

**PURCHASE CONTRACT, RECEIPT AND ESCROW
INSTRUCTIONS**

This Purchase Contract, Receipt and Escrow Instructions (the Contract) are entered into this _____ day of _____, 20____, by and between.

SELLER: AZNORTH Development
 2410 E Route 66, Flagstaff, AZ 86004

PURCHASER: Name _____
 Street Address _____
 City, State, Zip _____
 Home Phone _____ Work Phone _____

AGENCY CONFIRMATION

SELLING AGENT _____ Office _____
Is representing the buyer as a Buyer's Broker _____
Is representing both Buyer and Seller as a Limited Dual Agent _____
Is representing the Seller as Seller's Agent _____

Title will be taken as: Joint Tenants with Rights of Survivorship _____
(Check one)
 Community Property _____
 Community Property with Rights of Survivorship _____
 Sole and Separate Property _____
 To be determined before close of escrow _____

Under the following terms and conditions:

1. PURCHASE. Seller hereby agrees to sell and Purchaser hereby agrees to buy for the price and terms set forth herein that certain property, together with all rights and appurtenances thereto, situated in the COUNTY OF COCONINO, STATE OF ARIZONA, described as follows:

Lot #_____, Rio Homes, created and shown on the plat of record in the office of the County Recorder of Coconino County, Arizona, recorded in Case 9, Map 44-44K.

Property Street Address _____, Flagstaff, AZ 86001.

Initial Seller _____

Initial Buyers _____/_____

Buyer represents and warrants that it intends to occupy the property as:

- _____ Primary residence.
- _____ Secondary residence.
- _____ Buyer does not intend to occupy the property

2. PURCHASE PRICE. Purchaser agrees to pay to Seller a total purchase price as follows:

- \$ _____ **Full Purchase Price paid as outlined below.**
- \$ _____ Earnest money – To be held by Broker until offer is accepted.
- \$ _____ Additional earnest deposit to be released to Seller if applicable.
- \$ _____ Balance of down payment due on or before close of escrow.
- \$ _____ Balance of purchase price – due before close of escrow.

All Earnest Money to be deposited with:

- _____ Fidelity National Title upon acceptance of this contract.
- _____ Fidelity National Title, Release to seller by _____, 20____.

ANY UPGRADES FROM SCHEDULE A OR CHARGES FOR ANY CHANGES ARE TO BE PAID DIRECTLY TO BUILDER WHEN UPGRADES ARE REQUESTED.

3. APPLICATION FOR FINANCING. Purchaser will _____ will not _____ need a permanent loan to finance this transaction. If Purchaser has indicated he will need a permanent loan to finance this transaction, he agrees to make application for said loan within five (5) business days and that he will furnish all necessary information required by the proposed lender. Purchaser will diligently and in good faith cooperate with Seller and the institutional lender in the procedures for qualifying Purchaser for a mortgage.

Within ten (10) calendar days after acceptance of this contract, Purchaser must place in escrow a written conditional loan approval from the lender based on a completed loan application and Trimerged Residential Credit Report (TMRCR). If such conditional loan approval is not received within the time specified, the Seller may, at Seller’s option, give Purchaser a five (5)-calendar day written notice to perform. If Purchaser does not deliver to Escrow Company written conditional loan approval within said 5 days, then this Contract shall be deemed canceled and all earnest money shall be released to Purchaser without further written consent of the parties. Purchaser instructs lender to send copies of such approval to Broker(s) and Seller. Purchaser authorizes the lender to provide loan status updates to Broker(s). It is understood and agreed that all expenses incidental to any such loan shall be the obligation of the Purchaser.

4. CONVEYANCE. Conveyance shall be made to Purchaser, or as directed by Purchaser, by Seller’s delivery to purchaser of a general warranty deed subject to recorded Covenants, Conditions, and Restrictions.

