

HOME CONSTRUCTION CONTRACT

THIS HOME CONSTRUCTION CONTRACT (the "**Contract**") is dated **July 05, 2022** (the "**Offer Date**") by and among **Carla Murray, Darron Murray**, (collectively the "**Owner**") and **Caruso Homes On Your Lot NC 1 LLC a North Carolina limited liability company** (the "**Contractor**") and shall be considered made and delivered as of the date of Contractor's acceptance (the "**Effective Date**").

Explanatory Statement

i. Owner is or will be, as hereafter described, the owner of a certain piece, parcel or lot of land located in Harnett County (hereafter the "**County**") North Carolina described as **15 Brandon Drive Lillington, NC 27546** (the "**Property**").

ii. Owner desires to retain the Contractor to construct a Lexington II type house (the "**House Type**") (together with any changes or modifications reflected in this Contract, as amended from time to time, the "**House**") on the Property in accordance with certain Plans and Specifications and to perform the Lot Finishing Work (collectively the "**Project**") on the terms hereafter stated. The parties desire to enter into this Contract to set forth their relative duties and obligations in connection with the construction by Contractor and payment by Owner for the Project. Capitalized terms used in this Contract shall have the meanings defined within the body of this Contract.

NOW THEREFORE, in consideration of the provisions of the Explanatory Statement, which shall constitute a substantive part of this Contract, the premises, the mutual promises contained herein and other good and valuable considerations, the receipt of which are hereby acknowledged by Owner and Contractor prior to the execution hereof, the parties agree as follows:

Article 1

House Construction Price/Payment/Deposit/Lot Finishing Work/Deposit

1.1 House Construction Price. Subject to paragraph 1.4, the Contractor's price to construct the House in accordance with the Plans and Specifications (the "**Contract Price**") is as follows:

Item	Amount
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

1.2 Payment. Owner warrants and represents to Contractor that Owner currently has funds in liquid form (i.e. cash, money market, certificate of deposit, publicly traded stock, etc., hereafter the "**Owner's Funds**") and that, unless specifically noted, Owner's Funds are not contingent upon the sale of real estate or any other non-liquid asset. It is expressly agreed that Owner shall be required to pay all of Owner's Funds prior to any payment from the proceeds of the Construction Loan and that the failure to do so shall be a default by Owner hereunder. In addition, once the Owner has obtained the Loan Commitment from the Lender, the failure of the Lender to fund the Construction Loan shall be a default by the Owner.

1.3 Deposit. The deposit indicated in the Deposit List Payment Schedule (the "**Deposit**") shall be paid in full by the Owner upon the Owner's execution of this Contract. Should the Contractor agree to accept a portion of the Deposit at a future date (only if indicated below), failure of Owner to timely pay any balance due under the Deposit by its due date shall, at the sole election of the Contractor, constitute a breach of a material term of this Contract. The Deposit shall be held by Contractor and credited to the Contract Price or shall be applied as otherwise provided in this Contract. At the time of the loan settlement, Owner acknowledges all commissions paid and any payments made to vendors are nonrefundable. Any interest earned on the Deposit (if applicable) shall be the property of Contractor and shall not be credited to the Contract Price or be considered part of the Deposit. Owner's Deposit and Option Prepayment requirements may increase if the Contract Price is subsequently increased by addenda or Change Order. Any of Owner's checks that do not clear and are returned to the Contractor must be replaced within 48 hours with certified funds in the correct amount plus a \$35.00 administrative fee and failure to do so shall constitute a default by Owner. The Deposit is described on the Deposit List Payment Schedule, which will appear as an exhibit to this Contract. For clarity, paragraph 14 below includes an index of the exhibits to this contract, and the Deposit List Payment Schedule will be listed herein. The Deposit is payable as follows: First deposit shall be collected at the time Owner tenders a contract and such deposit shall be for a MINIMUM of 1% of the total Contract Price. A second deposit for a MINIMUM of 4% of the total Contract Price is required on the first to occur of either (i) within 45 days after the Effective Date or (ii) no later than the time Owner's Construction Loan goes to closing (note, the Owner may fund the second deposit directly or allow it to be disbursed out of the Construction Loan). If approved, any part of the Deposit, as well as any funds advanced by the Lender pursuant to the Construction Loan, can be used by the Contractor and applied towards Lot Finishing Work will not be refunded (if Work is incurred and/or funds have been spent) if

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the Owner cancels, if the Construction Loan is not consummated or closed, or if there was otherwise any termination of this Contract. Any funds remaining will be refunded within 45 days.

I/We, Carla Murray and Darron Murray do hereby Approve Disapprove the use of the Deposit to start the Lot Finishing Work prior to settlement of the Construction Loan.

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1.4 Lot Finishing Work

1.4.1. As used in this Contract, the term "**Lot Finishing Work**" means and includes collectively (i) access to and any required extension of public utilities to the Property and payment of extension fees, and connection and hookup charges; (ii) the cost, if applicable, of a private septic system and well; (iii) actual site development including, generally, rough and fine grading, driveways, landscaping, storm water management and erosion control; (iv) building permit fees (including other fees incident to obtaining a building permit) including engineering work necessary for permits, survey and other general engineering; (v) Landscaping and exterior property work; (vi) driveways & leadwalks; (vii) propane, winter conditions, bad ground, temporary heat, concrete pumping, temporary utilities and water pumping; and (viii) any additional exterior features not included within the footprint of the home. Permit fees for trades (i.e. electrical permit, plumbing permit, etc.) are included in the Contract Price. Although the Contractor makes every attempt to provide an accurate projection of Lot Finishing costs, please note that the amount shown on Exhibit 12 is just an **ESTIMATE**. If the Lot Finishing Budget shown on Exhibit 12 increases during the completion of the Home, the Owner shall be responsible for the budget overage. Conversely, if the Lot Finishing budget decreases, and when all bills are paid, a check will be issued to the Owner for the balance. Following verification, a check will usually be issued within 60 days. Owners must coordinate with their lender to accommodate overages to the Lot Finishing Budget shown on Exhibit 12.



1.4.2. Contractor shall have no obligation to schedule Lot Finishing Work or House construction until the required Building and Site Development Permits have been issued by the appropriate governmental authority. Contractor is authorized by Owner to spend any portion of the Deposit and/or funds advanced by the Lender under the Construction Loan on engineering and towards obtaining permits before permits have actually been issued.

**Article 2
House Plans, Specifications and Colors/Modifications**

2.1 The House shall be constructed by Contractor in accordance with the Contractor's House Type brochure, options selected by Owner in **Exhibit 11** or any Change Order (the "**House Plans**"; the House Plans and the Lot Finishing Plans are sometimes collectively referred to in this Contract as the "**Plans and Specifications**").

2.2. At the time of execution of this Contract, the Owner acknowledges having received Contractor's brochure for Contractor's House Type, the basic floor plan and a description of its standard features, which does not include any options or extra custom features. Owner acknowledges features shown in Contractor's model homes such as furnishings, wall coverings, dimensions, structures, décor, walks, patios, decks, window treatments, landscaping, special lighting, built-ins, mirrors, fencing and any other items shown in or around the model homes and sales center are not part of this Contract unless specifically set forth and described on **Exhibit 11**. Advertising and promotional materials are not a part of this Contract. The House to be constructed under this Contract may not necessarily conform to promotional display materials or renderings, the model homes, model home areas or any other homes previously constructed or under construction in the community in which the Property is located or in other communities. A list of selected options is available from Contractor. All House Plans shall remain the sole and exclusive property of Contractor. Contractor grants Owner a license to use the House Plans only if Contractor performs the Work under this Contract. If this Contract is terminated, regardless of cause, Owner shall return all copies of the House Plans to Contractor and Owner agrees not use the House Plans for any purpose whatsoever. This provision shall survive any termination (or cancellation) of this Contract. In the event of a violation of this provision, Owner agrees that Contractor shall, among other remedies, be entitled to injunctive relief and an award of attorney fees and costs of suit.

2.3 Owner hereby acknowledges that Owner has reviewed and hereby accepts the plans and specifications relating to the Work. Owner further understands that the plans and specifications are regularly updated based upon local governmental requirements and/or to reflect design changes by the Contractor. When discrepancies occur between the terms of this Contract and the plans and specifications, the Contract shall govern. Notwithstanding the foregoing, any options which are not provided for in this Contract by Change Order, Selection Sheet or other addendum shall not be installed by the Contractor. Owner hereby acknowledges that the plans and specifications may contain options or features drafted by an architect but not offered by the Contractor. Owner further acknowledges that an option or feature appearing on the plans and specifications does not mean that it is included in the improvements unless it is provided for in this Contract or by a Change Order, Selection Sheet or other addendum. The plans and specifications are schematic in nature and shall be modified by site conditions, construction components, field conditions and applicable governmental

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

requirements. As upgrades and other changes are made to the plans and specifications, the Contractor will attempt to make use of the most current version to the extent feasible as determined by Contractor in its sole and absolute discretion. The Contractor reserves the right to make any changes to the improvements or deviations in the plans and specifications for the improvements, including the right to make minor variations in exterior and interior dimensions, areaways, skylights, windows, window or fireplace locations, substitute materials, fixtures, equipment, and appliances of substantially equal quality, as may be determined reasonably necessary or desirable by the Contractor. Owner specifically acknowledges that exterior and interior dimensions, square footage computations and locations of windows, doors, stairs and other components may vary from any brochure or model home and the provisions of this Contract shall govern and take precedence. Owner shall visit in person Contractor's flooring and "tech wiring" sub-contractors for completion of all flooring and tech wiring selections. Owner agrees to make such visit and complete all flooring and tech wiring selections, and the failure to do so shall constitute a default by Owner under this Contract. Owner agrees to complete all structural options and selections within fifteen (15) calendar days after the Offer Date and any and all remaining selections and options within twenty-eight (28) calendar days after the Offer Date and, upon failure to do so, Owner shall be deemed to have waived the right to make such selections, and all such selections, including color selections and patterns, shall be decided by Contractor and shall be deemed accepted and approved by the Owner. The initial Selection Sheets include interior and exterior colors, patterns, structural options and other required selections (the "Selection Sheets"). The Selection Sheets, when completed, as well as any Change Orders, shall be a part of this Contract. After initial selection, changes to the Selection Sheets may only be made with the written consent of the Contractor. Any additional cost incurred by Contractor resulting from any change in the Selection Sheets consented to in writing by Contractor shall be paid by Owner and in the form of a Change Order. If more than one person shall be an Owner hereunder, any one of the persons constituting the Owner shall have complete authority (and all other persons hereby expressly consent and authorize such single person to act on their behalf) to make all selections and options required under the terms of this Contract.

2.4 Owner hereby agrees that until all the dwelling units in the subdivision are sold and built, Contractor may make such use of the unsold dwelling units, lots, common elements, streets and main entrance to the project as necessary for its sales and construction program. Owner recognizes and acknowledges his understanding that in order to accomplish the Contractor's construction program, trucks, construction equipment and personnel, and noise and other inconveniences may be present. Owner agrees not to obstruct or impede any such construction or sales activities.

2.5 Owner recognizes that the roads, sewers, curbs, driveway aprons, sidewalks, utilities, site grading and homes are under construction and contain hazardous conditions. Owner agrees to use these roads, sidewalks and other facilities at his/her own risk. Owner hereby releases Contractor from any and all damages and claims arising due to damage or injury to persons or property due or partially due to the incomplete nature of the site and facilities.

