

(Letterhead)

Date

Dear Mr. & Mrs.

Thank you for the opportunity to work with you on your pending renovation project.

The Lykos Group, Inc. is a second generation company originally started by Sonny

Lykos in 1971 and is at your disposal.

We are members of the Collier Building Industry Association (CBIA), the Remodelers

Council (RC), Florida Home Builders Assoc. (FHBA), the National Association of Home Builders (NAHB), Construction Specifications Institute (SPI) the Association of

Construction Inspectors (ACI), and certified in CAPS and CGR.

We have not advertised since June, 1991, acquiring 100% of our sales from additional projects of existing clients and referrals. We feel that this is the best testament as to the caliber of the "value" we offer as a service provider.

One advantage of company longevity is stability and the ability to ascertain what's

necessary to create happy clients. We're also aware of what causes the horror stories you have heard about. It starts with ambiguous specifications, underbid (intentional or not) estimating, terrible client/contractor communications, short cuts,

bad design - in short, a non-professional approach. For that reason we don't appeal

to clients whose #1 priority is price since we prefer to not have problematic projects

attached to our name.

About your project - there is an accepted "*process*" employed in all renovation projects

that includes steps and guidelines to follow and should not be deviated from unless

chaos is to be expected. Like making a cake that requires 350 degrees for 40 minutes cannot be baked faster by just increasing the temperature to 500 degrees.

That is, not if you intend to eat it.

Enclosed is a synopsis of "*The Process*" - the world of residential renovation.

We

hope it's contents will enlighten you about the way remodeling *should* be done to make it a pleasant, while educational experience. You will find us referring to

"*The*

Process" from time to time as we further discuss your project. We will call you a day

before to verify our appointment.

Respectfully,

Sonny G. Lykos, President

So, just what is Remodelers take your dreams and aspirations a remodeler ? and transfer the into reality. We change an intangible concept into a substantive result.

Please understand that we do this without the luxury and benefits of prototypes nor the ideal environment of a factory. We must bring our *manpower, equipment* and extremely diversified *materials* to your home. In addition, we also depend upon as many as a dozen or more different subcontractors, plus many material suppliers.

This is an incredible task, and we act as the *facilitator* of the entire process.

Furthermore, as you're able to see the project taking shape, you will initiate changes to bring it more in line of what you desire. Changes are expected when building prototypes, and are handled with *Change Orders*. Each of us, including you as the client, act as part of a *production team*, and share the responsibility to make timely decisions to assure the project stays on schedule. We can't emphasize enough the importance of working together with all of those included to assure your prototype is realized as the desired result.

Perpetual communications via telephone, in person, emails and documentation are the heart of this project.

The following pages will describe "*The Process*" in more detail. By following these accepted industry practices we can eliminate disappointments and instead, make this a pleasant and educational experience for you.

If your only concern is the workmanship, then remodeling is just about remodeling.

For those of you who consider it to be more, then consider these issues:

Design - Have you and your contractor and/or designer contemplated everything?

Life - Many people will be "living" with you each day for many days, weeks or months. Will you like them trust them, tolerate them or hate them. Ask to meet many of them to get a feel for personalities.

Schedule - Where is everyone? Is your contractor running multiple projects leaving yours with nothing going on for days or weeks at a time?

Content & Cleanliness - Exactly what is to be done to protect your contents? How often and in what manner will the demo debris be removed? What are the instructions to all of the subcontractors?

Communications - The "foundation" of any remodeling or new construction. What has your contractor promised as far as a communication "system" between you and him, you, him and the subcontractors and you, him, the

subcontractors and material suppliers?

Tradesmen “Quality” - Kids have almost stopped entering the construction industry for decades. As a result, contractors are starving for new employees. Consequently, some have hired to work “unsupervised” that have not been thoroughly trained in what they’re doing.

As you can see from the above and the rest of your reading of this entire brochure, there are really a lot more important aspects to “The Process” of remodeling than just price. Remember, a contract is only a “promise” of what’s expected to be delivered. It’s not like buying a car that’s already been made whereas only price is left to negotiate. So be careful too not “negotiate” yourself right into another statistical horror story.

