

TANAMERA CONSTRUCTION, LLC

CUSTOM HOME DIVISION

JANUARY 2018

Tanamera Construction, LLC (Nevada contractors license #70517) has a full service Design Build Custom Home Division with established to focus on the design and construction of high-end luxury custom homes within upscale communities throughout northern Nevada. With over 21 year's of experience together, the principals of Tanamera have established professional and comprehensive systems for the design, construction management and ongoing warranty of high-end custom homes. Through a close and personal relationship with all custom home clients, the Tanamera team focuses on designing high quality, yet cost competitive homes with today's latest designs.

Managed by Kreg Rowe, the founder and Managing Partner of Tanamera, Mr. Rowe oversees all custom home design work and personally works with all custom home clients to insure the design and construction of these homes is of the quality and cost competitiveness required by Mr. Rowe and his partners.

KEY ATTRIBUTES:

- Builders of over 50 custom homes throughout northern Nevada and the Truckee market since 1996;
- Separate custom home division of a larger construction company with over \$280 million in current construction activity offering lower costs and better financial security to their clients compared to the smaller custom homebuilder;
- Strong focus on working closely with all custom home clients for a clear and ongoing communication in an effort to simplify the design / construction process for the client and minimize costly mistakes;
- Separate warranty department focused on taking care of the clients well after construction, not typically found with the smaller custom homebuilder;
- Exceptional construction management oversight with the collaboration of a team of very experienced professionals (see following page) and a dedicated Project Manager insuring timely and quality construction;
- In-house Interior Designers to assist all clients at no additional cost;
- Competitive design build management fees equal to that charged by the smaller custom homebuilder;
- Third party collaboration with cost competitive architects, engineers and audio/visual home automation professionals;
- Ongoing pictures & reporting of the construction progress keeping the client consistently informed during the construction process;
- Large experienced accounting department for accurate and timely financial reporting to the client and the client's lender;
- Numerous lender relationships and construction financing experience to assist the client in selecting the optimum lender and construction loan program;



TANAMERA CONSTRUCTION

Custom Home Management Team

January 2018

- ❖ Kreg Rowe – Founder of Tanamera Construction & Development – Responsible for all custom home pre-construction client relations, client contracting, client / architectural coordination and management, overall home design and HOA architectural approval on behalf of the company's custom home clients (40 years' experience);
- ❖ Justin Rowe – Partner & Custom Home Project Manager – Responsible for custom home permitting, construction budgeting, management of construction schedules, ongoing construction management and oversight and ongoing client communication following the project design (9 years' experience);
- ❖ Leslie Ghiggeri – Custom Home Project Manager – Responsible for custom home permitting, construction budgeting, management of construction schedules, ongoing construction management and oversight and ongoing client communication following the project design (9 years' experience);
- ❖ Melanie Stewart - Custom Home Assistant Project Manager – Responsible for assisting Justin Rowe and Leslie Ghiggeri with the overall construction oversight and client communications of all custom homes activity following the project design (13 years' experience);
- ❖ Kylie Martin – Purchasing Manager - Responsible for all custom home purchasing (18 years' experience);
- ❖ Shiloh Spracklin – Interior Designer - Responsible for working with the custom home clients in the selection and pricing of interior improvements (6 years' experience);
- ❖ Joe Hurst – Vice President Of Construction - Responsible for overseeing all custom home construction activity and all custom home design elements, purchasing and Field Superintendents (28 years' experience – residential & commercial construction);
- ❖ Brett Seabert – Partner & CFO / CPA - Responsible for overseeing all accounting functions, client financial reporting & the oversight of all custom home accounts payables & construction financing draws / lien releases (32 years' experience);



