

NEW HOME CONSTRUCTION CONTRACT
(To Be Used for Purchase of Lot and New Construction)

SEEK LEGAL ADVICE BEFORE EXECUTING THIS DOCUMENT

This NEW HOME SALES CONTRACT ("Contract") is made on _____
("Date of Offer") between _____
____ ("Buyer") and _____
____ ("Seller"), owner of Property (identified below), and who is a licensed Virginia contractor
(license number _____, class _____, classification/specialty _____) in the business
of building and/or selling new dwellings, with an address of _____
_____.

Buyer and Seller hereby confirm and acknowledge by their initials and signatures herein that by
prior disclosure in this real estate transaction _____
("Listing Brokerage") represents Seller, and _____
("Cooperating Brokerage") represents Buyer or Seller. Listing Brokerage and Cooperating
Brokerage are collectively referred to as Broker. (If the brokerage firm is acting as a dual
representative for both Seller and Buyer, then the appropriate disclosure form is attached to and
made a part of this Contract.) In consideration of the mutual promises and covenants set forth
below, and other good and valuable consideration the receipt and sufficiency of which is
acknowledged, the parties agree as follows:

1. REAL PROPERTY Buyer agrees to buy and Seller agrees to sell the land and all
Improvements to be constructed and/or located in the County/City/Town of _____
____, Virginia and described as follows: ("Property").
TAX Map/ID # _____ County/Municipality _____
Section _____ Subdivision _____
Model Name: _____ Phase: _____
Legal Description: Lot(s) _____
Deed Book/Liber # _____ Page/Folio # _____
Street Address _____
Unit # _____ City _____ VA ZIP Code _____

2. IMPROVEMENTS, OPTIONS, AND/OR EQUIPMENT INCLUDED (collectively, the
"Improvements"). The Seller agrees to construct and/or install all Improvements in
compliance with the drawings, specifications and plans created by the Seller, which are
attached, hereto (collectively, the "Plans"), including providing and installing all standard
features and options listed on a separate addendum (See Option Addendum attached). Seller
shall include an active radon remediation system as part of the Plans. Subsequent changes to
the Plans or to the Options Addendum will be handled as stated in the CHANGES AND
ADDITIONAL WORK REQUESTS Paragraph of this Contract.

3. PRICE AND SPECIFIED FINANCING

A. Price.

Lot Price: \$ _____
Base Price: \$ _____
Option Selections (see above): \$ _____
TOTAL PURCHASE PRICE: \$ _____

First Deposit This Date: Check # _____ \$ _____
 Additional Deposit due by: _____ \$ _____
 Additional Deposit due by: _____ \$ _____
TOTAL DEPOSIT: \$ _____
 Loan Amount (See below) \$ _____ or % _____

DOWN PAYMENT: \$ _____ or % _____

B. First Deed of Trust. Buyer will obtain a **Fixed OR** an **Adjustable** rate First Deed of Trust loan amortized over _____ years. The interest rate for this loan is at an (initial) interest rate not to exceed _____% per year of the following type:

- USDA** See Addendum attached **Construction** See Addendum attached
 VA See Addendum attached **This Contract is not contingent on Financing.**

4. DEPOSIT Buyer's deposits stated in the PRICE AND SPECIFIED FINANCING Paragraph ("Deposit") shall be held by _____ ("Escrow Agent"). Buyer has delivered the First Deposit **OR** will deliver the First Deposit to Escrow Agent by _____ days after Date of Ratification. All additional deposits shall be delivered to the Escrow Agent as outlined in the PRICE AND SPECIFIED FINANCING Paragraph.

If the Escrow Agent is a Virginia Real Estate Board ("VREB") licensee, the parties direct the Escrow Agent to place the Deposit in an escrow account by the end of the 5th business banking day following receipt or following the Date of Ratification whichever is later. If the Escrow Agent is not a VREB licensee, Deposit will be placed in an escrow account of Escrow Agent after Date of Ratification in conformance with the laws and regulations of the appropriate jurisdiction and/or, if VA financing applies, as required by Title 38 of the U.S. Code. This account may be interest bearing and all parties waive any claim to interest resulting from Deposit. Deposit will be held in escrow until: (i) Credited toward the Sales Price at Settlement; (ii) All parties have agreed in writing as to its disposition; (iii) A court of competent jurisdiction orders disbursement and all appeal periods have expired; or, (iv) Disposed of in any other manner authorized by law. Seller and Buyer agree that Escrow Agent will have no liability to any party on account of disbursement of Deposit or on account of failure to disburse Deposit, except in the event of Escrow Agent's gross negligence or willful misconduct.

