

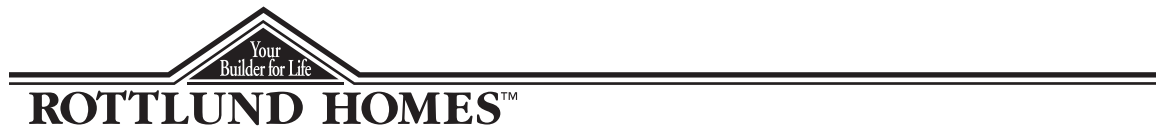


Single-Family MN - 11/03

Home Buyer's Guide

Your
Builder for Life

ROTTLUND HOMES™



Dear 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 Home

Your
Builder for Life

ROSSLUND HOMES™



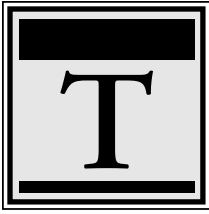


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Home Loan Application or Mortgage

The first step in the building process is acquiring your home loan. To ensure the timely approval of your home loan, and that **STEP 1** of our process is expedited, we strongly suggest you meet with our recommended lender, as soon as possible. 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 funds you will most likely need to provide to a Loan Officer:

- Your copy of the Purchase Agreement documents
- 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)
- Names, addresses, account numbers and balances of all checking and savings accounts -inclusive of the previous 3 months bank statements for all accounts
- Names, addresses, account numbers, balances and monthly payments on all open loans
- Addresses of other real estate owned
- Loan information on other real estate owned
- Mortgage company's name, address and account number of present real estate owned
- Landlords name, address and phone number for the past 24 months
- Certificate of eligibility and DD214 (VA only)
- Money for credit report and appraisal

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STEP
1

Financing Your New Home

- Year-to-date paystub 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 \$300.00 (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." 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 be aware of this fact when altering your home loan in any subsequent way that requires the rewriting of your Purchase Agreement or any addendums. 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 another lender, that lender must comply with the requirements and reporting procedures outlined above to avoid any closing delays.)

STEP
2

Final Selections

The second step in our building process is to, once again, meet with your Rottlund Builder Representative to discuss the “Plans” and “General Specifications” of your new home. This important meeting, called the “Final Selections” meeting, will usually take place within five days after signing a Purchase Agreement. We want to be of help while making decisions about the home you are building.

At this meeting, the Builder Representative will assist you in your final selecting of:

- Appliance color
- Bath and kitchen fixture colors
- Phone and TV cable pre-wire locations
- Shingle Color
- Exterior Color & Brick, if any*
- Special requests regarding location of the home on your homesite, etc.**

In order to ensure you this will be done efficiently and effectively without additional costs and delays, you are required to finalize your plans and selections at your “Final Selections” meeting.

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 1-5 pm, Monday thru Friday. At this meeting your Builder Representative will provide you with a selection sheet to be used in choosing your carpet, vinyl flooring, ceramic tile, countertops, etc. **You will need this selection sheet when visiting Rottlund Homes’ designated suppliers.**

Once your selections are made and options are selected, the changes will be noted on the copy of your floor plan (i.e. red lined sales brochure or blueprint) and it is sent to Rottlund Homes’ drafting department so that a final print can be drawn.

* When choosing exterior colors, please note that we are unable to place two homes of the same color next to each other. In the event of a conflict, the first home approved will prevail.

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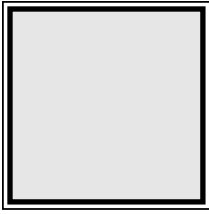
** Regarding trees and house placement on the homesite, we will make our best effort to honor all requests; however, in instances where honoring the request violates city and/or development requirements in any way, we regret that we will be unable to accommodate the request. Factors that may affect this decision include, but are not limited to: drainage, set-back requirements, easements, grading, utility locations, soil conditions, etc. Please note, the majority of Rottlund Homes developments have lots with designated building pad locations which dictate the location of your home.

A “building pad” is the area where, during the site grading process, soil conditions were tested and, if necessary, corrected to properly support the foundation of your home.



Supplier Selections

Next, you must take a copy of your floor plan and the selection sheet, discussed earlier in STEP 2 - “Final Selections”, to the designated Rottlund Homes supplier(s) to choose your carpet, vinyl, countertops and ceramic tile (if applicable). Please do this as quickly as possible, but no later than two weeks after the “Final Selections” meeting. Construction cannot begin until this information is completed with the appropriate supplier(s).



