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BUILDING MATERIALS ADDENDUM

This Addendum (“Addendum”) is made this ___ day of _____, 20__ by and between _____ (hereinafter referred to as “Builder/Seller”) and _____ (hereinafter referred to as “Owner/Buyer”).

WHEREAS, Builder/Seller and Owner/Buyer entered into a Agreement of Sale or Contract for Remodeling dated _____, 20__ (the “Agreement”) in connection with the construction or remodeling of the residence located at _____ (the “Residence”); and

WHEREAS, the parties desire to enter into this Addendum for the purpose of providing for the adjustment of the contract price/sales price for the Residence in the event of certain price increases associated with the building materials for the Residence.

NOW, THEREFORE, the parties agree that the existing Agreement is amended by adding the following provisions to the Agreement:

The contract price/sales price for the Residence has been calculated based on the current prices for the component building materials. However, the market for those building materials that are hereafter specified is considered to be volatile, and sudden price increases could occur. Builder/Seller agrees to use its best efforts to obtain the lowest prices from available building material suppliers, but should there be an increase in the prices of the specified materials set forth below that are purchased for the Residence after the execution of the Agreement, the Owner/Buyer agrees to pay that cost increase to the Builder/Seller. Any claim by the Builder/Seller for payment of a cost increase, as provided above, shall require prior written notice delivered by the Builder/Seller to the Owner/Buyer stating the increased cost, the building material or materials in question, and the source of supply, supported by invoices or bills of sale.

<u>Specified Building Material/</u>	<u>Current Price per (Unit of Measurement)/</u>	<u>Date/</u>	<u>Supplier</u>
1) _____	/ _____	/ _____	/ _____
2) _____	/ _____	/ _____	/ _____
4) _____	/ _____	/ _____	/ _____
5) _____	/ _____	/ _____	/ _____
6) _____	/ _____	/ _____	/ _____

In the event the cost of any of the above specified building material or materials, exclusive of any other price changes, that would cause the total contract price/sales price to increase by more than ____%, the Builder/Seller shall, before making any additional purchases of specified material or materials, provide to the Owner/Buyer a written statement expressing the percentage increase of the contract price/sales price, the building material or materials in question, and the dollar amount of the price increase to be incurred. The Owner/Buyer may then, at its option, either (i) approve such price increase; or (ii) terminate the Agreement by providing to Buyer/Seller, within ten (10) business days after receipt of such written statement, both written notice of termination, and payment to the Builder/Seller for all costs expended in performance of the Agreement to the date of termination, plus payment of a prorated percentage of the Builder/Seller's profits based on the percent of completion. Should both notice of termination and full payment not be forthcoming within ten (10) business days, as provided herein, the Builder/Seller shall have the option to terminate the Agreement, or to proceed with the Agreement and purchase the specified building materials at the increased price. If termination is elected, the Builder/Seller shall provide to the Owner/Buyer a written notice of termination, and the Owner/Buyer shall be required to pay the Builder/Seller for all his costs expended in performance of the Agreement to the date of termination, plus payment of a prorated percentage of the Builder/Seller's profits based on the percent of completion. If the Builder/Seller elects to proceed on the Agreement, it may then purchase the specified material or materials at the increased price, and the Owner/Buyer shall be required to pay the increased cost incurred.

In the event of any inconsistency between the provisions of the Agreement and the Addendum, this Addendum shall control.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date first above written.

BUILDER/SELLER:

By: _____

Its: _____

OWNER/BUYER:

By: _____

Its: _____