5. UTILITIES WATER, SEWAGE, HEATING AND CENTRAL AIR CONDITIONING

Except as otherwise depicted in the Plans and any attachment or addendum hereto, Seller makes no representations as to the location of utility transformers and utility pedestals on Property, as the location of these facilities is determined solely by the utility companies and not by Seller, but Seller shall meet all such utility installers and offer preferred locations which minimize the disruption of the intended use of Property and take into account the aesthetics of the Project. (Check all terms that apply)

- Water Supply: Public Private Well Community Well
 Sewage Disposal: Public Community Septic
 Septic for # BR _____ Alternative Septic for # BR _____
 Hot Water: Gas Elec. Other
 Air Conditioning: Gas Elec. Heat Pump Other Zones # _____
 Heating: Gas Elec. Heat Pump Other Zones # _____

6. **CONSTRUCTION** Within 5 business days following the Date of Ratification, Seller shall seek all appropriate permits and approvals for the construction of the Improvements to complete the Project. Seller shall name the Settlement Agent's title insurance underwriter as its Mechanics Lien Agent on all permit applications and Seller shall post all permits at Property at all times and in accordance with law.

Construction will begin within _____ days after Settlement and Seller will Deliver Notice of Substantial Completion on or about _____ ("Substantial Completion Date"). Buyer is aware that delays caused by events beyond the control of Seller such as: work stoppages, municipal approvals and permits, strikes, lockouts, weather, availability of labor, materials, craftsmen, acts of God, terrorism, and anything unanticipated and unforeseen are not included in the calculation of time estimates. Notwithstanding the above, in the event the Project is not Substantially Complete within 24 months from the Date of Ratification, then this Contract may be voidable at the sole option of the Buyer. Any such termination shall be without penalty to Buyer, and any Deposit shall be promptly returned to Buyer.

Delays caused by such events do not constitute abandonment or constitute a default on Seller's part and are not included in calculating time frames for payment or performance.

7. **SETTLEMENT** Seller and Buyer will make full settlement in accordance with the terms of this Contract ("Settlement") on, or with mutual consent before, _____ ("Settlement Date"). Buyer and Seller agree to provide in a prompt manner such documentation as lender may require to process and complete the Specified Financing.
8. **OCCUPANCY** Occupancy may occur only after Buyer has received Seller's Notice of Substantial Completion. Delivery of Property at Settlement, and completion of the Project are not severable and Seller's obligation of performance requires that the Project be Completed and delivered to the Buyer under the terms and conditions of this Contract.
9. **NOTICE TO BUYER REGARDING THE REAL ESTATE SETTLEMENT AGENTS ACT ("RESAA")** Choice of Settlement Agent: **Buyer has the right to select a Settlement Agent to handle the closing of this transaction. The Settlement Agent's role in closing this transaction involves the coordination of numerous administrative and clerical functions relating to the collection of documents and the collection and disbursement of funds required to carry out the terms of the contract between the parties. If part of the purchase price is financed, Buyer's lender will instruct the Settlement Agent as to the signing and recording of loan documents and the disbursement of loan proceeds. No Settlement Agent can provide legal advice to any party to the transaction except a Settlement Agent who is engaged in the private practice of law in Virginia and who has been retained or engaged by a party to the transaction for the purpose of providing legal services to that party.**

Variation by Contract: The provisions of the Real Estate Settlement Agents Act may not be varied by Contract, and rights conferred by this chapter may not be waived. The Seller may not require the use of a particular settlement agent as a condition of the sale of the property.

Escrow, closing and Settlement service guidelines: The Virginia State Bar issues guidelines to help Settlement agents avoid and prevent the unauthorized practice of law in connection with furnishing escrow, Settlement or closing services. As a party to a real estate transaction, Buyer is entitled to receive a copy of these guidelines from the

Settlement Agent, upon request, in accordance with the provisions of the Real Estate Settlement Agents Act.

Buyer selects _____ (“Settlement Agent”) to conduct Settlement. Either party may retain their own legal counsel. Buyer agrees to contact Settlement Agent within ten (10) Days of Date of Ratification to schedule Settlement. Settlement agent shall order the title examination and, if required, a survey.

10. DOWN PAYMENT The balance of the down payment will be paid on or before Settlement Date by certified or cashier’s check or by bank-wired funds. An assignment of funds shall not be used without prior written consent of Seller.

11. MODEL HOME Any model home is displayed for illustrative purposes only, and such display shall not constitute a contract or commitment on the part of Seller to deliver Property purchased in exact accordance with any model home. None of the items or furnishings shown in any model home site are included in this Contract unless Seller specifically agrees in writing to deliver same as part of the Purchase Price.

12. CHANGES AND ADDITIONAL WORK REQUESTS Seller reserves the right to make changes to the Project at Seller’s cost and expense with advance written notice to the Buyer if such changes are necessary as a result of unforeseen site conditions or the unavailability of materials specified in the Plans provided (a) such unavailability is not due, in whole or in part, to Seller’s failure to timely order such material; and (b) Seller obtains Buyer's prior written approval for substitution of design finishes or materials (such as specified underlayment systems, hardware, countertops, flooring, doors, specialized siding, and all windows) which are substantially similar in quality, duration, warranty, and appearance to the unavailable design finishes or materials specified in the Plans, which approval shall not be unreasonably withheld, conditioned or delayed by Buyer.

