Seller's subsidiary or affiliate. Buyer may seek financing from any other lender Buyer selects.

(k) **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.

(l) **Loan Documents.** The Loan shall be evidenced by a promissory note (the "**Note**") in favor of the Lender in the amount indicated in the Basic Provisions of the Agreement. The Note shall be secured by a first deed of trust (the "**Trust Deed**"). The Note, Deed of Trust and any other documents evidencing, securing or otherwise related to the Loan (the "**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, 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. At Loan approval Buyer shall deliver the Loan Documents to Seller upon Seller's direction. All Loan Documents must be signed and deposited into Escrow within two (2) calendar days prior to Buyer's walk-through of the Property. Failure or unreasonable delay by Buyer to deliver all of the Loan Documents shall constitute a default hereunder in which event Seller may terminate this Agreement, cancel Escrow and proceed in accordance with Paragraph 7.

1.3. **Payments by Buyer.** Buyer shall deposit into Escrow all sums 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, or if no date is specified, within two (2) calendar days after Seller's or Escrow Holder's request therefor. All of Buyer's funds required under this Agreement will be paid by bank cashier's check or certified check or wire transfer paid through a California financial institution or wire transfer.

1.4. **Failure to Deposit.** If Buyer fails to perform as set forth in Paragraph 1.3 above, Seller may either: (a) extend the date for the payment for an additional period of time specified by Seller at that date; or (b) reach 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 Paragraph 7.

## 2. **Escrow.**

2.1. **Opening of Escrow.** On or promptly after the Effective Date, Seller shall open escrow (the "**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 Escrow Instructions to Buyer and Seller.

2.2. **Escrow Instructions.** The Basic Provisions of this Agreement, together with Paragraphs 1 through 11 of these General Provisions and Escrow Holder's separate escrow instructions 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 escrow instructions, the provisions of this Agreement shall control.

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

2.4. **Close of Escrow.** Unless (a) terminated as provided in this Agreement, or (b) extended by Seller in writing, Escrow shall close on the date (the "**Closing Date**") which is the later of (1) the date specified as the "Estimated Closing Date" in the Basic Provisions or (2) the fifth (5th) business day after the date Buyer is notified by Seller or Escrow Holder that Seller has received a Certificate of Occupancy from the applicable local governmental entity authorized to issue such Certificates. Because of the nature of the home building industry, it is not possible to estimate the Closing Date with accuracy. Due to a variety of factors including Buyer's timing for obtaining Loan approval, availability of materials and labor, actions of public authorities, national or regional emergency (including widespread computer malfunction), and weather conditions, the Closing Date could be extended by weeks or months. Buyer accepts the uncertainty of the Closing Date and waives all claims against Seller, its agents, employees and contractors arising in connection therewith. 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 written notice or agreement executed by Seller. The date the Grant Deed conveying title to the Property to Buyer is recorded is the date of "Close of Escrow."

2.4.1. **Buyer's Failure to Close.** In the event that Buyer is unable or unwilling to close Escrow in accordance with this Section 2.4, Buyer shall be deemed in default under the terms of this Agreement, and Seller may elect either to:

(i) terminate this Agreement, in which case Seller may proceed in accordance with Section 7 below; or

(ii) extend Buyer's time to close Escrow to a date determined by Seller, in which case Buyer shall pay to seller an amount equal to one percent (1%) of the Total Purchase Price per month for any time extensions granted by Seller. Such payments shall be prorated as of the Close of Escrow, and shall not be credited against the Purchase Price. Seller may terminate this Agreement at any time during the extended Escrow period.

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 Buyer's 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 Paragraph 7.

2.6. **Closing Procedure.** Upon Close of Escrow, Escrow Holder shall cause the Grant Deed to be recorded and Seller's net closing proceeds promptly disbursed to Seller or Seller's order, and take such further actions as are set forth in the escrow instructions.

### 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 (the "**Grant Deed**"), subject to (a) all non-delinquent taxes and assessments including any supplemental taxes levied after the Close of Escrow; (b) covenants, conditions, restrictions, reservations, dedications, easements and rights-of-way and other matters of record or apparent affecting the use and occupancy of the Property, including those set forth in the Map and the Declaration, (c) encumbrances evidencing Buyer's Loan, if any; and (d) 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.** At Close of Escrow, Escrow Holder shall deliver to Buyer an owners title insurance policy issued (with regional exceptions) by issued by FNTG Builder Services ("**Title Company**") 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 Basic Provisions). Buyer shall pay any costs in connection with partial reconveyance of any construction loan and premium for Buyer's



title policy. Association assessments shall be prorated to Close of Escrow. Real property taxes and assessments shall 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.** Buyer has obtained appropriate fire and other casualty insurance for the Property.

5.4. **Other Contingencies.** All other applicable conditions to the Close of Escrow, including those specified in any Addenda, are satisfied or have been waived in writing by the party whose favor such condition runs. Buyer represents and warrants to Seller that there are no conditions to the Close of Escrow other than those expressly stated in this Agreement (or in any fully executed Addenda). Buyer acknowledges that Buyer will be in default under this Agreement if the foregoing representation and warranty is inaccurate or untrue in any respect.

6. **Termination of Agreement and Escrow.** If this Agreement is terminated, (a) Escrow shall be automatically cancelled and the Parties shall cooperate with Escrow Holder by executing cancellation instructions requested by Escrow Holder, (b) within ten (10) days after such termination, Buyer shall return to Seller all Property-related documents delivered by Seller to Buyer hereunder, including without limitation, the Declaration, any disclosures, and Maintenance Manuals, (c) Buyer shall have no further right or interest in the Property, and (d) Buyer's indemnities of Seller in Sections 9.7.(b), 9.9, 10.2 and Section 4 of the Addendum C of this Agreement shall survive the termination.

