



Addendum to Residential Purchase Agreement

This Addendum to the Residential Purchase Agreement (“Addendum”), the terms and conditions of which are set forth below, is hereby incorporated into the below-described Residential Purchase Agreement (“Purchase Agreement”) between the Seller/Contractor, Ground Breaker Homes, LLC (“SELLER”), and the below-noted Buyer(s)/Owner(s) (“BUYER”), for the below-described realty and the house or townhouse (“House”) located on such realty (the realty and House shall be hereinafter referred to as the “Property”). This Addendum, the Purchase Agreement, as well as any Construction Addendum (as defined below), shall be at times hereinafter referred to together as the “Agreement.”

The specific terms, conditions, and provisions of this Addendum, as well as any Construction Addendum, shall supersede and prevail over any conflicting and/or general terms, conditions, and provisions of the Purchase Agreement. Except as amended by this Addendum and any Construction Addendum, all of the terms, conditions and provisions of the Purchase Agreement continue and remain in full force and effect.

SELLER: Ground Breaker Homes, LLC, 12119 Stratford Drive, Ste. B, Clive, IA 50325
BUYER: *(list all Buyers/Owners)* _____
BUYER’S CURRENT ADDRESS: _____
BUYER’S TELEPHONE: _____
BUYER’S EMAIL: _____
ADDRESS OF PROPERTY: _____
DATE OF PURCHASE AGREEMENT: _____

1. **Agreement to Abide by Applicable Covenants and Homeowner’s Association Provisions.** BUYER acknowledges receipt and review of any and all applicable residential building covenants and/or other restrictive covenants and Homeowner’s Association documents for the Property. Further, BUYER explicitly acknowledges that BUYER is obligated to comply with all requirements set forth in the aforementioned documents, including but not limited to, the payment of the applicable required monthly, annual, or other dues, which are as follows for the Property:

_____ *(list amount and frequency of dues)*

2. **Completion of Buyer-Requested Work on the House, if Applicable.** *(Check and initial the one that applies):*

Buyer(s)’ Initials _____

OR

Buyer(s)’ Initials _____

(A) **Spec House being sold as constructed** and without any option for BUYER to modify the House or to otherwise request SELLER-performed work, in which case Section (2) does not apply;

OR

(B) **BUYER has the option to request possible modification of the House or other possible work to be performed by SELLER on the House**, in which case the below-noted terms of Section (2) apply.

Buyer(s)’ Initials: _____ BUYER to initial if, and only if, BUYER’S Earnest Deposit is *non-refundable*.

General Provisions. If option (B), above, is checked and initialed, meaning that BUYER has the option to request modification of, or other possible work to be performed by SELLER on, the House, **then the Agreement shall be subject to the following condition precedent:** BUYER and SELLER reaching an agreement on *all* BUYER-requested work, including selections, upgrades, extras, and modifications (“BUYER-Requested Work”), *and* the final purchase price of the Property (“Contract Price”), which shall be solely evidenced by BUYER and SELLER executing a construction addendum (“Construction Addendum”) setting forth such agreed-upon terms, within ten (10) days of the date of this Addendum, unless a different period is noted below.

This condition precedent must be satisfied within 10 days of the date of this Addendum or by _____.

Further, BUYER and SELLER shall engage in a construction meeting ("Construction Meeting") within ten (10) days of the date of this Addendum, unless a different period is noted above, to discuss any BUYER-Requested Work.

If within ten (10) days of the date of this Addendum, unless a different period is noted above, (A) BUYER and SELLER do not engage in the Construction Meeting through no fault of the BUYER; (B) BUYER and SELLER do not, for any reason, reach an agreement regarding all BUYER-Requested Work and/or the final Contract Price; or (C) SELLER does not otherwise fully execute a Construction Addendum for any reason, then (1) the Agreement shall be null and void and (2) any earnest deposit made by BUYER under the Purchase Agreement ("Earnest Deposit") shall be returned to BUYER. If BUYER initialed above that the Earnest Deposit is non-refundable *and* BUYER (1) fails to timely engage in a Construction Meeting, or (2) otherwise fails to timely execute a mutually agreed upon Construction Addendum, then SELLER, at its sole election, has the right to terminate the Agreement and retain the Earnest Deposit as liquidated damages.

