



HOMEOWNER'S HANDBOOK

***A step-by-step Guide to the Purchasing,
Building & Maintaining Your New Home***

Specially prepared for:

Community: _____

Phone: _____

Table of Contents

<i>Congratulations & Welcome!</i>	1
<i>The Kerley Family Homes Story</i>	2
<i>Using This Handbook</i>	3
<i>Your Building Team</i>	4
<i>After You've Signed The Contract</i>	5
• Overview of the steps from your loan application to moving in	
<i>Homebuyer's Checklist</i>	7
• Important contact names and phone numbers	
• Schedule of your purchase responsibilities	
<i>Arranging Your Financing</i>	9
• Lenders, Contingencies, Mortgage Rates	
<i>Making Your Color Selections</i>	11
<i>Making Changes</i>	12
<i>The Pre-construction Meeting</i>	13
<i>What to Expect During Construction</i>	14
• A Few Words About Safety	
<i>Preparing For Closing</i>	16
<i>The Pre-closing Walk-Through</i>	17
<i>Closing ... Welcome Home!</i>	18
<i>Your Homeowner's Warranty</i>	19
<i>Basic Maintenance Procedures</i>	20
<i>Notes</i>	30

Congratulations & Welcome!

Congratulations on your decision to purchase a new Kerley Family Home. We share your excitement and look forward to welcoming you to your new neighborhood.

As you may already be aware, building a new home is a complicated process. You can be confident that Kerley Family Homes will be working daily to create the quality home you expect and deserve. However, we realize you will be faced with many decisions and may occasionally feel a bit overwhelmed.

To make your home buying experience as easy and enjoyable as possible we have prepared our Homeowner's Handbook. This valuable resource guides you through the important steps involved in purchase, construction, and the first year of ownership.

We encourage you to read the Handbook thoroughly and ask that you pay particular attention to those steps which require your involvement.

We also urge you to keep it handy for quick reference, since it should address most of your questions. But remember, we're always here to help if you can not find the answer.

Kerley Family Homes is particularly dedicated to your satisfaction. We genuinely appreciate the trust you have placed in us, and you have our assurance we will build your home with the same care and attention to detail we would give our own.

Thank you for choosing Kerley Family Homes! And, please accept our best wishes for many years of joy and contentment in your new home.

Sincerely,

Kerley Family Homes, Inc.

The Kerley Family Homes Story

Gene Kerley, master carpenter and former president of one of America's top 25 builder companies, has joined forces with his builder son to form Kerley Family Homes, Atlanta's newest home building company. Gene and Joe Kerley share a lifelong passion for building value-packed fine homes in prestigious neighborhoods. Their commitment to family values and meeting homebuyer's needs leads them to form individual relationships with each buyer.

Gene worked his way up through the ranks in the building industry from construction and project manager to president of a major building company, overlooking production in Missouri, Illinois, Colorado and most recently Atlanta. He has honed his skills in construction, management and customer service over the last 35 years.

Now in the business for almost 16 years, Joe has always wanted to follow in his father's footsteps. He spent the summers of his teen years working around job site as a laborer, and his career progressed until he eventually became a superintendent managing multiple subdivisions. Most recently he owned a contracting company where he ran a crew of 60 carpenters and 15 siding contractors.

Together, the duo brings a level of expertise and keen eye for details that can be seen in all homes by Kerley family Homes. Before emerging home trends are offered by other builders in Atlanta new home market, Kerley family Homes offers these as standard features, making their homes unique for buyers. Their careful, up-close business management reduces overhead expenses, allowing Kerley Family Homes to provide value –packed homes with the most up-to-date features on the market.

Kerley Family Homes currently builds homes priced from the \$140,000s to the \$500,000s. Their fine craftsmanship, so look for more Kerley Family Homes soon in other sought-after areas of Atlanta. For more information visit Kerley Family Homes on the web at www.kerleyfamilyhomes.com

Using This Handbook

Considerable time, thought, and effort - and more than a half-century of tradition - will go into the design and construction of your Kerley Family Home. We want you to be thoroughly satisfied with the final product and to fully understand everything that's taking place during the home- buying and construction process.

As a result, we've developed this Homeowner's Handbook to:

- Inform you of the steps involved
- Advise you of important procedures you must follow
- Explain your homeowner's warranty
- Provide additional information which will be useful to you before, during, and after the construction of your home

Various subject headings are listed in The Table of Contents. A number of typical forms have been included for your reference, and a section at end of the manual allows you to keep your contract and other essential documents together with your warranty and homeowner's guide.

Again, we remind you to read all information carefully and take special note of the responsibilities you have at specific stages in the process.

Your Sales Manager will review the guide with you and will be happy to answer any questions you may have. Read thoroughly, this Handbook should simplify the sometimes arduous process of building a new home. We hope you'll find the Homeowner's Handbook to be a valuable resource - both now and in the future.

While many members of our sales, administrative, and construction staff will be involved at specific stages, we make communication easier and more efficient by designating key individuals as your primary contacts during purchase, construction, and the first year of ownership.

1. Your **Sales Manager** will be your principal contact prior to the closing of your new home - i.e., throughout most of the decision-making and building process.
2. Your **Builder / Superintendent** will be responsible for the construction of your home. You will meet the Builder / Superintendent at your pre-construction meeting.
3. Prior to closing, you may also have questions for your Builder regarding the construction of your new home. Due to the fact that the Home buyer and Builder usually works the same hours. We have created the Buyer Wants to know form for any question that may come up during the construction of your new home. The sales agent will have a copy of this form and would be happy to help you fill this out; The Builder/ Superintendent will reply to your question or schedule a meeting at the Home-site to review.
4. After closing, questions regarding homeowner service may be addressed to your Customer service department.

For quick reference, we suggest you enter the names and phone numbers of these individuals on your Homebuyer's Check List, **pages 7 and 8.**

After You Have Signed the Contract

Now it's time to turn your dream into reality!