6.1. **Buyer's Cancellation Right.** If, through no fault of Buyer, Escrow is not closed on or within one (1) year after the Opening Date, Buyer may terminate this Agreement, cancel Escrow and, within fifteen (15) calendar days after Seller and Escrow Holder receive written notice of such termination and cancellation, receive a refund of all amounts Buyer has deposited into Escrow without deduction. Before the Close of Escrow, Seller (a) may, in its sole discretion, make material changes in the legal management documents for the Community, changes in the overall development of the Community or change in the manner or content of any offering of residences in the Community or any phase of development thereof and (b) shall advise Buyer if Seller becomes aware that any of Seller's representations and warranties in this Agreement has become materially inaccurate. In such case, Seller shall provide Buyer with written notice of such material change or material inaccuracy and Buyer's sole remedy at that time shall be to terminate this Agreement, request cancellation of Escrow and receive a full refund of all amounts deposited hereunder. Buyer's failure to deliver written notice of termination to Seller within five (5) calendar days after receipt of Seller's material change notice constitutes a waiver of Buyer's right to terminate this Agreement and cancel Escrow in response to such change or inaccuracy. It is agreed that changes made by Seller pursuant to Sections 10.1 and 10.5 are not material changes subject to this Section.

6.2. **Third Party Charges.** If Escrow canceled for any reason other than pursuant to Paragraph 6.1, or as a result of Seller's default, Seller may proceed under Paragraph 7 to retain a portion of Buyer's funds for the payment of Third Party Charges. If Escrow is canceled pursuant to Paragraph 6.1 or as a result of Seller's default, Seller shall pay all Third Party Charges, and all of Buyer's funds deposited into Escrow, including amounts released for Third Party Charges, shall be refunded to Buyer.

6.3. **Seller's Right to Cancel.** Seller may terminate this Agreement and cancel Escrow if (a) Buyer is in default hereunder, (b) if Seller has the right to terminate the Agreement under any provision hereof, or (c) Seller's ability to construct the Residence or deliver it to Buyer is materially impaired because of (i) acts of God which Seller could not have reasonably foreseen and provided against, (ii) inclement weather, (iii) any strikes, boycotts or similar obstructive actions by employees or labor organizations, (iv) the action of any foreign, federal, state or local governmental authority or utility, (v) the unavailability or delay in prompt delivery of

materials, labor, water, sewer or other utility services to the Property or Community or (vi) other causes beyond the reasonable control of Seller. Upon termination of this Agreement by Seller, Escrow Holder shall terminate Escrow, Buyer's full deposit shall be refunded to Buyer, less Third Party Charges, and Seller is released from all obligations imposed by this Agreement.

7. **DAMAGES IF BUYER DEFAULTS.** IF BUYER DEFAULTS UNDER THIS AGREEMENT, SELLER SHALL BE RELEASED FROM ITS OBLIGATION TO SELL THE PROPERTY TO BUYER, AND SELLER MAY PURSUE ANY REMEDY AT LAW OR IN EQUITY THAT IT MAY HAVE AGAINST BUYER ON ACCOUNT OF SUCH DEFAULT. HOWEVER, BY PLACING THEIR INITIALS HERE, BUYER [Initials] \_\_\_\_\_ AND SELLER [Initials] \_\_\_\_\_ AGREE AS FOLLOWS:

7.1. **DETERMINATION OF LIQUIDATED DAMAGES.** IF ESCROW FAILS TO CLOSE BECAUSE OF BUYER'S DEFAULT UNDER THIS AGREEMENT, SELLER WILL BE DAMAGED AND WILL BE ENTITLED TO COMPENSATION FOR THESE DAMAGES. SUCH DAMAGES WILL BE EXTREMELY DIFFICULT AND IMPRACTICAL TO ASCERTAIN FOR THE FOLLOWING REASONS: (i) THE DAMAGES TO WHICH SELLER WILL BE ENTITLED IN A COURT OF LAW WILL BE BASED ON THE DIFFERENCE BETWEEN THE ACTUAL VALUE OF THE PROPERTY AS OF THE CLOSING DATE AND THE PURCHASE PRICE FOR THE PROPERTY AS SET FORTH IN THIS AGREEMENT, WHICH DIFFERENCE MUST BE BASED ON OPINIONS OF VALUE OF THE PROPERTY WHICH CAN VARY IN SIGNIFICANT AMOUNTS; (ii) SELLER WILL PROBABLY NOT RECOUP THE COST OF ADDITIONAL OPTION ITEMS BUYER REQUESTED IF SELLER RESELLS THE PROPERTY; AND (iii) IT IS IMPOSSIBLE TO PREDICT, AS OF THE EFFECTIVE DATE, WHETHER THE VALUE OF THE PROPERTY WILL INCREASE OR DECREASE AS OF THE CLOSING DATE. BUYER DESIRES TO LIMIT THE AMOUNT OF DAMAGES FOR WHICH BUYER MIGHT BE LIABLE IF BUYER DEFAULTS HEREUNDER. ADDITIONALLY, BOTH PARTIES WANT TO AVOID THE COSTS AND LENGTHY DELAYS RESULTING FROM SELLER FILING A LAWSUIT TO COLLECT ITS ACTUAL DAMAGES DUE TO BUYER'S DEFAULT. THEREFORE, IF BUYER DEFAULTS HEREUNDER, SELLER MAY INSTRUCT ESCROW HOLDER, AS SET FORTH BELOW, TO RETAIN FROM BUYER'S DEPOSITS (THE INITIAL DEPOSIT, THE ADDITIONAL DEPOSIT (IF APPLICABLE), AND ANY OPTION/UPGRADE DEPOSITS) THE GREATER OF: A) THREE PERCENT (3%) OF THE PURCHASE PRICE (INCLUDING OPTIONAL ITEMS), OR B) THE AMOUNT OF SELLER'S LOSSES RESULTING FROM BUYER'S DEFAULT, AS CALCULATED BY THE ACCOUNTING REQUIRED UNDER CALIFORNIA CIVIL CODE SECTION 1675(F). SUCH AMOUNT IS A REASONABLE ESTIMATE OF SELLER'S DAMAGES UNDER SECTION 1671 ET SEQ., OF THE CALIFORNIA CIVIL CODE, AND SHALL BE SELLER'S LIQUIDATED DAMAGES ("**LIQUIDATED DAMAGES**") AND SELLER'S SOLE AND EXCLUSIVE REMEDY IN THE EVENT OF BUYER'S DEFAULT.