Construction Meeting. During the Construction Meeting, BUYER and SELLER will discuss and endeavor to agree upon all BUYER-Requested Work, including but not limited to, the selection of various internal and external features/options, and the selection of any Standard Selections, Upgrades, Extras, and Modifications (as defined below), as well as any adjusted or finalized Contract Price. If such an agreement is reached, the terms of all BUYER-Requested Work and the finalized Contract Price shall be set forth in a Construction Addendum to be executed by both parties.

Standard Selections, Upgrades, Extras, and Modifications. During the Construction Meeting, SELLER may present BUYER with SELLER'S standard selections ("Standard Selections") for various internal and/or external features of the House, which will be of no additional cost to BUYER and will result in no Adjustment (as defined below) to the Contract Price. SELLER, in its sole discretion, will determine the quantity and quality of Standard Selections presented and offered by SELLER to BUYER. If BUYER makes a selection other than a Standard Selection for a particular internal or external feature, then such non-Standard selection (termed an "Upgrade") shall be accompanied by an upward adjustment ("Adjustment") in the Contract Price, the amount of which SELLER will notify BUYER. The Construction Addendum will set forth the Upgrade, along with the Adjustment of the Contract Price.

During the Construction Meeting, BUYER may also request changes in the House consisting of additions/extras ("Extras") and/or modifications ("Modifications") to the House or any portion thereof. If SELLER agrees to any of BUYER'S requested Extras or Modifications, then all such Extras and/or Modifications shall be accompanied by an Adjustment in the Contract Price, the amount of which SELLER will notify BUYER. The Construction Addendum will set forth all Extras and/or Modifications, along with the Adjustment of the Contract Price.

If so requested by SELLER, in SELLER'S sole discretion, BUYER shall be required to pay all or part of the Adjustment amount at the execution of the Construction Addendum and prior to Closing, and, in such event, **the Adjustment amount paid upfront shall be non-refundable.** Alternatively, and at SELLER'S sole discretion, SELLER may allow the Adjustment to be paid as part of the balance of the (increased) Contract Price, including in the situation in which the Adjustment has been approved by BUYER'S lending institution as an approved increase to the Contract Price. If BUYER refuses SELLER'S request for payment upfront and does not pay such Adjustment amount upfront, SELLER, in its sole discretion, may opt not to execute the Construction Addendum, thereby resulting in the Agreement being forfeited, cancelled, and voidable as set forth above.

Finally, BUYER acknowledges that Upgrades, Extras, and Modifications may not increase the value of the House. As such, any appraisal of the House may not reflect the cost or full value of the Upgrades, Extras, and Modifications and BUYER may, therefore, be obligated to make a larger down payment at Closing.

3. **Change Orders Following the Construction Meeting.** The below section applies to changes requested by BUYER after the Construction Meeting and execution of the Construction Addendum.

BUYER, without invalidating the executed Agreement, may request changes in the construction or completion of the House. If SELLER agrees to BUYER'S requested change, a written change order ("Change Order") shall be prepared by SELLER and executed by BUYER and SELLER, and such fully executed Change Order will set forth the change in the construction or completion of the House, along with the increase of the Contract Price, with such increased price including a \$100 per Change Order administrative/management fee. **Change Order amounts are entirely non-refundable.** Such increase in the Contract Price and Change Order will thereby amend the terms of the Agreement. A change requested by BUYER shall not be binding upon SELLER and will not amend the terms of the Agreement unless and until a Change Order is prepared by SELLER and fully executed by SELLER and BUYER, and the

payment set forth therein is timely paid by BUYER, as set forth below. Notwithstanding the foregoing, if SELLER chooses to complete a change requested by BUYER, per BUYER'S verbal direction, and a Change Order is not completed or signed by BUYER at that time, BUYER shall still be liable for all costs associated with SELLER'S completion of the BUYER'S verbally requested change.

