

# New Construction Addendum

KELLER WILLIAMS® REALTY OF NW ARKANSAS  
2418 E. Joyce Blvd.  
Fayetteville, AR 72703  
Ph: (479) 442-4228 Fax: (479) 442-2022



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Form Serial Number: 000000-000000-000000

## Note: This form is for contracts in which Seller/Builder owns the Property during construction.

Regarding the Real Estate Contract (Form Serial Number \_\_\_\_\_) dated (month) \_\_\_\_\_ (day) \_\_\_\_\_, (year) \_\_\_\_\_, between Buyer, \_\_\_\_\_, and Seller/Builder, \_\_\_\_\_, covering the real property known as \_\_\_\_\_,

(the "Property"), the undersigned Buyer and Seller/Builder, in consideration for the covenants, agreements and promises made below and other good and valuable consideration, receipt and sufficiency being acknowledged, agree as follows:

**1. NON-REFUNDABLE DEPOSIT:** Buyer will deposit \$ \_\_\_\_\_ with Seller/Builder:

- a. Not applicable.
- b. Immediately upon acceptance.
- c. Within \_\_\_\_\_ days of acceptance.
- d. Within \_\_\_\_\_ days after pre-approval of loan and prior to Seller/Builder beginning construction.
- e. Other: \_\_\_\_\_

Said deposit is not to be considered a part of the Earnest Money as specified in the Real Estate Contract. Said deposit is not refundable to Buyer unless failure to close is the fault of Seller/Builder. Deposit will be credited to Buyer at Closing. Buyer understands Seller/Builder will deposit the money in his/her bank account and it will not be held by either Listing Firm or Selling Firm.

**2. PREVAILING FINANCING:** Buyer agrees to apply for financing as specified in the Real Estate Contract. If the financing is not available at time of Closing, Buyer agrees to secure financing at the prevailing rates available at the time. Seller/Builder understands that if Buyer cannot qualify for the financing at the new rate then Buyer will not be required to complete the purchase. The Earnest Money will be refunded according to Paragraph Seven (7) of the Real Estate Contract. The Non-refundable Deposit will not be returned even if Buyer fails to qualify for the loan.

**3. APPROVAL OF FINANCING:** Buyer will apply for the loan as specified in the Real Estate Contract and:

- a. Not applicable.
- b. Buyer must secure approval for financing before construction begins.
- c. Buyer must receive a favorable letter from the lending institution that satisfies Seller/Builder before Seller/Builder will be required to start construction.

**4. STAGE OF CONSTRUCTION:** Buyer and Seller/Builder agree:

- a. Construction is already completed.
- b. Construction is in process.
- c. Construction will begin upon Buyer's loan pre-approval and Buyer's deposit with Seller/Builder of the Non-refundable Deposit specified in Paragraph 1.

**5. COMPLETION:** The completion of construction is estimated to be about (month) \_\_\_\_\_ (day) \_\_\_\_\_, (year) \_\_\_\_\_. However, any unforeseen delays such as problems with the weather, acts of nature, acts of arbitration, failure of any subcontractor or material supplier, fires, strikes, legal acts of public authority, or other causes beyond Seller's/Builder's control will not void this Real Estate Contract. The construction must be completed no later than by (month) \_\_\_\_\_ (day) \_\_\_\_\_, (year) \_\_\_\_\_, unless an extension is agreed upon in writing between Buyer and Seller/Builder.

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**6. CLOSING:** The Closing date is agreed upon by Buyer and Seller/Builder to be:

- a. As set forth in the Real Estate Contract.
- b. No later than \_\_\_\_\_ days after receipt of certification of occupancy or equivalent from governing authority.
- c. Other: \_\_\_\_\_

**7. POSSESSION:** Buyer will be given possession of the Property:

- a. As set forth in the Real Estate Contract.
- b. Upon the Closing and receipt of certification of occupancy or equivalent from governing authority.
- c. Other: \_\_\_\_\_

**8. PLANS AND SPECIFICATIONS:** Approval of the plans and specifications shall be as follows:

- a. The construction is already completed and Buyer and Seller/Builder agree on the plans and specifications.
- b. The plans and specifications are attached to this New Construction Addendum and are agreed to by Buyer and Seller/Builder.
- c. The plans and specifications will be agreed upon within \_\_\_\_\_ calendar days after acceptance of this New Construction Addendum or the Real Estate Contract between Buyer and Seller/Builder will be null and void.

This New Construction Addendum to the Real Estate Contract is subject to approval of plans and specifications by any Architectural Board or Committee that may have jurisdiction over the Property.

