

waterstone

CONDOMINIUM PURCHASE CONTRACT (NEW CONSTRUCTION)

Seller (aka "Declarant" or "Developer"): Waterstone Development, L.P.
5956 Sherry Lane, Suite 1200, Dallas, Texas 75225
Telephone (214) 360-7690 • Fax (214) 360-7691

Buyer: _____

Buyer's Email Address: _____

Buyer's Address: _____

Buyer's Telephones: _____

Unit Legal Description: Unit _____, Bldg. _____, Waterstone Condominiums

Unit Address: 1101 Ivean Pearson Road # _____, Lago Vista, Texas 78645 (Travis County)

Unit floorplan type or size: _____

Title Company: Heritage Title Company of Austin
The Carillon
2630 Exposition Boulevard
Suite 105
Austin, Texas 78703
Attn: Lori Allmer
Office: (512) 380-8900
Mobile: (512) 567-8983
www.heritagetitleofaustin.com

Base Price \$ _____

+ Other \$ _____

= Totals

Purchase Price \$ _____

The status of the Unit on the Effective Date is:

- Substantial Completion
 Not Substantial Completion

Earnest Money: 10 percent of Purchase Price

Estimated Closing Date: _____
(See Paragraphs 17 + 18)

Buyer does not does intend to finance _____%

Effective Date: _____
(To be filled in with date last party signs)

or \$ _____ of the Purchase Price.

1. **Property.** Seller agrees to sell and convey to Buyer, and Buyer agrees to buy from Seller, the above described Unit, which is or will be created by the Declaration of Waterstone Condominiums (the "**condominium declaration**"), recorded or to be recorded in the Real Property Records of Travis County, Texas, pursuant to the Texas Uniform Condominium Act. The Unit is described in the condominium declaration and includes the interests allocated therein to the Unit.

2. **Purchase Price.** Buyer agrees to pay Seller the full amount of the Purchase Price stated above, on or before the Closing Date. The Purchase Price may be changed by mutual agreement of the parties upon their joint execution of an amendment of or supplement to this Contract, which is delivered to the Title Company. The negotiation of an amendment or supplement does not affect the validity of this Contract. Buyer may obtain financing for a portion of the

Initialed by Seller _____

Purchase Contract for Waterstone Condominiums

Page 1 of 9

Initialed by Buyer _____ of Unit _____

Purchase Price, the remainder to be paid by Buyer in cash. Seller may require Buyer to provide satisfactory documentation of Buyer's ability to pay the Purchase Price in cash.

3. **Earnest Money.** On or before the Effective Date, Buyer will deliver to Seller or to the Title Company named above at the address shown above (hereafter the "**Title Company**") a check payable to the Title Company for the full amount of the Earnest Money shown above. Title Company will place the money in an escrow account. Any interest earned on the escrow account will be paid to Seller after Title Company deducts reasonable and necessary fees for administering the escrow.

4. **Purchase Expenses.** Unless provided otherwise by this contract, closing costs will be allocated between Seller and Buyer in the customary manner for this type of transaction.

a. Seller's Expenses include: (1) Expenses incident to completing the standard finish Unit; (2) Releases of existing liens, if any; tax statements; preparation of deed; and (3) All other expenses required by this contract to be paid by Seller.

b. Buyer's Expenses include: (1) Recording fees; escrow fee; tax deletion; EPA endorsement; (2) MUD Notice from Travis County Municipal Utility District No. 10; (3) All other expenses required by this contract to be paid by Buyer; and (4) An amount equal to 2 months' regularly budgeted common expense assessments to provide operating funds for the condominium association.

c. Buyer's Other Expenses. If Buyer is financing the purchase of the Unit with a mortgage loan or an exchange of real property, Buyer pays any expense incident to the financing, including without limitation the mortgagee title policy. This subparagraph does not apply to an all cash contract.

d. General. Exceptions to the allocations of this Paragraph should be stated in the Special Provisions Addendum. Current property taxes, governmental assessments, and condominium assessments for common expenses will be prorated through Closing Date. In no event will Buyer pay charges that an applicable government loan program expressly prohibits a purchaser to pay.

5. **Notice of Property Tax Liability.** Typically, the Unit will be separately assessed for property taxes on January 1 of the year following the year in which the Condominium Declaration is recorded. This Paragraph applies only if the Unit is not separately assessed for property taxes on the Closing Date. This provision applies, controls over any tax proration provision to the contrary, and survives closing. Property is appraised for tax purposes on January 1 of each year. Because the Unit was created during the tax year, it will not be separately taxed until the next tax cycle, and will be taxed as part of the property owned by Seller on January 1. At Closing, Buyer will be charged for a prorated portion of the current year's estimated property taxes. The proration is based on the part of the year that the Buyer will own the Unit, and the size of the Unit in relation to the entire tax parcel. Seller will hold Buyer's tax payment in trust until Seller receives the tax statement, which Seller will timely pay to avoid penalty, using Buyer's tax payment. Buyer and Seller agree to reconcile the difference between the estimated taxes and the actual tax statement, for which Seller will refund to Buyer any prorated overpayment, and Buyer will pay Seller any prorated shortfall. Obligations imposed by this provision will survive closing.

**YOUR MORTGAGE LENDER CARES
ABOUT THE TAX ISSUES IN PARAGRAPH 5**

6. **Development Contingency.** This Paragraph applies to Units Not Substantially Completed on the Effective Date. Seller intends to complete all construction necessary to fulfill this contract. Buyer acknowledges that, on the Effective Date, construction of Buyer's Unit is not complete. Buyer also acknowledges that completion of Buyer's Unit is subject to some conditions that Seller cannot control, such as significant changes in capital, real estate, labor, and materials markets. Buyer understands that this contract is expressly contingent on Seller's completion of Buyer's Unit. If Seller does not complete construction of Buyer's Unit, Seller may terminate this contract without penalty, in which event the Earnest Money will be refunded to Buyer.

Initialed by Seller _____

Purchase Contract for Waterstone Condominiums

Page 2 of 9

Initialed by Buyer _____ of Unit _____

pd\05-6714\KWS-Contract.013auct 11/6/09

7. **Pre-Construction Contingency.** Some aspects of Waterstone Condominiums, such as specific construction materials, the unit mix, and the unique identifying number of each unit, are subject to change. Because the Unit's number may be changed during the construction phase, this Contract is based on the location of the building, the Unit's location in the building, and the Unit's floorplan, not on the unit's number. Seller will notify Buyer in writing if the Unit's number changes after the Effective Date.

8. **Change Orders.**

- a. **Change Order Deposit:** If, Buyer requests that Seller install additional options, upgrades, changes, alterations, additions or perform deletions (collectively "Change(s)"), Buyer shall fund to Seller 80% of the amount of the total cost of such Change as an additional non-refundable deposit.
- b. **Change Order Procedure:** Upon receiving from Buyer a written request for a Change to a Unit that details the nature of the Changes to be made, Seller will present Buyer with a proposal for the Changes including any additional price of construction, additional Seller's compensation and any extensions to the completion date of the Unit. If Buyer accepts, in writing, Seller's proposal for Changes, both Buyer and Seller will sign a Change Order Amendment to approve such Changes ("Change Order"). The Change Order will become a binding attachment to the contract, and to the extent a conflict between a Change Order and the contract exists, the terms of the Change Order will control. Any Buyer party (e.g. husband or wife) may sign the Change Order as agent for the other, and the signature of one Buyer shall be binding on the other. Failure of Buyer to approve Seller's proposal for Changes within three (3) days after receipt will constitute a rejection of the proposal. Unless otherwise specified in agreed upon Change Orders, Buyer will pay the Total Required Deposit This Change Order including any additional Seller's compensation to Seller within three (3) business days after Buyer's acceptance of the proposal. Seller will not be obliged to proceed with any work on the Change Order until the Total Required Deposit This Change Order has been paid as agreed. Seller has no obligation to stop work on the Unit while Change Orders are being discussed.
- c. **Change Orders of Necessity:** Notwithstanding the provisions of Paragraph 8b, Buyer agrees to execute Change Orders (including any necessary increases to the Purchase Price) that may be necessary to:
 - 1) Comply with applicable governmental requirements.
 - 2) Provide structural integrity to the Unit.
 - 3) Route electrical, mechanical, or other systems included in the construction of the Unit.
 - 4) Avoid or correct any conditions which might result in defects or other warranty claims.
- d. **Change Order Deadlines:** No structural Change Orders can be made after the date of this Contract. Non-structural Change Orders must be made within 3 weeks of the Effective Date of this Contract, unless agreed to in writing by Seller.