A payment set forth in a Change Order shall be remitted by BUYER upfront and upon execution of the Change Order if so requested by SELLER, or immediately remitted upon any subsequent demand by SELLER. Alternatively, and at SELLER'S sole discretion, SELLER may allow the Change Order to be paid as part of the balance of the (increased) Contract Price. If SELLER demands that the Change Order be immediately paid by BUYER and BUYER refuses to pay, SELLER, in its sole discretion, may immediately stop its work on the House until such payment is made and/or may choose not to fulfill the Change Order. Further, BUYER expressly acknowledges and agrees that Change Orders may delay the progress of the construction or completion of the House by SELLER. BUYER further acknowledges and agrees that BUYER'S failure to otherwise promptly make necessary decisions requested of BUYER by SELLER may delay such progress by SELLER.

- 4. **Allowances and Overages, if Applicable.** The below section applies to any allowances and overages set forth in the Construction Addendum or otherwise agreed upon by SELLER and BUYER, if applicable.

Certain items or categories of work ("Work") performed by SELLER regarding the construction of the House may be priced by SELLER based upon "allowances" ("Allowances"), which are prices that SELLER has established (either by unit or by flat rate) for the item or category of Work. The Allowance amounts are good faith estimates made by SELLER for each item or category of Work, but are not guaranteed ceiling or actual amounts for each such item or category of Work. BUYER expressly acknowledges that BUYER has had the opportunity to independently investigate the prices and costs of the items and categories of the Allowance amounts.

If the actual cost or price of any item or category of Work exceeds the Allowance amount, BUYER shall pay SELLER, as an increase and overage ("Overage") to the Contract Price, the amount by which the actual cost or price exceeds the Allowance amount, plus a \$100 per Overage administrative/management fee. Such Overage will be set forth on a Change Order prepared by SELLER and executed by BUYER. Payment of the Overage shall be remitted by BUYER upfront and upon execution of the Change Order if so requested by SELLER, or immediately remitted upon any subsequent demand by SELLER. Alternatively, and at SELLER'S sole discretion, SELLER may allow the Overage to be paid as part of the Balance of the (increased) Contract Price. If SELLER demands that the Overage be immediately paid by BUYER and BUYER refuses to pay, SELLER, in its sole discretion, may immediately stop Work until such payment is made and/or may choose to not fulfill BUYER'S specified item/category of the Work.

If BUYER does not spend up to the Allowance amount on a particular item or category of Work, SELLER will issue a credit/reduction in the Contract Price by the differential amount. BUYER will receive the amount of such credit as a deduction against the Contract Price, to be applied against the final payment.

- 5. **Closing, and Completion of the House.** If the House is a spec House being sold as constructed and without any option for the BUYER to modify the House, then the date of closing ("Closing") shall be set forth within the Purchase Agreement, unless otherwise noted therein or herein. If the House is not fully constructed and/or the BUYER has the option to have BUYER-Requested Work possibly performed by SELLER on the House, or otherwise at SELLER'S sole discretion, SELLER shall notify BUYER in writing of the estimated future Closing date or any adjusted Closing date.

BUYER agrees that, notwithstanding any estimated Closing date or completion date, SELLER makes no absolute guarantees as to the Closing date or date of substantial or final completion of the House. Further, BUYER expressly acknowledges and agrees that SELLER'S Work may be delayed or otherwise affected by reason of weather, fire, Act of God, riot, strike, or the like; delays caused by or relating to the actions or omissions by subcontractors and suppliers, including delays in material/deliveries; unanticipated site condition delays; delays caused by the actions or omissions of BUYER or BUYER'S agents; Upgrades, Extras, Modifications, Overages, and Change Orders; other delays beyond the control of SELLER; and/or other good faith or good cause delays. The parties agree that SELLER shall have no liability to BUYER for any of the aforementioned delays and that any such delay shall not be a basis for BUYER to breach or refuse to close.

