



BUILDING A QUALITY CUSTOM
HOME

WHAT YOU NEED TO KNOW

Sean D. Sullivan

with Dave Konkol

LEARN THE TIPS AND TRAPS OF BUILDING A QUALITY CUSTOM HOME

In his new book, Master Custom Builder Sean Sullivan leads you step-by-step through the “must-know” issues of building your dream home. Packed with wisdom and practical knowledge, Sean puts his 25+ years of experience to work for you by revealing the home building secrets that could save you headaches, heartaches and thousands (if not tens of thousands) of dollars.

In this helpful and user-friendly book you will:

- Learn the 10 critical questions to ask before you build.
- Find out the 7 most important places to spend money on your home.
- Understand the top 12 mistakes made by new homeowners...and how to avoid them.
- Discover the startling step most people fail to take when choosing a builder.
- Uncover the unwelcome surprises that could inflate your custom home cost.
- Find out the secrets of how to make your builder love you and treat your new home like his own.
- Learn the 8 common arguments homeowners and home builders have...and how to avoid them.
- Verify that the new construction process is on track with 7 helpful checklists.



Sean is the President of Living Stone Design + Build and is responsible for leading the team, general management, and guiding clients throughout the Design + Build process. Whether a client is building from the ground up or renovating an existing structure, Sean takes pride in helping clients realize their dreams. Sean received his BS in Business Management from Roger Williams University and has been in the construction business since 1994. Sean is an Accredited Master Builder, Certified Green Professional, Certified Aging-in-Place Specialist, and operates under an

Unlimited Building License. He is also a Trustee and active faculty member of the North Carolina Builder Institute (NCBI). Sean lives in Fletcher with his wife, Laura Sullivan. In his spare time, Sean enjoys resistance training, traveling, and family events.

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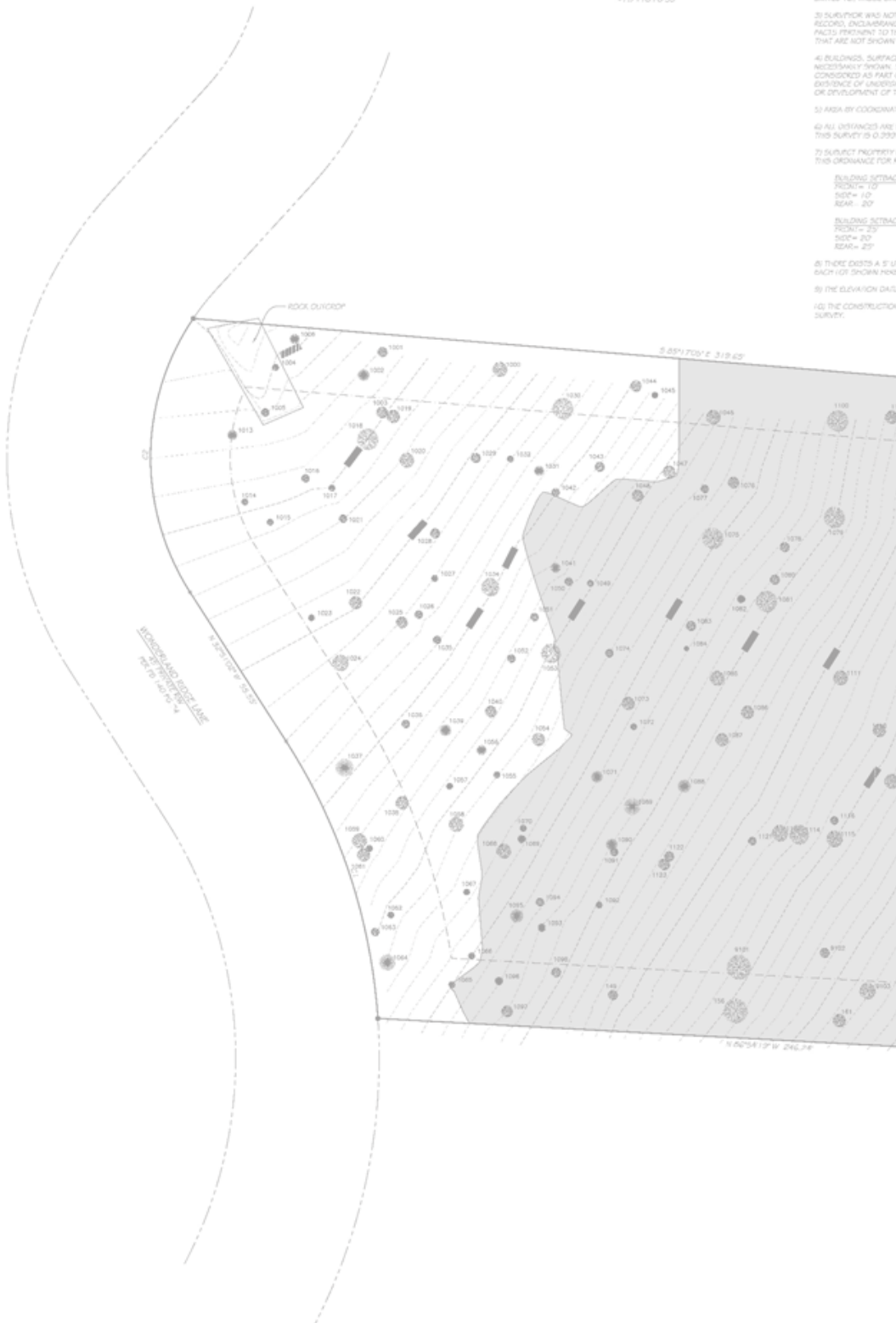
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BUILDING A QUALITY CUSTOM HOME