The location of the driveways, walks and patios, grading, planting and landscaping, including the disposition of existing trees and the control of water flow, the inclusion or exclusion of retaining walls, septic fields, and other site details, including utilities, electric transformers, catch basins, cable television or telephone service boxes, and the manner in which Property is graded are subject to change in the exercise of Seller’s good-faith professional judgment as required by site conditions. The driveway shall not be a shared driveway and shall permit a continuous turn entry into and exit from any garage. The parties recognize and agree that it may be necessary to adjust such items to accommodate specific field conditions, governmental requirements, and other reasonable causes.

13. INSULATION Insulation characteristics:

A. Exterior walls in conditioned areas will be insulated with _____ to a thickness of _____ inches, which thickness, according to the manufacturer, will yield an R-Value of _____.

B. Ceilings in the attic over living areas will be insulated with _____ to a thickness of _____ inches, which thickness, according to the manufacturer, will yield an R-value of _____.

C. Basement walls (subterranean) will be insulated with _____ to a thickness of _____ inches, which thickness, according to the manufacturer, will yield an R-value of _____.

14. WARRANTY

A. Express Warranty. In addition to any other warranty implied by law, the Seller warrants that, as of Occupancy, the Improvements shall be (i) free from structural defects, so as to pass without objection in the trade; (ii) constructed in a workmanlike manner, so as to pass without objection in the trade; and (iii) fit for habitation. Seller shall assign all manufacturer warranties to Buyer on Project Completion Date. Unless otherwise agreed to in writing, no other warranty is provided. Buyer may wish to pursue obtaining a separate warranty.

B. Third Party Homeowners Warranty. Seller shall provide Buyer at Seller's cost a new home warranty of at least 10 years issued by a nationally recognized third-party homeowner's warranty insurance company. Buyer acknowledges that before signing this Contract, Buyer has received and reviewed information concerning the terms and conditions of such third-party homeowner's warranty insurance. Seller shall pay the premium associated with such insurance, thereafter Buyer's rights and responsibilities under such policy of insurance shall be governed and controlled by the terms thereof.

15. RISK OF LOSS The risk of damage or loss to Property by fire, act of God, or other casualty remains with Seller until Settlement Date. In the event of substantial loss or damage to Property before Settlement Date, Buyer shall have the option of either (a) terminating this Contract and recovering Deposit or (b) affirming this Contract, in which event Seller shall assign to Buyer all of Seller's rights under any policy or policies of insurance applicable to Property. After Settlement, Buyer shall be responsible for purchasing and maintaining hazard and liability insurance and, at Buyer's option, may maintain such insurance as will protect against claims which may arise from operations under the Contract. After Settlement, Seller shall maintain a Builder's Risk and Liability Policy until Project Completion Date.

16. TITLE The title report and survey, if required, will be ordered promptly and, if not available on Settlement Date, then Settlement may be delayed for up to 10 business days to obtain the title report and survey, after which this Contract, at the option of Seller, may be terminated and Deposit will be refunded in full to Buyer according to the terms of the DEPOSIT paragraph. Fee simple title to Property, and everything that conveys with it, will be sold free of liens except for any loans assumed by Buyer.

Seller will convey title which is good, marketable, and insurable by a licensed title insurance company with no additional risk premium. If action is required to perfect the title, such action must be taken promptly by Seller at Seller's expense. Title may be subject to commonly acceptable easements, covenants, conditions and restrictions of record, if any, as of Settlement Date. If title is not good, marketable, and insurable by a licensed title insurance company with no additional risk premium on Settlement Date, Buyer may at Buyer's option either (a) declare the Contract void in writing or (b) pursue all available legal and equitable remedies. Nothing herein shall prohibit the parties from mutually agreeing to extend Settlement Date under terms acceptable by both parties.

Seller will convey Property by general warranty deed with English covenants of title ("Deed"). The manner of taking title may have significant legal and tax consequences. Buyer is advised to seek the appropriate professional advice concerning the manner of taking title. At Settlement, Seller shall deliver (a) the Deed; (b) a mechanics lien affidavit acceptable to Buyer's title insurance company as to parties in possession and mechanics liens; (c) such certificates or contracts as may be required by state and federal authorities for tax and residency purposes; and (d) such affidavits, lien waivers, tax certifications, and other

documents as may be required by the lender, title insurance company, Settlement Agent, or government authority. Seller authorizes Settlement Agent to obtain pay-off or assumption information from any existing lenders. Unless otherwise agreed to in writing, Seller will pay any special assessments and will comply with all orders or notices of violations of any county or local authority, homeowners' or property owners' association, or actions in any court on account thereof, against or affecting Property on Settlement Date. Broker is hereby expressly released from all liability for damages by reason of any defect in the title.

Buyer may purchase title insurance at either "standard" or "enhanced" coverage and rates. For purposes of owner's policy premium rate disclosure by Buyer's lender(s), if any, Buyer and Seller require that enhanced rates be quoted by Buyer's lender(s). Buyer understands that nothing herein obligates Buyer to obtain any owner's title insurance coverage at any time, including at Settlement, and that the availability of enhanced coverage is subject to underwriting criteria of the title insurer.