Is Remodeling just remodeling?

O.K. Where do we First Meeting go from here?

1. This is a mutual **Interview**. We want to assure that we’re right for you and your project is right for us. Look for a comfortable *fit*.
2. Your **ideas and desires**
3. The project **budget**
4. Possible **designs**
5. Basic **material desires**
7. Potential **scheduling**
8. The **SCA** and fee

Second Meeting

1. We obtain a fee for the **SCA. - a Specification and Cost Analysis**
2. We take exact measurements of the area(s) to be renovated, location of walls, outlets, switches, etc. This may include the entire home, and we transfer these into new CAD generated floor plan on our office computer. One set of existing and another including the changes. These take anywhere from a few hours to well over a day.
3. Allow for several hours since I’ll also be chauffeuring you to several showrooms for product selections.

Third Meeting

1. We firm up the final design, material selections, colors and the remaining details.
2. Possibly invite specialty sub-contractors (SC) to view the site for their comment.
3. Discuss and change any other minor items.

Final Meeting

1. Prior to this meeting we create the contract and modify the plans and specifications.
2. We'll go over the final plans, materials, colors, etc., in detail.
3. Set a schedule - start and completion dates.
4. Sign and initiate the contract and we receive a "Commencement" payment.

So what is a SCA ? A **Specification & Cost Analysis** is a definitive comprehensive

document stating the final costs, allowances, material selections with brand names, and all particulars of the project as agreed upon by us all. All SCAs include a complete set of CAD drawings and plans.

Preparation for a **SCA** includes evaluation of existing construction and current building codes and possibly engineering. If a room addition is involved, site planning as well and again engineering.

The **SCA** can be compared to a "brief" in the legal profession, which is defined as "*A document containing all facts and points of law pertinent to a specific case.*" In our "case", containing all facts of the home and the anticipated remodeling project's details, and by phase. Creating a **SCA** takes anywhere from several hours to several days, when taking into consideration: **designs, meetings with specialty contractors (SCs), material suppliers, estimating calculations, the time mandated by permitting requirements, and even more.**

The "estimating" process of the **SCA** involves many hours of line item costing of every single operation of each phase to reach the final total cost. It is also based on each SC's own bids as well as those bids from the suppliers. No ambiguities or guesses are allowed.

Depending on the project and its particulars, the fee for a **SCA** can be \$250 or more for a major bathroom remodel, \$500 or more for a complete kitchen remodel to well over \$2000 for a major projects or those costing well into six figures. As the cost and square footage of a project increases, so does the time needed to create an accurate **SCA**, and accuracy is critical.

In addition, the **SCA** eliminates nearly all surprises, ambiguity, assures an agreed upon contract that is realistic and viable, and has everything discussed - on paper - where everything should be.

Upon acceptance of our **SCA**, we credit you for that fee

toward the final payment.

***What do you
have in mind?
Ideas, desires &
the budgeted
amount?***

Concept Stage, the first of *four* stages. At our first meeting, we discuss various aspects and ideas you have about your project. If we agree upon enough items, we might even be able to determine a rough ball park cost. At this initial point, far too many variables prevent determining any thing more that the ball park cost.

For example, your bathroom remodel might be between \$18,000 and \$23,000, or your new kitchen might be between \$45,000 between \$55,000. This is also when we discuss your budget. We assure that the project scope is within the realm of your desired budget. Time is saved for both of us.

We also determine when you would like to start and assure the start and finish dates don't conflict with our own existing commitments

Feasibility is the 2nd stage. Does that new receptacle need to be on a separate circuit? Will the cabinets you selected fit on the wall? Can that wall come down easily, or is it a structural wall? In construction, anything is possible if you have enough money. A "feasibility" determines if what you want is financially affordable and the trade offs of desires vs. costs.

A feasibility "team" should consist of you as the owner, the general contractor, and a member of each of the specialty contractors to be used. That "team" should meet in your home so the feasibility of everything is determined early on - before plans are drawn up. This eliminates potential costly surprises and delays during remodeling.

