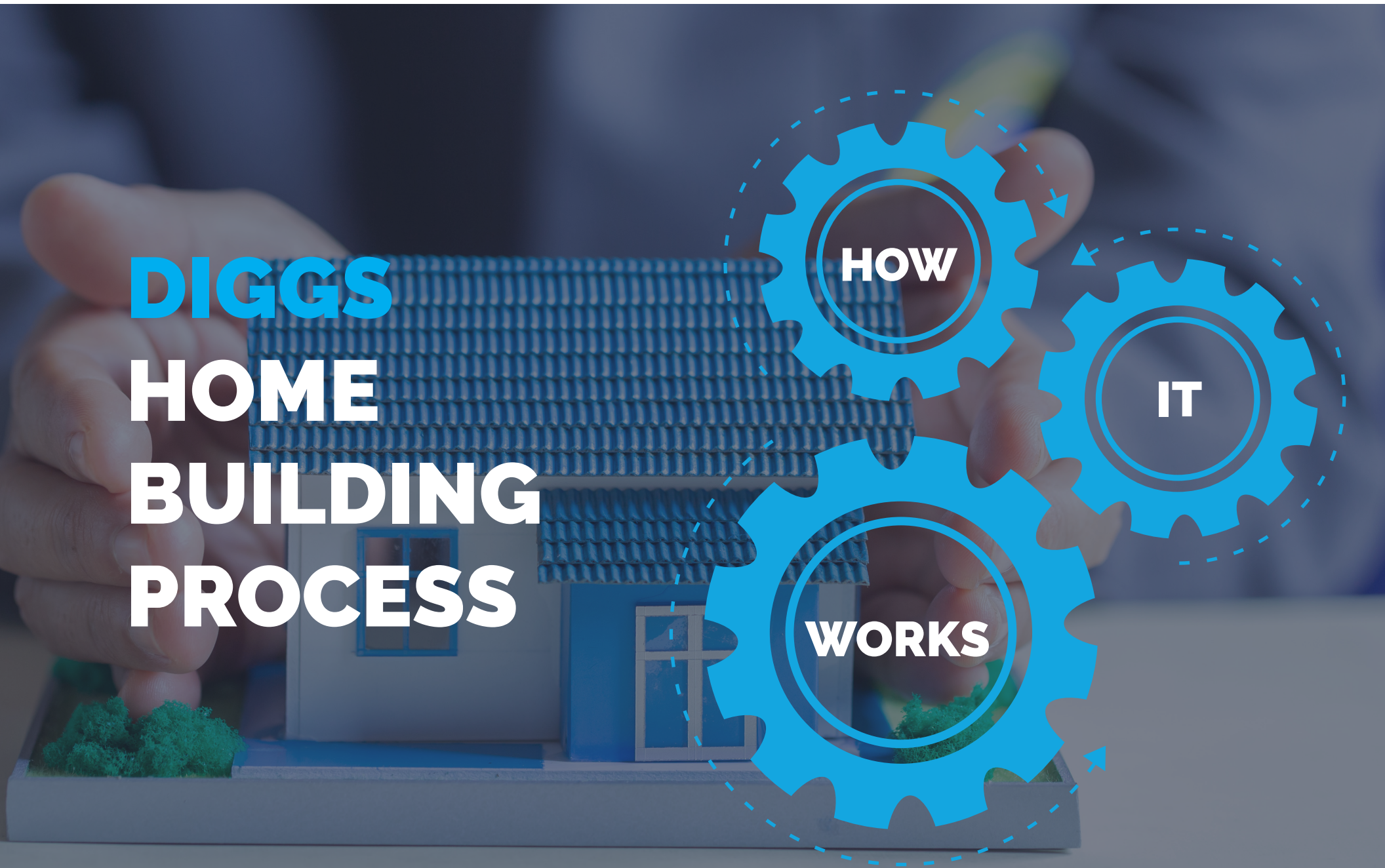


# **DIGGS HOME BUILDING PROCESS**

**HOW**

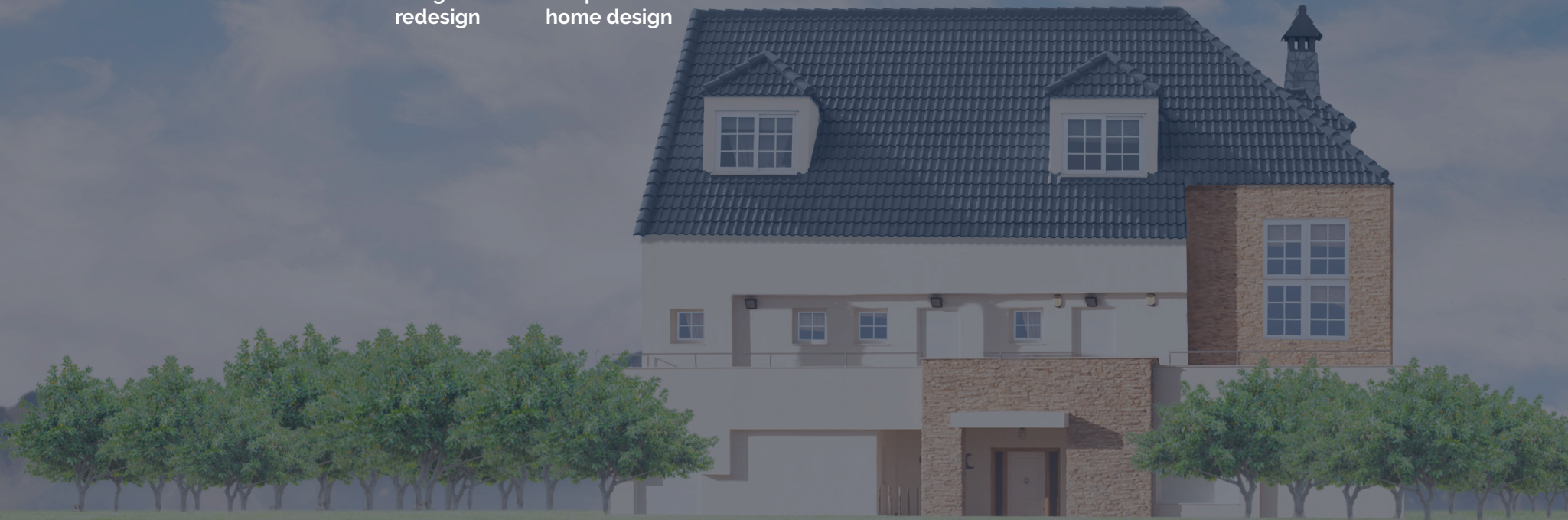
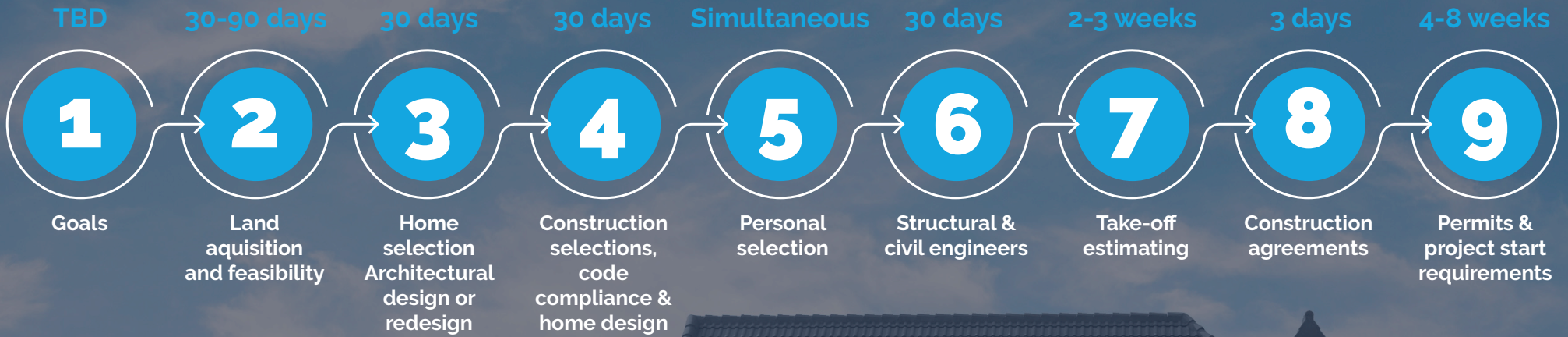
**IT**