17. DELIVERY This paragraph specifies the general delivery requirements under this Contract. Delivery ("Delivery", "delivery", or "delivered") methods may include hand-carried, sent by professional courier service, by United States mail, or by facsimile or email transmission. The parties agree that Delivery will be deemed to have occurred: on the day delivered by hand, on the day delivered by a professional courier service (including overnight delivery service) or by United States mail, return receipt requested, or on the day sent by facsimile or email transmission, either of which produces a tangible record of the transmission.

Deliveries will be sent to the following:

A. Addressed to Seller by United States mail, hand delivery or courier service **OR** fax **OR** email (check all that apply):

To Seller: _____

B. Addressed to Buyer by United States mail, hand delivery or courier service **OR** fax **OR** email (check all that apply):

To Buyer: _____

No party to this Contract will refuse Delivery in order to delay or extend any deadline established in the Contract.

18. VIRGINIA RESIDENTIAL PROPERTY DISCLOSURE ACT The Virginia Residential Property Disclosure Act requires Seller to deliver a disclosure statement prior to the acceptance of this Contract unless the transfer of Property is exempt. The law requires Seller, on a disclosure statement provided by the Real Estate Board, to state that Seller makes no representations or warranties concerning the physical condition of Property and to sell Property "as is", except as otherwise provided in this Contract.

If the disclosure statement is delivered to Buyer after Date of Ratification, Buyer's sole remedy shall be to terminate this Contract at or prior to the earliest of (a) 3 days after delivery of the disclosure statement in person or by electronic delivery; (b) 5 days after the postmark if the disclosure statement is sent by United States mail, postage prepaid, and properly addressed to Buyer; (c) settlement upon purchase of Property; (d) occupancy of Property by Buyer; (e) Buyer making written application to a lender for a mortgage loan where such application contains a disclosure that the right of termination shall end upon the application for the mortgage loan; or (f) the execution by Buyer after receiving the disclosure statement of a written waiver of Buyer's right of termination separate from this Contract.

Written Notice of termination may be (a) hand delivered; (b) sent by United States mail, postage prepaid, provided that Buyer retains sufficient proof of mailing, which may be either a United States postal certificate of mailing or a certificate of service confirming that such mailing was prepared by Buyer; (c) sent by electronic means to the facsimile number or electronic mailing address provided by Seller in the DELIVERY paragraph, provided that Buyer retains sufficient proof of the electronic delivery, which may be an electronic receipt of delivery, a confirmation that the notice was sent by facsimile, or a certificate of service; (d) overnight delivery using a commercial service or the United States Postal Service.

Any such termination shall be without penalty to Buyer, and any deposit shall be promptly returned to Buyer.

19. VIRGINIA PROPERTY OWNERS' ASSOCIATION ACT. Seller represents that the Property is OR is not located within a development that is subject to the Virginia Property Owners' Association Act ("POA Act" or "Act" solely in this Paragraph). Section 55.1-1808(B) of the Act requires the following contract language:

A. Subject to the provisions of subsection A of §55.1-1814, an owner selling a lot shall disclose in the contract that (i) the lot is located within a development that is subject to the Virginia Property Owners' Association Act (§55.1-1800 et seq.); (ii) the Property Owners' Association Act (§55.1-1800 et seq.) requires the seller to obtain from the property owners' association an association disclosure packet and provide it to the purchaser; (iii) the purchaser may cancel the contract within three days, or up to seven days if extended by the ratified real estate contract, after receiving the association disclosure packet or being notified that the association disclosure packet will not be available; (iv) if the purchaser has received the association disclosure packet, the purchaser has a right to request an update of such disclosure packet in accordance with subsection H of §55.1-1810 or subsection D of §55.1-1811, as appropriate; and (v) the right to receive the association disclosure packet and the right to cancel the contract are waived conclusively if not exercised before settlement.

Pursuant to §55.1-1808 and for purposes of this Paragraph, "ratified real estate contract" includes any addenda to this Contract.

B. For delivery of the Packet or the Notice of non-availability of the Packet, Buyer prefers delivery at _____ if electronic
or _____ if hard copy.

20. IRS/FIRPTA – WITHHOLDING TAXES FOR FOREIGN SELLER. Seller is OR is not a "Foreign Person," as defined by the Foreign Investment in Real Property Tax Act (FIRPTA). If Seller is a Foreign Person, Buyer may be required to withhold and pay to the Internal Revenue Service (IRS) up to fifteen percent (15%) of the Sales Price on behalf of the Seller and file an IRS form which includes both Seller and Buyer tax identification numbers. The parties agree to cooperate with each other and Settlement Agent to effectuate the legal requirements. If Seller's proceeds are not sufficient to cover the withholding obligations under FIRPTA, Seller may be required to pay at Settlement such additional certified funds necessary for the purpose of making such withholding payment.

21. FINANCING APPLICATION If this Contract is contingent on financing, Buyer will make written application for the Specified Financing and any lender-required property insurance no later than 7 Days after the Date of Ratification. Buyer grants permission for Cooperating Brokerage and the lender to disclose to Listing Brokerage and Seller general information

available about the progress of the loan application and loan approval process. If Buyer fails to settle except due to any Default by Seller, then the provisions of the DEFAULT paragraph shall apply. Seller agrees to comply with reasonable lender requirements.

