

Contract for the Construction and Sale of a House

Registration No. _____

This contract is concluded on2004 by and between
Sunshine Constriction Private Limited Company, Address-Addis Ababa, Kirkos
Sub-City, Kebele 07, house No 653, hereinafter referred to as the "Seller",

and

Ato/W/o _____ Address _____ hereinafter referred
to as the "Buyer"

Part One
General

Article 1
Sale

The seller hereby covenants to construct and sell to the Buyer in accordance with this contract and the Civil Code a house on the Plot acquired from A.A municipality, Land administration Authority in _____ Sub City Administration, Kebele ____, on plot no. _____, House type _____ having a compound of _____ square meters/on in accordance with the attached site or floor plan, house plan, specifications and detail types of construction materials, electrical, water and telephone lines; including internal asphalt roads which are integral parts of this contract.

Article 2
Purchase

The Buyer hereby agreed to buy the house to be constructed in Addis Ababa, _____ Sub City Administration, and Kebele as provided in Art. 1 hereof.

Part Two
Obligations of the Seller

Article 3
Selling Price & delivery

3.1. The Seller here by agreed to sell the house to the Buyer as provided in article 1 hereof at a price of Birr _____(_____)

- 3.2. The Seller shall deliver the house and accessories referred to in Art. 1 of this Article within 24 Months from the signing of this contract & the first payment schedule of 20% of the selling price of the house.
- 3.3. Where, due to force major, the seller cannot construct and deliver the house within the specified time limit, the Seller shall notify the Buyer in writing the extension of the time of delivery in 3 months. Where the seller fails to deliver the house within the extended time limit, he shall pay penalty to the Buyer in line with existing Construction Regulation and deliver the house.
- 3.4. The ownership of the house and the possessory right of the premises shall be deemed to be transferred to the Buyer as soon as the Seller has taken all the necessary steps to that effect.
- 3.5. The seller shall deliver to the Buyer all the documents necessary to guarantee the ownership of the Buyer over the house and accessories and to get the house and accessories registered by the appropriate authority.

Article 4
Warranty Against Eviction

- 4.1. The Seller hereby warrants to the Buyer against eviction for causes, which are not attributable to the Buyer.
- 4.2. In the case of total or partial eviction of the Buyer for causes, which are not attributable to the Buyer, the seller shall reimburse the expenses incurred by the Buyer.

Article 5
Warranty Against Defects

The Seller warrants to the Buyer that the house is constructed in accordance with this contract and gives to the Buyer a warranty for up to one year for defects connected with the construction of the house. If any defect is discovered during the warranty period, the seller shall rectify the defect.

Article 6
Expenses Connected with Delivery

- 6.1. Expenses connected with the handing over of the house and accessories as well as the necessary documents shall be borne by the seller.
- 6.2. All expenses after delivery shall be born by the Buyer.

Part Three
Obligations of the Buyer
Article 7

Obligations to Pay the Price of the House

7.1. The Buyer hereby covenant to pay the price, of the house, which amounts to

Birr _____
PLUS 15% VAT _____
Total Selling Amount _____

(_____)

7.2. The Buyer has agreed to pay 20% Birr _____ advance payment of the total selling amounts (excluding VAT) upon signing of contract agreement and the advance payment shall be deducted from the proceeds to the Seller in five payments, depicted hereunder..

1st Payment

25% of the price of the house - upon completion of sub-structure concrete works;

2nd Payment

25% of the Price of the house - upon completion of super-structure concrete works;

3rd Payment

25% of the price of the house - upon completion of roofing, wall construction, first & second coat plastering;

4th Payment

15% of the Price of the house - upon completion of first & second coat painting;

5th Payment

10% of the Price - upon hand-over

7.3. Every payment in the preceding sub article shall be subject to 15% VAT

7.4. The above payments shall be effected within fifteen (15) days after the receipt of payment notification which shall be approved by an independent consultant to be appointed by the Seller.

