

Guide to Building

HARMON —
HOME CO.



ABOUT US

We are born from generations of expertise in building homes and developing communities.



Harmon Home Company was founded by Murfreesboro native, Ryan Harmon, a second-generation home builder, realtor and developer.

Over 15+
years
experience

Second
generation
homebuilder

Specialized in
new construction
+ renovation

100s of homes
built & sold

THE PROCESS

Whether new construction or renovation, the process is generally the same with a few exceptions. Depending on the scope of work, renovations have a more streamlined process – the timeline is usually shorter, financing and payment plan options are addressed within the financing section of this guide and completion does not typically require a formal closing.

New Construction

- 1 Planning
- 2 Estimate + Contract
- 3 Selections
- 4 Walk throughs +
Inspections
- 5 Financing
- 6 Closing

Renovation

- 1 Planning
- 2 Estimate + Contract
- 3 Selections
- 4 Inspections
Code inspections are required. You may also schedule an independent inspection, but it's not required.
- 5 Completion

Overview

1 Planning

P 05 WHERE TO START

P 06 CONSULTATION

P 07 ESTIMATING –
NEW CONSTRUCTION

P 08 ESTIMATING –
RENOVATION

2 Construction

P 10 WHAT TO EXPECT

P 10 SELECTIONS

3 Inspections

P 12 WALK THROUGH +
INSPECTION

4 Financing

P 14 MORTGAGE, APPRAISAL +
INSURANCE

P 14 TYPES OF LOANS

5 Closing

P 16 PREPARING TO CLOSE

P 17 CLOSING OVERVIEW

6 FAQ

P 19 COMMON QUESTIONS

Planning

Section 1



WHERE TO START

Step number one is deciding on a home site and plan that's just right for you.

THERE ARE THREE TYPES OF NEW CONSTRUCTION:

SPEC BUILD

Homes “built on spec” means the builder has selected the finishes. Since the home is usually finished, or almost finished, when it goes on the market, the buyer typically does not have as many opportunities to make selections or changes.

CUSTOM

This is when the buyer purchases land to build a home plan of their choosing. The buyer chooses their floor plan, or has an architect draw one for them, and chooses all of the features, sometimes with assistance from the builder or interior designer.

TRACT

Tract homes are homes built in a development where all the homes are built by the same builder. The builder has selected floor plans and uses the same features in each model so there can be a lot of repetition. HHCo. is not a part of any tract builder neighborhoods.

PERSONAL CONSULTATION

We'll work closely with you to understand exactly what you're looking for in your next home, or renovation, and why.

WHAT TO EXPECT:

- 01 We'll meet on-site and discuss what is included within the home's floor plan and answer any preliminary questions you may have.
- 02 Once we are under contract, we'll meet again to go over specifics room-by-room. We will note any changes to your floor plan which will become the plan we work from moving forward.
- 03 Levels of customization will be determined by where we currently are in the construction process.

1 FLOORING

Most HHCo. homes include a mix of engineered hardwood, tile in wet areas and carpet in bedrooms. During your consultation, we'll outline what rooms feature each style of flooring.

3 CABINETS + APPLIANCES

All HHCo. homes have custom cabinets throughout. Appliance packages can vary based on the layout of the kitchen and the featured community.

2 PLUMBING + ELECTRICAL

Although most plumbing and electrical is determined by codes, there are many variations to the type of fixtures and placement of each. These are one of the first decisions that are made in the building process.

4 MODIFICATIONS

If there is anything specific that you desire please share these with us as early as possible so we can estimate and address timelines and logistics to bring your idea to life.

ESTIMATING

Depending on the type of build, there are two different approaches to the estimation process.

Fully Custom

If you are building a fully custom home, you've likely come to us with a blueprint and your home site predetermined. From here, we will go through a thorough bidding process and deliver a full-scope estimate from ground break to completion.

This can take anywhere from 4 to 6 weeks to finalize so we can ensure we deliver accurate pricing from each of the service contractors involved in building your home.

Semi-Custom

Estimating for our semi-custom homes is only needed when you have modifications to the existing plan. If you are interested in adding custom enhancements, we will deliver pricing for those items and discuss feasibility.

Depending on the modification, this estimate would be a non-refundable amount we'd collect within the earnest money amount once we are under contract.

ESTIMATING

Depending on the scope of the project, here's our approach to estimating for a renovation.

Planning Phase

1. After our consultation, we'll outline your wishlist and begin working on your estimate.
2. We start with a rough ballpark to make sure we're in the same playing field as your expectations. If we are on the same page, and you approve moving forward with the full-scope estimate, we request a 1% estimation fee, that is credited towards your project.
3. Once you approve the full-scope estimate to begin work, we'll collect 15% of the estimated project total upfront before project kickoff.

Kickoff to Completion

1. Throughout the duration of your renovation, we'll bill monthly for expenses (materials and labor).
2. At completion, the remainder of the balance will be due.
3. Any changes and upgrades after project kickoff will be paid directly to HHCo.
4. Financing is typically handled one of two ways for renovations – with cash or by utilizing the equity you've built in your home (HELOC). We cover this in the financing section of this guide.