Request for Change

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, unless the change requested will affect the footprint of the home, the elevation of the home or is structural in nature. Any change which is a custom option, is structural or requires bidding by a subcontractor will require rescheduling of the closing date. Your Builder Representative will work with you on selecting a new closing date based on the closing dates available at that time on the weekly sales calendar.
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.



Architectural Drafting

The architectural drafting department will review your floor plans and specifications and obtain any additional information required to complete your final plans. This review time may vary depending on closing date priority, as is established and available on the weekly sales calendar. As soon as the final plan is complete, it is sent by messenger to your Builder Representative and he/she will contact you for your next meeting.



Final Print

Before the actual excavation of your home site begins, your Builder Representative will contact you to pick up your copy of the final print and to acknowledge receipt by signing your final blueprint and survey. You will receive a copy for your files as well as the Builder Representative for their file. The signed blueprint and lot survey will be submitted to the Rottlund Homes office.



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 on your final plan. It is critical that you review these plans carefully as these plans will be used by our Superintendent for the actual construction of your new Rottlund home. Your signature of acceptance will be required on the final plans as an indication to the Superintendent that construction can begin.

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, clarify any questions the Superintendent may have concerning your home, and to review your home’s location on the proposed survey. This proposed lot survey indicates, generally, how your house has been placed on the lot as dictated by city and development requirements (including set-backs, curb-cuts, sewer connections, drainage patterns, and utility easements). 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.

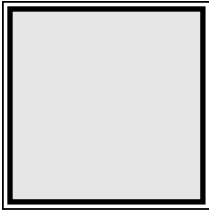
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There are, however, a number of factors that can affect the date, such as any subsequent Request for Change, weather, and subcontractor or supplier delays. Once the roof is on your new home, and you have your “Pre-sheetrock” meeting with your Superintendent, 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 your plans. If you wish to make any changes at this point, a formal “Request for Change” must be submitted as discussed on Page 5, “Request for Change” policy.

The Construction Process (sticks and bricks)

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 builds, and during some phases of construction, he may be in your home several times a day. The Superintendent will also contact you to schedule a “Pre-sheetrock” meeting. This meeting is to provide you with an opportunity to ask questions and to re-affirm your estimated closing date or to report any delays which may change the date of closing. 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.



OSHA Requirements

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 (Supplied by Rottlund Homes) as mandated by OSHA and be escorted by your Builder Representative or Superintendent.
- During non-working hours, when construction tradespeople are not present, we ask that you be accompanied by your Builder Representative when visiting the construction site. Please don't forget, this is a construction site and therefore a level of danger does exist.

Thank You for your cooperation!

Safety First



Customer Orientation

Your Rottlund home is now complete, however, we have two important steps which remain before the closing and move-in to your new home take place. They are the “Customer Orientation” meeting and the “Final Home Acceptance” meeting. Several weeks before your closing, the Service Warranty Department will be sending you a letter notifying you about the need for a Customer Orientation and a Final Home Acceptance meeting. Shortly after this you will receive a call from the Service Warranty Department to schedule both of these meetings. **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.**

A Rottlund Orientation Representative will accompany you during your Customer Orientation and will demonstrate the proper use and care of different components in your new home, including the mechanical systems. 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 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, the Superintendent responsible for your home 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 then have your Final Home Acceptance meeting with your Superintendent on the day before 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. After completing the Final Home Acceptance meeting you will 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 Rottlund Homes policy not to allow your home to close until you have acknowledged the completion of any quality standard items noted. Once these two final, important steps have been completed, you are ready to proceed to your closing.



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).

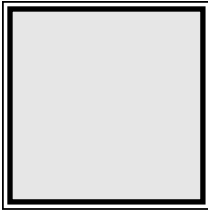
Closer: An agent who works for the home loan lender to make sure that all home loan documents are properly completed. That agent also handles all funds. The term is used for any person working on the documents that are needed to deed the property to you.

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 the commitment for title insurance through the Stewart Title Company. They have 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 homesite. 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 guaranteed funds 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 and any Request For Changes to be paid for in cash, at closing.
Personal checks cannot be accepted.

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All About Escrows

- 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.)

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.

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. We ask you to please be patient and you will need to park in the street until your driveway firms up.**

Our process of completing escrow work is accomplished by starting in one area of a sub-division 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 actually lifts their 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, you may be able to initiate an agreement with the Rottlund Homes closing department that would allow you to move into your new home before closing. **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
(Continued)

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.**

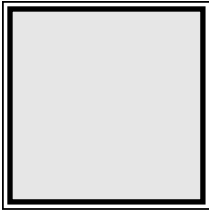
STEP
10

Service & Warranty

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.”



Thanks From All of Us

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!