

The B Wallace Process – Semi-Custom Homes

As you prepare to sign a contract with B. Wallace Design & Construction, we would like to thank you for choosing us to build your new home! We are dedicated to building you a beautiful semi-custom home that satisfies both your needs and your desires. We look forward to using our experience to help guide you in the selection and design of a home that truly personifies your lifestyle.

This document will give you an overview of our home building process. The main goal of this document is to provide information about each phase of construction, the order in which it will occur, and your role and involvement in each phase. While the most exciting phase is Active Construction, each phase is critical to reaching our goal: the creation of a home that you will treasure for as long as you own it.

By providing this outline, we hope to create a simple, transparent process from start to finish, making the path to your new home an easy and worry-free experience.

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1. OVERVIEW: OUR BUILDING PHILOSOPHY

Building a home is an extremely important undertaking in your life, but that does not mean that it should monopolize all of your time. As a semi-custom builder, this is where we come in: we make many of the day-to-day decisions that can make the building process seem overwhelming while still allowing you to create and personalize a home that fulfills your needs, suits your lifestyle, and reflects your personal taste.

Our many years of semi-custom building experience have enabled us to create what we believe to be a simple and efficient process when building your home. Our online project management software is an invaluable tool, providing a means of quick communication and budget tracking throughout the process, as well as a detailed summary of your home upon completion. We combine the use of this software with several in-person selection meetings to help guide you through all of the most important decisions in the home building process.

We are confident that, while there may be ups and downs, you will find the process of building your new home with B. Wallace Design & Construction to be straight-forward, personal, and fun!

Homeowner Quote: "I cannot say enough great things about this builder. Many people talk about what a nightmare it is to build a home. We have built two homes with this builder and each time it has been a pleasure to work with her... We are very happy with the quality of our home and we know that it is very well built. It is a house we are very happy to call home."

2. CONTRACT/PURCHASE PLANNING (PHASE 1)

We know that it is incredibly daunting to try to make all the decisions and selections for your new home before construction even begins—that is why we don't ask you to do that. We believe that you will have a much better experience if you make your choices in stages, giving you a chance to see the house develop as we go. That is why your Purchase Agreement will include only the major details of your decision: the house design and the lot on which we build.

However, shortly after signing your contract and before construction begins, there will be just a few items that we do need you to consider as they can affect building permitting, such as the orientation of how the house sits on the lot.

A. B. Wallace Construction Management Software/Co-Construct

In Phase 1, you will be given access to your online project management account in the B. Wallace Construction Management Software (BWCMS), commonly known as Co-Construct. ***From this point forward, ALL COMMUNICATIONS between you and the B. Wallace sales and construction teams should occur within the Co-Construct system.***

When you log in to the Co-Construct system, you will find a complete list of all the home’s standard specifications and finishes, as well as the selection categories offered to personalize your home. During the construction process, you will select fixtures, styles, and colors of almost every finish in your home. Some items will be chosen based on a monetary allowance, while others will be chosen from a list of options. This semi-custom process gives you wide latitude to create your home while keeping the process manageable and reasonably priced.

As construction milestones approach, you will receive prompts in the Co-Construct system to make upcoming selection decisions. It is important to complete selection decisions on-time in order to keep the construction process flowing as smoothly and efficiently as possible, but we also encourage you to make your selections in stages during the active construction phase so that you can see the pieces coming together. Selection choices do get “locked-in” once we see them, so if possible please don’t enter any choices until you are certain about that decision. We find it can be very helpful to collect inspirational ideas from Pinterest or Houzz for the decisions to come, and you can share those pictures in your Co-Construct account in order to allow the B. Wallace team to better assist you when the time comes.

B. Special Requests

A Special Request is defined as any idea/change or suggestion you have regarding the customization of your home that is not already listed on the selection page.

We do also understand that occasionally a customer may have a special request above and beyond what is offered in the selections. Keep in mind that all of our home designs have been carefully and thoroughly considered and revised over time. Every design decision in that home has been reviewed for livability and efficiency, and aesthetics have been carefully balanced with functionality. However, because we truly want you to have a home that fits your lifestyle, we do allow for TWO Special Request Evaluations free of charge. This means we will review your request, analyze it for feasibility, and provide you with a price. You may then choose to move forward or not. Three subsequent Special Requests will be subject to a \$250 evaluation fee per request, and all additional requests will be subject to a \$350 evaluation fee per request.

