
So You Want To Build Your Dream House

I want to help you "start on the right foot" in your quest for the most ideal dream home for you and your family. My name is Vaughn LaVigne and as president of Nova Builders, Inc. I've had the privilege of helping people bring their custom home dreams into reality for more than seventeen years. As with many things, the final result depends greatly on how you begin.

The ideas and information you are about to read are taken from twenty-eight years experience in the construction industry. A good deal of the content is just common sense that

people frequently forget to consider, resulting in eventual regret. While there are exceptions to every rule, I think you'll find the following material is quite accurate.

First of all, building your own home is going to be a lot of work. If you don't have the time to invest in such a project, or if you're viewing the process with a great deal of apprehension, perhaps you should buy an existing home. Most people say it's fun to build their dream home, and it should be.

Choosing A Community

The reason I say "choosing a community" instead of "buying a lot" is simple. You're not purchasing land as much as you are choosing the environment in which you will live for at least a few years. As a matter of fact, you'll probably enjoy living in your custom home for quite a long time because it'll coincide exactly to your lifestyle.

In choosing a community, there really isn't any concrete advice that can be given. Some people love to have a large plot of land to raise their family or enjoy seclusion. Others don't want to mow the grass or perhaps want a golf

course nearby. The procedure for finding and buying a lot is fairly simple, but it's going to take some leg-work. First, you must locate the area where you wish to live. Once you've found that perfect neighborhood, you must purchase a lot that suits your needs both in size and cost.

So, you've zeroed in on the community where you want to build, and you're driving around looking at lots, picturing your own personal utopia. A good way to get information about the price of the lots and the benefits of the community in general is to carry a phone with you and touch base with the

Realtors whose signs are posted on property you're considering. They usually know the area pretty well and will be more than happy to tell you about the local schools, parks, or where the nearest hospitals or golf courses are. If they don't, call another realtor.

If you see a "For Sale by Owner" sign on a lot, the asking price might be less than one listed by a realtor because the owner doesn't expect to pay the standard 10% vacant land commission. But, no one pays the asking price anyway and Realtors offer a lot of service. For one thing, they're able to help you efficiently value-shop with the aid of their MLS guide, which includes all property being offered, regardless of whom the listing agent is. Additionally, since most Realtors specialize in a specific area, they're very familiar with all properties available, "For Sale by Owner" and "Unsigned Properties" included.

When choosing a Realtor, it's a good idea to identify which one in the desired area has the most signs out and call them for an appointment. The reason I recommend calling the agent

with the most signs is because this majority dominance indicates a hard-working individual who will work hard for you.

Now let's assume, one way or another, you find a lot. Do not accept the asking price; offer 10%-12% less. Generally if the offer is reasonable it will be accepted. If it's not accepted a counter offer somewhere between the asking price and your offer will often result. In either case, you make money. I don't suggest that you make an offer of 20% or 30% less than the asking price. The seller in this situation probably won't take you seriously and will simply ignore the offer without making a counter offer.

Hopefully, at this point you have a place to build.

Selecting The Perfect Floor Plan

The layout is the most important choice you will make in the entire project because you live inside the house, in these rooms. One of the easiest ways to make this decision is to look at model homes of all sizes. Exploring numerous models will not only provide you with lots of good design ideas but will also give you a feel for what homes and upgrades cost. Another approach is to purchase magazines of floor plans from the bookstore.

Many people have difficulty judging room sizes. When you go into models, you can get a feel for size. An easy way to determine room size is to find a house with 12" tiles on the floor and count them out. For instance, if the

bedroom is 10' x 12' count the tiles and see if that will be big enough to suit your needs.

Once you find a floor plan that is either what you want or close to what you want stop looking. All efforts after this point are just a waste of time and energy.

Perhaps you've gone to models and looked at floor plans and you don't see anything that you really like. This is good too because you know what you don't like. And, in most cases, you have found a room or two that you do like. Now you're prepared to design a house from scratch. At this point, go to a builder or an architect and discuss your likes and dislikes.

Another thing to keep in mind while you're formulating your floor plan is, "where do I want to live." Your lot size and shape in some cases will influence the size and shape of your home. Of course, if you're buying a five-acre parcel of land, you'll be practically unlimited in the

size and shape of your home. However, if the community in which you want to live has only one third acre lots, you may have to design a home that's not as wide but is very deep, or perhaps only a two a story home will provide the square footage that you need.

