

HOME AGREEMENT
ADDITIONAL TERMS AND CONDITIONS

Builder and Client (listed in the Home Agreement) each acknowledge these Additional Terms and Conditions: Note: Capitalized Terms refer to defined terms below or in the Home Agreement.

I. TRANSFERRING THE HOME

- A. **Attorney Representation.** Client acknowledges that Client has had the opportunity to retain legal counsel to review documents and provide Client with legal advice prior to the execution of the Home Agreement.
- B. **Scheduling the Transfer.**
- i. **Home Inspection and Incomplete Items.** Prior to Transfer of Possession of the Home, Builder and Client will inspect the Home using Builder's standard procedures that Builder uses prior to the closing of any other Home by private buyer. Builder will create a list to be completed in the Home ("**Incomplete Items**"). Incomplete Items will be completed at Builder's expense post Transfer of Possession of the Home, as applicable and necessary, if any.
 - ii. **Third-Party Inspection by Client.** Client may hire (at Client's expense) a third-party inspector ("**Inspector**") to perform an inspection of the Home prior to Transfer of Possession of the Home, but the Transfer of Possession of the Home will not be delayed to accommodate the inspection. The inspection must be scheduled in advance of the parties' anticipated completion and transfer date. Client represents that Inspector is licensed and fully insured and agrees to defend and indemnify Builder for any claims arising from Inspector's access to the Home. Regardless of the Inspector's findings, Builder will complete the Home to a finish comparable Builder's model homes.
- C. **Costs.** Builder will pay the cost of document preparation necessary to Transfer Possession of the Home to Client.
- i. **Real Estate Taxes.** If applicable for the subject real property.
 - ii. **Homeowner Association Dues and Assessments.** If applicable for the subject real property.
 - iii. **Flood Insurance.** Federal law states that mortgages backed by the government must have flood insurance if any portion of the site is located in a Special Flood Hazard Area ("**Flood Plain**"). The Federal Emergency Management Agency ("**FEMA**") can designate property as a Flood Plain at anytime, which may prompt lenders to require flood insurance. Builder recommends that all Clients who are located in or near to a Flood Plain consider the purchase of Flood insurance, regardless of whether it is mandated by law.
- D. **Risk of Loss and Insurance.** Client assumes all risk of loss at Transfer of Possession of the Home, and will obtain sufficient insurance coverage for the Home. Because Client is the record owner of the subject real property where the Home is being constructed, Client may need to review with his/her/their insurance professional or attorney whether the Client may desire, or be required to, obtain insurance as the landowner of the real property during construction for risk or occurrences which may occur prior to Transfer of Possession of the Home.
- E. **Utility Service Transfer.** Within 3 business days following Transfer of Possession of the Home, Client will change into Client's name all utility and other service accounts related to the Home, and Builder will terminate all such service in Builder's name.

II. LIVING IN THE HOME.

- A. **Home Warranty.** At the Transfer of Possession of the Home, Client accepts the Home as complete, other than any documented Incomplete Items in writing. Other than the Incomplete Items, all other remaining requests for repair or service will be addressed pursuant to the Warranty Documents, as applicable.
- i. **Manufacturers' Warranties.** Client will receive the benefit from any applicable manufacturers' or suppliers' warranties, but Builder assumes no liability for the same, including without limitation, any manufacturers' warranty on installed appliances.
 - ii. **Well Water and Septic System Exclusion.** As provided by the Warranty Documents, Client's septic or well water system is specifically excluded from Builder's warranty. For Homes with a well, Builder provides no warranty regarding the quality, quantity or continued availability of water beyond the ability of Builder to obtain a certificate of occupancy prior to Transfer of Possession of the Home.
 - iii. **Landscaping Exclusion.** As provided by the Warranty Documents, landscaping is specifically excluded from Builder's Warranty.
 - iv. **Non-Warranty Service.** If Builder determines in its sole discretion to address items that are not defective ("**Non-Warranty Service**") Builder may apply any objective performance standard for Non-Warranty Service, including the industry standard provided by the National Association of Homebuilders ("**NAHB Standards**"). Since Non-Warranty Service is provided solely to maintain customer relations, it will not operate as a waiver of any provision of the Warranty Policy or this Agreement. Failure to object in writing to Builder repair work within 10 days of the work reflects Client's acceptance of Builder performance.
- B. **Home and Site Conditions.** The final characteristics of the Home and real property may differ slightly from those observed at the time of contract, including: the existence of any slopes; pad width or depth; Home handing or position on the site; driveway location or slope (positive or negative); location or existence of drainage swales, natural trees or vegetation, utilities, street lights, or easements; adjacent lot characteristics; common area existence or use; or other aesthetic issue with the Home or surrounding property.
- i. **Final Grade.** Builder will provide the final grade on the Homesite shortly before Transfer of the Home, and will grade the lot such that no rocks will protrude greater than 1 inch above the surface. Rocks occur naturally, and will be present at or below the surface of the yard. Unless specifically negotiated and provided elsewhere in the Agreement, Builder makes no representation regarding

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the suitability of the Home or the real property site for a pool, deck, patio or any other landscaped features.

