



REFINED LUXURY LIVING

432.699.7902

WWW.RASNICKHOMES.COM

## CUSTOMER ORIENTATION MANUAL

### INTRODUCTION

Welcome to homebuilding 101! You may have heard horror stories about building a custom home, but Rasnick Homes can help you understand how the process works so that you'll know what to expect.

#### **Should you build a custom home?**

Not everyone will enjoy the process of building a custom home. It takes a large amount of time, and many decisions must be made. If you're working long hours or are extremely busy with other activities, the design and selection process may be frustrating. If this is the case, you may prefer purchasing a home which is already under construction so that there aren't as many selections to make.

Then there are those who have an abundance of time, aren't quite sure what they want, but will "know it when they see it". The difficulty with this is that there are infinite possibilities for all aspects of a custom home, and – although we're working on it – we haven't yet learned how to read minds. We've found that our happiest clients have a general idea of what they want and put their faith in us to build a home that meets their personal needs yet maintains strong resale value. If you trust us as your builder, we'll both enjoy the project.

### CUSTOM HOME CREATION PROCESS

#### **I. Initial meeting**

Once you decide a custom home is in your future, the first order of business is finding a home site. When I know the size and price you have in mind, we can get started. Choosing the site first and then designing your new home to fit the site works better than trying to force a plan on a site that won't be suitable for the design you want.

#### **II. Architectural design**

After you have selected a site, you'll meet with Rasnick Homes' architectural design team. Although we're happy to work with outside architects, we can't control the costs as well since we're not controlling the design. Because lots are in such high demand, a small non-refundable deposit, credited toward the purchase price of your new home, is required to begin. Typically the deposit is sufficient to complete the initial plans so that we can give you a preliminary price for your home.

Once we have a budget established, it's a good idea to check on financing. We work with several lenders and will find one that fits your needs. You can usually be pre-qualified within a couple of days.

Next will be the first draft of plans, which consists of the floor plans. The timing depends on the designer's workload, but our goal is to get these to you within two weeks. From this point, it normally takes a couple of revisions and the development of the front elevation to really nail down what the client wants. At any time during the revision process, we can update the specifications and budget so that the costs don't get away from us.

#### **III. Construction contract**

Once you've approved the final architectural plans and budget, we'll finalize the contract price. At this point we'll need to draw the electrical plans and any other elevations or sections needed to get a firm price. For final pricing, our estimating department will measure all quantities in detail and solicit prices from our subcontractors and vendors. Our bid price is seldom a surprise to our clients since we update the budget throughout the design process.

There are two typical custom home scenarios. First (and most popular), you choose a Rasnick Homes lot from our inventory. The



cost of the lot is then included in the contract price for the home. Rasnick Homes will receive the interim construction loan, and you and your mortgage lender will fund the contract price and any extras at closing.

In the second scenario the client purchases a lot and we contract to build the improvements on the lot. This allows the interim construction loan to be under the client's name where in most cases the interest can be written off against income taxes. Because of this, there are two contracts typically involved: a lot sales contract and a construction contract.

This construction contract will consist of three documents:

- The contract and all addendums
- Specifications
- Architectural plans

These documents define the three most important aspects of the contract:

- Purchase price
- Time to complete the home
- What we're building

It is imperative that you read and understand every aspect of the contract, plans and specifications since this is what the price is based on. Throughout the design process, we typically discuss hundreds of different design and specification alternatives. **If an item is not in the plans or specifications, it is not in the contract price.**

#### **IV. Start Construction**

Before we can begin construction on your new home, several things must occur. Fortunately, most can happen simultaneously.

Interim financing: Assuming you've been pre-qualified, this should take 1-2 weeks.

Septic engineering and permit (if applicable): Depending on work load and system complexity, this will take from 3-6 weeks.

Permits: This takes from 2 days to 4 weeks depending on the government entity we are dealing with.

Architectural control committee approval: This process usually takes only a couple of days, but can take a few weeks in some communities.

Close on lot and interim loan: This usually occurs as soon as the lender is ready, with funding occurring the next day.

Phase I selections: These are minimal, but are often needed for approval by the architectural control committee.