- 22. ALTERNATIVE FINANCING** Alternative Financing means any change to the financing terms provided in the PRICE AND SPECIFIED FINANCING paragraph, including but not limited to, Down Payment amount, financing, including amount financed, loan type (i.e., USDA, Construction, or other), term of any loan, interest rate, or loan program (i.e., assumption, fixed or adjustable rate).

Buyer may substitute Alternative Financing for the Specified Financing. If Buyer wishes to retain the protection of a financing contingency, Buyer shall execute a new financing addendum (if applicable) and obtain Seller's written consent. Should Buyer pursue Alternative Financing without Seller's written consent, Buyer shall waive the protection of any financing contingency.

Buyer may substitute alternative financing and/or an alternative lender for Specified Financing provided: (a) Buyer is qualified for alternative financing; (b) there is no additional expense to Seller; (c) Settlement Date is not delayed; and (d) if Buyer fails to settle except due to any Default by Seller, then the provisions of the DEFAULT paragraph shall apply.

- 23. BUYER'S REPRESENTATIONS** Buyer will **OR** will not occupy Property as Buyer's principal residence. **Unless specified in a written contingency, neither this Contract nor the financing is dependent or contingent on the sale and settlement or lease of other real property.** The Cooperating Brokerage is **OR** is not authorized to disclose to Listing Brokerage, Seller, and any lender the appropriate financial or credit information provided to Cooperating Brokerage by Buyer. Buyer acknowledges that Seller is relying upon all of Buyer's representations, including without limitation, the accuracy of financial or credit information given to Seller, Broker, or the lender by Buyer.

- 24. TARGET LEAD-BASED PAINT HOUSING** Seller represents that any residential dwellings or parts of any residential dwellings at Property were **OR** were not constructed before 1978. If the dwellings were constructed before 1978, then, unless exempt under 42 U.S.C. 4852d, Property is considered "target housing" under the statute and a copy of the "Sale: Disclosure and Acknowledgment of Information on Lead-Based Paint and/or Lead-Based Paint Hazards" has been attached and made a part of the Contract as required by law.

25. ACCESS TO PROPERTY

After Settlement and prior to Project Completion Date, Buyer is not authorized to enter Property, except with the express consent of Seller or as outlined below. In the event that Buyer enters Property prior to Project Completion Date, Buyer agrees and understands that Buyer is doing so without permission of Seller and at Buyer's own risk. Buyer releases and agrees to indemnify and hold Seller harmless from and against any and all claims for damage(s) to Buyer's person or property and to any person or property accompanying Buyer.

26. INSPECTIONS

- A. Progress Inspections.** For each Benchmark (defined below), Buyer and/or Buyer's representative shall have the right to conduct progress inspections of Property for purposes of assuring that the Seller is constructing the Improvements in accordance with this Contract. Seller shall Deliver Notice to Buyer of each Benchmark no less than 2 Days in

advance of the Benchmark. The following times shall be a "Benchmark" permitting such inspections:

- a) After foundation cure and waterproofing but prior to backfilling;
- b) After rough-ins for electrical and plumbing (where Buyer can select locations not already identified in the Plans for finishes and outlets) and prior to close-in; and
- c) Prior to Substantial Completion, as part of the Inspection processes, identified herein

Buyer shall Deliver Notice to Seller of any discrepancy with the Plans within 2 Days following the Benchmark. Prior to Project Completion Date, Seller shall Deliver written assurance that the discrepancies have been cured and such assurance shall survive Project Completion Date and is not part of any disclaimer of warranty.

B. Buyer Private Final Inspection.

1. Buyer and/or Buyer's representative will have the right to conduct a Private Final Inspection. If Buyer wishes to conduct a Private Final Inspection, Buyer must Deliver to Seller Notice of Private Final Inspection with the date and time of such inspection no more than 2 business days after receipt of the Notice of Substantial Completion. The Buyer Final Inspection shall occur no less than 2 business days after the Notice of Private Final Inspection is Delivered to Seller but no later than 5 business days after Buyer's receipt of the Notice of Substantial Completion.
2. Buyer must Deliver a copy of the Private Final Inspection Report to Seller within 2 business days of the Inspection. Seller will include the agreed upon items from the Private Inspection Report, if any, on the Seller's Final Inspection Report, but reserves the right to deny items. Any items from the Private Final Inspection Report that are denied by Seller will be explained in writing and Delivered to Buyer in a separate report prior to Project Completion Date.