- ii. **Undisturbed Areas.** A portion of the real property owned by Client may contain an area designated as an undisturbed or natural area, which may contain trees, bushes, grasses, rocks, or other naturally occurring material ("Undisturbed Area"). Builder will leave any Undisturbed Area completely undisturbed, other than as necessary to build the Home or to meet a storm water plan for the community. No sod will be installed in an Undisturbed Area.
- iii. **Sod Installation.** If sod is required by the Home Agreement and installed, it should be watered daily immediately after installation until the roots have established. Allowing sod to dry out completely even once during the summer may severely damage new sod. To provide Client with the best opportunity to care for landscaping plants and sod, they may NOT always be installed prior to Transfer of the Home. If required landscaping and sod are delayed, we anticipate that both would be installed within 21 days of the Transfer of the Home.
- iv. **Trees and Vegetation.** Builder does not guarantee the number of trees or amount of natural vegetation that will exist on any site, after Home construction, other than as provided for in the Standard Specifications or as disclosed on a final survey. Builder cannot guarantee the continued life of any natural vegetation.
- v. **Ditches or Swales.** If any open drainage ditch or swale exists on the site, Client is responsible to maintain it after Transfer of Possession of the Home. Swales are planted with grass for erosion control during site development and may not be re-graded as part of Home construction. After Transfer of the Homes, areas of the yard, including swales, should be over-seeded with lawn seed to establish a durable ground cover and avoid soil erosion. Builder is not responsible for soil erosion in swales after Transfer of the Home.
- C. **Easements.** One or more easements may exist on the real property owned by the Client. Easements are recorded for the benefit of a 3rd party, typically a local government municipality, a utility provider, or an HOA. Easements can be located on a recorded plat and will be listed on Client's title insurance commitment, as applicable, at Closing or Transfer of the Home. Except as installed by the easement owner, no improvements or permanent structures (including fences, patios, storage buildings, decks, pools, driveways, and walkways) may be installed in an easement.
- D. **Retaining Walls.** Retaining walls required for the construction of a Home are provided on a recorded plat and final survey. Other retaining walls may be added for extreme slopes, but no retaining walls are added to a site at Builder's expense unless required for Home construction. Retaining walls are never added at Builder's expense for aesthetic purposes or to extend yard space.
- E. **Community Conditions and Restrictions**
 - i. **Community Homeowners Association.** Not applicable.
 - ii. **Municipal Impervious Restrictions.** Client's real property may have a limit to the amount of impervious (non-water absorbing) surface area. These restrictions are usually imposed by the county or other municipality. Since they are recorded against the property, they bind all subsequent property owners. Impervious limitations may restrict the size or existence of Client's Home, other buildings, driveway, sidewalks, patios, outdoor living spaces and walkways.
 - iii. **Fence Rows and Perimeter Lots.** Existing wooded areas and fence rows that remain after the real property is developed will not be cleared, graded or seeded. Existing natural areas surrounding the community will remain in a natural "as-is" condition.
 - iv. **Tree Protection Area.** There may be tree protection areas within common areas or on Client's real property. These areas have been designated on the recorded plat as tree protection areas or easements by the local municipality. The purpose of these areas is to preserve the natural characteristics of the areas. Builder does not guarantee the continued life of any tree protection area or any plant material during construction or after Home completion.
 - v. **Wetlands.** There may be delineated and or undelineated wetlands within common areas or on Client's real property. These areas may have been designated on the recorded plat as wetlands or buffers by the local municipalities. Wetlands occur naturally and are protected by multiple federal and state agencies. They may not be removed, filled or altered without government approval, even when the Wetlands recede during a dry period. They may limit the use of the Home or the real property.
 - vi. **Slopes and Lake Banks.** Omitted.
 - vii. **Basins.** Omitted.
 - viii. **Handicap Ramps.** Builder makes every attempt to avoid the placement of handicap ramps within driveways. However, the local municipality makes the final determination of the location of these ramps.
 - ix. **Street Stubs.** There may be street stubs planned within a planned community. These street stubs are required by the municipalities and are intended as future connection to adjoining properties when those properties are developed. Client should review any applicable subdivision map to review the location of possible street stubs.
 - x. **Streetlights.** Omitted.
 - xi. **Cluster Box Mailbox ("CBU").** Omitted.
 - xii. **Street Address.** Occasionally, street numbers and/or street names will change. Client should verify that the address has been finalized before ordering checks, providing change of address notifications, or other relying on the address information.