5. ESCROW. Seller and Purchaser hereby employ Fidelity National Title as Escrow Agent and hereby adopt the Standard Printed Terms of the Escrow Instructions now used by Escrow Agent except as modified. In the event of any conflict between the terms of the standard printed terms of Escrow Instructions now used by Escrow Agent and the terms of this contract, the terms contained in this Contract shall prevail. Purchaser agrees to submit all information and execute all documents as requested by Escrow Agent within

Initial Seller _____

Initial Buyers _____/_____

five (5) days of being requested to do so in writing by Escrow Agent.

Failure or refusal by Purchaser to execute such documents within this prescribed time period shall entitle Seller, in addition to all other rights and remedies granted hereunder, to cancel this Contract.

6. COMPLETIONS AND CLOSING OF ESCROW. Seller will make a diligent effort to complete construction and close escrow by _____, 20_____. In no event will completion exceed two (2) years from the date of this contract. Closing of escrow shall occur (Buyers must select a or b):

(a)_____on or before the stated close date

Should construction be complete later than the above referenced date, and unless the Seller agrees in writing to change this date, the Buyer must close escrow. In the event that escrow has closed and the property does not have a city issued certificate of occupancy the Seller will pay the Buyers through escrow \$50.00 a day until occupancy is allowed. These funds will be released to the Buyers within ten (10) days of permitted occupancy.

(b)_____when occupancy is permitted.

Should construction be completed earlier than the above referenced date, Seller shall notify Purchaser of such in writing and the completion date shall be amended to be the next business day after the newly established completion date.

No person other than the Seller or an Authorized Agent of Seller has any authority to so bind Seller. Buyers may not rely upon the same unless evidenced in writing. Buyers understand that if closing does not take place at the scheduled date it is their responsibility to arrange for accommodations if needed. Purchasers assume all risks when locking in their loan should their lock expire due to closing date extensions.

The construction of the home shall be completed in substantial compliance with plans and specifications on file with the Seller. Seller shall have the right and authority to substitute, at any time, in Seller's sole and absolute discretion, any materials or fixtures of substantially comparable or of better quality.

The closing shall take place at the Title Company or at such other location or by such other means as Seller may designate. Seller and Purchaser instruct the escrow agent to accept this instrument as its escrow instructions. Purchaser shall pay the fee for recording the deed and seller shall pay the fee for recording the affidavit of value. Insurance, taxes and assessments with respect to the property shall be prorated as of the earlier of the close of escrow or the time purchaser shall assume possession of the property. As between Seller and Purchaser costs of fees arising from Purchaser's transactions for permanent financing shall be paid by Purchaser.

7. SELECTIONS. Unless otherwise approved by Seller, in writing, Purchaser has ten (10) days from the date of this contract in which to choose all colors by executing Seller's selection chart (Schedule A), by this reference made a part hereof. Seller shall not be responsible for error made due to changes after the original selection.

Purchaser understands and agrees that, in the event the Seller's selection sheet is

Initial Seller _____

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Initial Buyers _____/_____

not completed and executed on or before the prescribed date, Seller is hereby authorized to make the necessary selections.

8. MEMBERSHIP. Purchaser understands that upon the close of escrow he shall be member of the following property owner's association and will be required to pay the following dues to such association. The first six (6) months of dues will be collected at close of escrow. Future dues will be payable annually.

RIO HOMES HOME OWNER'S ASSOCIATION
Current Dues \$65.00 Monthly

Purchaser acknowledges that the above referenced dues structure may be subject to change. Purchaser additionally agrees to be bound by the Articles of Incorporation and the Bylaws of the above referenced associations and to all Declarations and Supplemental Declarations of Covenants and Restrictions, which are filed of record.

