

THE HOMEBUILDING PROCESS

TABLE OF CONTENTS

I.	Introduction.....	1
II.	Purchasing Your New Home.....	2
	The Purchase Agreement	
	Purchase Agreement Acceptance	
III.	The Mortgage Process.....	4
	The Loan Application	
	HFS Mortgage	
	Mortgage Application Kit	
	Loan Approval	
	Interest Rates and Loan Locks	
IV.	New Home Selections.....	7
	Selections Process	
	Sales Center – Stage 1 Selections	
	Design Center – Stage 2 & 3 Selections	
	Structured Wiring and Low Voltage Selections	
	Landscaping Selections	
	Custom Changes	
	Finalizing	
	Change Orders	
	Swimming Pools and Spas	
V.	The Construction Process.....	11
	The Customer Service Coordinator.....	11
	Homebuyer Communication Form.....	11
	Private Inspections.....	11
	Policy Regarding Unauthorized Work.....	12
	Construction Site Safety.....	12
	The Pre-Construction Meeting.....	13
	Plans and Specifications.....	14
	Quality Assurance.....	15
	Schedules.....	15
	A Typical Construction Schedule.....	17
	The Pre-Drywall Orientation.....	18
	Completion Date and Closing Letter.....	18
	The Final Walk-Through Orientation.....	18
	Home Presentation Meeting.....	20

The Homebuilding Process – Table of Contents

- VI. Utilities..... 21**
- VII. Close of Escrow..... 23**
 - The Closing Appointment
 - Closing Documents
 - Closing Costs
 - Homeowner’s Insurance Policy
 - Builder or Lender issues
- VIII. Warranty Service..... 25**
 - 45-Day Follow-up
 - 11-Month Follow-up
- IV. Customer Satisfaction Survey..... 26**

I. INTRODUCTION

Building a new home is always an exciting experience. It is also a complex process with many details to be decided and arranged. Now that you have selected your model and building site and have signed the Purchase Agreement, you may be asking yourself: “What happens next?”

This section is designed to give you an overview of the entire homebuilding process from the purchase through closing and the warranty period. The various sections have been arranged in chronological order to walk you through the exciting months ahead, one step at a time. Since building a new home is a team effort between the buyer, the builder, the lender and the various trade contractors and suppliers, we recommend that you familiarize yourself with this guide to prepare for the important role you will have in this process. If you have any questions, please ask us! StoneRidge will be by your side every step of the way.

II. PURCHASING YOUR NEW HOME

THE PURCHASE AGREEMENT

The terms of your new home purchase are found in the Purchase Agreement. This is the legal document that represents your decision to purchase a home. It describes the general details of your home and building site, along with the agreed purchase price. While the Purchase Agreement and related documents will vary with each community and in each state, the following is a typical list of details included with most Purchase Agreements:

- **Property Description** including subdivision, lot number, and address
- **Plan Number and Elevation**
- **Escrow Instructions**
- **Contract Terms** including Purchase Price, Earnest Monies, and Financial Obligation
- **Materials and Specifications** to be used in the construction of the home
- **The Limited Warranty** included with your home
- **Buyer Broker Disclosure and Registration**

Additional amendments may be added to your contract such as:

- **Option Amendments:** These amendments are added to your contract as you finalize your new home selections and options with your Sales Representative and Design Consultant.
- **Conditional Sales Agreement:** This is often found in Arizona contracts and outlines the terms of a conditional sale while waiting for the issuance of the Public Report from the Arizona Department of Real Estate. This is typically used when pre-selling a new subdivision.
- **Contingent Sale Amendment:** This amendment is used when the purchase of your new home is contingent upon the sale of your current residence.
- **Acknowledgements:** You will likely be required to sign several Acknowledgements with your Purchase Agreement regarding such items as receipt of Homeowner's Association documents; Declaration of Covenants, Conditions and Restrictions; Public Reports; Community Information; Homeowners Manual; etc.

As the Purchase Agreement and related documents constitute the legal understanding and agreement regarding the purchase of your new home, we encourage you to read the documents carefully. If there is anything you do not fully understand, please ask your Sales Representative for an explanation.

PURCHASE AGREEMENT ACCEPTANCE

Once you have signed your Purchase Agreement, the documents will be forwarded to the Manager or Designated Broker responsible for the StoneRidge community that you have chosen. After the contract is reviewed, accepted and signed by the Manager or Broker, copies of the accepted Agreement will be forwarded to you, your Lender and the Title Company.

THE HOMEBUILDING PROCESS

Once the Purchase Documents have been signed, you may want to use the tabbed Purchase Contract section of this manual to store your documents for easy reference.

IMPORTANT NOTE:

ALL AGREEMENTS AND CHANGES MUST BE IN WRITING!

In Order to avoid misunderstanding and to ensure a fair and equitable working relationship with our customers, it is our policy that all agreements and changes must be in writing. If a change, addendum, requisition, option, feature, or verbal representation is not written and signed, that item will not be recognized.

III. THE MORTGAGE PROCESS

THE LOAN APPLICATION

For most of our homebuyers, the first step after signing the Purchase Agreement involves applying for mortgage financing. In some cases you may have already provided your Sales Representative with some basic financial information; however, it will be necessary for you to submit a formal application for your mortgage loan.

IMPORTANT NOTE: To keep your new home purchase on schedule, it is important to apply for your mortgage within five (5) business days of signing the Purchase Agreement.