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This book is a work of advice and opinion. Neither the authors nor the publisher is responsible for actions based on the content of this book. It is not the purpose of this book to include all information about building a house. The book should be used as a general guide and not as a totality of information on the subject. In addition, materials, techniques and codes are continuously changing so please understand what is printed here may not be the most current information available.

This book contains numerous case histories and client stories. In order to preserve the privacy of the people involved, the authors have disguised their names, appearances, and aspects of their personal stories so that they are not identifiable. Stories may also include composite characters.

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Dedication

This book is dedicated to my family. Family provides the best support.

First, I dedicate this book to my father, John. You introduced me to carpentry and have always shown me discipline and dedication.

To my mother, Bobbi. You have always prayed for me, and I can't tell you how much that has encouraged me over the years.

To my sister, Molly. I thank you for believing in me and being the best salesperson I could have asked for.

Lastly, I want to thank my beautiful wife, Laura. You have been an inspiration to me and have helped me integrate the creative side of my abilities in a much richer way.

An Important Note From the Authors

Please note: Although there are two co-authors on the book they have chosen to write in the first person singular (I, me, my, etc.), as if only one person were speaking. This makes both the writing and reading much easier. So, although stories, illustrations, or examples may come from either author, they have been written as if coming from “one voice.”

Also note: In order to achieve an easy flow of language, this book has been written using the singular pronoun “he” when referring to a builder. The authors realize there are many wonderful builders who are women, but have chosen to avoid the awkward use of “he/she” and have chosen instead to use the traditional masculine pronoun when referring to a builder. No offense is intended in this regard; the decision was made merely to achieve simplicity and flow of language.

Before You Begin

Over the years I've had numerous conversations and have been asked countless questions about the things you need to know before building a custom home. To me, it's simple and straightforward because I've been in the residential home building business for over 25 years. It's what I know best. But if you've never built a custom home or are considering building another one, then this book is for you. It's a quick read that gets straight to the point and provides the answers you need to make informed decisions. You can probably read the whole book in a couple of hours.

So why did I write a book on what you need to know before building your one-of-a-kind custom home? First, because I believe it can save you thousands (if not tens of thousands) of dollars. More importantly, it could save you a lot of headaches and heartaches. In truth, most of the insights in this book were discovered the hard way—learning from my own mistakes.

And I'm still learning. My desire is to share practical information in an easy-to-read format to help you through the entire home building process (planning, designing, and building) so you can create the luxury, custom home of your dreams.

As the son of a U.S. Marine Corps officer, I didn't know what I wanted to do when I grew up, although throughout my childhood I've always had a passion for serving others similar to the way my father served our country. The odd jobs I held as a teen and young adult all revolved around creating things as well as serving others in some form or fashion. At the end of each day, seeing what I had created or how serving people impacted their lives gave me a sense of accomplishment. I also had the perpetual example from my parents of living on a mission to help those around us or in other under-resourced regions of the world.