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III. OTHER LEGAL TERMS AND CONDITIONS

- A. **Client Cooperation.** Client will fully cooperate to give effect to this Agreement and allow for construction of the Home without delay. Client will not interfere with Builder's performance. Client and Builder will cooperate in good faith to correct any material error made in good faith.
- B. **Client Information.** Builder has a relationship with many Trade Partners who will install goods, perform services, or otherwise assist Builder in Builder's business operations ("**Trade Partners**"). Unless Client objects in writing (at the address provided below), Builder will provide Client information to some of these Trade Partners, along with other necessary information about Client's Home. All Trade Partners who receive this information agree in writing to keep Client information confidential and not to share or sell this information to others, and to only use the information to contact Client to discuss: (a) *The terms of the manufacturer's warranty and recommended maintenance;* (b) *an offer for Trade Partner to perform services for Client to enhance or maintain the Home or products;* (c) *an offer to provide Homeowners Insurance;* (d) *an offer to provide Title Insurance;* (e) *an offer for Client to purchase an extended warranty and/or* (f) *a request to complete one or more surveys to ensure our ability to listen to our clients and continuously improve. If Client does not wish to share this information, please send written request within 10 days following contract execution to:*
True Homes, LLC., Attn: Legal Dept., 2649 Brekonridge Centre Dr., Monroe, NC 28110.
- C. **Governing Law.** This Agreement will be governed by the laws of the State where the Home exists.
- D. **INTENTIONALLY OMITTED.**
- E. **Rules of Interpretation.** This Agreement is a negotiated document, has been drafted jointly by the parties, and no rule of construction or interpretation applies against any particular party. This Agreement will be interpreted in a neutral manner, and headings are for convenience only. If any term is found to be unenforceable, the validity of remaining terms is not affected.
- F. **Modification and Waiver.** This Agreement may not be modified, amended, or waived except in writing signed by Client and Builder. No waiver of any term of this Agreement will be a waiver of any other provision (whether or not similar) or a continuing waiver.
- G. **Attorney Fees.** In the event of a breach of the Home Agreement, the non-prevailing party shall pay all costs and expenses of the prevailing party, including the prevailing party's attorney fees incurred as a result of a breach of this Agreement. The prevailing party shall be determined in the discretion of the Arbitrator(s) pursuant to the Alternative Dispute Resolution terms of this Home Agreement.
- H. **Notice.** Client will provide Builder a valid e-mail address and agrees to accept formal notice via electronic transmission. The address for each party, until changed in writing, will be: For Client: the E-mail address provided by Client to Builder. For Builder: Builder's registered address with the governing State's office of the Secretary of State.
- I. **Intellectual Property.** Client consents to the Builder's use of the Home likeness in any marketing media without any additional consideration to the Client. Additionally, Builder's associates have a right to privacy, and Builder has proprietary intellectual property associated with the collection and processing of Client information related to the Home design, value, and construction. Client accordingly agrees not to (i) record (whether audio, video, electronic or other means) any interaction with Builder representatives; or (ii) make, or post on any social media outlet, any electronic data (including audio or video recording) of Builder's associates during the performance of any activity reasonably related to the value, design, construction and delivery of the Home ("Media"). If Client makes or posts such Media, Client will delete all copies, accounts, summaries or transactions immediately upon request by Builder, and consents to the use of any legal or equitable remedies by Builder to enforce the same.
- J. **Affiliated Business Disclosure and Title Insurance.**
 - i. **Captive Warranty Company.** Builder has common ownership with a captive insurance company, *True Integrity Insurance Company, Inc.* This captive insurance company is licensed in the State of North Carolina and has a contractual obligation to True Homes related to warranty expenses. However, True Integrity provides no legal or warranty obligation to Client.

Client Signature

Date

Operations Partner Signature

Date

Co-Client Signature

Date

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