In most cases, applying for a mortgage loan will require meeting with the Mortgage Loan Counselor in person. You will need to schedule this appointment yourself. The Mortgage Loan Counselor's job is to understand your particular financial circumstances completely. He will review the Purchase Agreement and all necessary information with you to complete the mortgage application. Do not hesitate to discuss any questions or concerns you may have regarding your loan or financial information. A situation rarely arises that the Lender has not encountered in the past. It is critical that all information requested by the mortgage company be provided to them as quickly as possible. This will keep your new home and financing on schedule.

HFS MORTGAGE

HFS Mortgage is StoneRidge's approved Mortgage Lender.

While you are welcome to use the Lender of your choice, we encourage you to consider using StoneRidge's approved Mortgage Lender, **HFS Mortgage**.

HFS Mortgage is a proven lender that will help you throughout the home buying process. Consider some of the factors that qualify HFS Mortgage as StoneRidge's approved Mortgage Lender.

- **TRUST.** An important level of trust has already been established between StoneRidge and HFS Mortgage. They understand the importance of providing the best possible service to you, the homebuyer.
- **COMMUNICATION.** Mortgage financing of newly built homes requires a unique relationship between you, the builder, and the lender. Constant communication between the lender and builder is a crucial aspect in this relationship. From pouring the foundation of your home, to the selection of builder options, to the finishing touches before you move in, HFS Mortgage is always aware of the progress of your new home. Every aspect of building and financing is coordinated in one smooth process.

THE HOMEBUILDING PROCESS

- **EXPERIENCE.** Your dedicated Mortgage Loan Counselor has expertise in managing the process of your loan throughout every stage of construction. This can help prevent unnecessary delays when it comes time to move into your new home.
- **OPTIONS.** HFS Mortgage has shown consistency in offering competitive financing options to meet your specific needs. Because new home financing is unique, it is imperative to select a lender who is experienced with the particular nuances of new home construction.

As you can see, StoneRidge and HFS Mortgage work as a team to provide you with the proven trust, communication, experience and financing options it takes to make your home buying experience an enjoyable one.

MORTGAGE APPLICATION KIT

Be sure to ask your Sales Representative for an HFS Mortgage Application Kit. This kit includes a homebuyer questionnaire and a complete list of items that will be needed for your mortgage application. Be sure to bring all information to the Mortgage Application Meeting.

LOAN APPROVAL

Before the processor submits your file to the underwriters for final approval, he or she will verify the final sales price. Make sure that copies of all addenda such as Change Orders signed after the original Purchase Agreement have been sent to the lender. **Change Orders that are received after final loan approval may require you to resubmit your loan application for a higher amount or pay cash for the Change Orders.**

Initial loan applications can take from 4-6 weeks to obtain complete approval. By submitting all the required information in a timely fashion, and responding quickly and accurately to all requests, you will help assure a smooth and timely process.

INTEREST RATES AND LOAN LOCKS

Interest rates vary widely depending on many factors. StoneRidge's approved Lender, HFS Mortgage, provides a valuable service by making every effort to help the Homebuyer receive the lowest possible interest rate and the best mortgage program to suit their particular needs and financial circumstances.

Interest rates often change daily based on market conditions. Many lenders allow you to "lock-in" your interest rate for a period of time such as 30 or 60 days prior to your closing. Locking your rate prematurely can result in extra expense if your home is not completed prior to the expiration of the lock period. StoneRidge will notify you of your Final Walk-Through Orientation and Closing Date in writing approximately 30 to 45 days prior to completion of your home. **We strongly recommend that you do not lock your loan until you receive the**

THE HOMEBUILDING PROCESS

formal Closing Letter. It is also wise to leave yourself a time cushion in case of unforeseen construction, financing or title delays.

IMPORTANT NOTE:

Loan Locks are a service offered to the Homebuyer by the Lender. As such, Loan Locks will be a matter of concern solely between the Homebuyer and the Lender. StoneRidge will not be responsible for any events that may cause a Homebuyer's Loan Lock to expire.

IV. NEW HOME SELECTIONS

SELECTIONS PROCESS

One of the advantages of building a new home is the ability you have to select construction options, finish materials, fixtures, appliances and colors to personalize your home. Some of these selections will be made with your Sales Consultant while others will be made in our exclusive Design Center. **We require that you complete your option selections within the time constraints associated with our three-stage selections process.** This process is as follows:

- **Stage 1 – Structural Options:** Complete within **15 days** of Purchase Agreement date.
- **Stage 2 – Designer Options:** Complete within **30 days** of Purchase Agreement date.
- **Stage 3 – Flooring & Tile Work:** Complete within **45 days** of Purchase Agreement date.

To help you prepare for the selections process, your Sales Representative will provide you with an Options Catalog at the time you sign the Purchase Agreement. The options catalog contains descriptions and pricing for most of the options and selections available on your new home. Your prompt completion of the selection appointments will help prevent delays in processing the construction paperwork and ensure a timely start of your home construction.

SALES CENTER – STAGE 1 SELECTIONS

Your Sales Representative will assist you with the Stage 1 selections for your new home. These items include structural, exterior, and energy related items such as:

- Elevations and exterior finishes
- Exterior color schemes
- Garage options
- Bonus rooms & flex room options
- Window options
- Courtyard walls & gates
- Heating and cooling upgrades
- Insulation options
- Fireplaces
- Etc.

DESIGN CENTER – STAGE 2 & 3 SELECTIONS

Within a few days of signing the Purchase Agreement, you will need to schedule appointments with the Design Center to make your Stage 2 and Stage 3 options. At the Design Center, you will meet with a Design Consultant who will help you personalize the interior of your home with such items as:

- Cabinet styles, colors and options
- Appliance and kitchen packages
- Counter top selections
- Bath accessories and packages
- Plumbing fixtures
- Door and hardware styles
- Interior paint and color schemes
- Stair railings
- Window coverings
- Flooring selections
- Tile and interior stone work
- Etc.