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 OTHER THAN ANY AMOUNTS TO THIRD PARTIES FOR THIRD PARTY CHARGES, AND (2) BUYER SHALL BE DEEMED TO HAVE WAIVED BUYER'S RIGHT TO RECOVER DAMAGES, IF ANY, OR FOR SPECIFIC PERFORMANCE HEREUNDER, INCLUDING THE RIGHT TO FILE A LIS PENDENS AGAINST THE PROPERTY.

(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 PARAGRAPH 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. **RESOLUTION OF DISPUTES.** UPON RECEIPT OF AN OBJECTION NOTICE, ESCROW HOLDER SHALL IMMEDIATELY NOTIFY SELLER AND THE CONTROVERSY SHALL BE RESOLVED IN ACCORDANCE WITH SECTION 8.

7.4. **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 TO THIRD PARTIES AS THIRD PARTY CHARGES. THIS PROVISION SHALL NOT APPLY TO DEPOSITS MADE TO THIRD PARTIES.

8. **DISPUTE RESOLUTION; ARBITRATION.** Except as may be provided in Seller's Limited Warranty, any dispute regarding liquidated damages (unless resolved under Section 7 above), or any dispute concerning a Party's performance or failure to perform any obligation under this Agreement, including any Addenda and any dispute (each a "**Dispute**"), shall be resolved by submitting the Dispute to binding arbitration conducted by the American Arbitration Association ("**AAA**") in accordance with the Federal Arbitration Act (**9 U.S.C. Sections 1, et. seq.**) which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy traditional court proceedings. The Dispute Resolution procedures in this Section are to be interpreted and enforced under the Federal Arbitration Act. References in this Section to California Code Sections are not to be interpreted as a waiver of rights created under the Federal Arbitration Act. Buyer and Seller shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the arbitration proceedings.

The Parties shall use the procedures adopted by AAA (or any other entity offering binding arbitration proceedings 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 San Bernardino, unless the parties agree otherwise;
- (b) The arbitrator to preside over the Dispute shall be a neutral and impartial individual and either a retired judge or a member of the California State Bar with at least 15 years experience in relevant real estate matters. The arbitrator shall be selected in accordance with the AAA Rules, but in no event not later than sixty (60) days after a Dispute is filed;
- (c) Any dispute regarding the selection of the arbitrator shall be resolved by AAA or its successor, or, if no entity is involved, by a court with appropriate jurisdiction;
- (d) The arbitrator may require one or more pre-hearing conferences;
- (e) The Parties shall be entitled to discovery, and the arbitrator shall oversee discovery and may enforce all discovery orders in the same manner as a trial court judge;
- (f) The arbitration shall be commenced promptly and in a timely manner in accordance with AAA Rules. If the Rules do not specify a commencement date, then the parties shall agree to a date; if the Parties cannot agree to a date, then the arbitrator shall set a date;
- (g) Each of the Parties shall bear its own attorneys' fees and costs (including expert witness fees) in the arbitration;
- (h) A stenographic record of the arbitration proceedings shall be made, provided that the record shall remain confidential except as may be necessary for post-hearing motions and any appeals;
- (i) The arbitrator's statement of decision shall contain findings of fact and conclusions of law to the extent applicable;
- (j) The arbitrator shall have the authority to rule on all post-hearing motions in the same manner as a trial judge.

(k) The arbitrator shall have the authority to try all issues, whether of fact or law, and to report a statement of decision to the court

(l) The decision of the arbitrator shall be final and 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. A petition to confirm, vacate, modify or correct an award may be filed in any court of competent jurisdiction in the County where the Community is located, but the award may be vacated, modified or corrected only as permitted by the Federal Arbitration Act. This Paragraph 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.

(m) All other disputes between the parties, including without limitation all post-closing disputes relating to the condition, design or construction of any portion of the property, shall be governed by the dispute resolution provisions set forth in this Agreement. In the event of a conflict between the terms of this Agreement and the recorded Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Tract 18960 (the "Declaration") as to matters involving claims involving alleged construction defects, the provisions of this Agreement shall be controlling.

