

BERG MOUNTAIN HOMES

THE QUALITY IS IN THE DETAILS

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Custom Home Building Process

Here is some helpful information about the custom home building process. And while not every step described below involves construction, Berg Mountain Home's goal is to make all phases of the process as easy as possible, so please don't hesitate to ask our assistance in any area.

Note that the various forms are referenced throughout this document can be accessed at http://www.bergmountainhomes.com/index_files/forms_documents.htm.

Step 1 - Find your dream location.

We can build on your land or we can help you find the perfect location (we know many of the local realtors and developers). And as the builder, we can often negotiate discounts on building lots. Beautiful view lots at Blacksmith Ridge (an affiliated development – www.blacksmithridge.com) in Brasstown are always offered at a \$10,000 discount with a signed contract to build a home with Berg Mountain Homes.

Step 2 - Find your dream plan.

We are very flexible with regards to design. We can work directly from your plans. Or we can easily customize one of our existing floor plans (see the Floor Plans page on our website for ideas) using a recently acquired state of the art building design program that allows us to produce 3-D views of your finished home. Alternatively, custom design services are available if you bring us some ideas or an existing plan that needs some modifications. Or we can also recommend a local designer who we think does good work if you want to start from scratch.

Step 3 - Decide on the features and finishes of your home.

Or at least get started thinking about this. To help guide you through this process, we created a very detailed questionnaire which we call our "Pre-Estimate Information Request Form".

It's a very detailed document, but it's critical to the process. Berg Mountain Homes feels strongly in investing a significant amount of time in project planning and we feel that this investment is paid back many times over during construction.

Typically, we ask the Customer to fill out as much as possible but not to stress over getting it completely filled out. This is something we can and will go over in detail with you in person. We also ask that you work on this jointly with your spouse so that you are both on the same page. It's a great tool for getting you to think about all the choices afforded you in the building of a custom home.

Step 4 - Establish your budget.

Experience tells us that it is almost inevitable that you will request a house that costs more than you expect. And as the building of the house progresses, you will want to add features to the house that will further increase the cost. Building a custom house can be a lot of fun, but exceeding the budget can put a strain on both the Customer and your builder.

While not absolutely necessary, we think it's important that you share your budget (or at least a budget range) with your builder. Building a home requires a strong collaborative effort between you and your builder. Your builder should be an expert with respect to how much things cost and can make many recommendations as to the pros and cons of various features with an eye on their effect on the bottom line.

And lastly, it takes us (at Berg Mountain Homes) as much as two to three weeks to put together an accurate proposal and estimate (we're very thorough). This is a significant expenditure of time and it's important to know if we are at least in the ballpark before starting on a detailed proposal. We can usually give you a rough price range estimate after we see your plans and have a preliminary discussion about the house features. This way, we can both agree it's worthwhile to move forward.

Step 5 - Line up financing.

It's never too soon to get pre-approval for your project. We've worked with many of the local banks and you can see some of our preferred lenders on the Resources page of our website.

Step 6 - Meet with us.

Obviously, at some point, we need to spend some time together. We need to sit down in person with you and go over your plans and ideas as well as that questionnaire we asked you to start filling out (the "Customer Specifications" form). We'll go over this form item by item and we can assist you in explaining the various options and their relative pros and cons as well as their costs.

Of course, you'll want to get to know us a little and see some of the houses we've built. And we'll want to visit your house site together. We will usually bring out an excavator to meet with us so that we get a very good idea of the work needed to build your foundation.

Usually, this meeting is done in person up in the mountains. While difficult, it is possible to take care of some of this over the phone. And from time to time in the past, we've made special trips to a Customer's home if they don't live too far away or we happen to be in their area for a few days.

Step 7 - Work on the Proposal.

After we've met and the floor plans and questionnaire are complete, the Proposal process begins. This can take several weeks depending on the level of complexity. We'll usually go through several draft Proposals before agreeing to all the features of your home. Each draft will give you a chance to review the proposal and for us to ask more questions for clarification purposes.

When the Proposal is finalized with respect to the features of the home, then the home goes through the pricing. After pricing is finalized (about a week long process), then a completed Proposal is delivered to the Customer.