Co-Construct Software– Selection Management:

Going forward, all the choices you make in the Co-Construct system will become contractually binding as part of the construction agreement. Also, any selections made in the Co-Construct system will take precedence over any selections from the original contract.

Phase 1 is a great time to get accustomed to using the Co-Construct system. In addition to making your selections, this program allows you to send messages, ask questions, upload photo ideas, and track expenses. There are both desktop and phone app versions of this program.

During Phase 1, you will complete at least the following selections:

- The orientation of your home.
- The addition of a garage, screened porch, and/or fireplace
- This is also a good time to mention any of your ‘special requests’ that are outside the standard selection items (to be evaluated for feasibility and pricing at appropriate construction phase)

Buyer Initials

Agent Initials

Buyer Initials

Agent Initials

3. PRE-CONSTRUCTION (PHASE 2)

B. Wallace often has homes in queue for construction several months in advance, so it may be that you have a delay of several weeks between signing your contract and construction beginning on your home.

Communication between you and the B. Wallace team will be limited during this phase of construction. You are more than welcome to use the Co-Construct system to review information and enter your ideas, comments, and questions to be referenced when the construction of your home is imminent. **However, you will receive only limited feedback from the B. Wallace team during this pre-construction phase as our focus is primarily on the homes and homeowners that are presently under construction.**

But that doesn't mean that your home is not progressing. During this time period is also when we will be working on the administrative aspects of building your home: submitting the permit, scheduling contractors, and preparing the lot for the beginning of construction. While not the most exciting part of home building, this is a vital aspect of the process.

4. ACTIVE CONSTRUCTION (PHASE 3)

A. Pre-Drywall

The fun is about to get underway! Construction will begin with footing and foundation and move quickly into framing. Your house will take shape remarkably quickly during these first few weeks.

Once framing is complete, we will begin the process of installing all the "behind the walls" components of your home: the plumbing pipes, HVAC duct work, electrical wiring, network wiring, pest tubes, and insulation. Additionally, from the start of construction until the drywall is installed, your home will undergo seven different City of Durham inspections.

While the B. Wallace construction team works through these first stages of construction, you will continue to work in the Co-Construct system to make your next required selection decisions. As the pre-drywall phase ends, you will make a number of the functional selections for your home and will be gearing up for most of the fixture and finish selections. At this time, it is wise to review the expense sheet and see where you are with respect to maintaining your intended budget.

On-Site Visits and Off-Site Visits

Seeing your home take shape is an exciting aspect of buying and building a new home. We find that some decisions are best made when you're standing in your house, so you will have **two scheduled on-site visits** during construction: an electrical walk-through and a paint selection meeting.

You also will have **two scheduled off-site meetings** during construction where you will visit showrooms to make design selections: one for bathroom and laundry tile and one for cabinets and countertops.

IN-PERSON MEETINGS:

- 1. Electrical Walk-Through** – Your first scheduled onsite meeting will occur shortly after framing is completed. At this visit, you will need to decide the location(s) for cable, phone, TV, and computer outlets. Also, any additional wiring preferences should be discussed at this time. ***This is also a good time to review any additional special requests.*
- 2. Bathroom and Laundry Room Tile** – Best Tile, Garrett Road in Durham
The scheduling of this meeting will be initiated around the time that drywall begins.
- 3. Cabinets and Countertops** – Samples available at B. Wallace Office, 3200 Sandy Creek Drive.
Once tile selections are finalized, we will invite you to come to our office to select cabinets and countertops.
- 4. Interior Paint Colors** – Final selection and placement of your interior wall and ceiling paint colors.

For additional details, see "Preparing for Selections".

A B. Wallace team member will contact you as these meetings approach to schedule a mutually convenient time. Please be aware that not all of these meetings can occur after hours/on weekends. While we can occasionally accommodate non-business hours meetings, please expect that most scheduled meetings will need to occur Monday-Friday between 8am-5pm.