***Now we need to
determine if
everything can be
done.***

Putting concept

**and feasibility
on paper, and to
scale, so we can
visualize the
completed project.**

The **Design** is when what is feasible and desired has been determined - is put on paper to scale.

These plans and any sketches are from what the project will be produced. They are the “boss” telling everyone exactly where that receptacle will go, which cabinet will go where, what lighting and where they are installed.

Designing and subsequent plans are usually generated on our computer using what’s called a CAD program. **Computer Assisted Design** software.

The designing and generation of plans *phase* takes the longest and most amount of expertise. Planning and just plain thinking about the entire project. Now is when we do a virtual walk through to assure everything has been addressed. For example you’ll virtually use that new kitchen, family room or bathroom. Is everything placed what you want?

Although some people are able to visualize a finished project, most cannot. For that reason, as you view the new plans, you may decide to make some changes.

As any remodeling project materializes and walls are being built, electrical wiring being run, etc., there are always things the owners want to change which is important to assure you get exactly what you want. In addition, when the time arrives for an inspection by the permitting department, the inspector may mandate a couple of minor changes because each inspector has his own “druthers.” Consequently, plan your budget to include 5% to 10% more for changes. It’s all part of

“The Process.”

Designing - This part is trial and error. Like trying on new suits or **The fun part!** dresses. We should think in terms of textures, colors,

patterns, spatial effects, longs and shorts, heights and their relationships to other things - form and function.

Think in terms of traffic patterns, sound transmission, lighting effects (natural and artificial). Again, visually walk through each area effected. Don’t forget ventilation.

Look for at least one area, if not the entire project, as offering a *dramatic* effect, while still being one of *utilization* - it must be practical as well since you live in it.

Actually, the designing part is fun for you. For us it means back to the computer and CAD program, but it's worth it. We like to see the smiling faces of our clients.

We know. But, we'll help you along the way.
Again, keep in mind the colors, textures, maintenance, individual design, coordination and ease of use.
Just like selecting a contractor - it feel like a good fit?
Touch it. Try it. Not the contractor - the products.
Think in terms of drama, or a little "pizzazz".
Let's coordinate those colors and textures. What trim and the use of accessories? A little at a time, it will all come together.
Try to visualize the finished area(s).

**Materials &
Products**
**Boy! there's so
much to chose
from.**

Subcontractors are those contractors that provide their own specialty services to your project. In addition, we must also consider the various material suppliers involved. They are all part of the "*production team*." Collier County issues the largest number of building permits in the entire U.S.A. Yep, not just Florida, but the entire USA. To that fact, add two more: Kids are no longer entering into the trades, and, the average age of the person getting **out** of the trades is at the lowest ever - 33 years old. Consequently, the construction industry has had a skilled labor shortage for several years, and getting worse.

So add to the above, the local booming economy, and you can understand why all contractors are literally swamped with business.

That means we must allow for what we call "lead" times, just how long it will be before they can get started on your particular project. The delay of one subcontractor can delay several more down the line like a domino effect. In addition, special order materials may take as little as one week, or, in the case of cabinets, up to 16 weeks. Special counter top materials like Corian and granite may take up to several weeks to obtain, not including their installation time frames.

Patience in this "category" is recommended. Again, it's all part of "*The Process*" of remodeling.

The Role of Subcontractors

“Almost” - bringing it all together

The scheduling is decided here, not by a pending special occasion or when “we” want it done, but by *“The Process.”*

Once everything has finally been decided upon, we contact each sub and check their lead time, deposit and payout requirements. We also check with the material suppliers and their lead time for any special orders.

Next, we create the contract. The contract contains several sections and it's financial arrangement is based on the above subs and vendors as well as our own requirements. Adhering to the payout dates is crucial to maintain our relationships with your subcontractors.

When payouts are delayed, subs may start another job. Then we wait for them to return - on their terms. When payouts are delayed, a major interruption occurs in *“The Process”*, so it's not unusual for work to stop.