2.6 Contractor, in its sole discretion, may be willing to modify or revise its standard home designs to meet the needs or desires of Owner, under the conditions outlined herein. Owner acknowledges that the design of the home covered by this Contract, including all floor plans, exterior and interior features and arrangements, as well as any and all modifications and revisions thereof made and/or approved by the Contractor, and any copyright therein, are the exclusive property of the Contractor. Owner also hereby agrees that any design modifications or design revisions made by Contractor at the request of Owner shall also be the exclusive property of Contractor, and Owner hereby assigns to Contractor any copyright Owner might claim in such design modifications or revisions. Owner agrees that Contractor may, at Contractor's sole discretion, incorporate the same or similar design modifications made for the Owner in other homes built or sold by Contractor or its designees or affiliates.

2.7 **Modifications.** It is the responsibility of the Owner to determine what, if any, options are available to purchase so as to make all choices in time to avoid any Change Order fees. There shall be no changes or modifications in the construction of the House sold hereunder either by extras or deletions, unless set forth in a written change order addendum ("Change Order") executed by Owner and Contractor. Contractor reserves the right to **charge a minimum \$500.00 fee** for every Change Order approved by the parties in addition to the additional fees referenced below. The price of all such extras shall be paid for at the time Contractor accepts the Change Order by execution thereof. To the extent Contractor allows additional options to be purchased after the Effective Date, Contractor reserves the right to require certain prepayments from the Owner for such options (each an "Option Prepayment"). Interest earned on an Option Prepayment shall be the property of Contractor and shall not be credited to the Contract Price or be considered part of the Option Prepayment. No changes will be accepted that will delay the Completion Date without the written approval of both Owner and Contractor. All costs associated with changes by the Owner that result in production delays shall be the responsibility of Owner. If for any reason, the Owner requests the deletion of any options originally included in this Contract, they understand and agree such a deletion will require the written approval of the Contractor in its sole and absolute discretion, and that the **Owner may be charged a fee equal to forty percent (40%) of the price of such deleted option or options. The Owner agrees that if they find that it is imperative for them to add any options to this Contract after the House has been scheduled, they agree to pay a minimum of two times the original option price.** The payment must be made at time of ratification of the Change Order. The form of any and all changes or modifications in the construction of the House either by extras or deletions must be set forth in a written Change Order executed by both the Owner and the Contractor. Once the pre-construction meeting is concluded, no options may be deleted. Owner further agrees not to perform, or to hire

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any other agent to perform, any work on the Property before the Completion Date. Contractor reserves the right to remove and dispose of any materials Owner brings onto the Property prior to the Completion Date. If for any reason any option included in any addendum to this Contract is not installed and/or delivered by the Contractor, the Contractor may in its sole and absolute discretion, either install or deliver said option or refund the amount charged under this Contract for said option. In the event there was no charge for any option which was neither installed nor delivered by the Contractor, the maximum amount the Contractor may refund pursuant to this paragraph 2.7 shall be the sales value of the missing option as of the Effective Date.

Article 3
Construction Loan

3.1 Within five (5) calendar days after the Offer Date, Owner agrees to apply with the Designated Lender () or a lender of Owner's choice (the "**Lender**") for a construction loan (the "**Construction Loan**") in an amount which, taken together with Owner's Funds, is adequate to pay in full the Contract Price and the other obligations of the Owner under this Contract. **The Owner may obtain the Loan from any lending institution of their choosing which is qualified, in the reasonable judgment of the Contractor, to provide the Loan.** Once the Lender is selected by Owner, any change shall require the written consent of the Contractor, not to be unreasonably withheld. Owner has no right to change the Lender if such a change will result in a delay in Substantial Completion, any such delay to be determined solely by the Contractor and which may be an arbitrary and capricious decision. Contractor shall not be required to pay any fee, cost or expense of any kind or character in connection with the Construction Loan or related costs. Owner shall promptly furnish to the Lender all documents, information, or verifications required by Lender in order to consider Owner's Construction Loan application. Owner warrants to the Contractor that the financial information submitted to the Contractor is true and correct and acknowledges that the Contractor has relied thereon in the making of this Contract. Owner further warrants to Contractor that all financial information submitted to the Lender shall likewise be true, accurate and complete. Notwithstanding anything contained in this Contract to the contrary, if the financial information submitted by the Owner to the Contractor and/or the Lender is false, inaccurate, or misleading in any material respect, or if the Owner shall fail to apply for the Loan within the time herein required, then the Owner shall be in default of its obligations under this Contract and Contractor shall be entitled to exercise all remedies against Owner in accordance with the terms of this Contract. Subsequent to the Effective Date, Owner agrees not to incur any debt or obligation or take any other action, which would have a material detrimental effect on the Owner's ability to qualify for the Construction Loan and any permanent financing.

3.2 Contractor shall not be responsible for any fees, interest or charges under Owner's Construction Loan, including but not limited to default interest rate, late fees, attorney fees or any other kind of penalty, liability, fee, cost or damage that may accrue to the Owner under the terms of the Construction Loan. Owner assumes the risk that the Construction Loan may convert to a permanent loan requiring the payment by the Owner to the Lender of regular principal and interest payment prior to the Completion Date, and Contractor shall have no liability therefore.

Article 4
Work Required of Contractor

4.1 The Contractor shall construct the House and perform the Lot Finishing Work in accordance with the Plans and Specifications (collectively the "**Work**").



4.2 All Work performed by the Contractor shall be in compliance with applicable building code requirements for the County and shall comply in all material respects to the Plans and Specifications. Owner acknowledges that certain minor and non-material deviations from the Plans and Specifications are inevitable but in no event shall any such deviation effect the structural integrity of the House or constitute other than a minor variation from the Plans and Specifications. Room and closet dimensions may vary up to four inches. The Contractor reserves the right to substitute materials, fixtures, equipment, and appliances of substantially equal quality, as may be determined reasonably necessary or desirable by the Contractor.

4.3 As used in this Contract, the term "**Subcontractor**" shall mean any third party providing labor or materials in connection with the Work.

Article 5
Commencement of Work, Completion Date, and Substantial Completion

5.1 Contractor agrees to commence construction on the House in accordance with the Contractor's construction schedule. Note, as stated above, Contractor shall pursue engineering and permits which shall be prior to the Commencement of Work. Contractor shall not be required to commence the Work to be performed by the Contractor under this Contract until after the last to occur of the following:

(i) Owner's consummation of a closing on the Construction Loan in an amount which, taken together with Owner's own immediately available funds, equals at least the Contract Price.

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(ii) Owner providing Contractor reasonable evidence that Owner has Owners Funds in an amount equal to the difference between the Construction Loan and the Contract Price.

(iii) Completion of all selections and options by the Owner and any and all addenda or attachments to this Contract.

(iv) Owner visiting in person Contractor's flooring and "tech wiring" sub-contractors for completion of all flooring and "tech wiring" selections.

(v) Owner visiting and completing all flooring, "tech wiring" and cabinetry selections, and the failure to do so shall constitute a default by Owner under this Contract. Owner further agrees to make all structural selections and options in a timely manner.

(vi) Receipt of all necessary state, local and county governmental approvals and permits required in order to construct the improvements on the Property and to perform any work related thereto. Owner understands that every effort will be made to obtain permits in a timely manner, however state, local and county governmental approvals are beyond the Contractor's control.

(vii) Receipt of all necessary architectural review approvals of the plans and specifications relating to the Property.

(viii) Receipt of all Deposits as required under paragraph 1.3.

(ix) Receipt of all Option Prepayments as required under Options Addendum, Selection Sheet and/or any other addendum to this Contract in which Owner has selected an Option.



Unless and until all of the foregoing requirements are completed and satisfied, Contractor shall not be obligated to commence construction. After satisfaction of the foregoing conditions, Contractor shall schedule commencement of construction in accordance with Contractor's construction schedule. The date on which Contractor actually commences construction is referred to in this Contract as the "**Commencement of Work**". The Commencement of Work begins at the time that pouring of footings occurs.

5.2 Except for a Delay or other authorized adjustments to time of completion set forth in this Contract, Substantial Completion shall be achieved approximately two hundred seventy (270) days after Commencement of Work (the "**Completion Date**").

5.3 If the Contractor is delayed at any time in the progress of the Work by changes requested by Owner in the Work, acts or defaults of any Subcontractor, or material supplier, adverse weather conditions, damage caused by fire, storm, pandemic, epidemic or similar health crisis, earthquake or other casualty, act of God, unforeseen or unknown conditions or unforeseeable event, labor dispute, governmental regulations, inspections, acts of terrorism, restrictions, or moratoriums, or any act, matter, or occurrence beyond the reasonable control of Contractor or by any other cause which may justify a delay (collectively a "**Delay**"), then the Completion Date shall be extended by the same number of days as the Delay. Owner agrees to acknowledge in writing any Delay and the revised Completion Date resulting from any **Delay**. Contractor shall not have any liability of any kind or nature to the Owner resulting from any failure or delay on the part of the Contractor to complete the Work on or before the Completion Date, and any claims of Owner related to a Delay in completion of the Work are hereby waived.

5.4 Owner acknowledges that all grading, fill, landscaping, sediment control, and storm water management shall be performed by the Contractor through its Subcontractors in Contractor's sole discretion subject, however, to compliance with governmental requirements. Notwithstanding the foregoing, following Substantial Completion (defined below), Owner agrees to properly maintain the Property, including all swales, on-lot storm water management devices, grades and landscaping, and to make any modifications that are necessary as a result of Owner installed improvements to the Property to ensure conformity with the approved grading plan. All areas on the Property which are undisturbed by construction will be left in their natural condition. Contractor does not guarantee and shall have no liability for the removal of any trees or shrubbery on or surrounding the Property as determined to be necessary by Contractor or the condition of trees or shrubbery. Contractor shall not be responsible for any errors or omissions in the applicable site development plans. The Contractor shall have no liability to Owner resulting from grading changes made by Owner after completion of the Work by Contractor. Owner agrees to sign and consent to any waivers required by governmental authorities as a condition to elimination of retaining wall requirements, provided that slopes can be otherwise stabilized.

5.5 Owner acknowledges that the establishment of the final grade may be delayed due to weather, completion of improvements on adjacent properties, or other Delay or reasons. It is understood and agreed that certain outside Work, including but not limited to grading, landscaping, exterior paint items and installation of walks and driveways (collectively "**Weather Related Work**") may not be completed on the Completion Date (or by Substantial Completion of the Work) and the failure to complete such Weather Related Work shall not delay Final Payment, and Owner agrees to execute the Ground Cover Addendum attached hereto as **Addendum 6. Uncompleted Weather Related Work** shall be completed by Contractor after Final Payment as soon as

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reasonably practical, weather permitting. It is understood and agreed by Owner that after the original grading, seeding and/or sodding of the Property by Contractor and possession by Owner, Owner shall have the sole responsibility to maintain the lawn and grounds against erosion and settlement by additional seeding or other means and to remedy any other problems including the flow of drainage across the Property. Contractor does not guarantee the survival of trees, shrubs, seed or sod or the maintenance of landscaping and assumes no liability for removal of trees, shrubs, grass and sod that die.

5.6 Owner grants to the Contractor the temporary license to enter upon the Property after Final Payment and/or Substantial Completion of the Work for purposes of completing outside work or Weather Related Work in accordance with any approved plans or work that is required to be performed by the applicable governmental authority. Contractor agrees to complete such outside work and Weather Related Work as soon as is reasonably practical.

5.7 As used in this Contract, the term "**Substantial Completion**" shall mean completion of the Work to the stage that (i) the Project meets the requirements for the issuance by the County of either a temporary or permanent use and occupancy and (ii) the Work is sufficiently complete so that the Owner can occupy and use the House as a residential dwelling.

5.8 Insulation installed in the House by the Contractor will be according to County codes and will be equal to or greater than:

- a.** Exterior walls of frame and veneer, box sills and bandboards will be insulated to a thickness which according to the manufacture will yield an R-value of 19.
- b.** Top floor ceiling in all areas and over soffits will be insulated to a thickness, which according to the manufacturer will yield an R-value of 38.
- c.** Crawl space (where applicable) will be insulated to a thickness which according to the manufacturer will yield an R-value of 19.
- d.** Cantilever areas (where applicable) will be insulated to a thickness which according to the manufacturer will yield on R-value of 19.