9. **Substantial Completion.** On the Effective Date, certain Units will be deemed to be substantially completed ("Substantial Completion" or "Substantially Complete") as a certificate of occupancy is issued or, if no certificate of occupancy is required, as all electrical, mechanical, and plumbing final inspections have been approved or all approvals for occupancy have been received from any applicable governmental authority or, in the absence of the foregoing, when the unit is suitable for occupancy. If construction of the Unit is not Substantially Complete ("Not Substantial Completion" or "Not Substantially Complete") on the Effective Date, the parties will attach an Incomplete Construction Addendum to this contract. Whether a Unit is Substantially Complete on the Effective Date is noted on the first page of this contract.

10. **Buyer's Circumstances.** On the Effective Date, Buyer is deemed qualified to close the purchase of the Unit. Buyer's failure or refusal to close due to a change in Buyer's circumstance, whether or not under Buyer's control -- such as loss or change of employment or devaluation of investments -- constitutes a default by Buyer.

11. **Selections.** Buyer must make color selections for the Unit from Seller's standard decorating options on the Effective Date. If Buyer does not make color selections on the Effective Date, Seller will determine the colors for the Unit.

12. **Insulation.** Federal Trade Commission Regulations require Seller to give Buyer certain information about the Unit's insulation. The required information is contained in the Insulation Addendum to this contract.

Initialed by Seller _____

Purchase Contract for Waterstone Condominiums

Page 3 of 9

Initialed by Buyer _____ of Unit _____

pd05-6714\K\WS-Contract.013auct 11/6/09

13. **Punchlist Inspection.** If on the Effective Date a Unit is Substantially Complete, Buyer may do a punchlist inspection of the readied Unit prior to closing. Not less than 5 days prior to Closing Date, Buyer will schedule a punchlist inspection appointment with Seller's representative. Closing will not be rescheduled without written agreement between Seller and Buyer. Buyer's failure to timely schedule or keep an appointment for a punchlist inspection constitutes Buyer's full acceptance of the Unit. Closing automatically terminates the punchlist process and initiates the warranty period. Seller is not required to install or provide any fixture or appliance not actually installed in Unit at time of the punchlist inspection, unless agreed otherwise in writing. For Units which are Not Substantially Complete, Seller and Buyer will enter into a Post Closing Punchlist Agreement.

14. **Warranties.** Seller is providing a limited one year warranty on the Unit, a copy of which is attached. Seller makes no other express warranties in connection with the improvements, fixtures, and all other property located on or made a part of the Unit or the project. Seller agrees to assign to Buyer, at closing, any assignable manufacturer warranty.

15. **WARRANTIES DISCLAIMER.** Except for the express warranties granted by this contract, **SELLER HEREBY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES AS TO THE UNIT AND THE CONDOMINIUM PROJECT TO THE MAXIMUM EXTENT ALLOWED BY LAW, INCLUDING IMPLIED WARRANTIES ARISING FROM CUSTOM, USAGE, COURSE OF TRADE, STATUTORY OR CASE LAW, COMMON LAW, OR OTHERWISE, AND FURTHER INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS.** This provision will survive closing.

NO DISCLAIMER OF STATUTORY WARRANTIES
Seller desires to comply with applicable statutes. Seller does not disclaim and Buyer does not waive the warranties created by Chapter 430 of the Texas Property Code, if those warranties apply to this transaction.

16. **Promotional Aids.** In connection with this purchase, Seller may have shown Buyer model units, floorplans, sketches, drawings, and scale models of units or the project (collectively, "**Promotional Aids**"). Buyer understands and agrees that the Promotional Aids are conceptual, subject to change, for display purposes only, and may not be duplicated exactly. Buyer acknowledges that measurements shown on plats, plans, and drawings are approximate and that actual dimensions may not be exactly as shown. Buyer further acknowledges that improvements, fixtures, and decorating elements in model units are for display and illustration purposes only and are not considered part of the Unit being purchased. The Unit **NEED NOT BE BUILT, IMPROVED, OR DECORATED** in the same manner as a model.

17. **Closing.** If construction of the Unit is Substantially Complete on the Effective Date, the Closing Date shown on the first page of this contract applies. If construction of the Unit is Not Substantially Complete on the Effective Date, the Closing Date shown on the first page of this contract applies, however, the Closing Disclaimer below is applicable.

18. **Closing Disclaimer.** If the Unit is Not Substantially Completed on the Closing Date, Buyer agrees that this contract remains in full force and effect, and that the Closing Date is to automatically be extended until 5 business days after the date the Unit is Substantially Completed by Seller. When the Unit is ready for a punchlist inspection described in Paragraph 13, Seller will notify Buyer and the Title Company to prepare for closing. Closing will not occur before Buyer has been given an opportunity (1) to inspect the readied Unit, (2) provide a punchlist to Seller, and (3) reinspect the Unit after Seller performs the punchlist items. The actual time and date of closing will be determined by the Title Company after it receives closing instructions from Buyer's mortgagee ("**Extended Closing Date**"). **FAILURE TO CLOSE BY BUYER ON THIS EXTENDED CLOSING DATE CONSTITUTES A MATERIAL BREACH OF CONTRACT, ENTITLING SELLER TO TERMINATE THIS CONTRACT AND RETAIN THE EARNEST MONEY.** Seller is not liable to Buyer for expenses or lost opportunities relating to or resulting from delays in completing the Unit, performing the punchlist work, or scheduling the Closing Date. **BUYER IS ADVISED TO WAIT FOR COMPLETION OF PUNCHLIST WORK AND CONFIRMATION OF CLOSING DATE FROM THE TITLE COMPANY BEFORE TERMINATING A LEASE OR SCHEDULING A MOVE INTO THE UNIT.**

19. **Possession & Locks.** Seller will deliver possession of the Unit to Buyer on disbursement of funds on or after the Closing Date. Without a written lease between the parties, Buyer's possession prior to closing is a tenancy at sufferance. Buyer is strongly advised to change or rekey the door locks prior to occupying the Unit. Door keys may have changed hands during construction and finish-out of the Unit, and Seller is not rekeying the Unit locks in connection with this sale.

Initialed by Seller _____

Purchase Contract for Waterstone Condominiums

Page 4 of 9

Initialed by Buyer _____ of Unit _____

pd\05-6714\K\WS-Contract.013auct 11/6/09

20. **Casualty Loss.** If any part of the Unit is damaged or destroyed by fire or other casualty loss prior to Closing, Seller will restore the Unit to its previous condition as soon as reasonably possible, but in any event within 12 months after the date of damage or destruction. If Seller does not do so, Buyer may terminate this contract and be refunded Earnest Money, or Buyer and Seller may amend this contract to extend the time for performance and the Closing Date.

21. **Title and Title Policy.** Seller, at Buyers expense, will furnish to Buyer an owners title policy, issued by the Title Company. If Buyer obtains a mortgage loan, the mortgagee title policy is Buyer's obligation. Seller will convey title to Buyer by special warranty deed, subject to all matters contained in the Condominium Information Statement, all matters of record, and all matters listed as exceptions in Schedule B of the owner's title policy. If Seller is unable because of any defect in title to convey title at closing, Seller is expressly released from all liability for damages, and Seller, at Seller's option, may either (1) correct the defect if it can be done within a reasonable time and at a reasonable cost, or (2) terminate this contract and return the Earnest Money to Buyer. In accordance with the Real Estate License Act of Texas, Buyer is advised to obtain a policy of title insurance or to have Buyer's attorney examine an abstract covering the Unit.