THE HOMEBUILDING PROCESS

Your Design Consultant will explain which items come standard with your home as well as the many options and upgrades available. You are welcome to bring cushions or fabric swatches to the Design Center to help coordinate colors. When possible, you may want to view your color selections under both artificial and natural lighting to get an accurate impression of the color.

Be aware that color and texture variations can occur between the selected item and the actual item installed due to dye lots, manufacturing processes and variations in natural materials such as wood or stone.

STRUCTURED WIRING & LOW-VOLTAGE SELECTIONS

Many of our communities offer low-voltage options such as security systems, data cabling, surround sound packages, room speakers, central vacuum systems and other high-tech options. These items will typically be selected in conjunction with your Stage 2 appointment at the Design Center. You will be assisted in your selections by either a representative of the low-voltage subcontractor or by a Design Consultant specifically trained in this area.

LANDSCAPING SELECTIONS

A front yard landscaping package comes standard with your home. You will receive a landscape package at the Frame Walk. This package includes the types of plants, the size, and the quantity. We encourage you to meet with the landscaper to discuss your options. Due the landscape timing in the building process please contact the Landscape Company following the Frame walk. Please consult your Sales Representative for more information on landscape design.

CUSTOM CHANGES

IMPORTANT NOTE:

Some SunCor communities do not allow custom changes. If you have questions regarding custom changes, please contact your Sales Representative or Design Consultant.

While we make every attempt to provide a wide range of products, options and upgrades at each of our communities, occasionally a homebuyer desires a change or feature that is not offered. In this instance your Sales Representative or Design Consultant may be able to submit a Custom Change Request. You will need to provide as many details about your request as possible. At some communities, you may also be required to pay a non-refundable review fee with the Custom Change Request. When submitted, the Custom Change Request will be reviewed by a committee that will decide the feasibility and pricing of the request. **StoneRidge reserves the right to deny any Custom Change at its sole discretion.**

Please be aware that custom changes requiring a major structural change, footprint change, custom engineering or a separate municipal plan review will likely be denied. To help avoid this situation, StoneRidge offers a large selection of structural and flex-room options to help you configure your home to your specific needs.

THE HOMEBUILDING PROCESS

Since Custom Change Requests are time consuming and costly to process, we encourage you to limit this service only to those items that are most important to you. Depending on the complexity of the custom change requested, the planning and construction of your home could be delayed up to several months.

FINALIZING

We encourage you to be as thorough as possible with your selections. Costly errors can arise from assumptions or incomplete selections. Please review all option paperwork and double-check all numbers, names and colors. Once you have made all of your selections, the Sales Representative or Design Coordinator will finalize them with an option addendum to the Purchase Agreement. Additionally, we reserve the right to place a hold on your selections until your lender has approved your loan and all contingencies are released. Occasionally a supplier may discontinue one of your selections. When this happens we will contact you and ask you to make an alternate selection.

NOTE: A tabbed section is included in this manual for your color selection sheets. You may want to keep these for future reference.

CHANGE ORDERS

IMPORTANT NOTE:

Some SunCor communities do not allow changes after contract finalization. If you have questions about making changes, please contact your Sales Representative.

The homebuilding process is most efficient when no changes are made after contract finalization. Our three stage selections process is designed to help you select exactly what options you want in your home prior to the start of construction. However, in some cases we may consider accommodating minor changes after contract finalization when necessary. Please be aware that any change made after finalization will require an administrative fee in addition to the cost of the change. Change Order administrative fees may vary in amount from one community to another. The administrative fee is not credited towards the purchase of your home. A check for the Change Order and administrative fee must accompany the Change Order or no further action will be taken. Changes can be costly and disrupt construction schedules so we ask that you limit them to only those that are absolutely important to you.

In cases where Change Orders are accommodated, they will be subject to the following deadlines:

Changes affecting:

- Stage 1 selections
- Stage 2 selections
- Stage 3 selections

Must be made prior to:

- 15 days from Purchase Agreement date
- 30 days from Purchase Agreement date
- 45 days from Purchase Agreement date

SWIMMING POOLS & SPAS

IMPORTANT NOTE:

Pools or spas may not be available in some SunCor communities. If you are interested in building a pool or spa, please check with your Sales Representative for more information.

Many of our buyers desire to have a pool and/or spa built with their new home. To simplify the process of building your pool or spa, many SunCor communities have an approved pool builder to assist you with this process. Our approved pool builders are the only ones authorized to construct your pool or spa during the construction of your home. If you wish to use your own pool builder, you will need to wait until after the Close of Escrow on your home before pool construction may begin.

The following are important points to remember when building a pool or spa:

- StoneRidge does not sell nor warrant pools and spas. If you choose to use our approved pool builder, the contract will be between you and the pool builder.
- If you plan to use our approved pool builder, please inform your Sales Representative prior to Contract Finalization.
- If you plan to include a pool in your mortgage, contact your Mortgage Representative as early as possible in the loan approval process.
- All pool related warranty service requests are to be forwarded directly to the pool builder.
- Damage caused to the home, building site, street, sidewalks, etc. while constructing a pool is the responsibility of the homebuyer and his/her pool builder.
- It is the responsibility of the homebuyer to check with the local building authority to ensure all pool code requirements are met. These may include fence heights, child safety devices, building setbacks, etc.
- The HOA Architectural Review Board for your community must approve pool designs and fence changes prior to commencing pool construction.
- If you are using your own pool builder after Close of Escrow, a cash bond may be required by StoneRidge or the HOA to cover any damage to streets, sidewalks or common areas. Please contact us for more information.

