



## THE BUILDING PROCESS

Building your new home is exciting, and an important endeavor, and Malmquist Construction wants the process to be as smooth and enjoyable as possible.

At Malmquist Construction, project expectations are clearly defined from the start. Our comprehensive home building process and documented flow of information is the key to an efficient, seamless and rewarding building experience.

The following overview outlines the typical steps in the construction of a home and will help keep you abreast of what happens at key stages.

Keep in mind that the homebuilding process may vary from home to home and region to region, especially if you're building an elaborate custom home on a unique or more challenging site.

**Lot Selection Process** - If needed, the Builder will assist the Client in selecting and acquiring the optimum lot based on the Client's needs and the cost of building on the particular lot to be selected. The Builder's advice on picking the right lot can be of great value to the Client when it comes to the cost of constructing the home on the Client's lot, due to our knowledge of soil types, well depths, and many other contributing factors to build cost.

**Management Agreement Process** - The Builder will need to have the Client approve and execute either (i) the Builder's standard "**Cost Plus**" Design Build Construction Management Agreement (where the cost of the home is based on the Builder's actual costs incurred plus the Builder's overhead fee); or (ii) the Builder's standard "**Fixed Cost**" Design Build Construction Management Agreement (where the cost of the home is based on a total fixed cost with certain allowances guaranteed by the Builder). The Builder's agreement will, among other things, outline the design-build process, the services to be delivered by the Builder, the responsibilities of the Client and the method and timing for the Client's payment of the custom home design, permitting and the cost of construction.

**Design Process** - In the event the Client does not have an architect, then following the execution of the Builder's management agreement, the Builder will obtain the required information from the Client necessary to begin the design process and prepare a budget to (i) design the home, (ii) obtain any necessary Home Owner Association ("**HOA**") architectural approvals, and (iii) pay for the cost of obtaining a building permit. The Builder will then work with the Client to design a custom home specifically for the Client's needs. The Builder will work with the selected architects and



engineers and the Client to prepare the basic design elements of the home (a floor plan, elevations of all sides of the home, a site plan on how the home sits on the lot & a roof plan defining the design of the roof – “DD’s”). This process usually takes between 30 and 90 days depending on how fast the Client responds to design decisions.

**HOA Approval Process** - In the event the Client’s lot is located in an HOA requiring architectural approval of the home, the Builder will coordinate and manage such approval process to obtain the HOA’s architectural approval. This process will require the Builder to obtain a landscape plan from a landscape architect, civil engineering plans from a civil engineer, a rendering of the home (optional but recommended) along with exterior materials and colors in addition to the DD’s. This process usually takes between 30 and 60 days depending on how critical the HOA is on the design of the home and the timing of the HOA architectural meetings.

**Square Footage Analysis** – Once conceptual plans have been drafted and a clear understanding of the level of finishes you desire, we can calculate a rough budget based on the projected size of your structure using a formula that incorporates real square footage costs from our previous jobs and other historical data. This square footage analysis refers to the structure and finishes alone, and will not reflect the variables that have to do with specialty construction and site work. If proper information is provided, we can do a rough estimate on site costs as well, to include but not limited to: blasting, power supply, septic, water well, roadways, retaining walls, soil exports, soil imports, landscaping, etc.

**Preliminary Budget Process** - Following HOA approval, the Builder will authorize the architects and engineers to complete the final design documents necessary to obtain a building permit for construction (“**Working Documents**”). This process usually takes between three and four weeks. At the beginning of this process the Builder will prepare the “**Preliminary Budget**” that will outline the Builder’s estimated cost of the home based on the preliminary design information created to this point. The Preliminary Budget will contain allowances for those items still needing selection and approval by the Client such as various interior improvements (i.e. cabinets, flooring, appliances, etc.).