9. NO ORAL CHANGES OR REPRESENTATIONS. Seller wishes to avoid any misunderstandings concerning the purchases of the Unit and it is the policy of the Seller not to enter into any oral agreement or to ask Purchaser to rely on any oral representations concerning the Unit. The entire agreement between Purchaser and Seller must be expressed in writing. PURCHASER ACKNOWLEDGES THAT THERE ARE NO UNDERSTANDINGS, REPRESENTATIONS OR PROMISES OF ANY KIND THAT HAVE BEEN MADE TO INCLUDE THE EXECUTION OF THIS CONTRACT AND THAT THIS CONTRACT SETS FORTH IN FULL THE ENTIRE AGREEMENT AND UNDERSTANDINGS BETWEEN THE PARTIES. PURCHASER FURTHER ACKNOWLEDGES THAT IT HAS NOT RELIED ON ANY ORAL AGREEMENT, STATEMENT, REPRESENTATION OR OTHER PROMISES THAT IS NOT EXPRESSED IN WRITING IN THIS CONTRACT. No salesman or Broker has any authority to modify the terms herein not any authority to make any representations or agreements not contained in this Contract and no person on behalf of Seller is authorized to make any future oral agreement upon which Purchaser may rely to cancel change or modify any portion of this Contract. This Contract supersedes any and all prior understandings and agreements. This Contract may be amended or modified only by an agreement in writing signed by Purchaser and Seller.

10. INSULATION. The Federal Trade Commission's trade Regulation, effective September 29, 1980, regarding labeling and advertising of home insulation require us to indicate the following for air-conditioned and heated areas only:

Exterior walls R-value	<u>19</u>
Ceilings R-value	<u>30</u>

11. FIXTURES AND ATTACHED EQUIPMENT. Unless specifically excluded herein, all fixtures and attached equipment, if any, are included in the purchase price. Such fixtures shall include all items bolted, nailed, screwed, buried or otherwise attached to the real property in a permanent manner.

12. CHANGE ORDERS. The total purchase price may be increased if Purchase executes any change orders requiring deviation from the standard plans and specifications for the Unit being purchased. Any such change order will contain the price to be paid by Purchaser for the changes, and **full payment for such changes shall be made by**

Initial Seller _____

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Initial Buyers _____/_____

Purchaser, in current funds, at the time of execution of the change order by Purchaser. However, Seller may deny any requested change order for a modification of the plans and specifications, which would impede standard construction progress, and no modification will be permitted subsequent to the erection of the interior walls of the unit.

13. TIME. Time is of the essence of this contract.

14. POSSESSION. Both title to and possession of the Unit shall remain with Seller until this transaction is closed and a deed is delivered to Purchaser. Until all monies due and payable to Seller have been paid in full, all requisite documents have been executed, occupancy has been permitted, no furniture, fixtures, or personal property of any kind may be installed or placed in the Unit by Purchaser; neither Purchaser nor any other person(s) may occupy the Unit; and Purchaser may view, inspect or enter upon this Unit, ONLY WHEN ACCOMPANIED BY A REPRESENTATIVE of the Seller. Possession of or entry upon the Unit prior to delivery of the deed shall be a breach of this Contract, and the Seller shall, in its sole discretion, have the right to require Purchaser to vacate the Unit, and purchaser shall have the obligation to so vacate.

15. OBSTRUCTION. **Purchaser agrees that neither Purchaser or his guests, employees, agents or invitees shall restrict, modify, interrupt, harass or in any manner interfere with this development, sale, or operation of any property. So doing shall constitute on the part of Purchaser a breach of this Contract, and a failure to perform, and Seller shall be entitled to the remedies set forth herein in the event of a default on the part of Purchaser.** Purchaser also acknowledges that construction activity may continue subsequent to the closing of this transaction, and that same may cause some inconvenience to the Purchaser. Purchaser agrees to make no claim against Seller to its contractors as a result of such activity and further acknowledges that if Purchaser or a member of Purchaser's family or any guest, employees, agent or invitee of Purchaser shall enter onto any area of construction, he shall do so at his own risk of damage or injury to person or property and no claim shall be against Seller or any contractor or agent of Seller thereof. This paragraph shall survive the closing of this Contract.

