

Johnstone Homes LLC

10700 Murdock Road
Knoxville, TN 37932
865.671.9196

**REAL ESTATE SALES CONTRACT
(Property and Improvements)**

1. CONTRACTING PARTIES: _____ ("Buyer(s)") hereby agrees to buy and **Johnstone Homes LLC** ("Seller") hereby agrees to sell the following real property on the terms stated in this contract, and upon the acceptance by Seller of the terms of the Buyer(s) offer, hereinafter set forth.

2. LOCATION AND LEGAL DESCRIPTION OF PROPERTY: Street No _____
Street _____ City _____ County _____
State _____ Zip _____ Subdivision _____
Lot No. _____ Unit _____

3. PRICE AND TERMS: Buyer(s) agree to pay _____ Dollars (\$ _____) for this property under the following terms and conditions:

This contract () is or () is not contingent upon the Buyer(s) obtaining financing in the amount of \$ _____. Buyer(s) shall pay for any costs in excess of the purchase price stated herein unless waived in writing by the Seller.

4. TAXES, ASSESSMENTS AND INSURANCE: All taxes, assessments and insurance premiums shall be paid by the Buyer(s). The current year's real estate taxes, assessments and insurance premiums, if any, shall be prorated as of the date of closing unless otherwise stated herein. All other taxes and assessments shall be current as of the date of closing.

5. FINANCING: The purchase or contract price is to be fully paid in cash, when and if the financing agreed to herein is approved and closed. If the contract is expressly contingent upon Buyer(s) obtaining financing and Buyer(s) is unable to obtain financing for the amount agreed, this contract can be cancelled by Buyer(s) and the earnest money deposit will be refunded. The Buyer(s) agree to make application for the necessary financing to conclude this contract within three (3) days of acceptance and agree to furnish all necessary information or documents as required for the approval of this loan, and shall not withdraw the loan application. The Buyer(s) agrees to execute loan documents when the loan is ready to close and the terms of this contract have been carried out. Buyer(s) shall pay the loan costs and prepaid items which are in excess of the total purchase price, unless otherwise stated herein.

6. EARNEST MONEY DEPOSIT: Buyer(s) has paid earnest money in the amount of (\$ _____), receipt of which is hereby acknowledged which shall be deposited within three (3) days and held in escrow/trust account of _____. The earnest money deposit shall be credited toward the purchase price stated herein, and as a guarantee of specific performance of this contract.

Additional Earnest Money Deposit: _____

7. EARNEST MONEY DISBURSEMENT: The parties understand and agree that disbursement of the earnest money deposit can only occur at closing or upon default by Buyer(s) or Seller, or upon failure of a loan approval if expressly contained herein. Notwithstanding the foregoing, in the event of a dispute regarding disbursement of the earnest money deposit, the holder thereof shall have the right to file an interpleader action and deposit such funds with the court and thereafter have no responsibility with respect to such funds.

8. CLOSING AND OCCUPANCY: This sale is to be closed on or before _____ **or upon completion of construction** and the Seller shall grant possession of this property to the Buyer(s) at closing, unless otherwise stated herein: _____

Unless otherwise specified, the Closing shall be held at the offices of Landmark Title, located at 10706 Murdock Road, Knoxville, TN 37932. Seller and Buyer shall be responsible for one-half of the costs of preparation of the Warranty Deed and closing fees. The Buyer is responsible for all recording and state fees, working capital fee, Title Insurance, and all costs associated with any financing which the Buyer might obtain, and any other related costs and expenses.

9. COMPENSATION OR COMMISSIONS: Seller agrees to pay _____, the Realtor who negotiated this sale, a commission pursuant to any listing agreement between Seller and said Realtor. Seller shall not be responsible for payment of any other commission.

10. TITLE: In case merchantable title cannot be obtained which is acceptable to Buyer(s) lender or for which title insurance cannot be secured, the earnest money deposit is to be returned to Buyer(s) and this contract shall be null and void. In case curative legal action is necessary to perfect the title of Seller, such action must be taken by the Seller promptly and at its own expense, whereupon the time herein specified for closing and occupancy shall be extended for the period necessary for such prompt action. The Seller shall convey property to the Buyer(s) by warranty deed free of encumbrances except (1) taxes that are not yet due or payable, (2) restrictive covenants of record, (3) easements of record, and (4) if applicable, Master Deed and/or Bylaws of Condominium and/or Homeowner's Association.

11. NEW HOME LIMITED WARRANTY: Seller agrees to provide Buyer a New Home Limited Warranty prior to closing. Buyer acknowledges that *no warranty* of any kind shall exist with respect to any item, appliance or fixture that is not purchased through the Seller, nor to any labor performed or provided by anyone other than Seller.

12. CONSTRUCTION ACCORDING TO PLANS: In the event the personal residence has not been completed prior to execution of this contract, Seller further agrees that the Residence shall be constructed according to plans, drawings and specifications: (a) designated herein and attached hereto as Exhibit 1, and the description of materials set forth on FHA Form 2005 designated herein and attached hereto as Exhibit 2 if applicable or (b) generally described as follows: _____

In the interest of continuous improvement and Buyer preferences, Seller reserves the right to change, alter or modify specifications, materials and designs. Buyer further understands that Seller will contract with Sentinel Builders, Inc. to construct the personal residence.

