



Building Your Custom Home With Registry®



The one builder in Dallas whose primary business
is creating custom homes for individual clients.



Building Your Custom Home With Registry®



Fine Custom Homes Thoughtfully
Designed and Built, One At A Time.



We appreciate your interest.

■ AT REGISTRY® WE NEVER WANT TO “SELL” A HOUSE. Rather, we prefer to just keep providing information and answering questions until you know what decision is right for you and your family. We believe this extensive overview should provide a good foundation from which to begin this process. Please don't be shy about requesting any other information which may help you understand the procedures inherent to building your new custom home.

P.S. Relax. At Registry® we are very proud of the innovative systems we have developed to make building a custom home surprisingly easy (and dare we say, almost fun?).



Scan this QR code* to visit

www.registryhomes.com



* Need a QR reader for your phone? Go to your app store and download one for free. QR codes are very handy.

■ Please direct your questions regarding this information to:



**Randall
Case**

Voice/Messages
214-502-9945
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5925 Forest Lane, Suite 218
Dallas, Texas 75230-2783

Registry® Fine Homes Custom Project Packet



■ Included in this packet of information are the following components:

- 1. Custom Project Philosophy.** The relationship Registry® Homes has with its custom home clients is, to our knowledge, completely unique within our industry. Here's why. **(If you only read one page in this presentation, make it this one.)**
- 2. The Secret to a Good Night's Sleep.** Really. When you have a well-prepared, well-managed construction budget, you know (not *think* you know) what your home will actually cost at the end of the project.
- 3. New Home Project Cost Calculator.** Here's a handy tool designed to allow you to calculate an accurate first blush estimate of what your new custom home project would cost.
- 4. Registry's Value is Quality.** A look at how we have fine-tuned our standard finish out to match up nicely with homes costing much, much more.
- 5. Typical Time Line.** A look at how long your home project should take from the first signatures through the final punch list.
- 6. Homeowner Design Input.** With your help, this exercise will allow us to provide valuable creative input to the Architect and help us get started designing your dream home.
- 7. What You Need to Get Started On Your New Home** O.K. now what? This section details how easy it is to go from "Yes!" to "Let's get started".
- 8. Construction Contract.** These documents govern the entire relationship that will culminate in the completion of your new custom home. The complete contract defines all understandings and responsibilities, and, with addendums, specify all materials selections and governing budgets. It is written in plain English.

Registry® Fine Homes

Custom Project Philosophy



■ **WHAT MAKES REGISTRY® HOMES** different from other custom builders is that:

- (1) The very essence of our relationship with our clients is uniquely open and aboveboard. Our predetermined Builder/Contractor fee is our *only* compensation from a custom project. **All materials and services are billed to clients at our cost** (with supporting invoices provided). This simple, yet profound, change in the homeowner/builder relationship affords two unique and potent advantages over the locally standard “cost plus 15%” custom builder compensation:
 - It allows a completely transparent financial honesty between the homebuyer and the builder, negating the mutual distrust which seems to invariably develop under a cost-plus relationship (*You mean to tell me this little sink cost \$850.00?*), and
 - It allows the homebuyer and builder to work together to save money, since doing so won't cost the builder his profits. For example, Registry® is constantly striving to negotiate better discounts from its suppliers; discounts which a cost-plus builder would not be inclined to even request, much less negotiate.
More than any other reason, this is why you want to build your new home with us.
- (2) Registry® Homes always builds to a budget. Hardly any cost-plus builders do (because, again, the more it costs, the more they make). For every custom Registry® project, we prepare and present for client approval an all-encompassing, detailed budget which will guide the project *before* it begins to ensure you won't experience sticker shock before it ends.
- (3) We believe that building a custom home shouldn't take a year or more. By utilizing effective pre-planning and our well-rehearsed Registry® Homes subcontractors, we should easily be able to complete your custom home in only seven or eight months.

Bottom line: We believe Registry® is the different builder you're looking for. Please take the time to read the next few pages and see if you don't agree.

The Secret to a Good Night's Sleep



■ **THE WORST NIGHTMARE YOU HEAR FROM** people who had less than a great experience building a custom home is that the final price tag for their home exceeded their initial figure by a whopping 25 to 33%. Would it surprise you that this is normal for a project governed by a cost-plus builder contract?

At Registry® nothing moves until we have an approved budget. Thereafter, this budget is a gospel cast in stone. It does not change in any way without a "CHANGE ORDER" bearing signatures of both our client and Registry®. And at least every other week during the project actual expenses are compared to budgeted ones. *Bottom line:* You can rest easy that the project total number you start with will be within a percent or so of the final figure.

■ How we are able to so accurately produce budgets:

- Every house Registry® has ever built started with, and was managed during the entire construction process by, a detailed budget utilizing standardized budget categories.
- Prior to actually placing a new home project out for competitive bids, Registry® can prepare very accurate preliminary budgets utilizing the running averages based on recent new homes completed. Such trend data even allows us to produce a surprisingly accurate assessment simply by asking someone a dozen or so questions regarding the intended design of a home.

■ How we are able to so accurately manage budgets:

- Again, unlike cost-plus builders would be inclined to do, we get at least three competitive bids (from our list of tried and true suppliers) for most expense categories over \$2,000.00. As you can imagine, the accuracy of a budget goes up considerably when more than a third of the expense categories (making up over 80% of the total building costs) utilize firm amount bids.



Registry® Fine Homes New Project Cost Calculator

■ **ONE OF THE ADVANTAGES OF ALWAYS BUILDING TO A BUDGET** is it hones your ability to accurately project the cost of a custom home before the first hammer swing. Furthermore, if your new home will generally follow our standard finish out package we have the ability to project costs to within a per cent or two even before an architectural plan is initiated.

At this early stage of research into building a new custom home with Registry® we know a few rough numbers might be helpful to you. That's why we have included this elementary **Registry® Project Cost Calculator** which can provide a surprisingly close estimate of what your new home of a particular size, when situated on a particular lot, would cost.

FILL IN THE BLANKS:

- Architectural Services
 - Average fee \$ 9,250
- Site Preparation \$ 5,250
 - House demolition
 - Lot preparation
- Home Construction
(Includes Builder's Fee)
 - \$150.00-159.00* per A/C sq. ft. \$ _____
- Total cost excluding lot \$ _____
- Lot purchase price \$ _____
- Total estimated project price \$ _____

Note: See the flyer inside the front cover for details of our special **Design + Estimate** offer which provides you (at no cost or obligation) a floor plan/front elevation (based on your input from Section 6 of this notebook) plus a comprehensive construction estimate to build that design. Having all this information is a very smart way to begin, or evaluate, a new home project.