**"NOTICE: BY INITIALING IN THE SPACE BELOW, YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF MATTERS INCLUDED IN THE FOREGOING PARAGRAPH DECIDED BY NEUTRAL ARBITRATION PROVIDED BY CALIFORNIA LAW AND PURSUANT TO THE UNITED STATES ARBITRATION ACT, 9 U.S.C. SECTION 1 ET. SEQ., AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW, YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE FOREGOING PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT, TO THE EXTENT THE CALIFORNIA ARBITRATION ACT IS CONSISTENT WITH THE FEDERAL ARBITRATION ACT.**

**BY INITIALING BELOW, THE PARTIES ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE FOREGOING, AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE DISPUTE RESOLUTION; ARBITRATION PROVISION TO NEUTRAL ARBITRATION."**

*Buyer's Initials* (\_\_\_\_) (\_\_\_\_) *Seller's Initials* (\_\_\_\_) (\_\_\_\_)

**9. Miscellaneous.**

**9.1. Entire Agreement.** This Agreement and the Addenda attached hereto are the entire agreement between the Parties concerning the subject matter hereof. Except as provided in Seller's limited warranty, 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, habitability, fitness for a particular purpose, quality of construction or otherwise concerning the Property. Buyer acknowledges that Seller has made no representation, warranty or promise relating to the investment potential of the Property or the increase (or decrease) in the fair market value of the Property. Buyer further acknowledges that prices for homes in the community may be subject to upwards or downwards adjustments in the purchase prices in the Community or in neighboring communities which are, or may be, developed by Seller and its affiliates. Buyer further acknowledges that Seller has made no warranty or representation that it will maintain or increase the current sales prices for residences in the Project. Buyer acknowledges that Seller may elect to sell other residences under terms and conditions which are more favorable than those offered to Buyer, including, without limitation, more favorable terms or conditions resulting from the sale of residences in bulk to another buyer or by auction to members of the general public. Nothing in this Agreement or the Addenda attached hereto is intended to constitute, or shall be interpreted to constitute, an "enhanced protection agreement" as defined in Section 901 of the California Civil Code. 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, sold, transferred or hypothecated 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

*Buyer's Initials* \_\_\_\_/\_\_\_\_ *Seller's Initials* \_\_\_\_/\_\_\_\_

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 which either party may desire to give to another party must be in writing and may be given by electronic mail, fax or U.S. Mail, personal delivery, or by any commercial courier services, such as Federal Express or UPS Next Day Air. 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 Paragraph.

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 (i.e., Saturday, Sunday or any holiday identified by the United States federal government as a legal holiday), such performance date shall be automatically extended to the immediately following 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.**

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

(b) **Buyer's Waivers.** Buyer waives the right to maintain an action to compel Seller to convey the Property to Buyer and any right to record a notice of lis pendens or any other instrument affecting Seller's title to the Property. Buyer agrees that the Property is not unique and that Buyer can be adequately compensated in money damages if Seller breaches this Agreement. Buyer shall indemnify, defend and hold Seller and the Property harmless against all liability, damage and cost (including attorney fees) incurred as a result of Buyer's breach of this Paragraph.

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.** Other than 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 person, 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 Paragraph or elsewhere in this Agreement shall be a Buyer default entitling Seller to terminate this Agreement, cancel Escrow and proceed under Paragraph 7.

10. **Additional Agreements.** The following Paragraphs 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.** Buyer is purchasing a completed Residence, subject to the disclosures, disclaimers and limitations set forth in the "As-Is" Addendum attached hereto. 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. Models, maps, brochures, drawings and other marketing materials displayed for or given to the Buyer, are for illustrative purposes only. No furnishings, fixtures, appurtenances or optional or upgrade items displayed in any model are included in this Agreement unless Seller agrees in writing to deliver the same for a portion of the Purchase Price. 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. 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, as evidenced by a Certificate of Occupancy, or similar entitled document. If Buyer delays the Close of Escrow for such reason, such delay shall constitute a default hereunder, in which event Seller may terminate this Agreement, cancel Escrow and proceed in accordance with Paragraph 7. The incomplete items shall be completed by Seller as soon as reasonably possible after the Close of Escrow.

10.2. **Completion; Possession of the Property.** In the event Buyer is purchasing an uncompleted home and 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 deliver the Residence within one (1) year of the Effective Date. Buyer has no right, title or interest in the Property, except the right and obligation to purchase the same in accordance with the terms hereof upon completion of the Residence. Buyer may not possess the Property nor enter it before the Close of Escrow. Any entry by Buyer or any of Buyer's contractors, subcontractors, trades people, guests or invitees shall be at Buyer's own risk. Seller reserves the right to require the execution of an entry permit, or similarly titled document requiring that Buyer indemnify Seller from and against any personal injury or property damage, or both, arising from entry onto the Property before Close of Escrow. 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, before the Close of Escrow (a) no custom work may be contracted for nor 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. Buyer acknowledges and agrees that possession of the Property shall occur on the date of the Close of Escrow, provided that Seller shall have received written or oral confirmation of the Close of Escrow before 3:00 p.m. If Seller receives such confirmation after 3:00 p.m., then possession shall occur on the following calendar day.

10.3. **Optional Item Selections.** Model homes shown to Buyer contain upgrades, decorator items and optional improvements that are not included features. Certain of those items are available for Buyer to purchase. If Buyer chooses to purchase any of them, Buyer shall pay for them separately pursuant to the New Home Customization Policy entered into with Seller, and attached hereto and made a part of this Agreement. If Buyer is asked to make any selections concerning the Property, whether because Buyer has purchased optional items or otherwise, Buyer shall make those selections from the alternatives provided by Seller within seven (7) calendar days of the date of Buyer's execution of this Agreement. Buyer's selections are final. If Buyer fails to make such selections within the specified time, Seller may (a) make the selections and Buyer accepts the same or (b) declare Buyer to be in default under this Agreement.