5.9 Failure to have street paving completed at the time the Property is ready for occupancy and delivery of the Final Payment shall not relieve or postpone Final Payment as long as Contractor has obtained a temporary use and occupancy permit for the Property. Contractor reserves the right to substitute asphalt driveways for concrete driveways and vice versa. Contractor shall be permitted to install a temporary stone driveway and walkways until weather permits installation of a permanent driveway and walkway. Owner shall not delay Final Payment because of temporary stone driveway and/or walkways. Owner agrees to sign any waivers required by governmental authorities as a condition to obtaining a temporary use and occupancy permit.

5.10 This Contract is subject to the requirements of the local community planning commission's approval conditions. These conditions may require the Contractor to install street trees, buffer plantings, walkways or other community improvements as deemed necessary for final approval of the specific community. These requirements may be placed on the Owner's lot or in specific right-of-ways or easements. Should you have a question concerning these items, please contact the Contractor. The content of the information to be disclosed is set forth in the final approval plat and is on file with both the Contractor and the respective County.

Article 6
Progress Payments, Adjustment Conditions, Increases

6.1 Owner shall make progress payments (in each case a "**Progress Payment**" collectively the "**Progress Payments**") on account of the Contract Price to the Contractor in accordance with the draw schedule (the "**Draw Schedule**") attached hereto as **Addendum 3**. **Owner and Contractor recognize and agree that the Lender may request a replacement draw schedule in the future, in which event the Owner and Contractor shall both sign the replacement Draw Schedule (along with the Lender) which shall be attached to an addendum to replace Addendum 3 hereof.** Owner agrees that payments from Owner's Lender in accordance with the Draw Schedule will be wired into Contractor's account. Owner and Contractor have each executed **Addendum 3**. The Contractor may alter the Draw Schedule and substitute the reasonable cost of items completed for the reasonable cost of items uncompleted at the time of each Progress Payment. Owner agrees that the Contractor may draw up to ten (10%) percent of the funds available from the Construction Loan after the initial land advance is made for the initial or first draw as further indicated on the Draw Schedule. Any funds remaining will be refunded within 45 days. Owner agrees to sign the final draw upon Substantial Completion, but no later than issuance of either a temporary or permanent use and occupancy permit.

6.2 Contractor shall submit to the Lender requests for Progress Payments which shall set forth a description of the Work completed to the date of such request. Written waiver of liens certificates from all major Subcontractors shall be provided in accordance with any applicable law. Any waiver of liens from a Subcontractor may be conditioned upon receipt of payment for the portion of the Work of such Subcontractor, which is included in Contractor's request for a Progress Payment. Contractor shall further cooperate with the

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Lender in connection with any inspections of the Project and agrees to submit to the Lender such reasonable documentation as the Lender may request as a condition to funding any draw under the Construction Loan. Progress inspections for Work performed by the Contractor shall be made by the required inspectors of the County at intervals as required by County. It shall be the responsibility of the Contractor to request inspections by the County inspectors. The Contractor will arrange for all inspections directly with the Lender. All costs incurred in connection with inspections made by the Lender (regardless of who requested such inspection) shall be paid by the Owner.

6.3 Owner acknowledges that its obligations to make Progress Payments to the Contractor are not conditioned upon or subject to the advance of funds by the Lender under the Construction Loan. Provided that Contractor had substantially completed all Work and provided all materials that are the subject of a Progress Payment under the Draw Schedule, the Owner shall be required to make such Progress Payment to Contractor whether or not funds are then advanced for such Progress Payment by the Lender.

6.4 Any Progress Payment due to the Contractor not paid within ten (10) days after submission by Contractor shall accrue interest from the date due until the date paid at the rate equal to the lesser of the maximum permitted by law or Fifteen percent (15%) per annum. In the event of a failure to pay a Progress Payment within ten (10) days after submission by Contractor, Owner shall be in default of this Contract and Owner agrees that (i) Contractor may, in its sole discretion, elect to stop Work until receipt of payment of the unpaid Progress Payment and interest accrued thereon; (ii) any additional cost resulting from stopping Work and then restarting Work shall be paid by Owner prior to Contractor being obligated to resume Work; (iii) the Contract Price shall be subject to increase as provided in Paragraph 6.5 below. The parties agree that Substantial Completion shall be delayed commensurately with the amount of time Contractor has to stop Work due to non-payment of any Progress Payment.

6.5 Owner acknowledges that the following are not included in the Contract Price: (i) unknown or unforeseen site conditions such as poor soils, underground springs, underground obstructions; (ii) inadequate access requiring installation of temporary roads, retaining walls, concrete pumps similar expense; or (iii) any other items or events that result in an increase in the cost of performing the Work at which are unknown by Contractor as of the Effective Date (collectively an "Adjustment Condition"). By way of example and not limitation, such Adjustment Conditions may include permit and development delays, changes in market conditions, increases to the cost of raw materials, and other circumstances which are unknown by Contractor as of the Effective Date. Owner acknowledges that Contractor shall have no duty to investigate or discover Adjustment Conditions. Promptly following the discovery by Contractor of an Adjustment Condition, Contractor shall notify Owner of the Adjustment Condition and Contractor's estimated cost to correct or otherwise deal with the Adjustment Condition (the "Adjustment Condition Cost"). Upon agreement by the parties as to the Adjustment Condition Cost, the parties shall execute an addendum to this Contract increasing the Contract Price by the Adjustment Condition. Contractor shall not be obligated to resume Work unless Owner provides confirmation, reasonably acceptable to Contractor that Owner has Owner Funds required to pay for the Adjustment Condition Cost. If the parties are unable to agree on the Adjustment Condition Cost, then the Owner shall be responsible, at Owner's sole expense, for correcting, performing or otherwise dealing with the Adjustment Condition. The terms of this paragraph 6.5 shall apply over and above the Lot Finishing Price as shown on Addendum 10.

6.6 If between the Effective Date and the date upon which Commencement of Work occurs, Contractor's actual cost of performing the Work increases by more than two percent (2%) of its present actual aggregate direct cost, the right is reserved to the Contractor to cancel and terminate this Contract in which event the Deposit, less any actual engineering and/or architectural fees expended by Contractor, as well as any funds spent on Lot Finishing Work, shall be refunded to the Owner and thereafter the parties shall have no further obligations under this Contract except for matters that survive termination. Additionally, in the event that Contractor learns of an Adjustment Condition between the Effective Date and the date upon which Commencement of Work occurs, then, in such event, Contractor shall notify Owner of such Adjustment Condition (either prior to or after Commencement of Work).

6.7 No change in the Contract Price, the House Plans or any other provision of this Contract shall be binding on Owner or Contractor unless (i) the same are in writing signed by each of the parties and (ii) the same are recorded as "Additional Addendum" (each a "Change Order") that specifies the change in the Work and the effect of the change on the Contract Price.

Article 7

Pre-Settlement Orientation and Final Payment

7.1 Immediately prior to Final Payment, the Owner and Contractor shall inspect the Project (the "Pre-Settlement Orientation" or "PSO") and note in a Final Payment inspection report signed by the Owner (the "PSO Inspection Report"), any incomplete Work or defects which, in the Contractor's sole discretion, require completion or corrective action. Owner agrees that except as required by law, the Contractor shall not be liable for any incomplete Work or defects not specifically noted in the PSO Inspection Report or noted items found to be acceptable by applicable County Code, Manufacturer's Warranty, the builder's warranty or the "Answer Book" provided by the Contractor's agent. It is further agreed as long as the Contractor has achieved Substantial Completion of the Work, that the Owner shall make Final Payment within three (3) days after the

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PSO notwithstanding any incomplete work or defects appearing on the PSO Inspection Report. It is further agreed that provided the Contractor has achieved Substantial Completion of the Work, that no portion of the Contract Price shall be withheld for any incomplete Work or defects whatsoever, including any requirement of any Lender that an escrow be established, and the existence of such incomplete Work or defects shall not be a basis for delaying or postponing Final Payment. Any escrow requirements of the Lender for such incomplete Work or defects or any other cause shall be funded solely by the Owner and shall not affect or reduce the Contract Price or the Final Payment to the Contractor. Contractor agrees to complete or repair any items noted on the PSO Inspection Report (provided the same are the obligation of the Contractor under this Contract) subsequent to Final Payment at Contractor's cost and expense. Owner agrees to make the Project available to Contractor's employees and contractors during Contractor's normal business hours. Owner shall acknowledge in writing each repair as it is completed. **All requests for warranty work ("Warranty Work") required under the terms of the new home warranty described in this Article (the Warranty Policy") shall require either direct contact with the Subcontractor's or supplier's office or the completion of a customer service request on forms available from the Contractor, or direct contact with the Contractor. Owner specifically agrees not to request service work from the construction superintendent, foreman, laborers or Subcontractors on the job site. Contractor agrees to promptly complete all Warranty Work in the manner described above and in conformance with standards of the Warranty Policy. Upon completion of Warranty Work, Owner shall provide Contractor written acceptance of same and the written acceptance of either Owner shall be binding on both.**

7.2 Final payment, constituting the entire unpaid balance of the Contract Price ("**Final Payment**"), shall be paid by the Owner to the Contractor at a final closing at the title company conducting closing on the Loan and before occupancy or moving in any personal items. In addition, the Owner will not occupy or move in personal items until the last of the following has occurred, **(i)** Substantial Completion of the Work by Contractor; **(ii)** the completion of the PSO and **(iii)** the final inspection and approval of County and governmental authorities of the Work.

7.3 Contractor shall not be obligated to obtain a final use and occupancy permit until the Owner has executed an irrevocable confirmation letter to the Lender confirming that Contractor has achieved Substantial Completion with instructions to the Lender to make Final Payment to Contractor when such confirmation letter is accompanied by a copy of the final use and occupancy permit (which may be temporary and subject to completion of exterior landscaping and ground cover).

7.4 The making of Final Payments shall constitute a waiver of all claims by the Owner except those arising from **(i)** unsettled liens; **(ii)** faulty or defective Work first appearing after Substantial Completion; **(iii)** failure of the Work to comply with the requirements of the Plans and Specifications; or **(iv)** terms of the Warranty Policy.

7.5 In the event the Owner shall fail to pay the Contract Final Payment within ten (10) days of becoming due, the Final Payment shall accrue interest from the date due until the date paid at lesser of the maximum rate permitted by law or Fifteen percent (15%) per annum.

7.6 Owner acknowledges that moving into the House or moving Owner's possessions into the House prior to Substantial Completion by Contractor will result in additional cost and expense to Contractor. Accordingly, Owner agrees that moving into the House or moving Owner's possessions into the House prior to Contractor achieving substantial completion shall constitute a default by the Owner under this Contract in which event Owner shall be liable to Contractor for all additional cost and expense incurred by Contractor.

Article 8
Owner

8.1 The Owner shall forward all instructions to the Contractor or Contractor's principal place of business in writing by hand delivery.

8.2 Owner agrees to diligently and continuously perform all of the obligations of Owner under this Contract.

8.3 The Owner shall be responsible for providing Contractor and its agents with complete access to the Property without necessity of unusual means or construction methods by Contractor as is necessary for the construction of the House and the Lot Finishing Work.

8.4 To the extent any architectural or other approval is required from a non-governmental entity (such as a homeowner's association or the like), it shall be the Owner's obligation to identify the obligation and pursue approval for the same. The fact that the Contractor may offer assistance to the Owner, and may even prepare the submittal of plans or other documents, does not change Owner's ultimate obligation.

