

**CHELAN RESORT SUITES CONDOMINIUM
WARRANTY ADDENDUM TO
CONDOMINIUM PURCHASE AND SALE AGREEMENT
(Use Only With NWMLS Form 28)**

This Warranty Addendum (the "Warranty Addendum") is dated for reference purposes _____, 20___, and is made by and between _____ ("Buyer") and CHELAN RESORT SUITES CONDOMINIUM, a Washington limited liability company ("Seller"). It amends that certain Condominium Real Estate Purchase and Sale Agreement dated _____, 20_____, between Buyer and Seller (the "Agreement") as previously amended by the Addendum dated the same date as the Agreement (the "Standard Addendum"), relating to Unit _____ (the "Unit") in the Chelan Resort Suites Condominium (the "Condominium"). The terms in this Warranty Addendum with initial capital letters shall have the meaning given in the Standard Addendum unless a different meaning is stated herein.

The Standard Addendum requires that Buyer execute this Warranty Addendum to disclaim those implied warranties described in RCW 64.34.445 with regard to specified defects or failures to comply with law. This Warranty Addendum provides for the agreed-upon disclaimer.

NOW, THEREFORE, the parties agree as follows:

1. Implied Warranties. Subject to the modifications and exclusions stated in Section 2 and on attached Schedule 1, and the obligation to comply with the claims procedure stated in Section 5 and submit to arbitration pursuant to Section 6 below, Seller makes in favor of Buyer those implied warranties required by statute subject to all limitations now or hereafter included as part of that statute. RCW 64.34.445 provides that Seller warrants that the Unit and Common Elements of the Condominium are suitable for the ordinary uses of real estate of its type. In addition, RCW 64.34.445 provides that Seller warrants that any improvements constructed by Seller are: (i) free from defective materials, (ii) constructed in accordance with sound engineering and construction standards, (iii) constructed in a workmanlike manner, and (iv) constructed in compliance with all laws currently applicable to those improvements.

2. Matters Not Covered. If Buyer or Seller discover defects or failures to comply with law prior to closing, and Seller is not able to fix those defects or failures to comply with law in an economically viable manner, as determined by Seller in its sole

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Buyer's Initials _____

Seller's Initials _____

discretion, such that the Unit and Common Elements fully comply with those implied warranties described in RCW 64.34.445, then Seller will clearly and conspicuously disclose those remaining defects or failures on attached Schedule 1. Seller's obligation to close is conditioned upon the Buyer signing where indicated on Schedule 1 to acknowledge and accept Seller's disclaimer of the implied warranties as to each those remaining defects or failures, if any. If Buyer is not willing to execute these disclaimers, Seller may terminate the Agreement and Buyer shall receive a full refund of the earnest money as Buyer's sole remedy. Some of the matters described on Schedule 1 commonly occur in projects of the same type as the Condominium and, as a result, Seller has reason to know they exist in this project. To the extent an arbitrator or court of law determine that any of these matters are defects or failures that would otherwise breach the implied warranties, then they are hereby disclaimed.

3. Apparent Unit Defects. Buyer has had or will have at the time of possession the opportunity to make a detailed walk-through inspection of the Unit with a representative of the Seller (“Initial Inspection”) and to notify the Seller in writing of any defects in appearance or color of, or damage to, the surfaces and fixtures in the Unit (“Apparent Unit Defects”). Seller shall with reasonable promptness correct any Apparent Unit Defects which violate the implied warranties described in Section 1 above. Buyer waives all claims for any Apparent Unit Defects of which the Seller is not notified in writing at the time of the Initial Inspection, and the implied warranties shall not extend to any Apparent Unit Defects of which the Seller is not notified in writing at the time of the Initial Inspection. “Apparent Unit Defects” include defects, inconsistencies, non-conformity and pre-existing damage in and to: paint, wall coverings, ceilings, hardwood and other floor materials, carpets, tiling or ceramic surfaces, electrical and heating/cooling/ventilation fixtures, bathroom fixtures and hardware, door and window hardware, cabinets, countertops and other surfaces in the Units.

4. Apparent Common Element Defects. Seller is entitled to receive timely notice of any construction defects in the Common Elements in order to verify that such defects have not been caused by subsequent damage and in order to allow Seller the opportunity to correct such defects. Therefore, within sixty days after the termination of the period of declarant control provided in RCW 64.34.308(4), the Association shall notify Seller in writing of any defects in the Common Elements which are visible or of which the Association has knowledge (“Apparent Common Element Defects”). Seller shall with reasonable promptness correct any Apparent Common Element Defects which violate the implied warranties and of which the Association timely notifies Seller in writing. Buyer and the Association waive all claims for any Apparent Common Element Defects of which Seller is not timely notified in writing, and Seller disclaims the implied warranties as to any Apparent Common Element Defects of which Seller is not timely notified in writing. “Apparent Common Element Defects” include visible or apparent defects, inconsistencies,

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non-conformity and pre-existing damage in and to: decks, walkways, siding, exterior surfaces, roofs, gutters and drainage pipes, landscaping, retaining walls, foundations, garages, paved surfaces, paint, wall coverings, ceilings, hardwood and other floor materials, carpets, tiling or ceramic surfaces, electrical, plumbing and heating/cooling/ventilation fixtures, and door and window hardware.