I grew up learning and doing carpentry projects in my father's garage. He always had a great supply of hand and power tools. I remember one of my first projects was building rubber band guns as a kid. I soon realized that my friends were going to need their own so I built extras and sold them. I later began experimenting with furniture building in that same garage. As I entered my freshman year of Business college, my parents bought a new house. They became friends with the builder, and so did I. I saw the love and passion he had for creating and building things and the fulfillment he got from a happy family who moved into the homes he built. While in college, I became an RA (Resident Assistant), and we did service

work in the summers. I was then introduced to home construction while working with Habitat for Humanity.

It wasn't until I moved to Asheville that I went to work for a custom home builder and discovered how much I loved building myself. There, I worked in the office and in the field, getting a good look at what I wanted (and didn't want) in my professional career. I've always been a builder of people, so I guess building homes came naturally to me. After working in the construction industry for several years I decided to start my own company. I've been building homes on my own ever since—and loving it!

If you ask someone who has recently built a custom home, you may hear a horror story about their experience. Perhaps four out of ten people will say their experience was “fair,” and only one in ten will say their experience was “great.” My aim is for you to be in the group that has a great experience building your new luxury custom home. I want you to imagine your dream home, to see it in your mind, and perhaps even sketch it out on a napkin over lunch with a friend because you're so excited about your unique vision. Then I want you to see it on paper, and some day see your dream to live in the incredible home that you've created come true.

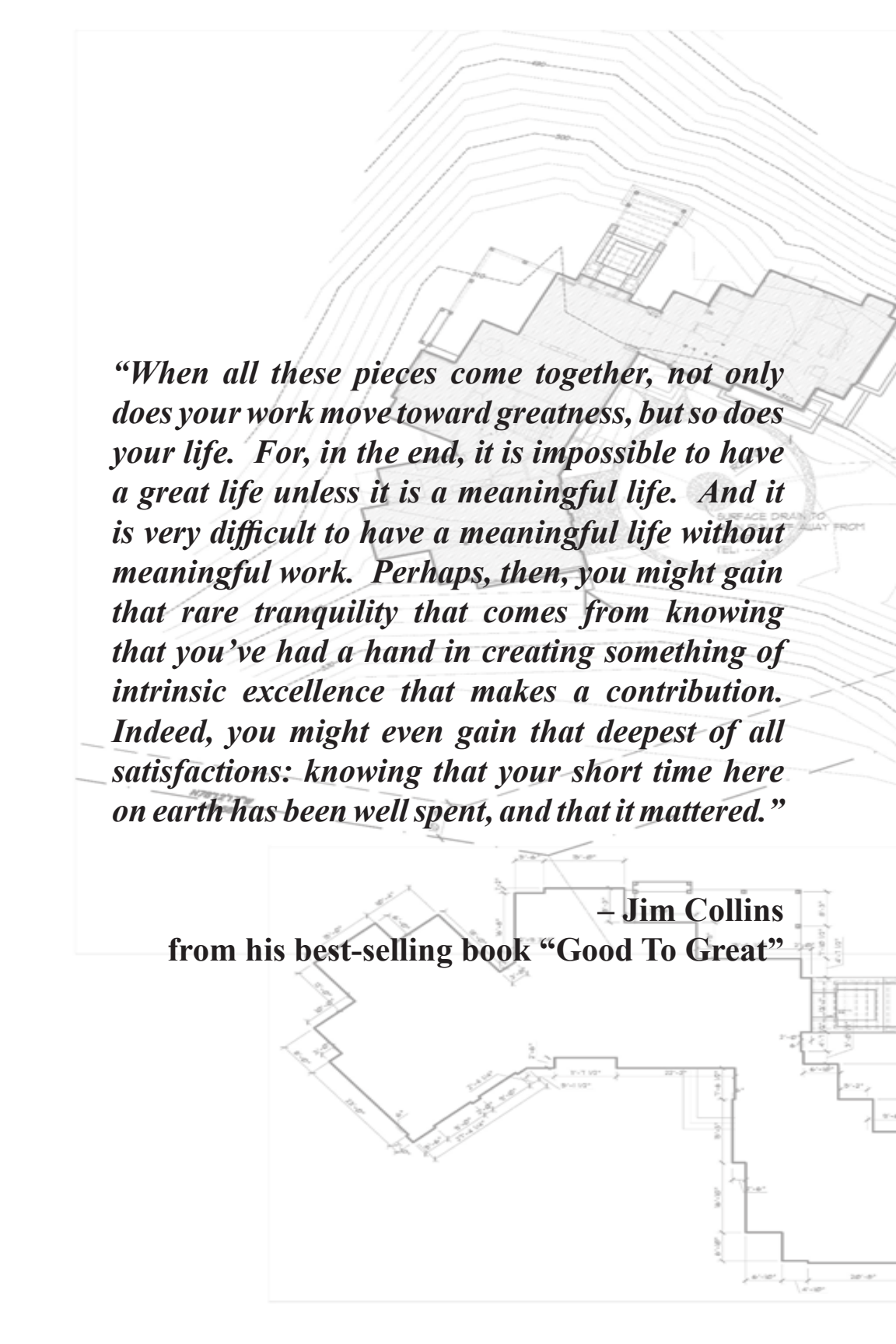
Of course, a house is more than just a structure. It's an extension of who you are. It's the place you raise your family, dream your dreams, and live them out to the fullest. Long after the concrete, wood, and glass make a house, the family makes a home and you come to cherish the place where laughter fills the air, sad moments come and go, and memories are made.

My deepest desire for the people whose homes I build is to someday—perhaps ten or twenty years later—be invited back so we can visit together and reflect on all the memories that have been created in this space that was once nothing more than someone's dream. It would be a treasure to feel the fullness in the air that holds all the laughter, tears, and memories of years gone by and share together what life has brought.

There are few things as personal as your home. Making the choice to build a luxury, custom home can be one of life's most rewarding adventures. Without the right information it can also be filled with unforeseen problems and delays. I want you to have the best possible experience in your home building process. This book can be an essential and helpful resource. For the past twenty-five years, my company has been building magnificent, custom designed homes for the luxury market. The information in this guide (highlights from my years of experience) will help you make more informed choices and have less stress and greater confidence throughout the entire process. Are you ready to get started?

Here's to building your dreams...

Sean D. Sullivan



“When all these pieces come together, not only does your work move toward greatness, but so does your life. For, in the end, it is impossible to have a great life unless it is a meaningful life. And it is very difficult to have a meaningful life without meaningful work. Perhaps, then, you might gain that rare tranquility that comes from knowing that you’ve had a hand in creating something of intrinsic excellence that makes a contribution. Indeed, you might even gain that deepest of all satisfactions: knowing that your short time here on earth has been well spent, and that it mattered.”

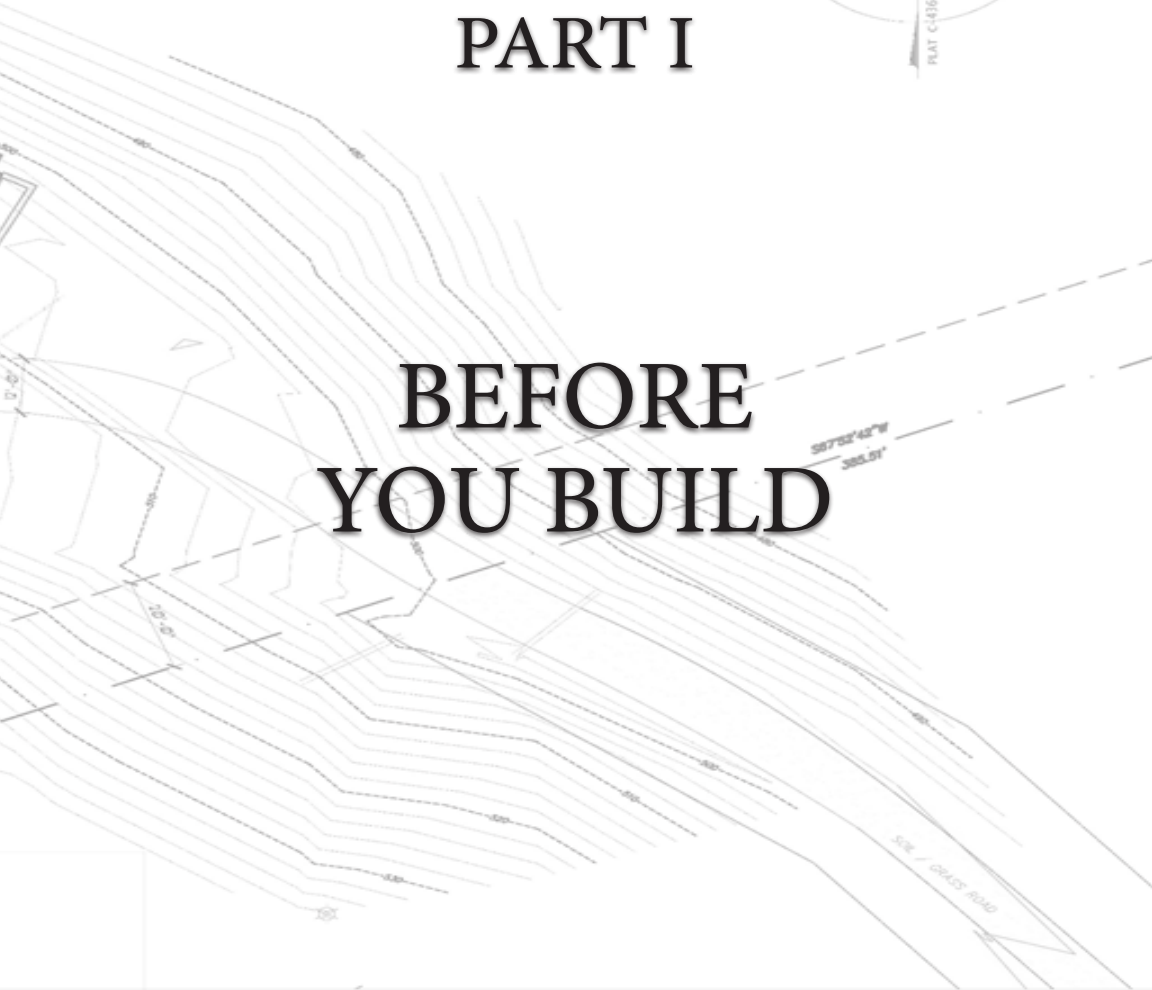
– Jim Collins
from his best-selling book **“Good To Great”**