Article 9
Contractor

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9.1 The Contractor shall supervise and direct the Work, using reasonable skill and attention, and he shall be solely responsible for all construction means, methods, techniques, sequences and procedures and for coordinating all portions of the Work under this Contract.

9.2 The Contractor shall provide and pay for all required licenses, labor, materials, equipment, tools, construction equipment, and machinery, water, heat, transportation and other facilities and services necessary for the proper execution in completion of the Work.

9.3 The Contractor warrants to the Owner that all materials and equipment incorporated in the Work will be new unless otherwise specified and that all Work will be of good quality and will be in conformance in all material respects with the Plans and Specifications.

9.4 Unless otherwise provided in the Contract Documents, the Contractor shall pay all sales taxes, which are legally enacted at the time of the execution of this Contract.

9.5 The Contractor shall give all notices and comply with all laws, ordinances, rules, regulations, and lawful orders of any public authority bearing on the performance of the Work, and shall promptly notify the Owner if the Plans and Specifications are at variance therewith.

9.6 The Contractor shall at all times keep the premises free from accumulation of waste materials or rubbish caused by his operations. At the completion of the Work he shall remove all waste materials and rubbish from and about the Project as well as his tools, construction equipment, machinery and surplus materials.

Article 10
Insurance

10.1 Contractor shall maintain liability and workmen's compensation insurance in statutory amounts to protect Contractor and Owner from claims under workers' or workmen's compensation acts and other employee benefit acts, claims for damages because of bodily injury, including death, and from claims for damages to property which may arise out of or result from the Contractor's operations under this Contract, whether such operations be by himself or by any Subcontractor or anyone directly or indirectly employed by any of them. The liability insurance shall be written for not less than a combined single limit of \$1,000,000. Certificates of such insurance shall be filed with the Owner prior to the commencement of the Work if requested by the Owner.

10.2 The Owner shall be responsible for purchasing and maintaining his own liability insurance and, at his option, may maintain such insurance as will protect him against claims which may arise from operations under the Contract. Certificates of such insurance shall be filed with the Contractor prior to the commencement of the Work.

10.3 The Owner shall purchase and maintain property insurance upon the entire Work at the Project to the full insurable value thereof. This insurance shall include the interests of the Owner, the Contractor, and Subcontractors in the Work and shall insure against the perils of fire and extended coverage and shall include "all risk" and "builder's risk" insurance for physical loss or damage including, without duplication of coverage, vandalism, theft and malicious mischief.

10.4 The Owner and Contractor each waive all rights against each other for damages caused by fire or other hazards to the extent covered by insurance obtained pursuant to this Article or any other property insurance applicable to the Work, except such rights as they may have to the proceeds of such insurance. Owner shall be responsible for all theft or damages to the Property and the House, including onsite building materials and supplies.

10.5 Owner shall comply with any applicable OSHA, Occupational Safety and Health Act of North Carolina or other like regulations at any time Owner is on the Property.

Article 11
Default/Termination

11.1 In the event either party shall fail to perform its obligations under this Contract (a "Defaulting Party"), which failure shall continue for a period of ten (10) days written notice from the other party (the "Non Defaulting Party"), such failure shall constitute a default (a "Default") under this Contract.

11.2 In the event of a Default, the Non Defaulting party shall be entitled to recover from the Defaulting Party its actual loss and damage resulting from such Default but in no event shall either party be entitled to recover from the other consequential (including but not limited to additional interest carry, living or housing expenses or any consequential damages relating from a delay in the Commencement or Completion Date) or punitive damages and the same are expressly waived. This provision shall not be binding on the Owner or Contractor in any jurisdiction which prohibits such waivers but shall be binding in any jurisdiction in which shall waivers are permissible which the parties hereby elect by execution hereof.

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11.3 In the event of a dispute between the parties, the parties agree to submit such dispute to binding arbitration ("**Arbitration**") with the American Arbitration Association in accordance with Construction Industry Arbitration Rules, as supplemented by its Supplementary Arbitration Procedures For Residential Construction. Arbitration is to be conducted by a hearing before one (1) arbitrator, the cost of which shall be paid in equal shares by the parties. The parties agree that each party shall initially pay its own attorney fees subject to the provisions of this paragraph. The decision of the Arbitrator shall be final and binding on the parties. Judgment upon any arbitration award may be entered and enforced in any court of competent jurisdiction. The Arbitration shall be conducted on an expedited basis and shall be concluded within sixty (60) days after submission for Arbitration. The party not prevailing in Arbitration shall pay the entire cost of Arbitration and the prevailing party's attorney's fees and expenses. Notwithstanding the foregoing, the parties acknowledge that the Arbitration may not result in one party prevailing on all issues presented for Arbitration. Accordingly, the parties agree that the Arbitrator shall have the discretion, power and authority to award Arbitration fees and expenses and attorney's fees and expenses, in whole or in part, based upon the Arbitrator's determination of who is the prevailing party or partially prevailing party.

11.4 The provisions of paragraph 11.3 to the contrary notwithstanding, the right is specifically reserved to the Contractor to file a petition to establish a mechanic's lien against the Project and the Property and obtain an interlocutory order establishing such lien. The Contractor shall not have a right to enforce the interlocutory order or obtain a final lien until after the conclusion of Arbitration.


11.5 In the event the Owner shall default under its Construction Loan, the Contractor agrees to complete this Contract for the benefit of the Lender provided that Contractor is paid the entire Contract Price, including any Progress Payments or other monies due and payable by the Owner hereunder.

11.6 In addition to Contractor's rights to terminate as set forth in other provisions of the Contract, the parties agree that the Contractor shall have the right, in its sole and absolute discretion, to terminate this Contract in the event that: (i) All conditions precedent to construction set forth in paragraph 5.1 have not been satisfied and accomplished within sixty (60) calendar days after the Effective Date or such later time period acceptable to the Contractor; (ii) Contractor determines, in its sole discretion, that for any reason beyond its reasonable control, that the improvements on the Property cannot be substantially completed within three hundred and sixty five (365) calendar days after the Effective Date or such later time period [not to exceed an additional ninety (90) calendar days] acceptable to Contractor (Once Contractor commences construction, the provisions of this subparagraph (ii) shall no longer be in effect; or (iii) The enactment of any statute, law or ordinance or a change in any now existing building code any of which result in any material increase in Contractor's construction costs. In the event Contractor elects to terminate this Contract pursuant to this paragraph 11.6, the Contractor shall give written notice of such termination to the Owner. In such event, any portion of the Deposit, funds advanced by the Lender pursuant to the Construction Loan not already spent or payable pursuant to the terms of this Agreement, as well as all Option Prepayments, shall be returned to Owner and thereafter the parties shall have no further obligation to each other under this Contract.

Article 12
(Warranty Disclaimer)

12.1 Owner has been provided a sample warranty book (the "Limited Warranty") and has read and understands the warranty administered by Residential Warranty Company, LLC ("RWC"). Owner understands and agrees that if the above Limited Warranty is validated, it is provided by the Contractor in lieu of all other warranties, verbal agreements or representations to the extent permitted by law; and Contractor makes no warranty, express or implied, as to quality, fitness for a particular purpose, merchantability, habitability or otherwise, except as it is expressly set forth in the Limited Warranty or as required by law. Contractor shall not be liable for any personal injury or other losses which may arise from or out of any and all defects (to the extent permitted by applicable law). Except for purchasers of FHA or VA financed homes, and to the extent not permitted by applicable law, Owner acknowledges and understands that the Limited Warranty includes a provision requiring all disputes that arise under the warranty to be submitted to binding arbitration.

12.2 Owner understands and agrees that Contractor is making only those express limited warranties set forth in the Limited Warranty referenced above. The Limited Warranty, incorporated herein, shall be delivered to Owner at or after Final Payment and a copy of which is attached hereto OR a copy of which is available for examination at Contractor's office and will, at Owner's request, be attached as an exhibit to this Contract. THE EXPRESS LIMITED WARRANTY AND REMEDIES PROVIDED BY CONTRACTOR CONSTITUTE THE EXCLUSIVE WARRANTY AND REMEDIES TO BE MADE AVAILABLE BY CONTRACTOR AND, EXCEPT WHERE ADDITIONAL WARRANTIES ARE REQUIRED BY APPLICABLE LAW OR REGULATION, ARE IN PLACE OF ALL OTHER GUARANTIES OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF WORKMANSHIP, WORKMANLIKE CONSTRUCTION, MERCHANTABILITY, HABITABILITY, SUITABILITY AND FITNESS, WHICH ARE HEREBY EXPRESSLY DISCLAIMED BY CONTRACTOR AND WAIVED BY OWNER. TO THE EXTENT OF ANY CONFLICT BETWEEN ANY PROVISION OF THIS CONTRACT RELATED TO WARRANTIES AND THE LIMITED WARRANTY, THE PROVISIONS OF THE LIMITED WARRANTY SHALL CONTROL.

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Article 13
Miscellaneous Provisions

13.1 This Contract shall be governed by and construed in accordance with the laws of the State of North Carolina. In the event any court or administrative body is required to construe any provision contained in this Contract, such construction shall be in accordance with the fair meaning of the language being construed and such language shall not be construed against either party as the draftsman hereof.

13.2 This Contract together with any addenda or exhibits to be attached hereto is the complete and final agreement between the parties. There are no oral or other written agreements, representations, conditions, promises or understandings directly or indirectly pertaining to the Property or the subject matter of this Contract. This Contract may only be changed, modified or amended by written instrument signed by Owner and the Contractor. No requirement, obligation, remedy, or provision of this Contract should be deemed waived unless expressly waived in writing. By signing below, Owner is making an "offer" to pay for the construction of the House as of the Offer Date above. Owner recognizes and understands that the terms of such "offer" may not ultimately be acceptable to the Contractor. Nevertheless, Owner understands that certain performance obligations in this "offer" start to run immediately after the Offer Date and other performance obligations begin running after the Effective Date (once the Contract is ratified by the Contractor). With respect to all of Owner's obligations that are linked to the Offer Date, Owner represents and warrants that they either have or will have met such obligations as of the dates specified herein. In the unlikely event any performance dates pass prior to the ratification of this Contract by the Contractor, the date for performance shall be extended for a period of five (5) calendar days after the Effective Date. Contractor has no obligation to ratify this Contract solely because Owner has begun to perform obligations that start after the Offer Date or for any other reason. Contractor shall have no liability to Owner due to Contractor's refusal to ratify this Contract (even though Owner may have met with Contractor's sub-contractors or undertaken other performance obligations).

13.3 This Contract may be executed in any number of counterparts, each of which shall be an original, all of which shall constitute but one Contract.

13.4 This Contract shall be binding upon the parties, their and each of their respective heirs, executors, administrators, successors and (but only to the extent permitted hereunder) assigns. This Contract may not be assigned by the Owner without the prior written consent of the Contractor, which consent may be withheld in Contractor's sole discretion.

13.5 Owner agrees that Contractor may use photographs and drawings of the Property in its advertising and marketing programs both before and after Final Payment. Contractor further retains the right to show the Property to other prospective customers prior to Final Payment. Owner shall not acquire any rights to Contractor's architectural plans, House Plans or any custom designs as a result of this Contract and this provision shall survive any termination of this Contract.

13.6 Contractor makes no representation, express or implied, regarding the current or future use of land surrounding the Property. Owner acknowledges that Contractor's sales representatives and Subcontractors do not have the authority to make any representation, relating to the condition or future use of land surrounding the Property, including but not limited to future existence of trees and vegetation, density of development, future development of roads, or adjacent property. Owner further acknowledges that the Property may be subject to Wetlands Area restrictions, Resource Protection Zone, Flood Plane, Buffer requirements and other environmental and land use laws and regulations, as may be imposed by Federal, State, and County Governments. Owner further acknowledges that one or more other lots in the subdivision may contain forest conservation areas as shown on the recorded subdivision plats for the lots. Owner shall at its sole expense comply with all rules, regulations and/or requirements with respect to such areas. All land surrounding the Property or the subdivision may be used for any lawful purpose. Contractor shall have no liability to Owner whatsoever for any current or future impairment of views with respect to any sight line from the Property.