The contract also includes all material selections, model numbers, colors, etc., and the agreed upon schedule - the next section

Because of the critical labor shortage and Collier County's tremendous construction activity, and for several additional reasons, we allow plenty of time for each project.

1. Emergencies - A sub might be detained on another job due to the bane of all contractors - Change Orders. You will initiate some of them as well as we mentioned earlier. It's just one more part of part of *“The Process.”*
2. Miscommunications from one sub's employee to another. Remember, we're not building washing machines in a factory where hundreds are made daily on the assembly line. We're building a single, customized “prototype” for you that's never been made before.
3. A product delivered that might be defective.
4. Waiting for building permit inspections - as many as a dozen.
5. Mistakes - they happen - both yours and ours.
6. Weather, if exterior construction is involved during our rainy season.

7. Change Orders - As the project takes shape, you may decide to make a change or may say, "While you're here, can you also?" Contractors call them, appropriately, the "While your here's". Hidden problems or a building inspector's demands may also require a Change Order. *No Change Order is initiated until approved and signed by you.*

Prior to starting your project we create the schedule and give a copy to everyone involved including yourself.

Finally - The Schedule When will it be finished?

As we mentioned earlier, they happen. That's why a project that would normally take 6 weeks is scheduled for 8 weeks. We don't want to promise or deceive you and we feel that being above board is critical to what is really, our limited "partnership". Communication is imperative. This can be a fun venture, but only if we are all realistic about the entire process, it's highs and lows, and knowing the entire process in advance.

Again, please remember this is not unusual, but instead, is typical when building a *prototype*, the reality of every remodeling project, and especially when involving so many different companies and people.

In fact, one of the #1 problems in our industry regarding scheduling involves clients who do not make timely decisions about product selections. Planning is crucial and cannot be dismissed in a cavalier manner.

Remodeling is not a "catch up" process. In fact, problems or delays often create a domino effect.

So while changes must be thought out, they should be implemented rather quickly to maintain the project's momentum and planning.

Glitches and Changes

Well, we hope that we have explained ³***The Process***² to your satisfaction.

The purpose of this "synopsis" is to provide you with both the basics of standard practices in the remodeling industry, but also our own preferences that assure a smooth flow of the work to be done while accommodating any changes.

If one were to research the horror stories of the public when dealing with

remodeling or building contractors, three things would surface as being the main reasons for such stories:

1. The customer hired the cheapest contractor, yet for some reason expected to get the workmanship, accommodation, warranty, and general services of a ³professional.² It just doesn't happen.
2. The entire project lacked perpetual and informative communications.
3. Ambiguous specifications, so the owner thought they were getting "A" but the contractor had "B" in mind, and estimated the project based upon "his" interpretation of the scope of work and important details.
4. The owner supplied some materials, yet expected the contractor to guarantee them, and their installation. That's like taking a set of tires that you bought to your car dealer for installation and expect him to guarantee them. Don't do it.

No such happenings occur with us. We detail everything, have a 'system' for exceptional communications and frankly, charge a sufficient price so we can provide what you expect and are paying. We say a 'sufficient price', because steak still cost more than ground round and Buicks still cost more than Fords. Financial irresponsibility is the main contributing factor that the construction industry has an 85% failure rate within the first five years of business.

Remember, advertising creates a habit within us to compare 'price' of one item against another, but most have already been manufactured with 'brand' names and model numbers. So don't let that habit trick you into also buying a 'promise' based upon price as the major factor. Remodeling projects have no 'model names or numbers' where 100% of the factors associated with it's "manufacture" are exactly duplicated from one remodeling company to another.

We cannot serve those whose #1 priority is the cheapest price, and stay in business. Unless of course, we want to be a contractor who inadvertently initiates those horror stories. For that reason, remodeling horror stories or disappointments are never associated with our name.

As kids we were taught to be nice, be fair, and be honest. Some things shouldn't change as we become adults. In fact, a key word in The Lykos Group, Inc. culture is 'ethics' - an old fashioned value we are proud of and preserved in our company. For that reason, we place an emphasis upon our desire to associate with others who have the same standards. We also daily strive for you to enjoy the experience and to be thrilled with your completed project.