* Projected sq./ft. cost rate as of 01/01/11. Due to the commodity nature of some building materials, be advised this figure can fluctuate with market conditions. Often smaller square footage homes figure closer to \$165.00 per A/C sq. ft.

At Registry® Quality and Value Are Not Opposites



■ **THE POWER OF OUR BUILDER FEE RELATIONSHIP** is nowhere more apparent than when you review a list of features and products which are standard to all Registry® homes (unless you opt for other custom choices). What allows us to accomplish this impressive finish-out is simply our ability to negotiate multi-house volume discounts for the benefit of the individual homeowners.

■ Interior / Design

- Chris Myer architectural design
- 48-inch solid wood front door w/bevelled glass
- Imported stone entry way
- Double-width sculpted arches throughout
- Finest-quality hardwood floors
- Solid core doors w/raised panels everywhere
- Marble-granite countertops throughout
- Professional Series Viking® appliances
- Pella® LowE all-wood casement windows everywhere
- Cast stone or natural stone fireplaces
- Emtek® designer door hardware
- Finest quality all-wood custom cabinets
- Custom metal stair railing + wood treads/risers
- Bullnose treatment around windows/doors
- Hand-trowelled plaster wall finishes down

■ Exterior

- Outdoor den with fireplace
- Boral® premium brick
- Stone and wood accents
- Tamco® 30-year roof shingles
- Tile/Insets on porches

■ Systems

- Trane® high-efficiency A/C
- Kohler® sinks, tubs, and toilets
- Kohler® spa tub in Master Bath
- Honeywell® security system
- RainBird® sprinkler system

Again, these products and features match up nicely with homes costing 50% more than what you will spend on yours. Which is precisely why we believe that in a Registry® home the value is the quality.

The Time Line Registry® Uses to Build a New Home



■ Building a new home shouldn't take a year to accomplish. Here's how we do it in far less time:

First day of the Pre-Construction Period

-Owners and Registry sign a *Letter of Agreement to Initiate a Custom Home Project*.

Next

-Lot search (if necessary), construction financing

Next

-Owners and Registry sign a *Construction Contract*

■ Home design and planning

Days 1-60

- Owners complete *Homeowner Design Input* form
- Lot surveyed, tree positions plotted
- Architect briefed, begins design process
- Home on lot razed, trees trimmed
- Architect submits first drafts to Owners for revisions
- Architect resubmits amended designs/plans
- Owner approves plans
- Architect produces construction drawings(plans)/copies
- Registry distributes plans to potential subs for bidding
- Engineering firm designs foundation
- Registry prepares *The Estimated Costs of the Project* (Addendum A)
- Owners approved *The Estimated Costs of the Project*
- Registry secures city building permits

■ Home construction begins

Days 61-91

- Dirt work and leveling
- Foundation forms
- Plumbing
- Foundation finished
- Doors and windows ordered
- Cast stone/fireplaces ordered
- Framing
- Cabinets designed and ordered
- Windows installed
- Roofing/Vents
- Electrical
- Doors installed

■ Home construction begins

Days 61-90 (continued)

- Wall insulation
- Sheetrock
- Brick/stone work
- Electrical Fixtures
- Heating and air conditioning

Days 91-180

- Stairs faced
- Hardwood floors installed
- Tile installed
- Cabinets installed
- Finish carpentry
- Lot drainage
- Exterior painting
- Interior painting
- Counter tops
- Plumbing fixtures
- Floors stained
- Gutters
- Flatwork

Days 181-240

- Appliances
- Hardware
- Mirrors/Glass
- Cleaning
- Punch lists
- Professional inspections
- Plants and bulbs
- Final seal coating on hardwood floors
- “Final-final” green occupancy approval



Homeowner Design Input (By the Homeowner)

■ **THIS IS AN EXERCISE** which will allow you to provide a starting point for the Architect to begin his design process.

BASIC CONSIDERATIONS

■ How big?

- | | |
|--|--|
| <input type="checkbox"/> 3250-3500 square feet | <input type="checkbox"/> 4250-4500 square feet |
| <input type="checkbox"/> 3500-3750 square feet | <input type="checkbox"/> 4500-4750 square feet |
| <input type="checkbox"/> 3750-4000 square feet | <input type="checkbox"/> 4750-5000 square feet |
| <input type="checkbox"/> 4000-4250 square feet | <input type="checkbox"/> 5000+ square feet, approximately _____ sq.ft. |

■ How many covered parking places?

- 2-car garage plus porte cochere
- 3-car garage
- 3-car garage plus porte cochere

■ How many bedrooms?

- 3
- 4
- 5
- More ____

■ How many of these are every night bedrooms? _____

■ Would you consider designing any up bedrooms for flexible (daytime) uses?

- Yes
- No

■ Do you plan to add a pool?

- Yes (or Maybe)
- No

BASIC CONSIDERATIONS (continued)

- How many formals?
 - One- Formal dining
 - One- Formal living
 - One- Formal parlor
 - Two- Formal dining and living

- How about a study?
 - No
 - Yes, downstairs
 - Yes, upstairs
 - Yes, either up or down

- How many fireplaces?
 - 1
 - 2
 - 3
 - More_____

- Where to put the fireplaces?
 - Den/family room
 - Study
 - Master bedroom (downstairs)
 - Kitchen
 - Formal living
 - Formal dining
 - Back porch/outdoor den

Notes on fireplace fronts, surfaces and mantels _____

BASIC CONSIDERATIONS (continued)

■ Formal dining (if applicable, mark/answer all that apply)

- Our table seats ____ people
- We also have a buffet

■ Butler pantry?

- Wet
- Dry

■ Kitchen island?

- Wet
- Dry

■ Kitchen office?

- Yes
- No

■ Dry (non-electric) wine cabinet?

- Yes
- No

■ (RH) Below is our standard kitchen/appliance package (no brands indicated):

- 42-inch built-in refrigerator
- 48-inch gas cooktop (6-burner plus griddle)
- 30-inch gas double ovens
- 30-inch built-in microwave oven
- Ultra-quiet dishwasher

Do you have other ideas? Please explain _____

BASIC QUESTIONS (continued)

- Primary TV rooms? (mark all that apply)
 - Den/Family
 - Study
 - Gameroom upstairs
 - Kitchen dining
 - Other_____

- Master Bed closet(s)?
 - One large undivided (two dressing cabinets)
 - One divided/separate areas
 - Two separate
 - Two- Formal dining and living

- Piano?
 - Yes, What type/size?_____
 - No

- Master bedroom flooring?
 - Hardwood
 - Carpeting

- Front door lamps. What type?
 - Gas
 - Electric

- Driveway?
 - Standard / meandering
 - Circular

- Entry hall material?
 - Hardwood
 - Stone tile

BASIC QUESTIONS (continued)

■ Office/kid's study upstairs?