V. THE CONSTRUCTION PROCESS

THE CUSTOMER CARE COORDINATOR

The Customer Care Coordinator will be your point of contact throughout the construction and warranty phases of your new home. He or she will coordinate with the Sales, Construction, Administrative to ensure your homebuilding process is running smoothly.

In most of our communities a Customer Care Coordinator will be your primary contact throughout the construction and warranty phases of your new home. The Customer Care Coordinator will contact you to schedule the Pre-Construction Meeting, Pre-Drywall Orientation and Final Walk-Through Orientation and in most cases will attend and/or conduct each of these meetings. They will work closely with the Construction Superintendent and may be involved in the quality control process during construction.

THE CUSTOMER SERVICE COORDINATOR

The Customer Service Coordinator will become the point of contact after Close of Escrow,. The Customer Service Coordinator will schedule any necessary warranty service work and will conduct the 45-Day and 11-Month Warranty Inspections with you.

HOMEBUYER COMMUNICATION FORM

Included with this manual, you will find a few copies of the Homebuyer Communication Form. If you need additional copies, please contact your Customer Service Coordinator or Sales Representative. You can use this form for any questions that may arise during the homebuilding process. Please fax, mail or drop off the completed form to your Customer Service Coordinator or Sales Representative. While you are welcome to call us at any time, your use of the Homebuyer Communication Form will allow us to more efficiently track and follow through on your questions or concerns.

PRIVATE INSPECTIONS

StoneRidge's team of construction professionals will inspect each phase of work to ensure your home meets our high standards of quality. Your home will also be inspected several times throughout the construction process by City and/or County Building Inspectors. However, on occasion a homebuyer may wish to hire an independent inspector for an additional peace of mind.

While you are welcome to hire a private inspector, there are a few guidelines that need to be followed when using a private inspector:

- Private inspectors are not to interfere with our supervisors and trade contractors.

THE HOMEBUILDING PROCESS

- Private inspectors are required to follow all safety requirements including use of a hard hat and proper eye and foot protection.
- Private inspectors must carry their own industrial and liability insurance. StoneRidge will not be held responsible for any injuries or damage caused by the inspector.
- Private inspectors will not be allowed on the roof or in the attic until after Close of Escrow or with written permission of a StoneRidge representative.
- Private inspectors are not to attend Pre-construction or Orientation Meetings. However, they are welcome to inspect the home and provide you with recommendations prior to these meetings.
- All communications related to private inspections are to be between the Homeowner and the Customer Service Coordinator or Superintendent.
- The private home inspection industry does not follow a uniform system nor is it a regulated industry. As a result, reports vary drastically in terms of quality, scope, detail and format. Therefore, any desired corrections to your home are to be submitted by you in writing on a Homebuyer Communication Form. It is the Homebuyer's responsibility to work with the inspector and to interpret their report. StoneRidge will not accept and/or interpret reports from private inspectors.
- StoneRidge will inspect each item requested for correction on a case by case basis and will make sure the items meet local codes and our Quality Standards. All items will be addressed in the normal sequence of construction.

POLICY REGARDING UNAUTHORIZED WORK

Please keep in mind that the home you are purchasing does not become your property until after the Close of Escrow. It is not permissible for you or your agent to make any changes, alterations or additions to your future home until it becomes your property. Because of strict insurance, liability, building code, and government requirements, all work on your home must be performed by licensed trade contractors who have signed Subcontract Agreements with StoneRidge and are properly licensed, bonded, and insured. StoneRidge reserves the right to remove any unauthorized changes and correct unauthorized alterations at the Homebuyer's expense.

The trade contractors and field staff are required to construct your home according to the plans, specifications, and option information provided to them by StoneRidge. Do not approach any of the contractors or field staff to request work that is not included in the plans, specifications, or your Purchase Agreement. Contractors or field employees who perform unauthorized work are subject to disciplinary action, back charges, and/or termination of their contract or employment. If you feel one of your selected options has been missed or if you desire to make a change, please contact your Customer Service Coordinator or Sales Representative.

CONSTRUCTION SITE SAFETY

A new home construction site is exciting, but it can also be dangerous. Your safety is of prime importance to us. Therefore, we must require that you contact your Customer Service Coordinator or Sales Representative before visiting the site. We reserve the right to require that

THE HOMEBUILDING PROCESS

you wear a hard hat and that a member of our staff accompany you during your visit. Please observe common-sense safety procedures at all times when visiting.

The following guidelines must be followed whenever visiting the construction site:

- All visitors enter the construction site at their own risk. StoneRidge is not responsible for injury.
- Hard hats must be worn at all times while on the construction site. These are available at the Sales or Customer Service Offices.
- Construction sites are especially dangerous for small children and those unaccustomed to the construction debris and noisy activity. We discourage bringing small children to the construction site.
- We urge you to conduct your visits under the supervision of a StoneRidge representative.
- Please confine your visits to only your home site.
- Please avoid interfering with any work activity.
- Do not enter the construction site while roofing, framing, or drywall crews are working or if cranes, concrete pumps, tractors, forklifts or other heavy equipment are being operated.
- Do not enter any upper or lower level of your home that is not yet equipped with stairs and guard rails.
- Stay a minimum of six feet from all excavations. Never enter basement excavations and stay out of constructed basements until stairs and guard rails are in place.
- Always watch your step to avoid hazards that may cause tripping, puncture wounds or other injury.