TYPICAL PRE-CONSTRUCTION DESIGN, HOA AND PERMITTING BUDGET

Budgeted Square Footage - 3,500 To 4,000

		ARROWCREEK GOLF COMMUNITY	MONTREUX GOLF COMMUNITY	SOMERSETT GOLF COMMUNITY	CAUGHLIN RANCH	ST. JAMES VILLAGE COMMUNITY
PRE-HOA ARCHITECTURAL REVIEW BUDGET:						
1	Architectural Work To Design Development (DD's) Required For HOA Submittal	[1]	\$17,500	\$17,500	\$17,500	\$17,500
2	Topography Site Plan Required For The Civil Engineering Grading Plan		\$1,200	\$1,200	\$1,200	\$1,200
3	Civil Engineering Grading Plan Required for HOA Submittal		\$2,000	\$2,000	\$2,000	\$2,000
4	Landscape Architectural Design Required For The HOA Submittal		\$1,200	\$1,200	\$1,200	\$1,200
5	Front & Rear Home Rendering For HOA Submittal (optional)		\$1,750	\$1,750	\$1,750	\$1,750
6	Rendering Credit From Tanamera Construction If Allowed To Be Used For Marketing		(\$875)	(\$875)	(\$875)	(\$875)
7	HOA Application Fee For Architectural Review		\$1,000	\$1,000	\$3,000	\$600
	Subtotal		<u>\$23,775</u>	<u>\$23,775</u>	<u>\$25,775</u>	<u>\$23,375</u>
POST-HOA ARCHITECTURAL REVIEW BUDGET:						
8	Detailed Construction Documents From the Architect For A Building Permit		\$7,500	\$7,500	\$7,500	\$7,500
9	Structural Engineering (estimate based on an average of 3,750 SF)		\$7,500	\$7,500	\$7,500	\$7,500
10	Soils Report Required for the Building Permit		\$1,000	\$1,000	\$1,000	\$1,000
11	Engineered Staking Of the Site for Construction		\$1,200	\$1,200	\$1,200	\$1,200
12	Building Permit Application Fee		\$2,500	\$2,500	\$2,500	\$2,500
	Subtotal		<u>\$19,700</u>	<u>\$19,700</u>	<u>\$19,700</u>	<u>\$19,700</u>
	TOTAL PRE-BUILDING DESIGN & HOA COSTS	[2]	\$43,475	\$43,475	\$45,475	\$43,075
13	HOA Refundable Deposit	[2]	\$15,000	\$5,000	\$1,875	\$2,500
14	Estimated Building Permit Fees @ Construction (typically financed)		\$12,000	\$12,000	\$12,000	\$12,000
	TOTAL BUDGETED COSTS UP TO COMMENCEMENT OF CONSTRUCTION	[3]	\$70,475	\$60,475	\$59,350	\$65,975

FOOTNOTES:

- [1] Includes final floor plan, roof plan, site plan & elevations of all 4 sides of the home & assumes an estimated architectural cost depending on the specific architect selected by the client.
- [2] Typically paid out of pocket & not financed.
- [3] Up and beyond the homes construction costs & builder's fee.



ARCHITECTURAL FIRMS

Used By Tanamera & Previous Clients

1. Jeff DeMure & Associates – Chelsea Richardson Marketing – (916) 783-3700 – crichardson@jdaarch.com - Granite Bay California
2. CWX Architects, Inc. – Carlin Williams – (775) 829-7747 - carlin@cwarchitects.com - Reno Nevada
3. Lot C Architecture – Jason Wooley – (530) 550-7468 – Jason@lotcarchitecture.com - Truckee California
4. Nick Sonder Architect – Nick Sonder – (530) 582-4521 – nick@nicksonder.com - Truckee California
5. Donald Joseph, Inc. – Kevin Brian – (916) 456-2300 – kbryan@donaldjoseph.com - Sacramento California
6. Ward Young – Larry Young – (530) 587-3859 – lyoung@wyarch.com - Truckee California



CHRONOLOGICAL STEPS & TERMINOLOGY OF BUILDING A CUSTOM HOME

Selection Of A Builder / Architect. One of, if not the most important steps in building a custom home is selecting the right builder / architectural team. A professional builder can help guide you through the entire design / construction process, save you time and protect you from design elements that will add unnecessary costs to the home. A professional builder can also save you the expense of purchasing the wrong home site for your particular home design. Many clients have the perception they should buy their lot, hire an architect, design their home and then go to several builders for bids to achieve the optimum pricing. In reality, more money and much more time will be saved if the builder is selected early on to help manage the home site acquisition and design process on a team approach with the architect and the client. Just as important as selecting the right builder is the selection of the right architect who knows the area of your new home and has experience designing well thought-out cost effective custom homes.