Finally, BUYER acknowledges that Closing shall occur, if demanded by SELLER, and no part of the Contract Price shall be held back despite SELLER'S full completion of all Punch List (as defined in the Limited Warranty Agreement) items, provided that SELLER is not in material and substantial default of the Agreement.

6. **Warranty.** The only express or implied warranty being provided directly by SELLER is set forth in the Limited Warranty Agreement (“Limited Warranty”) contained within the homeowner’s manual being provided to BUYER at Closing, or that is otherwise immediately available upon request by BUYER. By signing this Addendum, BUYER agrees to the terms of the Limited Warranty Agreement. As also noted in the Limited Warranty, the express Limited Warranty is the only warranty covering the Property, the House, and the Work on the House that is being provided by SELLER. Except for this Limited Warranty, THE HOUSE AND PROPERTY ARE SOLD “AS IS.” ALL IMPLIED WARRANTIES OF ANY KIND COVERING THE WORK OR HOUSE ARE HEREBY EXCLUDED. IN PARTICULAR, THERE IS NO IMPLIED WARRANTY OF HABITABILITY, IMPLIED WARRANTY OF GOOD AND WORKMANLIKE CONSTRUCTION, IMPLIED WARRANTY OF MERCHANTABILITY, OR IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE UNDER THE AGREEMENT. This provision shall not merge with but shall survive the Closing of this transaction.
7. **Seller’s Right to Show the House.** SELLER reserves the right to show the House until Closing, unless another date has been agreed to in writing by SELLER and BUYER.

If, and only if, the below box is checked and BUYER has initialed in the below space, then SELLER reserves the right to show the House for a period of three years after Closing to SELLER’S potential clients, assuming SELLER provides BUYER with reasonable notice, which shall be no less than twenty-four (24) hours prior notice. In such event that SELLER shows BUYER’S House after Closing, BUYER shall be entitled to a \$50 courtesy payment from SELLER for such use of the House.

Buyer(s)’ Initials _____ BUYER grants SELLER the right to show the House after Closing.

8. **No Buyer-Performed Work Prior to Closing.** Prior to Closing and the transfer of title to BUYER, BUYER is not permitted to perform any work, and BUYER is not permitted to hire or otherwise direct any agent or other third-party to perform any work, relating to the House or Property, unless SELLER pre-approves, in writing, the aforementioned BUYER-performed work or BUYER-directed work. The aforementioned provision is based upon several factors, including safety reasons and the propensity for BUYER-performed and BUYER-directed work to delay, harm, or otherwise affect the SELLER’S Work. By way of example, and among other things, under this provision BUYER is not permitted to directly hire any subcontractors (including, but not limited to, electricians, plumbers, landscapers, painters, etc.) to perform any work relating to the scope of Work set forth in the Agreement and likewise, BUYER, himself or herself, is not permitted to perform any work on the House (including, but not limited to, painting, landscaping work, etc.), unless prior, written approval is obtained from SELLER. BUYER expressly acknowledges and agrees that if BUYER breaches this provision, BUYER is *solely* responsible, and liable to SELLER, for any loss, damages, and expenses incurred by BUYER, or by SELLER, relating to such BUYER-performed work and/or BUYER-directed work.
9. **Utilities.** Prior to or as of the date of Closing, BUYER shall transfer all existing utilities into BUYER’S name. BUYER shall be responsible to order any additional utility services BUYER requires, such as telephone, garbage, television or internet. At the time of Closing, SELLER shall terminate all utilities and shall have no responsibility for damages as a result of BUYER’S failure to transfer utilities in BUYER’S name.
10. **Keys.** SELLER will furnish BUYER with two sets of keys at Closing. SELLER will not provide BUYER with keys to the House prior to Closing and while the House is under construction. When the House is locked, BUYER may contact the BUYER’S sales agent to arrange entry.
11. **Tax Abatement.** BUYER is solely responsible for any tasks relating to the Property qualifying for a tax abatement, including any contacts with the appropriate municipality to make any necessary applications for tax abatement and/or to determine the status and/or term of any possible tax abatement. Please be advised that a tax abatement only applies to the dwelling, as initially assessed, and not to the lot, and does not mean that no taxes are due.
12. **Seller Not Responsible for Buyer’s Inspection Fees, or Buyer’s Financing Costs.** SELLER is not responsible to pay any fees required by BUYER or BUYER’S lender for inspections or re-inspections related to the House or Closing. Further, unless otherwise noted in writing by SELLER, BUYER shall be responsible for all financing and