- Yes
- No
- How many computer stations? _____

■ Will an outside audio/video consultant/firm be utilized?

- Yes
- No

■ Which rooms might have enhanced audio/video?

- Study
- Den
- Master bedroom
- Upstairs gameroom
- Other_____

■ Are you interested in a separate, specialized audio/video/theatre room?

- Yes
- No

SPECIAL NEEDS/SPECIAL TOUCHES

■ **Outside/Exterior.** We want to discuss:_____

■ **Entry** We want to discuss:_____

SPECIAL NEEDS/SPECIAL TOUCHES

■ **Formal Rooms.** We want to dicuss:_____

■ **Study.** We want to discuss:_____

■ **Den/Family Room.** We want to dicuss:_____

■ **Kitchen/Butler.** We want to discuss:_____

■ **Master Bed/Bath.** We want to dicuss:_____

SPECIAL NEEDS/SPECIAL TOUCHES

■ **Mud/Laundry.** We want to discuss: _____

■ **Powder Bath.** We want to discuss: _____

■ **Garages.** We want to discuss: _____

■ **Downstairs Storage.** We want to discuss: _____

■ **Porches.** We want to discuss: _____

SPECIAL NEEDS/SPECIAL TOUCHES

■ **Stairways.** We want to dicuss: _____

■ **Upstairs Bedrooms.** We want to discuss: _____

■ **Office / Kid's Study.** We want to dicuss: _____

■ **Upstairs Storage.** We want to discuss: _____

■ **Upstairs Bedrooms.** We want to dicuss: _____

SPECIAL NEEDS/SPECIAL TOUCHES

■ **Upstairs Baths.** We want to dicuss: _____

■ **Guest Room / Guest Bath.** We want to discuss: _____

■ **Gameroom.** We want to dicuss: _____

■ **Attic.** We want to discuss: _____

■ **Something else.** We want to dicuss: _____

STYLE POINTS/FIELD RESEARCH

- Generally speaking, how do you want the home to feel?
 - More formal
 - More casual

- Is there an overall exterior style that suits you?
 - French / Italian / European
 - Contemporary
 - Texas
 - Undecided / Other_____

- Supply the addresses (or front exterior photos) of your favorite five (5) homes.
 - 1
 - 2
 - 3
 - 4
 - 5

- Any brick/stone preferences? Please supply addresses or photos.
 - 1
 - 2
 - 3
 - 4
 - 5

- Please supply any pictures from home magazines that will help convey style desires.

How to Start the Ball Rolling on Your New Custom Home



■ **WE'RE ALWAYS ASKED:** "What do we need to do to get this project going?" Below is a brief overview of the necessary steps:

- (1) **Sign the Letter of Agreement to Initiate a Custom Home Project.** *(See next page)*
Frankly, this is how Registry® separates "tire-kickers" from clients. Confirming the status of a client early on allows us to get a rolling head-start on the project (say creative concepting with the architect) even if we are still searching for a building site. Even more importantly, this commitment will immediately secure you a start date slot on Registry's usually tight construction schedule. Execution of this agreement will require a \$10,000.00 deposit which will be returned, in full, if the project does not proceed (for any reason whatsoever). Otherwise, this deposit will be credited against the builder's fee.
- (2) **Decide on a building site or send Registry® in search of one.** If you come to us with a lot already purchased or under contract, terrific. But if you need a building site, we would be happy to help you find just the right one. All we need to know is where and how big a lot it will take to accommodate your new home. *Remember:* Finding the right building site may require a little patience.
- (3) **Provide input to the architect regarding your design needs and preferences.** This part is actually fun. Simply complete the *Architectural Design Input* exercise (See Section 6). Utilizing this material, our architects will prepare an initial creative concept proposal which will include first attempts at floorplans and elevations. These will serve as starting points for the fine-tuning process which will continue until the plans are exactly as you want them. Usually, this process takes four weeks or so.
- (4) **Secure your construction financing.** If you do not have a lender already selected, we have several tried and true allies. Once you select a source we will help you provide them the necessary information. Two key elements are architectural plans for your new home and initial budgets projecting the costs to build it. Once again, getting a quick start on the project will allow early completion of the plans which will, in turn, help speed up the financing approvals (and with the looming prospect of higher interest rates, perhaps even help you nail down a lower rate).

Letter of Agreement to Initiate a Custom Home Project



■ **THIS AGREEMENT** is between Registry® Homes, Limited ("RH") and

Homeowner names and address.

(whether one or more, the "Owners").

By their execution below, the Owners agree to make an initial deposit with RH in the amount of Ten Thousand and no/100's Dollars (\$10,000.00). This deposit will apply to the **Contractor Fee** specified in the **Construction Contract**.

NOTE: Registry® Homes agrees that if *for any reason* the Owners decide not to proceed with the custom home project it will return this fee within ten (10) business days, in full, less any expenses for architectural design services provided which were specifically approved by the Owners.

Owners: _____ Date_____

Owners: _____ Date_____

Accepted for Registry® Homes, Ltd. by:
_____ Date_____



**Registry[®] Homes
Custom Construction
Contract**

Construction Contract to Build a Custom Home



■ **THIS AGREEMENT** made as of this 00th day of June, 2011 between John and Jane Smith, the Owners, and Registry Homes, Limited, the Contractor, for the construction of a custom home residence located at 0000 Address, Dallas, Texas 75230, the Property. Subsequently, the Owners and Contractor agree to the following:

THE WORK

- 1.1 The Contractor shall perform all the Work required by the Construction Contract documents for the construction of a single-family residence on the above referenced lot owned by the Owners.
- 1.2 The "Work" comprises the construction and services required by the Construction Contract documents and includes all labor, materials, equipment and services necessary to fulfill the Contractor's obligations.

DATE OF COMMENCEMENT

- 2.1 The Contractor will schedule that the Work shall commence on or about July 1, 2008 (the Commencement Date). Contractor shall not be required to actually commence construction until final construction drawings, applicable city permits and a copy of the Owners Construction Loan Commitment are received by the Contractor.

SUBSTANTIAL COMPLETION DATE

- 3.1 Subject to authorized adjustments, Substantial Completion Date shall be achieved nine months or less from the date construction actually begins. Due to normal variations in the custom home construction process, including weather delays, manufacturer shortages, and installation of Owner's selections, the Substantial Completion date may be up to thirty (30) days earlier or later than projected.

CONTRACT SUM

- 4.1 The Owners shall pay the Contractor in current funds for the performance of the Work subject to the additions and deletions by Change Order as provided by the Construction Contract documents. Payment for the performance of the Work shall be billed to the Owners at an amount not to exceed the Contractor's actual cost. The Contract Sum will equal the Cost of the Work (as estimated in Addendum A to this Construction Contract) plus the Contractor's Fee (as stipulated in Addendum B to this Construction Contract).

