

BUILDING CONTRACT

THIS AGREEMENT, made as of this _____ day of _____, 20____, by and between _____

whose address is _____ (hereinafter referred to as "Builder"). and _____

whose address is _____ (hereinafter collectively referred to as "Purchaser"). In consideration of the mutual covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. Builder agrees to sell and convey to Purchaser, and Purchaser agrees to purchase from Builder, a parcel of land located in the _____ of _____ County, Michigan, being more particularly described as Lot _____, (hereinafter referred to as the "Property"), and being more commonly known as _____, including a single family residence (hereinafter referred to as the "House") to be built thereon by Builder.

2. The purchase price to be paid by Purchaser to Builder shall be _____ Dollars (\$ _____), and shall be payable by Purchaser to Builder as Follows:

Table with 2 columns: Description and Amount. Rows include: (a) Upon signing of this Agreement, (b) Upon approval of Purchaser's mortgage, (c) Upon completion of basement, (d) Upon completion of roof, (e) Upon completion of drywall, (f), (g), (h) At time of closing, (i) Mortgage proceeds, Total.

3. The House to be built by Builder on the Property shall be in accordance with the plans and specifications of the _____ Model as built on Lot _____, copies of which plans and specifications are attached hereto. Anything contained in this Agreement to the contrary notwithstanding. Builder reserves the right to (a) determine the location of the House on the Property so as to conform with the general pattern of development of the subdivision, (b) make such changes and/or substitutions of equal quality in materials and/or construction as may be deemed necessary or appropriate in the discretion of Builder, and acceptable to all governmental authorities having jurisdiction, and (c) make such changes and/or substitutions in materials, which in the discretion of Builder are necessitated by the unavailability of such materials, it being understood and agreed by the parties hereto, that any additional cost or saving incurred by Builder by reason of such substitution as herein provided shall be added to or subtracted from the purchase price due hereunder, and shall be adjusted at the time of closing.

4. The obligation of Builder to sell, convey and construct and of Purchaser to purchase and pay for the Property which is the subject matter of this Agreement is expressly conditioned upon Purchaser immediately applying for a conventional mortgage loan in the amount of _____ Dollars (\$ _____), and receipt by Builder of evidence satisfactory to Builder that such mortgage loan has been approved within twenty-one (21) days from and after the execution of this Agreement. If such mortgage loan is not approved within the aforesaid twenty-one (21) day period, this Agreement shall be null and void, neither party hereto shall have any further liability or obligation hereunder, except that if Builder shall have commenced construction before the expiration of the aforesaid twenty-one (21) day period, Builder shall not be obligated to return the deposit monies paid hereunder to Purchaser unless and until Builder shall be in possession of a subsequent valid and binding, fully executed Building Contract covering the property which is the subject matter of this transaction. If the aforesaid mortgage loan is approved within the requisite time period, Purchaser agrees to execute the mortgage loan documents upon completion of the House, in accordance with the terms and conditions contained herein, and Purchaser further agrees to pay all mortgage closing costs, and all other costs incident to obtaining the required mortgage loan financing.

5. Purchaser shall have the right to cancel and terminate this Agreement at any time before the expiration of seven (7) days from and after the date hereof, by written notice thereof delivered to Builder before construction has commenced, in which event neither party hereto shall have any further liability or obligation hereunder, except that \$1,000.00 of the deposit monies heretofore paid by Purchaser hereunder shall be retained by Builder as liquidated damages and the balance of such deposit monies shall be returned to Purchaser.

6. Anything contained herein to the contrary notwithstanding, Builder retains the right to commence construction immediately or to wait until receipt by Builder of the required evidence of mortgage loan approval required under Paragraph 4 hereunder, said commencement date to be in the sole discretion of Builder.

7. All taxes and assessments which have become a lien upon the Property at the date of this Agreement shall be paid by Builder. Current taxes, if any, shall be prorated and adjusted as of the date of this Agreement in accordance with the due date basis of the municipality or taxing unit in which the property is located. Purchaser agrees to pay such prorated taxes at the time of closing in addition to the purchase price due under Paragraph 2 hereunder.

8. The closing of this transaction shall take place within seven (7) days after receipt by Builder of a Certificate of Occupancy from the required governmental authorities, at the office of Purchaser's lender or at the office of the title insurance company issuing the commitment for a policy of title insurance required to be delivered by Builder to Purchaser's hereunder. Failure of Purchaser to close this transaction within the aforesaid seven (7) day period will constitute a default by Purchaser hereunder and will entitle Builder to exercise any and all rights and remedies which he may possess, including, but not limited to, any rights and remedies specifically enumerated under the terms of this contract.