Initial _____/_____
Buyer/Buyer

16. SELLER'S RETENTION OF RIGHTS IN THE PROJECT. For the purpose of completing the sale promotion of this project, of which the Unit is a part, until the sale of all Units in the project, Seller is hereby given full right and authority to maintain or establish at the project all models, sales office, advertising signs and banners and lighting, if any, in connection herewith, together with the right of ingress and egress and transient parking through the project. This clause shall survive the closing contemplated herein and the delivery of the deed to the Purchaser. Purchaser is advised that contrary to the terms and provisions contained herein, Purchaser may have additional rights, remedies and warranties beyond those contained in this Contract.

17. DEFAULT.

- a. If Seller fails to perform any of the covenants to this Contract, all monies paid by Purchaser pursuant hereto shall be returned to Purchaser, upon demand, and thereafter all parties shall be relieved of further liability hereunder, or Purchaser shall have the right to specific performance.

Initial Seller _____

Initial Buyers _____/_____

- b. If Purchaser fails to close on the scheduled closing date, Seller shall give Purchaser five (5) days to close. In the event Purchaser cannot comply, this contract will be canceled and Seller will retain all monies paid to him for upgrades and changes.
- c. In the event Purchaser has released additional funds to Seller as a down payment upon acceptance of this contract, such funds will be returned to Purchaser when Seller has sold and closed on said unit to another party and recouped the cost of carrying the unit past the original close date and any other costs due to buyer's non performance.

Initial _____/_____
Buyer/Buyer

18. INSPECTION. Purchaser shall be given a reasonable opportunity to examine his Unit with Seller's representative prior to closing of title, and at that time shall present to Seller an inspection statement (Punch List) signed by Purchaser detailing any defects in workmanship or materials. Notwithstanding that additional work may be required to resolve the "Punch List" items, if the Home is "livable" then the existence of such "Punch List" items will not render the Home incomplete. Minor items such as failure of operation of appliances, electric outlets, plugs or fixtures, touch-up painting, minor corrective work or changes and like shall not render the Home "non-livable". Seller shall be obligated to correct such at the Seller's costs within a reasonable period, but Seller's obligation to correct shall not be grounds for deferring closing of title or for imposing any condition of closing. Purchaser shall close on title to the property without credit or offset against the purchase price despite "Punch List" items or minor details customarily left incomplete until occupancy. Dimensions are approximate and may vary slightly, but not materially, from the plans. Buyer acknowledges that any reference in documents to square footage of the premises, both the real property and improvements to be constructed thereon, are approximate. If square footage is a material concern to the Purchaser it must be verified prior to close of escrow. A final signed punch list will be submitted to the Seller within thirty (30) days of close of escrow.

Initial _____/_____
Buyer/Buyer

19. ASSIGNMENT. This agreement is personal to Purchaser and may not be assigned or transferred by Purchaser without the prior written consent of the Seller, which consent may be arbitrarily withheld by the Seller in the Seller's sole discretion. Any attempted assignment in violation of the provision shall be void.

20. BINDING EFFECT. This Contract shall be binding upon, and inure to the benefit of, the heirs, successors, executors, administrators, and legal representatives of the respective parties.

21. AMENDMENTS. Seller shall not be bound by any purported amendment to this contract not in writing and signed by Seller, and Seller shall be entitled to refuse any changes in or additions to the plans and specifications, which Purchaser may request.

22. RISK. Seller shall assume risk, loss and/or damage to the property by fire or other casualty until the earlier of the close of escrow or the time Purchaser shall assume possession of the property.

Initial Seller _____

Initial Buyers _____/_____

23. EARLY COMPLETION. Upon the earlier of the close of escrow or Purchaser's occupying the property, Seller shall be deemed to have fully performed all of its obligations under this contract (except to deed the property to Purchaser if the escrow has not closed and except as is otherwise provided in Paragraph 9 and 18 hereof).

24. LIABLE. It is agreed that if this contract is signed by more than one Purchaser, each Purchaser shall be jointly and severally liable hereunder. This singular in number as used herein shall be deemed to include the plural, and the masculine gender shall be deemed to include feminine and neuter, whenever the context requires.