C. Seller Final Inspection

1. Scheduling if Buyer Conducts Private Final Inspection. If Buyer conducts a Private Final Inspection, as defined above, then Seller will schedule the Seller's Final Inspection within 2 business days of receipt of Buyer's Notice of Private Inspection. The Seller Final Inspection will be set for a time no sooner than 1 business day, and no later than 2 business days after the Buyer Private Final Inspection.
2. Scheduling if Buyer Does Not Conduct Private Final Inspection. If Buyer elects not to conduct a Private Final Inspection, then the date and time of the Seller Final Inspection to be set by Seller no sooner than 2 business days after Seller's Delivery to Purchaser of Notice of Substantial Completion.
3. At a date and time scheduled pursuant to 1 or 2 above, Buyer and Seller shall, during normal business hours, inspect Property. Seller shall prepare a Seller Final Inspection Report, which includes an itemized list which Buyer shall sign at the time of this inspection. The Seller Final Inspection Report is Buyer's assurance that any incomplete work duly noted thereon will be done as promptly as weather and work load permit. It is further understood and agreed that no funds shall be held in escrow in the event that any of the items on the Seller's Final Inspection Report are not completed at Project Completion Date. Items noted on Seller's Final Inspection Report will be corrected only if Buyers are entitled to the items under this Contract or the warranty. Nothing contained herein shall prevent the parties from mutually agreeing to combine the Buyer Private Final Inspection and the Seller Final Inspection

to be concurrently conducted. The provisions of this paragraph shall survive Project Completion Date.

D. Walkthrough Inspection Buyer and/or Buyer's representative will have the right to make walk-through inspection(s) within 2 days prior to Project Completion Date unless otherwise agreed to by Buyer and Seller. Seller shall be responsible for providing all utilities required for such inspection.

27. WOOD-DESTROYING INSECT INSPECTION Unless otherwise required by Buyer's lender, Seller at Seller's expense will furnish a written report from a pest control firm dated not more than 90 days prior to Project Completion Date showing that all dwelling(s) and/or garage(s) within Property (to include fences or shrubs abutting garage(s) or dwelling(s)) are free of visible evidence of live wood-destroying insects, and free from visible damage. Any treatment and repairs for damage identified in the inspection report will be made at Seller's expense and Seller will provide written evidence of such treatment and/or repair prior to Project Completion Date, which shall satisfy the requirements of this Paragraph.

28. NOTICE OF POSSIBLE FILING OF MECHANICS LIEN Virginia law (Section 43-1 et seq.) permits persons who have performed labor or furnished materials for the construction, removal, repair or improvement of any building or structure to file a lien against Property. This lien may be filed at any time after the work is commenced or the material is furnished, but not later than the earlier of (a) 90 Days from the last day of the month in which the lienor last performed work or furnished materials or (b) 90 Days from the time the construction, removal, repair or improvement is terminated. AN EFFECTIVE LIEN FOR WORK PERFORMED PRIOR TO THE DATE OF SETTLEMENT MAY BE FILED AFTER SETTLEMENT. LEGAL COUNSEL SHOULD BE CONSULTED.

29. MEGAN'S LAW DISCLOSURE Buyer should exercise whatever due diligence Buyer deems necessary with respect to information on sexual offenders registered under Chapter 9 of Title 9.1 of the Code of Virginia. Such information may be obtained by contacting the local police department or the Department of State Police, Central Records Exchange at (804) 674-2000 or <http://sex-offender.vsp.virginia.gov/sor/>.

30. FEES Fees for the preparation of the deed, that portion of Settlement Agent's fee billed to Seller, costs of releasing existing encumbrances, Seller's legal fees and any other proper charges assessed to Seller, will be paid by Seller. Fees for the title exam (except as otherwise provided), survey, recording (including those for any purchase money trusts) and that portion of Settlement Agent's fee billed to Buyer, Buyer's legal fees, Mechanics Liens Agent Fees, construction loan draw fees and any other proper charges assessed to Buyer will be paid by Buyer. Fees to be charged will be reasonable and customary for the jurisdiction in which Property is located. Grantor's tax and Regional Congestion Relief Fee (for Alexandria City, Arlington, Fairfax, Loudoun, and Prince William Counties and all cities contained within) shall be paid by Seller. Buyer shall pay recording charges for the deed and any mortgage liens or deeds of trust.

31. BROKER'S FEE Seller irrevocably instructs Settlement Agent to pay Broker compensation ("Broker's Fee") at Settlement as set forth in the listing Contract and to disburse the compensation offered by Listing Brokerage to Cooperating Brokerage in writing as of the Date of Offer, and the remaining amount of Broker's compensation to Listing Brokerage.

32. ADJUSTMENTS Rents, taxes, water and sewer charges, homeowners' and/or property owners' association regular periodic assessments (if any), and any other operating charges,

are to be adjusted to the Date of Settlement. Taxes - supplemental, general and special - are to be adjusted according to the most recent property tax bill(s) for Property issued prior to Settlement Date, except that recorded assessments for improvements completed prior to Settlement, whether assessments have been levied or not, will be paid by Seller or allowance made at Settlement.

33. DEFAULT If Buyer fails to complete Settlement for any reason other than Default by Seller, Buyer shall be in Default and, at the option of Seller, the Deposit may be forfeited to Seller as liquidated damages and not as a penalty. In such event, Buyer shall be relieved from further liability to Seller. If Seller does not elect to accept the Deposit as liquidated damages, the Deposit may not be the limit of Buyer's liability in the event of a Default. Buyer and Seller knowingly, freely, and voluntarily waive any defense as to the validity of liquidated damages under this Contract, including Seller's option to elect liquidated damages or pursue actual damages, or that such liquidated damages are void as penalties or are not reasonably related to actual damages.