13. CHANGE ORDER POLICY: Any changes to this contract relative to the construction of a custom home may only be made through a written Change Order. Change Orders will be submitted by Seller to Buyer for both Credits and Debits to a project. If a Change Order is not executed by all parties within three (3) days, such Change Order shall be deemed void. Any Change Order which increases the total contract price as set forth in paragraph 3 by more than \$2,500.00, shall be paid in full by Buyer upon execution of the Change Order.

14. EXTENSION OF TIME DUE TO CHANGES: Further, Buyer(s) agree(s) that Seller shall be allowed a reasonable extension of time in which to complete work regarding Change Orders, additions and/or changes made to the original plans, drawings, and specifications not the result of Seller's neglect or omission

15. REPRESENTATIONS AND WARRANTIES: Selling Agent and/or Broker makes no representations or warranties concerning the condition of the subject property whatsoever. It is solely the Buyer(s) responsibility to determine that the zoning regulations, health regulations and ordinances of the city, town, village, county and/or state will allow Buyer(s) intended use of the property and neither Agent/Broker nor Seller makes any representations or warranties relating thereto.

16. CONTRACT PERFORMANCE: Time is of the essence of this contract. If Buyer(s) should default under this contract or otherwise fail or refuse to carry out the terms of this contract, Seller shall be entitled to the earnest money deposit, and in addition, Seller may at its option bring suit either to enforce the contract by specific performance or may sue for damages suffered as a result of the failure of Buyer(s) to carry out the terms of this contract. If Seller defaults in the performance of this contract, Buyer(s) may reclaim the earnest money deposit as their sole and exclusive remedy.

17. ARBITRATION CLAUSE: Any dispute, controversy or claim arising out of or relating to this contract or the breach, termination or invalidity thereof, shall be referred to and finally resolved by binding arbitration in accordance with the rules and procedures of the Construction Industry Arbitration Rules of the American Arbitration Association unless the parties mutually agree otherwise in writing. Judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

18. ACCEPTANCE: If the Seller does not accept and notify the Buyer(s) by _____, then

this offer is void and no contract shall arise, in which case the earnest money shall be returned to the Buyer(s). Buyer(s) understands that the Seller reserves the right to accept or consider any other offers prior to Seller(s) accepting this offer.

19. ENTIRE AGREEMENT AND GOVERNING LAW: This Contract represents the entire agreement between the undersigned parties. No verbal agreements made before the signing of this Contract shall be binding upon either party. The laws of the State of Tennessee shall control in interpreting this agreement. Add attorneys' fees to prevailing party. If it shall be necessary for either Purchaser or Seller to employ an attorney to enforce its rights pursuant to this Contract, the non-prevailing party shall reimburse the prevailing party for its reasonable attorneys' fees. The provisions of this Section shall survive the Closing or termination of this Contract.

20. VISITS TO PROPERTY: Buyer and/or Buyer's representatives shall have the right to enter the Property at Buyer's expense and at reasonable times (including immediately prior to closing) to thoroughly inspect, examine, test and survey the Property. Buyer agrees to make every reasonable effort to notify the Seller of his or her intent to visit the Property. *Buyer agrees to assume all liability for the acts of themselves, their invitees, inspectors and/or representatives in exercising their rights under this paragraph and agree to indemnify and hold Seller and Seller's representatives harmless from and against any and all loss, injury, damages or*

costs arising out of or resulting from Buyer's presence on the Property. No children under the age of eighteen (18) shall be permitted on-site prior to closing.

Initials for Visits to Property above: _____seller _____buyer

21. COVENANTS AND RESTRICTIONS: Buyer acknowledges that they have received and read the Master Deed and/or Declaration of Covenants and Restrictions for the subdivision pertaining to this contract.

Initials for Covenants and Restrictions above: _____seller _____buyer

22. OTHER TERMS & CONDITIONS:

23. WAIVER: Failure of Seller to insist upon the strict performance by the other party of any term, condition or covenant to be performed pursuant to the terms of this Agreement or to exercise any right, power or remedy contained in this Agreement shall not be deemed nor construed as a waiver of such performance or relinquishment of such right now or subsequent hereto.

This is a legal document and each party to this contract must read carefully and fully understand the conditions and terms as set forth in this Real Estate Sales Contract. The Agent(s) serve only as real estate brokers in connection with this transaction and cannot give legal advice to any party. Plurals used herein are to be read in the singular where appropriate, if the Buyer and Seller consist of one person or entity. Buyer(s) and Seller(s) acknowledge that they have read and understand this contract and have received a copy hereof.

Date Executed _____

Buyer _____

Agent _____

Buyer _____

Date Executed _____

Seller: **Johnstone Homes LLC, a Tennessee limited liability company**

Agent _____

By: _____

Its: _____