**Interior Selections** - Following the Preliminary Budget approval, when convenient for the Client, the Builder will begin working with the Client and/or the Client’s decorator to assist in and coordinate the selection of all interior improvements and colors to the custom home. Items needing selection will include but not be limited to (i) flooring materials, (ii) counter tops, (iii) final cabinet design, (iv)



appliances, (v) fireplace inserts and surrounds, (vi) walls and ceiling surfaces & colors, (vii) plumbing fixtures, (viii) lighting fixtures, (ix) special electrical and audio needs, and (x) certain

exterior items such as pavers, fire pits, etc. The Client can use the allowances outlined in the Preliminary Budget to help them with the costs of these various items.

**Building Permit Process** - Following completion of the Working Documents, the Builder will apply to the appropriate municipality for a building permit and manage this process until the municipality approves the Working Documents allowing the Builder to obtain the required permits necessary to commence construction of the custom home. This process can take between 3 and 8 weeks depending on the municipality, the number of permits being reviewed at that time and the ability to obtain, at a cost, an expedited permitting process.

**The Bidding Process** - During the permitting process the builder will submit the Working Documents to the various subcontractors that the Builder believes can provide quality work in a timely manner. During the bidding process the Builder will prepare detailed "Scopes of Work" that will outline the specific information each trade will need to have included in their bid to insure the bids are accurate and comparable once received. This is an important part of the construction process that ensures that each trade provides a proper bid incorporating all aspects of its work required for the construction of the home. From the bids received and verified by the Builder, the Builder will select the optimum trade for each aspect of the home construction based on pricing and the quality and timeliness of that trades work. This process takes approximately three weeks from the submission of the Working Documents to the receipt of all required bids.

**The Bid Budget Process** - Once the Builder has received and verified all final approved bids for construction of the home, the Builder will prepare the final "**Bid Budget**" with cost line items similar to the Preliminary Budget that will outline the cost of the home based on actual bids. This process will take several days following receipt of the bids. Once completed, this information will be provided to the Client for review and approval. If the Final Bid Budget exceeds 5.0% over the Builder's estimated Preliminary Budget the Client will have the option to (i) Work with the builder, architect, and or designers to value engineer the project to meet the budget requirements, or (ii) authorize the Builder to proceed to construction once the Builder has received authorization from the municipality to obtain the building permit and the Client has consummated any financing to be used for the cost of the custom home. It is important to note that the Builder will need to be able to commence construction within 30 to 45 calendar days from the delivery of the Bid Budget to hold the pricing obtained from the various subcontractors.



**Value Engineering Process** – During the design phase, the builder will work closely with the architect, engineers, and designers to implement suggestions for cost savings to the project without eliminating the function and appearance of the home. After the Builder has selected the optimum subcontractors for the construction of the home, the Builder will work with the subcontractors to find cost saving ideas that will continue reduce the overall cost of construction.

**The Construction Process** - Assuming the Builder proceeds to construction, the Builder will thereafter manage the construction process through to the completion of the home. This process varies depending on the complexity of the custom home, weather conditions, the time of year the home begins construction and the location of where the custom home is built. You can be assured that the builder will have complete focus on the project for optimum productivity.

**The Warranty Process** - Once the custom home is completed the Builder will conduct a thorough walk-through inspection of the home with the Client and note any deficiencies or aspects of the construction of the home requiring repair (“Punch List Items”). The Builder will correct any and all Punch List Items as fast as reasonably possible and will warrant any construction issues or problems for 12 months following construction, working with the required subcontractors to complete any repairs as necessary. An onsite analysis will be performed every 3 months for the first 12 months from completion of the project. From year one through the applicable period by law (typically 10 years from construction) the Builder will warrant any latent defect items (items not seen at construction that later becomes an issue with the home – typically things like structural issues not known initially, leaky pipes in the wall not connected properly, faulty wiring in the walls not seen at construction, etc.).

We want to thank you for considering Malmquist Construction as the preferred builder for your new home. We look forward to assisting you in making your dream home a reality.

Sincerely,

The Malmquist Construction Team