TANAMERA CONSTRUCTION DESIGN BUILD PROCESS

- I. **The Initial Design Process.** Upon the decision to employ Tanamera Construction (hereinafter referred to as “TC”) under a design / build program and following the purchase of your new home site, it is time to begin the design of your new custom home. Kreg Rowe, the Company’s Founder, has extensive experience in the design of custom homes, office buildings, shopping centers, production homes and apartment communities and will work directly with the client and the architect during this process. The first step will be to work with Mr. Rowe and a recommended architect that Mr. Rowe can provide to design a “floor plan” that meets the client’s needs and desires while at the same time provides the optimum layout to minimize construction costs. Next the architect will design the “elevations” of the home that show the look of the home from all four sides. The style will be based on the client’s preferred look along with potential design requirements of the client’s home community. At the same time the architect will create the basic design of the home’s roof. During this process, Mr. Rowe and his staff will work with the architect to insure the floor plan, elevations and roof designs are cost effective to build. Next the architect will prepare a “site plan” showing how the home will sit on the client’s home site and work with the topography of the site. To properly prepare the site plan, TC or the architect will have commissioned a topography map (sometimes referred to as a topo map) of the site from a civil engineer detailing the slope of the lot and location of utilities. Once the client has approved how the home sits on their lot, the design of the driveway, walkways and patios, Mr. Rowe will authorize the civil engineer to create a “grading plan” showing how the site will be graded and where the utilities will run. From the grading plan, the landscape architect commissioned by TC or the architect can design the “landscape plan” for approval by the client. The floor plan, elevations, roof plan, site plan, grading plan and landscape plan are collectively referred to as the design development documents or typically “DD’s”. It typically takes approximately 2 to 3 months to create the DD’s satisfactory to the client and Mr. Rowe after several meetings (either in person or electronically) and numerous modifications. The client’s ability to have timely meetings and make relatively quick decisions can greatly expedite this process.
- II. **The HOA Architectural Approval Process.** Most custom homes are located in higher-end communities managed by an association (“HOA”) that requires pre-approval of the design of the home, exterior materials and colors, site grading and landscaping plans before the builder can submit for building permits. These HOA’s have architectural review boards that typically meet once a month to review plans for new homes in their communities. They also typically have an architect on staff to carefully review the DD’s to ensure the general design of the home meets the architectural design requirements of that particular community. Selecting a builder / architect team that has experience working with the client’s HOA will save a lot of time, money and frustration for these boards can be very difficult and they have very subjective discretion on what they will and will not approve. The HOA approval process from start to finish typically takes between 1 to 3 months, depending on how critical the review board is and the experience the design team has working with that particular HOA. Once the DD’s are completed, TC or the architect will make application to the HOA on behalf of the client for review and approval. When possible, it is ideal to also include a 3-D perspective rendering of the

home (front and rear) to help the HOA review board visualize the completed home. TC can help with producing this rendering that helps both the HOA and the client in visualizing the final look of the home and TC will cover 50% of the rendering cost (typically \$1,750 in total) if the rendering can be used by TC for marketing purposes.

- III. **The Construction Document (“CD”) Process.** Once the HOA has approved the general design of the home, TC’s assigned Project Manager (“PM”), with oversight by Mr. Rowe, will take over and will authorize the architect to proceed preparing the detailed construction documents (“CD’s”) required by the local municipality for building permits. At this time, the PM will prepare for the client a preliminary budget for the cost of the home based on the preliminary DD’s approved by client and the HOA and TC’s best estimate as to the home’s cost based on their experience building in this area. For items yet to be selected by the client (i.e.; cabinets, flooring, counter tops, etc.), the PM will include allowances in its budget for these items based on an average of what other clients have typically chosen. When the architect has completed its detailed construction documents (usually 3 to 4 weeks) they will submit their drawings to a structural engineer commissioned by TC or the architect to perform the required calculations and complete the design of the structural elements of the home. If the architect designed the home to have manufactured roof trusses for cost effectiveness, the structural engineer will need to send their drawings to a truss manufacturer to design the trusses. From start to finish, the structural engineer will typically take 8 weeks to complete the structural design, including the design of the manufactured trusses. During the time that the structural engineer is designing the structural elements of the home, the PM will also work with the client and a mechanical / electrical engineer to design the mechanical & electrical elements of the home required for permitting the home. During the CD Process, it will be important for the client to also begin making their selections for the interior materials, improvements and colors of the home (i.e.; appliances, cabinets, plumbing fixtures, lighting, electrical, audio/visual & home automation requirements, flooring, exterior amenities, etc.). TC’s in-house licensed interior designers (which are free to TC’s clients) along with the PM will assist the client in making the proper selections.
- IV. **The Permitting, Bidding and Loan Closing Process.** Once the architect’s detailed construction documents are completed and the architect has received and organized all the final drawings from the structural engineer, the civil engineer, the mechanical / electrical engineer and the landscape architect (referred to as “Working Drawings”), the plans are complete and ready to submit to the local municipality to begin the permitting process. This process typically takes between 4 and 8 weeks (depending on the municipality & volume of homes in for permitting) before a building permit is ready and TC is able to commence construction. During the permitting process, TC’s purchasing department, with the assistance of the PM, will take the Working Drawings along with any of the client’s final material and improvement selections and submit them to the various subcontractors and suppliers to bid the cost of the home. The bidding process usually takes between 3 to 4 weeks to obtain all bids, negotiate the bid pricing and compile the bid budget for review and approval by the client. If there are still improvement items not yet selected or finalized by the client at the time the bid budget is prepared, the PM will provide allowances in the budget for these particular items. Once the client approves this budget, the client can submit the bid budget to its lender (assuming they are financing the construction of the home) to complete the loan approval process. It usually takes about 2 to 3 weeks from this point for the lender to formally approve its loan and draft the required loan documents necessary to close the loan prior to the commencement of construction. By the time the loan is ready to close, TC is usually in a position to pick up its building permits and commence construction.
- V. **The Construction Process.** Once the client’s loan has recorded and TC has obtained the required building permits, construction is ready to begin. The initial work is on the home site where TC’s site subcontractor will stake the site for construction, clear and grub the site, remove any trees in the way of the home, excavate the required utility trenches, install the utility lines to the home and form up and compact the building pad for construction of the home. Next TC’s concrete subcontractor will construct the home’s foundation. This whole process from start of the site work to the completion of the foundation typically takes between 4 and 8 weeks depending on the location of the home, weather conditions and the complexity of the work.

Once the foundation of the home is complete, it is time to begin framing the home. This process will usually take between 4 and 8 weeks, again depending on the location of the home, weather conditions and the complexity of the framing job. Once the framing is complete, the PM will schedule a frame walk inspection with the client to make sure the framing of the home is consistent with what the client envisioned. If changes need to be made, this is the time to make them.

Following the completion of the framing is the installation of the rough electrical, HVAC ducting, windows and exterior doors (approximately 2 weeks). This will also be the time that the PM works with the client and the audio-visual professionals selected by TC to design and install all required low voltage wiring necessary for these amenities. Next TC's roofer starts the roofing of the home and TC's appropriate subcontractor wraps the exterior of the home for either stucco, stone, steel or wood siding. This process usually takes between 1 & 3 weeks depending on the materials used for the home's roof and siding. Once the home is wrapped, the rough plumbing, electrical and HVAC ducting is installed (1 to 3 weeks). Again, this is an ideal time for the PM to walk the home with the client to insure all electrical work is as expected and the electrician and audio-visual subcontractor have incorporated all electrical and audiovisual / home automation needs of the client.

After the rough plumbing, electrical & HVAC ducting is complete, the home is insulated, which takes just a few days. Following the insulation, it is now time to begin installing the interior sheetrock and enclosing all the interior walls. This process takes between 1 & 3 weeks depending on the size and complexity of the home. Once completed, TC has the interior walls taped and textured and ready for painting (approximately 2 to 3 weeks). Next the interior doorframes, interior wood trim and cabinet boxes are installed (1 to 3 weeks depending on the amount of trim work and cabinet work required). Next the painters move in and complete the painting / staining of the home (interior & exterior), which usually takes about a week.

Once the painting is complete, it is time to install the counter tops for the kitchen & bathrooms along with all required tile work in the home. This process can take between 2 to 4 weeks depending on the amount and complexity of the work. Once completed the electricians and low voltage experts install all the lighting fixtures and electrical plates, the plumber installs the plumbing fixtures and kitchen appliances and the HVAC contractor installs the HVAC units and controllers. This process takes about 1 to 2 weeks.

Finally, the home is ready for the installation of flooring materials (wood, tile, carpet, etc.), the installation of the cabinet doors and the installation of the exterior hardscape (driveways, walkways & patios) and landscape. Once the flooring is complete, the finish carpenter hangs all the interior doors, TC has the home thoroughly cleaned and does a complete punch list review of the home to make sure all the components of the home work properly and all touch-up painting is complete.

During the entire construction process the PM remains intimately involved working with the client and TC's on site superintendent insuring that mistakes are minimized and construction schedules are followed. The PM manages the construction of the home and the installation of all materials and equipment with the assistance of the onsite superintendent and remains the main point of contact for the client.

- VI. **The Warranty Process.** Only professional custom homebuilders like TC have a warranty department and warranty program that they offer their clients. At completion of the home, the PM does a complete walkthrough of the home with the client, lists any imperfections and completes any required remedial work. During the first 12 months following the completion of the home, TC takes the responsibility to repair any items not functioning properly (with the exception of appliances, HVAC and mechanical items covered by manufacturer's warranties). From year two through the statutory period of repose (6 years in Nevada) TC will remain responsible to correct any latent defects (defects not seen like broken plumbing in the walls, structural issues with the home, etc.) of the home. For this reason, selecting a professional and financially sound builder with the likelihood of being in business for some time is a very important element of the custom home construction process.

REFERENCES

SEVERAL RECENTLY COMPLETED CUSTOM HOMES:

1. Mary Ann Moore – Schaffer’s Mill #190 – (707) 484-1184 – maryannspringermoore@gmail.com
2. Dr. Mark Lollar – Schaffer’s Mill #188 – (925) 997-1587 – marklollar@gmail.com
3. Al Schubert – Schaffer’s Mill #187 – (916) 849-9420 – alsc@vsp.com
4. Tom Barsi – Schaffer’s Mill #26 – (415) 902-3863 – tjbars@gmail.com
5. Brad Lapoint – Schaffer’s Mill #7 – (415) 699-3664 – blapoint@gsortho.org
6. Mark Venner – ArrowCreek #802 – (225) 892-4658 – vennerm@gmail.com
7. Tracey McCormick – St. James Village – (843) 749-0650 - tmac99@me.com



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