CONTRACT SUM (continued)

- 4.2 The estimated Cost of the Work, per Addendum A to this Construction Contract, and including the Contractor's Fee is \$000,000.00.

CONTRACTOR'S FEE

- 5.1 The Contractor's Fee, per Addendum B to this Construction Contract, and hereby agreed to and confirmed by both the Owners and the Contractor, is \$000,000.00. This Contractor's Fee shall be paid by the Owners to the Contractor according to an installment schedule also stipulated in Addendum B to this Construction Contract. This Contractor's Fee is exclusive of any Realtor fees and Title Insurance, items which will be carried, if applicable, as an expense item included in the Cost of the Work (See Addendum A).

PROGRESS PAYMENTS

- 6.1 Based on Applications for Payment submitted to the Owners by the Contractor, the Owners shall make progress payments in the full amount approved by the lending institution within three (3) days following such approval. In all cases the progress payments are due within five (5) working days following the submission of the progress payment draw request by the Contractor unless approval is not received from the lender.
- 6.2 Notwithstanding anything contained herein to the contrary, the Contractor agrees to abide by the reasonable requests imposed upon the Contractor by the Owner's construction lender, including all the lender's requirements and policies regarding progress payments. (Note: The Contractor's usual practice is bi-weekly progress (draw) payments.
- 6.3 All progress and final payments due and unpaid under the Construction Contract documents shall bear interest from the payment due date at a rate of five per cent (5%) per annum, assuming such payments have been approved for payment by the lender.
- 6.4 Changes, as specified in Addendum D, will be handled either by a bid price or on a time plus materials basis. All Change Order work and materials shall be billed concurrently with the next draw request, but only to the extent such work has been performed. Payment for time plus materials work is due and payable with the next progress payment.
- 6.5 All amounts charged against applicable or budgeted allowances will be reconciled as one account at the end of construction. Where the Owner's request or selection of materials has exceeded specified allowances, the Contractor shall submit to the Owners an "Allowance Overage Reconciliation" in the form of a Change Order.

FINAL PAYMENT

- 7.1 Final Payment is due within five (5) business days after the date of Substantial Completion, as defined in Section 13.1, provided such payment has been approved by the construction lender.
- 7.2 Prior to Substantial Completion, the Owners and the Contractor shall prepare for submission to the Owners a preliminary list of items to be completed or corrected (the start of the punch list) for the Owners' approval. The failure to include any item on the punch list shall not alter the Contractor's responsibility to complete the work in accordance with these Construction Contract documents. The Owners shall inspect the work to confirm the accuracy of the punch list.
- 7.3 At the date of Substantial Completion the Contractor shall provide to the Owner and/or construction lender a "Waiver of Liens" statement executed to include all subcontractors and suppliers, to confirm that all subcontractors and suppliers have been paid in full.

CONTRACT DOCUMENTS

- 8.1 The Construction Contract documents are enumerated and include the following:
 - (A) **Letter of Agreement to Begin a Custom Home Project**
 - (B) This **Construction Contract**, including all referenced Addendums and Exhibits,
 - (C) **The Architectural and Engineering Plans** (the final versions as prepared by architects and engineers approved by the Owners), and
 - (D) **Technical Specifications** (if necessary, any provided by the architects, engineers or city inspectors during the construction process).
 - (E) **All Modifications** issued after execution of this Agreement, such as Change Orders (See Addendum D) affecting the Work.
- 8.2 All materials, finishes, methods or techniques not specified in the Construction Contract documents or the construction drawings will be consistent with standard Registry Homes quality, specifications and practices as determined by the Contractor.
- 8.3 Contractor is responsible for the correction of errors and/or omissions in plans, specifications and shop drawings supplied by the Contractor.

CONTRACT DOCUMENTS (continued)

- 8.4 Nothing in the Construction Contract documents shall create any contractual relationship with any subcontractor or supplier and the Owners. Should more than one of the Owners be involved in this Agreement, either party may sign modifications (Change Orders) to the Construction Contract documents and hereby agrees that their signature binds the other.
- 8.5 Receipt of a facsimile copy of any signed Construction Contract document shall be deemed to be an original for the purpose of creating a legally binding agreement between the Parties consistent with the terms of this Agreement.

OWNER

- 9.1 The Owners, unless otherwise specifically provided in the Construction Contract documents, shall furnish to the Contractor all surveys and record plats and a legal description of the building site including any and all building restrictions and neighborhood covenants.
- 9.2 The Owners shall pay for any necessary approvals, easements, assessments and charges required for the construction, use or occupancy of the home structures.
- 9.3 The Owners shall sign all necessary applications required to obtain permits and bonds.
- 9.4 The Owners shall select in a timely manner all allowance items not specified before construction begins. The Owners agree that delays in selections can cause additional cost and disrupt construction sequencing and further agree that such periods of delay may be added to the time required to reach Substantial Completion.
- 9.5 The Owners agree to permit the Contractor to place Registry® Homes signage on the property during the course of construction. Signage will include only a typical builder sign and a standard 8 1/2" x 11" flyer box.
- 9.6 The Owners agree that they shall not contract with, authorize or permit any individual, other than contractor or subcontractor to perform additions or changes to the plans and specifications contained in the Construction Contract documents unless authorized to do so in writing by the Contractor.

CONTRACTOR

- 10.1 The Contractor shall supervise and direct the Work, using his best skill and attention and be solely responsible for all construction means, methods, techniques, sequences and procedures, and for coordinating all aspects of the Work under the Construction Contract.
- 10.2 The Contractor, unless otherwise specifically provided in the Contract Documents, shall provide and pay (from collected draw proceeds) for all labor, materials, equipment, tools, construction machinery, utilities, transportation, and other facilities and services necessary for the proper execution and completion of the Work.

CONTRACTOR (continued)

- 10.3 The Contractor shall at all times enforce good and workmanlike discipline and order among his employees. He shall also make all attempts to not employ on the Work any unfit person or anyone not skilled at the task assigned to him.
- 10.4 The Contractor warrants to the Owner that all materials and equipment incorporated in the Work will be new unless otherwise specified. Furthermore, all materials and equipment used to complete the Work will be as specified in the Cost of the Work estimate appearing in Addendum A to this Construction Contract.
- 10.5 The Contractor shall provide all notices and comply with all laws, ordinances, and regulations of any public authority bearing on the state or performance of the Work.
- 10.6 The Contractor shall at all times keep the construction site free from an unreasonable amount of rubbish or waste materials. At the completion of the Work he shall remove all waste materials from the site as well as all tools, machinery, surplus materials and signage.