PART I

BEFORE YOU BUILD



SITE PLAN

SCALE: 1/8" = 1'-0"

*“You can accomplish anything in life, provided
that you do not mind who gets the credit.”*

– Harry S. Truman

1 Should I Build, or Should I Buy an Existing Home?

“**T**o build or to buy.” That’s the primary question to answer before building a new custom home. To help you decide, ask yourself these ten important questions. Be very honest. Answer each one carefully. Keep in mind that there are no right or wrong answers. You’re simply trying to determine the best course of action at this point in your life.

Questions to consider: Yes or No

-
- | | | |
|---|--------------------------|--------------------------|
| 1. Do I have a hard time making decisions? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Once I make decisions, do I struggle with wanting to change them? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Am I a perfectionist? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Is my schedule so busy it’s difficult to find time to do the things I enjoy? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Does uncertainty and lack of control add stress to my life? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Am I regularly disappointed by interactions with other people? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Do I handle conflict by looking for the win/win solution? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Do I have some available time in my life for the next one to three years? | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Am I realistic enough to recognize that things aren’t always perfect? | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Is our family life stable enough to handle the additional activity? | <input type="checkbox"/> | <input type="checkbox"/> |
-

If you answered “no” to the first six questions and “yes” to the last four, you’re ready to build! If not, you may want to consider waiting on the building process. If your answers were different on more than three or four questions, I suggest you buy a house that is already built.

In a consumer-driven economy, many families have been stretched and stressed because the timing wasn’t right or they weren’t the right profile of person to be building a custom home. They would’ve been better off buying an existing home than going through a process that wasn’t suited for their life stage, temperament, or timing.

Let’s look at an example of a couple that wasn’t ready for the custom homebuilding process: In some ways, Josh and Melinda seemed to be ideal candidates to custom design and build a new home. However, it soon became apparent they had difficulty making decisions (see question #1). In addition, Josh was consumed by the demands of his business since he had just launched his own company three years before (see questions #4 and #8).

Josh and Melinda were habitually late for their appointments. In addition to the pressing demands of business, it turned out they were in the midst of an intensely personal family situation that was consuming their time and attention (see question #10). It became apparent that this lovely couple did not have the time at this point in their lives to spend custom designing and building a home. A quick look at the 10 questions above clearly indicated it wasn’t an ideal time for Josh and Melinda to build a new home.

BOTTOM LINE

Carefully consider the decision to build or to buy before beginning the design/build process.

Which Comes First: The Builder or The Architect?