THE PRE-CONSTRUCTION MEETING

Shortly after your mortgage application and contract finalization are complete, you will be contacted to schedule a Pre-Construction Meeting. This meeting will typically be conducted by the Customer Service Coordinator and/or Construction Superintendent and will roughly coincide with the groundbreaking of your new home. This meeting should take about an hour.

The purpose of the Pre-Construction Meeting is to review all information related to the construction of your new home including:

- Floor Plan
- Elevation
- Garage Orientation
- Front Setback from Property Line
- Products and Options
- Custom Changes
- Colorization Selections
- Tentative Start Date

Out of Town Buyers

To accommodate our out-of-town homebuyers, at your request, StoneRidge will conduct the Pre-Construction Meeting via telephone. If it is not possible for you to attend this meeting in person, let the StoneRidge representative know when they call to schedule. We will mail all Pre-

THE HOMEBUILDING PROCESS

Construction Meeting information to you directly and will go over each item by telephone on the scheduled date and time.

PLANS AND SPECIFICATIONS

The building department of the city, county, or state where your home is to be located must review and approve the plans and specifications for your home. We construct each home to comply with the plans and specifications approved by the applicable building department. Your specifications become part of our agreements with trade contractors and suppliers. Only written instructions from StoneRidge can change these contracts.

Regulatory Changes

From time to time, city, county, or state agencies adopt new codes or regulations that can affect your home. Such changes are usually adopted in the interest of safety and are legal requirements with which StoneRidge must comply. The codes and requirements in effect for each area can vary. Therefore, builders may construct the same plan slightly different in two different jurisdictions or at two different times within the same jurisdiction to comply with such codes and regulations. If code requirements change after the building permit is issued on your home, StoneRidge is not required to meet the new code requirements on your home.

Individual Foundation Designs

Variations between homes of the same plan can also appear in the foundation system. The foundation design is often specific to each lot and/or subdivision. Based on the results of a soils test, an engineer determines which foundation systems are acceptable for a given lot or subdivision. Because of variations in soil conditions, your foundation may differ from your neighbor's foundation or that of the same home in another neighborhood.

Changes in Materials, Products, and Methods

The homebuilding industry, building trades, and product manufacturers are continually working to improve methods and products. In addition, manufacturers sometimes make model changes that can impact the final product. As a result, we may use methods or materials in your home that differ from those in our other homes. In all instances, any substitution of method or product will have equal or better quality than that shown in our other homes. Since such substitutions or changes may become necessary due to matters outside our control, we reserve the right to make them without notification.

Plan Changes

In an effort to continuously improve our products and construction methods, we reserve the right to make changes and improvements to our plans and specifications without notice.

Normal Variations

Your new home will be constructed by many different subcontractors and tradesmen. Furthermore, not all the tradesmen will work on every home in a community. As a result, minor variations will occur due to different methods of completing the same tasks. For example, the

THE HOMEBUILDING PROCESS

exact placement of switches, outlets, registers, mechanical equipment, and so on will vary slightly from the model and other homes of the same floor plan.

QUALITY ASSURANCE

StoneRidge will build each new home to the quality standards demonstrated in our model homes. Each home is a handcrafted product combining the efforts of many people with varying degrees of knowledge, experience, and skill. We constantly coordinate, supervise, and inspect these contributions in constructing your new home. Additionally, your new home will be inspected several times by the local building officials and where applicable, independent inspectors.

Occasionally, during a process that takes several months and involves dozens of people, an error or omission may occur. While we have systems and procedures for inspecting our homes to ensure that the level of quality meets our requirements, we welcome any input you may have. If you have questions or concerns regarding the construction of your new home please fill out a Homebuyer Communication Form and send or fax it to the Customer Service Coordinator, Sales Representative, or Main Office for your Community. We will review the concern and will respond within two business days. Please be aware that our schedule has built-in periods of time where we address work that needs correction or adjustment. Do not be surprised if several days go by before a particular item is corrected, as this is part of the normal scheduling process.

Remember that during the construction process, every home being built experiences some days when it is not at its best. Homes under construction endure wind, rain, foot traffic, and activities that generate noise, dust, and trash. Material scraps are a by-product of the process. Although your new home is routinely cleaned and trash is regularly hauled off, you may encounter some messy moments during your visits to the construction site. Keep in mind that the model homes you toured also had their own “ugly duckling” stages.

SCHEDULES

Delivery Date

The delivery date for your new home begins as an estimate. We will update you on the estimated delivery date at each of our construction meetings. You are also welcome to check with the Customer Service Coordinator for the most current target date. **Please remember that these target dates are estimates only.** As completion nears we will give you a firm date for Orientation and Closing. We will contact you by means of a Closing Letter approximately 30 to 45 days prior to the Close of Escrow with firm completion dates. Until you receive this letter, we suggest you avoid finalizing your move date and Loan Lock. Any dates given to you outside the regularly scheduled meetings or by someone other than the Customer Service Coordinator or Homebuilding Manager should not be considered applicable. Please see the “Mortgage Loan Process” section of this manual for additional information about Loan Locks.

THE HOMEBUILDING PROCESS

Construction Delays

Weather, inspection requirements, freight delays, and worker and material shortages can all affect the schedule and delay the delivery date. Extended periods of wet weather or extreme temperatures can bring work to a virtual stop in an entire region. While some room is provided in the schedule to accommodate minor delays, some delays are simply unforeseeable. Please understand that we are as eager as you are to keep your home on schedule. We will do everything possible to keep the construction process moving to deliver your home in a timely fashion.

"Nothing's Happening!"

There will likely be several days during construction of your home when it appears that nothing is happening. This can occur for a number of reasons and is part of the normal process. For example, each trade contractor is scheduled days or weeks in advance of the actual work. This period is referred to as "lead time." Once the contractor starts, he has a period of time to complete his work before the next trade begins. If he completes his work early, a day or two may pass before the next trade is required to show up. Due to the scheduling lead times, it is often not possible to bump a contractor schedule up on short notice.