To complete your home on schedule, each of the procedures shown below must be completed, as described and within the time frame indicated. The Homebuyer's Check List is provided to help you track events as they occur and to prepare in advance for each successive step. After signing your contract, you must:

- STEP #1 **Apply for your Mortgage Loan.** (Must be done within 5 days of signing your contract; see "Arranging Your Financing" on **page 9** in the following section. Although you are free to choose any qualified financial institution, Kerley Family Homes has selected Crescent Bank Mortgage as its preferred lender; see "Finding the Right Mortgage for You" in the following section.
- STEP #2 **Make your Color Selections.** (Has to be complete before starting of Home)
a. Meet with your Kerley Family Homes Sales Manager to review your contract selections and complete your color and material selection sheet; see "Making Your Color Selections" on **page 11**.
- STEP #3 **Initiating Construction.** (To release your home for a construction start)
a. You must present a loan commitment from your lender.
b. All construction deposits must be paid.
c. All contract contingencies must be removed.
(See "Arranging Your Financing")
- STEP #4 **Your Pre-Construction Meeting.** (After all contingencies are released)
You will meet with your builder/superintendent to review your completed color sheet, which must be fully executed and accurate prior to the start of construction. Your color sheet consists of all the information necessary to build your new home.

Your lot number, the plan you are building, the front elevation you have chosen, any options on your contract, any change order you signed all flooring information, and specific locations of options must be on your completed color sheet.

After You Have Signed the Contract, cont.

Your home will be constructed according to the information on the color sheet. The color sheet is the single most important document during your homebuilding process.

STEP #5

At Least 4 Weeks Prior to Closing ...

Prior to completion of your home, you will receive a closing letter which will give you the dates and times for your Pre-Closing Inspection Meeting and Warranty Review meeting. Meeting details are outlined in "The Pre-Closing Walk Through" section.

(Now is a good time to begin discussions with a mover, but try to keep the Specific move-in date flexible.)

STEP #6

2 Weeks Prior to Closing ...

a. Contact your insurance agent to secure your Homeowner's Insurance Policy.

b. Contact your Mortgage Lender to determine if any additional documentation is necessary to satisfy closing requirements.

STEP #7

1 Week Prior to Closing ...

a. Send Change of Address cards to the Post Office, magazine publishers, Family, friends, etc.

b. Contact all Utility Companies to start service in your name. Service must begin on the day that closing takes place.

STEP #8

24 to 48 Hours Before Closing ...

a. Contact your Lender to determine the exact amounts which will be due at closing. This total dollar figure MUST be presented in the form of a Cashier's Check at closing. (No other form of payment is acceptable.)

b. Secure and bring to your closing a Cashier's Check for all amounts due From you to the Closing Attorney office.

STEP #9

After Closing and Move-In ...

a. Review the Warranty Section (**beginning on page 19 in this handbook**)

b. Review the section entitled "Our Commitment to You" in your closing Booklet and implement the recommendations.

c. Review all Manufacturers' Service Manuals. Fill out and return all Warranty Registration Cards directly to the manufacturer.

USE THE FOLLOWING CHECKLIST TO LOG COMPLETED STEPS & ANTICIPATE UPCOMING PROCEDURES

Homebuyer's Checklist

IMPORTANT CONTACT NAMES AND PHONE NUMBERS

The following Check List serves as a time-sensitive reminder of the steps you must take to ensure a smooth and orderly home buying/building process. It also provides a convenient place to keep important names and telephone numbers which you'll find useful throughout the procedure.

	<u>Name</u>	<u>Phone</u>
Main resource prior to closing: Your <i>Kerley Family Homes'</i> SALES MANAGER		
Questions during construction: Your <i>Kerley Family Homes'</i> PROJECT SUPERINTENDENT		
Questions during construction: Your <i>Kerley Family Homes'</i> BUILDER		
Questions regarding closing: Your <i>Kerley Family Homes'</i> SALES MANAGER		
E-MAIL:		

MORTGAGE FINANCING (Within 5 days of signing contract)

Immediately make an appointment with a mortgage lender to apply for mortgage.

	Name	Phone
Your Mortgage Company		
Your Representative		
Address		
City, Zip Code		
Closing Attorney		
City, Zip Code		
Phone & Fax		

SCHEDULE OF YOUR PURCHASE RESPONSIBILITIES

COLOR SELECTION (Immediately after contract is signed)

- Meet with your Sales Manager to complete your Color & Material Selection sheet.

CONSTRUCTION START (Necessary to release your home for construction start)

- Present a loan commitment from your lender (If applicable).
- Payment of all construction deposits.
- All contract contingencies removed.
- Finalized and approved colorsheet.

PRE-CONSTRUCTION MEETING (Held prior to all contingencies being released)

- Meet with your superintendent to review your executed color sheet. The color sheet must be complete and accurate prior to construction start. Our sales manager will schedule this meeting.

2 TO 4 WEEKS PRIOR TO CLOSING

- You will receive a closing letter with dates and times of the Pre-Closing Inspection and the Warranty Review, prior to completion of your home. Now is a good time to begin discussions with a mover, but try to keep the specific move-in date flexible.

TWO WEEKS PRIOR TO CLOSING

- Contact your Insurance Agent to secure Homeowner's Insurance Policy.
- Contact your Mortgage Lender to determine if any additional documentation is necessary to satisfy closing requirements.

ONE WEEK PRIOR TO CLOSING

- Send Change of Address cards to the Post Office, magazine publishers, Family, and friends.
- Contact all local utility companies to start service in your name. Service must begin on the day closing takes place. Your Local Utility Contacts Will Be Included in Your Closing Letter.**

24 TO 48 HOURS BEFORE CLOSING

- Contact your Lender to determine the exact amounts due at closing.
- Obtain and bring to your closing a Cashier's Check for all amounts due from you to the Closing Attorney Office.

AFTER CLOSING AND MOVE-IN

- Review the sections in this Handbook on Warranty Protection and Service.
- Review the section entitled, "Our Commitment to You" in your Closing Booklet and implements the booklet recommendations.
- Review all manufacturers' Service Manuals then complete and return all Warranty Registration Cards directly to the manufacturer.