Berg Mountain Homes only offers all-inclusive pricing. In other words, we provide a single price for you home which includes our fee and all other construction related costs. This makes Berg Mountain Homes responsible for any construction cost variances as a result of estimating errors or construction material / sub-contractor pricing changes. The only time the price to the Customer would change in this scenario would be in the case of Change Orders or variances on Allowances.

This all-inclusive pricing is opposed to a fixed fee or cost plus approach used by most builders. In these scenarios, the contractor provides a budget for the Customer prior to the project, but if costs vary from this budget number then the Customer is responsible for the differences.

We just feel that an all-inclusive price means no surprises for the Customer and eliminates the potential for significant additional costs through the course of the project due to underbudgeting situations (which can happen either on purpose or more likely, because the builder was not good at putting together an estimate or fully understanding the plans or the Customer's desires).

A "Sample Proposal" is available on our website so you can get an idea of what is involved. The Proposal not only provides a scope of work for your project, but it also provides a very detailed road map for us to follow during the course of construction.

Step 8 - Sign a contract.

Once we've agreed on the Proposal, the next step is signing the "Construction Agreement". This document incorporates the Proposal as well as any other Construction Documents (like the plans) and is the formal agreement governing our relationship during the building process.

At the time Construction Agreement is signed, we will establish a proposed starting date for the project and also require an initial non-refundable deposit to hold your turn in line.

Step 9 - Obtain financing.

In a previous step, you begin the process of obtaining financing. Now it's time to put that into place. At this point, we will also establish a draw schedule with the bank. Usually this is five to six draws based on a pre-determined schedule over the course of the project. We request an initial draw be made available immediately prior to commencement of construction. Then the bank monitors draw requests which are funded only if specified work is verified as complete by the bank's inspector. A final draw is typically held back until completion of the project and obtaining the Certificate of Occupancy.

Step 10 - Build the house.

Finally, we get to the good part. Construction usually takes six to nine months depending on the size of the project and many other factors (weather, building department,

availability of sub-contractors). We suggest you plan on the long end of the range and then you'll be happy if we finish early.

During the building process, we will provide you with regular updates and can also provide pictures as requested.

Inevitably, during construction you will want to make changes. We encourage changes as they are one of the great benefits of building a custom home. However, there is an administrative burden associated with making a change and therefore we charge a modest \$50 Change Order fee. But since we know changes are inevitable, we allow our Customers the first 20 changes free of charge.

And on significant change orders, Berg Mountain Homes will also add a 15% construction management fee to compensate for additional supervisory, travel, insurance and other overhead fees incurred in the cost of executing larger scale changes.

For documentation purposes, we maintain a Change Order log and periodically go through the process of obtaining signatures and requesting payment.

For your convenience, we've put together a very detailed overview of the construction process in a document on our website called "Construction Expectations". This publication has a lot of valuable information about the construction process in general and particularly how it works with us at Berg Mountain Homes.

Step 11 - Make customer selections.

Soon after construction starts, we will provide you with a "Customer Selection Schedule". The Schedule outlines all the selections you need to make and the timing of making those choices. In addition to the Schedule, you'll also be provided with a Customer Selection Guide (under construction) which will help describe the selection process, provide various supplier information and generally assist in the selection process.

If you need help with materials, colors or finishes, interior design consulting is also available. Or with a little bit of guidance (or using an existing home as an example), we don't mind assisting you in the selection process.

Step 12 - Take occupancy.

Once the house is done and the Certificate of Occupancy is obtained from the building department, we'll have a final walkthrough, establish a punch list for changes, agree to the final disbursement of funds and then the house is yours. For a more detailed explanation of this process, see section seven of the "Construction Agreement".

At this time, we will also execute an eighteen month workmanship and materials "Warranty" (six months longer than the North Carolina implied warranty on new construction). A "Warranty Service Request Process Explanation" and a "Warranty Service Request Form" are provided for a better understanding of the warranty process.

Step 12a - Refer us to all your friends.

We're confident that you will love your home and hope you will tell everyone you know !!! We also hope that you'll let us post pictures of your home to our web site.