

# GOODSMITH

## CONSTRUCTION

## PROCESS

Goodsmith construction services are available to our members for remodels and renovations. Below is a quick summary of how our turnkey process works.

- **Bidding:** We will provide a detailed estimate based on your direction and visual underwriting of the job. In many cases, when remodelers begin opening walls, construction variables change, potentially affecting the original bid.
- **Architecture/Engineering:** Construction is always easier with plans, although not every job requires them. With plans, estimates are more accurate, costs can be lower, and timelines are often faster. We have design and engineering partners whom we can refer (we request that you engage/pay them directly).
- **Permitting and Inspections:** We'll facilitate permitting as needed for jobs including 1) plumbing, drainage, electrical, or HVAC changes, 2) structural changes, and/or 3) additional square footage.
- **Project Execution:** Our network of partners will be overseen by our management team with support from Goodsmith's corporate engine.
- **Completion Assurance:** Traditionally, the last 5% of a construction job can be challenging – details not previously accounted for can sneak up. With access to Goodsmith's suite of resources, we can reduce this pain point.
- **Billing:** We'll bill bi-weekly during the job. Payment is due seven days after invoicing (late payments will result in all work being paused and collections efforts).

## Estimated Construction Timeline

Every construction timeline is different. There are as many as six essential components of any project depending on scope and size (steps 2 and 3 below may not be required depending on the job). Below is a brief summary of each with estimated duration – keep in mind that many of these phases will overlap.

- STEP 1** Initial meeting and estimate (1-5 weeks)
- STEP 2** Select architect (1-2 weeks)
- STEP 3** Produce architectural (and engineering, if required) drawings (3-6 weeks)
- STEP 4** Finalize bid (2-3 weeks)
- STEP 5** Permitting/procurement (4-10 weeks)
- STEP 6** Construction (6+ weeks)

Pricing will vary by job. Our goal is to provide a preliminary bid within a few weeks of our first meeting. Bids will be updated as we aggregate third-party estimates and material selections (plans expedite this process). Price adjustments associated with project scope changes will be documented and approved.

Throughout the process, your time commitment will be particularly important in selecting an architect (if applicable), finalizing plans, and selecting materials. We will provide access to material providers (procurement lead times may impact overall project duration).

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## GOODSMITH CONSTRUCTION PRICING MODEL

Goodsmith construction bills separately for project supervision and procured services/materials (e.g. third-party trades, construction materials, fixtures and finishes, etc.). Project supervision is billed by the hour and procured services/materials are billed on a cost-plus basis. Below is a summary:

### Project Supervision

All estimates will include a line-item estimate for Project Supervision, which accounts for the hours our team anticipates committing to your project. Upon approval of a good faith estimate, Goodsmith will begin tracking and recording time spent managing your project, which will be billed bi-weekly. In the event that the estimated hours need to be adjusted up due to change in scope or complexity, we will communicate the change in advance. All Project Supervision time will be billed based on the below hourly rates:

- Senior Project Managers: \$150/hour
- Superintendents: \$100/hour
- Goodsmith technician: \$75/hour

### Procured Services/Materials

All procured services and/or materials will be billed on a cost-plus basis. Cost-plus is calculated using Goodsmith's base cost (our invoice price) multiplied by a predetermined markup, which varies based on the scope of work. All costs will be recorded in our system and are available on demand. (Goodsmith reserves the right to adjust markup rates in the event of a material change in scope). Below are standard project markup rates, which would be applied to your base cost:

- Base Cost < \$25k: 30% markup
- Base Cost \$25-50k: 25% markup
- Base Cost \$50-100k: 22.5% markup
- Base Cost >\$100k: 20% markup

### How does this pricing model look in reality? Here are a few simple, common examples.

Bathroom refresh including new tile, cabinets, and fixtures:

- *Approximate Duration:* 4-6 weeks
- *Base Cost:* \$20,000
- *Markup:* 25% or \$5,000
- *Estimated Project Supervision:* 10-20 hours or \$1,500-3,000
- *Total Project Cost:* \$26,500-28,000

Complete kitchen remodel taken back to the studs (excluding appliances):

- *Approximate Duration:* 16-24 weeks
- *Base Cost:* \$150,000
- *Markup:* 20% or \$30,000
- *Estimated Project Supervision:* 40-80 hours or \$6,000-12,000
- *Total Project Cost:* \$186,000-192,000



## GOODSMITH CONSTRUCTION AGREEMENT

This Construction Agreement (“Agreement”), is between Goodsmith Construction LLC, a Delaware registered company (“Goodsmith Construction”) with its office located at 1296 N. Post Oak Road, Houston, Texas 77055, and \_\_\_\_\_ (“Client”) (together with Goodsmith Construction, the “Parties” and each a “Party”).

