

# The Ballast Fee Structure

## How We Calculate the Fee

Ballast Design Build (BDB) has a simple fee structure that is set up to ensure success for both the investor/client and BDB. In its simplest form our fee structure is: cost of construction + a set build fee.

The amount of the build fee is dependent on the size and scale of each project. Our fee is a set price, not a percentage of construction costs. This benefits the investor/client because Ballast does not markup construction costs. Consequently, there is no incentive to add additional costs or to allow the budget to run wild during construction.

## Budget and Fee Payment Process

Once a client decides they would like to move forward with a project and the initial deposit is paid, the next steps are:

1. We identify and acquire a lot and floor plan.
2. An initial budget is drawn up. This budget is based on actual quotes from our vendors for each specific project. While it does require more work for BDB, basing the budget on actual vendor quotes as opposed to "guesstimates" allows us to have a highly realistic budget.
3. Client approves the budget and permitting begins. The permitting time can vary, based on many factors (please refer to the article titled "The Permitting Process").
4. Once the permit is approved, BDB then runs a second budget, using the same methods as the original. This process of "tightening" the budget allows us to identify any changes that may have occurred between creating the original budget and the time it took to acquire the permit.
5. Once the final budget is approved by the client and we have the permit released from the local permitting authority our full fee schedule comes into play. The remaining fee is broken down into three payments:
6. One third of the build fee is due upon permit issuance. Once received, construction begins in earnest.
7. At approximately the halfway mark of the build, a second payment is made to BDB, which is also one third.
8. Upon issuance of the CO (Certificate of Occupancy), and not a moment sooner, the final payment of one third is paid to BDB.

As the final one third is not paid out until the project is completely finished, this allows for the customer to have peace of mind, knowing that BDB has a lot of skin in the game right up until the end. Nothing will remain undone or incomplete.

## Cost and Project Progress Transparency

Ultimately, Ballast runs the job and drives the budget but it is the client who is responsible for all costs related to construction. We work diligently to control costs and bring the project to completion at or below the forecasted budget. To that end, we set up three systems that allow the client to look into

their project and follow along as it is progressing:

We have an invoicing system wherein all of the applicable invoices, receipts, utility bills, permit payments etc are attached to every draw request. The client can clearly see what the money is being used for. We set up a series of cloud based project folders and give the client access to them, virtually, from anywhere in the world 24 hours a day 7 days a week. In these folders the client will find any and all documents related to their project, including but not limited to: construction drawings, surveys, permits, notices from the permitting authority, quotes gathered from vendors etc. The client has full access to this information at all times and is the owner of all of these docs (with exception to the architectural drawings, which are owned by BDB).

We have created a proprietary project management app that we use to update daily progress on every project, making it much easier for us to manage all of our projects smoothly. There is also a login for each client that allows them to access the app (in view only mode) to see exactly what is being done, what remains to be done, and % of completion for each task. Our clients always know where they stand thanks to the BDB app. There are also pictures of critical points (for example: pictures showing rebar placement prior to concrete pour) and a variety of notes for each project, providing a complete and transparent birds eye view.

### Planning for Win-Win Outcomes

Our goal is to create a win-win outcome for every one of our projects. We have created a system of organizing and prioritizing project management at a high level which provides transparency for our clients and enables us to keep jobs moving forward in a timely manner. Win-win refers to both our investors/clients as well as BDB. If all parties are able to reach their desired outcome, that means happy homeowners and more investment opportunities for our clients (and more builds for BDB). As a team, it is vital that all of the players are successful and at Ballast Design Build we believe that in order for us to succeed, our clients must succeed too!