**WORKS**



# THE 9 PHASES & TIME

Typically Required to Buy Land and Build

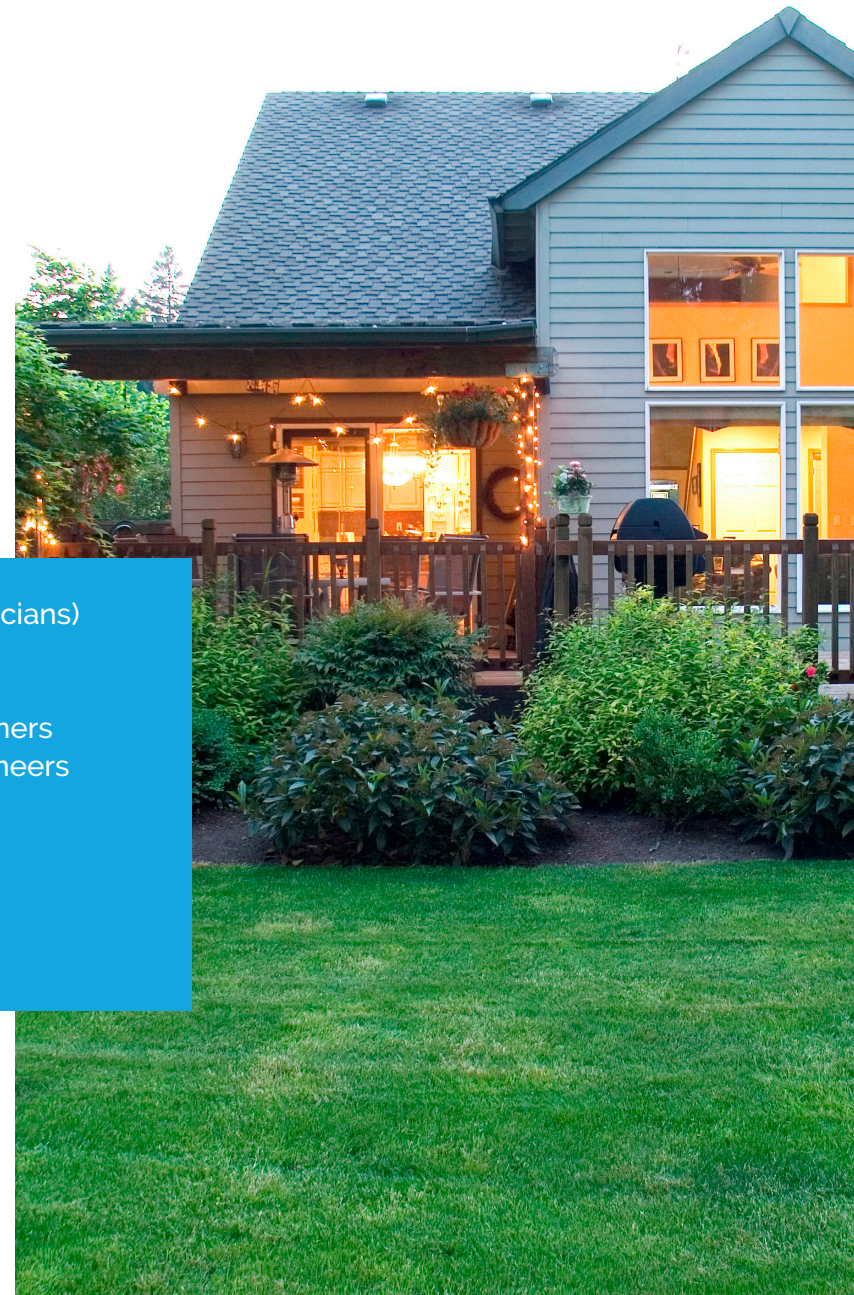


Congratulations on considering building a new home! This is a fun and exciting process that can also have its pitfalls. We have discovered that the majority of the pitfalls come due to lack of understanding of the process or unrealistic expectations. It's everyone's desire to have a successful build that is fun, enjoyable, satisfying and remarkable. We will do everything we can to help you understand the process and to set realistic expectations. Unforeseeable circumstances may come up. When they do, we will address them together and give you all of your options along with our advice/recommendations.

The building process is not just building the home, but actually an orchestration of a combination of multiple disciplines, all working harmoniously toward the same goal as set by you, the homeowner. As the "Prime" and "General Contractor" Diggs takes on a lot of responsibility to help ensure we have all of the components to have a successful build. Some of the parties involved are:

1. Construction lenders
2. Title and Escrow
3. Bank Appraisers
4. Inspectors
5. Land Brokers
6. Surveyors
7. Biologists/Geologists
8. Well Drillers
9. Septic Designers/Septic Installers
10. Dirt Contractors
11. Utility (Plumbers/Electricians)
12. Civil Engineers
13. Permit Technicians
14. Architects/Home Designers
15. Structural and Civil Engineers
16. Material Suppliers
17. Showroom Consultants
18. Sub-contractors
19. General Contractor
20. And more

Above, the colored Chevrons represent the various "Phases" that we go through to ensure we have clear goals and a path for success. Each Phase is represented in detail below with additional questions and information to help you understand, as well as to help our staff ensure we are asking the right questions and documenting your answers so we can help you choose/design the right home that is suitable for your land. We offer many of the services above or we can refer you to the corresponding service provider.