Builder Or Architect

Whichever of these professionals you choose first, I strongly suggest that you get someone with a few years behind them. Due to the fact they have built or drawn homes so many times, they tend to be much better at their professions than someone that is just beginning. In this case, experience is everything.

Choosing a builder to guide your home design rather than an architect has three main benefits. First, all builders either employ or work closely with an architect. By choosing the builder first, you eliminate the need to find an architect. Second, most architects tend to over design building structures. Time and time again I've seen plans that could have been drawn differently to produce the same final result or home, for much

less money. When a builder works on a design, he knows the most cost effective way to produce that home. If his architect doesn't design the home properly, the builder can have the architect make adjustments to the plans that have been drawn. Now you're probably wondering "so what does that mean to me?" It means dollars! It's easy for a house design to cost five to twenty thousand dollars more simply because of over design. This is money out of your pocket.

The third benefit is really the most important. Suppose that you go to an architect to design a home for you. You discuss the number of bedrooms, baths, etcetera and you request a price range, let us say around

\$350,000.00. You get your custom home drawn, pay the architect thousands of dollars and then put your house out for bid with three builders. You get the bids back and the least expensive bid is \$500,000.00. After you've recovered from your massive heart attack, you realize that the architect doesn't really know what your custom home costs to build. The architect has done his job and has been paid in full. You now have a very expensive, very wide roll of toilet

paper. You probably could have stretched your budget \$25,000 or even \$50,000, but \$150,000 is out of the question. What now? Does this imply that your dream is out of reach? Certainly not.

Go to a builder who builds in your price range and confide your budget dilemma. With a bit of redesign, and a new set of prints, you can soon be on track and on budget.

Finding The Best Builder For You

This publication is really aimed, as I'm sure you can guess, at the people who either own or wish to purchase land and would like to be instrumental in designing their own home.

There are an unlimited number of ways to choose a builder, from going through the yellow pages and choosing the three largest ads, to going into the local watering hole and half way through happy hour screaming out "I need a builder!" Both will probably work, but I don't suggest them.

Whether you realize it or not, you probably know someone personally, or you have a friend who knows someone, that has had a home built in the last couple of years. With just a few phone

calls you can probably come up with two or three such people. Ask them about their builder. Chances are very good that you will come up with at least one or two favorable responses. Even if the builder is a tract builder they may also build custom homes. You may also ask your Realtor for a name or two.

Or, drive around in the area where you're going to build, stopping at homes that are under construction. The name of the builder and owner are generally posted on the permit board. Walk around the site to see what kind of work the builder does. If you like what you see, call the owner to inquire if they are happy with the way they are being treated.

After all is said and done, try to narrow your search down to three building companies that sound quite good. When you go to meet with these contractors, you should have a dollar amount in mind that you want to spend on the project. If you want to spend \$400,000.00, when you meet with the builders tell them your specifications, wants, and needs and that you wish to spend \$350,000.00. You WILL end up making changes and adding extras but at least you'll be below \$400,000.00 not above it. If you have met with all three builders and one says he cannot build the house for that price and the other two can, you already have one eliminated. However, if all three say they cannot build the house for the price you want, then you now have two choices. You can come up with more money or you can make the home smaller with fewer amenities.

After a few meetings, you should have a preliminary cost proposal based on your floor plan and specifications. Review each proposal carefully to be sure all contain the same items. If you are the "Design from Scratch" person

that I mentioned earlier, find out which builder has the least expensive design fees. If they design a home for you and afterward they give you a price that you think is too expensive, you may take the plans that you have paid for and get other bids. But as I said earlier, if you've given the builder a price range, chances are good that he'll be close to it.

Another detail you may want to consider before you make your final choice, is the size of the builder. I don't mean if the builder weighs in excess of three hundred pounds; I mean how big the organization is. If you choose a company that has 15 or 20 employees, once you've signed the contract in all likelihood the only time you'll actually see the builder is at the final settlement or when something is wrong and his field supervision cannot make you happy. This is not to say that these people won't do a very good job for you. It simply means you are not going to get personalized service from the builder, but instead will be dealing with the people that work for him. On the other hand, if you choose a builder with only one or two employees, you'll be dealing with that

builder personally on a day-to-day basis.

Now it's time for the second most important choice you will make during your project, deciding who will build your dream home. By now you have probably eliminated one of the three builders that you interviewed and from whom you have gotten prices. Maybe the contractor's price was too high or perhaps you just didn't like the person. Regardless, you are down to two. The next few lines are very important.