**These must all be completed before we will issue the construction start notice. The notice begins the contract build time.** We may be able to clear the lot and set the foundation forms once the interim loan is closed and funded, but we can't proceed until completion of all the above items.

#### **V. Selections**

This can be the best part of building your home, but it can be frustrating if you don't understand that there are endless possibilities for each selection. We've tried to streamline this process by working with vendors that carry products that complement our homes. We have standard packages with most vendors that fit your particular allowance. While you're not limited to this, keep in mind that no matter what your allowance is, there is always a more expensive option. I'll try to determine your selection needs and establish the allowances accordingly throughout the design stage, so be as explicit as possible so the allowance will be sufficient. If you exceed the stated allowance, you'll pay the actual cost difference with no mark-up for overhead and profit unless the total overages and credits exceed 2% of the construction contract amount. If the combined allowance amount is exceeded by over 2%, then the excess will be assessed 15% overhead and profit.

Timely selection is extremely important so that the construction process isn't disrupted. There are three selection stages, and each must be completed in order of the correlating construction phase. Remember that even after you've made your selections, the process of pricing, ordering and shipping the items can take a considerable amount of time. Some vendors will give you a price on the spot and you can compare it to your allowance. Other selections must be priced out, which we will do, and then we'll get your signature on the variance between the allowance and the actual cost. These items will not be ordered until you approve them.

For an overview of the selection process, see Exhibit A.



## **VI. Change orders**

Most clients cringe at the mention of “change order”. Although we have never built a home without a change order, we go to great lengths with you in the design process so that we understand your needs, thereby reducing the amount of change orders.

Because we are a custom home builder, we’ll make any change you desire that doesn’t jeopardize the integrity of the home, violate any building code, or compromise safety in any way. Each change order is a new contract that will be priced out at cost plus overhead and profit. The overhead is determined by the amount of risk involved and the time it will take to complete the change. One of the biggest problems with changes is that it is very difficult to assess the effect on the overall project schedule. Although one small change may not make much of an impact, ten small changes will easily add ten days to the process since the work flow is disrupted. Because of this, a minimum of one day is added to the contract completion date for each change made.

Changes should be originated through the builder. Small items can be priced by the builder and sub-contractor and signed off. Any expensive changes will be priced in the office, which may take a few days. No change work will be done until you have signed the change order. As you approve the change orders, they will be entered into the debit/credit sheet. You will be billed monthly for any balance owed on this sheet, and the balance must be paid by check unless you have an arrangement with your lender to fund any overage as it occurs. If the balance exceeds \$5,000 before the next billing cycle, payment must be made at that time.

## **VII. Construction process**

Most clients enjoy being involved in the construction process. We try to plan the process well enough to not constantly ask you questions, but there are many times throughout the project that we’ll need your approval or clarification.

The most convenient way to communicate with Rasnick Homes is in person, either on the jobsite or by phone. However, many clients enjoy working online, and I have e-mail capability via palm pilot, synchronized daily with my website, which will have your personal website which only you and authorized individuals have access to. You’ll be able to enter all your action items such as originating change orders, expressing concerns, etc. I want to stress that we don’t expect you to manage your project. You pay us to do this, and I keep a continuous list of all action items on the job.

See Exhibit B for an overview of our construction process.

## **VIII. Warranty**

Your new home comes with a limited warranty which includes one year of “bumper to bumper” coverage for specific defects in workmanship and materials and ten-year structural coverage.

Notification – If you have a warranty issue, all you have to do is go to the warranty section of your web page and input the item. We will then set up an appointment to review your concerns; or if they are self-explanatory, we can just send a contractor directly out.

## **IX. Closing**

At the closing we’ll provide you with a warranty book to include subcontractors and all warranty information. This will come in handy if a problem should occur.



## **EXHIBIT A – SELECTION PROCESS**

This document is provided to help streamline the selection process. It is important to make an appointment with our vendors so that they can give you their undivided attention. All of the vendors' addresses are given in the spec sheet. I believe you will find the selection process quite enjoyable if you follow this outline.

**Each selection phase is complete when you have signed off on the pricing with Rasnick Homes. Delays in making or approving selections will automatically extend the contract completion date.**

### **PHASE I: PRIOR TO CONSTRUCTION START – To be completed within 30 days of execution of the construction contract**

#### **Stained and scored concrete and wood flooring**

Floor areas that will be stained and scored concrete must be identified before the slab is formed.