# PHASE 1 Goals



TOTAL PROJECT BUDGET \$ \_\_\_\_\_ (Includes the following preliminary estimates)

**HARD COSTS:** \$ \_\_\_\_\_ LAND ACQUISITION

**HARD COSTS:** \$ \_\_\_\_\_ LAND DEVELOPMENT (EXCAVATION/DRAINAGE/EROSION CONTROL/ROAD/WELL/SEPTIC)

**SOFT COSTS:** \$ \_\_\_\_\_ BUILDING PERMITS/UTILITY CONNECTIONS/CONNECTION FEES/TRAFFIC/SCHOOL FEES/PERMIT COORDINATION SERVICES/ ARCHITECTURAL PLANS/REUSE OR NEW DESIGNS/STRUCTURAL AND CIVIL ENGINEERING/SEPTIC DESIGN)

**HARD COSTS:** \$ \_\_\_\_\_ HOME CONSTRUCTION COST PLUS BUILDERS MARGIN

**HARD COSTS:** \$ \_\_\_\_\_ UPGRADES

**SOFT COSTS:** \$ \_\_\_\_\_ TAXES

RESOURCES:  LOAN \$ \_\_\_\_\_  CASH \$ \_\_\_\_\_;  REAL ESTATE WITH EQUITY VALUED AT \$ \_\_\_\_\_

OWNED BUILDABLE LAND VALUED AT: \$ \_\_\_\_\_;  SALE OF ASSETS: I.E. STOCKS, BONDS, 401K ETC. \$ \_\_\_\_\_

OTHER: \_\_\_\_\_

TIMING: WHEN DO YOU WANT TO BE IN YOUR NEW HOME? \_\_\_\_\_ (We work the timing backwards: Start with the desired move in date, then minus home construction (Typ. 5-7 months based on complexity and size), minus land prep/excavation (1 week), minus permitting (4-8 weeks), minus take-offs & pricing (2-3 weeks) minus Civil/structural engineering (Simultaneously completed 2-4 weeks), minus home design (2-4 weeks), minus Well (2-4 mo, minus Septic (2-3 mo), Minus Land Feasibility (If buying land) Est 30-45 days. Add 1-4 mo. if wetland delineation is required)

CONDITIONS LIMITING MOVING FORWARD: \_\_\_\_\_

POTENTIAL PROBLEMS OR CHALLENGES TO ADDRESS: \_\_\_\_\_

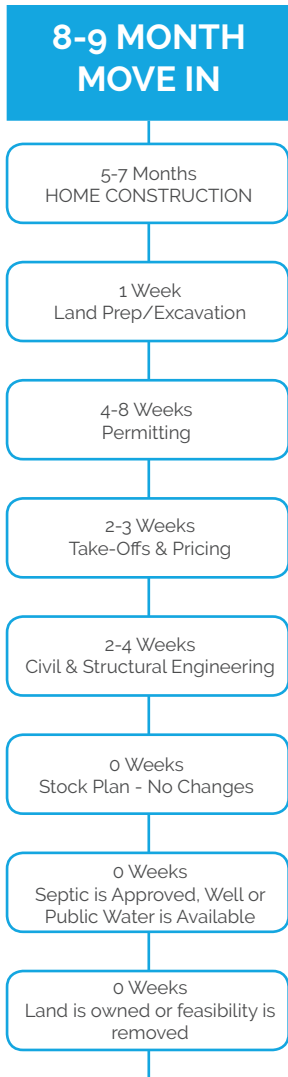
SUPPORTIVE FRIENDS/FAMILY & SUPPORT GROUP: (YES) (NO) \_\_\_\_\_

REALISTIC GOALS, BUDGET AND TIMING (YES) (NO) ADJUSTMENTS NEEDED: \_\_\_\_\_

# Realistic Timing Visual Charts

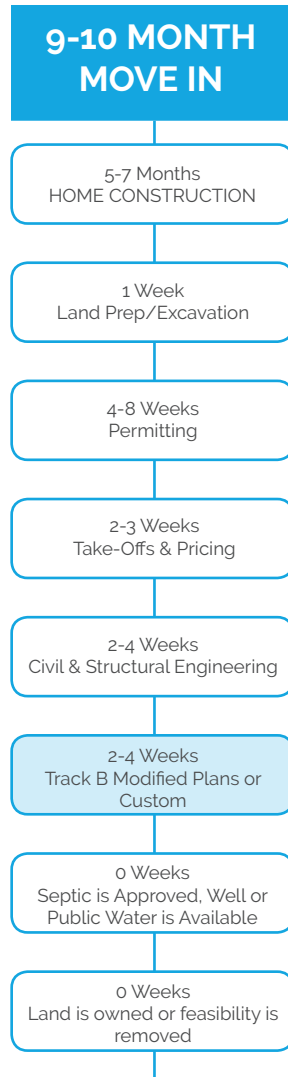
## SCENARIO 1

If land is owned and septic/water/power are available  
Building a STOCK Plan



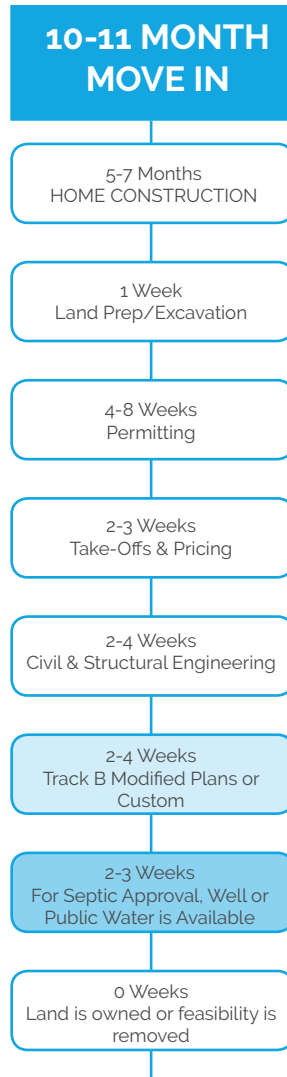
## SCENARIO 2

If land is owned and septic/water/power are available  
Building a TRACK B or CUSTOM Plan