Arranging you're financing

Finding the right mortgage for you

You are undoubtedly a little excited - and maybe even a little bit anxious - about the important step you have decided to take by purchasing a quality home from Kerley Family Homes. To prepare you for a smooth closing, the following will help explain how your loan will flow through the processing center of Kerley Family Homes' preferred lender, Crescent Bank. We offer a wide array of mortgage options, and you can confidently rely on our Mortgage Bankers to recommend the mortgage program best suited to accommodate your individual circumstance.

- STEP #1** **You apply for a mortgage with Crescent Bank** via fax, phone, mail, on-line, at our Kerley Family Homes community or at the Crescent Bank office. Your mortgage banker will help you determine the best loan program and terms for your needs. Crescent Bank will issue a Pre-Approval letter upon initial review of your application stating you are approved for the loan based on the information you have provided.
- STEP #2** **Crescent Bank will begin processing your loan.** The first thing you will receive is a Good Faith Estimate. This is a document estimating the settlement costs of your loan and includes your loan type, term, loan amount, monthly payment (including principal, interest, real estate taxes, homeowners insurance or association dues and if applicable, mortgage insurance), down payment or deposit, and any fees associated with purchasing the home. Please contact your Mortgage Banker or Loan Processor to review this information.
- STEP #3** **Your Loan Processor will assemble your application for underwriting review.** This includes verification of any information provided in your application and gathering all information on your home including the final contract, plans and specs and an appraisal. Additional information or paperwork may be requested from you during this process. You will receive a checklist of requested documents. Please see the application document checklist at the end of this section.
- STEP #4** **Your loan will be underwritten, or evaluated, for final approval.** Between the times you sign the initial contract and when you close on your new home, many aspects of your life can change. Please keep your Mortgage Banker up to date on any change of income, outstanding debts, marital status, etc., to ensure smooth approval of your loan. We will need to re-issue a credit report just prior to closing, so any significant change in your credit standing may be reflected.

Arranging Your Financing, cont.

- STEP #5 **Lock-in your interest rate.** Everyone asks when is the best time to lock in your rate. The answer is whenever you feel comfortable with the quoted market rate. Construction locks or long-term locks allow you to lock in up to six months prior to closing and generally assess a fee for the option to “float down” if rates improve prior to closing. Most new construction borrowers wait until 60 days prior to closing and lock in at a market rate without a fee.
- STEP #6 **The final step is closing your loan and taking possession of your newly built Kerley Family home.** Your Loan Closer and attorney Seller & Warren will prepare the final documents for your loan. Your HUD-1 settlement statement will reflect all of the costs associated with your purchase, all deposits you have paid, any fees you have paid, your final sale price, loan fees and title company charges. Contact your Loan Closer to schedule closing at the attorney’s office. Please allow 1-2 hours for the loan closing process. Congratulations, the home you have long been anticipating is now yours!

DOCUMENTATION CHECKLIST

This is a list of paperwork that will likely be required in processing your loan. As each loan is unique, more or less paperwork may be required for your specific loan.

- W2s for all employment in the past 2 years
- Most recent pay stubs covering a 30-day period
- Most recent statements from credit cards or other debts
- Most recent 2 months complete bank statements for all accounts
- Name, address, account number and phone number of mortgage provider or landlord
- Covering all residences over the past 2 years
- If self employed, copies of the last 2 years federal tax returns and a year to date profit and loss statement (7 years of corporate tax returns if incorporated)
- Complete divorce decree, if applicable
- Complete bankruptcy and discharge papers, if applicable
- For a VA loan; DD214 and a Certificate of Eligibility
- Copy of Final real estate sales contract from Kerley Family Homes Sales Associate



Making Your Color Selections

Your Sales Manager will assist you in completing your Color & Material Selection Sheet. This sheet is the detailed work order for all the materials, products, features, and colors you select for your home.

- Selections are generally made in the color room of your community sales office. Your Sales Manager will provide information on how these selections are made.

When your color selections are complete, be sure ALL items are correct, as stated on the form. Your home will be built to THESE specifications.

We request your cooperation in making your selection decisions as quickly as possible after signing the Sale Contract. Completion of your color sheet is essential for the building of your home.

Changes made after the completion of your color sheet can be very costly and are often the source of errors or misunderstandings. If any changes are made, there is a change order fee to cover the cost of administering the change, plus the normal costs of the change or addition. (See "Change Order Policies" in the following section.) **At a certain point in the process, at Kerley Family Homes' sole discretion, it may no longer be possible to make changes.**

Making Changes

With so many decisions to be made in such a short span of time, we realize you may want to change an item or two you originally selected for your new home. And you're welcome to do so!

However, it is extremely important that any Change Orders be completed prior to the release of final plans, purchase orders, and work orders. The release process occurs after the Pre-Construction Meeting. Changes made after this time are expensive, disruptive, and can even be impossible to accomplish.

Therefore, Kerley Family Home's policies for Change Orders are as follows:

1. Requests for changes must be submitted in writing.
2. All Change Order requests and/or special cost information requests will be coordinated through your community Sales Manager.
3. Once the color sheet is finalized, Change Orders do not have to be accepted by Kerley Family Homes, and will be made at its sole discretion.
4. If Kerley Family Homes agrees to execute a Change Order subsequent to finalization of the color sheet, **a \$250.00 fee will be charged PER ITEM.**
5. If Kerley Family Homes should inadvertently, or through error(s), omit a Change Order, Kerley Family Home's liability shall be limited solely to crediting the Purchaser the sale price of such change.
6. If it is determined by Kerley Family Homes that the cost of the Change Order exceeds the original estimate, Kerley Family Homes may request additional monies to cover the extra cost, or the Change Order may be canceled, at the firm's sole discretion.

The Pre-Construction Meeting

Your Pre-Construction Meeting with your Builder/ Superintendent will be scheduled after the following procedures have been completed:

- Construction deposit is received, per your Sale Contract
- All contingencies have been released
- Written loan commitment has been received from the lender
- Your color sheet has been completed

This is an essential final meeting, prior to the start of construction. Before issuance of the plans and detailed purchase orders, it is extremely important that we all have a clear understanding of how your home is to be built and exactly what items are to be included.