22. **Association.** By accepting title to the Unit, Buyer agrees to become a member of Waterstone Owners Association, and agrees to be subject to the Declaration of Waterstone Condominiums and the Association's articles of incorporation, bylaws, and rules, as each may be amended from time to time (collectively, the "**Governing Documents**"). This covenant will survive closing and binds Buyer's heirs, successors, and assigns.

23. **STATUTORY NOTICE OF MEMBERSHIP IN PROPERTY OWNERS ASSOCIATION CONCERNING PROPERTY IN WATERSTONE CONDOMINIUMS.** As a purchaser of property in the residential community in which this property is located, you are obligated to be a member of a property owners' association. Restrictive covenants governing the use and occupancy of the property and a dedicatory instrument governing the establishment, maintenance, and operation of this residential community have been or will be recorded in the Real Property Records of the county in which the property is located. Copies of the restrictive covenants and dedicatory instrument may be obtained from the county clerk (after they are recorded.) You are obligated to pay assessments to the property owners' association. The amount of the assessments is subject to change. Your failure to pay the assessments could result in a lien on and the foreclosure of your property. This notice is given in the spirit of Section 5.012 Texas Property Code, although not required.

24. **Located in Municipal Utility District.** Waterstone Condominiums is located in Travis County Municipal Utility District No. 10, which is a taxing entity as well as a provider of utility services. MUD-10 has taxing authority separate from any other taxing authority and may, subject to voter approval, issue an unlimited amount of bonds and levy an unlimited rate of tax in payment of such bonds. At closing, Seller will provide Buyer with a Notice issued by MUD-10 with more detailed information about Buyer's obligation to MUD-10, in a form similar to the Notice attached to this Contract. Information about MUD-10 is available on a public website sponsored by the Texas Commission on Environmental Quality at <http://www3.tnrc.state.tx.us/iwud/#district>. The official address of MUD-10 is Address: 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027-7597, telephone (713) 860-6400. The District's tax collector is Assessments of the Southwest, Inc., P.O. Box 1368, Friendswood, Texas 77549-1368, telephone 281-482-0216, fax 281-482-5285, website <http://www.aswtax.com>.

25. **Dispute.** Any dispute governed by Chapter 27 and Chapter 426 et. seq. of the Texas Property Code will be administered by the applicable statutory provision. Other types of disputes are resolved as follows. Prior to Closing. If a pre-closing dispute relating to this transaction cannot be completely resolved to the satisfaction of both parties prior to closing, then Seller may, on giving written notice to Buyer, terminate this contract and refund the Earnest Money to Buyer, notwithstanding anything to the contrary in this contract. Buyer will have no cause of action against Seller because of such termination. After Closing. Any cause of action relating to (1) this contract or breach thereof, (2) the sales transaction represented by this contract, (3) construction of the Unit or other improvements in Waterstone Condominiums, (4) representations or warranties, express or implied, and (5) the Governing Documents, must be asserted by Buyer not later than 2 years after the day the cause of action accrues. The parties agree to mediate the dispute in accordance with applicable mediation rules of the American Arbitration Association (the "**AAA**"). The mediation will occur in Travis County, Texas. Mediators must have at least 5 years of experience serving as mediators or arbitrators and must have technical knowledge or expertise appropriate to the subject matter of the dispute. If the dispute is not resolved by mediation, the parties will submit the dispute to binding arbitration in accordance with applicable arbitration rules of the AAA, and any court having jurisdiction may confirm and enter the arbitration award as the court's judgment. Mediation of the dispute

Initialed by Seller _____

Purchase Contract for Waterstone Condominiums

Page 5 of 9

Initialed by Buyer _____ of Unit _____

pd\05-6714\KWS-Contract.013auct 11/6/09

is an express condition precedent to arbitration of the dispute unless Buyer and Seller mutually agree to waive mediation and proceed to arbitration. This provision survives closing or contract termination.

26. **Default.** If Buyer fails or refuses to comply with this contract, Buyer will be in default and Seller may (1) terminate this contract and receive the Earnest Money as liquidated damages, thereby releasing both parties from this contract, (2) bring suit for damages against Buyer, or (3) enforce specific performance of this contract. In enforcing this contract or pursuing its remedies, Seller may recover its fees and expenses from Buyer, including reasonable and necessary attorneys fees. If Seller fails or refuses to comply with this contract, Seller will be in default and Buyer may, as its sole remedy, terminate this contract and receive the Earnest Money as liquidated damages, thereby releasing both parties from this contract. Delay or failure to take action with respect to a default is not a waiver of default by the nondefaulting party. Title Company will release the Earnest Money to the non-defaulting party without necessity of a release executed by the defaulting party if the non-defaulting party provides evidence that notice of default and an opportunity to cure was given to the defaulting party.

27. **Liquidated Damages.** Several parts of this contract provide for return or retention of the Earnest Money as a remedy for certain defaults or as a consequence of certain circumstances. The parties hereby agree that the return or retention of Earnest Money, as applicable, constitutes liquidated damages because the actual damages are uncertain, and are not capable of being ascertained by any satisfactory and known rule. Accordingly, the parties agree that the return or retention of Earnest Money, as applicable, is a fair calculation and adjustment of the amount of damage to the party.

28. **Seller's Rights.** As the developer of Waterstone Condominiums, Seller has reserved certain rights, including the right to create additional units, buildings, and phases in the condominium project, and to add and withdraw land. Seller also reserves rights to perform construction work and repairs in the project; to maintain sales, management, leasing, and construction offices, models, and signs; to create limited common elements; to assign and/or sell parking spaces; to amend the Governing Documents for certain purposes; and to exercise any other rights granted to Seller in its capacity as Declarant by the Governing Documents.

29. **Adjacent Land Use.** Although this contract and/or the Condominium Information Statement may contain a limited number of disclosures about the Property and its location on the Effective Date, Seller makes no representation that these are the only noteworthy features of the Property or its location. Buyer must make his own inspection of the Property and its location, and make inquiries of anything that concerns him. Except for the express disclosures stated in this contract or the CIS, Seller makes no representation of any kind as to current or future uses - actual or permitted - of any land that is adjacent to or near the Property, regardless of what the plat shows as potential uses of adjoining land. Seller can not and does not guaranty scenic views, water levels, lake uses, volumes of traffic, availability of schools or shopping, or any other aspect of the Property that is affected by the uses or conditions of adjacent or nearby land, water, or air.

30. **Assignment.** This contract is personal to Buyer, who may not assign this contract without Seller's prior written consent. Seller's refusal to consent to an assignment will not entitle Buyer to terminate this contract or give rise to any claim against Seller for damages. Seller may assign its rights under this contract.

31. **Force Majeure.** If Seller is delayed in completing the Unit, delivering title, or closing the sale for reasons beyond Seller's control, the time for performance will be extended for the period of the delay, provided the maximum period for performance does not exceed 12 months after the later of (1) the Effective Date, or (2) the inception of the delay. Reasons beyond Seller's control include, without limitation, impossibility of performance, acts of God, fire or other casualty loss, strikes, boycotts, non-availability of materials or labor for which no substitute of equal quality and price is available, and acts of governmental agencies asserting jurisdiction over the Waterstone Condominiums.