If the Deposit is forfeited, or if there is an award of damages by a court or a compromise Contract between Seller and Buyer, the Broker may accept, and Seller agrees to pay the Broker, one-half of the Deposit in lieu of Broker's Fee (provided Broker's share of any forfeited Deposit will not exceed the amount due under the listing Contract).

If Seller fails to perform or comply with any of the terms and conditions of this Contract or fails to complete Settlement for any reason other than Default by Buyer, Seller shall be in Default and Buyer will have the right to pursue all legal or equitable remedies, including specific performance and/or damages.

If either Seller or Buyer refuses to execute a release of Deposit ("Release") when requested to do so in writing and a court finds that such party should have executed the Release, the party who so refused to execute the Release will pay the expenses, including, without limitation, reasonable attorneys' fees, incurred by the other party in the litigation. Seller and Buyer agree that Escrow Agent will have no liability to any party on account of disbursement of the Deposit or on account of failure to disburse the Deposit, except in the event of Escrow Agent's gross negligence or willful misconduct. The parties further agree that Escrow Agent will not be liable for the failure of any depository in which the Deposit is placed and that Seller and Buyer each will indemnify, defend, and save harmless Escrow Agent from any loss or expense arising out of the holding, disbursement, or failure to disburse the Deposit, except in the case of the Escrow Agent's gross negligence or willful misconduct.

If either Buyer or Seller is in Default, then in addition to all other damages, the defaulting party will immediately pay the costs incurred for the title examination, Appraisal, survey, and the Broker's Fee in full.

34. CONTRACT SUBORDINATE TO CONSTRUCTION LOAN This contract is subordinate and subject to any current and future construction loan liens.

35. ASSIGNABILITY This Contract may not be assigned without prior written approval of the parties. In the event it is assigned, the original parties to the Contract remain obligated hereunder until Settlement.

36. ATTORNEYS' FEES

A. If any Party breaches this Contract and a non-breaching Party retains legal counsel to enforce its rights hereunder, the non-breaching Party shall be entitled to recover against the

breaching Party, in addition to any other damages recoverable against any breaching Party, all of its reasonable Legal Expenses incurred in enforcing its rights under this Contract, whether or not suit is filed, and in obtaining, enforcing and/or defending any judgment related thereto. Should any tribunal of competent jurisdiction determine that more than one party to the dispute has breached this Contract, then all such breaching Parties shall bear their own costs, unless the tribunal determines that one or more parties is a “Substantially Prevailing Party”, in which case any such Substantially Prevailing Party shall be entitled to recover from any of the breaching parties, in addition to any other damages recoverable against any breaching Party, all of its reasonable Legal Expenses incurred in enforcing its rights under this Contract, whether or not suit is filed, and in obtaining, enforcing and/or defending any judgment related thereto.

B. In the event a dispute arises resulting in the Broker (as used in this paragraph to include any agent, licensee, or employee of the Broker) being made a party to any litigation by the Buyer or by the Seller, the Parties agree that the Party who brought the Broker into litigation shall indemnify the Broker for all of its reasonable Legal Expenses incurred, unless the litigation results in a judgment against the Broker.

37. DEFINITIONS

- A.** “Date of Ratification” means the date of Delivery of the final acceptance in writing by Buyer and Seller, of all the terms of this Contract (not the date of expiration or removal of any contingencies).
- B.** “Appraisal” means a written appraised valuation of the Project.
- C.** “Day(s)” or “day(s)” means calendar day(s) unless otherwise specified in this Contract.
- D.** All reference to time of day shall refer to the time of day in the Eastern Time Zone of the United States.
- E.** For the purpose of computing time periods, the first Day will be the Day following Delivery and the time period will end at 9:00 p.m. on the Day specified. If the Settlement Date falls on a Saturday, Sunday, or legal holiday, then the Settlement will be on the prior business day.
- F.** For “Delivery” see DELIVERY paragraph.
- G.** For “Specified Financing” see PRICE AND FINANCING paragraph.
- H.** The masculine includes the feminine and the singular includes the plural.
- I.** “Legal Expenses” means attorney fees, court costs, and litigation expenses, if any, including, but not limited to, expert witness fees and court reporter fees.
- J.** Notice (“Notice”, “notice”, or “notify”) means a unilateral communication from one party to another. All Notices required under this Contract will be in writing and will be effective as of Delivery. For the purposes of computing time periods, the first Day will be the Day following Delivery and the time period will end at 9:00 p.m. on the Day specified. Written acknowledgment of receipt of Notice is a courtesy but is not a requirement.
- K.** “Buyer” and “Buyers” may be used interchangeably in this Contract and any accompanying addenda or notices.
- L.** “Project” means Property and all Improvements including any changes of additional work requests as provided herein.
- M.** “Substantially Complete” or “Substantial Completion” means that a certificate of occupancy (CO) has been issued and the Project is fit for habitation and is functional for ordinary dwelling use, with all appliances and all fixtures installed, including all finishes necessary to occupy Property without material inconvenience.