Buyer(s)’ Initials, acknowledging that Buyer has read this page: _____

loan costs for any temporary and/or permanent financing and shall be responsible for all closing costs. SELLER has not included in the Contract Price, and has not otherwise considered in entering into the Agreement, any of BUYER'S loan costs or buy-down points regarding any loan or financing.

13. **Provisions Regarding Disputes, Dispute Resolution, and Remedies of the Parties.** The below-noted provisions, regarding dispute resolution and remedies, forum and venue, cancellation of any mandatory arbitration provision, waiver of the right to a jury trial, and recoverability of attorney's fees and costs, supersede and prevail over any conflicting and/or general terms, conditions, and provisions of the Purchase Agreement.

Remedies of the Parties, Forum, and Venue. Both parties agree that the exclusive jurisdiction, forum, and venue for any claim arising hereunder shall be in the Iowa District Court for Polk County, and, accordingly, both parties hereby acknowledge and agree that any mandatory arbitration provision contained in the Purchase Agreement is hereby voided and cancelled by and under this Addendum.

Waiver of Right to a Jury Trial. BOTH PARTIES HEREBY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THE AGREEMENT, THE OBLIGATIONS THEREUNDER, OR ANY TRANSACTION ARISING THEREFROM OR CONNECTED THERETO. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY GIVEN.

Mediation. Both parties agree that if a dispute or controversy arises under the Agreement, a party must participate in a non-binding mediation prior to the commencement of any legal action, if and only if requested, in writing, by the other party within thirty (30) days of the existence or notice, whichever is sooner, of the dispute or controversy, provided, however, this provision shall not apply to a BUYER default under Section (2) of this Addendum.

Recoverability of Attorney's Fees and Costs. BUYER agrees that (1) if BUYER breaches any provision of the Agreement, SELLER shall be entitled to recover all costs, including but not limited to, reasonable attorney's fees, from BUYER resulting from such breach and/or from SELLER enforcing its rights under the Agreement, regardless of whether or not SELLER files a civil action against BUYER; and (2) if BUYER commences a lawsuit or other civil action against SELLER, and SELLER is, in whole or part, the prevailing party, SELLER shall be entitled to recover all costs, including but not limited to, reasonable attorney's fees, from BUYER resulting from SELLER'S defense of the lawsuit or action. Accordingly, both parties hereby acknowledge and agree that any provision contained in the Purchase Agreement contrary to this provision entitled "Recoverability of Attorney's Fees and Costs" is hereby voided and cancelled by and under this Addendum.

Buyer's Default – Forfeiture of Payments. If BUYER fails to timely fulfill, or otherwise breaches, the Agreement, then SELLER, at SELLER'S sole election and discretion, may terminate the Agreement and retain all payments made by BUYER to SELLER as liquidated damages, except to the extent that the Earnest Deposit shall be returned to BUYER pursuant to Section (2) of this Addendum. SELLER may also utilize any and all other remedies or actions at law or in equity available to it. Since it will be impractical, if not impossible, to compute exactly the damages that would accrue to SELLER in the event of a BUYER default under the Agreement, the parties agree that termination of the Agreement and the retention of the Earnest Deposit represents a bona fide provision for liquidated damages (and not a penalty) in lieu of all other rights and remedies which SELLER may have against BUYER at law or in equity.