13.7 Contractor does not warrant any building material or soil or plant in or around the Property to be free from toxicity to occupants or users and therefore disclaims any liability arising there from. The Contractor is not responsible for personal injury or property damage arising from ecological or environmental conditions present at, in, under, or about the Property or from the Property's use, including radon, electromagnetic fields or mold or other fungal growth. Contractor makes no warranties, express or implied, regarding the level or existence of radon gas in the House or at the Property. Contractor assumes no responsibility or liability for the effectiveness of any devices or methods, which may be installed in the House or at the Property to reduce radon gas levels. Contractor shall not be liable as a result of the existence of any environmental or ecological conditions, including but not limited to airborne combustion by-products, carbon dioxide, carbon monoxide or volatile chemicals surrounding or within the House or at the Property. The Contractor does not warrant any building material used in the House or at the Property to be free from toxicity to occupants or users and therefore disclaims any liability arising therefrom. The Contractor is not responsible for personal allergic, health reactions, or injury or property damage arising from environmental issues. If Owner desires the right to condition Owner's obligations under this Contract upon the results of an environmental inspection, the right to do this must be included in an addendum to this Contract no later than the time it is ratified by the Contractor. Therefore, unless specified in an addendum attached hereto, Owner hereby declines to request any such environmental inspection. The cost of any environmental inspection is the sole

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responsibility of Owner and the results of the inspection shall not delay or interfere with the PSO. Contractor has no obligation to effect repairs or corrections based upon the inspection results. If the Property is serviced by a private well, then Contractor shall provide Owner with a satisfactory water test as performed by the local County Health Department or a qualified private laboratory at the time of the PSO.

13.8 The invalidity or unenforceability of any provisions of this Contract shall not affect the validity or enforceability of any other provisions in this Contract.

13.9 Owner authorizes Contractor to place a sign on the Property advertising the Contractor's services, which may remain on the Property for a period of sixty (60) days after completion of the House. All signage costs shall be paid for by Contractor.

13.10 Except for any loss resulting from the negligence of Contractor or its Subcontractors, the risk of any loss, theft or materials, appliances or equipment or casualty to the Project is to be borne by the Owner. Owner is required to maintain adequate Builder's Risk (coverage must meet Lender's requirements), All Risk, and other adequate insurance to protect Owner's interests (and Contractor may but is not required to assist Owner in obtaining the same).

13.11 Notices required under the terms of this Contract shall be in writing and shall be effective (i) if hand delivered, the date of such delivery or (ii) if sent by a nationally recognized overnight carrier, the first Business Day after the date of deposit of such notice with such carrier. Notices shall be addressed to the parties at the respective addresses set forth in this Contract. Any notice required to be sent to the Contract shall require that a copy be sent to Darin S. Levine, Esquire, Levine Law Group, LLC, at 839 Quince Orchard Blvd., Suite M Gaithersburg, Maryland 20878.

13.12 Wherever used herein the singular shall include the plural and the plural the singular and the use of a gender shall be applicable to all genders. In the event there is more than one Owner, this Contract shall be jointly and severally binding on each of them and on their respective heirs, legal representatives, executors, successors and (but only to the extent permitted hereunder) assigns. The captions of this Contract are for convenience and reference only and in no way define or limit the rights of the parties.

13.13 No Authority. No sales manager, assistant sales manager, superintendent, site manager or sales representative of the Contractor has the authority to bind the Contractor to any term, provision or agreement not contained in this Contract, including all attached addenda. This Contract, along with any and all Selection Sheets, Change Orders and/or other addenda to this Contract, must be reviewed in the corporate office of the Contractor, and must be executed by either the Authorized Signatory below or another Authorized Signatory in order to be effective and considered "ratified". Any signatures by sales or other construction personnel in the field who does not sign as an "Authorized Signatory" shall not bind the Contractor.

13.14 This Contract is to be governed by and construed in accordance with the laws of the State of North Carolina. In the event that N.C.G.S. 22B-10 is repealed the parties waive any right to a jury trial in any legal proceeding arising out of or relating to any breach or enforcement of this Agreement (collectively "Litigation").


13.15 Owner acknowledges that Contractor has been licensed to use the trade name Caruso Homes and variations thereof, but that Caruso Homes, Inc. is not the Contractor under this Contract. In no event shall Caruso Homes, Inc., have any liability, duty or obligation to the Owner under this Contract.

13.16 The parties hereby agree that a "Business Day" shall mean any day which is not a Saturday, Sunday or State or Federal holiday.

13.17 The parties hereby agree that an electronic (e-mail with pdf signature) or facsimile signature of this Contract, any Addenda, any Change Order or any associated paperwork with this Contract will be binding upon the parties and shall have the same force and effect as if it were an originally executed version. This Contract, as well as any Addenda, any Change Order or any associated paperwork with this Contract may be executed simultaneously in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

13.18 TIME IS OF THE ESSENCE OF ALL TERMS IN THIS CONTRACT UNLESS OTHERWISE PROVIDED HEREIN.

13.19 Owner agrees not to harass, annoy, abuse, or treat disrespectfully any employee or agent of Contractor, or interfere with work of Contractor or any employee, contractor, subcontractor, vendor, or supplier of Contractor. Contractor, in its sole discretion, may elect to treat any such conduct (or conduct demonstrating that Owner has unreasonable expectations, escalating differences, and/or issues that have become irreconcilable), as a material breach of this Contract. In the event Contractor elects to terminate this Contract pursuant to this paragraph 13.19, the Contractor shall give written notice of such termination to the Owner.

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13.20. Improvement to the Property Following Completion Date. Owner acknowledges that any alterations or improvements to the Property, including, but not limited to, decks, fences, grading, tree clearing, landscaping, patios, pools, recreational equipment, sprinkler systems (the **“Improvements”**), may adversely affect the required County approved grade design and plan (the **“Approved Grading Plan”**). Such Improvements may result in drainage problems, malfunctioning of basement waterproofing systems, the inability to make subsequent modifications to the grade of the Property and/or adjacent lots that may be necessary to conform to the Approved Grading Plan, or the inability to obtain a release of liability from the applicable Governmental Authority of the related permit, bond or letter of credit (collectively, the **“Development Bonds”**). Following the Completion Date, Owner agrees to properly maintain the Property, including all swales, on-lot storm water management devices, grades and landscaping, and to make any modifications that are necessary as a result of Owner installed Improvements to the Property to ensure conformity with the Approved Grading Plan. Owner hereby releases Seller from all future responsibility to conform the Property to the Approved Grading Plan or from any damage incurred by the Owner, to the Property, or to any adjacent lot or property as a result of any Improvements installed and/or Owner’s failure to properly maintain the Property. Owner further agrees to pay and indemnify, defend and hold the Owner harmless from any and all damages which may be incurred as a result of Owner installed Improvements and/or Owner’s failure to properly maintain the Property which result in non-conformity to the Approved Grading Plan. Such damages shall include attorneys’ fees, the costs and expenses relating to: (1) damages to neighboring property; and (2) any Development Bonds that cannot be released and/or are delayed in being released as a result thereof as well as any other related costs and expenses. Owner agrees to execute such documentation/take such action reasonably required by Contractor following the Completion Date to further memorialize/accomplish the intent of the Parties stated in this paragraph.

13.21. Agreement Not to File Building Permit Appeals. Owner hereby agrees not to file in any forum (whether judicial, administrative or governmental) an appeal from, or other legal proceeding challenging, the issuance of a building permit, the issuance of a use and occupancy permit, or the issuance of any other administrative or judicial decision (each a **“Proceeding”**) concerning other lots or property within the Subdivision owned and/or sold by Contractor, its predecessor in title, any of their affiliated entities or any other builder, or other developers who own lots or property within the Subdivision (collectively, the **“Affected Parties”**). In the event that Owner is a party to, or otherwise participates in, any such Proceeding, which is found to be frivolous or without merit, Owner’s participation shall constitute a Default in accordance with the Contract. In the event of such a Default, Purchaser hereby expressly covenants and agrees to pay to, and indemnify the Affected Parties, for any and all damages that are incurred due to the pendency and outcome of the Proceeding, whether successful or not, including damages for lost business opportunity, actual interest expense incurred by such Affected Party(s) on costs associated with acquiring and improving the lot at issue in the Proceeding (the **“Appeal Lot”**), 18% per annum internal rate of interest on any such acquisition and construction costs incurred from any of the Affected Parties’ own funds and 18% per annum internal rate of interest on any resale profit on the Appeal Lot that is delayed or denied such Affected Party(s) as a result of the Proceeding. If sale of the Appeal Lot is lost because of the Proceeding, Owner also expressly covenants and agrees to pay, and indemnify the Affected Parties for that element of damage. In the event the Affected Parties engage(s) legal counsel in connection with any action necessary to enforce this Paragraph, Owner agrees to reimburse the Affected Parties for their attorney’s fees and costs, whether or not suit is brought. In addition to making this affirmative covenant not to file any Proceedings as defined above, Owner hereby expressly waives any and all rights to file or participate in any such Proceeding, which is later found to be without merit. In the event Owner pursues rights affirmatively waived herein, Owner expressly agrees to pay to, and indemnify the Affected Parties for all damages resulting from the pendency and outcome of the Proceeding, whether successful or not, including each and every element of breach-of-contract damages described in this Paragraph. Owner agrees to execute such documentation/take such action to further memorialize/accomplish the intent of the Parties stated in this paragraph.

13.22. Development Amendments. Owner agrees that Contractor, and its successors and assigns may, from time-to-time, in their sole discretion: (1) rezone; (2) amend and/or supplement the proffers, development plans and/or development conditions relating to the Subdivision; and/or (3) establish easements, rights-of-ways and/or restrictions affecting any part of the Subdivision, including the Property (collectively, **“Development Amendments”**) either prior to or after the Completion Date. Such Development Amendments might require the joinder of Owner as a contract buyer or owner of the Property. Owner acknowledges that by executing this Contract, Owner agrees to execute and deliver promptly all documents, instruments or agreements necessary to evidence such joinder. No such Development Amendment will materially and adversely impair the intended use of the Property as the site of a single-family home, and the Development Amendments shall provide that any disturbance to landscaping or improvements caused by the exercise of any rights under the Development Amendments shall be restored by and at the cost of the responsible party. Owner’s consent shall not be required to enter into any such Development Amendment.

14. Addenda. The Addenda marked (X) below are included in and are a part of this Contract. Any Addenda not marked (X) below are not included or and are not a part of this Contract.


<input checked="" type="checkbox"/> Addendum 1 - Miscellaneous Composite Addendum	<input checked="" type="checkbox"/> Addendum 9 - Lot Finishing Estimate Budget
<input checked="" type="checkbox"/> Addendum 2 - Contractor Policy Review	<input checked="" type="checkbox"/> Addendum 10 - Lot Finishing Price

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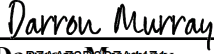
<input checked="" type="checkbox"/> Addendum 3 - Draw Schedule	<input checked="" type="checkbox"/> Addendum 11 - Mold Notice, Disclosure and Disclaimer
<input checked="" type="checkbox"/> Addendum 4 - Mechanics Lien Disclosure	<input checked="" type="checkbox"/> Addendum 12 – Survey Exhibit
<input checked="" type="checkbox"/> Addendum 5 - Home Warranty Program	<input checked="" type="checkbox"/> Addendum 13 - Consumer Products Warranty Exhibit
<input checked="" type="checkbox"/> Addendum 6 - Ground Cover Waiver	
<input checked="" type="checkbox"/> Addendum 7 – Intentionally Omitted	<input checked="" type="checkbox"/> Free Form Addendum, where applicable
<input checked="" type="checkbox"/> Addendum 8 – Selection Sheets	<input type="checkbox"/> Other:
	<input type="checkbox"/> Other:
	<input type="checkbox"/> Other:
<input checked="" type="checkbox"/> Addendum 11 –Selection Sheet/Appliance Selection Sheet	<input type="checkbox"/> Other:

IN WITNESS WHEREOF, the Owner and Contractor have entered into this Contract as of the Effective Date.