**9. ALLOWANCES:** Approval of the allowances for the variable items of construction such as appliances, floor and wall coverings, shall be as follows:

- a. The construction is already completed and Buyer and Seller/Builder agree on the allowances.
- b. The allowances are attached to this New Construction Addendum and are agreed to by the Buyer and Seller/Builder.
- c. The allowances will be agreed upon within \_\_\_\_\_ calendar days after acceptance of this New Construction Addendum or the Real Estate Contract between Buyer and Seller/Builder will be null and void.

This New Construction Addendum to the Real Estate Contract is subject to approval of allowances by any Architectural Board or Committee that may have jurisdiction over the Property.

**10. BUYER INTERFERENCE:** Buyer agrees not to interfere with Seller/Builder or Seller's/Builder's subcontractors in the construction of this home. Buyer will not negotiate with any of Seller's/Builder's subcontractors or material suppliers except as authorized by Seller/Builder. Buyer further agrees that all direction to subcontractors and material suppliers involved in this construction will come from Seller/Builder only. Buyer shall not perform any work on the Property nor move anything onto the Property unless Buyer receives written permission from Seller/Builder.

**11. WARRANTY:** Seller/Builder agrees to provide to Buyer a warranty upon the completion, Closing and occupation of the new home. Buyer and Seller/Builder agree that warranty is the complete agreement of warranty regarding the quality and quantity of material and labor used in the construction of the home. Buyer understands and agrees that due to the inherent characteristics of concrete and wood, Seller/Builder does not guarantee against cracks in concrete and foundations, repairs needed due to adverse forces of nature, repairs needed due to expansion or contraction of wood or like materials. Existing warranties from manufacturers of installed components will be transferred to Buyer at Closing. Seller/Builder will provide the following warranty or warranties:

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**12. EXTRAS OR CHANGES:** If applicable, items Buyer and Seller/Builder agree to during the construction phase of this New Construction Addendum to the Real Estate Contract will be handled as follows:

a. Payment:

- 1. Only items agreed to in the original specifications will be paid for by Buyer.
- 2. All extras will be paid for by Buyer upon agreement to their installation and all money tendered will be considered additional Non-refundable Deposit. Any credits due Buyer will be given at Closing.
- 3. All extras will be paid for by Buyer or credit given to Buyer at Closing.

b. Method of Agreement:

- 1. Only written agreements for extras will be allowed to be charged to Buyer.
- 2. Written and verbal agreements will be allowed to be charged to Buyer.

**13. INSPECTION AND REPAIRS:** Seller/Builder will construct the home to meet all the requirements of this New Construction Addendum and upon completion Buyer shall have the right to inspect the Property to make sure the construction has been performed properly. Buyer may use a representative who regularly provides such services to perform the inspection. Buyer and Seller/Builder agree this is a new home and that warranty performance is a normal part of buying a new home. Seller/Builder agrees to have all utilities connected and turned on to subject Property to allow Buyer to do final inspection.

**14. TERMITE:** Seller/Builder agrees to provide Buyer with a one-year termite control warranty on Property. Buyer agrees Buyer is responsible for renewal of this termite policy annually.

**15. ALL BILLS PAID:** Seller/Builder warrants that as of Closing all bills will be paid and that no outstanding bills for materials or labor are owed on the Property. Buyer understands that a local municipality may have assessed impact fees to new construction. The party responsible for paying this assessment has been determined by state, county, municipal and other government entities having jurisdiction of the Property.

**16. CODE COMPLIANCE:** Seller/Builder agrees the construction will/does meet or exceed all building codes applicable to the area for new residential construction and will be/has been approved by the proper local authorities certifying adherence to regulations, requirements and zoning restrictions. Seller/Builder agrees the construction will be/has been inspected by all necessary governmental bodies. Seller/Builder agrees the construction will be/has been in compliance with all Bills of Assurance that may affect the Property.

**IMPORTANT NOTICE:** Many counties and smaller municipalities in Arkansas have very limited building inspections. Buyer is encouraged to perform an inspection as provided in Paragraph 13 of this New Construction Addendum and is not relying on Listing Firm or Selling Firm regarding whether building codes have been met or building inspections have been performed.

**17. FINANCING WHILE UNDER CONSTRUCTION:** Seller/Builder will secure financing while the home is under construction, if necessary. All loan costs, Closing costs and interest on this temporary financing will be paid for by Seller/Builder, unless otherwise agreed in writing.

**18. UNFORESEEN PROBLEMS:** Buyer understands and agrees that if unforeseen problems occur such as architectural mistakes and site-condition problems, Seller/Builder may make revisions to the plans and specifications in order to complete the construction.