Construction

Section 2



Building a home requires a number of decisions and selections so your home is exactly the way you envision.

1 WHAT TO EXPECT

Once under contract, we'll deliver our Selections Guide, detailing our various options for customization.

- 01 Each step and service partner within the process is outlined.
- 02 Depending on where we are in the process, some selections may have already been made and will be designated.
- 03 You may set up appointments with each point of contact for the remaining steps to finalize your selections.
- 04 Most categories are given an allowance for you to remain within the contract budget. Should you go over this allowance, you may either pay the upgrade directly to the supplier or we will discuss and update the overall cost.
- 05 We are always happy to assist you in your selections as well!

SELECTIONS INCLUDE:

- 01 Cabinetry
- 02 Countertops
- 03 Trim
- 04 Finish Colors
- 05 Tile
- 06 Plumbing Fixtures
- 07 Appliances
- 08 Lighting
- 09 Fireplace Surround
- 10 Interior Color Scheme
- 11 Oven Range Hood

2 FINAL SELECTIONS

Due to the lead time and custom nature of some products, once you have made your final selections and the product has been ordered, we are unable to alter or update your choices after this point.

If there is a reason you choose to order another product after the original order, there will be a restocking fee and/or full charge of the original and new, revised order.

For this reason, we ask that you ensure your certainty of your selections to avoid any additional costs or delays in the production schedule.

Inspections

Section 4



There are various levels of inspections to be aware of throughout the building process.

1 WALK THROUGHS

- 01 **Anytime** You're always welcome to visit and walk through the property at any point during the construction phase. We only ask that you avoid giving any feedback to service contractors on-site so there is no miscommunication. Please direct all feedback and thoughts directly to our leadership team.
- 02 **Blue Tape** We'll walk through the home once construction is close to complete, prior to closing, and note any items that need touching up before closing day. This can include cleaning, touch-up paint, final landscaping install, etc. This will then become our final "punch-list."
- 03 **Final** We'll swing back through 24-48 hours prior to closing to make sure everything from the Blue Tape walkthrough has been taken care of.

2 HOME INSPECTION

- 01 Although your home is brand new, you are always welcome to have your own independent inspection as well before closing day.

Recommendations

INSPECTORS

DILIGENT HOME INSPECTION

Diligent.com

Online Booking & Invoicing Available

615.200.8220

HOME TEAM INSPECTION SERVICE

hometeam-rutherfordcounty.com

Online Booking & Invoicing Available

615.223-1675

Financing

Section 5



1 MORTGAGE

The contract states you have five days from the date of binding to begin the mortgage application process. During the 30-45 days before closing, your lender will walk you through the steps required to finalize your mortgage.

THE PROCESS: WHAT TO AVOID

- 01 Major job changes, quitting your job or becoming self-employed
- 02 Major purchases like buying a new car or furniture for your new home
- 03 Opening new credit cards or lines of credit; any new inquiries into your credit
- 04 Changing bank accounts
- 05 Omitting debts or liabilities from your loan application
- 06 Making non-payroll deposits – check with your lender first

TYPES OF LOANS:

- 01 Conventional – Credit scores 680+ typically required. Down payments less than 20% of purchase price are accepted with private mortgage insurance (PMI). Debt-to-income (DTI) ratio between 36-43%.
- 02 FHA – Downpayment can be as low as 3.5%. Buyers required to pay PMI.
- 03 VA – For veterans of the U.S. Armed Forces and eligible spouses. No down payment required. Does have a VA funding fee and some closing costs.
- 04 USDA-RD – Specifically for low to moderate income buyers in rural areas. No down payment required. Does have a funding fee.
- 05 THDA – Typically for first-time homebuyers, specifically for low to moderate incomes with lower credit scores and down payment as low as 3.5%.
- 06 HELOC – Home Equity Line of Credit. You are borrowing against the equity in your home. This gives you a revolving credit line that can be used towards renovation costs.

Incentives toward closing costs offered when using our preferred lender.

F&M MORTGAGE

Patrick Jones, Mortgage Advisor

patrick.jones@myfmbank.com

615.668.6838 | patrickjoneshomeloans.com

2 APPRAISAL

This is the estimate of the value of the property. The appraisal is ordered by your lender and fees are paid by you as the buyer.

Appraisals verify the value of the property and protect you from overpaying. With a financing contingency, the appraisal must come in at or above the sales price. If it's short, you'll address this with the seller.

**\$350-
\$500**

AVERAGE
APPRAISAL
FEES

3 HOME INSURANCE

Required by your lender prior to closing. Your insurance agent can advise on proper coverage and share details to your lender.

Closing

Section 6



We're now on the cusp of closing on your new home. Here are some remaining details to make it official.

1 TITLE

Your chosen title company is where your closing will take place. Here's an overview of their role in your closing process.

- 01 Prepare the Closing Disclosure which outlines all the financial details of your home purchase. You should receive this 3 days prior to closing to review.
- 02 Provides your wiring instructions for your finalized closing costs.
- 03 Orders title insurance and runs your title search, ensuring a free & clear title. Title insurance is required by lenders and protects your home from any title defects. This is typically paid by the seller.
- 04 Walks you through the signing of all your closing documents.

2 CLOSING CHECKLIST

Some of the remaining items needing to be addressed before closing day include:

- 01 Obtain all property disclosures, HOA bylaws, etc.
- 02 Provide any requested docs to lender *including your homeowner's insurance policy*
- 03 Turn on utilities *usually day of closing*
- 04 Review and sign Closing Disclosure *usually three days prior to closing*
- 05 Wire transfer for funds to close
- 06 Schedule and perform final walk-through of property
- 07 Closing day *sign docs with title company and receive keys to your new home! Remember to bring your ID to closing.*

3 CLOSING COSTS

This is something that is addressed within your Purchase and Sale contract when making your initial offer. Your lender will notify you of the exact amount needed for closing.

These fees are separate from your title expenses in that they cover everything associated with the loan and vary based on your loan type, loan amount and geographical location. Your title expenses, as noted previously, cover the title search and title insurance for your property.

3-5% AVERAGE CLOSING COSTS – BASED ON SALES PRICE

CLOSING OVERVIEW

STEP 1

Closing Day
at Title Co.

TYPICAL TIME FRAME
FOR NEW CONSTRUCTION BUILD

6-8 months

AVERAGE APPRAISAL FEES

\$350-500

STEP 2

Deed & Title
Transferred to
Buyer

AVERAGE CLOSING COSTS

3-5% of
mortgage loan

AVERAGE INSPECTION FEES

\$250-600

STEP 3

Funds
Transferred
to Seller

HOMEOWNER'S INSURANCE

1% of
home cost

FAQ

Section 7



COMMON QUESTIONS

New Construction + Renovation

DO YOU HAVE A BUILDER CONTRACT?

Yes, we'd be happy to share our contract with you. Just shoot us a note!

WHAT IS A TYPICAL BUILDING TIMEFRAME FOR NEW CONSTRUCTION?

Our contract specifies 180 days, or 6 months, is a typical project timeframe, although we've also completed projects in as little as five months.

HOW MUCH DEPOSIT IS REQUIRED?

This can vary based on the phase of construction and level of upgrades or customization you're requesting. We typically request upgrades and custom finishes as a non-refundable deposit. For a spec home build, we require 1% deposit as earnest money.

HOW MUCH CAN I CUSTOMIZE? HOW DOES THE SELECTION PROCESS WORK?

Once we are under contract, we'll share our HHCo. Selections Guide that outlines the process, design options and budget allocations per category.

HOW DO YOU HANDLE UPGRADES?

Upgrades will be non-refundable deposits to be paid at the time of installation to Harmon Home Co.

DO YOU PRICE PER SQ FT?

No, because there are so many factors that affect the overall price of a home – the location, the plan, products and finish selections – there's no clear-cut way to predetermine a price per sf without more detail. We start with an in-person consultation to get a better idea of your overall vision so we can begin to work towards a final estimate for an accurate price per square foot.

HOW MANY PAINT COLORS DO WE GET TO SELECT?

Our standard allows for three wall colors, not including your ceiling or trim colors.

DO YOU OFFER A HOME WARRANTY?

We have a one year, limited builder warranty covering mechanical systems, structural, appliances, etc. that we can share with you to review.

WHAT IF I HAVE A HOME TO SELL?

We can help! Our Harmon Home Team would love an opportunity to assist you in the listing of your current home.

HOW DO I GET STARTED?

Whether you're interested in one of our current spec builds or a custom build, our first step would be to set up a consultation to better determine what your goals and vision for your next home are. Just shoot us a note!

HOW DOES THE RENOVATION PROCESS WORK?

Similar to our new construction process, we'll start with a consultation at your home where you can walk us through your vision and ideas. We'll then share our summary of the meeting with a ballpark, broad estimate. If this sounds in range of your expectations, we ask for a 1% estimation fee that is credited towards your overall budget to begin working on a full-scope detailed bid of the job cost.

DO YOU ONLY BUILD IN CERTAIN NEIGHBORHOODS?

No, although we do have spec homes under construction in various neighborhoods which can be found on our communities page of our website.

If you were to already own land or would like to find a piece of property to build a custom home, we'd be glad to schedule a consultation to discuss your options.

HAR — — MON HOME TEAM



RYAN HARMON
HARMONHOMECO@GMAIL.COM
615.566.3499
HARMONHOMECO.COM
@HARMONHOMECO



RACHAEL HARMON
RACHAEL.HARMONHOMETEAM@GMAIL.COM
615.504.6036
HARMONHOME.TEAM
@HARMONHOMETEAM



LORI KAUMEYER
LORI.HARMONHOMETEAM@GMAIL.COM
615.995.9246
HARMONHOME.TEAM
@HARMONHOMETEAM