Progress also pauses while the home awaits city, county or engineering inspections. Typically, no work will be scheduled on the day of an inspection. Remember, these "dead days" are allowed for in our schedule and should have no adverse effect on the delivery date.

A TYPICAL CONSTRUCTION SCHEDULE

Below is the typical sequence of a construction schedule. While not all tasks will happen in this exact order, this will give you a general idea of “what comes next.” Additionally, some steps may be omitted or added depending on where the home is being built

Building Permit Issued	Rough Punch Out Work
Pre-Construction Meeting with Buyer	Pre-Drywall Orientation with Buyer
Site Work (If Required)	Municipal 4-Way Inspection
Municipal Site Inspection (If Required)	Insulation
Foundation	Drywall Stock and Hang
Layout	Municipal Drywall Inspection
Excavate Footing and Place Steel	Municipal Lath Inspection
Municipal Footing Inspection	Drywall Tape and Texture
Pour Footing Concrete	Stucco Application
Set Stem Panels and Place Steel	Fence Grading
Municipal Stem Inspection	Masonry Fence Construction
Pour Stem Concrete	Doors and Trim
Underground Plumbing and Mechanical	Paint Interior
Excavate	Cabinet Installation
Install Water and Sewer Lines	Bath and Shower Surrounds
Install Underground Vents	Countertops
Municipal Soils Inspection	Paint Exterior
Concrete Slab	Roof Tile Installation
Shade, Backfill, Compact Trenches	HVAC Trim
Grade and Form for Slab	Plumbing Trim
Dig Interior Bearing Footings	Electrical Trim
Install Underground Electric	Home Systems Trim
Municipal Pre-Slab Inspection	Door Hardware Trim
Termite Pretreat (if required)	Concrete Drives and Walks
Pour and Finish Slab Concrete	Flooring Installation
Rough Grade Lot	Final Grading
Deliver Lumber and Roof Trusses	Punch-Out Drywall and Stucco
Framing	Landscaping
Municipal Strap & Shear Inspection	Interior Construction Clean
Fireplace Installation	Final Punch Out
Window Installation	Window Screens Installed
HVAC Rough-In	Appliances Installation
Plumbing Top-Out	Municipal Final Inspection and C of O
Gas Plumbing Installation	Final Walk-Through Orientation
Roof Dry-In and Load Roofing Materials	Walk-Through Adjustments
Framing Pick-Up Work	Close of Escrow
Electrical Rough-In	Home Presentation (Keys and Sign-off)
Stucco Lath or Siding Installation	45-Day Follow Up
Home Systems Rough-In	11-Month Follow Up

THE PRE-DRYWALL ORIENTATION (Frame Walk-Through)

Once the framing on your new home is complete, the Customer Service Coordinator or Superintendent will call you to schedule the Pre-Drywall Orientation (sometimes referred to as the Frame Walk-Through). This meeting will take place once all of the rough-ins are completed and just prior to insulation and drywall. Once again, we will go over your construction paperwork to make sure all of your options have been installed and are properly located. The representative conducting the Pre-Drywall Orientation will also answer any questions you may have and will update your estimated completion date. In order to complete this meeting in a timely fashion we request that only those purchasing the home be present. If your relatives, young children, realtor or a private inspector would like to view the home, please arrange for this to take place before or after the Pre-Drywall Orientation (see the section entitled "Private Inspectors" in this manual).

PLEASE NOTE: The Pre-Drywall Orientation is not a time to add or change options; however, we may allow minor electrical adjustments on a case-by-case basis.

Out of Town Buyers

If you reside out of town and are unable to attend the Pre-Drywall Orientation, your Sales Representative will walk the home with the Superintendent and/or Customer Service Coordinator in your place.

COMPLETION DATE & CLOSING LETTER

Approximately 30-45 days before the completion of your home, you will be contacted to schedule the Final Walk-Through Orientation and Close of Escrow Date. The Customer Service Coordinator will formally confirm these dates by sending you a "Closing Letter." The Close of Escrow date will also be forwarded to your Sales Representative, Lender and Title Company. As stated previously, we encourage you to wait for this confirmed closing date before locking in interest rates or scheduling movers. It is a good idea to allow a buffer of several days on your Loan Lock in case of unforeseen construction or financing delays. Letters will also be sent to the utility companies to terminate services at your home shortly after the Close of Escrow. Please be sure to set up all utility accounts in your name prior to closing.

THE FINAL WALK-THROUGH ORIENTATION

The Final Walk-Through Orientation will take place after the home is completed and approximately five business days prior to the Close of Escrow. The Customer Service Coordinator or Superintendent will conduct this meeting. The Orientation should be attended by all Buyers listed on the Purchase Agreement. Past experience has shown that the orientation is most beneficial when buyers are able to focus all their attention on their new home and the information presented. For this reason, realtors, private inspectors and relatives should not be present at this meeting. We also suggest that young children and pets not accompany you at this time. Arrangements can be made for others to view the home at another time.

THE HOMEBUILDING PROCESS

During this meeting, the representative will explain and/or demonstrate the various systems, features, and appliances in your new home and will review important maintenance information. You will also be shown how to shut off electricity, water and gas to the home in case of an emergency. Additionally, this meeting will serve as a final walk-through, providing you with an opportunity to note any discrepancies or incomplete work. **Final Walk-Through Orientations are conducted Monday through Friday by appointment during normal business hours only.** Please allow approximately two to three hours for this meeting.