9. It is understood and agreed that the purchase price due under Paragraph 2 hereunder shall include the following:

Table with 2 columns: Description and Amount. Rows include: _____ Model, Lot premium, Additional extras listed on page two of this building contract, Total Purchase Price.

10. Builder agrees to obtain and Purchaser agrees to pay the cost of a Builder's Risk policy of insurance, insuring the interest of Builder in the subject property. Purchaser agrees to pay the cost of such policy at the time of closing in addition to the purchase price due under Paragraph 2 hereof.

11. Builder agrees to use his best efforts to complete the House with reasonable diligence and within a reasonable period of time; provided, however, that Builder shall not be in any way liable or responsible for any delays in completion caused by any reason whatsoever.

12. Upon completion of the house and payment by Purchaser to Builder of all sums due Builder, Builder agrees to deliver to Purchaser, at Builder's sole option, either (1) a sworn statement and supporting Waivers of Lien showing that all claims for labor and material furnished in erecting said House have been paid in full, or (2) a letter from the title insurance company issuing the commitment for a policy of title insurance required to be delivered by Builder to Purchaser hereunder indicating that said company will issue a policy of title insurance covering the Property and insuring against mechanic's liens not on record.

13. Upon completion of the House and payment of Purchaser to Builder of all sums due Builder, Builder agrees to convey the Property to Purchaser by Warranty Deed subject to easements and restrictions of record. Builder further agrees to furnish to Purchaser a commitment for a policy of title insurance issued by a title insurance company to be selected by Builder in an amount not less than the purchase price hereof, bearing date later than the date of this Agreement and evidencing marketable title to the Property in Builder.

14. Purchaser agrees to make all required selections, including by way of illustration and not by way of limitation, brick, ceramic tile, paint colors, bathroom fixtures and formica, within fourteen (14) days after Builder notifies Purchaser to make such required selections. If Purchaser fails to make all required selections within such fourteen (14) day period, Builder is hereby authorized to make all required selections which Purchaser has failed to make in the required time period, and such choices so made by Builder will be final and binding on Purchaser. If Purchaser desires to change any selections previously made, the same shall be allowed only in the sole discretion of Builder and shall be at a cost of \$50.00 per change so requested by Purchaser and approved by Builder, which sum shall be paid at the time such change is approved by Builder.

15. Builder agrees to remedy any defects in workmanship which appear and which Builder shall be notified of in writing within twelve (12) months from and after the date of closing of this transaction; provided, however, that this warranty shall not apply to defects or damage which are the result of weather damage, contraction and/or expansion, or the result of other normal or ordinary characteristics of building materials; nor shall such warranty apply to defects in workmanship which are separately warranted by the individual sub-contractor performing such work.

16. Builder makes no warranties or guarantees whatsoever with respect to the existence of or any existing trees, bushes and/or any other type of vegetation located at the Property.

17. It is understood and agreed that the purchase price hereunder does not include any landscaping, drapes or wallpaper. Builder agrees to grade the Property with earth remaining on the Property.

18. If Builder is able to obtain the required Certificate of Occupancy before all required exterior work has been completed, Purchaser agrees to close this transaction in spite of such non-completion and pay all sums due hereunder, and Builder agrees to deposit a sum equal to the Builder's cost of completing such uncompleted exterior work in escrow with either Purchaser's lending institution or the title insurance company issuing the commitment for a policy of title insurance required to be delivered by Builder to Purchaser hereunder with written instructions signed by both Purchaser and Builder, authorizing the release of such funds upon receipt by the escrow agent of satisfactory evidence that all required work has been completed by Builder.

19. Any extra work, additional items, changes or variations from the original plans and specifications and which are not included in this Agreement shall be subject in all respects to the approval of Builder, and shall require a written work order signed by both Builder and Purchaser indicating the extra work or changes to be performed and the price to be charged therefor in addition to the purchase price required herein. In addition thereto, a service charge of \$50.00 for each such work order executed by Purchaser and Builder will be paid by Purchaser to Builder. All charges for such extra work and changes will be paid for either at the time of execution of the written work order or at the time of closing in addition to the purchase price required under Paragraph 2 hereof. In the event Builder fails to perform any work covered by any work order described in this Paragraph, Builder shall, at the time of closing, refund to Purchaser, any amounts previously paid by Purchaser with respect to any such work order not performed by Builder, the same to be Purchaser's sole remedy.

20. Regarding insulation of proposed construction:

Insulation will be in the home as follows:

- A. Exterior walls will be insulated with blanket insulation to a thickness of 3½ inches, which thickness, according to the manufacturer, will yield an r-value of 11 (eleven).
- B. Ceilings in all areas will be insulated with blanket insulation having a thickness of 6 inches (six), which thickness, according to the manufacturer, will yield an r-value of 19 (nineteen).