SUBCONTRACTORS

- 11.1 A Subcontractor is defined as any person or entity who has direct contact with the Contractor to perform any task or service deemed necessary by the Contractor to complete the Work.

DEFAULT AND REMEDIES

- 12.1 **Pre-Closing Default.** If either party fails to perform or otherwise breaches any of the terms of this Agreement at or prior to closing of the construction loan, including, without limitation, the obligation to close the transaction, then such party shall be in default of this Agreement. Upon such pre-closing default, the non-defaulting party's sole and exclusive remedy shall be, at that party's option: (i) to waive the default and proceed to closing; (ii) to institute arbitration as provided in section 12.3 below, in which case the arbitrator's sole available remedy shall be an order requiring specific performance of this Agreement and awarding attorneys fees incurred in the arbitration action as provided in section 12.4 below, or (iii) to terminate this Agreement by notifying the other party in writing. If the Owners elect option (iii) as the Owners' sole and exclusive remedy, Owners shall be entitled to the return of the Deposit. If the Contractor elects option (iii) as Contractor's sole and exclusive remedy, Contractor shall be entitled to retain the Deposit as liquidated damages. Owners and Contractor agree that the actual damages upon termination under this Agreement would be uncertain and difficult, if not impossible to accurately ascertain, and Owners and Contractor agree that the liquidated damages amounts set forth above fairly and reasonably estimate those damages at this time and are not considered a penalty. Owners and Contractor waive all other damages arising from a default that occurs at or prior to closing by the other party.

DEFAULT AND REMEDIES (continued)

- 12.1 If Owners and Contractor disagree that the other had the right to terminate this Agreement, then the non-terminating party may institute an arbitration action pursuant to section 12.3 below within seven (7) days after receipt of the termination notice, in which case the arbitrator's sole available remedy shall be an order determining if the party terminating this Agreement had the right to cause termination and awarding attorney's fees incurred in the arbitration as provided in section 12.3 below. If the non-terminating party fails to institute arbitration action within the seven (7) day period, then such party shall be prohibited from disputing the termination of this Agreement.
- 12.2 **Post-Closing Default.** Any party that fails to perform any of the terms of this Agreement after closing the construction/realestate loan shall be in default of this Agreement. The non-defaulting party's sole and exclusive remedy shall be to initiate an arbitration action as provided in section 12.3 below.
- 12.3 **Arbitration.** All claims, disputes, controversies or legal actions related to, arising out of or connected with this Agreement or the Property (including, without limitation, claims for breach of warranty, claims governed by the Residential Construction Liability Act and claims under the Deceptive Trade Practices Act) shall be resolved exclusively by binding arbitration by a single arbitrator in accordance with this Agreement and the commercial or construction rules of arbitration of the American Arbitration Association, as applicable. The award of the Arbitrator shall take into account the provisions of the Residential Construction Liability Act if those provisions would be applicable had the claim, dispute or controversy been decided in court proceedings. The award of the Arbitrator shall be final and not subject to appeal. Owners and Contractor agree that the remedies which an arbitrator may award for a default arising under section 12.1 above are limited to the provisions in section 12.1. For enforcement purposes, judgement on the arbitration award may be entered by any court having jurisdiction over the dispute. If state law would require prerequisite action (for example, without limitation, notice and an opportunity to cure) before bringing a lawsuit to resolve the claim, dispute or controversy, those same prerequisites shall apply before arbitration may commence. Attempting to satisfy such prerequisites or engaging in settlement or other negotiations shall not constitute a waiver of this arbitration agreement. Contractor may include as parties to the arbitration any supplier(s) or subcontractor(s) whose work or supplies are involved in the dispute. If all or a portion of the dispute is covered by a written warranty agreement issued to the Owners by a party other than the Contractor, then the dispute or applicable portion of the dispute will be resolved as provided in the warranty agreement. Any portion of the dispute not covered by a warranty agreement will be resolved as provided in this paragraph. The parties acknowledge that this Agreement evidences a transaction affecting interstate commerce. The Federal Arbitration Act will govern the interpretation and enforcement of this Agreement. The provisions of this paragraph shall survive termination of this Agreement and survive the closing. The provisions are binding on future owners of the Property.

DEFAULT AND REMEDIES (continued)

- 12.4 **Attorney's Fees.** If any arbitration proceeding or other action or proceedings is brought by either party with respect to this Agreement, the prevailing party shall be entitled to recover, in addition to any other relief to which it is entitled, its costs and expenses incurred in connection with such proceeding or action, including, without limitation, reasonable attorney's fees.

SUBSTANTIAL COMPLETION ADJUSTMENTS

- 13.1 The Date of Substantial Completion of the Work is further defined as the date when construction is sufficiently complete so the Owners could occupy or utilize the Work for the use for which it is intended. This date may not precede the date of temporary or final occupancy permit or "green tag".
- 13.2 If the Contractor is delayed at any time in the progress of the Work by changes ordered in the Work by Owners, by labor disputes, fire, unusual delay in shipping or transportation, adverse weather conditions not reasonably anticipatable, or any causes beyond Contractor control, or by any other cause which may justify the delay, then the Contract Time shall be extended by Change Order for such reasonable time as the Owners and Contractor may jointly determine.

PROTECTIONS OF PERSONS AND PROPERTY

- 14.1 The Contractor shall be responsible for initiating, maintaining and supervising safety precautions in connection with the Work. He shall take all reasonable precautions for the safety of, and shall provide all reasonable protection to prevent damage, injury or loss to (1) all employees on the Work and other persons who may be affected thereby, and (2) all the Work and all materials and equipment to be incorporated therein. The Contractor shall promptly remedy all damage or loss to any property caused in whole or part by the Contractor, any Subcontractor, or anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable, except damage or loss attributable to the acts or omissions of the Owners or anyone directly or indirectly employed by the Owners or by anyone for whose acts the Owners may be liable.
- 14.2 The Owners recognize the inherent dangers of construction work and agree to not allow children or pets to enter the work area unless under their personal supervision and responsibility.