10.4. **Orientation.** Buyer and Seller (or Seller's agent, as determined by Seller) shall perform a joint courtesy orientation and inspection of the Property either before or after 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. 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 for those items which may be completed after the Close of Escrow and those items covered by the Fit and Finish Warranty in the Right to Repair Addendum. Seller shall not be responsible for the repair of any items on the list of corrective work if the list or orientation package is not signed by Buyer.

10.5. **Construction Disputes Arising After the Close of Escrow.** It is hereby agreed that all claims, disputes and controversies between Buyer and Seller arising after the Close of Escrow including, without limitation, those arising from or related to the Property, or to any claimed defect in or to the Property or the Residence and other improvements constructed thereon, or the sale of the Property by Seller including, but not limited to, any claim for breach of contract, negligent or intentional misrepresentation, nondisclosure in the inducement, execution or performance of any contract, and breach of any alleged duty of good faith and fair dealing, shall be submitted to binding arbitration by and pursuant to the arbitration provisions set forth on the Addendum hereto entitled "Disclosure Regarding Limited Home Warranty".

**NOTICE: BY INITIALING IN THE SPACE BELOW, SELLER AND BUYER ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THIS ARBITRATION OF DISPUTES PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND ARE GIVING UP ANY RIGHTS EACH MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED BY A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW EACH ARE GIVING UP THEIR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THIS ARBITRATION OF DISPUTES PROVISION. IF EACH REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, EACH MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY. WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE ARBITRATION OF DISPUTES PROVISION TO NEUTRAL ARBITRATION.**

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10.6. **Secondary Dispute Resolution Procedures.**

(a) SECONDARY ALTERNATIVE DISPUTE RESOLUTION PROCEDURES AND PROVISIONS. TO THE EXTENT ANY OF THE DISPUTE RESOLUTION AND ARBITRATION PROCEDURES AND PROVISIONS SET FORTH IN SECTION 10.5 ABOVE, ARE DETERMINED TO BE UNENFORCEABLE IN WHOLE OR IN MATERIAL PART PREVENTING THEIR USE WITH RESPECT TO A "DISPUTE" AS DEFINED ABOVE, SELLER AND BUYER SHALL COMPLY WITH THE DISPUTE RESOLUTION PROCEDURES AND PROVISIONS SET FORTH IN THIS SECTION 10.6.

(i) Pre-Adversarial Procedures.

(A) Right To Repair Law Claims. With respect to any Right to Repair Law Claims, the Parties shall proceed pursuant to the statutory non-adversarial procedures set forth in California Civil Code Sections 910 through 938.

(B) Notice and Opportunity to Cure-Right to Repair Law Claims. Any person asserting a Dispute that does not constitute a Right to Repair Law Claim shall notify Seller and Builder in writing of the Dispute, which writing reasonably shall describe the nature of the claim and any proposed remedy (the "**Claim Notice**"). Within a reasonable period (not to exceed 60 days) after receipt of the Claim Notice, Seller and the claimant (and any other involved parties provided with the Claim Notice) shall meet at a mutually acceptable place within the Community to discuss the claim. At such meeting or at such other mutually agreeable time, Seller (or their representatives) shall have and/or be provided full access to the Property and any portion of the Project that is the subject of the claim, and shall have the right to conduct inspections and testing, including destructive or intrusive testing, of the same, in a manner deemed appropriate to Seller or Builder in its reasonable discretion, which rights shall continue until the Dispute is resolved. The parties to the Dispute shall negotiate in good faith in an attempt to resolve the claim.

If Seller elects to take any corrective action, Seller and Seller's representatives shall be provided full access to the Property and the Community to take and complete corrective action. Seller and Builder shall not be liable for any general, special or consequential damage, cost, diminution in value, or other loss Buyer may suffer as a result of any defect in the Property, which reasonably could have been avoided had Buyer given to Seller the notice and opportunity to cure described above. The provisions of these Dispute Resolution Provisions do not establish any duty, obligation, or warranty (express or implied) on the part of Seller to repair, replace or cure any defect in the Property.

(ii) Resolution Procedures.

(A) Binding Arbitration. If the parties to the Dispute cannot resolve the claim pursuant to the Pre-Adversarial Procedures described in subparagraph (a) above, the Dispute shall be submitted for resolution to binding arbitration by and pursuant to the streamlined arbitration rules of Judicial Arbitration and Mediation Services ("JAMS"). The arbitration shall be conducted pursuant to procedures as specified by the selected referee, provided that the following rules and procedures shall apply in all cases unless the parties agree otherwise:

The arbitration shall be administered as follows:

(1) the arbitration shall be administered by a neutral and impartial individual who shall be appointed within thirty (30) days following receipt of the written request by either party to arbitrate the claim or dispute. If the parties cannot mutually agree upon an arbitrator, then the arbitrator shall be selected in accordance with California Code of Civil Procedure Section 1297.124. The arbitrator may be challenged on the basis of any grounds listed therein.

(2) Seller shall advance the fees necessary to initiate the arbitration, with the costs and arbitrator's fees to be paid as agreed by the parties, or, if the parties cannot agree upon the payment of the on-going costs and fees, then as determined by the arbitrator, with the overall costs and fees of the arbitration to be ultimately born as determined by the arbitrator.