25. VALIDITY. The invalidity or enforceability of any provision of this contract shall not affect or impair the validity or enforceability of any other provisions hereof.

26. CANCELLATION. In the event of any cancellation by either party as authorized by this contract, Purchaser shall have no further right, title or interest in and to the property. Prior to refund of any deposits to Purchaser (if Purchaser is entitled to any refund), Purchaser shall execute whatever documents are requested by Seller to effect said cancellation.

27. APPLICABLE LAW. The applicable law regarding the interpretation of this Contract or any controversy arising from this Contract shall be the law of the location of the real property, which is subject to this Contract.

28. OTHER CONDITIONS. Only a cashier's check, certified funds, or wire transfer will be acceptable as cash due from the Purchaser at closing.

29. ACKNOWLEDGEMENTS. Purchaser hereby acknowledges, certifies and affirms that the statements initialed below are true and accurate:

a. Prior to the execution hereof, Purchaser has personally inspected Rio Homes Development. Initialed _____

b. Prior to the execution hereof, Purchaser has received a copy of the Covenants, Conditions, and Restrictions. Initialed _____

c. The law and regulations of the real estate commissioner requires that owner, agent or sub-divider of this subdivision furnish you, as a prospective customer, with a copy of the public report as approved by the Arizona Department of Real Estate. It is recommended that you read the public report prior to making any written offer to purchase or lease an interest in the subdivision and before you pay any money toward the purchase or lease of an interest in the subdivision. Initialed _____

For your protection please do not sign this receipt until you have received a copy of the public report on Rio Homes and have had the opportunity to read it. I understand the report is not a recommendation or endorsement of the subdivision, but it is for information only. I hereby acknowledge receipt of the public report.

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Initial Buyers _____/_____

30. PRINCIPAL AS LICENSEE. Licensee shall not act as a Seller, directly or indirectly, in a real estate transaction without informing the other parties to the transaction, in writing prior to or concurrent with any binding agreement, that he or she has a real estate license and is acting as a principal. **BUYERS TO UNDERSTAND THAT TOM BREWSTER, (PRESIDENT OF AZNORTH DEVELOPMENT, INC.) IS A LICENSED REAL ESTATE BROKER IN THE STATE OF ARIZONA.**

31. BROKERS. Seller agrees to pay Purchaser's Broker a commission only as agreed to in writing between Seller and Purchaser's Broker. Purchaser agrees that Seller is not responsible for any representations or statements of Purchaser's Broker that are inconsistent with those set fourth herein.

The attached "Addendum to Purchase Contract" shall be considered a part of this contract and incorporated therein by this reference if this box is checked.

Acceptance: This is an offer to purchase the premises. Unless acceptance is signed by Seller and a signed copy delivered in person, by mail, or facsimile, and received by Buyer or by Selling Agent by _____, _____ at _____:_____AM/PM, MST, or unless this offer to purchase has been previously withdrawn by Buyer, this offer to purchase shall be deemed withdrawn and the Buyer's earnest money shall be returned.

In witness whereof, this Purchase Contract, Receipt and Escrow Instructions is executed on the day and year first written above and Purchaser hereby acknowledges receipt of a copy of this Contract. The purchaser must be given a copy of the Public Report of the Arizona Department of Real Estate prior to the signing of this document.

_____	_____	_____	_____
Purchaser	Date	Purchaser	Date
_____		_____	
Address		Address	
_____		_____	
City, State, Zip		City, State, Zip	

Counter Offer is attached, and is incorporated herein by reference. If there is a conflict between this contract and the counter offer, the provisions of the counter offer shall be controlling.

AZNORTH Development, Inc.

_____	_____
Authorized Representative or Seller	Date
Broker log No. _____ Manager's initials _____	Broker's initials _____ Date _____
Initial Seller _____	Initial Buyers _____/_____