Whereas Goodsmith Construction has the capability and capacity to provide construction services (“Construction Services”) and Client desires to retain Goodsmith Construction to perform said services, Goodsmith Construction is willing to perform subject to the terms and conditions herein set forth:

1. **Services:** Goodsmith Construction shall provide to Client certain construction services at the property located at \_\_\_\_\_ (the “Property”).
2. **Supporting Construction Documents:** Pursuant to this Agreement, Goodsmith Construction will perform the Construction Services summarized below:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

The specifics of the Construction Services are set forth more fully in the following attached supporting documents (the “Construction Documents”):

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_
- d. \_\_\_\_\_

The aforementioned Construction Documents are intended to be an exhaustive list of all supporting documents.

3. **Scope of the Work:** Goodsmith Construction will furnish the labor, materials, and equipment necessary to complete the Construction Services under this Agreement at the Property (the “Scope of Work”). The Scope of Work is limited to that which is clearly set forth in the Construction Documents and/or expressly described in this Agreement.
4. **Change Orders:** Additional services will require a Change Order, which will be in writing and signed by the Parties. Goodsmith Construction reserves the right to request payment on Change Orders in advance of beginning work or purchasing materials.
5. **Substantial Completion:** In the final weeks of Construction Services, Goodsmith Construction will provide a completion walk with Client to develop a final punch list (the “Completion List”) that will be completed to close out the project. Construction Services will be considered “substantially complete” when Goodsmith Construction has received all approvals from any necessary municipal regulators. In instances in which permits are not required, Construction Services will be substantially complete when Goodsmith Construction has completed all services on the Completion List.
6. **Access:** Client will arrange for and provide Goodsmith Construction with access to the Property as required for the Construction Services. Client understands that failures to provide access may result in project delays, and that any costs associated with said delays will be billed to Client.
7. **Billing:** Goodsmith construction bills by the hour for Project Supervision and charges a markup for all procured services and materials (e.g. third-party trades, construction materials, fixtures and finishes, etc.):
  - a. **Project Supervision Billing:** Project Supervision is billed by the hour for Goodsmith-staffed hours required to complete the Construction Services, including on-site meetings, phone calls,

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text messages, planning and procurement time, etc. All Project Supervision time will be billed based on the below hourly rates:

- a. \$150/hour for Senior Project Managers
  - b. \$100/hour for Superintendents
  - c. \$75/hour for a Goodsmith technician, if necessary. We will provide an estimate of the number of hours with your initial bid.
- b. **Cost Plus Billing:** All Construction Services procured on behalf of client are billed on a “cost-plus” basis in which Goodsmith Construction’s base cost will be multiplied by a predetermined mark-up which varies based on the job size. The Parties agree that the procured Construction Services in this Agreement will be billed on a cost plus \_\_\_\_\_% markup basis.
8. **Cost Estimates:** Goodsmith Construction will provide a good faith ESTIMATE as to the Construction Services costs based on the Construction Documents, and conversations and walk-throughs with Client. Due to the variable nature of construction projects, as well as fluctuations in material prices, it is impossible for Goodsmith Construction to provide Client with a definite bid or hard number. Client understands that all cost estimates are merely predictions and are subject to change.
9. **Payment:**
- A. **Invoices and Draws:** Goodsmith Construction will send Client an invoice along with a payment draw request no less than every two (2) weeks. Invoices will include a list of the Construction Services expenses (the “Fees”) incurred to date, along with supporting documentation of costs. CLIENT AGREES TO PAY FEES IN FULL WITHIN SEVEN (7) DAYS AFTER INVOICE TRANSMISSION.
  - b. **Notice:** Client requests all invoices and draw requests to be sent to the following email address:  

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  - c. **Advance Payment Requests:** Goodsmith Construction reserves the right to request advance payment of any large material deposit.
  - d. **Payment Disputes:** If there is any objection to an invoice, Client must advise Goodsmith Construction in writing within three (3) days receipt of the invoice, otherwise Client’s objections will be waived. If Client objects only to a portion of the invoice, payments for all other undisputed portions remain due in full within seven (7) days of the invoice.
  - e. **Collections:** Invoices not paid within 10 days will be subject to collections and will result in the immediate termination of this Agreement without refund of any fees already paid and the termination of any ongoing Construction Services. Client understands that any unpaid balance to Goodsmith Construction without effort to make satisfactory payment arrangements, will result in Client’s account being placed with an external collection agency. Client will be responsible for reimbursement of the fee of any collection agency, which may be based on a percentage at a maximum of 35% of the debt, and all costs and expenses, including reasonable collection and attorney's fees incurred during collection efforts. In order for Goodsmith Construction or their designated external collection agency to service Client’s account, and where not prohibited by applicable law, Client agrees that Goodsmith Construction and the designated external collection agency are authorized to (i) contact Client by telephone at the telephone number(s) provided, including wireless telephone numbers, which could result in charges to the Client, (ii) contact Client by sending text messages (message and data rates may apply) or emails, using any email address provide by Client and (iii) methods of contact may include using pre-recorded/artificial voice message and/or use of an automatic dialing device, as applicable. Furthermore, Client consents the designated external collection agency to share personal contact and account related information with third-party vendors to communicate account related information via telephone, text, e-mail, and mail notification.
10. **Limited Warranty:** Goodsmith Construction warrants that it shall perform the Construction Services using persons of commercially reasonable skill, experience and qualifications, and shall perform work