INSURANCE

- 15.1 Contractor's liability insurance shall be attained and maintained by the Contractor to protect him from claims under workers' or workmans' compensation acts and employee benefit acts, claims for damages because of bodily injury, including death, and from claims for damages, other than to the Work itself, to property which may arise out of or result from the Contractor's operations under this Contract, whether such operations be by himself or by any Subcontractor or anyone directly or indirectly employed by any of

INSURANCE (continued)

- 15.1 them. This insurance shall be written for not less than any limits of liability specified in the Contract Documents, or as required by law, whichever is the greater.
- 15.2 The Contractor shall be responsible for purchasing and maintaining liability insurance and such insurance as will protect him against claims which may arise from operations under the Contract.
- 15.3 The Owner shall be responsible for the costs of purchasing and maintaining property insurance upon the entire Work at the site to full replacement value thereof. This insurance shall include the interests of the Owners, the Contractor, and Subcontractors in the Work and shall insure against fire damage and extended coverage and shall include "all risk" insurance for physical loss or damage including, without duplication of coverage, theft, vandalism, and malicious mischief.
- 15.4 The Owners and Contractor waive all rights against each other for damages caused by fire or other perils to the extent covered by insurance obtained pursuant to this Article or any other property insurance applicable to the Work, except such rights as they may have to the proceeds of such insurance held by the Owners as trustee.

CHANGE ORDERS

- 16.1 The Owners, without invalidating the Contract, may order Changes in the Work consisting of additions, deletions or modifications, with the Contract Sum (reference section 4.2) and the Substantial Completion time (reference section 3.1) adjusted accordingly. All such changes in the Work shall be authorized by a written Change Order (See Addendum D) signed by the Owners and the Contractor.
- 16.2 The estimated Contract Sum and Substantial Completion Date may be altered only by Change Order.

WARRANTY

- 17.1 The Contractor hereby grants to the Owners for a period of two (2) years following the Substantial Completion Date, that the dwelling, together with all its fixtures, is sufficiently (i) free from structural defects, so as to pass without objection in the trade, (ii) constructed in a workmanlike manner, so as to pass without objection in the trade, and (iii) fit for habitation. Upon completion of the Work, the Contractor shall assign or cause to be assigned to the Owners all manufacturers' and other third party warranties that are assignable with respect to all work, materials, and equipment which are to be incorporated into the dwelling.

FINANCING

- 18.1 This Construction Contract is null and void in the event the Owners are unable to obtain a lender's commitment for construction financing for the full Contract Sum prior to Commencement Date.

FINANCING (continued)

18.2 In the event that (i) the Owners are unable to obtain said financing, or (ii) this contract is rendered void due to circumstances stipulated within this Agreement, Contractor may bill the Owners for services already rendered. These expenses may be rendered against any and all monies received by the Contractor.

MISCELLANEOUS

19.1 **Realtor Fees.** The Owners are not represented by a Realtor.

19.2 **Environmental Disclaimer.** Various environmental related conditions may exist within or near the dwelling/homesite including, without limitation, radon gas, odors, pollution from air, water or soil, and/or electric magnetic fields that are produced from electric power lines at the homesite or in the vicinity. Contractor makes no warranties or representation regarding any such environmental related conditions within or near the dwelling and disclaims all warranties and representations related hereto. Owners agree the Contractor is not liable for any such environmental related condition within or near the dwelling.

19.3 **Grading and Drainage.** The Property will be graded by the Contractor to drain water generally away from the dwelling foundation in accordance with an approved foundation plan. After the date of Substantial Completion, any installations of landscaping and/or construction on the Property (including, without limitation, any swimming pools or spas, patios decks, flower beds, etc.) can disrupt the drainage and may cause flooding and other problems on the homesite, or to other adjoining lots, if not engineered correctly. Any drainage or loss resulting from improvements or alterations to the Property made after closing that changes the grade or drainage flow patterns shall be the Owners' sole responsibility and the Owners release the Contractor from any and all liability and/or damages that may arise from such changes.

19.4 **Soils-Foundation.** Expansive soils are extensively found in the Dallas, Texas, area. Expansive soils typically contain clay materials which expand when wet and contract when dry. Because the foundation of the dwelling is ground supported, the dwelling is prone to movements as the soils expand and contract. This movement can, and usually does over time, cause cracking or separation of the building materials and finishes. In order to minimize the amount of this movement, Owner agrees to monitor the moisture of the soils surrounding the foundation and work to keep the moisture conditions consistent, uniform and at equilibrium. In an effort to design and construct the appropriate foundation for the dwelling, Contractor will obtain a soils report from a professional geotechnical engineer and supply it to a professional structural engineer who will make recommendations regarding appropriate foundations to match the soil conditions discovered in the soils report. The Owners and Contractor agree that all

MISCELLANEOUS (continued)

- 19.4 decisions regarding the dwelling foundation are the sole responsibility of the Owners and their professional advisers. Notwithstanding, the Owners do not relieve Contractor from responsibility of building the foundation according to the structural engineer's design.
- 19.5 **Views, Privacy and Trees.** The Property is an area of redevelopment. Therefore any trees, houses, parks or other natural conditions within sight of the Property are subject to change. Contractor has no liability for degradation or destruction of any view from the Property or any loss of privacy arising from the development of nearby lands or the removal, loss or addition of any trees or shrubs. The Contractor further advises that the demolition of the home on the building site and subsequent construction process can, even if protective measures are taken, endanger existing trees and landscaping. Therefore, the Contractor has no liability whatsoever for the loss of any trees or landscaping existing on the building site at the initiation of the Work.
- 19.6 **Swimming Pools and Water Spas.** The Contractor has not included in his Contractor's Fee provisions to oversee the installation of swimming pools or water spas. Contractor does not possess the expertise to manage such projects and thus cannot and/or will not include such a process in the description of the Work to be completed.
- 19.7 **Reliance on Third Parties.** Contractor informs the Owners that he has relied or will rely on numerous third party professional and governmental authorities in the construction, design, development and inspection of the Property and dwelling, and the land development within the neighborhood. Therefore, the information provided by the Contractor to the Owners may have been based on information from such third parties or the actions taken by the Contractor may have been based on such third party information.
- 19.8 **Assignment.** This Agreement is not assignable by the Owners, unless Contractor consents to such assignment in writing. Absent Contractor's written consent, any purported assignment shall be of no force or effect and shall constitute a default under this Agreement.
- 19.9 **Notices.** All notices, demands and other communications required or permitted by this Agreement ("Notices") shall be in writing and given to the other party hereto as follows: (i) personal delivery, (ii) registered or certified mail, return receipt requested, first-class postage prepaid. All notices shall be directed to the addresses for the parties as listed in this Agreement, or to such other addresses as a party shall designate by written notice made as provided by this paragraph. Notices given by personal delivery shall be presumed to have been received upon tender to the applicable party. Notices given by mail shall be presumed to have been received on the third business day after deposit into the U.S. Postal System.