(3) the arbitration shall be held in the County where the Property is located, unless the parties agree to some other location.

(4) the arbitration shall be commenced promptly and in a timely manner in accordance with the streamlined commercial arbitration rules and procedures of JAMS. If the rules do not specify a commencement date, then the parties shall agree to a date, or the arbitrator shall set a date if the parties cannot agree.

(5) the arbitration shall be concluded promptly and in a timely manner.

(6) the arbitrator shall provide all recognized remedies available in law or equity for each cause of action.

(7) the parties may conduct discovery as if the matter were pending before a California court and the arbitrator shall have the power to issue and enforce subpoenas and to award sanctions; provided, however, the parties may apply either to the arbitrator or the courts of the State of California for protective orders with respect to such discovery.

(8) the arbitrator's judgment shall be final and binding upon the parties, shall constitute mutual written escrow instructions to Escrow Holder, and may be entered into any court of the state of California having jurisdiction thereof.

9.1 Federal Arbitration Act. The binding arbitration procedures contained in Paragraph above are implemented in accordance with the philosophy and intent of the Federal Arbitration Act (9 U.S.C. Section 1 et seq.) ("FAA"), which is designed to encourage the use of alternative methods of dispute resolution and avoid costly and potentially lengthy traditional court proceedings. The binding arbitration procedures in said Paragraph are to be interpreted and enforced as authorized by the FAA. Parties interpreting this Paragraph shall follow the federal court rulings, which provide among other things that: (1) the FAA is a congressional declaration of liberal federal policy favoring alternate dispute resolution notwithstanding substantive or procedural state policies or laws to the contrary, (2) alternate dispute resolution agreements are to be rigorously enforced by state courts; and (3) the scope of issues subject to alternate dispute resolution are to be interpreted in favor of alternate dispute resolution.

(b) **WAIVER OF COURT AND JURY TRIAL. AS TO ALL DISPUTES COVERED BY THESE DISPUTE RESOLUTION PROVISIONS, THE PARTIES WAIVE ANY RIGHTS TO APPEAL, JURY TRIAL AND**



OTHER CIVIL LITIGATION PROCEEDINGS FOR SUCH DISPUTES, EXCEPT AS OTHERWISE PROVIDED IN THE DISPUTE RESOLUTION PROCEDURES SET FORTH OR REFERENCED HEREIN. IN THE EVENT THAT THE DISPUTE RESOLUTION PROCEDURES SET FORTH OR REFERENCED HEREIN ARE DETERMINED TO BE INVALID OR UNENFORCEABLE IN WHOLE OR IN PART, SUCH THAT THE DISPUTE PROCEEDS BY WAY OF CIVIL LITIGATION PROCEEDINGS, THE PARTIES NONETHELESS WAIVE ANY AND ALL RIGHTS TO A JURY TRIAL WITH RESPECT TO THE DISPUTE. THE PARTIES MAKE THESE WAIVERS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE HAD THE OPPORTUNITY TO BE ADVISED BY INDEPENDENT LEGAL COUNSEL IN CONNECTION WITH THESE DISPUTE RESOLUTION PROVISIONS AND IN MAKING THESE WAIVERS. THE PARTIES FURTHER ACKNOWLEDGE HAVING READ AND UNDERSTOOD THE MEANING AND RAMIFICATIONS OF THESE WAIVERS, AND INTEND THESE WAIVERS BE READ AS BROADLY AS POSSIBLE AND TO EXTEND TO ALL DISPUTES EXCEPT AS OTHERWISE PROVIDED HEREIN. BUYER, SELLER AND BUILDER SHALL EACH HAVE THE RIGHT TO BE REPRESENTED BY COUNSEL IN ANY DISPUTE RESOLUTION PROCEDURES PURSUANT TO THESE DISPUTE RESOLUTION PROVISIONS.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO THE WAIVER OF COURT AND JURY TRIAL AS PROVIDED HEREIN.

BUYER'S INITIALS \_\_\_\_/\_\_\_\_/\_\_\_\_/\_\_\_\_ SELLER'S INITIALS \_\_\_\_

10.7. **Insulation Information.** Information concerning the insulation of the Residence is provided in the New Construction Addendum attached to and made a part of this Agreement.

10.8. **Price Fluctuations.** Seller may set prices for homes being sold at its sole discretion. Seller is not responsible to Buyer for any modifications in the price of homes being sold by Seller, nor shall Buyer be entitled to any adjustment in the Purchase Price to be paid by Buyer under this Agreement if Seller changes prices for other homes Seller offers for sale. Seller retains the right to increase or decrease the price of homes being sold as Seller sees fit in view of fluctuating market conditions. Seller reserves the right to sell any or all of these homes by means of an auction. Buyer consents to the exercise of these rights by Seller.

10.9. **Statutory Notice.** The following notice is given as required by California Civil Code Section 2079.10a:

**Notice:** The California Department of Justice, sheriff's 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 location 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 those individuals in any neighborhood. The Department of Justice also maintains a Sex Offender Identification Line through which inquiries about individuals may be made. The telephone number of this line is (900) 463-0400. A \$10 charge is assessed for each call and will appear on the caller's telephone bill. Callers must have specific information about individuals they are checking. Information regarding neighborhoods is not available through the "900" telephone service.

Seller makes no representations, warranties or guarantees regarding the presence or absence of registered sex offenders within the Community or in the surrounding area. Seller has no obligation or duty to investigate existing residents or buyers to determine whether they are sex offenders. Buyer is solely responsible for making his or her own investigation.