We understand that you are excited about watching your new home develop and you may want to visit your home more often than the planned selection meetings. **For a number of reasons, we cannot allow you to enter your home without a member of the B. Wallace team present.** As a courtesy, we will try to accommodate limited requests for on-site visits to see how things are progressing. **Please allow a minimum of 24-48 hours advanced notice for requests to visit the house.** Also, please limit the number of people attending these visits as much as possible. We understand that you are excited to show everyone your new home (and we are excited for you to do that too), but it is best done after closing!

Buyer Initials

Agent Initials

Mortgage/Loan Selection

As the pre-drywall phase of construction comes to a close, you will want to select and/or confirm your Mortgage Lender and begin your application process. It is best to have this decision confirmed now in order to allow the Lender to schedule the necessary steps needed to fulfill the closing transaction.

We have two approved mortgage lenders with whom we work. If you choose one of these lenders, we will provide a \$1000 credit to you at closing. The benefit of working with these lenders is that they are familiar with the new construction process—and particularly the B. Wallace process (which is somewhat unique)—so they are well able to handle your loan and your closing process. We have confidence that these companies will provide quality service to compliment the positive experience that you can expect from the B. Wallace team.

If, however, you elect to go with another lender, you are completely free to do so. At the time you make that decision, we will provide you with a “Lender Information Form” for you to review and share with your lender. It will outline the key components of our process which the lender needs to be familiar with in order to assure an on-time closing.

Buyer Initials

Agent Initials

B. Post-Drywall

Once drywall installation is complete, we are about two months from completing your home! This is where things really begin to come together. The post-drywall phase begins with installing hardwood flooring and tile, then moves to interior trim and paint.

You will be working closely with the B. Wallace team at this point. This phase will be when the majority of the communication about both the building process and the buying process will occur in the Co-Construct system. As we

enter this post-drywall phase, we also can discuss an estimated window of time during which closing will likely occur. There are still a very large number of variables that can impact the construction schedule of your home, but we are close enough to completion to be able to provide a **2-week range** that your lender can use to establish a schedule to prepare for closing.

Buyer Initials

Agent Initials

C. Finishing

We are nearing the close of your home and will begin the installation of faucets and fixtures. While you may still have some small decisions to make and there is still work to be completed, it is time to start preparing for the closing process.

Approximately 3-4 weeks out from completion, we will narrow your closing date window down to no more than a **3-day window**. We will need to provide your lender with a final tally of your purchase price no later than 21 days before the estimated closing date. At this time, any upgrades you have decided on or are still outstanding should be clearly documented and accounted for in the Co-Construct system so that we can provide an accurate tally to your lender.

The Active Construction phase comes to a close with the issuance of the Certificate of Completion (also known as the C/O) from the City. This certificate must be issued before your home can be occupied. At this point, your home will have undergone a total of eleven City inspections.

All major utility services will already be installed and activated at your house. Water service, power service, and gas service will need to be transferred into your name within five business days of closing. We recommend calling one day before closing to arrange those transfers. Detailed information on this transfer process is available in the Co-Construct system under the "Closing & Utility Information" section at the bottom of the "Specs and Selections" tab.

Please note that only items being performed by B. Wallace as part of the construction agreement can occur in the home prior to closing. Any appliance deliveries, security monitoring services, cable service, blinds installations, etc. that are not part of the construction agreement with B. Wallace must be scheduled after closing.

Buyer Initials

Agent Initials

PREPARING FOR CLOSING

45 Days Out from Completion Date

1. Complete Paperwork with a Lender (if not done already)—Be certain that the B. Wallace team has the name of your chosen mortgage lender so that we can begin communication.

2. Order Preliminary Appraisal – In order to close on your home as soon as possible, you must plan to have TWO appraisals. The first appraisal happens shortly after drywall is installed so that the lender can begin preparing for closing. The second appraisal happens within 24- 48 hours of closing in order to verify the home has been completed as planned.

3. LOCK-IN Mortgage Rate – This is a good time to do a 60-day mortgage rate lock if you would like. Please do not do a rate lock that expires exactly at the same time as the last day in your closing window. Give yourself a little cushion to allow for unexpected hiccups related to construction, loan preparation, or closing.

