

**ADDENDUM NO. 1
TO
REAL ESTATE PURCHASE CONTRACT**

REPURCHASE OPTION AGREEMENT

This Repurchase Option Agreement ("**Agreement**") is entered into by and between _____, hereafter called "**Buyer**," and Dry Canyon Homes, LLC, a Utah limited liability company, hereafter called "**Seller**." This Agreement is an Addendum to the Real Estate Purchase Contract referenced below.

RECITALS

A. Buyer and Seller have entered into a Real Estate Purchase Contract dated _____ ("**REPC**") for Buyer's purchase of the real property described therein, which real property is situated in Washington County, Utah (hereafter the "**Property**").

B. The Property is located within _____, a planned unit development, which Seller, as the developer of _____, intends to be a stabilized community of residential townhomes and, in furtherance of this intent, desires to avoid artificial inflation of prices caused by resales by speculators and to prevent scarcity caused by vacant homes awaiting resale by speculators.

C. Buyer hereby warrants, represents, and acknowledges that Buyer has purchased the Property from Seller for primary use as a year-round residence, as a secondary home, or for rental purposes and not for the primary purpose of immediate resale or for speculation, and in accordance with said warranty, representation, and acknowledgement, grants to Seller the option to purchase the Property back from Buyer or to obtain a percentage of the consideration received by Buyer as more particularly set forth in the terms below.

AGREEMENT

1. **GRANT OF OPTION.** Buyer hereby grants to Seller the following option as it relates to the Property. In the event Buyer, or its successors, heirs, or assigns enters into any agreement for the conveyance, sale, or transfer of the Property, in whole or in part, within **twenty (24) months** from the effective date of this Agreement (hereafter "**Option Period**"), Seller shall have the option, at its discretion, to: (a) purchase the Property back from Buyer for the purchase price Buyer paid to Seller; or (b) obtain from Buyer an amount equaling ten percent (10%) of the gross sales price Buyer receives as a result of any conveyance, sale, or transfer, which amount shall be paid to Seller in cash or immediately available funds. Notwithstanding the above, in the event the Property sells for less than the purchase price Buyer paid to Seller and Seller does not exercise its option to purchase the Property back from Buyer under subsection (a), then Seller's option to obtain from Buyer 10% of the gross sales price under subsection (b) shall be deemed waived by Seller.

2. **BUYER'S OBLIGATIONS TO NOTIFY.** Buyer shall have the obligation to notify Seller of any agreement entered into by Buyer for the conveyance, sale, or transfer of the Property within ten (10) business days of the date of such an agreement.

3. **EXERCISE OF OPTION.** In the event Seller decides to exercise the options granted herein, Seller shall give notice to Buyer of the same within ten (10) business days from the date of receipt of notice from the Buyer that Buyer has entered into an agreement for the conveyance, sale, or transfer of the Property. The option shall be deemed exercised upon Seller providing written notice of such exercise in accordance with **Section 5** of this Agreement.

4. **HARDSHIP WAIVER.** Notwithstanding anything herein to the contrary, the following shall not be deemed to constitute a conveyance, sale, or transfer of the Property which triggers the option

granted Seller herein: Buyer's transfer of the Property into a trust or similar estate planning device in which Buyer primarily resides on the Property; Buyer's required relocation as part of his/her career or vocation; religious service; or government or military service. Seller may, in its sole discretion, consider other matters creating a financial hardship on Buyer requiring Buyer to sell or convey the Property to endure the same, but shall be under no obligation grant a waiver in any case.

5. **NOTICES.** All notices to be given under this Agreement shall be given in writing and shall be deemed given when hand delivered or when deposited in the U.S. mail, postage prepaid, registered or certified, to the address shown below of the party entitled to receive notice.

6. **EFFECTIVE DATE.** The effective date of this Agreement shall be the date on which the Agreement is signed by Buyer.

7. **RECORDING OF NOTICE OF OPTION.** A notice of this Agreement and the option granted Seller herein shall be recorded at the original closing date of the Property.

8. **SUBORDINATION OF RIGHTS.** Seller's right of repurchase shall be subordinate to the rights of any bona fide lending institution making a first deed of trust loan secured by the Property to Buyer hereunder and any such deed of trust lender shall take title free of all rights of repurchase in favor of Seller in the event of any foreclosure or deed in lieu of foreclosure.

9. **CLOSING ON REPURCHASE.** In the event Seller exercises its option to repurchase the Property, Seller shall be responsible for all closing costs assessed by the title company in relation to such closing. Buyer shall convey the Property to Seller by special warranty deed, free of any lien, encumbrance or exception to title placed on the Property subsequent to the original closing. Real property taxes and applicable assessments shall be pro-rated to the date of the closing on the repurchase. The closing for such repurchase shall occur not later than forty five (45) days following Seller's mailing of notice of its intent to exercise its repurchase option, or on such other date that Buyer and Seller may mutually agree in writing.

10. **TERMINATION OF OPTION.** Should Seller fail to exercise the option herein granted within the Option Period or otherwise fail to exercise its option in accordance with **Section 3**, this Agreement shall be void automatically without any further action by either party.

11. **SUCCESSORS AND ASSIGNMENT.** The rights and obligations of the parties under this Agreement shall inure to the benefit of and be binding on the successors and assigns of the parties hereto.

12. **SURVIVAL OF AGREEMENT.** Notwithstanding anything to the contrary contained in the REPC, the provisions of this Agreement shall survive closing on the Property and shall not be subject to the doctrine of merger.

BUYER(S)

SELLER

Dry Canyon Homes, LLC

By: _____
Its: _____

Date: _____

Date: _____

Address:

Address:

