
Home Buyer's Guide

Townhomes and Condominiums
Minnesota – September 2007



Your
Builder for Life

ROSSLUND HOMES™

Dear Valued Customer,

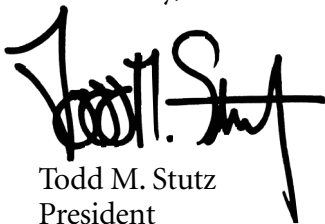
The process of building a new home should be both an exciting and pleasant experience. At Rottlund Homes we understand the need to maintain clear communication throughout the entire home buying and building process to minimize the opportunity for misunderstandings or unfulfilled promises.

To help ensure clear communications between you and the staff of Rottlund Homes, we offer this Home Buyer's Guide as a reference tool to help you better understand the steps to owning your new Rottlund Home. Contained within this Home Buyer's Guide are helpful reminders and thorough explanations of every step of the process from Purchase Agreement through Service and Warranty.

At Rottlund Homes we pride ourselves in building quality, well built homes that will provide for years of comfort and enjoyment, with that special "pride of ownership" feeling. Care is taken to assure you that the materials and workmanship used in the construction of every Rottlund Home meets our standards of excellence, never forgetting that value is the greatest luxury of all. This commitment runs throughout every level of management and staff of Rottlund Homes. We want to build you a home with lasting value that you'll be comfortable in for years to come.

Thank you for choosing Rottlund Homes as your builder. We hope you will find this Home Buyer's Guide to be helpful and informative.

Yours truly,



Todd M. Stutz
President
Rottlund Homes of Minnesota



Steps to Your New Rottlund Townhome or Condominium

Table of Contents

Financing Your Home	Page 1
<i>Purchase Agreement and Pre-Sale Requirements</i>	
<i>Home Loan Application or Mortgage</i>	
Making Final Selections	Page 3
<i>Final Selections</i>	
<i>Request for Change Policy</i>	
Beginning the Construction	Page 5
<i>The “Home Start” Meeting</i>	
The Construction Process	Page 6
<i>The Construction Process</i>	
Safety First	Page 7
<i>OSHA Requirements & Job Site Safety</i>	
New Home Orientation	Page 8
<i>Customer Orientation</i>	
<i>Final Home Acceptance</i>	
Closing on Your Home	Page 10
<i>Loan Closing</i>	
<i>90 Day Post Closing Meeting</i>	
Service and Warranty	Page 13
<i>Service and Warranty Work</i>	

Financing Your Home

Step 1

Purchase Agreement and Pre-Sale Requirements

Your first step will be to set up a convenient time for you to meet with your Builder Representative to review and sign the purchase agreement documents. In addition to the actual purchase agreement, there will be other addendums and documents that are relative and shall constitute the entire agreement between you and Rottlund Homes. Your Builder Representative will be happy to thoroughly explain and assist you in understanding these documents. The documents prepared for your new home purchase are governed by the laws of the State of Minnesota. This is a legally binding contract between you and Rottlund Homes. If you desire legal or tax advice, please consult an appropriate professional.

If this transaction involves ownership of a condominium, a townhome or other planned community or that has elected to be subject to the Minnesota Common Interest Ownership Act (MCIOA) you will receive the Declaration, Articles of Incorporation, Bylaws, and Rules and Regulations relating to the Homeowner's Association or to the Master Association, if any. Buyer has the right to cancel their Purchase Agreement within 10 days of receipt of said documents. Your Builder Representative will review this with you and assist you in understanding the documents as well as living in a planned community.

Step 2

Home Loan Application or Mortgage

The second step in the building process is acquiring your home loan. This will ensure the timely approval of your home loan, and that **STEP 2** of our process is expedited. Although it is not a requirements, we recommend that you finance the purchase of your new home with US Bancorp Advantage, LLC, which the Rottlund Co., Inc. has a principle ownership in. Us Bancorp Advantage, LLC specializes in fast, efficient, and professional service to our customers at competitive rates and fees. Your Builder Representative will refer you to a Loan Officer who has an understanding of the Rottlund building process and the financing requirements of your new home. The following is a list of information and deposits you will most likely need to provide to your Loan Officer.

- A social security card and drivers license
- Addresses of residences for the past 24 months
- Name(s) and address(es) of your employers for the past 24 months
- Gross monthly salary(ies) of all employment

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Home Loan Application or Mortgage (CONTINUED)

- Names, addresses, account numbers and balances of all checking, savings, IRA and 401k statements -inclusive of the previous 3 months bank statements for all accounts
- Names, addresses, account numbers, balances and monthly payments on all open loans
- Addresses and loan information on other real estate owned
- Landlords name, address and phone number for the past 24 months
- Certificate of eligibility and DD214 (VA only)
- Year-to-date pay stub and most recent W-2's for the previous 2 years, or tax returns with all schedules attached. If self-employed, bring current P&L financial statement or balance sheets for the past 2 years
- Any divorce decree or settlement papers, if applicable
- Approximately \$400.00 (the dollar amount may vary slightly) for a credit report and appraisal fee. These fees will be credited to your closing costs at the time of closing

Please note that we cannot begin actual construction of your new home until all the information requested by your lender has been provided and they assure us that your loan has a strong likelihood of being approved, this is called a “looks good letter.” Also, note that changes in the amount or term of your home loan, such as an increase in the amount you are borrowing, may delay your closing date and you may have to be reapproved for your home loan. Please note no changes can be made to mortgage amount 30 days prior to closing. Please be aware of this fact when altering your home loan in any way that requires the rewriting of your Purchase Agreement. If such changes are made, it is important that they be expedited, and you should be sure to contact both your Rottlund Homes Builder Representative and your Loan Officer, in advance, of any actual change in your home loan amount.

In the event you select a lender other than the Rottlund preferred lender, that lender must comply with the requirements and reporting procedures outlined above to avoid any closing delays.

Making Final Selections

Step 3

Final Selections

The third step in our building process is to meet with your Rottlund Homes Builder Representative to discuss the final selections for your home. This important meeting will take place **no later than 4 weeks before construction begins on your home.** In order to ensure that your home will be built efficiently and effectively without additional costs and delays, you are required to finalize your selections at this time. **After the “Final Selections” meeting, no additional changes will be allowed.**

At this meeting your Builder Representative will assist you in finalizing option selections from the Rottlund Homes price book as well as any color selections that need to be made. Your Builder Representative will review various selections materials with you at the Rottlund Homes sales center. During this meeting, questions often arise which must be referred to the proper department in our corporate office. For this reason we ask that you attempt to schedule this meeting with your Builder Representative between 12-5pm, Monday through Friday.

Once your options and selections are finalized at this meeting, any changes will be submitted on “Request for Change” form by the Builder Representative to the corporate office for processing.

In addition, **depending on the type of home you are building**, you may be provided with a selection sheet for certain items. You will need this selection sheet when visiting Rottlund Homes’ designated suppliers. **Please complete all meetings with our designated suppliers no later than two weeks after your “Final Selections” meeting. Construction cannot begin until this information is completed with the appropriate supplier(s).**

Request for Change Policy

As part of the beginning phase of the building process, you will be making most of your option choices and selection decisions at the time of signing your Purchase Agreement and finalizing them at the time of the “Final Selections” meeting. Our Builder Representative will work with you on the scheduling of this meeting and assist you in understanding the choices you will be making.

In order to keep your home on schedule, and to minimize any delays, we would like to outline our change order policy for you. It is important that you understand this policy as it relates to your new home;

1. Any Request for Change written at the “Final Selections” meeting will not incur a processing fee or a delay in the completion of your home, if final selections are made within the time frames previously outlined.
2. In order to ensure correct installation of materials, no changes are allowed once the building is released to production. In rare circumstances a “Request for Change” may be accepted after the “Final Selections” meeting. However, the “Request for Change” **must be approved by all affected departments of Rottlund Homes** and, in addition to the costs of the change, a **\$200 processing fee per item** will be charged. **Furthermore, the actual cost of the item itself may cost more depending on various factors. Approval and overall cost of the requested item are at the sole discretion of Rottlund Homes at the point of construction.**
3. Any Request for Change made after the “Final Selections” meeting will incur a processing fee of \$200.00 per change requested and will cause a delay in the closing of your home of at least (5) five working days. In addition, based upon the stage of construction of your home, there may be additional construction considerations of monetary value over and above the cost of the item being changed and additional delays in your closing date beyond the automatic (5) five working days. Your Builder Representative will give you these additional considerations before submitting the Request for Change. Please note: a Request for Change is not pre-approved or initiated until it is signed and accepted by Rottlund Homes’ corporate office. As noted, a Request for Change will cause delays in the closing date. It is at the “Pre-sheetrock” meeting that your tentative closing date can be firmed up with the Superintendent.

Should you have any questions on the Request for Change policy, please speak with your Builder Representative.

Beginning the Construction

Step 4

The “Home Start” Meeting

At this meeting, along with your Builder Representative, you will review and check the plan to make sure that all the information compiled at your “Final Selections” meeting and preliminary floor plan have been incorporated.

The second part of this meeting is to meet the Superintendent who will be in charge of the construction on your new home. The purpose is to outline and explain Rottlund Homes’ construction procedures and clarify any questions the Superintendent may have concerning your home. The Superintendent will also give you a **TENTATIVE** start date of construction and a **TENTATIVE** closing date based upon Rottlund Homes’ building schedule. Your Superintendent will do everything in his power to closely adhere to this **TENTATIVE** closing date.

There are, however, a number of factors that can affect the date, such as any subsequent “Request for Changes”, weather, and subcontractor or supplier delays.

Once the roof is on your new home, and you have your “Pre-sheetrock” meeting with your Superintendent, the Superintendent will be better able to reaffirm your **TENTATIVE closing date or report any delays which may change the date of closing. PLEASE NOTE: The purpose of the “Home Start” meeting is to approve the plans. If you wish to make any changes at this point, a formal “Request for Change” must be submitted. See page 4 for an explanation of this process and the fees involved.**

PLEASE NOTE: Both the “Home Start” meeting and the “Pre-sheetrock” meeting are scheduled during regular office hours of 8am to 5pm, Monday through Friday.

The Construction Process

Step 5

The Construction Process

An important part of Rottlund Homes' building procedure is our performance standards (i.e. quality control) checklist. The Superintendent follows an inspection process on each home Rottlund Homes builds. Despite this process of quality control, it is possible for human error to occur. Please do not become alarmed if you see something that is not correct. Most likely your Superintendent is already aware of the error and has contacted the appropriate subcontractor for corrective measures. If you have questions regarding the construction of your home or see something that differs from your final plan, please see your Builder Representative. He/She will address your concerns with a "Construction Memo" which is given to the Superintendent who will address any questions and reply as requested on the memo.

Safety First

Step 6

Occupational Safety and Health Administration (OSHA) Requirements & Job Site Safety

In each Rottlund Homes development, you will see a sign which reads “Quality & Safety First.” We ask for your cooperation in maintaining a safe construction site. To accomplish this objective, we ask you to adhere to the following basic safety guidelines.

- Please refrain from visiting the construction site during working hours when tradespeople are present. If it is absolutely necessary to visit the site during working hours, you must wear a hard hat, vest and sign a **Site Access Acknowledgement Waiver** (supplied by Rottlund Homes) as mandated by OSHA and be escorted by your Builder Representative or Superintendent. Upon signing the waiver, you will be agreeing to the following:

The signee acknowledges that he/she shall have limited access to the Development site for the sole purpose of viewing the design and/or construction progress of his/her unit or units. The signee also acknowledges that he/she shall access the Development site only when accompanied by an authorized member of The Rottlund Company (Rottlund Homes or David Bernard Builders and Developers) during a scheduled viewing. The signee further acknowledges the the Development site, by its very nature, can be a dangerous place, and assumes all risks in connection with his/her limited access to and presence on the Development site.

In consideration of the signee being permitted to access the Development site for the sole purpose of viewing the design and/or construction progress of his/her unit or units, the signee hereby waives all rights to bring any legal actions or to make any other claims, of any type whatsoever, against The Rottlund Company (Rottlund Homes or David Bernard Builders and Developers) individually or collectively in connection with the signee’s limited access to and presence on the Development site, and agrees to hold harmless, indemnify, and defend The Rottlund Company (Rottlund Homes or David Bernard Builders and Developers), individually and collectively, from and against such claims.

- During non-working hours, when construction tradespeople are not present, we require that you be accompanied by your Builder Representative when visiting the construction site. Please schedule your visit with the Builder Representative to insure their availability. Don’t forget, this is a construction site and therefore a level of danger does exist.

**Thank You
for Your Cooperation!**

New Home Orientation

Step 7

Customer Orientation

Your Rottlund home is now complete. However, we have two important meetings to schedule with you before your home closing takes place. They are the “Customer Orientation” meeting and the “Final Home Acceptance” meeting. You will receive a call from the Service Warranty Department to schedule both of these meetings within the month of your closing date and approximately two weeks before the Orientation is to be scheduled. The Customer Orientation will be scheduled a minimum of six (6) days prior to your closing and your Final Home Acceptance meeting will be scheduled a minimum of one (1) day prior to your closing. Appointments are scheduled during normal working hours from 8:00am to 5:00pm Monday through Friday and are 1-1/2 to 2 hours in length. All Customer Orientations are scheduled to be completed by 5:00 p.m.

A Rottlund Representative will accompany you during your Customer Orientation. This person will demonstrate the proper use and care of different components in and outside of your new home, including the mechanical systems. The on-site Superintendent will also visit during this time to answer any construction related questions that may arise. Additionally, you will be provided with information outlining the procedures for requesting and obtaining service warranty work relating to your Warranty Program. Your Orientation Representative will also review your home to be certain that it meets the quality standards of Rottlund Homes. If there are any items that are incomplete or do not meet the quality standards of Rottlund Homes, they will be noted on the Customer Orientation Form. At the conclusion of your Customer Orientation, you will be asked to sign the white copy of the Customer Orientation Form acknowledging you agree that your home has been built in accordance with the signed plans, if applicable, and specifications, and meets the quality standards of Rottlund Homes with the exception of the noted items (if any). If there are items noted on your Customer Orientation Form, your Superintendent will have four (4) days to complete them. This excludes escrow items, such as those seasonal items which are impractical to complete due to weather. You will also receive a Rottlund Homes Post Closing Survey. Please help us by sharing information regarding your experience in building your new home. We request that you complete this within 90 days from your home closing date. Towards the end of those 90 days, you will be contacted by your Superintendent. He will coordinate a time with you to pick up the survey and answer any questions or address any concerns you may have regarding your home or development.

The final stage in this process is changing the lock box combination which means that access to the home will be restricted to authorized Rottlund personnel only.

A black square with a white border containing the text "Step 8" in a white serif font. The word "Step" is positioned above the number "8".

Final Home Acceptance

You will have your Final Home Acceptance meeting with your Superintendent and Builder Representative a minimum of one (1) day prior to closing as previously scheduled. At that meeting, your Superintendent will review your Customer Orientation Form with you, confirming that everything has been completed in accordance with the quality standards of Rottlund Homes. He will also address any new item(s) not completed due to manufacturer backorder or long lead time in product delivery. At the conclusion of the Final Home Acceptance meeting, you will be asked to sign the yellow copy of the Customer Orientation Form indicating the final acceptance of your completed home.

For your convenience and peace of mind, it is a policy of Rottlund Homes to not allow your home to close until you have acknowledged the completion of any quality standard items noted. Once these two important meetings have been completed, you are ready to proceed to your closing.

Closing on Your Home

Step 9

Loan Closing

Before we talk about the loan closing of your new home, we need to define the following terms;

CLOSING: The process of completing the loan transaction (i.e., the signing of the home loan mortgage and note and receiving a deed to your property).

CLOSER: An agent who works for the home loan lender to make sure that all home loan documents are properly completed. That agent also handles all funds. The term is used for any person working on the documents that are needed to deed the property to you.

Your Builder Representative or a Closer from The Rottlund Co., Inc. will not be present at your closing. Right up until your close date, you will be working directly with our in-house Senior Closer to help you prepare for the closing. Your Builder Representative will be available to assist you as well.

TITLE INSURANCE: An insurance policy that provides protection against any future claim someone may have regarding the legal ownership of the property. You will be required by the lender to purchase a lenders policy which protects them against any future claim. You will be asked if you want to purchase an owner's policy which will protect you from any future claims. If both are purchased together, a significant cost savings will be available to you. We recommend you consider purchasing an owner's policy.

TITLE COMPANY OR TITLE INSURANCE COMPANY: A company that acts as an agent for the lender, and in our case, the Builder also. They make sure all documents provided by the lender and builder are signed correctly so that the title of ownership of the property is passed on to you, the new owner. Rottlund Homes provides, at the buyer's expense, the commitment for title insurance through the Advantage Title, LLC. The Rottlund Co., Inc has an affiliated business relationship with Advantage Title, LLC. Because of this relationship, this referral may provide Rottlund a financial benefit. You are not required to use Advantage Title, LLC and have the ability to shop around for similar services. Advantage Title, LLC has worked with us for years and will assure you of a smooth process in this very important step. They provide all master commitments on all Rottlund Homes developments and are therefore in the best position to quickly provide the commitment on your individual home. When your new Rottlund home is complete, a member of Rottlund Homes' closing department will contact you to establish a date, time and location to close your home loan (mortgage). Rottlund Homes' closer will also inform you of association dues collected

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at closing and information you will need to provide to the title company to close your home loan. The following is a list of funds and paper work that you will need. Please be aware that each loan is unique and there may be additional items:

- Guaranteed funds, **are always required** (i.e. cashiers' check, certified check, or money order) for the closing costs. The estimated dollar amount can be obtained from the Lender. **Personal checks cannot be accepted with the exception of up-front association dues.** All Homeowner's Association monthly assessments shall be paid to date of closing by Builder as required by Homeowner's Association documents. The installment of monthly assessments due or paid in the month of closing shall be prorated between Buyer and Builder as of the date of closing. If the closing takes place the last week of the month, then the following month's total dues will be collected from Buyer at closing. Additionally, at closing, Buyer shall pay an amount equal to two times the monthly assessments for a working capital fund established by the Homeowner's Association. Said payment is not a deposit or advance of assessments which the new member is otherwise required to pay. In addition, the first years homeowners insurance premium will be collected at the time of closing. Your Builder Representative will review the amounts due with you at time of purchase agreement.
- Picture ID such as a drivers license
- Social security number
- Knowledge of the last 10 years of living addresses.
- Paid receipt for one year's homeowners insurance premium and an insurance binder showing coverage as of the date of the loan closing. (Rottlund Homes' closer will arrange for these to be delivered to closing for our multi-family projects.)

Rottlund Homes' closer will attempt to schedule the closing at your convenience. However, during peak times of the month, space and times available at the title company are limited, so please try to be flexible. Closings are scheduled during normal working hours from 8:00am to 5:00pm Monday through Friday.

To insure that your closing date will be met on time, our policy is that we do not permit **any changes to your purchase agreement within 30 days of the closing date.** Such changes may include, but not limited to, purchase price, lender changes, option or selection changes, closing date, etc. We recommend that you keep in constant communication with your Loan Officer and Builder Representative.

ESCROWS AT CLOSING: Lenders in Minnesota allow builders to escrow for certain uncompleted items based on the time of year. Escrow items, usually weather related, might include; driveways, garage floors, front stoops, sidewalks, final grade and sod, etc. Estimated dates during Spring are given for when the work is anticipated to be completed, but the lender will grant extensions due to inclement Spring weather conditions or other delays beyond the builder's control. At the time of your closing, money for escrow items (usually 1-1/2 times the value) will be put into an escrow account to assure you and the lender that the work will be completed.

As soon as Spring approaches, our Superintendent and subcontractors will be responsible for determining when the work can be completed, weather permitting. **Please be aware that during the transition from Winter to Spring there may be a period of time where your temporary driveway may become impassable due to poor soil conditions and frost thawing. During this time, you will need to park in the street until your driveway firms up. We ask for your patience during this seasonal transition.**

Our process of completing escrow work is accomplished by starting in one area of a neighborhood and moving sequentially through the area. Usually this work will not begin until after May 15th when all the ground frost is out and the city lifts road restrictions, which we must comply with, to prevent damage to their streets. By following a sequential street order process, our sub-contractors can complete the work on more homes in a shorter amount of time. Please be patient with this. We will do the work needed on your home as fast as we possibly can. We are as anxious as you to complete the work on your home.

MOVE-IN: If for some reason closing is delayed, the Builder may initiate an agreement that would allow you to move into your new home before closing, this is at Builder's option only. **Under no circumstance will a move-in be allowed if the home is not complete, has not received a Certificate of Occupancy or the Customer Orientation has not been done.** This can be done at Rottlund Homes' main office if all other normal closing requirements have been met including: mortgage commitment has been received, payment of the balance of down payment* is made and proof that insurance coverage, normally referred to as an "insurance binder," is put into effect. The actual closing on the property is simply postponed and you will enter into a daily rental charge agreement which can be explained in detail by a member of our closing department. Your Builder Representative cannot initiate any move-in agreements.

* **In the event you purchased your home with cash and do not require a mortgage, the balance of the down payment is the entire amount of the purchase price less any previous down payment amount made.**

90 Day Post Closing Meeting

The purpose of this meeting is to give you, the homeowner, another opportunity to go through any questions or concerns that you may have regarding your home or development. We understand how busy and stressful the closing process can be, so we decided that it would be important to meet again when things are calmer and you've had a chance to be in your home for 90 days.

You will receive a call from the on-site Superintendent approximately 60 days after your home closing date to schedule this meeting. We would also like to pick up the completed Rottlund Homes Post Closing Survey at this time. (Please use the envelope provided at your Customer Orientation to put your survey in so your comments remain private.)

Service and Warranty

Step 10

Service and Warranty Work

The Home Care and Warranty Guide and the limited warranty insurance agreement are the basis for all warranty service requests. Copies of this information were provided to you by your Builder Representative at the time you purchased your new home. Please read this manual carefully. It describes in great detail what items in your new home are covered by the warranty, the length of time they are covered, and what are acceptable standards (i.e. quality). It also describes the method for making corrections and who is responsible for making those corrections. The information contained in this manual is extremely important. PLEASE TAKE THE TIME TO READ IT CAREFULLY.

Please remember all warranty requests must be in writing, and will follow the accepted standards and guidelines. The procedure for service warranty requests is covered in detail in our Home Care and Warranty Guide and will be covered again at the “Customer Orientation.”

Thank You

*Thank you again from all of us
at Rottlund Homes.*

*We hope this booklet has provided you
with a better understanding of our mutual responsibilities
for the timely completion of your new home.*

*We would like to take this opportunity
to wish you many happy years of enjoyment
in your new Rottlund Home!*



Your
Builder for Life

MN Lic. #1335

ROTTLUND HOMES™

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