5. Claims Procedure. Any requests for work under or any claims for breach of the implied warranties which is made by Buyer or by the Owners Association shall first be made in a writing entitled "Notice of Claim," and shall contain a reasonable description of the claimed defect. Each claim shall be mailed, postage paid, to:

Chelan Resort Suites LLC
Attn: Jeff Silesky
15600 NE 8th, Suite B-173
Bellevue, WA 98008

or to such other address as Seller shall provide to Buyer. Seller shall have the sole right to investigate and, if it determines that the claim is valid, to propose a resolution of the claim within 45 days after receipt of Buyer's claim or within such longer period as may reasonably be required due to the nature of the claimed defect. Seller shall not be responsible for exact matching of paint colors, or of textures or finishes of other materials. Further, Seller shall be entitled to substitute materials due to unavailability with materials of equal or better quality and type. If Buyer or the Owners Association, as the case may be, is dissatisfied with Seller's proposed cure, then the parties shall meet within 14 days in an effort to resolve the claim to the parties' mutual satisfaction. If after such a meeting, the claim remains unresolved, then, unless the parties otherwise agree in writing, the claim shall be resolved in accordance with the procedures set forth in Section 6 below. Seller shall not be responsible for any damages, costs or expenses as a result of the breach of the implied warranties including but not limited to costs of investigation, attorneys fees, and the cost to correct the claimed defect unless Buyer complies with this claims procedure. Buyer shall pay for all work and inspections done by Seller on items not covered by the implied warranties.

6. Arbitration. All disputes or claims relating to the Implied Warranties, including any claims relating to the modification or exclusion of the same, shall be resolved by mediation and arbitration conducted in King County, Washington, pursuant to Engrossed House Bill 1848, passed by the Legislature in the 2005 Regular Session.

7. Survival. The modifications and exclusions of the implied warranties stated in this Warranty Addendum shall survive the conveyance of title, delivery of

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possession of the Unit, or other final settlement between the Seller and Buyer, and shall be binding upon Buyer and Seller notwithstanding any provision to the contrary contained in the Agreement or other writing.

8. Seller's Right to Inspect. Seller shall be entitled (but shall not be obligated) to inspect any Common Elements at any time without notice to the Buyer or the Association. Upon at least two calendar days' written notice to Buyer, Seller shall be entitled (but shall not be obligated) to inspect the Unit until four years after Buyer takes possession of the Unit; Provided, however, if there is a pending action relating to the condition of any part of the Condominium, the required notice shall be five (5) days or any shorter time stated in a court order.

9. Defects Encountered in Construction Process. Buyer acknowledges that defects and construction problems may occur during the construction process and be corrected by Seller and its contractors during the course of or after the construction process. Defects or construction problems occurring during the construction process are not of themselves a matter requiring disclosure to Buyer.

10. Subsequent Purchasers. If Buyer sells the Unit at any time within four years after closing of the sale of the Unit from Seller to Buyer, or Buyer's taking possession of the Unit, whichever is later, Buyer shall notify Seller of the sale in writing and shall include in the signed purchase and sale agreement providing for such sale a provision that the person(s) purchasing the Unit agree that any warranty rights of such person(s) relating to the Unit or Common Elements are limited to the Buyer's rights under this Warranty Addendum. If Buyer fails to comply with this Section 10, Buyer shall indemnify, defend and hold harmless Seller from and against all damages, costs, attorney fees and expenses caused by such failure.

11. No Other Warranties. Seller makes no express or implied warranties concerning the design, construction or condition of the Unit or Common Elements arising from Seller's sale of the Unit to Buyer, other than the implied warranties.

Buyer's Initials _____

Buyer's Initials _____

Seller's Initials _____

12. Warranty Addendum Controls. The provisions of this Warranty Addendum shall control over any conflicting provisions of the Agreement or any other addenda referenced therein.

IN WITNESS WHEREOF, the parties have executed this Warranty Addendum as of the date stated above.

NOTE: BUYER MUST SEPARATELY SIGN THE SPECIFIC DISCLAIMERS ON SCHEDULE 1

BUYER:

Name: _____
Date: _____

Name: _____
Date: _____

SELLER:

Chelan Resort Suites LLC, a Washington limited liability company

By: _____
Its: Authorized Signatory

Date: _____

SCHEDULE 1

Specific Defects Notice

Defect or Failure	Practical Effect
The cork flooring in the Unit shrinks and expands due to the nature of the material and temperature changes in Chelan.	Gapping may occur from time to time between the cork tiles in the Unit.
Buyer's signature	

Buyer's Initials _____

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Seller's Initials _____