The meeting will be scheduled on a weekday (Monday through Friday), between the hours of 8:00 a.m. and 3:30 p.m. You will meet with your Builder/ Superintendent at your community sales office. Your Sales Manager will schedule this meeting.

Topics of discussion during the Pre-Construction Meeting will include:

- Review of the HLP plan, site conditions, and easements
- Confirmation of the proper plan and elevation
- Verification of color sheet options with the contract
- Answers to any questions you may have about the construction process

What to Expect During Construction

1. Construction of your new home will take approximately 12 to 20 weeks after it has been released for a start (subject to weather, site development, government approval and order of construction).
2. Building permits are obtained, and the house is staked on the lot.
3. The building site is then excavated so the foundation or slab can be poured. First, the footing is formed and poured. Next, the foundation walls are formed and poured. After the foundation wall forms are stripped, a damp-proofing material is applied, and the foundation is allowed to cure. Approximately one week after it is poured, the foundation is backfilled.
4. Lumber is delivered to your home-site so framing can begin.
5. Framing is a lengthy process. The sub-floor is constructed, and the first-floor walls are raised. If you've chosen a 2-story home, the second floor decking is constructed next, and the upper level walls are raised. Now, roof trusses are set in place, and the roof sheathing is applied. Finally, the windows and exterior doors are installed.
6. After framing has been completed, roofing materials are applied, and rough mechanicals begin. The rough plumbing is installed first, followed by the HVAC system, electric and low-voltage wiring. If you've selected a fireplace, the firebox is now installed.
7. Once the rough mechanicals have been completed, the home is inspected by both local building inspectors.
8. Next, the home is insulated. Following insulation, the drywall is hung. (Other than framing, this is probably the most dramatic change you'll see in your new home.) The drywall is then taped, "mudded", and sanded.
9. When drywall is complete, the interior is sprayed with its first coat of paint, and your home is ready for trim materials.
10. Cabinetry, interior doors, molding (base, casing, crown, etc.), ceramic tile, and marble are installed. And, after the interior trim has been completed, it's stained or painted, as specified on your color sheet.
11. Finish materials are next on the agenda: vanity tops, plumbing accessories, lights, switches and receptacles, the HVAC system, TV and phone jacks, carpeting – and the second coat of paint is applied to the walls.
12. Your home undergoes a thorough cleaning, and the final tune-up begins with the "punch" stage. The carpenter returns to make final adjustments; the drywall and paint are touched up wherever needed; and a laborer attends to any miscellaneous items, as well as the final cleaning of your home.
13. Once your home has passed its final building inspections, you're ready for your Pre-Closing Walk-Through with your Project Superintendent.
14. Construction processes may be altered by local ordinance.

A Few Words About Safety

We know you're eager to follow the progress of your new home but, as professionals, we're also acutely aware of the hazards inherent on any building site. While we encourage you to visit our sales office and your new neighborhood as often as you like, for your own safety, we request you refrain from touring your house during construction.

You can be confident your home is being built by expert craftsmen to the consistently high standards of Kerley Family Homes.

If, however, you feel obligated to access the site while construction is underway, the following must be observed:

- If construction is underway, you must be escorted by an appropriate Kerley Family Homes representative.
- You enter the house at your own risk. We say this to heighten your awareness of the dangers and to remind you that Kerley Family Homes assumes no responsibility for your safety and will not accept liability for any injury you might incur.
- Please do not make requests of tradesmen at the site or interfere with their work in any way. They are not authorized to handle special requests, and you could delay the construction schedule. Any questions you have should be directed to your Sales Manager.
- Please be extremely careful! Your safety is important to us.

Preparing for Closing

Approximately two to four weeks before your home is completed, we will schedule your **Pre-Closing Walk-Through Meeting and Warranty Review**.

No changes in dates, times, or location may be made without calling Salesmanager at their office.

Prior to your closing, the attorney's office will advise you of the total amount you will be required to bring to closing. This figure will include all necessary fees from Kerley Family Homes, your lender, and your attorney's office. Typical closing charges include flood letter, homeowner's association assessments, mortgage inspection survey, real estate taxes, title insurance, closing fees, etc., some of which may vary by community.

Remember, it is your responsibility to obtain a CASHIER'S CHECK for this amount, which you will present at closing. (NO personal checks are accepted.)

Following the schedule suggested on your Homebuyer's Check List this is also the appropriate time period for you to:

- Initiate discussions with your Mover
- Contact your insurance agent for Homeowner's Insurance
- Check with your Mortgage Lender to be sure all documentation is in order
- Send Change of Address cards
- **Arrange for Utility Services to your home with service to begin on the day of closing**

The Pre-Closing Walk-Through Meeting

Your Pre-Closing Walk-Through will take place approximately 2 to 4 days prior to closing. You will meet your Builder at your home on the date, and at the time, specified in your closing letter.

This inspection meeting is extremely important, and the following will take place:

1. You will review the basic operation of your home's mechanical systems, including heating, air conditioning, electrical, and plumbing.
2. Your Builder will demonstrate the operation of windows, doors, and appliances.
3. You will verify that all items specified on your color sheet are correct and have been installed.
4. You will walk through your home and inspect for any surface damage, noting any minor adjustments which may be required.
5. Your Builder will review the general maintenance requirements of your new home, yard, and exterior concrete.
6. Your Builder will explain our warranty program and our service procedures.
7. Your Builder will answer any questions you may have regarding your new home.

Closing ... Welcome Home!

Just a few more steps and you are a proud new homeowner!

Warranty Review Meeting

On the day of closing, you'll meet your Builder back at your home. Together, you'll walk through your home one final time to confirm that any items noted during your Pre-Closing Walk-Through Meeting have been completed.

If, for some reason, an item could not be completed prior to this inspection, that item will be listed on your Purchaser's Acceptance Agreement. (A sample Agreement, for your review, follows immediately.) This Agreement states that you have accepted your home with the condition that any item listed on the form will be completed or rectified within a reasonable amount of time. The Builder will provide an estimate of the time needed to complete such items.