MISCELLANEOUS (continued)

- 19.10 **Waiver.** Except as specifically provided herein, no failure or delay by any party in exercising any right or provision hereunder and no course of dealing between or among any of the parties shall operate as a waiver of any such right or provision except as expressly provided herein. No waiver of any default or right on any one or more occasions shall constitute a waiver of any subsequent default of the same or other right on a subsequent occasion. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.
- 19.11 **Partial Invalidity.** If any provision of this Agreement, or the application thereof, to any person or circumstance, shall be invalid or unenforceable, at any time or to any extent, then the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby. Each provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.
- 19.12 **Governing Law.** This Agreement shall be governed by the laws of the State of Texas.
- 19.13 **No Recordation.** Neither this Agreement nor a memorandum or other notice of this Agreement may be recorded in the land records or other public records of the jurisdiction. This paragraph is a specific directive to the officials of such jurisdiction not to record this Agreement or a memorandum or other notice of this Agreement.
- 19.14 **Time is of the Essence.** Time is of the essence with respect to the performance of this Agreement.
- 19.15 **Amendment.** This Agreement may only be modified or amended by an agreement in writing signed by the Owners and the Contractor.
- 19.16 **Entire Agreement.** This Agreement constitutes the entire agreement and understanding between the Owners and the Contractor and neither the Owners or the Contractor will be bound by any understanding, statement, agreement, promise or representation, express or implied, written or oral, which is not specifically set forth in this Agreement. The Owners represent to the Contractor that the Owners have listed below any understanding, statement, agreement, promise or representation by the Contractor or Contractor's employees, agents or representatives which is not specifically stated in this Agreement, and upon which the Owners are relying on in conjunction with the Contractor's completion of the Work, to wit the Contractor's written marketing materials.
- 19.17 **Survival of Terms.** All terms, provisions, warranties, representations, disclosures, indemnities, agreements and covenants contained in this Agreement shall survive the closing of the permanent loan (following the Substantial Completion) except (i) as otherwise may be provided herein, including, without limitation, a provision where a term only survives closing for a limited period of time after closing,

MISCELLANEOUS (continued)

19.17 or (ii) to the extent the performance covenant, obligation or agreement is intended by the terms of this Agreement to only be performed at or before closing and is fully performed at or prior to closing.

19.18 **Agreement Not Binding Until Execution.** This Agreement shall not be binding until executed by the Owners and the Contractor in the space provided below, regardless of the content of any discussions or statements made by the Owners or Contractor prior to execution of this Agreement. For purposes of this Agreement, the date of this Agreement shall be the date on which the last party signs this Agreement.

The following provision is required by the Texas Property Code. It is not intended to waive or limit in any way the arbitration agreements in the sections above.

This contract is subject to Chapter 27, Property Code. The Provisions of that chapter may affect your right to recover damages arising from the performance of this contract. If you have a complaint concerning a construction defect arising from the performance of this contract and that defect has not been corrected through normal warranty service, you must provide notice regarding the defect to the contractor by certified mail, return receipt requested, not later than the 60th day before the date you file suit to recover damages in a court of law. The notice must refer to Chapter 27, Property Code, and must describe the construction defect. If requested by the contractor, you must provide the contractor an opportunity to inspect and cure the defect as provided by Section 24.004, Property Code.

ACCEPTED FOR REGISTRY HOMES, LTD.

ACCEPTED FOR THE OWNERS

By _____

By _____

Dated _____

Dated _____

By _____

Dated _____



Addendum A

The Estimated Costs of the Project

(The Cost of the Work)

■ This document and the information herein will serve as Addendum A to the Construction Contract to Build a Custom Home, dated June 11, 2010, between Registry Homes, Limited and John and Jane Smith.

Following is the Construction Budget for a custom home project utilizing subjective guidelines, data, and suppositions. The Contractor can only confirm that at least these materials will be necessary to complete the project. In addition, these cost estimates for individual materials, equipment and services are assumed to be correct as of the date of this document only. And furthermore, all parties should be advised that as a general rule, the longer the project takes to complete, the higher expenses will total.

Based on the following budget details, the Contractor estimates that the total estimated construction costs known as the **Cost of the Work** will be: \$000,000.00

SEE ATTACHED REPORT OF SPECIFIC EXPENSE CATEGORIES DETAILING THE ABOVE AMOUNT

The Owners and Contractor agree that this Cost of the Work amount is an estimate only. Due to any number of yet unknown circumstances, the actual expense for the Cost of the Work could be either higher or lower than this estimate. For the benefit of the Owners, the Contractor will provide during the course of the Work a regular report comparing actual accrued expenses with these estimated amounts, utilizing an identical format of expense categories.

ACCEPTED FOR REGISTRY HOMES, LTD.

ACCEPTED FOR THE OWNERS

By _____

By _____

Dated _____

Dated _____

By _____

Dated _____



Addendum B

Registry's Fee for the Project (The Contractor's Fee)

■ This document and the information herein will serve as Addendum B to the Construction Contract to Build a Custom Home, dated June 11, 2010, between Registry Homes, Limited and John and Jane Smith.

The Contractor's Fee for this custom home project is \$00,000.00.

This Contractor's Fee is exclusive of any Realtor fees and Title Insurance, items which will be carried, if applicable, as an expense item included in the Cost of the Work in Addendum A.

This Contractor's Fee shall be paid by the Owners to the Contractor according to an installment schedule as follows:

- Eight (8) consecutive payments of \$00,000.00 to be added to the first progress payment draw request of each month beginning with with the billing period coinciding with either (a) billing for the demolition of the home originally on the building site, or (b) with the aquisition/billing of the City of Dallas Building Permit, determined by whichever event occurs first.

The initial down payment of \$10,000.00 made by the Owner upon signature of the "Letter of Agreement to Initiate a Custom Home Project", will be applied against the total of the Contractor's Fee before it is divided into the eight (8) payments referenced above.

ACCEPTED FOR REGISTRY HOMES, LTD.

ACCEPTED FOR THE OWNERS

By _____

By _____

Dated _____

Dated _____

By _____

Dated _____

Addendum C Architectural Services Agreement



■ This document and the information herein will serve as Addendum C to the Construction Contract to Build a Custom Home, dated June 11, 2010, between Registry Homes, Limited and John and Jane Smith.

With this **Architectural Services Agreement** the Owners hereby authorize Registry Homes, Limited, the Contractor, to retain on behalf of the Owners, the professional firm named below to provide residential architectural services for design of the Owners' new custom home (the Work).

The firm the Owners wish to retain is: **Myer Studios LLC**

Their fee structure to produce a standard package of construction drawings is detailed on the following two pages.



Addendum D Change Orders for Amending the Construction Contract

■ This document and the information herein will serve as Addendum D to the Construction Contract to Build a Custom Home, dated June 11, 2010, between Registry Homes, Limited and John and Jane Smith.

Per Paragraphs 16.1 and 16.2 of the Construction Contract, the Owners, without invalidating the Contract, may order Changes in the Work consisting of additions, deletions or modifications, with the Contract Sum and the Substantial Completion time adjusted accordingly. All such changes in the Work shall be authorized by a written Change Order signed by the Owners and the Contractor. The Contract Sum and Substantial Completion Date may be altered only by Change Order.