- 7.5. If the Buyer fails to pay the approved amount within the time sated in Article 7.4 the Buyer shall pay to the Seller additional 12% interest and 0.4% damage per day on the unpaid amount.
- 7.6. If the Buyer fails to pay in accordance to Article 7.5 within thirty days, the Seller shall terminate the contract with out giving further notice, and shall claim 10% damage, 10% penalty 12% interest, on the unpaid sum, cost & expenses it incurred on the construction.
- 7.7. Notwithstanding payments stipulated in Art. 7.2, the Buyer can pay the total price of the house in advance.

Article 8 **Price adjustment**

The Buyer agrees to adjust the price of the house due to increase of the price of construction materials such as fuel, cement, iron, salary scale, and currency devaluation by proclamation or directive of government. Current price of major construction materials and rate of exchange rates attached as annex is an integral part of this agreement.

Article 9 **Transfer of Ownership**

- 9.1. The ownership of the house shall be deemed transferred to the Buyer upon the handing over by the Seller to the Buyer of the house and accessories as well as all the documents which are required to have the house and accessories registered by the appropriate office of the City Administration of Addis Ababa.
- 9.2. Since the plot of land on which the house sold to the Buyer is built in part on the land leased to the Seller by the City Administration of Addis Ababa for a period of 99 years in accordance with the lease regulation No 3/1994 the site plan and the house plan shall be handed over to the Buyer as soon as the separate plot possession certificate on which the house sold to the Buyer in accordance with this contract is built as well as the house plan are prepared in the name of the Buyer, provided, however, that if the sale of the house is partly financed pursuant to an agreement concluded with a bank, plot possession certificate and the house plan shall be kept in the hand of the lender bank.

- 9.3. Upon fulfillment of the conditions provided in Sub-article of this Article, the risk over the house shall be deemed transferred to the Buyer.
- 9.4. The fact that the title deed of the house is held by a bank shall not affect the transfer of the risk over the house to the Buyer.

Article 10
Assurance for Advance Payment

If the Buyer requires Assurance for advance payment, the Seller shall provide to the Buyer insurance guarantee for payment made by the Buyer in advance of the commencement of the construction work.

Article 11
Place of Payment

- 11.1. The Buyer shall effect payment to the Seller at the address specified in the preamble of this contract or by depositing in the Seller's bank account. Bank receipts shall be sent forthwith to the finance section of the Seller.
- 11.2. The Buyer shall pay the price of the house to the Seller or to his duly delegated representative.

Article 12
Expenses of Payment

Expenses connected with payment shall be borne by the Buyer.

Article 13
Modification of this Contract

- 13.1 The parties to this contract may by a written agreement modify or alter this contract.
- 13.2 In case the plot area is bigger in size during plot measurement from that of the original plot area agreed upon, the Buyer agrees to pay the difference for the additional plot area in the next payment schedules and in case it is smaller in size from that of the original plot area agreed upon, the Seller also agrees to deduct the price for the plot that decrease from the coming payment schedules and modify the contract accordingly.

Article 14
Cancellation of this contract

- 14.1. The Seller has the right to cancel this contract where the Buyer fails to pay the price of the house to the Seller in accordance with article 7 of this agreement.
- 14.2. Cancellation of the contract Pursuant to sub-article 1 of article 13 shall not affect the right of the Seller to claim damages, penalty, interest, cost and expenses in line with sub article 3 of article 7.
- 14.3. Subject to article 13.2 above where the Buyer has made an advance Payment of 20% but fails to discharge his obligations after the commencement of construction work; the Seller does not have the obligation to return to the Buyer the money he has paid until the house under construction is sold to another Buyer.

Article 15
Settlement of Disputes

- 15.1. The parties to this contract shall make adequate attempt to settle any dispute, which arises out of the application of this contract through negotiation conducted in good faith.
- 15.2. Where the attempt fails, the dispute shall be heard and settled by the court having jurisdiction.

Article 16
Applicable Laws

Any dispute arising out of this contract shall be governed by, as appropriate.

- 16.1. The Civil Code of 1960
- 16.2. The Condominium Proclamation No 370/2003
- 16.3. The Re-enactment of Urban Lands Lease-Holding proclamation No 272/2002
- 16.4. The Lease Regulations No 29/2002
- 16.5. The Lease Regulations No 3/1994

These laws shall have relevance to the application and interpretation of this contract.

Signature

Seller

Buyer

Witnesses

1. _____
2. _____
3. _____
4. _____