10.10. **Proposition 65.** The State of California requires Seller to inform Buyer of the potential hazards associated with exposure to certain chemicals in the environment. Buyer hereby acknowledges and agrees that Buyer has read the posted warning relating to exposure to chemicals known to cause cancer, birth defects or reproductive harm.

10.11. **Brokers and Finders.** Buyer represents and warrants that Buyer has engaged no broker or finder in connection with this transaction, and agrees to hold Seller harmless from claims by any broker or finder consistent with this representation and warranty.

11. **Addenda and Exhibits.** Buyer acknowledges receipt of the Addenda and Exhibits listed below, which are made a part of this Agreement by reference, and agrees to be bound by all of the provisions set forth therein.

Addendum "CP" New Home Customization Policy

Buyer's Initials \_\_\_\_/\_\_\_\_ Seller's Initials \_\_\_\_/\_\_\_\_

Addendum "SB" Senate Bill 800  
Addendum "CT" Cash Transaction  
Addendum "OL" Outside Lender Financing  
Addendum \_\_\_\_\_  
Addendum \_\_\_\_\_  
Addendum \_\_\_\_\_  
Addendum \_\_\_\_\_

**ADDENDUM "CP"  
TO  
PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS  
NEW HOME CUSTOMIZATION POLICY**

[Attached]

# NEW HOME CUSTOMIZATION POLICY Rev 04.08.13

## NORA NORTH

- 1) **BUYER REQUEST FOR CUSTOMIZATION** – Customization / Upgrades will be administered by the Seller's preferred vendor and/or by the owner: Flooring / Counter Tops shall be managed by builder selected design center. All other Customizations by Wilson Estates LLC in house staff. Homebuyers will make a set design appointment with a Customization Specialist to review the items offered for the home they have purchased. Design Company shall complete the paperwork and payment process for each buyer.
- 2) **PAYMENT OF CUSTOMIZATION FEATURES** – All Building Customization Features require a 50% deposit of the total amount purchased at the time the options are selected. The balance of the options will be paid by Buyer prior to or at Close of Escrow. Design Center or Sales Consultant will instruct the buyer at the time of selection who to make checks payable to. At the time of purchasing Customization Features BUYER will instruct Design Center as to how the Buyer will pay the balance owing for their order (i.e.: Add it to the purchase price, pay cash, etc.). If Buyer has chosen to add the options to their loan any deposit given and added to the loan will be refunded to the Buyer upon the successful close of escrow. Buyer agrees that they will be responsible for 100% of the cost of the Customization Features regardless if they complete the purchase of the home once the items have been ordered.
- 3) **LOCATION OF CUSTOMIZATION** – The Seller shall make reasonable effort to place the features in the location requested by the Buyer. However due to unforeseen structural elements of the building the Seller may not always be able to accommodate the Buyer's requested location. Seller shall use their best judgment in the placement of Customization Features.
- 4) **ORDERING / INSTALLATION OF CUSTOMIZATION FEATURES** – After the Deadline Date the Customization Features become a fixture of the property. If for any reason the buyer is unable to complete and/or cancel the purchase of the home then the Customization Features become the property of the Seller with **NO OBLIGATION** to the Buyer.
- 5) **CANCELLATION** – Customization Orders may only be cancelled up until the Release Date, there will be NO Cancellation / Deletion of an order after that date. Should the buyer elect to cancel/delete an item prior to that date there will be a 20% or \$250.00 (Whichever is greater) Cancellation Fee per item to process a Buyer's cancellation request. Once a buyer has PURCHASED (sign the contract & paid a deposit) Customization Features that order is considered finalized and subject to cancellation fees, regardless if the cancellation is requested prior to the cutoff deadline date.
- 6) **RELEASE DATE** – The Release Date is the date Wilson Estates LLC orders the Buyer's options.
- 7) **VENDORS** – Only those vendors that have a signed contract with the Seller may enter onto, perform and complete work on the homes in this new home community.
- 8) **SIDE DEALS/WORK** – Buyer may not enter into any contracts or side deals with the Seller's employees, vendors, and/or vendors employees to make improvements to their home prior to the close of escrow. Should a Buyer make such a deal, and/or enter into a contract that shall be grounds for **IMMEDIATE CANCELLATION** of their purchase contract with the Seller, with there being NO Obligation to the Buyer from the Seller.
- 9) **MISSED CUSTOMIZATION ORDERS** – Due to this project being a Production Home site, and not a Custom Home site from time to time Customization Features are not installed for various reasons. The Seller reserves the right to refund the amount paid by the Buyer for a Customization Feature in lieu of installing a Feature after the fact. This will be done with No Further Obligation of the Seller to the Buyer
- 10) If the appraisal received by Buyer is not adjusted to account for the options and upgrades selected by Buyer, then Buyer understands that Buyer shall be responsible and liable to Seller for an additional Deposit to cover the difference between the appraised value of the Property and the Purchase Price agreed to in this Agreement.

Agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

X \_\_\_\_\_  
Buyer Signature

\_\_\_\_\_  
Print Name

X \_\_\_\_\_  
Buyer Signature

\_\_\_\_\_  
Print Name

X \_\_\_\_\_  
Seller (Representative)

\_\_\_\_\_  
Print Name

**ADDENDUM "SB"  
TO  
PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS**

**SENATE BILL 800**

[Attached]

**ADDENDUM "CT"**  
**TO**  
**PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS**  
  
**CASH PURCHASE**

**PROPERTY:**

**Address:** \_\_\_\_\_ **Rancho Cucamonga, California 91739**

**Lot**\_\_\_\_, **Tract 18960**

This is an addendum (the "**Addendum**") to the Purchase Agreement and Escrow Instructions (the "**Agreement**") dated \_\_\_\_\_, \_\_\_\_\_, between **Wilson Estates, LLC**, as "**Seller**," and the undersigned, as "**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.