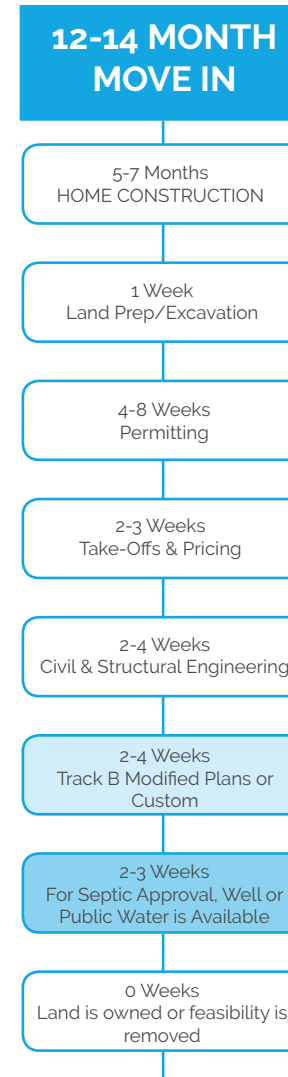
## SCENARIO 3

If land is owned and Septic is NOT approved and Water and power are available, Building a TRACK B or CUSTOM Plan



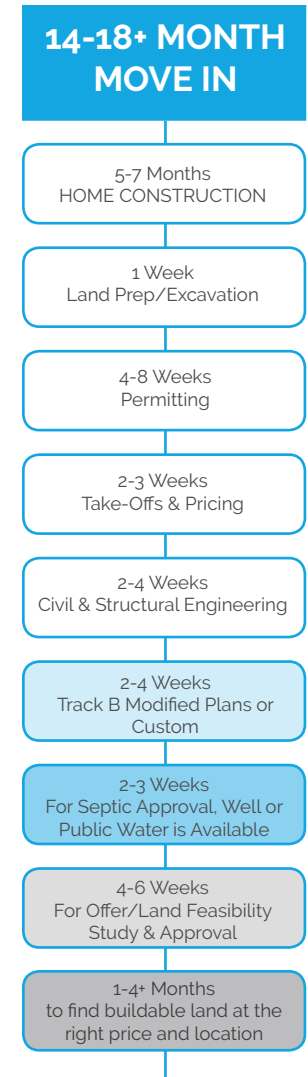
## SCENARIO 4

If land is owned and Septic and Water are NOT approved, power is available, Building a TRACK B or CUSTOM Plan



## SCENARIO 5

If land is NOT owned (Looking for land) and Septic and Water are NOT approved, power is available, Building a TRACK B or CUSTOM



\*There are dozens of scenarios that cannot all be calculated in a fixed format. This gives you a general idea of the timeline it takes to get permits and build a home.

# House Budget Calculator & Residual Land Budget

\$ \_\_\_\_\_ (A) TOTAL PROJECT BUDGET

## HOUSE BUDGET

\$ \_\_\_\_\_ Cost of House (Base plan on website)  
 \$ \_\_\_\_\_ Architectural Re-Design (Track B Stock Plan Modifications) \$250-\$1,000 Typ.  
 \$ \_\_\_\_\_ Architectural Design (Track C Custom home) \$2.50/sf-\$3/sf based on complexity  
 \$ \_\_\_\_\_ Structural Engineering (Site Specific) \$0.65/sf-\$1.0/sf (min \$1250)  
 \$ \_\_\_\_\_ Upgrade Allowances\* (From sidebar line item)  
 \$ \_\_\_\_\_ Subtotal  
 \$ \_\_\_\_\_ Tax  
 \$ \_\_\_\_\_ (B) TOTAL ESTIMATED HOUSE BUDGET

## LAND DEVELOPMENT BUDGET INC. HARD AND SOFT COSTS

\$ \_\_\_\_\_ Site Development Allowance\*\*  
 \$ \_\_\_\_\_ Septic Design (\$1,000-\$2,500)  
 \$ \_\_\_\_\_ Septic Installation (3-4 bed/\$13,000-\$19,000...\$28,000 if Mound/Exotic)  
 \$ \_\_\_\_\_ Sewer (Based on jurisdiction connection fees, line depth and ROW/TBD)  
 \$ \_\_\_\_\_ Well Installation (\$10,000-\$17,000 based on depth)  
 \$ \_\_\_\_\_ Well Water Filtration (\$500-\$3000)  
 \$ \_\_\_\_\_ Public Water (Fees based on Purveyor \$7000-\$9000)  
 \$ \_\_\_\_\_ Construct Road for Well Access (Based on length/width/access/surface etc.)  
 \$ \_\_\_\_\_ Civil Engineering Based on Scope (\$1500-\$3000)  
 \$ \_\_\_\_\_ Geotechnical Based on Scope (\$500-\$2000)  
 \$ \_\_\_\_\_ Wetland Biologist (Review \$500-\$900)  
 \$ \_\_\_\_\_ Site development and building permit application fees  
 \$ \_\_\_\_\_ Bundle of building permits (May include School, traffic impact fire dept fees)  
 \$ \_\_\_\_\_ Permit submittal technician and redline corrections  
 \$ \_\_\_\_\_ Survey  
 \$ \_\_\_\_\_ Turn-Key Site Management Fee or DIY  
 \$ \_\_\_\_\_ Other  
 \$ \_\_\_\_\_ **Subtotal**  
 \$ \_\_\_\_\_ Tax  
 \$ \_\_\_\_\_ (C) TOTAL ESTIMATED LAND DEVELOPMENT BUDGET