21 Days Out from Completion Date

1. Finalize total purchase price – We will prepare a final change order for your signature that will reflect the final total purchase price of your home.

2. Set closing date – At this time, we will agree on a date for closing. While in all likelihood closing will actually occur on this date, it is still best to provide yourself with some time to move comfortably and transition into your new home.

7 Days Out from Completion Date

1. Order final appraisal – Your lender must plan for the final appraisal to be a **closing condition** for your loan, happening 24-48 hours prior to closing.

Buyer Initials

Agent Initials

5. POST-CONSTRUCTION (PHASE 4)

Your new home is complete, and it is almost yours! There are just a few more steps to complete before receiving the keys. We have spent a number of months constructing a home that reflects our highest standards of homebuilding so that you will enjoy many years of living in your B. Wallace home. With that said, below are the final steps we would like to address with you.

1. **New Home Orientation** – On the day of closing, we like to take some time to familiarize you with your new B. Wallace home. This final on-site meeting is the perfect opportunity for you to ask any questions you may have about the workings of your new home and/or of general homeownership.

As part of your new home orientation, you will be given an extensive checklist to review and evaluate all the components of the home, both inside and out. Prior to closing, the B. Wallace team will have done a very thorough examination of your home to verify that it is both functionally and cosmetically finished to meet our high standards. In the event that you see an item needing attention, you will have the opportunity to note the item on your checklist and request additional evaluation by our team. Generally, those items can and will be addressed on the same day.

2. **Closing** – The closing will proceed as follows: you will go to the attorney’s office to sign all the necessary paperwork. The attorney then will take the documents to the courthouse to record your purchase with the County. The transaction is not officially complete until that recording takes place. After the recording takes place the house is yours—you get the keys to the house and your insurance coverage on the house begins. With rare exception, the recording takes place on the same day that you sign the papers at the attorney’s office.

Buyer Initials

Agent Initials

6. WARRANTY

1-Year Warranty

During the first year of the life of a new home, you will see small changes in the home as it acclimates to weather and soil changes from season to season. Differences in humidity, air temperature, and moisture content in the soil will naturally cause the wood components of your home to adjust—this is totally normal. In anticipation of the small needs that come with the settling of your home, we provide a comprehensive 1-year warranty with your home purchase.

Please continue to use the Co-Construct system after you move in to your home to keep track of any warranty related items that you might have. These can be entered into the “Warranty” section of the software. **We ask that ALL warranty requests be documented in the Co-Construct Warranty section. Warranty requests submitted via any other method are not guaranteed to be evaluated.** Any small, typical, and/or cosmetic items will be collectively addressed at the 1-year anniversary of your home purchase. Any moderately urgent items you enter into the Co-Construct system during the first year will be addressed as soon as possible. Moderately urgent items are classified as things that impact the daily livability of your home such as a failure in functionality of an appliance or fixture.

Please note the following warranty guidelines:

1. Landscaping and plants are not covered by the 1-Year Warranty.
2. The warranty covers any defects in workmanship or materials used in the home as well as most issues that arise from normal acclimation of the home to the environment. It does not cover normal wear and tear nor damage caused by homeowner error.
3. Please refer to the Centricity (formerly Bonded Builders) Warranty program booklet for a more detailed explanation of items covered under the 1-Year Warranty.
4. **Keep your paint samples in the house** to prevent the paint from drying out. This paint will be used for touch-ups at your one year visit. If this paint is unavailable, it will be your responsibility to provide the paint for warranty repairs.

10 Year Centricity (formerly Bonded Builders) Warranty –

B. Wallace also provides with your home this comprehensive additional warranty program. In addition to detailing the 1-Year Warranty program, it also provides an additional 10-year structural warranty. It is important to refer to the booklet and/or website when determining coverage. Visit the Centricity Warranty Group website: <https://centricity.com/>

If you receive any manufacturer's warranty cards, please take a moment to complete and submit those where applicable. (appliances, HVAC system, etc.)

Please sign below to indicate that you have received and reviewed the information herein:

Buyer Signature

Date

Buyer Signature

Date

Agent Signature

Date