32. **RELEASE & INDEMNITY FOR CONSTRUCTION HAZARDS.** Buyer acknowledges that potential safety and health hazards may be present during construction of Waterstone Condominiums and agrees that Buyer's entry on to the construction site is at Buyer's own risk. **BUYER RELEASES, INDEMNIFIES, AND HOLDS SELLER HARMLESS FROM ALL CLAIMS, DEMANDS, OR CAUSES OF ACTION ARISING IN FAVOR OF BUYER OR ANY THIRD PARTY AFFILIATED WITH BUYER ON ACCOUNT OF BODILY INJURY, DEATH, OR DAMAGE TO PROPERTY IN ANY WAY OCCURRING OR INCIDENT TO THE CONSTRUCTION CONDITION OF WATERSTONE CONDOMINIUMS AND/OR THE UNIT. BUYER GRANTS THIS RELEASE AND INDEMNITY TO SELLER REGARDLESS OF WHETHER**

Initialed by Seller _____

Purchase Contract for Waterstone Condominiums

Page 6 of 9

Initialed by Buyer _____ of Unit _____

pdc\05-6714\KWS-Contract.013auct 11/6/09

SELLER OR ITS AGENTS OR EMPLOYEES ARE PARTLY OR SOLELY NEGLIGENT. This provision survives closing or contract termination.

33. **Environmental Disclaimer.** Seller makes no warranties, express or implied, about present or future environmental conditions at Waterstone Condominiums, in the Unit, or in relation to the property, including but not limited to pollution of air, water, or soil from any source, and exposure to electric and magnetic fields. Seller disclaims all liability for any type of damage -- whether direct, indirect, or consequential -- which Waterstone Condominiums or the Unit or its inhabitants may suffer because of any present or future environmental condition. If Buyer is concerned about environmental conditions, Buyer should consult with an environmental specialist of Buyer's choice before signing this contract. This provision survives closing or contract termination.

34. **No Other Agreements.** This contract constitutes the entire agreement between Buyer and Seller, superseding all prior understandings and agreements of any kind between the parties. **No statement, promise, stipulation, representation, or agreement, oral or otherwise, made by anyone with regard to this contract, the Unit, or the project may be construed as part of this contract unless incorporated by written amendment signed or initialed by both parties.** This provision survives closing or contract termination.

35. **Brokers & Agents.** **All Waterstone sales personnel are either agents of Seller or employees of Seller, and do not represent Buyer.** If an outside broker or agent representing Buyer is the procuring cause of this Contract, the parties will execute a Brokers Addendum in connection with execution of this Contract. If the parties do not execute a Brokers Addendum, Buyer warrants that Buyer has not dealt with any real estate agent or broker, other than the one (if any) representing Seller, and holds Seller harmless from any and all claims of brokers or agents against Seller resulting from actions of Buyer.

36. **No Recording.** Buyer may not file this contract or any memorandum or notice of this contract in any public record. If Buyer so files, Seller may terminate this contract and file a notice of termination.

37. **Additional Seller Representations.** Although Seller is not a licensed real estate broker or agent, one or more of its principals are individually licensed by Texas as real estate brokers or agents. Representations made by Seller in the Condominium Information Statement are incorporated herein by reference. Seller is not a "foreign person," as defined by the Internal Revenue Service regulations for reporting sales transactions.

38. **Condominium Information Statement.** At closing, Buyer will sign a certificate acknowledging Buyer's receipt of the Condominium Information Statement. If Chapter 207 of the Texas Property Code, titled Disclosure of Information by Property Owners Association, applies to this transaction, the Condominium Information Statement constitutes the "resale certificate" required by Chapter 207, although this is not a resale transaction and Seller, in its capacity as Declarant, rather than the Association issues the CIS. (Buyer chooses and initials one of the following statements)

_____ [] Buyer has not received the Condominium Information Statement before signing this contract. Seller will deliver a copy of the CIS to Buyer before closing. Within 5 days after receiving the CIS, Buyer may terminate this contract and obtain full refund of the Earnest Money by delivering notice of termination to Seller and to Title Company by a method provided below.

_____ [] Buyer received the CIS before signing this contract. **BUYER ACKNOWLEDGES RECEIPT OF A COPY OF THE CONDOMINIUM INFORMATION STATEMENT, INCLUDING THE PROJECT DOCUMENTS. BUYER ACKNOWLEDGES SELLER'S RECOMMENDATION THAT BUYER READ THE CIS BEFORE SIGNING THIS CONTRACT.**

39. **Termination Notice.** Any notice of contract termination to be given by one party to another must be in writing and must be hand-delivered with signed receipt or mailed by certified mail return receipt requested. Notices to Seller must be sent to Seller's address as stated in the Condominium Information Statement, as revised. A notice sent to Buyer's real estate agent constitutes delivery to Buyer.

40. **Binding Contract.** This contract is binding on Seller only if signed by an authorized officer or agent of Seller on the signature line below. After signed by Buyer and Seller, this is a legally binding contract that may not be cancelled except as expressly provided in this contract. **Buyer is advised to READ THIS CONTRACT CAREFULLY. If Buyer**

Initialed by Seller _____

Purchase Contract for Waterstone Condominiums

Page 7 of 9

Initialed by Buyer _____ of Unit _____

pd\05-6714\KWS-Contract.013auct 11/6/09

does not understand the effect of this contract, Buyer is advised to consult an attorney BEFORE signing. Sales agents and real estate brokers may not give legal advice.

41. **Miscellaneous Provisions.** This contract may be signed in multiple counterparts, or in multiple originals. This contract must be construed and enforced according to the laws of the State of Texas. A court's invalidation of any provision of this contract does not invalidate any other provision, which remains in full force and effect. The effect of a general statement is not limited by the enumeration of specific matters similar to the general. Paragraph captions are inserted only for convenience and are in no way to be construed as defining or modifying the text to which they refer. Unless the context provides otherwise, a reference to a gender includes all genders. Similarly, a reference to the singular includes the plural, the plural the singular, where the same would be appropriate. The rule of construction that ambiguities in a document are construed against the party who drafted it will not be applied in interpreting this contract.

42. **Addenda.** The following marked addenda are attached to this contract and incorporated herein for all purposes:

- Your Limited One-Year Warranty
- Typical Floorplan for Type of Unit Selected
- Insulation Addendum
- Notice to Purchasers of Real Property by Travis County MUD No. 10
- Brokerage Information Addendum
- Construction Site Policies Addendum
- Mold Policy Addendum

BUYERS:

_____ Date Signed: _____

Printed Name _____

_____ Date Signed: _____

Printed Name _____

RCLA NOTICE TO BUYER: This contract is subject to Chapter 27 of the Texas Property Code, the Residential Construction Liability Act. The provisions of that chapter may affect your right to recover damages arising from the performance of this contract. If you have a complaint concerning a construction defect arising from the performance of this contract and that defect has not been corrected through normal warranty service, you must provide the notice required by Chapter 27 of the Texas Property Code to the contractor by certified mail, return receipt requested, not later than the 60th day before the date you file suit to recover damages in a court of law or initiate arbitration. The notice must refer to Chapter 27 of the Texas Property Code and must describe the construction defect. If requested by the contractor, you must provide the contractor an opportunity to inspect and cure the defect as provided by Section 27.004 of the Texas Property Code.

SELLER:

Initialed by Seller _____

Initialed by Buyer _____ of Unit _____

WATERSTONE DEVELOPMENT, L.P., a Texas limited partnership

By: WATERSTONE DEVELOPMENT MANAGEMENT, L.L.C.,
a Texas limited liability company, its general partner

By: _____ Date Signed: _____

Printed Name _____

Title/Capacity _____

**● TO BE FILLED OUT BY TITLE COMPANY ●
RECEIPT OF EARNEST MONEY**

On the _____ day of _____, 20_____, I received from Buyer the amount of
\$_____ in the form of _____ as
earnest money for this contract.

Signed _____ Address _____

Printed Name _____

Company/Employer _____

Title/Position _____ Phone: _____

waterstone

YOUR LIMITED ONE-YEAR WARRANTY

This is the Limited One-Year Warranty available to purchasers of condominium units in Waterstone Condominiums by Waterstone Development, L.P., a Texas limited partnership (the "**Seller**"). To obtain the Limited Warranty, you (the "**Buyer**") must sign this Limited Warranty in connection with the contract or closing of your purchase of the unit.