\$ \_\_\_\_\_ (A) TOTAL PROJECT BUDGET

-\$ \_\_\_\_\_ (B) TOTAL ESTIMATED HOUSE BUDGET

-\$ \_\_\_\_\_ (C) TOTAL ESTIMATED LAND DEVELOPMENT BUDGET

= \$ \_\_\_\_\_ (D) RESIDUAL BUDGET FOR LAND ACQUISITION

## \*UPGRADE ALLOWANCES

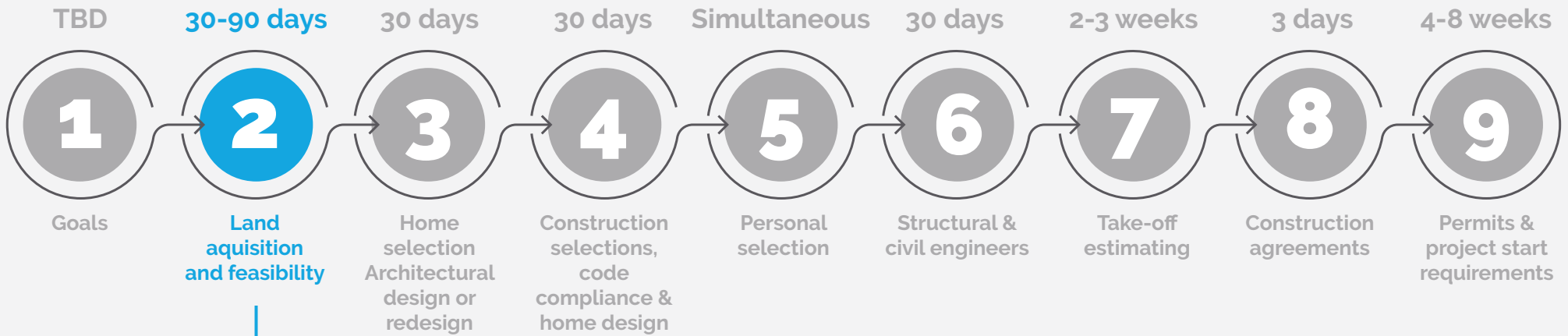
\$ \_\_\_\_\_ Int/Ext Paint  
 \$ \_\_\_\_\_ Appliances  
 \$ \_\_\_\_\_ Kitchen Countertops  
 \$ \_\_\_\_\_ Master Bathroom Counters  
 \$ \_\_\_\_\_ Tiled Flooring  
 \$ \_\_\_\_\_ LVP/Engineered Hardwoods  
 \$ \_\_\_\_\_ Master Bathroom \_\_\_\_\_  
 \$ \_\_\_\_\_ Cabinetry Upgrades \_\_\_\_\_  
 \$ \_\_\_\_\_ Kitchen Sprinkler  
 \$ \_\_\_\_\_ Additional Concrete/Decks  
 \$ \_\_\_\_\_ Detached Garage or ADU  
 \$ \_\_\_\_\_ Lighting Upgrades  
 \$ \_\_\_\_\_ Plumbing Upgrades  
 \$ \_\_\_\_\_ Other \_\_\_\_\_  
 \$ \_\_\_\_\_ Other \_\_\_\_\_  
 \$ \_\_\_\_\_ **TOTAL UPGRADE ALLOWANCE**

## \*\*SITE DEVELOPMENT ALLOWANCE

Homeowner or  Hire Professional Contractor  
 \$ \_\_\_\_\_ Construction Entrance  
 \$ \_\_\_\_\_ Erosion Control  
 \$ \_\_\_\_\_ Storm Water Facility Construction  
 \$ \_\_\_\_\_ Land Clearing & Grading  
 \$ \_\_\_\_\_ Tree/Stump Removal  
 \$ \_\_\_\_\_ Import/Export (Dirt/Gravel)  
 \$ \_\_\_\_\_ Walls/Shoring  
 \$ \_\_\_\_\_ Trenching  
 \$ \_\_\_\_\_ Conduit/Pull Ropes  
 \$ \_\_\_\_\_ Mobilization  
 \$ \_\_\_\_\_ Install Temp or Permanent Power Pole  
 \$ \_\_\_\_\_ Install Temp Water  
 \$ \_\_\_\_\_ Equipment rental  
 \$ \_\_\_\_\_ Site Development Allowance for Det. Gar./ADU  
 \$ \_\_\_\_\_ Other \_\_\_\_\_  
 \$ \_\_\_\_\_ Other \_\_\_\_\_  
 \$ \_\_\_\_\_ Other \_\_\_\_\_  
 \$ \_\_\_\_\_ **TOTAL SITE DEVELOPMENT ALLOWANCE**

Provided costs are unverified, rough ballpark estimates only and are not to be relied upon. You must obtain verified 3rd party bids with engineering to obtain accurate costs. Diggs is not liable if these prices do not represent actual costs. Prices subject to change without notice. Prices based on Pierce County pricing on January 12th 2020. Other areas may cost more or less.

# PHASE 2 Land Aquisition and Feasibility



# LAND RESEARCH

There are many things that goes into land acquisition and development. Diggs will work with you and your land broker to help you determine the best property that is suitable and feasible to build your dream home. If you need land and do not have a land broker, Diggs can help you find and buy land. Diggs will assist you in conducting a pre-feasibility study at no charge. We can give you instructions to conduct your own feasibility study or we can refer you a professional feasibility company to do all of the work for you.

- 1. Finance** – Use Diggs approved construction lenders, get pre-approved.
- 2. Land Brokerage** – We can work with your broker or we can help you find land at no cost.
- 3. Terms & Offer** – Make sure your Terms match Lender requirements. Construction lenders require approved water and, typically, permits to close.
- 4. Feasibility Study** – Two-Part meaning. This is to ensure the land is, #1 Buildable, and #2 financially feasible to build the home based on your budget.

**CADS & Permit Requirements** – *Critical Area Designations (Wetlands/Slopes/Gopher) i.e. access, zoning, set-backs, design, EVA (Emergency Vehicle Access) access, stormwater.*

**Utility Availability & Costs** – *Public or Private Sewer & Water, Location of power and purveyor, permit, design, construction, connection fees, etc.*

**Land Development Cost Estimates** – *Land Development Bids from competent contractors*

- 5. Timing** – The feasibility and closing dates must be timed according to the lender requirements and realistic permit timelines at the jurisdictions.
- 6. Appraisal** – The appraisal is ordered and must come in at value based on a land only loan or a full all-in-one construction loan.
- 7. Underwriting** – The loan file must be 100% complete with all reports and verifications in and approved loan term and down payment, LTV/LTC (Loan to value/Loan to cost) must match and Payment Reserves etc.
- 8. Closing** – Occurs after you and the seller sign your closing documents and





# Timeline When Making an Offer to Buy Land



2-5 Days

- Pre-Feasibility Investigation (GIS & Call County Building Department)
- Verify access & Utility
- Read title report, Sellers disclosure statement and all associated listing documents

1-3 Days

- Verbally Negotiate Offer with Listing Broker
- Draft Written Offer
- Tender Offer and Get Mutual Acceptance

30-45 days

- Feasibility Process
- Investigate for Legal Access/Wetlands/Soil Perk/Well or water testing/Geologist/Civil Engineer/Home Design and costs Etc.
- Renegotiate at the end of the feasibility study
- Extend feasibility if needed

Post Feasibility

- Order appraisal
- Provide Lender with all final required documentation
- Finalize your Builder Contract and 3rd party Contractors

30 Days from Removal of Feasibility

If Closing with a LAND LOAN, close after you have a water availability certificate and a septic designer has approved the perk holes. Extend as needed to obtain these items. There is higher risk to you if you close raw land without approved water and an approved septic design.