Just like the proverbial “chicken and egg” question, “Which comes first?” is a question that confuses some people, but must be answered before you start the custom, homebuilding process. While the answer may seem obvious, it’s important to know the right answer in order to avoid problems from the beginning. The architect comes before the builder, right?

Wrong! Read on...

Sometimes people get the cart before the horse and in all the excitement, they get ahead of themselves. Mike and Janine thought they had done it all right. They had a roll of plans tucked under their arms, a sparkle in their eyes, and a skip in their steps because they knew they had something very special—they had the plans to their dream home.

During the last several months, Mike and Janine had spent countless hours dreaming about their new home and holding meetings with their architect. They went through revision after revision pouring over the plans until late in the evenings. The couple worked tirelessly to make every room just right—put the baby’s room here, move the daughter’s room there, make that closet just a bit wider, add two feet to the kitchen—giving instruction upon instruction to their designer about each room.

Their dream home included the newest ideas from *HOUZZ*, the latest trends in low voltage lighting, and cutting-edge insulation that could lower energy bills by up to 90 percent. It had a cabana like the one they saw while vacationing in Acapulco, layers upon layers of moldings, extra tall ceilings, an additional bay in the garage, a steeper roof that was changed—not twice, but three times—because their friends told them it looked too shallow.

Mike and Janine were now ready to find a builder. They were so excited! Janine was bubbling over with her plans—holiday decorations, birthday parties, and dinners with all the aunts, uncles, cousins, and grandma. They had their finished plans and they were now ready to build. They could see it; they could taste it; they could hear the sounds of laughter around the table.

And then the moment of truth arrived.

They were ready to talk to a builder and get him started on their new house. But here was the problem: the actual cost to build this house—the

house they had labored over for so many hours, over so many months—ended up costing 40 percent more to build than they expected.

How did this happen? Well—they asked the architect and he gave them his estimate of what it would cost. That’s what they based their plans on. *The architect’s estimate.*

And that is the problem. The architect is not trained in doing cost estimates. This news was so devastating to them that Mike and Janine just rolled up their plans, walked out the door, and... sold their lot.

Their dreams had been shattered and they were crushed. After all their initial efforts, they couldn’t gather the energy to start the process all over again. But it could have been different. If only this enthusiastic couple had known the importance of which comes first: the builder, not the architect.

If you’re in this predicament and you’re unwilling to sell your lot, turn the page and discover what happens next by reading Jim and Linda’s story.

BOTTOM LINE

*Meet with your builder and discuss your budget before
you meet with a architect.*

Forcing a Round Peg Into a Square Hole Finding a Competent Builder

Jim and Linda were the kind of people who refuse to give up. Sometimes persistence is a good thing, but there are times when pushing too hard is unwise. This couple, for instance, were unwilling to listen to sound, professional advice. They forced their opinions and ideas on a builder—and it was like forcing a round peg into a square hole. It just didn't work. Even when they realized they had received inaccurate advice from their architect about their homebuilding costs, they wouldn't give up their dream.

So they began to shop in earnest for a builder who would build their home for the price they were told. Would Jim and Linda find a satisfactory and skilled homebuilder?

Maybe. But the builder they seemed to want—one who would be the answer to all their problems—would have been either a builder who was desperate for work or one who didn't know how to price a home.

Finding a competent builder can be challenging, but when you know what to look for, you'll get an accurate estimate and good advice. Many builders won't (or don't know how to) price a home while it's still in the concept stage. If most *builders* can't do this, it certainly makes sense that most *architects* can't either. After all, architects are trained and skilled in *designing* and creating what they are asked to create. Homeowners who don't have a good handle on pricing will tell the architect what they want and the architect will only do what he was retained to do. I'm not blaming architects for not knowing about estimating accurate costs; it's not their area of expertise.

After dozens of exhausting interviews with many builders, Jim and Linda got their homebuilding costs down to a price that was only 20 or 30 percent less than the initial estimate—still well over their budget. But they didn't want to give up their dream; they were willing to do anything to bring their dream to fruition.

At this point, Jim and Linda had some choices to make. Instead of cutting their losses and stopping the spending, they continued to pour more and more money into a project that wasn't suitable.

There are plenty of potential homeowners who receive bad advice from a builder and find out one or two years later that their building project is

a disaster. Sometimes they begin frantically calling reputable builders in the middle of a project, pleading for help because they finally realize they have relied on poor advice and ended up involved in a lawsuit with their builder.