1. **Pre-Closing Inspection.** By executing the contract, you agree that prior to your closing you will inspect the unit and be thoroughly familiar with its condition. You further agree that you will give Seller a list of all apparent and visible surface defects which are present at the time of your pre-closing punchlist inspection. Also, you understand and agree that you have the right to have punchlist items addressed and reinspected before closing and that closing your purchase automatically terminates the punchlist process.

2. **Unit Warranty.** Seller warrants certain components of your unit against defects in the original material and workmanship for one full year from the date of the closing of your purchase of the unit from Seller, subject to the terms and provisions of this Limited Warranty.

3. **Common Element Warranty.** In addition to the above warranty of your unit, Seller warrants the common elements of Waterstone Condominiums against defects in material or workmanship that arise within one full year from the date of recording the first unit deed in the development. The warranty period in this Paragraph applies to all common elements, including roofs and foundations. Because all units are being constructed more or less simultaneously, construction of the common elements - such as roofs and foundations - will be completed at approximately the same time. Therefore, the commencement and termination of the common element warranty period is uniform for all units, regardless of when the closing of your unit purchase occurs.

4. **Seller's Response.** Seller will repair or replace, at its option, and at no charge to you, any Covered Component (see Paragraph 6) of the unit which is found to be defective. Seller will start performance of its obligations under this Limited Warranty as soon as reasonably possible, but not later than 30 days after its actual receipt of your notice, and will complete performance as soon as reasonably possible. The choice of repair or replacement and of who performs the work is solely within Seller's discretion. You must allow access to your unit for repairs on customary days and during customary hours for such work -- typically business days.

5. **WARRANTIES DISCLAIMER.** Except for the express warranties granted by this Limited Warranty, Seller **HEREBY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES AS TO THE UNIT AND THE CONDOMINIUM PROJECT TO THE MAXIMUM EXTENT ALLOWED BY LAW, INCLUDING IMPLIED WARRANTIES ARISING FROM CUSTOM, USAGE, COURSE OF TRADE, STATUTORY OR CASE LAW, COMMON LAW, OR OTHERWISE, AND FURTHER INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS.**

6. **COVERED COMPONENTS.** This Limited Warranty covers the following components of the property, whether the component is part of a unit or a common element:

- (1) **Roofs.** The roof, roof flashing, gutters and downspouts (if any) are guaranteed during the warranty period to be free from leaks or defects. This Limited Warranty is void if (a) you use the roof for any activity, (b) you attach any structure or appurtenance (such as an antenna) to the roof, or (c) you do any act that affects the structural or functional integrity of the roof.
- (2) **Concrete.** During the warranty period, Seller warrants the concrete components of the property as follows: (a) the integrity of the foundations; (b) leakage or seepage through walls or floors; (c) cracks in concrete, masonry walls, or masonry veneer that exceed one-quarter inch in width; (d) improper drainage of water

from stoops and patios; and (e) pitting, scaling, or spalling of concrete work. Minor cracks in concrete, including foundations, sidewalks, and patio slabs, are inevitable as a result of the natural movement of soil (expansion and contraction), shrinkage during the curing of the concrete, and settling of the building. Seller does not warrant concrete against such minor cracking.

- (3) Plumbing, Mechanical, Electrical. During the warranty period, Seller warrants against the following: (a) defective plumbing fixtures or trim fittings; (b) duct work that separates or becomes unattached; and (c) malfunctions of electrical conductors, switches, fixtures, circuit breakers, service entrances, or outlets.
- (4) Walls, Doors, Windows. During the warranty period, Seller warrants against the following: (a) leaks in exterior wall surfaces and openings due to inadequate caulking; (b) warping of more than one-half inch in interior windows; (c) warping of exterior doors to the extent they are inoperable; (d) malfunction of windows with respect to operability, excessive air infiltration or moisture penetration into insulated air space; (e) loss of adhesion of tile; (f) malfunctions in the operating parts of cabinet doors and drawers; and (g) sheetrock defects such as blisters in tape and cracked corner bead.
- (5) Appliances. With respect to all appliances and other products that may be deemed "consumer goods" or "consumer products," the scope of this warranty is limited as follows. Seller does warrant proper installation of any appliance that is installed and furnished by Seller as part of your unit. Seller does not warrant the appliance itself. Warranties on appliances are limited to the express and implied warranties provided by the respective manufacturers of such products. If you encounter a defect or malfunction in any appliance that is considered a "consumer product" under the Magnuson-Moss Warranty Act (15 U.S.C. §§2301-2312), you must follow the procedures contained in any warranty that passes to you for that item.

7. **EXCLUSIONS**. To the extent permitted by law, the following conditions are expressly excluded from this Limited Warranty:

- (1) Defects caused by misuse, accidents, negligent maintenance, normal wear and tear, casualties due to the elements, acts of God, riots, insurrection, war, catastrophe, acts of public enemy, mold, mildew, vermin infestation, or other cause beyond the reasonable control of Seller.
- (2) Normal seasonal and other periodic maintenance.
- (3) Structural damage caused by soil movement or subsurface conditions.
- (4) Defects in the construction or installation of wastewater or other utility lines and meters.
- (5) Defects covered by manufacturers' or other warranties.
- (6) Consumer products and goods, such as refrigerator, stove, range, oven hood, microwave, ice maker, disposal, trash compactor, water heater, air conditioner, heat pump, exhaust fan, thermostat, smoke detector, fire alarm, door bell, intercom, water softener, ceiling fan, garage door opener, and utility meter.
- (7) Water pressure.
- (8) Hairline cracks in masonry or stucco, if not excessively numerous; discoloration, non-uniformity of, or appearance of brick, tile, marble, or wood; variation in color or appearance of marble/granite (if any); minor cracks and/or nail pops in sheetrock due to normal shrinkage of lumber and/or normal settlement; minor shrinkage of wood in doors, joists, studding, framing, and rafters.
- (9) Hairline cracks, color changes, chips in grout around tile.
- (10) The following items, unless noted on the punchlist: broken glass; spots on carpeting; minor carpet fading due to variety of exposure to light and slight dye lot variance; defective seams in vinyl flooring and carpet; surface defects in vinyl flooring and carpet; cracked, chipped, scratched ceramic tile; mirror defects, except latent silvering failure; squeaks in floors.

- (11) Any incidental, consequential, or secondary damages and/or losses of any kind that arise from any defect warranted by this Limited Warranty, including but not limited to personal injury or damage to personal property, loss of use, or inconvenience.
- (12) Any labor and/or material furnished by you, or at your request, express or implied. Also, any warrantable condition adversely affected by any addition, alteration, remodeling, and/or repair performed by you or under your supervision.
- (13) Any landscaping in the condominium development, including without limitation shrubs, plants, grass, and trees, including existing natural trees.
- (14) Direct or indirect consequences of changes in the grading and/or drainage established by Seller for Waterstone Condominiums, unless the change was made by Seller.

8. **"AS IS" CONDITION.** Other than the warranties contained in this Limited Warranty, the warranty of title in the deed, and Seller's agreement to complete items on the punchlist, the unit is sold "as is" and in the condition it is in at closing with all faults.

9. **Resale.** This Limited Warranty is transferable upon resale of the unit during the warranty period, and will continue in effect for the balance of the warranty period, provided that you notify Seller in writing of the transfer not later than 14 days after transfer of title.

10. **Defect.** A defect is normally regarded as any condition that materially affects the functionality of a feature, product, or component of the unit. Defects in materials and workmanship will be those recognized under generally accepted standards of the homebuilding industry in Lago Vista, Texas, for properties of similar style and value.