OWNER:

DocuSigned by:

 Carla Murray

Date: 7/19/2022

DocuSigned by:

 Darron Murray

Date: 7/19/2022

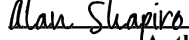
Buyer Email: murray7330@gmail.com
 Co-buyer Email: darron.murray@hotmail.com
 Buyer Cell: 262 5064723
 Co-buyer Cell:

Notice Address: 3101 Kentworth Drive
Holly Springs, NC 27540

CONTRACTOR:



Caruso Homes On Your Lot NC 1 LLC,
 a North Carolina limited liability company

By: Caruso Homes, Inc., Its Manager

DocuSigned by:

 Alan Shapiro
 AD34E0B277C7403... Authorized Signatory

Date: 7/22/2022
 Date of Seller's Acceptance (the "Effective Date")

Notice Address: C/O Caruso Homes, Inc.
 2120 Baldwin Avenue, Suite 200
 Crofton, MD 21114

Initials  Date 7/19/2022
 Initials  Date 7/19/2022

ADDENDUM 1 STATUTORY AND OTHER DISCLOSURES

Each of the following, to the extent each is marked “applicable”, is made a part of a Home Construction Contract (the “Contract”) by and among **Caruso Homes On Your Lot NC 1 LLC**, (hereafter the “Contractor”) and **Carla Murray, Darron Murray** (collectively, the “Owner”) for the property located at **15 Brandon Drive Lillington, NC 27546** on this date: July 05, 2022

In consideration of the premises and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged prior to the execution and delivery herein, Owner and Contractor agree that the following provisions shall be added to and considered a part of the Contract: All capitalized terms in this Addendum not otherwise defined shall have the same meaning as set forth in the Contract. In the event of any conflict between the terms of this Addendum and the terms of the Contract, the terms of this Addendum shall govern and control.

ELEVATED PLUMBING ADDENDUM Applicable Not Applicable

By signing below, Owner acknowledges they have been informed of and understand the following information relating to the Property.

Initials CM DM

1. Owner acknowledges that their new home may be constructed with elevated plumbing waste pipes in the basement.
2. The Owner further acknowledges that the elevated plumbing pipes may require the installation of a grinder pump or an ejector pump in the basement that will pump waste materials from the home to the sewer lines serving the community and/or any private or public on-site septic system. Any grinder pump or ejector pump required to handle waste from any portion of the house finished at time of settlement will be provided and installed by Contractor and will be covered by the new home Limited Warranty.
3. The Owner acknowledges that any grinder pump or ejector pump installed will be electric powered and therefore will not operate during any power outage. The Contractor is not responsible or liable for any damage due to the grinder pump or ejector pump being inoperable as a result of a power outage.
4. The Owner acknowledges that a grinder pump will be installed Applicable Not Applicable

Initials ^{DS}CM ^{DS}DM

IN WITNESS WHEREOF, the parties have hereto executed all addenda designated “Applicable” in this Contract on the year and day set forth below.

OWNER:

DocuSigned by:
Carla Murray

Date: 7/19/2022

8181318857447E
Carla Murray

DocuSigned by:
Darron Murray

Date: 7/19/2022

8181318857447E
Darron Murray

Initials ^{DS}CM Date 7/19/2022

Initials ^{DS}DM Date 7/19/2022

SITE PLAN & HOUSE SITING ADDENDUM [x] **Applicable** [] **Not Applicable**

1. Site Plan Submission: Owner recognizes that this Addendum is to authorize the Contractor to site the home and order the site plan from the engineer for final approval by the Owner.

2. Acknowledgment: The Owner understands and agrees that:
 - a. There will be no further additions, subtractions or alternations made to the house structurally from the date of execution noted below.
 - b. Due to the advance expenditure of funds made by the Contractor on behalf of the Owner to comply with this request, the Owner further acknowledges that it is understood and agreed that any structural changes from this point forward will require the site plan to be revised.
 - c. In the event that the Owner requests a site plan revision, the revision cost is \$2,000.00 and is the sole and express responsibility of the Owner. This amount is due and payable at the time of the request.
 - d. The re-site fee amount required is in addition to any other applicable fees and is non-refundable.

In the event the Contract is not fully consummated by the Owner and the Contractor, regardless of cause, or if the Contract is terminated for any reason, Contractor shall have no obligation to refund amounts requested for any re-site or Change Order fees in connection with this Contract.

Owner acknowledges receipt of a site plan for the subject lot and acknowledges that it generally reflects the building envelope within which the new home will be constructed subject to such changes, adjustments and modifications thereto as may be deemed necessary by the Contractor. The site plan may not reflect the final site or footprint of the new home. The location and ground elevation of the home on the lot and the necessity, if any, to reverse the plan of the home to conform to the existing contours, may be determined by Contractor in its sole discretion. In addition, the siting of the house in any specific location is subject to change. Owner acknowledges that any and all re-sitings must conform to applicable zoning and/or community lot boundary set-back requirements. Owner should not consider adjacent lots or their appearance when gaining an understanding of subject lot, its contours, elevations, or conditions and/or restrictions.

OWNER:

DocuSigned by:
Carla Murray

Date: 7/19/2022

81813188574475
Carla Murray

DocuSigned by:
Darron Murray

Date: 7/19/2022

81813188574475
Darron Murray

Initials *CM*

Date 7/19/2022

Initials *DM*

Date 7/19/2022

PROPANE ADDENDUM [] **Applicable** [] **Not Applicable**

Initials 

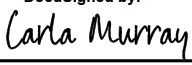
The following Addendum is attached to and made a part of a Home Construction Contract (the "Contract") by and among **Caruso Homes On Your Lot NC 1 LLC, a North Carolina limited liability company** (hereafter the "Contractor") and **Carla Murray, Darron Murray** (collectively, the "Owner").

By its execution below, the Owner hereby acknowledges that it has been advised by the Contractor that the propane tank (the "**Tank**") which will be used for propane gas for backup heating purposes and which will be installed underground prior to issuance of a temporary or permanent (as the case may be applicable) use and occupancy permit on the Property will be installed by a third party propane supplier (the "**Propane Company**") and will be the property of the Owner following issuance of said use and occupancy permit.

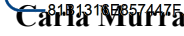
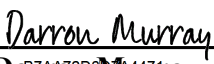
The tank will have an initial fuel fill by the Contractor for the purposes of completing the home, the cost of which will be reimbursed through the Lot Finishing Budget. Please make allowances and plan for this when considering your "cash required to close" on settlement day. Thereafter, all fuel fills will be arranged between the Owner and the Propane Company. The propane installation and fill are part of the Lot Finish budget.

The Owner further acknowledges being advised that the Owner has a right to select any propane supplier of its own choosing. If Owner elects to use the Propane Company to supply propane gas, the terms of service shall be governed by Propane Company's supply contract with the Owner. (A copy of the Propane Company's contract is available from Sales Representative. If the Owner elects to obtain propane gas supply from a supplier other than the Propane Company, the Owner is required, within ten (10) days of obtaining service from another supplier, to purchase the Tank from the Propane Company for a purchase price set by the Propane Company.) For safety and site control reasons, the Owner is not permitted to remove the Tank if it elects another propane supplier.

OWNER:

DocuSigned by:


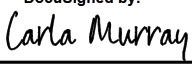
Date: 7/19/2022


DocuSigned by:


Date: 7/19/2022

IN WITNESS WHEREOF, the parties have hereto executed all addenda designated "Applicable" in this Contract on the year and day set forth below.

OWNER:

DocuSigned by:


Date: 7/19/2022

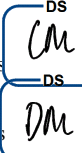

DocuSigned by:


Date: 7/19/2022

**CONTRACTOR: Caruso Homes On Your Lot NC 1 LLC
by: Caruso Homes, Inc., its Manager**

DocuSigned by:
By: 

Date: 7/22/2022

Initials 
Date 7/19/2022
Date 7/19/2022

ADDENDUM 2 **CONTRACTOR POLICY REVIEW**

The following Addendum is attached to and made a part of a Home Construction Contract (the "Contract") by and among **Carla Murray, Darron Murray** (hereafter the "Owner") and **Caruso Homes On Your Lot NC 1 LLC**, (hereafter the "Contractor") for the property located at **15 Brandon Drive Lillington, NC 27546** on **July 05, 2022.**

In consideration of the premises and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged prior to the execution and delivery herein, Owner and Contractor agree that the following provisions shall be added to and considered a part of the Contract: All capitalized terms in this Addendum not otherwise defined shall have the same meaning as set forth in the Contract. In the event of any conflict between the terms of this Addendum and the terms of the Contract, the terms of this Addendum shall govern and control.

Start Policy

Prior to the "Start" of your home the following items must be complete:

- The full deposit and option prepayments received
- All selections and option selections completed (including floor selections, security & tech wiring, and cabinetry)
- The Pre-Construction Meeting completed with the sales person and/or site superintendent. The Owner will be required to sign the Contractor's brochure, site plans and architectural plans at the time of the Pre-Construction Meeting and any changes to the Contract shall be made in the form of a Change Order or addenda. (The hours for this meeting are between 11 A.M. and 3 P.M. Tuesday through Friday.)
- The Pre-Start Meeting completed with the with the sales person and/or site superintendent. (Those hours are between 11 A.M. and 3:00 P.M.)
- Lender's approval (in writing from lender) and completion of construction loan closing.
- Non-contingent
- Receipt by the Contractor of all necessary state, local and county governmental approvals and permits required in order to construct the improvements on the Property and to perform any work related thereto.

Change Order Policy

Once the Home Construction Contract has been ratified by the Contractor, the Contractor reserves the right, in its sole discretion, to approve or reject requests for changes. All changes must be through ratified Addenda. Contractor reserves the right to charge a minimum \$250 fee for every Change Order. Remember, if your request is not on a ratified Addendum then the item(s) will not end up in the home. Structural option selections must be completed within fifteen (15) calendar days after the Offer Date and ALL selections and options must be completed within twenty-eight (28) calendar days after the Offer Date. This includes flooring, colors, tech wiring, and all other selections. It is Owner's responsibility to acquaint yourself with all possible options that can be added to your home. There will be no changes after the Pre-Construction Meeting.

We further agree that we have reviewed all specifications attached to this Contract, describing the items going into our home, that we have reviewed the house drawings, that we have reviewed all color selections and material selection sheets and option sheets, and that each and every item is exactly what we would like installed in our home.

Communication Policy:

Good communication is imperative in order to make the building process more pleasurable and effective. If at any time you have a question or concern make sure you speak to your sales person. It is the sales person's responsibility to relay the question or concern to the appropriate source. Remember the superintendent's sole job is to build your home; it is the sales person's job to let him/her know what you want him/her to build.

Options Policy:

The Contractor offers a wide range of standard and optional features. The standard features are shown on the Selections Addendum. The brochure indicates many of our optional features. Remember that if there is nothing in our literature stating a feature is standard, it is likely to be an option which must be purchased by you and reflected on a Selection Sheet, Change Order or other addendum. It is always best to consult your

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Date 7/19/2022

Date 7/19/2022

sales person if you have any questions concerning options. It is the responsibility of the Owner to acquaint themselves with any possible options available.

IN WITNESS WHEREOF, the parties have hereto executed this Contract on the year and day set forth below.