Seller's Default – Notice and Cure Prerequisites. If BUYER believes SELLER has breached any part of the Agreement, then BUYER shall, immediately and prior to the commencement of legal action, (i) provide SELLER with written notice of any claimed breach or default under the Agreement and (ii) provide SELLER with thirty (30) days to cure any such claimed breach or default the Agreement. If SELLER fails to fulfill the Agreement, BUYER shall have the right to have all payments returned, **except as otherwise noted in this Addendum and/or the Construction Addendum**, or shall alternatively have the right to commence a legal action as noted herein. If BUYER elects to commence a legal action based upon a claimed breach or default under the Agreement, then such legal action can be brought by BUYER if, and only if, BUYER has strictly complied with the aforementioned notice and cure prerequisites; SELLER has materially and substantially breached the Agreement; and SELLER has failed to cure such breach after proper notice and within the cure period.

14. **Miscellaneous Provisions.**

Owner Notice. Pursuant to Iowa Code Chapter 572, BUYER is hereby advised as follows: **Persons or companies furnishing labor or materials for the improvement of real property may enforce a lien upon the improved**

property if they are not paid for their contributions, even if the parties have no direct contractual relationship with the owner. The state construction registry provides a listing of all persons or companies furnishing labor or materials who have posted a lien or who may post a lien upon the improved property. The state construction registry, called the Mechanic’s Notice and Lien Registry, can be found at www.sos.iowa.gov/mnlr, and the toll-free telephone number for this state construction registry is 888-767-8683.

Governing Law, and Enforceability. The Agreement shall be governed and interpreted in accordance with Iowa law. Should any provision of the Agreement be declared illegal or unenforceable by any court of competent jurisdiction and cannot be modified to be enforceable, such provision shall immediately become null and void, leaving the remainder of the Agreement in full force and effect.

No Reliance. BUYER, in executing this Addendum, as well as the Purchase Agreement and Construction Addendum, did not and shall not rely upon any statement and/or information provided, directly or indirectly, verbally or in writing, by SELLER or any other party, except for the statements and information provided within the aforementioned documents when fully executed.

Voluntary Agreement, and No Rule Regarding Construction. Both parties acknowledge and agree that it is represented by legal counsel and/or have had the opportunity to retain counsel; that it has entered into the Agreement knowingly and voluntarily after having been fully advised by its attorneys of its rights in this matter and of the scope and effect of these contracts and/or after having had the opportunity to be fully advised; that all parties played a substantive role in drafting these contracts and/or had an equal opportunity to review and/or modify the provisions set forth in these contracts. Accordingly, in the event of any misunderstanding, ambiguity, or dispute concerning these contracts’ provisions, or interpretation, the parties agree that no rule of construction shall be applied that would result in having the Agreement interpreted against any party.

Notice. For purposes of any notices to be given to SELLER or BUYER under the Agreement or otherwise, notice shall be deemed given when mailed by certified mail to the addresses noted on the first page of this Addendum.

- 15. **Disclosure of Affiliated Businesses.** As already noted herein, Ground Breaker Homes, LLC is the seller under the Agreement and builder of the House. Ground Breakers Homes, LLC is affiliated with other entities, including but not limited to, affiliation through common ownership, in whole or part, among and between such entities and affiliation through common personnel among and between such entities. These entities include the real estate development company of Diligent Development Group, LLC (12119 Stratford Drive, Suite B, Clive, IA 50325) and the realty company of People’s Company of Indianola (12119 Stratford Drive, Suite B, Clive, IA 50325), a licensed real estate broker, as well as affiliated companies to the aforementioned two entities. BUYER is not required to use the aforementioned companies as a condition of the purchase or Closing of the Property and acknowledges that there are other entities that provide similar services. By signing this Addendum, BUYER explicitly acknowledges the foregoing affiliation between the entities and that the aforementioned entities may receive a financial benefit as a result of the sale of the Property. In the event that People’s Company of Indianola or a related People’s Company entity represents a party to this transaction, a separate written disclosure of such representation shall be provided to BUYER in accordance with the rules of the Iowa Real Estate Commission.

SELLER/CONTRACTOR:
GROUND BREAKER HOMES, LLC

BUYER/OWNER: (All Buyer/Owners must sign)

By: _____
(signature)
Name: _____
Title: _____
Date: _____

By: _____
(signature)
Print Name: _____
By: _____
(signature)
Print Name: _____
Date: _____