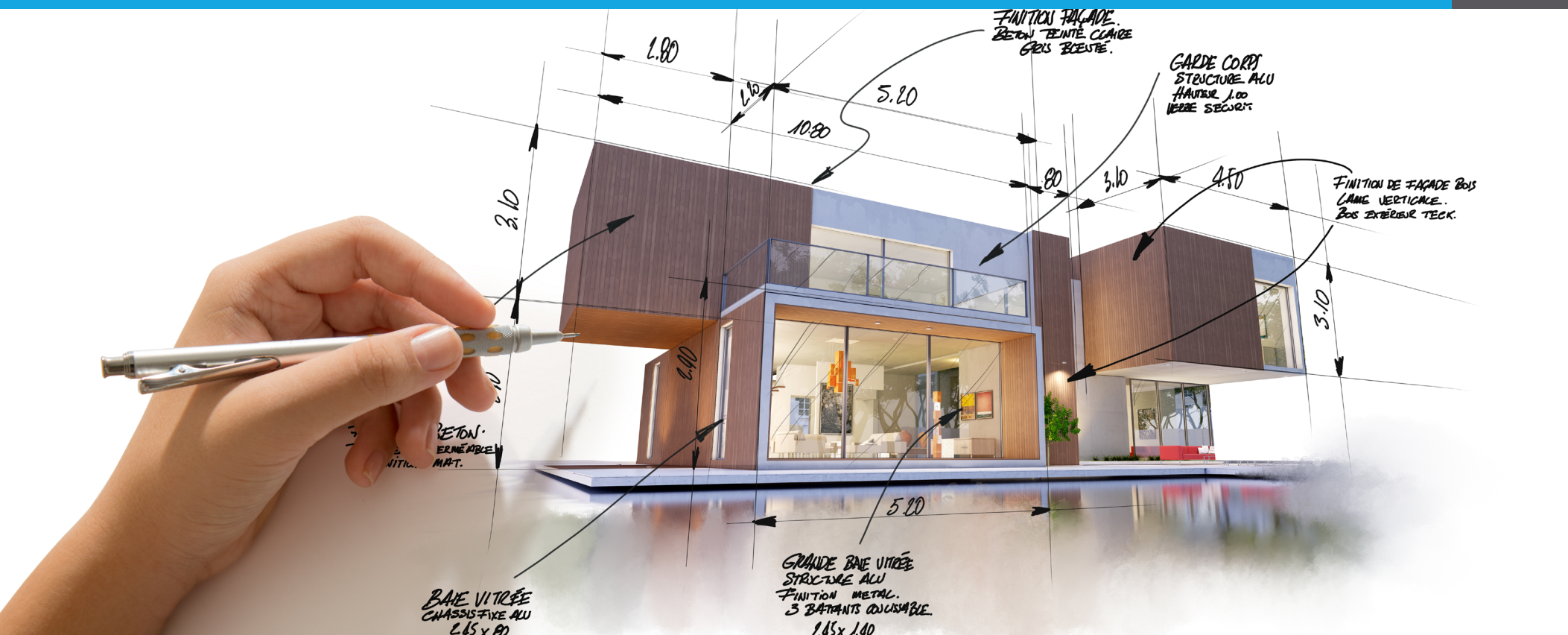
3-6 Months from removal of feasibility

If closing with a CONSTRUCTION LOAN, you typically need a water availability certificate, septic design approval and approved building permits. This can take several months and longer if there is not a drilled well. Make sure you get enough time on the closing date in the offer to get all of these items with approved building permits. If the land owner is not cooperative with the timeframe, you will need to find a different piece of property or obtain a land loan.

# PHASE 3

## Home Selection Architectural Design or Redesign





## HOME SELECTION DESIGN REDESIGN

Diggs offers 3 Tracks or “ways” to build a home.

### Track A

= Build a Stock Plan

### Track B \*

= Build a Stock plan with Modifications

### Track C

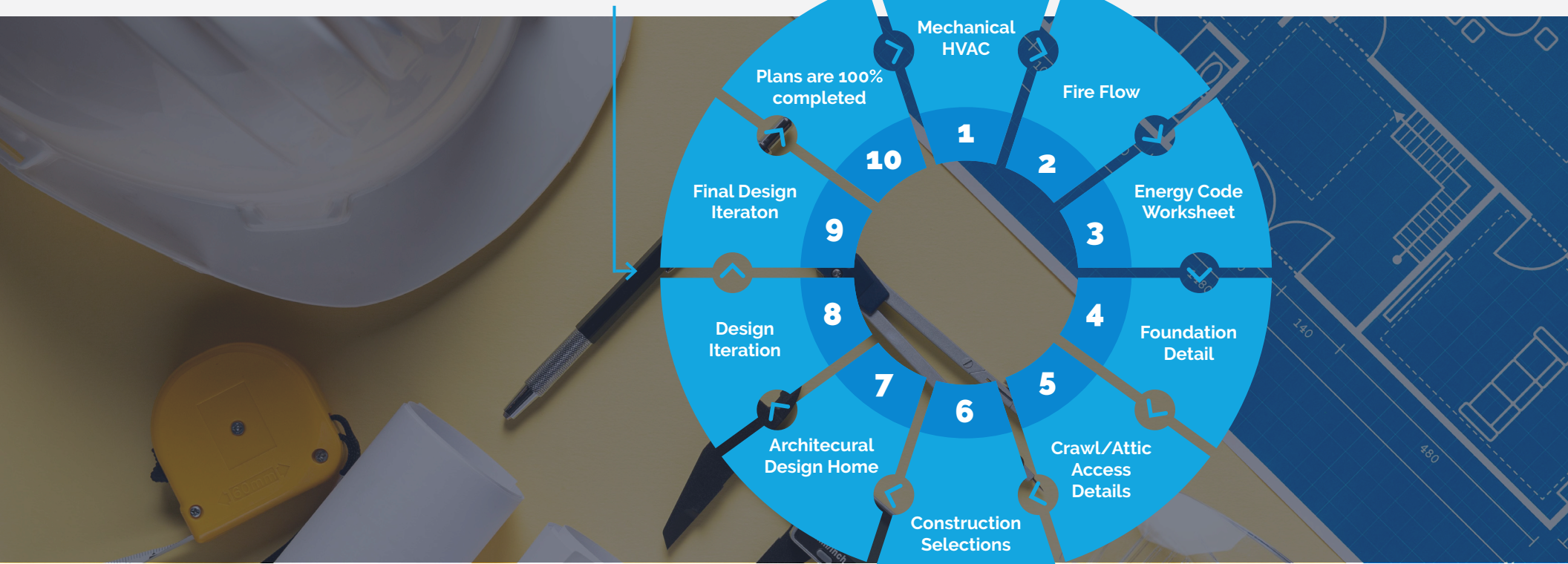
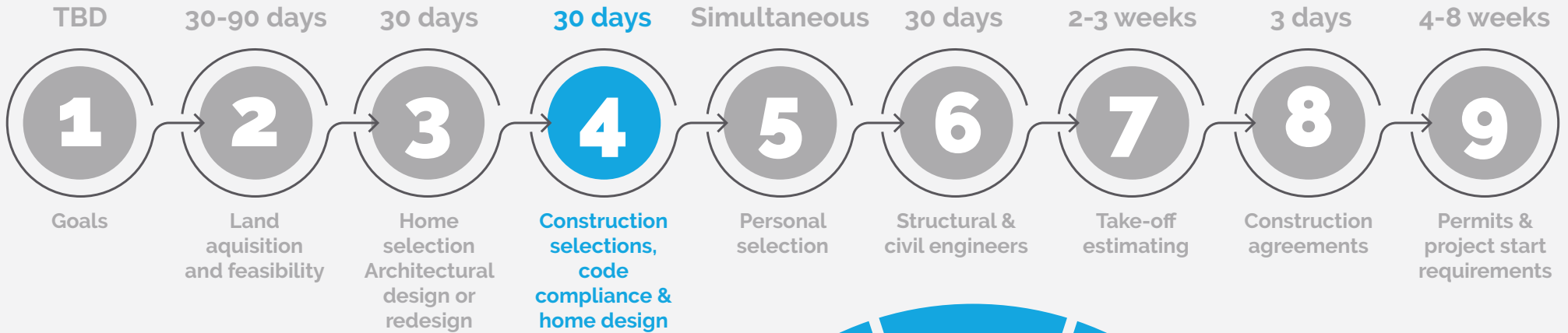
= Build a 100% full custom plan