Following (see next page) is the Change Order form referenced above which will be used.

Owners and Contractor agree to use the Change Order form per the example herein.

ACCEPTED FOR REGISTRY HOMES, LTD.

By _____

Dated _____

ACCEPTED FOR THE OWNERS

By _____

Dated _____

By _____

Dated _____

Date / /

Project Address _____

Initiated by _____



Change Order

■ for Amending the Construction Contract

Per Paragraphs 16.1 and 16.2 of the Construction Contract, the Owners, without invalidating the Contract, may order Changes in the Work consisting of additions, deletions or modifications, with the Contract Sum and the Substantial Completion time adjusted accordingly. All such changes in the Work shall be authorized by a written Change Order signed by the Owners and the Contractor. The Contract Sum and Substantial Completion Date may be altered only by Change Order.

Approvals :

- Rick _____
- Joe _____
- Matt _____
- Mike _____
- Initiator _____

Mark one below:

This change is an ADDITION_

This change is a DELETION_

This change is a MODIFICATION_

This Change subject relates to (mark all that apply):

Contract Sum (increased cost of the Work)_

Architectural Plans (revisions)

FROM	
TO:	
CHANGE AMOUNT:	

ACCEPTED FOR REGISTRY HOMES, LTD.

ACCEPTED FOR THE OWNERS

By _____

By _____

Dated _____

Dated _____



Notes, Amplifications and Comments about the Contract and Building Process

■ **BELOW ARE VARIOUS PEARLS OF EMPHASIS** (and wisdom) which relate to our building process. If you decide to begin a project we urge you to review this material again.

- (1) **Registry will not begin pre-construction activities unless the "Letter of Agreement to Initiate a Custom Home Project" has been executed with the required deposit.** (See section #7 in this guide) As stated in the Agreement, if, for any reason whatsoever, you decide not to proceed with a project, we will refund your deposit less accrued architectural or design expenses, if any.
- (2) **Some Registry® model (spec) home projects are built with investor financing.** Even though the investor's name will appear on contracts as the "seller", Registry® warranties these properties as they would any other Registry® custom home.
- (3) **Registry® does pay sales commissions to Realtors who bring us clients under representation agreements.** We pay a 3% seller's commission on construction costs for the project based on the final, client-approved pre-construction budget with these excepted items:
 - Builder's fee. These are the only revenues Registry's receives for the project. It is from these monies that commissions are paid.
 - Upgrades and expenditures not appearing on the final, client approved budget. (Registry's builder fee is determined on the last pre-construction budget and does not change or increase if the client elects to spend more on the project)
 - Pools and landscaping which are always contracted by the client directly.
- (4) **Registry® recommends you retain the services of a licensed arborist prior to the start of your construction project.** Our standard procedure is to do everything that we can to surface protect the trees which will be preserved on your new home site. However, we are the first to admit our knowledge of trees and how best to protect them during a construction project is limited. We urge you to seek professional advice and promise to do our best to follow suggested procedures which do not unduly hinder the construction process. Please note and remember: By contract, and in practice, we are not responsible for the health and ultimate survival of any original trees or other building site landscaping.

Notes, Amplifications and Comments about the Contract and Building Process (Cont'd)

- (5) **Registry® construction budgets, both preliminary and actual, are as accurate as we can make them only on the day they are prepared.** What this mumbo-jumbo means is that many budgetary items, especially wood, plastic and metal-based products, are market-traded commodities which are susceptible to changing demand conditions. OVERNIGHT, events like hurricane strikes, terrorist attacks, declarations of war, and even significant jumps in the price of oil, can dramatically affect purchase pricing of building materials. We do our best, but commodity prices are, by nature, moving targets. (Yes, larger budget items in the final (actual) budget are, indeed, based on firm bids. However, most materials bids are provisional in that they can be cancelled in cases of unusual market spikes, natural disasters and acts of war.)
- (6) **Advise your lender that Registry® operates on a bi-weekly draw basis.** We do this for a myriad of sound reasons but none more important than it allows us to access to many smaller, less expensive (though high-quality) subcontractors. Another benefit is financial safety for our clients. The bi-weekly draw schedule also allows us to pay for work *after* it is completed, rather than on some percentage down to precede the initiation of work basis.
- (7) **Expect a 30-day gap between your final approval of the construction plans and the start of construction activities at the build site.** Once we have a final set of plans we immediately disperse copies to the engineers to design your home's foundation, the wood package suppliers who will begin crafting your second floor truss system, and an energy expert who will determine your home's efficiency quotient (RES check). Each of these components are necessary in order to secure the all-important building permit from the city. At the same time, we distribute plans to a whole range of potential suppliers who will be preparing firm bids for their specific pieces of the project. Once we have their bids we can complete the final pre-construction budget (*before work actually begins*) which we will use to steer the project through completion. Bottom line: This "hurry-up and wait" period is both usual and necessary. But watch, once we start construction things begin happening very quickly.
- (8) **About sixty days into construction we will schedule your first construction budget recap meeting.** During this session we'll review each expense category and analyze any deviations. *Remember*, staying on budget is a "net total" process. In other words, some categories will invariably end up over budget and some under budget. It's the net number at the bottom that is our ultimate goal.
- (9) **We recommend you utilize the services of our staff interior designers.** For a number of reasons too long to list here, we suggest you use our designers (even if you hire additional design advisers to interface with them). *Bottom line*: Our staff designers understand Registry's unique systems, they will help you stay on budget, and your selections/decisions will stay in sync with our fast-moving construction schedule.

Notes, Amplifications and Comments about the Contract and Building Process (Cont'd)

- (10) **Registry® has absolutely no (as in zipo, nada, less than zero) influence on the power companies.** Nothing is more frustrating for us than to have a new home ready for its owners to move in, yet find ourselves waiting for a gas meter to be installed by the city. (To illustrate this point, one of the Registry® owners spent the first ten days in his new home taking cold showers and eating microwaved meals.) Start crossing your fingers now.
- (11) **We're always happy to help our clients with their mortgage applications.** These days lenders regularly request credit information from builders. In fact, some even request personal information, including Social Security numbers, from the Registry partners. Their intention, of course, is to pull personal credit reports. This would not be a problem except that we talk to many potential clients who, in turn, talk to many potential lenders. As everyone knows, each time a new request for a personal credit report appears on your record it can be, and often times is, interpreted as a red flag (You can imagine that a couple of dozen of these a year would not be helpful to anyone). This is why we cannot release personal information to everyone that asks. That said, we have never failed to satisfy a lender when we give them access to our array of references, business contacts and corporate information.