



NEW CONSTRUCTION ADDENDUM TO NEW CONSTRUCTION PURCHASE AGREEMENT (Use Only When A Residence Is To Be Constructed By Close Of Escrow) (C.A.R. Form NCAD, Revised 4/04)

This is an addendum ("Addendum") to the New Construction Residential Purchase Agreement and Joint Escrow Instructions ("Agreement") dated _____ on property known as _____ ("Property"), between _____ ("Buyer"), and _____ ("Seller").

Buyer and Seller agree to amend the Agreement as follows:

- 1. MAINTENANCE RECOMMENDATIONS: Provided with the Agreement are Copies of all builder maintenance and preventative maintenance recommendations.
2. MANUFACTURED PRODUCTS MAINTENANCE AND LIMITED WARRANTIES: Provided with the Agreement are Copies of all manufactured products maintenance, preventative maintenance and limited warranty information.
3. BUILDER LIMITED CONTRACTUAL WARRANTIES: Provided with the Agreement are Copies of all builder limited contractual warranties not specified in paragraph 9 of this Addendum or elsewhere in writing.
4. PROCEDURES FOR ACTIONS ON CONSTRUCTION DEFECTS AND ESCROW INSTRUCTION:
A. Notice: California law establishes procedures that must be followed prior to the filing of any action related to a claimed construction defect.
B. Escrow Holder Instruction: By signing this document, the parties are instructing Escrow Holder to insert in the deed the language specified in quotes in paragraph 4A above.
C. Attached to the Agreement is a Copy of California Civil Code §§ 895 to 945.5.
D. By initialing here, Buyer and Seller acknowledge that each has read and understands this paragraph and the copy of California Civil Code §§ 895 to 945.5 provided.

Buyer's Initials _____ / _____ Seller's Initials _____ / _____ (or Seller's Representative)

- 5. NON-ADVERSARIAL PROCEDURE OF CALIFORNIA CIVIL CODE: Seller elects to engage in (or, if checked, [] opts out of) the non-adversarial procedure set forth in California Civil Code § 914 for construction defect claims.
6. AGENT FOR NOTICE: Claims and requests for information relating to construction defect allegations made pursuant to Chapter 4 of Title 7 of Part 2 of Division 2 of the California Civil Code commencing with § 910 may be made to the following person at the following address: _____

By initialing here, Buyer and Seller acknowledge that each has read and understands paragraph 6 of this Addendum.

Buyer's Initials _____ / _____ Seller's Initials _____ / _____ (or Seller's Representative)

- 7. DOCUMENTATION TO SUBSEQUENT PURCHASERS: Buyer is instructed to give any subsequent purchaser all documents related to the sale and purchase that Buyer receives from Seller.
8. MEDIATION AND ARBITRATION: Paragraph 22C of the Agreement is modified as follows, unless otherwise agreed in a separate written agreement signed by Buyer and Seller: Buyer and Seller agree that the procedures set forth in Title 7 of Part 2 of Division 2 of the California Civil Code commencing with § 895 shall apply to any construction defect disputes relating to the Property prior to any mediation or arbitration that may otherwise be required by the Agreement.

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Buyer's Initials (____)(____)
Seller's Initials (____)(____)

Reviewed by _____ Date _____



NEW CONSTRUCTION ADDENDUM TO NEW CONSTRUCTION PURCHASE AGREEMENT (NCAD PAGE 1 OF 2)

9. WARRANTY:

A. Fit and Finish: Paragraph 10A(1) of the Agreement also applies to the fit and finish of the following building components: cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes and trim.

B. Seller's obligations are subject to Chapter 2 of Title 7 of Part 2 of Division 2 of the California Civil Code commencing with § 896, unless Seller elects to offer an enhanced protection agreement ("EPA") in place of the provisions of Chapter 2. The protection offered in the EPA must be greater than or equal to the protection offered in Chapter 2. If Seller elects to offer an EPA the election shall be made in writing with Buyer no later than the Close Of Escrow and Seller shall provide Buyer a copy of Chapter 2 and advise Buyer of Seller's election not to be subject to its provisions.

10. LEGAL ADVICE: Buyer and Seller are advised to consult with legal counsel: (i) about whether to elect to engage in an alternate non-adversarial procedure other than the procedure set forth in California Civil Code § 914 and (ii) regarding the effect of an EPA, as specified in paragraph 9B above, and the implications to each party in this transaction if construction defect claims are not subject to the provisions of Chapter 2. Seller is also advised to consult with legal counsel: (i) to determine whether it is advisable to record on title, in addition to the Notice provided in paragraph 4A above, additional documents, and if so, which ones and when, and (ii) whether Seller should elect to offer an EPA in place of the protection granted by Chapter 2.

11. LIQUIDATED DAMAGES: If the Property is an attached residential condominium unit located within a structure of 10 or more residential condominium units and the parties have agreed to liquidated damages (paragraph 21 of the Agreement), Seller's retention of any amount in excess of 3 percent of the purchase price shall be subject to California Civil Code § 1675(f).

By signing below, Buyer and Seller acknowledge that each has read, understands, received a copy of, and agrees to the terms of this New Construction Addendum.

Buyer _____ Date _____


Buyer _____ Date _____

Seller _____ Date _____

Seller _____ Date _____

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REAL ESTATE BUSINESS SERVICES, INC.
a subsidiary of the California Association of REALTORS®
525 South Virgil Avenue, Los Angeles, California 90020

Reviewed by _____ Date _____