Design fees are due at the time you are ready to have the Architect draft a new plan or modify an existing stock plan.

\*Track B, Diggs allows minor and major modifications which include adding or reducing square footage, changing roof trusses, foundation modifications and moving load bearing walls. All changes may be subject to engineering (TBD). If a modification is over 25% of the plan, or there is a major design change, the designer may charge a full redesign fee. Once you make your modification choices, we will send the requested changes out to the designer for a cost estimate before moving forward with the design.

# PHASE 4

## Construction Selections, Code Compliance & Home Design

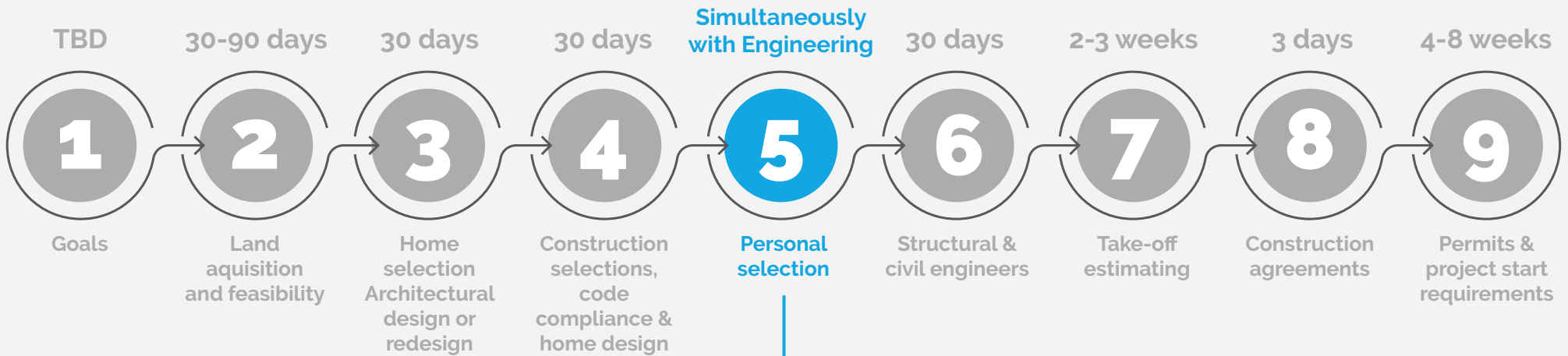




## ARCHITECTURAL & SCHEMATIC DESIGN

Every building jurisdiction is different and there may be various requirements to get home and site plans approved. These are the typical processes and procedures required. These Technical Architectural and Schematic Design changes are made typically at Diggs offices. It's critical that your plans reflect exactly what you want. If there is a component of the home that is desired and it is not on the plans, you will not receive it, even if you verbally told a Diggs staff member you wanted that component. There are hundreds of conversations, and intentions can change. We do not build off of verbal communication as it's not perfectly memorable. We only work off of written documentation. Please make sure you read the plans and the Standard Specifications form as that is how your home will be built unless there are other signed documents amending the plans and Standard Specifications.