OWNER:

DocuSigned by:
Carla Murray
81B131A8B57447E
Carla Murray

Date: 7/19/2022

DocuSigned by:
Darron Murray
AD34E0B270C7463
Darron Murray

Date: 7/19/2022

CONTRACTOR: Caruso Homes On Your Lot NC 1 LLC
by: Caruso Homes, Inc., its Manager

DocuSigned by:
By: Alan Shapiro
AD34E0B270C7463
Authorized Signatory

Date: 7/22/2022

Initials CM
Initials DM

Date 7/19/2022

Date 7/19/2022

ADDENDUM 3 DRAW SCHEDULE

The following addendum is attached to and made a part of a Home Construction Contract (the "**Contract**") by and among **Caruso Homes On Your Lot NC 1 LLC** (hereafter the "**Contractor**") and Carla Murray, Darron Murray (collectively, the "**Owner**") on July 05, 2022.

The "**Owner**" and the "**Contractor**" by their signatures below, agree that unless mutually modified by Owner, Contractor and Lender, the following is the Draw Schedule for this Contract:

<u>Draw Number</u>	<u>Stage</u>	<u>Description</u>	<u>% Allocated</u>
1a	Lot Purchase	Advanced @ settlement	n/a
1b	Contract Draw	Initial contractor advance (which may include a portion of the Deposit and is expected to be utilized by the Contractor to pay sub-contractors)	10%
2	Foundation	Builder Risk, building permit, excavation, footing and foundation complete	10%
3	Framing	Floor joists ad all framing complete. Subfloor installed. Roof sheathing in place. Location survey received.	10%
4	Doors, Windows and Roof	Exterior doors and windows in place. Stairways in place. Interior concrete complete. Roof shingles in place.	12%
5	Rough-in	Plumbing, electric and heating rough-in complete and county approved.	12%
6	Brick/Siding/Stone Exterior	Exterior complete	14%
7	Insulation/Sheetrock	Insulation hung and installed. All sheetrock hung, taped, spackled and sanded. Heating plant in place.	12%
8	Trim-Out and Finish	Interior trim complete. Kitchen cabinets hung and set. Prime painting complete. Interior and exterior painting complete.	10%
9	Final	Plumbing and electric fixtures in place. Carpeting installed. Appliances installed. Hardwood floors complete. Exterior grading and driveway complete. U&O issued.	10%

OWNER:

DocuSigned by:

Carla Murray

Date: 7/19/2022

81813188574475
Carla Murray

DocuSigned by:

Darron Murray

Date: 7/19/2022

81813188574475
Darron Murray

CONTRACTOR: Caruso Homes On Your Lot NC 1 LLC
by: Caruso Homes, Inc., its Manager

DocuSigned by:

By: Alan Shapiro

AD34E0B279674631
Authorized Signatory

Date: 7/22/2022

Initials CM
Date 7/19/2022

Initials DM
Date 7/19/2022

ADDENDUM 4 MECHANICS LIEN DISCLOSURE

The following addendum is attached to and made a part of a Home Construction Contract (the "**Contract**") by and among **Caruso Homes On Your Lot NC 1 LLC**, (hereafter the "**Contractor**") and **Carla Murray, Darron Murray** (collectively, the "**Owner**") on July 05, 2022.

BUYER'S RISK UNDER MECHANICS' LIEN LAWS

Unless your builder pays each subcontractor, materialman, or supplier, the subcontractor, materialman, or supplier may become entitled to place a lien against your property in order to ensure payment to the subcontractor, materialman, or supplier for services rendered or goods delivered on or to your home. This could mean that your home could be sold to satisfy the lien. If at any time you have any questions or concerns about whether a subcontractor has been properly paid you should discuss them with your builder, your subcontractor, and your financing institution.

Acknowledged and Received.

OWNER:

DocuSigned by:
Carla Murray

Date: 7/19/2022

DocuSigned by:
Carla Murray

DocuSigned by:
Darron Murray

Date: 7/19/2022

CONTRACTOR: Caruso Homes On Your Lot NC 1 LLC
by: Caruso Homes, Inc., its Manager

DocuSigned by:
By: Alan Shapiro
AD34E0B270C74031 Authorized Signatory

Date: 7/22/2022

Initials CM

Date 7/19/2022

Initials DM

Date 7/19/2022

ADDENDUM 5
HOME WARRANTY PROGRAM

The following addendum is attached to and made a part of a Home Construction Contract (the "Contract") by and among **Caruso Homes On Your Lot NC 1 LLC** (hereafter the "Contractor") and **Carla Murray, Darron Murray** (collectively, the "Owner") on July 05, 2022.

DISCLOSURE

Contractor makes the following disclosures in connection with the Contract:

I am a builder who participates in a new home warranty security plan, and I am providing the buyer with a new home warranty.

I am a participant, in good standing, with the following plan:

<u>Residential Warranty Corporation</u>	<u>1-717-561-4480</u>
Name of Security Plan	Phone
Residential Warranty Corporation, 5300 Derry Street, Harrisburg, PA 17111-3598	

The home located at the following address is eligible for and will be enrolled in the new home warranty security plan:

15 Brandon Drive Lillington, NC 27546

The plan provides the following coverage:

Minimum warranty coverage.

One year – free from any defects in material and workmanship.

Two years – free from any defect in the electrical, plumbing, heating, cooling and ventilating systems, except that defects in appliances, fixtures and items of equipment are only covered for the length and scope of the warranty offered by the manufacturer.

Ten years – free from any structural defects.

Other express warranties provided: NONE

ITEMS EXCLUDED UNDER THIS WARRANTY PLAN:

Lot Finishing Work as defined in paragraph 1.4 of the Home Construction Contract.

Damage to real property that is not part of the home covered by the warranty or that is not included in the purchase price.

Bodily injury or damage to personal property.

Any defect in material supplied or work performed by anyone other than the builder or the builder's employees, agents, or subcontractors.


Any damage that the owner has not taken timely action to minimize or for which the owner has failed to provide timely notice to the builder.

Normal wear and tear or normal deterioration.

Insect damage, except where the builder has failed to use proper materials or construction methods designed to prevent insect infestation.

Any loss or damage that arises while the home is being used primarily for nonresidential purposes.

Any damage to the extent it is caused or made worse by negligence, improper maintenance, or improper operations by anyone other than the builder or the builder's employees, agents, or subcontractors.

Initials	
Initials	

Date **7/19/2022**

Date **7/19/2022**

Any damage to the extent that it is caused or made worse by changes in grading of the ground by anyone other than the builder, the builder's employees, agents, or subcontractors.

Any loss or damage caused by acts of God.

The buyer has read and understands the above disclosure.

By signing this Addendum 5, the Owner acknowledges receipt of Residential Warranty Corporation's Limited Warranty Contract and that Owner has read and understands this Warranty Disclosure and the Warranty Contract.

Owner acknowledges receiving a copy of the sample home warranty to be provided by Contractor describing the coverage of such warranty program.

OWNER:

DocuSigned by:
Carla Murray Date: 7/19/2022

841131100574475
DocuSigned by:
Darron Murray Date: 7/19/2022

Initials CM Date 7/19/2022
Initials DM Date 7/19/2022

ADDENDUM 6
GROUND COVER WAIVER EXHIBIT

The following Exhibit is attached to and made a part of a Home Construction Contract (the "**Contract**") by and among **Caruso Homes On Your Lot NC 1 LLC** and Carla Murray, Darron Murray, (collectively, the "**Owner**") on July 05, 2022.

In consideration of the premises and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged prior to the execution and delivery herein, Owner and Contractor agree that the following provisions shall be added to and considered a part of the Contract:

In accordance with the provisions of Article 5 paragraph 5.5, in the event requested to do so by the Contractor, Owner agrees to execute the following waiver for submission to Harnett County, North Carolina:

Chief Building Inspector
Harnett County

Re: Location: 15 Brandon Drive Lillington, NC 27546

Dear Chief Building Inspector:

Please be advised that we, Carla Murray, Darron Murray as owners of the above property are aware that there is a violation of the regulation pertaining to new homes in Harnett County, in that the groundcover has not grown to sufficient height. However, we do desire the Use and Occupancy Permit to be issued, and we accept full responsibility to see that sufficient groundcover has been provided in compliance with County regulations, and we also expressly hold Harnett County, its employees and agents harmless from any responsibility of any nature whatsoever pertaining to this violation.

The Contractor, Caruso Homes On Your Lot NC 1 LLC, by signing this letter, accepts responsibility to see that proper amounts of groundcover are provided. However, if the Contractor does not perform, we, as owners, agree to accept responsibility for the groundcover.

OWNER:

DocuSigned by:
Carla Murray

Date: 7/19/2022

81113110057447E
Carla Murray

DocuSigned by:
Darron Murray

Date: 7/19/2022

Darron Murray


CONTRACTOR: Caruso Homes On Your Lot NC 1 LLC
by: Caruso Homes, Inc., its Manager

DocuSigned by:
By: Alan Shapiro
AD34E0B279C7403...
Authorized Signatory

Date: 7/22/2022

Initials CM Date 7/19/2022
Initials DM Date 7/19/2022

ADDENDUM 7
INTENTIONALLY OMITTED

Initials 
Initials 

Date 7/19/2022

Date 7/19/2022

ADDENDUM 8
SELECTION SHEETS/APPLIANCE SELECTION SHEETS

(See Addendum to Contract/Selection Sheet either attached or to be attached hereto)

Initials 
Initials 

Date 7/19/2022

Date 7/19/2022

ADDENDUM 9 – LOT FINISHING ESTIMATE BUDGET

(See Addendum to Contract either attached or to be attached hereto)

Initials 
Initials 

Date **7/19/2022**

Date **7/19/2022**

ADDENDUM 10
LOT FINISHING PRICE

The following Addendum is attached to and made a part of a Home Construction Contract (the "Contract") by and among Caruso Homes On Your Lot NC 1 LLC (hereafter the "Contractor") and Carla Murray, Darron Murray (collectively, the "Owner") on July 05, 2022.

Future Determination of Lot Finishing Price. Owner acknowledges that the site plan for the House has not been completed and that the site contains physical features that require additional engineering to determine an actual construction price by the Contractor. Contractor may supply updates to Addendum 10 to Owner from time to time without requesting a formal adjustment to the Lot Finishing Price. Prior to making request for Final Payment, Contractor shall furnish to the Owner an audit for all Lot Finishing Work (the "Lot Finishing Price"). Owner and Contractor shall confirm by execution of a written addendum to this Contract the Lot Finishing Price after its preparation by Contractor and any adjustment to the Contract Price. Thereafter, the Contract Price shall only be subject to adjustment to the extent specifically provided for in this Contract. Contractor shall have no obligation to commence Work under this Contract until the Lot Finishing Price has been agreed to and a confirmatory addendum is executed by Owner and Contractor. In the event that Owner shall fail to ratify a written addendum regarding the Lot Finishing Price requested by Contractor within ten (10) days after submission by Contractor, Owner shall be in default of this Contract and Owner agrees that (i) Contractor may, in its sole discretion, elect to stop Work until receipt of the ratified written addendum pertaining to the Lot Finishing Price; (ii) any additional cost resulting from stopping Work and then restarting Work shall be paid by Owner prior to Contractor being obligated to resume Work; and (iii) the Contract Price shall be subject to increase as provided in Paragraph 6.5 of the Contract. Notwithstanding the foregoing, Owner acknowledges and agrees that upon any termination of this Contract, Owner may not use Contractor's House Plans without Contractor's prior written consent and this provision shall survive any termination of this Contract. In the event of a violation of this provision, Owner agrees that Contractor shall, among other remedies, be entitled to injunctive relief. This provision shall survive any termination of this Contract. Owner acknowledges and agrees that even though Contractor is also the Seller pursuant to the Agreement of Purchase and Sale (and has marketed the lot along with offering this Contract), this does not mean that the Contractor has examined the lot for buildability and is familiar with Lot Finishing Work required. For this reason, the Owner is encouraged to do their own feasibility examination of the lot (including retaining an engineer) prior to entering this Contract. The warranty provided by the builder specifically excludes any coverage for Lot Finishing Work as defined in paragraph 1.4 of the Home Construction Contract.

