Addendum No. 1 to Residential

Purchase Agreement and Joint Escrow Instructions

This Addendum is attached to and incorporated as part of the **Residential Purchase Agreement and Joint Escrow Instructions** dated for the property commonly known as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(“the Property”) between \_\_\_\_\_\_\_\_\_\_\_\_\_ (“Buyer”) and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (collectively, the “Seller”) (collectively, the “Purchase Agreement”). In the event of any conflict, inconsistency or ambiguity between the terms and provisions of the Purchase Agreement and this Addendum, this Addendum shall govern.

1. As-Is Sale and Purchase. Buyer acknowledges that the provisions of this Addendum have been required by Seller as a material inducement to enter into this Purchase Agreement and Buyer has had the opportunity to engage legal counsel to advise Buyer as to the intent and effect of such provisions.
2. AS-IS. Subject to Seller's representations and warranties expressly set forth in this Purchase Agreement, Buyer is purchasing the Property in its existing condition, "AS-IS, WHERE-IS, WITH ALL FAULTS," and upon the Closing Date has made or has waived all inspections and investigations of the Property and its vicinity which Buyer believes are necessary.
3. No Representations. Other than the express representations and warranties of Seller contained in this Purchase Agreement, neither Seller, nor any person or entity acting by or on behalf of Seller, nor any direct or indirect member, manager, attorney or employee of Seller, nor any broker, agent, affiliate, successor or assign of Seller (collectively, including Seller, the "**Seller Group**") has made any representation, warranty, inducement, promise, agreement, assurance or statement, oral or written, of any kind to Buyer upon which Buyer is relying, or in connection with which Buyer has made or will make any decisions concerning the Property or its vicinity including, without limitation, its use, condition, value, compliance with local, state, or federal Governmental Regulations, existence or absence of Hazardous Substances, or the permissibility, feasibility, or convertibility of all or any portion of the Property for any particular use, including, without limitation, its present or future prospects for sale, lease, development, re-development, occupancy or suitability as security for financing. As used herein, the term "**Governmental Regulations**" means any laws (including Environmental Laws), ordinances, rules, requirements, resolutions, policy statements and regulations (including, without limitation, those relating to land use, Coastal Development, subdivision, zoning, Hazardous Substances, occupational health and safety, handicapped access, water, earthquake hazard, and building and fire codes) of any governmental or quasi-governmental body or agency claiming jurisdiction over the Property. As used in this Purchase Agreement, the following definitions shall apply: "**Environmental Laws**" shall mean all federal, state and local laws, ordinances, rules and regulations now or hereafter in force, whether statutory or common law, as amended from time to time, and all federal and state court decisions, consent decrees and orders interpreting or enforcing any of the foregoing, in any way relating to or regulating human health or safety, or industrial hygiene or environmental conditions, or protection of the environment, or pollution or contamination of the air, soil, surface water or groundwater, and includes, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, et seq., the Resource Conservation and Recovery Act,

42 U.S.C. § 6901, et seq., and the Clean Water Act, 33 U.S.C. § 1251, et seq. "**Hazardous Substances**" shall mean any substance or material that is described as a toxic or hazardous substance, waste or material or a pollutant or contaminant, or words of similar import, in any of the Environmental Laws, and includes asbestos, petroleum (including crude oil or any fraction thereof, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel, or any mixture thereof), petroleum-based products and petroleum additives and derived substances, lead-based paint, mold, fungi or bacterial matter, polychlorinated biphenyls, urea formaldehyde, radon gas, radioactive matter, medical waste, and chemicals which may cause cancer or reproductive toxicity.

1. No Implied Warranties. Seller specifically disclaims: (a) all warranties implied by law arising out of or with respect to the execution of this Purchase Agreement, any aspect or element of the Property, or the performance of Seller's obligations hereunder including, without limitation, all implied warranties of merchantability, habitability and fitness for a particular purpose; and (b) any warranty, guaranty or representation, oral or written, past, present or future concerning, (i) the nature and condition of the Property and other items conveyed hereunder, including, without limitation, the water, soil, and geology, the suitability of the Property and other items conveyed hereunder for any and all activities and uses which Buyer may elect to conduct on the Property, the potential for existing or further development of the Property, oceanographic or geological conditions, including, without limitation, flooding, sea level rise, storm surge, subsidence, subsurface geotechnical conditions, the existence of any environmental hazards or conditions on the Property (including but not limited to the presence of asbestos or other Hazardous Substances) or compliance with applicable Environmental Laws, (ii) the nature and extent of any right-of-way, lease, possession, lien, encumbrance, license, reservation, condition or otherwise, and

(iii) the compliance of the property or its operation, or other items conveyed hereunder, with any Governmental Regulations.