21. In the event the Purchaser is in default in performing any of the obligations assumed by, or imposed upon, the Purchaser by this Contract, the Builder may retain any sum or sums paid by the Purchaser under this contract on account of the Contract price herein provided, and upon completion of said residence sell the same and the said land at private sale and refund to the Purchaser any excess received by the Builder above the Contract price contained in this Contract, or the Builder may retain said sums as compensation for the damages sustained by the Builder as a result of such default. In this event, Purchaser's rights in the property shall terminate and the property shall remain the sole and exclusive property of Builder and this Agreement shall be terminated and shall be of no further force or effect.

22. The Purchaser shall make the required draw payments indicated in paragraph two of this Building Contract at the office of the Builder within forty-eight (48) hours after Purchaser is notified by Builder that the work to be done as to said payment has been completed. In the event Purchaser fails to make any such payment when due, Builder, at Builder's option, may continue with the work, or may stop the work, or may treat the default of the Purchaser as a breach of this Agreement.

23. Purchaser shall pay interest at the rate of 7 percent (seven) per annum on all sums payable hereunder to Builder from the date said payments are required to be due as provided herein to the actual date of payment.

24. It is expressly understood and agreed that neither this Agreement nor any other document which shall assert an interest of the Purchaser in the subject property shall be recorded by the Purchaser prior to the closing of this transaction. In the event Purchaser shall violate the provisions of this paragraph relating to recording, the same shall constitute an automatic default under the terms and conditions of this Agreement, thereby entitling Builder to cancel and terminate this Agreement by written notice thereof to Purchaser, in which event neither party hereto shall have any further liability or obligations hereunder, and Builder shall be entitled to retain all sums previously paid hereunder by Purchaser as liquidated damages.

25. All notices, deliveries or tenders given or made in connection herewith shall be deemed completed and legally sufficient if mailed or delivered to the respective party for whom the same is intended at his address herein set forth.

26. Payment of all sums due hereunder shall be in the form of a cashier's or certified check.

27. The pronouns and relative words herein used are written in the masculine and singular only. If more than one join in the execution hereof as Builder or Purchaser, or either be of the feminine sex or a corporation, such words shall be read as if written in plural, feminine or neuter, respectively.

28. The terms, conditions and covenants of this Agreement shall survive the consummation of this transaction, and the same shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, representatives, successors and assigns.

29. This Agreement may not be assigned by Purchaser to any person, firm or entity whatsoever without the prior written approval of Builder.

30. This Agreement may be changed or modified only by the written agreement of all of the parties hereto.

31. It is agreed by all of the parties hereto that this Agreement contains the entire agreement between the parties hereto, that no agent, representative, salesman or officer of the Builder or Broker has authority to make, or has made, any statement, representation or agreement, oral or written, in connection herewith that modifies, adds to, or changes the terms of this Agreement. All prior negotiations are hereby merged herein.

32. This Agreement shall be interpreted under and governed by the laws of the State of Michigan.

33. Purchaser shall have no right to possession of the Property prior to payment in full by and compliance with all other obligations of Purchaser and delivery by Builder of the Warranty Deed as required hereunder.

34. All notices, deliveries or tenders required or desired to be given or made by either party hereto to the other party hereunder shall be sent by certified U.S. Mail, postage prepaid, return receipt requested, addressed to the applicable party at their address hereinabove set forth.

35. By their execution hereof each of the parties hereto acknowledge receipt of a copy of this Agreement.

36. It is specifically understood and agreed by all of the parties hereto, that _____ (the "Sales Agent"), is acting solely as the agent of Builder in connection with the sale of the Property and House which is the subject matter of this Agreement, and is not considered a party to this Building Contract, or a guarantor of performance of any of the obligations of Builder hereunder. Purchaser agrees to hold harmless Sales Agent from any liability of any nature or kind whatsoever (except for such liability as may arise due to the misrepresentations, negligence, misfeasance, malfeasance or nonfeasance of the Sales Agent) as may arise out of this Building Contract, or which may arise out of any operation or activity or agreement of any Builder, his employees or subcontractors with respect to any such Building Contract or the conduct of any Builder's business.

37. NO CHANGES AFTER CONSTRUCTION BEGINS.

"Purchaser"

Purchaser's Phone

"Builder"

Builder's Phone

Receipt of the Sum of \$ _____ from the Purchaser named herein is hereby acknowledged in behalf of Builder.

"Sales Agent"

It is agreed and understood that the purchase price of home includes the following: ALLOWANCES/STANDARD FEATURES