By signing below, the Owner hereby agrees to pay the Lot Finishing Price as determined by the specified above.

OWNER:

DocuSigned by:
Carla Murray

Date: 7/19/2022

84813188574475
Carla Murray

DocuSigned by:
Darron Murray

Date: 7/19/2022

87473D69M4471
Darron Murray

SELLER: Caruso Homes On Your Lot NC 1 LLC
by: Caruso Homes, Inc., its Manager

DocuSigned by:
By: Alan Shapiro
AD34E0B277C7403...

Authorized Signatory

Date: 7/22/2022

Initials CM

Date 7/19/2022

Initials DM

Date 7/19/2022

ADDENDUM 11
MOLD NOTICE, DISCLOSURE AND DISCLAIMER

The following Addendum is attached to and made a part of a Home Construction Contract (the "**Contract**") by and among **Carla Murray, Darron Murray** (hereafter the "**Owner**") and Caruso Homes On Your Lot NC 1 LLC (hereafter the "**Contractor**") for the property located at **15 Brandon Drive Lillington, NC 27546** on July 05, 2022.

In consideration of the premises and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged prior to the execution and delivery herein, Owner and Contractor agree that the following provisions shall be added to and considered a part of the Contract. All capitalized terms in this Addendum not otherwise defined shall have the same meaning as set forth in the Contract. In the event of any conflict between the terms of this Addendum and the terms of the Contract, the terms of this Addendum shall govern and control.

Mold.

Mold is a type of fungus. It occurs naturally in the environment, and it is necessary for the natural decomposition of plant and other organic material. It spreads by means of microscopic spores borne on the wind, and is found everywhere life can be supported. Residential home construction is not, and cannot be, designed to exclude mold spores. If the growing conditions are right, mold can grow in your home. Most homeowners are familiar with mold growth in the form of bread mold, and mold that may grow on bathroom tile.

In order to grow, mold requires a food source. This might be supplied by items found in the home, such as fabric, carpet or even wallpaper, or by building materials, such as drywall, wood and insulation, to name a few. Also, mold growth requires a temperate climate. The best growth occurs at temperatures between 40°F and 100°F. Finally, mold growth requires moisture. Moisture is the only mold growth factor that can be controlled in a residential setting. By minimizing moisture, a homeowner can reduce or eliminate mold growth.

Moisture in the home can have many causes. Spills, leaks, overflows, condensation, and high humidity are common sources of home moisture. Good housekeeping and home maintenance practices are essential in the effort to prevent or eliminate mold growth. If moisture is allowed to remain on the growth medium, mold can develop within 24 to 48 hours.



Consequences of mold.

All mold is not necessarily harmful, but certain strains of mold have been shown to have adverse health effects in susceptible persons. The most common effects are allergic reactions, including skin irritation, watery eyes, runny nose, coughing, sneezing, congestion, sore throat and headache. Individuals with suppressed immune systems may risk infections. Some experts contend that mold causes serious symptoms and diseases which may even be life threatening. However, experts disagree about the level of mold exposure that may cause health problems, and about the exact nature and extent of the health problems that may be caused by mold. As of the date of this Contract, the Center for Disease Control states that a causal link between the presence of toxic mold and serious health conditions has not been proven.

What the Homeowner can do.

The homeowner can take positive steps to reduce or eliminate the occurrence of mold growth in the home, and thereby minimize any possible adverse effects that may be caused by mold. These steps include the following:

1. Keep the humidity in the home low. Vent clothes dryers to the outdoors. Ventilate kitchen and bathrooms by opening the windows, by using exhaust fans, or by running the air conditioning to remove excess moisture in the air, and to facilitate evaporation of water from wet surfaces. Low temperature (below 68 degrees F), and humidity levels as low as possible below 75% will stop most mold growth.
2. Before bringing items into the home, check for signs of mold. Potted plants (roots and soil), furnishings, or stored clothing and bedding material, as well as many other household goods, could already contain mold growth.
3. Do not shelve or store books directly against an outside wall. Due to temperature and humidity difference between inside and outside environments, moisture may develop along walls.
4. Regular vacuuming and cleaning will help reduce mold levels. Mild bleach solutions and most tile cleaners are effective in eliminating or preventing mold growth.

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Date **7/19/2022**

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5. Promptly clean up spills, condensation and other sources of moisture. Thoroughly dry any wet surfaces or material. Do not let water pool or stand in your home. Promptly replace any materials that cannot be thoroughly dried, such as drywall or insulation.
6. Inspect for leaks on a regular basis. Look for discolorations or wet spots. Repair any leaks promptly. Inspect condensation pans (refrigerators and air conditioners) for mold growth. Check the heat-exchange coils in the heating/air conditioning system as they are a prime area for fungus growth and spore distribution. Clean with a normal fungus-killing household cleaner. Take notice of musty odors, and any visible signs of mold. Look for a source of water, such as an unnoticed leak, broken window, or moisture along outside walls. Check your attic (roof decking, rafters, etc.) for any signs of darkening that could indicate mold growth.
7. Turn off certain appliances (such as humidifiers or kerosene heaters) if you notice moisture on windows and other surfaces.
8. Routinely (at least once every three months) check the humidistat (the fan system in the crawl space below the structural wood floor in the basement) and the crawl space/sump pit area, if applicable, to ensure that (i) the humidistat is functioning properly; (ii) that there is no standing water in the crawl space; (iii) that the sump pump is functioning properly; (iv) that the sump crock lid remains on the crock at all times; and (v) the soil levels remain at least several inches below any portion of the structural wood floor.
9. Do not close off circulation of any room by closing the register vents. The free flow of conditioned air is necessary to avoid excess moisture.
10. Adjust outside gutters and drains so that water does not collect near the outside walls. Check gutter and drains regularly to avoid clogs.
11. Contact a heating/cooling specialist to inspect and clean out your AC condensate try, clean out and service your furnace humidifier, clean out and service the drip-pan under your refrigerator, etc.
12. Allow for good air-flow throughout the interior of your house. Keep furniture away from walls. Allow for adequate air-flow over your windows and doors, as they will be the largest condensing surfaces in your house and air-flow is needed to help evaporate moisture buildup.
13. Should mold develop, thoroughly clean the affected area with a mild solution of bleach. First, test to see if the affected material or surface is color safe. Porous materials, such as fabric, upholstery or carpet should be discarded.

Disclaimer and Waiver

Whether or not you as a homeowner experience mold growth depends largely on how you manage and maintain your home. Our responsibility as a homebuilder must be limited to things that we can control. The Contractor shall provide you, by a separate instrument, with a warranty that will explain exactly what construction defects will be subject to repair or replacement and for how many years such warranty will last. The Contractor shall not be liable for any loss, injury or damage caused by mold or other fungal growth, or by some other agent, that may be associated with defects in our construction, to include but not be limited to property damage, damage due to potential latent defects, personal injury, loss of income, emotional distress, death, loss of use, loss of value, and adverse health effects, or any other effects. Any implied warranties, including an implied warranty of workmanlike construction, an implied warranty of habitability, or an implied warranty of fitness for a particular use, are hereby waived and disclaimed as they do not apply to the prevention of mold or other fungal growth. Owner hereby waives all claims and causes of action against the Contractor pertaining in any way to mold or other fungal growth, and any damages related there.

The undersigned acknowledges receipt of this mold notice, disclosure and disclaimer addendum, and has carefully read and reviewed its terms, and agrees to its provisions.

OWNER:

DocuSigned by:

Carla Murray

Date: 7/19/2022

81E1318E857447E
Carla Murray

DocuSigned by:

Darron Murray

Date: 7/19/2022

87A473D6E1447F
Darron Murray

CONTRACTOR: Caruso Homes On Your Lot NC 1 LLC
by: Caruso Homes, Inc., its Manager

DocuSigned by:

By: *Alan Shapiro*

Authorized Signatory

Date: 7/22/2022

Initials *CM*

Date 7/19/2022

Initials *DM*

Date 7/19/2022

ADDENDUM 12 SURVEY EXHIBIT

The following Exhibit is attached to and made a part of a Home Construction Contract (the "**Contract**") by and among Caruso Homes On Your Lot NC 1 LLC (hereafter the "**Contractor**") and Carla Murray, Darron Murray (collectively, the "**Owner**") on July 05, 2022.

In connection with your Contract to have the Contractor construct your House on your Property located at **15 Brandon Drive Lillington, NC 27546**, a licensed North Carolina Surveyor will be engaged to prepare a location drawing. A location drawing is generally satisfactory for purposes of either purchase or refinancing. Since a location drawing is not a boundary survey and does not identify property boundary lines, State Regulations require us to have your approval.

If you wish, a surveyor can be engaged to perform a boundary survey, which includes a location drawing described above. This survey will identify property boundary lines and will mark property boundary corners, and can be used for various purposes, for example, erecting a fence, a garage, or other improvements on the property. A location drawing will cost approximately \$800. A boundary survey, which includes a location drawing, will cost up to \$1,500.00. Please understand that the cost of a survey is not included in the Contract Price. **Please check the appropriate section below to indicate your choice.**

X We approve the preparation of a location drawing. We have read and understand that, in the absence of any problem revealed by or during the preparation of this drawing, it will be all that is required for settlement.

 We request a boundary survey that will include a location drawing, and will identify property boundary lines and mark property boundary corners. We have read and understand that this may not be required for settlement purposes and will increase the cost of the services.

OWNER:

DocuSigned by:
Carla Murray

Date: 7/19/2022

8411131100574475
Carla Murray

DocuSigned by:
Darron Murray

Date: 7/19/2022

2947170611007100
Darron Murray

CONTRACTOR: Caruso Homes On Your Lot NC 1 LLC
by: Caruso Homes, Inc., its Manager

DocuSigned by:
By: Alan Shapiro
AD341027107400 Authorized Signatory

Date: 7/22/2022

Initials CM
Initials DM

Date 7/19/2022

Date 7/19/2022

ADDENDUM 13
CONSUMER PRODUCTS WARRANTY EXHIBIT

The following addendum is attached to and made a part of a Home Construction Contract (the "**Contract**") by and among Caruso Homes On Your Lot NC 1 LLC (hereafter the "**Contractor**") and Carla Murray, Darron Murray (collectively, the "**Owner**") on July 05, 2022.

Consumer Products Warranties. Owner acknowledges that Contractor upon request has made available to Owner copies of all written warranties on consumer products which may be installed in the house. Owner further acknowledges that Owner has had sufficient opportunity to review such warranties to the extent Owner deems necessary to be informed of the contents of such written warranties. Actual written manufacturer's warranties shall be provided to Owner at the Pre-Settlement Orientation. Thereafter, it shall be Owner's responsibility to complete and mail the warranty to each manufacturer.

Owners hereby acknowledge receipt of this disclosure.

OWNER:

DocuSigned by:

Carla Murray

Date: 7/19/2022

81513165857447E
Carla Murray

DocuSigned by:

Darron Murray

Date: 7/19/2022

8744175D6914471
Darron Murray

CONTRACTOR: **Caruso Homes On Your Lot NC 1 LLC**
 by: Caruso Homes, Inc., its Manager

DocuSigned by:

By: *Alan Shapiro*

AD34E0E2110712C
Authorized Signatory

Date: 7/22/2022

Initials

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CM

Date 7/19/2022

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DM

Date 7/19/2022