Choose the builder that you most like and with whom you are most

comfortable, even if the cost is a bit higher. You will be working very closely with this person for several months. When you want to make a change or add an extra, you need to deal with someone who is willing to work with you cheerfully and professionally. Building is a pleasure when you contract someone who readily understands the particulars of your family and lifestyle as you relay them; and who will thoughtfully incorporate the appropriate details into your personal custom home.

The Contract

By the time you get to the contract you should have a completed floor plan and an exact list of what items will be included in that contract. I cannot emphasize enough: If you are unhappy with ANYTHING, NOW IS THE TIME TO MAKE CHANGES! Making a major change on paper is easy. Making a major change after construction has begun is extremely expensive and will hold up the progress of the home.

The most important part of the contract is an exact detailed listing of the items included. For example, your contract should not only specify what brand of tile is on the roof, but also what shape. What brand and model are the toilets, faucets and etcetera. Even what brand and how many coats of paint are included inside and out. If you're not sure about an item ask! What may seem like a dumb question could be the difference between getting what you

want and ending up with something that isn't even close to what you had in mind.

If you've chosen a builder that you like and get along with well, they'll be more than happy to answer any questions you have no matter how silly or exhaustive they may seem to you.

I'm enclosing a copy of the construction agreement that I like to use. It is fair to both parties and is written in plain English. This agreement or something similar, is probably what you will sign to bind the deal together. If you're given a contract that looks like it was written by an attorney, it probably was, and chances are you won't understand half of it. Make sure you take it to your attorney for clarification. There's probably nothing wrong with the contract, but it's nice to know what you're signing. In this context, unexpected surprises are rarely pleasant.

You now have your contract, and a detailed list of items to be included in your new home. Upon signing the contract a deposit is of

10% generally is required, although this can vary slightly from builder to builder.

Financing

Unless you are paying cash for this project, you'll need to go to a bank or mortgage company to borrow money. If you have a bank that you've dealt with in recent years, it's a good idea to visit them first because they know you and value your business. Your builder will also have a relationship with one or two lending institutions and will be more than happy to arrange an appointment for you. Of course you are looking for the best deal as far as points and interest you can get, so shop around.

The reason I left financing for last is because a full set of plans and a signed contract with all items fully listed are required before they can start processing your loan. Something to keep in mind, loan processing is very SLOW. If they tell you it's going to take two weeks, expect a month. Be prepared for the fact that they are going to ask you for everything from last years tax return to your grandmother's

underwear size. When you think you have given them everything they will call and ask for something else; after all, they still need to know if you brushed your teeth every day when you were ten.

This is the rule, not the exception. Be prepared for this to happen and you won't become exasperated. If your credit is good, you will get your loan, plain and simple.

General Information

A) A builder may know where there are good lots for reasonable prices. If you haven't bought a lot before you choose a builder, ask him. If he doesn't have a suggestion, he will probably know a realtor in the area to recommend.

B) If you wish to build a home for \$200,000 or less, including the lot, your best bet is probably going to be with a large tract home builder.

A tract home can offer a lot of "bang-for-the-buck" for a couple of reasons. The developer has secured a large parcel of land for the project, probably at a reasonable cost. Then he designed homes that are popular and cost effective to build, enjoying additional savings by purchasing subcontract labor and materials in bulk. Lastly, because tract developers make a profit from both the land and the house they work on a smaller margin.

Most of these builders do a good

job and have a service department to take care of the little items in your home that need repair. However, they're not generally interested in making many changes and the homes in the community tend to all look the same.

C) If you buy a lot through a realtor and they introduce you to a builder, you may pay a bit more for your home. The standard real estate commission for a new home contract from a builder is 3.5%. But, on a positive note, you can rest assured that the builder is probably quite good. Most Realtors won't associate with someone that they're unsure of as it could jeopardize their reputation in the industry.

D) Once you've chosen a contractor it may be wise to check them out. If you're dealing with a bank, they'll make sure the firm you've chosen is reputable. If you're paying cash for the project, here are the things you need to check for:

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- Inquire about possible complaints filed with the Better Business Bureau at (561) 842-9278 in Palm Beach County, the Department of Business and Professional Regulation, or the Chief building official at the building department where you intend to build your home.
 - The builder should have a state and county license. State licenses can be easily checked by calling the DBPR at (850) 487-1395 or you can request a license report on the Internet at www.state.fl.us/dbpr.
 - Standard insurance required is Worker's Compensation and General Liability; additionally, it's important that your builder carry Builder's Risk Insurance on your specific project to protect against loss due to fire, theft, or natural disaster.