Orientation Form and Acceptance

During the Final Walk-Through Orientation, you will have the opportunity to inspect the various components and systems of your home. The StoneRidge representative will ask you to initial various items on the Orientation Form signifying that they are complete and in good condition. **Because of the potential for these items to be damaged during move-in, StoneRidge will not be responsible for damage to them following your Final Walk-Through Orientation if they are not noted on the Orientation Form.** Below is a list of some of these items:

- Cabinets
- Carpet and Floor Tile
- Doors and Hardware
- Countertops
- Tubs and Showers
- Mirrors and Shower Doors
- Painting
- Walkways, Patios, and Driveways
- Light Fixtures
- Windows and Screens
- Sliding Doors and Screens
- Garage Door
- Sinks and Fixtures

Space is also provided on the form to note anything that needs attention. Occasionally the representative will generalize the items needing attention on the form. For example, if you find a number of minor drywall blemishes, rather than listing each one on the form, the representative will tag these and then make a general statement on the form such as “repair drywall as marked throughout.” When the drywall repair technician comes, he will walk through the entire home and repair all of the tagged drywall items.

Manufacturer’s Warranties

During the Final Walk-Through Orientation, the StoneRidge representative will provide you with the Manufacturers’ Warranties and Owner’s Manuals for the appliances and consumer goods in your new home. Because these items are exempted from the Limited Warranty on your home, keep all manufacturer information in a safe place. Any warranty claims on these items are to be made directly with the manufacturer. We also recommend that you study the Owner’s Manuals to familiarize yourself with their proper operation and maintenance.

Five-Day Punch Out and Completion of Walk-Through Items

Most SunCor communities will schedule the Close of Escrow to take place approximately five business days after the Final Walk-Through Orientation. During this period, StoneRidge will work to make any adjustments or touch-ups noted on the Orientation Form. Any items not completed before Move-In will be completed as quickly as possible. Under normal circumstances, you can expect us to resolve all items within 30 working days after Close of Escrow. We will

THE HOMEBUILDING PROCESS

inform you of any delays caused by backordered materials or scheduling delays. If work needs to be performed in your new home after Move-In, construction personnel are typically available for appointments Monday through Friday, 7 a.m. to 3 p.m. When necessary, we will attempt to schedule several service appointments on the same day to minimize conflicts with the your work schedules.

Note: Some SunCor communities may schedule the Final Walk-Through Orientation and Close of Escrow on the same day. Additionally, out-of-town buyers may request these be done on the same day for scheduling purposes. In this event, you will need to provide access to StoneRidge personnel and subcontractors to complete any remaining Walk-Through items in your home.

Future Service

After the Final Walk-Through Orientation, StoneRidge responds to Warranty Service Requests according to the terms and conditions of the Limited Warranty Agreement. For more details, please review the Warranty Guidelines section of this manual.

HOME PRESENTATION MEETING

Note: If you have your Final Walk-Through Orientation and Close of Escrow on the same day, this meeting will be omitted.

Once you have signed all Closing Documents (see “Close of Escrow” below), and the Funding and Recording have taken place, the Customer Service Coordinator will provide you with your house keys and garage door remotes (if applicable). This meeting is an excellent time to review the Final Walk-Through list and sign off on the completed items. Some communities may also use this meeting for orientation on the use and care of your new home if these items weren’t discussed at the Final Walk-Through. This informal meeting should take less than an hour.

VI. UTILITIES

StoneRidge will have utility services for your home removed from its name two days after Close of Escrow. It is the Homeowner's responsibility to set up all necessary utility accounts and to notify all utility companies of your move so that service is provided in your name. We suggest that you contact these companies well ahead of time to avoid any interruption in service. For your convenience, utility company phone numbers are provided in the "Contacts" section of this manual.

The following information will give you an idea of what is involved and when you should order utility service based on your home's completion date. You will want to contact your Title Company for your escrow number before calling to setup your utility accounts.

Electricity

In most cases, we will have the electric meter installed and the power on prior to your Final Walk-Through Orientation. You will need to set up your account about a week before Close of Escrow and request service to be transferred into your name on the Close of Escrow date.

Water & Sewer

You will need to set up your account one week prior to Close of Escrow and request service to be transferred to your name on the Close of Escrow date.

Trash Collection

Set up your account about a week before Close of Escrow and request service to begin on the Close of Escrow date.

Telephone

Your new home has been wired for the number of telephone jacks specified in the Purchase Agreement. Activation of service usually takes between 10 to 14 days; however, in some fast-growing communities, activation can take 30-60 days or more. We encourage you to establish this account as soon as you receive your Closing Letter. Request service to be turned on any time after Close of Escrow

Natural Gas

If your area is serviced with natural gas, you should set up your account 1 to 2 weeks before Close of Escrow. Request the gas to be turned on as soon as you close escrow. Typically, the gas meter cannot be installed until the home has passed Final City, County, or State Inspection, and the electricity has been turned on. These items will be handled by the construction personnel prior to the Final Walk-Through Orientation.

Propane

If your new home is equipped with a propane tank, we will deliver the home with the tank filled to approximately 80 percent. If you wish to have automatic refill service, you should establish your account a few days prior to Close of Escrow.

THE HOMEBUILDING PROCESS

Cable Television

Your home has been pre-wired for the number of TV outlets specified in your Purchase Agreement. The cable pre-wires may or may not include jacks or connectors depending on the industry standard in your area. The cable company can install any necessary jacks at the time of installation. Normally, you should allow 5 to 10 working days for connection. **NOTE: Some areas may require up to 80% occupancy in the community before activating cable TV service.**

Mail Service

If your community is equipped with cluster-type mailboxes, your mailbox keys can be obtained from the local Post Office. Please contact the Post Office one-week prior to key pick-up. You may be required to show a copy of your closing statement to pick up your keys.