Some patterns and finishes require special “burning” prior to the concrete hardening.

Floor areas that will be jobsite sand and finish wood floors must be identified prior to foundation design so that they can be dropped 1-1/2” to allow for sub-flooring and hardwood placement. Selection of type and stain for sand and finish wood flooring will be during Phase II. Selection of glue-down wood flooring will be during Phase III.

#### **Exterior masonry**

It's a good idea to pre-select your masonry by supplying an address or picture of a home with a similar exterior masonry that you would like for your home. See specifications for exact selections. Any change will be priced through Rasnick Homes on an individual basis.

#### **Roof selection**

Your roof type is specified through the spec sheet. Again, it's extremely helpful if you supply an address or photograph of the roof color you'd like to have. Our office will have most roof samples, but it can be very difficult to visualize from small samples what your roof will look like, which is why we recommend looking at other houses ahead of time.

#### **Exterior door and window color**

These are specified in the spec sheet, but it's a good idea to confirm this with the designer. If you wish to make a change, please do so immediately since it's one of the first things ordered. Some colors require an additional charge.

#### **Entry door**

We typically use either wood or iron front doors. You will need to select the style, glass type, color, and hardware.

#### **Exterior paint color**

Exterior paint will be chosen from **Kelly Moore** or **Sherwin-Williams**. We'll provide you with up to three samples of each color selection on the job for your approval. If you need more than three samples, there will be an extra charge.

#### **Plumbing fixtures**

Fixtures such as bathtubs can have different drain placements. It really helps to know this at plumbing rough-in.

### **PHASE II: DUE AT DRY-IN STAGE – To be completed within 30 days of the contract start date**

#### **Appliances**

#### **Lighting**

#### **Natural stone items (fireplace surrounds, mantles, hearths, columns, etc.)**

#### **Cabinets**

Once your home is framed, your cabinet professional will field measure all cabinet areas, develop detailed drawings, and schedule a meeting with you on the jobsite. You can execute a change order with the cabinet professional if you make any additions. Any



cabinets not on the plan will include additional charges for paint or stain. **It is imperative that the cabinets are approved as quickly as possible since they can take a month to build and are scheduled to be installed immediately after the drywall.**

**Low voltage and security systems, central vacuum and intercom**

(Telephone, TV, whole house stereo, computer networking, central vacuum and intercom)

We'll meet with you on the jobsite once your home is framed for a room by room walk-through to locate all the outlets. It is important that you choose the audio/visual equipment you want prior to walk-through.

**Pool**

If you're having a pool installed, you will want to meet with the pool builder once the home is framed to discuss designs and pricing. Once you have contracted with the pool builder, we'll coordinate this part of the process without any overhead and profit.

**PHASE III: DUE AT INSULATION, PRIOR TO SHEETROCK – To be completed within 80 days of contract start date**

**Interior trim and doors**

**Fireplace surrounds (wood or masonry)**

Masonry designed in the field with the builder or designer

**Garage doors**

You'll select your garage doors with the builder or designer by supplying a photograph or picture of the garage doors you like.

**Interior and exterior railings**

**PHASE IV: DUE AT SHEETROCK, PRIOR TO TRIM – To be completed within 100 days of the contract start date**

**Carpet**

**Granite slab countertops**

**Tile: Countertops, backsplashes, shower/tub surrounds, flooring**

**Other solid surface countertops**

**Pre-finished wood flooring**

**Shower door metal, glass, and mirrors**

**Interior paint and stain colors**

Your interior designer (if applicable) will assist you in selecting paint and stain from Kelly Moore or Sherwin-Williams paint decks. We'll provide you with up to three samples of each color selection on the job for your approval. If you need more than three selections, there will be an extra charge.

**Hardware**

This includes all door locksets, knobs, cabinet knobs, towel bars, toilet and towel holders.

**Faux finishes**

**Wallpaper**

**Rain gutters**

Seamless gutters

**Landscaping**

We'll meet with you on the jobsite to design a plan to fit your landscaping needs and budget. Design expense is charged to the landscape allowance. When the design is complete, we will need a couple of weeks for the landscape installers to bid the plan. Changes to the plan to fit your budget can usually be accomplished with the landscape installer.