1. Information Supplied by Seller Group. Any information provided or to be provided by Seller or other members of the Seller Group with respect to the Property, whether provided before or after the Effective Date, was obtained from a variety of sources. The Seller Group has not made any independent investigation or verification of such information and makes no representations as to the accuracy, truthfulness, or completeness of such information. The Seller Group shall not be liable for any negligent misrepresentation or any failure to investigate or make inquiry as to any matter, nor shall any member of the Seller Group be liable or bound in any manner by any verbal or written statement, representation or information pertaining to the Property, or the operation thereof, furnished by the Seller Group or any real estate broker, contractor, agent, employee, servant or other person, except as may be otherwise expressly set forth in this Purchase Agreement.
2. Buyer’s Investigation. Buyer further acknowledges and agrees that because Buyer has been given the opportunity to inspect all aspects of the Property, including, without limitation, all physical and financial aspects of the Property and its development potential, Buyer is relying solely on its own investigations in deciding whether or not to purchase the Property.
3. Natural Hazard Disclosure. Buyer and Seller acknowledge that Seller will or has employ the services of a company to examine the maps and other information made available to the public by government agencies concerning natural hazards, and to report the results of its

examination to Buyer. Such written report completely discharges Seller from its disclosure obligations regarding natural hazards.

1. Waiver and Release. Effective as of and upon the Close of Escrow, Buyer waives any and all rights to recover from the Seller Group, or any of them, for any and all liabilities, liens, claims, damages, costs, expenses, suits or judgments (including attorneys’ fees and court costs), whether direct or indirect, known or unknown, foreseen or unforeseen (collectively, “Claims”), which may arise from or are in any way connected with the Property, including, but not limited to, Claims arising from or related to the natural hazard disclosure report, soils, the physical condition of the Property, Hazardous Materials, subsurface, geotechnical, seismic, hydrological, oceanographic, or environmental conditions of the Property; provided, however, that the foregoing shall not limit, release or discharge any of Buyer’s remedies or rights in the event of Seller’s breach of any express representation or warranty. Buyer further covenants and agrees that it will not sue or bring or assert any action, claim, or cause of action in any jurisdiction or forum against the Seller Group asserting any claim released by this Purchase Agreement and any of the Seller Group may plead this Purchase Agreement as a complete defense and bar to any claim released by this Purchase Agreement. Buyer expressly waives the benefits of Section 1542 of the California Civil Code, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

BUYER:

1. Buyer agrees to indemnify, defend, and hold harmless the Seller Group, and each of them, from any Claims caused by or arising out of Buyer’s use, ownership, or possession of the Property following the Close of Escrow.
2. Buyer agrees that the forgoing provisions in this Addendum are intended to be as broad and inclusive as is permitted by the law of the state of California and that if any portion thereof is held invalid, it is agreed that the remaining provisions shall, notwithstanding, continue in full legal force and effect. Buyer’s obligations hereunder shall survive the Close of Escrow.
3. Assignment. Any assignment shall require the written consent of Seller, in its sole and absolute discretion. Any total or partial assignment shall not relieve Buyer of Buyer’s obligations pursuant to this Agreement and Addendum, unless otherwise agreed to by Seller. In addition, Assignee must agree in writing to hereby be bound by this Addendum.
4. Seller’s Default. In the event that, prior to the close of escrow, Seller breaches any of its representations, warranties, or obligations pursuant to the Purchase Agreement, then Buyer shall give Seller written notice of such alleged breach, and Seller shall have five (5) days after receipt of such written notice to cure such alleged breach to Buyer’s reasonable satisfaction.

If Seller fails to cure such alleged breach within said five (5)-day period, Buyer may, as its sole and exclusive remedy for such default, either (i) terminate this Purchase Agreement by written notice to Seller and Escrow Holder, in which event the Deposit and all interest earned thereon shall be immediately returned to Buyer, or (ii) provided that Buyer has previously tendered full performance of all of its obligations under this Purchase Agreement, seek to enforce specific performance of this Agreement. Buyer shall be deemed to have elected to terminate this Purchase Agreement pursuant to clause (i) hereinabove if Buyer fails to deliver to Seller written notice of its intent to commence arbitration (preceded by mediation as provided in the purchase agreement) to assert a claim for specific performance against Seller on or before ten (10) days following the then- scheduled Closing Date, or having given such notice fails to commence such proceedings asserting said claim on or prior to thirty (30) days from the date of such notice. If Buyer duly elects to terminate or is deemed to have elected to terminate this Purchase Agreement pursuant to clause (i) hereinabove, then Buyer shall and hereby agrees in such event to waive any and all right to file or record any lis pendens or any other lien or encumbrance against the Property or to seek specific performance or other equitable relief or to seek or recover from Seller any damages (including, without limitation, any actual direct, indirect, consequential, punitive or other damages) other than to recover the amounts specifically provided for in clause (i) hereinabove. Notwithstanding anything to the contrary herein, the failure of a condition precedent caused by the action or inaction of a third (3rd) party not in the control of Seller shall not be deemed a default by Seller in the fulfillment of an obligation. The foregoing remedies set forth in subclauses (i) and (ii) hereinabove are Buyer’s sole and exclusive remedies with respect to Seller’s default, and Buyer waives any and all other remedies as may be available at law or in equity in connection with such Seller’s default (subject, however, to Buyer’s right to recover attorneys’ fees and costs).

1. Title Company. The policy of title insurance to be provided to Buyer at close of escrow shall be issued by Title Company. Seller shall forthwith obtain for Buyer (and provide Buyer and its counsel with copies of) a preliminary report of title issued by

 Title Company.

1. Time Periods. All time periods shall commence on the latest date when Buyer or Seller signs the Purchase Agreement and other required documents (and copies of same have been provided to the other party).

Seller:

By Date

By Date

Buyer:

By: Date