11. **ENVIRONMENTAL DISCLAIMER.** Seller makes no warranties, express or implied, about present or future environmental or geological conditions at Waterstone Condominiums, in the unit, or in relation to the property, including but not limited to pollution of air, water, or soil from any source; the existence of radon gas; and exposure to electric and magnetic fields. Seller disclaims all liability for any type of damage -- whether direct, indirect, or consequential -- which Waterstone Condominiums or the unit or its inhabitants may suffer because of any present or future environmental or geological conditions.

12. **Notice.** To exercise this Limited Warranty, you must give Seller written notice of any covered defect not later than 30 days after your discovery of the defect or expiration of the 1-year period, whichever occurs first. Your notice must be sent to Seller's address shown on the purchase agreement, or to such address as Seller may designate from time to time in writing to you. Your notice must specify the nature of the defect. You must allow Seller reasonable access to your unit to inspect the defect. Any claim for breach of warranty that is not made in writing and is not timely received by Seller will be deemed waived. In case of emergency, or if delay will cause substantial additional damage, you may report defects or malfunctions by any method that ensures actual receipt by Seller, including, telephone, fax, and e-mail communications.

13. **Severability.** Seller intends for this Limited Warranty to be compatible with applicable public laws and regulations, and pertinent court decisions. If any provision of this Limited Warranty is subsequently determined to be inconsistent with public laws and regulations or court decisions, it will be amended to conform, and the remaining terms and conditions of this Limited Warranty will continue in effect.

TO BE SIGNED IN CONNECTION WITH UNIT CONTRACT OR CLOSING

BUYER 1

Date Signed: _____

BUYER 2

Date Signed: _____

INSTRUCTION

REPLACE THIS PAGE
WITH

TYPICAL FLOORPLAN
FOR
TYPE OF UNIT SELECTED

waterstone

INSULATION ADDENDUM TO CONDOMINIUM PURCHASE CONTRACT

Buyer: _____

Unit: _____

This Insulation Addendum contains information required by the Federal Trade Commission Regulations regarding the Unit. The values and thicknesses are based on information provided by the manufacturer of the insulation. Developer has made no independent tests or measurements of the insulation used or to be used in connection with the Unit. Developer reserves the right to substitute the below-described insulation materials with comparable materials. The terminology used in this Addendum may not be construed to determine the ownership or maintenance boundaries of the Unit.

1. Perimeter Exterior Walls. Outside-facing walls of the air-conditioned portion of the Unit are or will be insulated with:

Type of Insulation: Fiberglass batt
R-Value of Insulation: R-19
R-Thickness of Insulation: 5.5 inches

2. Perimeter Exterior Ceilings. The ceilings between the roof and the top floor of the air-conditioned portion of the Unit are or will be insulated with:

Type of Insulation: Fiberglass batt + Rigid insulation board
R-Value of Insulation: R-30 (total roof assembly)
R-Thickness of Insulation: 6.25-inch batt + insulating board

3. Perimeter Party Walls. Walls between units -- party walls -- are or will be insulated with:

Type of Insulation: Fiberglass batt
R-Value of Insulation: R-19
R-Thickness of Insulation: 5.5 inches

4. Interior Partition Walls & Ceilings. No representations are made regarding insulation, or the lack of insulation, in walls and ceilings that are entirely within the Unit, or between Units.

5. Foundations. The building in which the Unit is located is on a slab foundation. Therefore, no representations are made regarding insulation, or the lack of insulation, under the ground floor.

6. Other Locations. Under the floors of second floor living areas that are above unheated garage spaces.

Type of Insulation: Fiberglass batt
R-Value of Insulation: R-19
R-Thickness of Insulation: 6.25 inches

BUYER 1

Date Signed: _____

BUYER 2

Date Signed: _____

SELLER'S REPRESENTATIVE

Date Signed: _____

MUD NOTICE ADDENDUM

NOTICE TO PURCHASERS

BY

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

The real property, described below, that you are about to purchase is located in the TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10 (the "District"). The District has taxing authority separate from any other taxing authority and may, subject to voter approval, issue an unlimited amount of bonds and levy an unlimited rate of tax in payment of such bonds. On January 1, 2007, the rate of taxes levied by the District on real property located in the District is \$0.7914 on each \$100 of assessed valuation. As of January 1, 2007, the total amount of bonds, excluding refunding bonds and any bonds or portions of bonds issued that are payable solely from revenues received or expected to be received under a contract with a governmental entity, approved by the voters and which have been or may be issued is \$17,900,000, and the aggregate initial principal amounts of all bonds issued for one or more of the specified facilities of the District and payable in whole or in part from property taxes is \$1,920,000.

The District is located in whole or in part in the extraterritorial jurisdiction of the City of Austin, Texas. By law, a district located in the extraterritorial jurisdiction of a municipality may be annexed without the consent of the district or the voters of the district. When a district is annexed, the district is dissolved.

The purpose of this District is to provide water, sewer, and drainage services through the issuance of bonds payable in whole or in part from property taxes. The cost of these utility facilities is not included in the purchase price of your property, and these utility facilities are owned or to be owned by the District. The legal description of the property you are acquiring is as follows:

PROPERTY DESCRIPTION

Unit _____, Bldg. _____, Waterstone Condominiums

Seller's Signature _____ Date _____

PURCHASER IS ADVISED THAT THE INFORMATION SHOWN ON THIS FORM IS SUBJECT TO CHANGE BY THE DISTRICT AT ANY TIME. THE DISTRICT ROUTINELY ESTABLISHES TAX RATES DURING THE MONTHS OF SEPTEMBER THROUGH DECEMBER OF EACH YEAR, EFFECTIVE FOR THE YEAR IN WHICH THE TAX RATES ARE APPROVED BY THE DISTRICT. PURCHASER IS ADVISED TO CONTACT THE DISTRICT TO DETERMINE THE STATUS OF ANY CURRENT OR PROPOSED CHANGES TO THE INFORMATION SHOWN ON THIS FORM.

The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or prior to execution of a binding contract for the purchase of the real property described in such notice or at closing of purchase of the real property.

Purchaser's Signature _____ Date _____

Purchaser's Signature _____ Date _____

waterstone

BROKERAGE INFORMATION ADDENDUM TO CONDOMINIUM PURCHASE CONTRACT

Buyer: _____

Unit: _____

INFORMATION ABOUT BROKERAGE SERVICES

BEFORE working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or a prospective buyer, you should know that the broker who lists the property for sale is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract, or obtaining financing without representing you. A broker is obligated by law to treat you honestly.

IF THE BROKER REPRESENTS THE OWNER:

The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information known to the agent.

IF THE BROKER REPRESENTS THE BUYER:

The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer's representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interests of the buyer first. The owner should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

IF THE BROKER ACTS AS AN INTERMEDIARY:

A broker may act as an intermediary between the parties if the broker complies with The Texas Real Estate License Act. The broker must obtain the written consent of each party to the transaction to act as an intermediary.

The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act. A broker who acts as an intermediary in a transaction:

- (1) shall treat all parties honestly;
- (2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;
- (3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and
- (4) may not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by the Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property.

With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

IF YOU CHOOSE TO HAVE A BROKER REPRESENT YOU, you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding.