# EXHIBIT B

## Lot excavation stage

### Foundation stage

Set forms  
Fill with dirt  
Plumbing rough-in  
Inspection  
Final grade dirt  
Slab steel  
Inspection  
Complete forms  
Pour slab

Not much client interaction is required at this stage. This is one of the slowest parts of the project because multiple contractors are needed. Most activities only take a day or two, but since a contractor cannot begin until completion of the preceding job, on inspection days we must wait until the inspection clears before moving to the next task.

### Framing stage

#### Mechanical rough stage

Plumbing top-out (piping and valves installed in the frame)

HVAC rough (installation of furnaces and ductwork) – We go to great lengths in the design stage to make sure there is adequate space to run the ductwork for the HVAC system, but occasionally we have to add a fur-down or block-out to accommodate a duct if there is no possible alternative. If this is the case, we'll consult with you to make sure you are happy with the solution.

#### Electrical rough

The electrician will give you a thorough walk-through of the electrical fixture locations as soon as the electrical boxes are installed in the framing. If you want a change of location for an electrical box, it can usually be moved for no charge if we don't disrupt the work flow of the electricians and they can be notified before they pull the wire to the boxes. If they have already pulled the wires, there will be a minimal fee. As with the HVAC, if the electrical won't work as shown on the plan, we'll decide on a solution with your input.

#### Low voltage (telephone, TV, stereo) and security wiring

Prior to installation of low voltage wiring, the contractor will be glad to meet with you on the jobsite to go over your needs room by room.

#### Framing and mechanical inspections

This is a critical, time-consuming part of the process. The city inspector will note any deficient items or items that don't meet code. Most of our homes are very complicated, and there are always items to correct. It is imperative that we get everything right before we go to the drywall stage. This process takes some time, and if we have multiple contractors coming to the job to correct small items it will seem as if nothing is happening. Once all items are corrected, the inspector will re-inspect to verify compliance if required by government authority.

#### Exterior paint

You'll need to approve the color from a paint sample before we paint the exterior.

#### Roof installation

#### Masonry installation

We'll need your approval from a sample if you're using any special stone colors or patterns before we start the work. If you're using stucco, we will need to get the color and texture approved.

#### Drywall stage

Insulation  
Insulation inspection (if required by government authority)  
Hang drywall  
Drywall inspection (if required by government authority)



Tape and float drywall

Texture (If there are any special textures, you must approve from a sample before we start the work.)

### **Trim stage**

Set cabinets

Install doors and trim (It's a good idea to meet with the trim carpenter at this stage to go over closet layouts and any specialty trim work.)

Install wood floor (if applicable)

### **Paint stage**

Interior paint: Up to two samples of the paint and stain you have selected will be provided on the job site to make sure that the color looks the way you expect it to. If more samples are needed, the painter will assess a charge of \$30 per sample to cover his expenses.

**Install septic system** (if applicable)

### **Install driveways and walks**

It's a good idea to meet with me or the designer when we lay out the driveways and walks because it may look different on the lot than it does on the plan.

**Tile stage** (Some items may occur during the trim stage)

Tub and shower surrounds

Tile floors

Countertops

Backsplashes

Fireplace surrounds

### **Trim-out stage**

Install plumbing fixtures

Install electrical fixtures

Install HVAC condensers and grills

Install mirrors and shower doors

Sand, stain and seal wood floors (if applicable)

Install landscaping

### **Carpet stage**

Install carpet

Install pre-finished wood floors (if applicable)

### **Punch-out stage**

This term is used in our industry to describe the process of correcting any deficient items in the home. This actually occurs throughout the construction project. Basically everything is done at this point, but the home is not ready to move into. It's not beneficial to close on a home with a large punch list since it's more difficult to correct these once the home is occupied. However, because of the complexity of our homes, there may be a few incomplete items at closing due to back orders or other unforeseen circumstances. If this is the case, we'll make a list of any remaining items that we've agreed upon, sign it, and make it part of the closing documents. It's our goal as a home builder to keep this stage to a minimum.

### **Final inspections**

### **Closing and funding**

Closing is at West Texas Abstract and Title Co., 4519 North Garfield, Suite 15.