- N. "Notice of Substantial Completion" means written notification from Seller to Buyer that the Project is Substantially Complete.
- O. "Mechanics Lien Agent" is a representative of a title insurance company, a lender's agent, or an attorney licensed to practice in Virginia. A Mechanics Lien Agent collects notices from sub-contractors and service /material providers associated with The Project.
- P. "Project Completion Date" shall be 15 business days from Delivery of Notice of Substantial Completion or as otherwise mutually agreed to by the parties.

38. MISCELLANEOUS This Contract may be signed in one or more counterparts, each of which is deemed to be an original, and all of which together constitute one and the same instrument. Documents obtained via facsimile machines will also be considered as originals. Typewritten or handwritten provisions included in this Contract will control all pre-printed provisions that are in conflict.

39. VOID CONTRACT If this Contract becomes void and of no further force and effect, without Default by either party, both parties will immediately execute a release directing that the Deposit be refunded in full to Buyer according to the terms of the DEPOSIT paragraph.

40. UNREPRESENTED SELLER COMPENSATION OF BUYER BROKER Upon Seller's irrevocable instruction, it is understood and agreed by all parties that _____ (Cooperating Broker's name) of _____ (Cooperating Broker's firm) is acting as an agent solely representing Buyer in this transaction ("Buyer's Broker"). Seller agrees to pay Buyer's Broker a payment of \$_____ in cash **OR** _____ % of the total sales price at Settlement. Settlement Agent is hereby irrevocably directed to deduct Buyer's Broker fee from Seller's proceeds of the sale at Settlement. The parties acknowledge that Buyer's Broker relationship was disclosed to Seller and/or Seller's agent prior to showing Property to Buyer.

41. TIME IS OF THE ESSENCE AS TO ALL TERMS OF THIS CONTRACT UNLESS OTHERWISE SPECIFIED.

42. ARBITRATION Nothing in this Contract shall preclude arbitration under the Code of Ethics and Standards of Practice of the National Association of REALTORS®.

43. REAL ESTATE LICENSED PARTIES Broker may from time to time engage in general insurance, title insurance, mortgage loan, real estate settlement, home warranty, and other real estate-related businesses and services, from which they may receive compensation during the course of this transaction, in addition to real estate brokerage fees. The parties acknowledge that Broker is retained for their real estate brokerage expertise, and neither has been retained as an attorney, tax advisor, appraiser, title advisor, home inspector, engineer, surveyor, nor other professional service provider.

The parties acknowledge that _____ is an active **OR** inactive licensed real estate agent in VA and Other _____ and is either the Buyer Seller **OR** is related to one of the parties in this transaction.

44. ENTIRE CONTRACT This Contract will be binding upon the parties, and each of their respective heirs, executors, administrators, successors, and permitted assigns. The provisions not satisfied at Settlement will survive the delivery of the deed and will not be merged therein. This Contract, unless amended in writing, contains the final and entire Contract of

the parties and the parties will not be bound by any terms, conditions, oral statements, warranties, or representations not herein contained. The interpretation of this Contract will be governed by the laws of the Commonwealth of Virginia.

45. ADDITIONS The following forms, if ratified and attached, are made a part of this Contract. (This list is not all inclusive of addenda that may need to be attached).

- Yes No Financing Contingency Addendum _____
- Yes No Appraisal Contingency All Cash _____
- Yes No Lead-Based Paint Disclosure _____
- Yes No Option Addendum _____
- Yes No Other: _____

46. DISCLOSURE OF SALES PRICE TO APPRAISER Listing Brokerage and Cooperating Brokerage are hereby authorized to release the Sales Price listed in PRICE AND SPECIFIED FINANCING Paragraph to any appraiser who contacts them to obtain the information.

47. CANCELLATION RIGHTS This Contract has not been procured by door-to-door solicitation and cannot be canceled.

48. RECOVERY FUND

The Buyer is hereby notified of the existence of the Virginia Contractor Transaction Recovery Fund. For more information, Buyer may call (804) 367-1559, go to: www.dpor.virginia.gov/Boards/Contractors_Recovery_Fund, or email: RecoveryFund@dpor.virginia.gov.

49. OTHER TERMS _____

Date of Ratification (See DEFINITIONS)

SELLER:

BUYER:

_____/_____
Date Signature

_____/_____
Date Signature

_____/_____
Date Signature

_____/_____
Date Signature

_____/_____
Date Signature

_____/_____
Date Signature

_____/_____
Date Signature

_____/_____
Date Signature

For information purposes only:

Listing Brokerage's Name and Address:

Cooperating Brokerage's Name and Address:

Brokerage Phone #: _____

Brokerage Phone #: _____

MRIS Broker Code: _____

MRIS Broker Code: _____

VA Firm License #: _____

VA Firm License #: _____

Agent Name: _____

Agent Name: _____

Agent Email: _____

Agent Email: _____

Agent Phone #: _____

Agent Phone #: _____

MRIS Agent ID # _____

MRIS Agent ID # _____

VA Agent License #: _____

VA Agent License #: _____

Team Leader Name: _____

Team Leader Name: _____

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