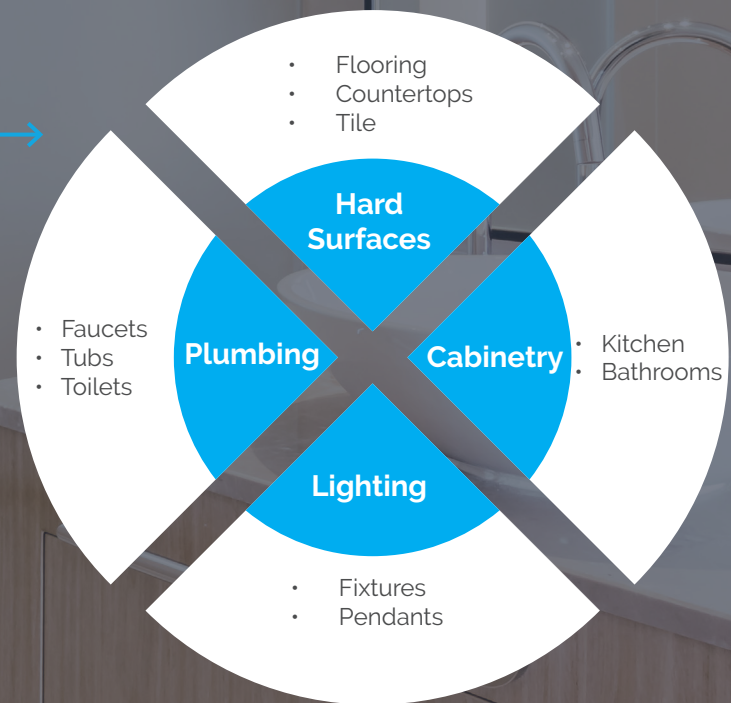
# PHASE 5 Personal Selections



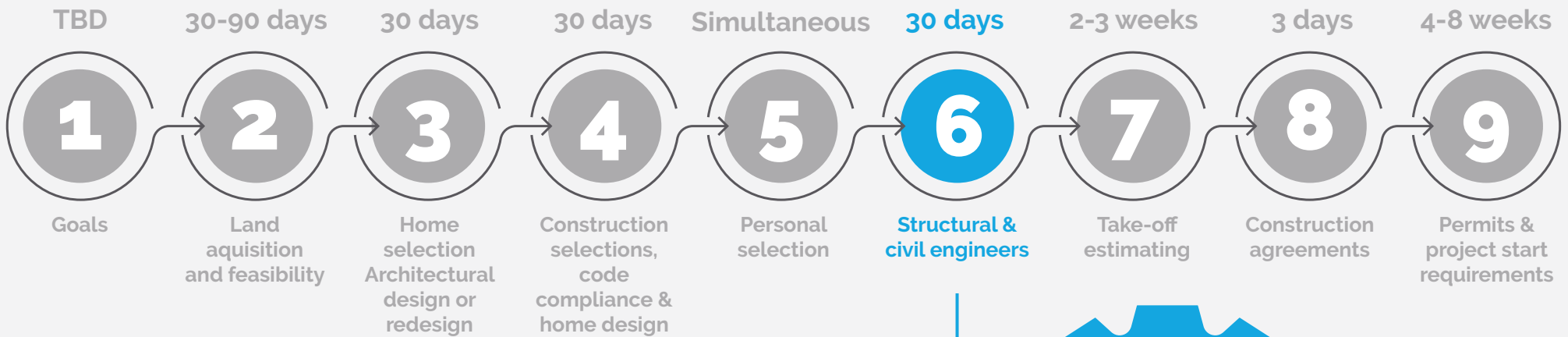
## PERSONAL SELECTIONS

### Time to go shopping!

This is the fun part where you can pick all of the finishes, colors, and textures. We have 4 beautiful showrooms to send you to which are Diggs standard suppliers. We do not allow materials and components to be ordered online from online retailers like Ebay, Amazon, or other suppliers. We also do not purchase parts, products, components, or materials from big box chains such as Home Depot or Lowes. There are definite reasons for this policy, and you can read more about it on the Selections form.



# PHASE 6 Structural & Civil Engineering



## STRUCTURAL & CIVIL ENGINEERING

Once the Architecturals are completed 100%, they are sent to both the Structural Engineer (Sheer and Gravity Loads) and also to the Civil Engineer (Site development plan and Stormwater plan). The engineering can be worked on sequentially so we save time. During this time we start getting your cost estimates and quotes back from Phase 5 Personal Selections.



# PHASE 7 Take-Off Estimating



## TAKE-OFF ESTIMATING

We send the final engineering out to all of our subcontractors and suppliers to get competitive live quotes, bids and estimates. This is typically a blend of all hard quotes (where available) and historical pricing based on ongoing agreements without subcontractors and suppliers. We compile all of the information into a formal cost to build estimate and provide you with that number. The estimate is good for 30 days. After signing the estimate, we give you access to the complete estimate with full product descriptions and pricing. At this time you can make one final selections change, then after the selections are re-priced and approved, the contract is locked. Any further changes will be a "Change Order". Once approved, you sign the agreement which initiates the production of the construction agreements. The project then goes into permitting and the appraisal is ordered.





# PHASE 8 Construction Agreements



## CONSTRUCTION AGREEMENTS

Now that you have approved the Final Cost to Build Estimate along with all of your final selection choices, we prepare the Cost-Plus Construction Agreement. With this agreement you get a guaranteed NOT TO EXCEED PRICE, and, if costs come in lower, you get the lower cost reflected in your final adjusted price. You will have access to our electronic communications, scheduling and construction software for to stay in the loop. As costs come in, you will also have access to all of the pricing data. Only Diggs offers this level of transparency.

### Cost-Plus Construction Agreement

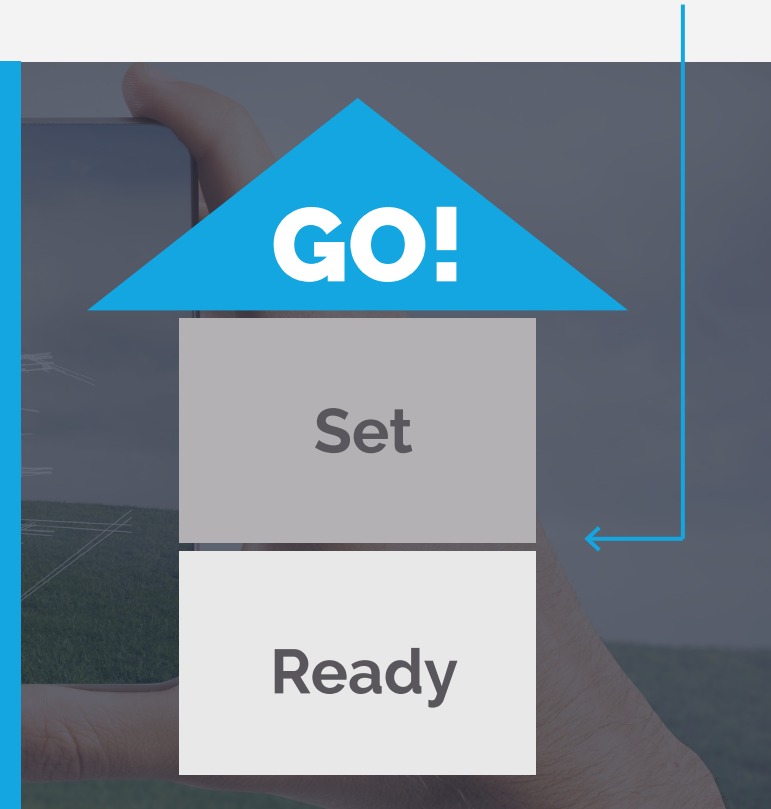
- Standard Specifications
- Options, Materials, and Specifications
- Homeowner Construction Guidelines
- Moisture, Intrusion, and Water Guide
- Recommended Maintenance Schedule
- Change Orders (If applicable)

# PHASE 9 Permits and Project Start Requirements



## PERMITS & PROJECT START REQUIREMENTS

Now that you have approved and signed the Cost-Plus Construction Agreement, the project now goes into Permitting. This is where you can submit your own permits to save money, or we can refer you to a permit technician that will prepare the paperwork and submit permits for you. Permits can take 4-8 Weeks. By now you should have communicated with the power/water company to make sure they are all on a schedule to start work once permits are submitted. This is a great time to formally coordinate your temporary power and water to be connected at the house. The water and Power purveyors, your excavation contractor, and an outside electrician and plumber of your choosing will work together to accomplish this. Once we have approved building permits, we will need power and water at the site to start construction. We will give you a manual called "Homeowner Construction Guidelines". It is important to read this as it will help you manage the pre-construction items that are required BEFORE we can start construction. The "Homeowner Construction Guidelines" will have details regarding project start requirements.



# Timeline





Thank you for reading this guide to understanding Diggs building process.  
We hope this helps you navigate your decisions to start your project.

**~ Diggs Management**