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in a timely, workmanlike, and professional manner in accordance with generally recognized industry standards for similar services. Goodsmith Construction's sole and exclusive liability and Client's sole and exclusive remedy for breach of this warranty shall be as follows: Goodsmith Construction shall use reasonable commercial efforts to promptly cure any such breach; provided that, if Goodsmith Construction cannot cure such breach within a reasonable time after Client's written notice of such breach, Client may terminate the Agreement by serving written Notice of termination. *GOODSMITH CONSTRUCTION MAKES NO WARRANTIES EXCEPT AS PROVIDED ABOVE. ALL OTHER WARRANTIES, EXPRESS AND IMPLIED, ARE EXPRESSLY DISCLAIMED.*

- 11. Limitation of Liability:** IN NO EVENT SHALL GOODSMITH CONSTRUCTION BE LIABLE TO CLIENT OR TO ANY THIRD PARTY FOR ANY LOSS OF USE, REVENUE, OR PROFIT, OR FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, OR PUNITIVE DAMAGES WHETHER ARISING OUT OF BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, REGARDLESS OF WHETHER SUCH DAMAGE WAS FORESEEABLE AND WHETHER OR NOT GOODSMITH HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE. IN NO EVENT SHALL GOODSMITH CONSTRUCTION'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, EXCEED THE AGGREGATE AMOUNTS PAID TO GOODSMITH CONSTRUCTION PURSUANT TO THIS AGREEMENT.
- 12. Termination:** Either Party may terminate this Agreement at any time, upon written Notice to the other Party. Advanced payments under Sections 4 or 9(c) will not be refunded in the event of Client terminating this Agreement.
- 13. Notice:** A notice is effective only upon receipt by the receiving Party at the addresses contained herein. Notice may also be made to Goodsmith Construction by email to: info@mygoodsmith.com
- 14. Waiver:** No waiver by any Party of any of the provisions of this Agreement shall be effective unless explicitly set forth in writing and signed by the Party so waiving.
- 15. Amendment; Incorporation of Client Subscription Agreement, and Entirety:** This Agreement may be amended, modified, or superseded only by written instrument executed by each Party. This Agreement, *along with the previously executed Client Subscription Agreement (a copy of which is attached as Exhibit A)*, which is incorporated fully by reference, set forth the entire agreement and understanding of the Parties with respect to the Construction Services contemplated hereby and supersede all prior agreements, arrangements, and understandings relating to the subject matter.
- 16. Force Majeure:** Goodsmith Construction shall not be liable or responsible to Client, nor be deemed to have defaulted or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement when and to the extent such failure or delay is caused by or results from acts or circumstances beyond the reasonable control of Goodsmith Construction including, without limitation, acts of God, flood, fire, earthquake, risk of infectious disease, epidemic, pandemic, explosion, governmental actions, war, civil unrest, national emergency, strikes or other labor disputes, restraints or delays affecting carriers or inability or delay in obtaining supplies of adequate or suitable materials, or telecommunication breakdown or power outage.
- 17. Rights of Parties:** This Agreement benefits solely the Parties to this Agreement and their respective permitted successors and assigns and nothing in this Agreement, express or implied, confers on any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.
- 18. Dispute Resolution and Choice of Law:** The Parties agree to cooperate with each other to resolve any potential conflicts informally. This Agreement shall be governed by the laws of the state of Texas, without regard to its conflict of law principles. Except as otherwise provided herein, any controversy, claim, or dispute arising out of or related to the Agreement, the breach thereof, or any other issue related to the Construction Services, shall be resolved by arbitration in accordance with the most

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current edition of the Construction Industry Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator or arbitrators may be entered in any court having jurisdiction thereof. In such case, arbitration shall be administered by the American Arbitration Association, and any and all hearings shall take place in Houston, Harris County, Texas. The prevailing party in such arbitration shall be entitled to recover its attorney's fees and arbitration costs

- 19. Severability:** Should any clause in this Agreement, or a particular application thereof, be held to be invalid or unenforceable, in whole or in part, by an arbitration panel, the remaining clauses or other applications herein shall continue in full force and effect.
- 20. Waiver of Jury Trial:** EACH PARTY HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN THE RESOLUTION OF ANY SUIT, ACTION OR PROCEEDING SEEKING TO ENFORCE ANY PROVISION OF, OR BASED ON ANY MATTER ARISING OUT OF, OR IN CONNECTION WITH, THIS AGREEMENT.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the online submission date as recorded by Authorize.net (the "Effective Date") by their respective duly authorized persons.

Client:

Goodsmith Construction LLC:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name, Title

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Name, Title

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