**19. EASEMENTS AND ENCROACHMENTS:** Seller/Builder agrees to construct the agreed home inside the required building setbacks and outside any recorded easements or encroachments on the Property. Seller/Builder only warrants the construction being built is in compliance with the governing ordinances and has no responsibility for future expansion plans of the Buyer.

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This New Construction Addendum, upon its execution by both parties, incorporates by reference all provisions of the above-referenced Real Estate Contract not expressly modified herein.

This New Construction Addendum may be executed in multiple counterparts each of which shall be regarded as an original hereof but all of which together shall constitute one in the same.

EXPIRATION: This New Construction Addendum expires if not accepted on or before  
(month) \_\_\_\_\_ (day) \_\_\_\_\_, (year) \_\_\_\_\_, at \_\_\_\_\_ (a.m.)(p.m.).

THIS IS A LEGALLY BINDING ADDENDUM WHEN SIGNED BY THE PARTIES BELOW. READ IT CAREFULLY. YOU MAY EMPLOY AN ATTORNEY TO DRAFT THIS FORM FOR YOU. IF YOU DO NOT UNDERSTAND THE EFFECT OF ANY PART, CONSULT YOUR ATTORNEY BEFORE SIGNING. REAL ESTATE AGENTS CANNOT GIVE YOU LEGAL ADVICE. THE PARTIES SIGNED BELOW WAIVE THEIR RIGHT TO HAVE AN ATTORNEY DRAFT THIS FORM AND HAVE AUTHORIZED THE REAL ESTATE AGENT(S) TO FILL IN THE BLANKS ON THIS FORM.

THIS FORM IS PRODUCED AND COPYRIGHTED BY THE ARKANSAS REALTORS® ASSOCIATION. THE SERIAL NUMBER BELOW IS A UNIQUE NUMBER NOT USED ON ANY OTHER FORM. THE SERIAL NUMBER BELOW SHOULD BE AN ORIGINAL PRINTING, NOT MACHINE COPIED, OTHERWISE THE FORM MAY HAVE BEEN ALTERED. DO NOT SIGN THIS FORM IF IT WAS PREPARED AFTER DECEMBER 31, 2008.

**FORM SERIAL NUMBER: 000000-000000-000000**

The above New Construction Addendum is executed on  
(month) \_\_\_\_\_ (day) \_\_\_\_\_, (year) \_\_\_\_\_, at \_\_\_\_\_ (a.m.)(p.m.).

Selling Firm \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Principal or Supervising Broker

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Selling Agent

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Buyer

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Buyer

The above New Construction Addendum is executed on  
(month) \_\_\_\_\_ (day) \_\_\_\_\_, (year) \_\_\_\_\_, at \_\_\_\_\_ (a.m.)(p.m.).

Listing Firm \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Principal or Supervising Broker

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Listing Agent

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Seller/Builder

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Seller/Builder

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## The following information shall be provided by Seller/Builder upon acceptance of the Real Estate Contract.

**1980 FTC Ruling Insulation Requirements:** This information is supplied in accordance with the 1980 FTC requirement and is/will be the insulation in the Property at completion of construction. Seller/Builder will provide the following insulation in the Property:

	Type	Thickness	R-Value
<b>Walls</b>			
<input type="checkbox"/> Exterior (Heated & Cooled)	_____	_____	_____
<input type="checkbox"/> Interior (Specify): _____	_____	_____	_____
<input type="checkbox"/> Garage	_____	_____	_____
<input type="checkbox"/> Basement (Specify): _____	_____	_____	_____
<b>Ceilings</b>			
<input type="checkbox"/> Attic (Heated & Cooled)	_____	_____	_____
<input type="checkbox"/> Attic (Specify Other): _____	_____	_____	_____
<input type="checkbox"/> Between Levels (Heated & Cooled)	_____	_____	_____
<input type="checkbox"/> Garage	_____	_____	_____
<input type="checkbox"/> <b>Basement/Crawlspace</b>	_____	_____	_____
<input type="checkbox"/> <b>Other</b>	_____	_____	_____

The above insulation information has been furnished by Seller/Builder and is relied upon by Buyer, Listing Firm and Selling Firm.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_, 2008

Printed Name: \_\_\_\_\_ Contractor's License Number \_\_\_\_\_  
 Seller / Builder

The above insulation information was provided by Seller/Builder and accepted by Buyer this (month) \_\_\_\_\_ (day) \_\_\_\_\_, (year) \_\_\_\_\_, at \_\_\_\_\_ (a.m.)(p.m.).

\_\_\_\_\_  
 Selling Firm

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
 Principal or Supervising Broker

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
 Selling Agent

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
 Buyer

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
 Buyer