BUYER 1

Date Signed: _____

BUYER 2

Date Signed: _____

SELLER'S REPRESENTATIVE

Date Signed: _____

waterstone

CONSTRUCTION SITE POLICIES ADDENDUM TO CONDOMINIUM PURCHASE CONTRACT

Buyer: _____

Unit: _____

Visits to the Construction Site: Most buyers enjoy visiting the site of their new unit during the construction process. A Buyer is welcome to schedule an appointment to meet with his sales representative and inspect the Unit during the construction process. A good time to visit the site is after the framing has been completed and the Unit is ready for the pre-drywall final check. At that time a Buyer can observe most of the structural members and the rough-in for the plumbing and electrical. *Note: This is not a time to add or change options!*

- Construction sites are dangerous, especially for small children and those who are unaccustomed to the necessary debris and noisy activity. In addition, a variety of tools, sharp items and heavy machinery may be in use at any time. The flooring and ground surrounding the Unit may be uneven, and materials and tools may be scattered around presenting a tripping hazard. For this reason, a Buyer is only permitted to visit the construction site when accompanied and supervised by trained personnel. Please note that a Buyer may visit the construction site only at Buyer's own risk. Do not assume that a sales representative can or will point out every dangerous condition that may exist on the construction site. Seller does not have any responsibility for accidents that may occur during a Buyer's visit to the construction site. Please schedule in advance with your sales representative for these visits.
- Be aware that the Unit Buyer is purchasing does not become Buyer's property until the closing.
- If Buyer discovers something that Buyer feels needs attention, please contact your sales representative.
- Seller uses a scheduled process. This means that deliveries are scheduled to assure the efficiency of laborers. Sometimes the schedule may change. Further, the schedule may require that Seller change the sequence of events.
- The construction workers are given very firm orders that they are to build each Unit according to working drawings and specifications and on written orders from Seller. Therefore, Buyer's should not approach any of these workers with requests, suggestions or questions. Instead, please refer these to Seller or Buyer's sales representative.
- Please confine visits to Buyer's Unit site only and avoid interfering with any work activity.

Buyer's Agents and Subcontractors: Buyer's subcontractors cannot install or modify the construction of Buyer's Unit during the construction phase. Seller reserves the right to remove any unauthorized Buyer-installed options and if necessary bill Buyer for the costs of removing the items. If Buyer has any questions about options or changes, please arrange an appointment with your sales representative. These appointments must be during regular work hours, must be brief, and must not interrupt the work in construction of the Unit.

Because of the numerous and varied dangers present on a construction site, Seller cannot and does not assume any responsibility for any injuries, no matter how severe, that anyone visiting the site may suffer during Buyer's visit to the construction site. By signing below, Buyer agrees that Buyer will exercise caution during visits to the construction site and will make Buyer's own determinations regarding precautions that Buyer feels is appropriate to protect from injury. Buyer's signature also evidences Buyer's agreement that Buyer understands the risks involved in visiting a construction site and will not hold Seller responsible for any injuries, no matter how severe, that Buyer, or anyone visiting the site with Buyer, may suffer during Buyer's visit to the construction site.

Buyer acknowledges and hereby affirms that Buyer has read, understands and agrees to the terms and conditions set forth in this Construction Site Policies Addendum.

BUYER 1

Date Signed: _____

BUYER 2

Date Signed: _____

SELLER'S REPRESENTATIVE

Date Signed: _____

waterstone

MOLD POLICY ADDENDUM

Buyer: _____

Unit: _____

I. RECITALS

A. Background. Because of extensive news coverage in recent years relating to mold, the public and the insurance industry have a heightened awareness of and sensitivity to anything pertaining to mold. In a condominium context, the mold issue has numerous facets. Like many other maintenance issues, the community of owners must know where to draw the line between the Association's responsibility and the owner's responsibility. The purpose of this policy is to help draw that line.

B. Mold Information. In adopting this policy, the Association relies on information about mold obtained from government sources, including the "Indoor Air Mold" website sponsored by the U. S. Environmental Protection Agency at www.epa.gov/mold. On the date of this policy, the first page of the website contains this information:

The key to mold control is moisture control. It is important to dry water damaged areas and items within 24-48 hours to prevent mold growth. If mold is a problem in your home, clean up the mold and get rid of the excess water or moisture. Fix leaky plumbing or other sources of water. Wash mold off hard surfaces with detergent and water, and dry completely. Absorbent materials (such as ceiling tiles & carpet) that become moldy may have to be replaced.

C. Owner/Resident Duty. Because the Association does not have continual access to the individually owned units, the Association relies on owners and residents to control the moisture levels in their units, and to promptly identify and report water leaks and water penetrations in their units. That a unit is vacant or occupied by a person other than the owner does not relieve the owner from fulfilling his obligations to the Association and to the owners of units that adjoin his own. Although the resident, if not the owner, may perform the obligations, the owner is ultimately responsible if the non-owner resident fails or refuses to perform.

D. Insurance. On the date of this policy, property insurance available to the Association does not include coverage of mold at a price that is affordable for the Association. An owner who wants insurance against mold is advised to purchase mold coverage as part of his homeowners insurance policy.

E. Mold Reminders. Mold spores are a natural component of our environment. Mold spores are everywhere - in the outside air and inside of units. In addition to air-borne mold, visible surface mold is a common occurrence in wet areas, such as showers. Air quality tests for mold are capable of being unreliable as determinates of a health problem.

II. RULES

F. Inspect for Surface Mold. Each resident and owner will regularly inspect his entire unit (including inside closets and cabinets, and behind furniture and appliances) and the appurtenant limited common elements for visible surface mold and will promptly remove same using procedures recommended by an appropriate source, such as the U. S. Environmental Protection Agency (www.epa.gov). Similarly, the resident and owner will be alert to odors associated with mold, and will try to locate the source of such odor when detected.

G. Inspect for Water Leaks. Each resident and owner will regularly inspect his entire unit (including inside closets and cabinets, and behind furniture and appliances) and the appurtenant limited common elements for leaks, breaks, or malfunctions of any kind that may emanate from or cause damage to the common elements or another unit. When possible, such inspection will be performed after rains when leaks from wind-driven rain are most likely to be evident. Typical indicators of water penetration problems include water leaks around windows, doors, flues, and vents; standing water on a floor; water stains on ceilings and walls.

H. Monitor Water Appliances. Each owner is responsible for the inspection, maintenance, repair, and replacement of all water-using appliances and fixtures in the unit, such as dishwashers, washing machines, ice-makers, toilets, air conditioning drip pans, and shower pans. The owner is solely responsible for any water damage to his unit, another unit, or the common elements coming from the appliances and fixtures in his unit, regardless of the nature or exact location of the water source.

I. Report. A resident or owner will promptly report to the Association his discovery of any leak, break, or malfunction in any portion of his unit or the adjacent common elements for which the Association has a maintenance responsibility. The origin of a water leak can be difficult to locate and may require repeated attempts to repair. The failure of the Association or its contractors to effectively stop a water leak on the first repair attempt is not uncommon and must not dissuade a resident or owner from re-reporting the leak on its next occurrence. The failure by an owner or resident to promptly report a water leak or water penetration problem may be deemed negligence, thereby making the resident or owner liable for any additional damage caused by the delay.

J. Mitigate. To mitigate damage from water leaks and penetrations, and to discourage mold, the resident or owner of a unit that experiences a water leak or penetration must promptly dry, clean, and disinfect the wet area. If the water penetration is inside a wall cavity or above a ceiling, it may be necessary to cut a hole in the wall or ceiling to circulate air that will dry the wet materials. If the wall or ceiling cavity that holds water is a common element, the Association will pay the cost of repairing the sheetrock, notwithstanding the Sheetrock Section in the Declaration.

K. Humidity. To discourage mold in his unit, the owner or resident should maintain an inside humidity level under 60 percent. If condensation or moisture collects on windows, walls or pipes, the owner or resident should promptly dry the wet surface and reduce the moisture/water source. Condensation can be a sign of high humidity.

L. Negligence. The failure to promptly and properly repair a water-related problem in the Unit may be deemed negligence by the owner, who may be liable for any additional damage caused by the failure or the delay.

M. Information. For more information about mold, please consult a reliable source, such as "A Brief Guide to Mold, Moisture, and Your Home" - a brochure published by the U. S. Environmental Protection Agency, which is available on its website at www.epa.gov/mold.

BUYER 1

Date Signed: _____

BUYER 2

Date Signed: _____

SELLER'S REPRESENTATIVE

Date Signed: _____

waterstone

INCOMPLETE CONSTRUCTION ADDENDUM TO CONDOMINIUM PURCHASE CONTRACT

Buyer: _____

Unit: _____

This Addendum applies to the contract because, as of the Effective Date the Unit is Not Substantially Complete.

