NEW CONSTRUCTION ADDENDUM
BROKER VERSION

What is the purpose of the New Construction Addendum (Form 2A3-T)?

The New Construction Addendum (Form 2A3-T) is designed for the sale of a new construction dwelling built by the seller, or a seller-hired contractor on property owned or to be owned by the seller.

It should be used as an addendum to the Offer to Purchase and Contract (Form 2-T).

As a general rule, this addendum should be used on new construction homes if the drywall has been completed. See Form 800G for more details on when to use this form.



If construction has been completed, what's the purpose of attaching the New Construction Addendum to an offer?

The Addendum includes a one-year builder's warranty. Although in certain circumstances, the law recognizes the existence of an implied warranty of workmanlike construction and no major structural defect, there's no one-year builder's warranty required by law. Including an express builder's warranty in the contract offers important additional protection to buyer.

Another reason to include the Addendum as part of the offer is because it addresses the insulation disclosure required by the Federal Trade Commission regulation for new home sellers.

If the seller engaged a general contractor to construct the dwelling, should the general contractor sign the Addendum?

Yes. If the general contractor is someone other than the seller, the general contractor should sign in the places provided for the limited purpose of agreeing to be responsible for the written warranty obligations.

Can the Addendum be used if construction of the dwelling is completed, but the seller and buyer agree that the builder will make minor additional improvements; for example, finishing a bonus room with sheet rock, paint and carpet?

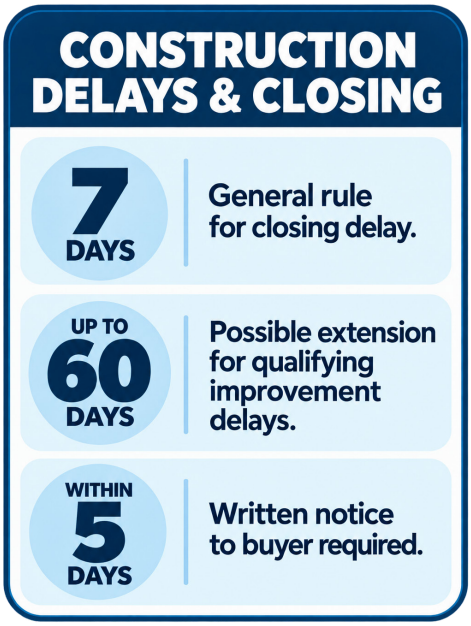
Yes. Additional improvements should be described in detail in the "Additional Improvements" section.

If the parties agree that additional improvements will be made, what happens if there's a delay in Settlement/Closing caused by a delay in the completion of the additional improvements?

Generally, if a party is unable to complete Settlement and closing within seven days after the Settlement Date, that party would be considered a "Delaying Party" and the other party could terminate the contract.

However, according to the "Completion of Additional Improvements" section, if the seller/builder is delayed in the completion of any Additional Improvements for any one of the four reasons listed there, the Settlement Date is automatically extended by a reasonable time to account for the delay, not to exceed 60 days.

Note that the seller/builder must notify the buyer in writing within five days of the start of the delay, or the right to an extension is waived.



What is the purpose of the Building Deposit?

According to the "Building Deposit" paragraph, the purpose of the Building Deposit is for the seller to use in financing the construction of any contracted additional improvements.

The Building Deposit is due and payable no later than the first business day after the end of the Due Diligence Period, and is refundable only in limited circumstances.



Even if the Building Deposit is refundable, actual recovery of the Deposit may be difficult, time-consuming, or costly if the seller is unable or unwilling to voluntarily refund it. The buyer should take this into account in deciding whether and how much Building Deposit will be paid. See the Warning at the end of the paragraph.