On the Purchaser's Acceptance Agreement, you will also verify that your Builder has explained your new home's mechanical systems, reviewed your warranty and service procedures, and that you have been notified of any non-warrantable items.

Both you and your Builder will sign the Purchaser's Acceptance Agreement, confirming that all parties have accepted and agreed to the items listed. [Prior to this date, you should already have contacted the utilities companies to transfer the utilities into your name, on the day of closing]

If you have any further questions regarding your new home, your Builder will be happy to answer them at this time.

***YOU ARE NOW READY TO GO TO THE ATTORNEY'S OFFICE TO CLOSE
ON YOUR NEW HOME!***

You'll be presented with your house keys at closing, and you're free to move into your new home whenever it's convenient following closing.

Your Homeowner's Warranty - Our Commitment to You

CUSTOMER SERVICE

Kerley Family Home's Customer Service Program is designed - and enforced - to ensure you, the homeowner, of prompt warranty service on your new home. This section of the Handbook outlines our procedures, as well as the steps you should take to get full benefit from the program.

WALK-THROUGHS

A 10 month Walk-Through with your Builder is implemented to address your warranty service needs. This systematic approach to customer service enables us to schedule and deliver service in an efficient, timely manner, if and when an occasional repair or adjustment is needed. Having workers in your home can be inconvenient; therefore, we try to group repair activities whenever possible.

If you have non-emergency or minor items requiring attention, please wait for service until your scheduled walk-through. If you find it necessary to contact us by phone, please take the time to also write a letter so we have proper, written documentation in your file.

10-MONTH WALK-THROUGH: A walk-through will take place on receipt of your 10-Month Warranty Request form, approximately 10 months after your closing. It is your responsibility to submit your 10-Month Warranty Request.

- Minor drywall cracking, nail pops, slight imperfections in wall and ceiling surfaces repairs will only be done one time at the 10-month Walk-Through.
- Your drywall repairs will only be done one time at the 10-month Walk-Through. Your Warranty Request forms are provided in the document section at the back of this Handbook. You will NOT be contacted to send these requests to us. If you find warrantable items in need of correction, please fill out and mail the forms to our office at the designated times. It is important that the 10-month Warranty Request form be submitted in a timely manner so the 1-year warranty items can be completed.

MANUFACTURERS' MANUALS & WARRANTIES

During the Pre-Closing Walk-Through, your Builder reviewed with you the operation of your appliances, heat and air conditioning unit, etc. In most cases the manufacturer provides the warranty directly to you, the homeowner.

- As promptly as possible, please take the time to read the manufacturers' manuals and return completed warranty cards to the manufacturers. **These cards must be completed and returned in order to initiate the warranties.**

Basic Maintenance Procedures

Even during the first few years of occupancy, your new home requires a certain amount of routine maintenance. This is generally the period during which most of the settling and movement of a new home occurs, as well. While there are many items you should keep an eye on, they do not all necessarily require special maintenance. Each home is different, requiring different care at different times.

This section of the Handbook provides some tips for keeping your home beautiful and in good working order for years. The section is indexed separately for easy reference.

A. HEATING

Good maintenance of your furnace can save energy dollars and prolong the life of the unit. Carefully read and follow the manufacturer's instructions on use and care. The guidelines and tips below apply to all furnaces.

1. **Remember to change the filter monthly during the heating season - and throughout the year if you also have air conditioning. A clogged filter can slow air flow and cause cold spots in your home.** This is one of the details homeowners most frequently overlook. We suggest you buy filters in large quantities for the sake of convenience. It takes less than one minute to change the filter.
2. **Experiment with the adjustable registers** in your home to establish the best heat flow for your lifestyle. Generally, heat can be diminished in interior or infrequently used rooms, but you'll want to balance the system for your family's comfort. Do not block registers or return ducts with furniture, drapes, etc.
3. **Give the furnace a trial run in the fall.** The same applies to the A/C in the spring. If service is needed, it's better to find out before the heating/cooling season.
4. If you find yourself without heat, first check the following normal homeowner maintenance items. If your heating contractor makes a service call to repair any of the items listed, there will be a service charge.
 - **Thermostat setting.** On models with air conditioning and heat, the system switch must be on "heat" and the fan switch should be on "auto."
 - **Pilot.** If the pilot is out, follow instructions on the furnace or in the manufacturer's literature to re-light. NOTE: A pilot which must be re-lit often probably needs adjustment and should be reported.
 - **Gas valve in "on" position.** This is the last step in lighting the pilot and is frequently overlooked.
 - **Manual switch "on".** This switch resembles a light switch and is located on the side of the furnace, next to the fuse.
 - **Bottom cover.** The bottom panel on your furnace holds in a button (similar to the button on a clothes dryer). The furnace will not operate if the button is not held in place.
 - **Electric breaker.** A tripped breaker must be flipped all the way off, then back to re-set.
 - Some furnaces are equipped with an **electronic pilot light** that does not need to be lit.

If, after reviewing this list, your furnace is still not working properly, call your HVAC contractor. The number will be on the furnace or the thermostat.

Basic Maintenance Procedures

B. AIR CONDITIONING

To fully and efficiently utilize your air conditioning system, you must understand that it is a total, whole-house system. The air conditioner **unit** is the mechanism which produces cooler air, but the air conditioning **system** involves **everything** inside your home, including drapes and windows.

Your home air conditioning is a closed system, which means the interior air is continually recycled and cooled until the desired air temperature is reached. Warm outside air disrupts the system and makes cooling impossible. Therefore, **you must keep all windows closed!** The heat of the sun coming through windows with open drapes is intense enough to overcome the cooling effect of the air conditioning unit. **Drapes should remain closed** on windows facing direct sunlight.

In many homes, you'll find it advantageous to adjust your cooling vents to maximize air flow to occupied parts of the home. Setting the thermostat at 60 degrees will not cool the house any faster - and can result in the unit "freezing up" and not performing at all. Extended use under these conditions can damage the unit.

If a humidifier is installed on the furnace system, it should be turned off when using air conditioning. Otherwise, the additional moisture will cause a "freeze-up" of the cooling system. If a humidifier is included with your home, you will receive the manufacturer's literature with your Walk-Through materials. Cleaning procedures are outlined and should be followed for maximum service and life of the unit.

If condensation forms on the line leading from the outside air conditioning unit to the inside ductwork, the unit is 'frozen up.' To correct, simply turn the unit off for approximately two hours, then turn it back on.

C. PLUMBING

All drains and sewer lines should operate freely. Any obstructions resulting from construction debris will be corrected by Kerley Family Homes during the first 30 days after closing.

Obstructions shown to be the result of homeowner action will be corrected at the homeowner's expense.

Changes in temperature of the water flowing through pipes will cause some noise. This is normal and requires no repair. Consistent "water hammer" will be repaired. Temperature variations can be expected if water is being used in more than one location in the home.

Many plumbing clogs are caused by improper **garbage disposal use**. Always use plenty of water when running the disposal. Allow water to run for 10 to 15 seconds after turning the disposal off. Always remember to run the disposal before operating your dishwasher so no back-up occurs into the dishwasher. **Do not pour grease down drains. Remove hair and lint from sinks to prevent clogging.**

Basic Maintenance Procedures

All shut-off valve for exterior faucets must be turned off in the winter months to prevent freezing.

If you have a faucet, shower head, or toilet that does not have water coming through it, it's possible a line could be frozen. During freezing weather, non-frost-proof faucets must be closed off at the interior shut-off, then drained by leaving the exterior valve open. Frost-proof faucets will freeze unless hoses and other appliances are disconnected during freezing weather.

If you should experience a freezing problem:

1. Call the Service Department immediately to have someone thaw out the pipes. Never let a pipe remain frozen any longer than you have to. If a pipe freezes over a weekend, please call the plumbing contractor directly.
2. Proper defrosting may prevent damage. The frozen pipe must be thawed slowly to prevent the line from rupturing. Turn the faucet on, and use a hair dryer or heat lamp to warm the wall. If the pipe should burst, immediately turn off the valve controlling the leaking pipe. ***NEVER use a torch!*** A fire could result in the wood or insulation, or you could burn through electrical wiring.

To prevent pipes from freezing, never leave a house unheated during cold weather. The thermostat should always be kept at 65 degrees. When temperatures drop below freezing, additional precautions should be taken. Make sure to heat unused portions of the house, including the basement. Open cabinet and vanity doors which are attached to exterior walls. It is important to keep garage doors closed. It's also wise to let a small amount of water trickle through faucets during extreme cold weather.

In the fall, have your ***sprinkler system*** (if applicable) shut down and drained to prevent leaks above ground and broken pipes below ground.

Kerley Family Homes is not responsible for frozen pipe damage resulting from occurrences such as power failure, undrained sprinkler systems, basement work performed by homeowners, hoses left attached to outside faucets, etc. However, we will be happy to assist you with information or repair suggestions, if needed.

If your toilet runs continuously, remove the cover from the water tank. Most likely, a water level above the overflow pipe is causing the problem. Bend or adjust the rod holding the floating bulb down slightly. Notice the water level at the back of the tank. The water should be reasonably close to this line when the tank stops filling.

D. ELECTRICAL

Electrical boxes on exterior walls may produce cold air flow through the outlet. This is normal, and no action will be taken by Kerley Family Homes.

Circuit breakers are used in your home and are located in the electrical box. A circuit breaker acts like a fuse but only needs to be re-set rather than replaced. Resembling a light switch, circuit breaker switches should point toward the center of the box. If one is not in this position, snap it all the way toward the outside of the box, then back to the center.

Basic Maintenance Procedures

Ground Fault Interrupter (GFI) circuit breaks are provided for your protection. Outlets tied to GFI circuits are located in bathrooms, near the kitchen sink, on the exterior, and in the garage. This is a sensitive system which trips easily to prevent electrical shock in these areas.

Freezers and garage door openers should not be plugged into a GFI outlet. If you find an outlet equipped with a GFI circuit break not working, simply push the re-set button on the outlet.

Smoke Detectors. Smoke detectors are hard wired with battery back up. We suggest you check your batteries bi-annually. When batteries run low, your smoke detector will "Chirp".

In bedrooms and the living room, one or more of the electrical outlets may be controlled by the wall switch. Generally, only the top portion of the outlet is controlled by the switch; the bottom portion remains "on". If an outlet does not appear to work, try the wall switch.

E. LANDSCAPING & GRADING

Your yard is graded so that surface water drains away from the foundation and is consistent with the overall drainage pattern for your property and your neighbors'. These patterns should not be changed when you work on your yard or install landscaping. Drainage swales facilitate water run-off; they should not be leveled and should be kept free of leaves and debris.

The backfill around your foundation will settle over the course of time, and this settlement may cause low areas in which water may collect against the foundation. During this settlement period, it is important to fill these low areas in order to maintain drainage away from the house. Similarly, it is unwise to plant shrubbery within two or three feet of the foundation; this can cause water entrapment, as well.

Before digging in your yard, make sure you know the location of buried electrical, gas, and telephone lines. If in doubt, your local utility company is normally quite willing to locate the lines for you.

All Landscaping and sod becomes homeowner's responsibility at closing or day of installation.

F. ROOF

The roof on your house will give you many years of service when it is properly maintained. ***Flashing*** is used where the roof abuts walls, chimneys, dormers, skylights, and valleys where two roof lines come together. Flashing is also used around plumbing stacks and flue pipes. All flashing should be checked periodically to make sure it's weather-tight. ***A qualified roofer should inspect the entire roof at least every three years.***

Basic Maintenance Procedures

High winds, snow, and ice may cause damage to the roof. Loose or damaged shingles should be repaired or replaced as soon as possible. Any damage resulting from severe weather is not covered by Kerley Family Homes' warranty program and should be referred to the company providing your homeowner's insurance.

Avoid walking on the roof except when absolutely necessary. In addition to the obvious personal hazard, you may damage the roof. In hot weather particularly, asphalt shingles become soft, and the granules are easily damaged.

G. GUTTERS & DOWNSPOUTS

Gutters must be kept free of debris which may clog them and cause water to run over the sides, instead of through the downspouts. Check your gutters periodically to insure proper functioning. Excess snow should be brushed off ***downspouts*** with a broom as soon as possible. Severe ice or snow buildup can damage gutters. This is not a warranted item, and repairs are your responsibility. (In condominium communities, the Homeowner's Association is responsible.)

H. LOUVERS & VENTS

Attic ventilation is required by the Uniform Building Code. Occasionally, depending on the force and direction of the wind, rain or snow will infiltrate these vents, causing spotting on the ceiling. Kerley Family Homes is not responsible for such weather damage and will not make repairs.

I. FIREPLACES

While most of us enjoy the warm, cozy atmosphere of a fireplace, improper use can result in the loss of considerable heat (and many dollars). Please consider the following facts and suggestions:

Read the manual for instructions first.

Fireplaces are not intended to be the main heat source in a home. The fireplace should function properly when Kerley Family Homes' and/or the manufacturer's directions are followed. Although high winds can produce a downdraft, this condition should be temporary and occasional. The cause of continuous malfunction will be inspected by Kerley family Homes.

Discoloration of the firebox and brick is the normal result of use and requires no corrective action. Masonry-style fireplaces may develop cracks due to temperature changes and other factors.

Your goal should be a clean, steady, slow-burning fire. Start by igniting kindling and newspaper under the grate. Two to three layers of logs, stacked with air space between (largest logs to the rear) work best. One sheet of paper, burned on top of the stack, will help the chimney start to draw. Logs 6" in diameter or larger should be split. ***Do NOT burn trash in the fireplace, and NEVER use any type of liquid fire-starter.***

Basic Maintenance Procedures

Be sure the fireplace **damper** is open prior to operation. **Preheat the chimney flue** by placing a lighted piece of crumpled paper in the flue before lighting the fire. Adequate ventilation is important for the fireplace to draw properly. Since modern houses are built "tight" to prohibit outside air infiltration, a **fresh air vent** has been installed to provide your fireplace with air for combustion and to minimize the amount of heated air the fire will draw from your home. Open this vent, as well as the damper, prior to starting a fire.

A word of caution on the use of **glass doors** ... Do not close them over a roaring fire, particularly if you are burning hardwoods (oak, hickory, etc.). This could result in glass breakage. Also, when closing the doors over a burning fire, open the mesh screens first. This prevents excessive heat buildup in the mesh, which may result in warping or discoloration. Damage to glass doors (when included as an option) will be corrected if noted on the Closing Walk-Through.

Old ashes and coals should be removed from beneath the grate when completely cool. A light layer is desirable as an insulator and will help reflect heat.

The frequency of **chimney cleaning** will be determined by the way you use your fireplace and the type of wood you burn. Heavy use with soft woods (or improperly seasoned woods) will require more frequent cleaning - probably once a year.

J. EXTERIOR FINISHES

Wood is a product of nature and subject to shrinkage during temperature and seasonal changes. Inspect the caulking around doors, windows, skylights, and trim annually. If a space develops at joints, corners or ends, apply **outdoor grade caulking**, and paint or stain as necessary. Use only quality caulking products which are specifically recommended for the materials being caulked.

Bricks are not perfect and will vary in size and color. The spacing on brickwork will also vary. Some small chips, cracks, and variations are normal and add to the overall appearance of the exterior. Mortar joints, however, will weather over a period of time. When the joints weather, we recommend you have them pointed by a qualified brick mason.

K. CONDENSATION

During the first heating season, you will probably notice moisture condensing on your windows and other surfaces directly exposed to outside air. Condensation in new homes is generally not serious and is at its maximum during the first heating season. When your heating system is put into operation for the first time, it tends to draw moisture out of the lumber, masonry, and other construction materials. When this moisture comes into contact with a cold surface (especially window glass), condensation occurs.

This moisture should be wiped away from the windows to prevent permanent damage to the windows sash and finish. The amount of condensation you experience will be directly related to the amount of cooking, bathing, washing, etc., done in the home.

Basic Maintenance Procedures

L. HUMIDITY

During humid weather, lumber absorbs moisture, and you may find doors and windows swelling, temporarily impairing their operation. Don't be too quick to request adjustment! As the humidity drops, they usually return to their original state. Also, when it's humid, your toilet tank may "sweat". Be sure to keep this water off the vinyl flooring products, as it will cause irreparable damage. Humidity may also affect wood floors.

M. DOORS & WINDOWS

Clean your screens and lubricate moving parts once annually. The tracks of sliding doors and windows should be cleaned at least once a year and lubricated as recommended by the manufacturer.

Check caulking at doors, windows, and all other openings and joints between dissimilar materials (e.g., wood/masonry). Door closures, lock sets, and thresholds should be checked and adjusted, as needed.

Remember, some shrinkage and warping is likely to occur with moisture/humidity changes, and warped doors will usually return to normal when the season changes.

Garage doors and openers should be kept in good working order. For safety purposes, check all fittings (re-tightening them if necessary), and oil the drive and mounting track for smooth operation. Cold weather may cause the garage door operator to stick or only open/close partially.

Do not manually release the garage door until you've checked for obvious obstructions. Installing your own garage door opener will result in voiding your warranty on the garage door. Garage doors are not weatherproof. Some wind, light and water is likely to penetrate around the top, bottom and sides.

Basic Maintenance Procedures

N. FLOORING

Most ***vinyl flooring*** products are resilient, but they will scratch, mar, and dent under certain conditions. Shoes with metal cleats, protruding nails, or spiked heels can quickly ruin the appearance of your flooring. We recommend you cap the legs of tables and chairs which will rest on these surfaces.

Do ***not*** use too much water on your vinyl and tile floors. Instead, we suggest frequent vacuuming and dry mopping to increase their longevity. An occasional scrubbing will not harm the vinyl, if dried thoroughly.

On ***hardwood floors***, you may notice minor imperfections such as knots or variations of color and grain which are characteristic of wood, not flaws. ***Never scrub hardwood floors*** with soap and water; this can cause darkening, warping, and even buckling. Hardwood floors must be cleaned and regularly maintained, using the products recommended by the finish manufacturer. The seams in your hardwood flooring may open and close slightly with humidity changes. This is unavoidable and no cause for concern.

Ceramic tile, slate, stone, terrazzo, and similar products require regular cleaning to remove

The normal buildup of surface dust, soap, and other deposits. Use detergent or nonabrasive Ceramic tile cleaner on tile. Slate or unglazed clay tile floors should be sealed occasionally To prevent staining.

Although ***carpet seams*** will be visible, gapping and fraying are not acceptable. Carpet edges Against base moldings and along the edges of stairs should be held firmly in place.

Stains or spots noted on the Walk-Through list will be corrected by cleaning, patching, or Replacement. Kerley Family Homes will not be responsible for dye lot variations if replacements are made. ***If not noted on the Pre-Closing Walk- Through, these items are not covered under the warranty.***

Carpet maintenance requires regular vacuuming and removal of spots for longevity. Heavy Objects resting on carpet should be moved periodically to avoid matting and permanent marking.

Avoid excessive wetting of the carpet when shampooing. Static buildup can be avoided by Increasing the amount of humidity in the home.

As a general rule, all floor coverings last much longer if properly maintained. Regular cleaning Reduces wear dramatically by removing the dirt, dust, and grit which act as abrasives, marring Floor surfaces and cutting carpet fibers.

Your color selection sheets are your record of the manufacturer, style, and color of floor coverings in your home. Please keep your copy of the color sheet with the documents at the end of this Handbook for your future reference.

Basic Maintenance Procedures

O. KITCHEN

Products such as Liquid Gold and Old English Furniture Polish and Scratch Cover are recommended for cabinet care. Follow container directions. ***Your color selection sheets are your record of the manufacturer, style, and color of the cabinets in your home.***

Counter tops of laminated plastic are finished to withstand normal wear, but not scratching or marring. Occasionally, stains may occur, but ***NEVER use an abrasive cleaner.*** Laminated plastic tops require caution to avoid scratching and chipping. Even if your laminate looks like butcher-block, it is subject to damage if used as a cutting surface without protection.

Placing hot pots/pans on laminated plastic surfaces will result in burn marks which cannot be removed short of replacing the entire counter top. As a rule, only ceramic tile tops are capable of withstanding high temperatures without marring.

Granite Counter tops Clean the surfaces using a sponge or soft cloth. Using a specially formulated stone cleaner is recommended to keep your tops in the best condition and protect the sealer, but hot water will do for quick clean –ups. Dish soap won't hurt your granite, but repeated or excessive use of soap will cause build-up and dull your countertop's shine. Re-sealing your granite every year is a good idea and sealing really depends on the type of stone and the quality of the sealant. Sealing your granite is a very easy job unless you have a stone that shouldn't be sealed (i.e. some black granites) re-sealing when needed will ensure that your countertops are well protected against staining.

Separation of counter tops at walls and backsplashes are the result of normal material shrinkage. ***Such separation will be repaired ONE TIME only.*** This repair is done by caulking and, subsequently, is the homeowner's responsibility. To prevent warping, ***keep moisture from reaching the wood under the laminated top.***

P. CERAMIC TILE

Cracks appearing in the grouting of ceramic tiles at joints or junctures with other materials are due to normal shrinkage conditions. ***If necessary, Kerley Family Homes will repair grouting ONE TIME only, if itemized on the 10-Month Warranty Request form.*** Further grouting or caulking is considered homeowner maintenance. Kerley Family Homes is not responsible for color variations in grout or colored grout.

Sealing grout is the homeowner's responsibility. We recommend sealing ceramic tile on counter tops to protect it from food stains. Follow the manufacturer's directions carefully.

Q. BATHROOMS

Bathroom fixtures may be china, enameled cast iron or steel, fiberglass, cultured marble, or other man-made products. Regular cleaning prevents soap scum buildup and discoloration. ***Never use abrasive cleaners*** and use caution to prevent surface scratches.

Grouting around the edges of bathtubs and sinks will crack and come out. Prompt repair is important, as spilled or splashed water can cause serious damage to a finished ceiling below a bathroom. Periodic inspection and re-grouting is a homeowner maintenance responsibility and will prevent costly repairs. ***These items will be repaired by Kerley Family Homes ONE TIME only, if included on the 10-Month Warranty Request form.***

Basic Maintenance Procedures

R. DRYWALL

Some slight cracking, nail "pops", and/or drywall seams may become visible on walls or ceilings. This is usually caused by shrinkage of the wood to which the drywall is attached. Kerley Family Homes will make any warranted drywall repairs reported on the 10-Month Warranty Request Form. No minor drywall repairs will be made beyond this point. Repairs will NOT be made on flaws which are only visible under particular lighting conditions. In addition, restoring wall coverings is the homeowner's responsibility.

S. PAINTING

For your convenience, you are supplied with a **Duron gift cards**

Here are a couple of helpful hints:

- When doing paint touch-up with enamel, use a small brush, applying paint only to the damaged spot. Enamel touch-up tends to be shinier than the surrounding area.
- For stain touch-ups, Old English furniture Polish and Scratch Cover are inexpensive, easy to use, and blends with the wood grain. Follow directions on the bottle when using.

Fading of exterior paint can be expected, due to the effects of sun and weather.

Wood trim will develop some minor cracks and raised grain as it ages and dries. Much of this will occur during the first year. Raised grain can result in peeling paint. However, this is not due to defects in materials or workmanship. Maintaining the paint on wood trim and gutters is the homeowner's responsibility.

Color names, numbers, and paint brands are noted on the color selection sheet for single-family homes. In multi-family communities, the Homeowner Association receives this information.

T. FOUNDATION, CONCRETE SLABS, WALKS & DRIVES

By its nature, over time concrete develops cracks. This is normal and can be expected, despite all precautions taken during installation.

As a result ***concrete is a non-warrantable item*** because it is a finish exposed to extreme weather conditions which the builder cannot control.