- **Decorative Selections.** Seller will provide color samples from which the Buyer must make selections on the Effective Date. If Buyer fails to make the standard choices by the dates established by Seller, Seller may, at Seller's option, make the selections for Buyer or treat Buyer's failure to select as a material breach of contract, entitling Seller to terminate this contract and retain the Earnest Money.
- Buyer agrees that this contract remains in full force and effect, and that the Closing Date is to automatically be extended until 5 business days after the date the Unit is Substantially Completed by Seller. When the Unit is ready for a punchlist inspection described in Paragraph 13, Seller will notify Buyer and the Title Company to prepare for closing on the Extended Closing Date. **FAILURE TO CLOSE BY BUYER ON THIS EXTENDED CLOSING DATE CONSTITUTES A MATERIAL BREACH OF CONTRACT, ENTITLING SELLER TO TERMINATE THIS CONTRACT AND RETAIN THE EARNEST MONEY.**
- **Limitations.** The terms of this Addendum are subject to and conditioned by the terms in the main body of the contract, including but not limited to the force majeure clause.

BUYER 1

Date Signed: _____

BUYER 2

Date Signed: _____

SELLER'S REPRESENTATIVE

Date Signed: _____

pd:\05-6714\k\WS-Contract.013auct 11/6/09

waterstone

RUSTIC SCHEME

ARCHITECTURAL FEATURES & FINISHES ADDENDUM TO CONDOMINIUM PURCHASE CONTRACT

FOR USE WITH **RUSTIC SCHEME** ONLY. NOT FOR USE WITH MODERN COLOR/STYLE SCHEME.

Buyer: _____

Unit: _____

ROOM	ITEM	RUSTIC SCHEME DESCRIPTIONS
Entry, living/dining areas, kitchen, hallway (not bedrooms)	Wood Floor	5-inch wood plank floor
Bedrooms	Carpet	100% nylon
Throughout	Base, Trim & Doors	1-inch x 6-inch paint grade MDF
Throughout	Walls	Paint flat latex
Throughout	Ceiling	Paint flat latex
Master Bath	Countertop	Slab polished granite with a polished edge
Master Bath	Tub/Shower	Natural stone on floor, 72" soaking tub and glass shower
Bath (Other full bathroom)	Tub	White standard tub/shower combination
Master Bath + Other Bath	Floor	Natural Stone
Master Bath + Other Bath	Sink	Rectangle under-mount white sink
Master Bath + Other Bath	Cabinetry	Mission Style wood cabinetry with stainless steel pulls
Kitchen	Cabinetry	Mission Style wood cabinetry with stainless steel pulls. Glass inserts (2) upper cabinets only.
Kitchen	Sink	Stainless double compartment sink with chrome faucet pull-out sprayer
Kitchen	Countertop	Slab polished granite with a polished edge
Kitchen	Backsplash	Natural stone
Kitchen	Appliances	Refrigerator: Stainless steel, side-by-side Dishwasher: Stainless steel Cook Top: Stainless steel, electric Microwave: Stainless steel Oven: Stainless steel, electric Vent: Stainless steel

waterstone

MODERN SCHEME ARCHITECTURAL FEATURES & FINISHES ADDENDUM TO CONDOMINIUM PURCHASE CONTRACT

FOR USE WITH **MODERN SCHEME** ONLY. NOT FOR USE WITH RUSTIC COLOR/STYLE SCHEME.

Buyer: _____

Unit: _____

ROOM	ITEM	MODERN SCHEME DESCRIPTIONS
Entry, living/dining areas, kitchen, hallway (not bedrooms)	Wood Floor	5-inch wood plank floor
Bedrooms	Carpet	100% nylon
Throughout	Base, Trim & Doors	1-inch x 6-inch paint grade MDF
Throughout	Walls	Paint flat latex
Throughout	Ceiling	Paint flat latex
Master Bath	Countertop	Slab polished granite with a polished edge
Master Bath	Tub/Shower	Natural stone on floor, 72" soaking tub and glass shower
Bath (Other full bathroom)	Tub	White standard tub/shower combination
Master Bath + Other Bath	Floor	Natural Stone
Master Bath + Other Bath	Sink	Rectangle under-mount white sink
Master Bath + Other Bath	Cabinetry	Mission Style wood cabinetry with stainless steel pulls
Kitchen	Cabinetry	Mission Style wood cabinetry with stainless steel pulls. Glass inserts (2) upper cabinets only.
Kitchen	Sink	Stainless double compartment sink with chrome faucet pull-out sprayer
Kitchen	Countertop	Slab polished granite with a polished edge
Kitchen	Backsplash	Natural stone
Kitchen	Appliances	Refrigerator: Stainless steel, side-by-side Dishwasher: Stainless steel Cook Top: Stainless steel, electric Microwave: Stainless steel Oven: Stainless steel, electric Vent: Stainless steel

Initialed by Seller _____
pdc\05-6714\k\WS-Contract.013auct 11/6/09

Initialed by Buyer _____ of Unit _____

waterstone

PRE-PAID ASSESSMENT ADDENDUM TO CONDOMINIUM PURCHASE CONTRACT

Buyer: _____

Unit: _____

Seller and Buyer hereby agree that when Buyer closes the purchase of the Unit, Seller will pay to the Waterstone Owners Association the **PREPAYMENT** shown below, which will be treated by the Association as pre-payment of the Unit's regular monthly assessments pro-rated from date of Closing. At Closing, Buyer will receive a Settlement Statement showing Seller's **PREPAYMENT** to the Association. This **PREPAYMENT** is subject to the following terms:

1. Contingent on the successful completed closing of the purchase, and will not be paid to Buyer in cash.
2. Applies to the regular monthly assessment, only, that is projected for the Unit as payable to Waterstone Owners Association, and does not cover other types of assessment to which the Unit may be or become subject under the Declaration of Waterstone Condominium or by a governmental entity.
3. Does not apply to the "HOA Sale Fees" to be paid by Buyer to the Association at closing, such as the initial contribution to the Association's reserve funds.
4. Fixed for the amount shown below, whether or not the Association's projected budget is revised between the Effective Date of this Contract and the Closing Date. If the rate of assessment decreases during the **PREPAYMENT** period, the Association will apply the excess **PREPAYMENT** as a credit on Buyer's account. If the rate of assessment increases, Buyer will fund the difference.
5. The amount of regular monthly assessment stated below is not a guaranty of what the Unit's actual amount of assessment will be on the Closing Date, or any date thereafter.
6. Buyer must inform himself of the date on which the **PREPAYMENT** is exhausted and Buyer becomes liable to the Association for payment of regular monthly assessments as they accrue.

No. of months for which this **PREPAYMENT** will be calculated _____

Amount of Unit's regular monthly assessment estimated on the Effective Date \$ _____

Total **PREPAYMENT** at Closing: _____ x \$ _____ = \$ _____
of months per month **TOTAL PREPAYMENT**

BUYER 1

Date Signed: _____

BUYER 2

Date Signed: _____

SELLER'S REPRESENTATIVE

Date Signed: _____

waterstone

AMENDMENT TO CONDOMINIUM PURCHASE CONTRACT

Buyer: _____

Unit: _____

Buyer and Seller amend the Purchase Contract as follows: (Initial only those that apply)

Initialed by Buyer	Initialed by Seller	Description of Change
_____	_____	● The Estimated Closing Date is changed to _____.
_____	_____	● The Unit's unique identifying number is changed from _____ to _____.
_____	_____	● The amount or percentage Purchase Price that Buyer intends to finance is changed to _____ % or \$ _____.
_____	_____	● The Purchase Price on the first page of the Purchase Contract is changed to: Base Price \$ _____ + Other \$ _____ = _____ Purchase Price \$ _____
_____	_____	● Other change to Purchase Contract. [] Mark if additional pages are attached.

BUYER 1

Date Signed: _____

BUYER 2

Date Signed: _____

SELLER'S REPRESENTATIVE

Date Signed: _____