VII. CLOSE OF ESCROW

THE CLOSING APPOINTMENT

Your Closing Date will be established approximately 30 to 45 days prior to Close of Escrow. In most cases, this will take place a few days after your Final Walk-Through Orientation. The closing will typically take place at the Title Company. **You will need to contact your Escrow Officer at the Title Company to schedule the Closing Appointment.** All Buyers listed on the Purchase Agreement will need to attend. Be sure to bring valid photo identification for each Buyer and a cashier's check from a financial institution made payable to the Title Company. The Escrow Officer will inform you of the amount of funds to bring when the appointment is scheduled. Please plan on about one hour for this appointment.

During the Closing Appointment, you will sign loan documents and instructions related to closing the loan from the Mortgage Company and transferring the title of the home you are purchasing. You will give the Escrow Officer your cashier's check and will present your identification. The Title Company is required by law to have funds deposited before escrow funds can be disbursed. Due to delays associated with personal checks, only cashier's checks will be accepted at Closing.

CLOSING DOCUMENTS

Below is a list and brief description of the typical documents associated with the Closing. In addition to these standard items, the Lender, Title Company, and/or StoneRidge may require other documents to be signed.

Special Warranty Deed

The Special Warranty Deed conveys the home and lot to you subject only to permitted exceptions. This does not apply if you already own the lot.

Title Commitment

Prior to Close of Escrow on your new home, you will receive a copy of the Preliminary Title Report. At closing you will be provided with a standard American Land Title Association (ALTA) owner's title insurance commitment to insure the title of your new home in the amount of the purchase price subject to any permitted title exceptions. We encourage you to review the Title Commitment carefully and discuss any questions with your Escrow Officer. Within 60 days after Close of Escrow, the Title Company will mail you the standard ALTA Owner's Title Insurance Policy. Keep the Title Insurance Policy in a safe location with your other valuable paperwork.

Promissory Note

The Promissory Note is your agreement to repay the Mortgage Lender according to the terms of the Loan.

Deed of Trust

The Deed of Trust encumbers your home as security for repayment of the promissory note.

CLOSING COSTS

Certain customary items in connection with the property will be prorated to the date of closing such as prepaid expenses, or reserves required by your Lender and Homeowners Association. Prorations of general real property taxes and assessments will be based on the current year's taxes and assessments or, if they are unavailable, on the taxes and assessments for the prior year. The final cost figure is available near to the actual closing. Although a reasonably close estimate may be determined before the date of closing, the proration of several items included is affected by the closing date and cannot be calculated until that date is known.

HOMEOWNER'S INSURANCE POLICY

You will need to provide proof of a Homeowner's Insurance Policy from your insurance company prior to the Closing Appointment. Your insurance agent should know exactly what is needed. We suggest you arrange for this at least three weeks before the expected closing date. **The Title Company will need the "Certificate of Insurance" from your homeowner's insurance carrier at least five working days prior to closing.**

BUILDER OR LENDER ISSUES

Any questions or concerns that you may have related to your new home, the Purchase Agreement, or your Mortgage Loan must be worked out with StoneRidge or your Lender prior to the Closing Appointment. The Title Company is not authorized to negotiate or make representations on behalf of any of the parties involved in the closing.

VIII. WARRANTY SERVICE

The Limited Warranty coverage on your new home begins at the time of Close of Escrow. We will make every attempt to complete any items listed on the Walk-Through sheet from your Final Walk-Through Orientation as quickly as possible. If you have any problems with your new home after Close of Escrow, please follow the directions listed in the “Warranty” section of this manual.

45-DAY FOLLOW UP

During the first 45 days in your new home, you may notice minor defects or discrepancies that were not noted during the Final Walk-Through Orientation. We recommend you keep a list of these items and **contact us at the end of the first month for a 45-Day Follow-up Appointment.** Our Warranty Service Coordinator will meet with you to review each of the items and determine the course of action for each item. By waiting until the end of the first month to report these items, we will be able to take care of most of the items at once, rather than coming back several times to correct individual items. Of course, any emergency item should be reported immediately. For more information about the 45-Day Follow-up Appointment, please refer to the “Warranty and Customer Service” section of this manual.

11-MONTH FOLLOW UP

After your 45-Day Follow-up Appointment, we encourage you to start a second list if you come across minor items that need attention in your new home. **At the end of the first 11-Months, you will need to contact the Warranty Service Coordinator to schedule an 11-Month Follow-up Appointment.** Remember that many of the subcontractor warranties expire after one year. Items reported after the one-year anniversary of your home may be limited. We also recommend that you wait until the 11-Month Follow-up Appointment to report warrantable stucco and drywall cracks as these items will be repaired only one time during the first year. For more information about the 11-Month Follow-up Appointment, please refer to the “Warranty and Customer Service” section of this manual.

IV. CUSTOMER SATISFACTION SURVEY

A few weeks after you move in to your new home, you will receive a Customer Satisfaction Survey in the mail. We encourage you to take the time to fill it out and give us your comments. The survey deals with your experience throughout the various stages of the homebuilding process. Your comments are very important to us and will provide us with valuable information that will help us continue to improve our products and services.

In some cases, you may also receive a second survey at the end of the first year in your new home. This survey will give you the opportunity to rate our Warranty and Customer Service departments and provide us with any insights into your new home now that you are more familiar with its layout and design.

We thank you in advance for taking a few minutes to let us know how we are doing.