1. **Election.** As provided in the Basic Provisions of the Agreement, Buyer has elected to pay cash for the entire amount of the Purchase Price. Therefore, Buyer's obligation to purchase is not conditioned on obtaining any Loan approval. In addition to the Deposit specified in the Basic Provisions, by 4:00 p.m. on the Proof of Closing Funds Deadline set forth in the Basic Provisions, Buyer shall provide to Seller evidence of availability of funds, including Closing Costs necessary to successfully close this transaction.
2. **Second Payment.** Buyer shall deposit in Escrow on or before forty-five (45) days before Close of Escrow, additional cash in a sum equal to ten percent (10%) of the Purchase Price (the "**Second Payment**"). The remainder of the Purchase Price shall be deposited with Escrow Holder in the form of cash, bank cashier's check paid through a California institution or wire transfer not later than the end of the business day 24 hours before the scheduled Closing Date.
3. **Failure to Deposit.** If Buyer fails to perform as set forth in Paragraph 2 above, Seller may either: (a) extend the date for the payment Deposit for an additional period of time specified by Seller at that date; or (b) reach 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 Paragraph 7 of the Agreement.

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

**BUYER(S):**

\_\_\_\_\_  
Buyer Date

\_\_\_\_\_  
Buyer Date

**SELLER:**

**Wilson Estates, LLC,**  
a California limited liability company

By: \_\_\_\_\_  
Nat DiCarlo  
Its: Manager

**ADDENDUM "OL"  
TO  
PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS  
OUTSIDE LENDER FINANCING**

**PROPERTY:**

**Address:** \_\_\_\_\_, Rancho Cucamonga, California 91739

**Lot** \_\_\_\_\_, **Tract 18960.**

This is an addendum (the "**Addendum**") to the Purchase Agreement and Escrow Instructions (the "**Agreement**") dated \_\_\_\_\_, \_\_\_\_\_, between **Wilson Estates, LLC**, as "**Seller**," and the undersigned, as "**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.

1. **Outside Lender.** Because it is critical for Buyer to obtain a Loan in a timely manner to enable Buyer to close the transaction contemplated under the Agreement, Buyer shall make simultaneous applications for a Loan through both the Pre-Qualifying Lender and the following-named lender (the "**Outside Lender**").

**Outside Lender Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Phone:** \_\_\_\_\_

**Pager:** \_\_\_\_\_

**Fax:** \_\_\_\_\_

**Contact Person:** \_\_\_\_\_

**Office Manager:** \_\_\_\_\_

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

2. **Loan Application Package.** Buyer shall provide the Pre-Qualifying Lender and the Outside Lender with all documents necessary to obtain Loan approval. Buyer will pay all fees and charges connected with obtaining the Loan directly to the lender involved. However, Buyer shall not be charged any fee by the Pre-Qualifying Lender unless the Pre-Qualifying Lender actually makes a Loan to Buyer.
3. **Loan Approval.** Buyer shall use its best efforts to obtain the required unconditional Loan approval from the Outside Lender within thirty (30) days after the Effective Date of the Agreement. If such approval is not obtained from the Outside Lender by the end of that 30-day period, and the Pre-Qualifying Lender is in a position to provide a Loan at that time, Buyer's right to use the Outside Lender shall be deemed terminated and Buyer shall obtain a Loan for the purchase of Property through the Pre-Qualifying Lender.



4. **Change in Lender Selected.** In no event may Buyer change Lenders during the period beginning forty-five (45) calendar days before the Estimated Closing Date and ending on the Closing Date, without Seller's express written consent, which consent may be withheld at Seller's sole discretion.
  
5. **Timing and Reinspection.** Time is of the essence in obtaining the Loan approvals and closing the sale transaction contemplated under the Agreement. Therefore, if the sales transaction contemplated under the Agreement is not in a position to close on the date specified in the Agreement (or any amendments or extension thereto), due to delays caused by the Outside Lender, Seller, at its option, may elect to terminate Escrow immediately upon written notice given to Buyer and the Escrow Holder. This includes, but is not limited to, delays resulting from the Outside Lender requiring a reinspection of the Property (per Form 1004D, or other documentation) before Close of Escrow. Buyer is advised that to avoid such delays, Buyer should immediately check with the Outside Lender to determine if such reinspection 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 reinspection. If the Outside Lender desires to require a reinspection, Buyer's Loan agreement shall require the Outside Lender to allow Escrow to close subject to withholding appropriate amounts of funds in Escrow to be released upon completion of the reinspection. 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, for not more than thirty (30) calendar days, Buyer shall pay Seller, upon written demand, at such subsequent date when Escrow does close, a sum equal to the greater of (a) \$200 per calendar day or (b) 1% of the Purchase Price divided by 30 days for each day Escrow is extended beyond the Closing Date. 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.

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

**BUYER(S):**

\_\_\_\_\_  
 Buyer  
 Date

\_\_\_\_\_  
 Buyer  
 Date

**SELLER:**

Wilson Estates, LLC,  
 a California limited liability company

By: \_\_\_\_\_  
 Nat DiCarlo  
 Its: Manager

Date: \_\_\_\_\_