Please don't do this to yourself. Save yourself and your family the agony of lost time, lost dreams, arbitrations, or lawsuits. Life is too short. It's not worth it.

Get good advice from a competent builder. Interview several first to determine the right one for you and your custom home project. A competent builder will explain the homebuilding process and all the steps along the way. He can guide you through the entire process so you feel confident and secure in your purchase decisions. His firm will have an excellent reputation and be up-to-date on building codes, land, and procedures. Check out the company's references and previous projects completed.

BOTTOM LINE

Make sure you get good advice from a competent builder.

Do I Have to Like My Builder?

4

So now you've selected a competent builder. But you may ask, "Do I have to like the guy? If he has a good reputation as a builder, does it really matter if I like him?"

Yes, it matters. Don't sign a contract with a builder you don't like, trust, or respect. If you do, you could be headed for trouble.

Why? Because this is a long-term relationship and a long-term relationship with someone you don't like, trust, or respect can be challenging, frustrating, and more than disappointing. The planning stages of custom building a new home can take anywhere from months to years. Actual construction may range from 16 months to 24 months or longer, depending on the size and scope of your home. Add to that a one year limited warranty time period, as well as the fact that you may need additional information from your builder for many years to come regarding warranty information, vendor and subcontractor contacts, and other nuances.

In this business, it's not uncommon to lose some contracts to other builders, and it usually boils down to *perceived* costs. A prospective homeowner may initially think our pricing is higher than our competitor, but most often that's because we didn't have the opportunity to thoroughly compare the two proposals.

We like to ask our homeowners why they chose us to build their home. Often the answer is trust. When challenges arise in your project and you call to ask questions, it's important to know that you'll get a straight and honest answer.

Do you respect your builder's values? You don't have to socialize together, but sometimes people choose a builder they actually dislike. Maybe the husband likes the builder or his price, but his wife doesn't care for his style, approach, or manners. Ask yourself this question: Is there a reason you're uncomfortable with this person? If so, why in the world would you trust him to build your single most important investment? If you or your spouse sense that a potential builder operates from a less-than-honest value system, why would you trust him to operate his business with honest values?

During the construction process there will be times when your builder will be making some judgment calls. Many of these will be unknown to you, and that's just part of the business. When it comes to your home, you'll want to know that your builder will be making choices as if it's his own home, *as if his own family's safety depended on the choices he makes*. Not just what will pass code inspections. No shortcuts for a quick profit. Are values important? You bet they are!

BOTTOM LINE

Don't sign a contract with someone you don't like, trust, and respect.

Pick Three Out of Four Quality, Speed, Service, Price

Bill and Susan had six—count ‘em, six—separate flooring companies at their home in a three week period providing estimates to sand and refinish their hardwood floors. About a month later, an unusual sound came from Bill and Susan’s house, loud enough that everyone in the neighborhood heard it. There was an explosion of screaming and yelling that continued for several minutes. A hardwood flooring van was parked out front; can you guess what happened? The couple expected a beautiful, high-quality floor, but what they got was what they paid for. They were not happy.

Bill and Susan had selected their hardwood flooring contractor based strictly on price, but somehow they expected they would receive quality, speed, service, *and* the best price. Sure, they probably got the lowest price, but with it came a lot of heartache because they expected more and got a lot less.

It’s no different than selecting a builder for your custom home. You need to determine what you value and decide what’s most important: quality, speed, service, or price. Of course, you want all four components, but most often you will need to find a builder who can provide three out of four. That’s reality. Is it reasonable to expect that you’ll get a builder who will give you the lowest price with great quality, great service, and a timely finish? Let’s consider the merits of each:

- 1. Quality:** A good company prides itself on providing a quality product, especially in the custom home market. They encourage prospective homeowners to look closely at the work they’ve done for other homeowners and affirm they would be pleased with the excellent workmanship the company provides. Comfort with quality, luxury with outstanding craftsmanship. Drawings should be done, priced, and approved for important interior features.
- 2. Speed:** An on-time finish is important, but there may be times, especially in a busy market, when a builder misses some deadlines. If that happens, you want your builder to proactively communicate with you and, if possible, find a way to make up the time and get it done quickly. With current labor shortages, finish on-time is often challenging.

3. **Service:** A builder with exceptional customer care will provide good communication and attend to the homeowner's needs before, during, and after their home is completed. Builders work for numerous personalities at a time. Some clients thrive on the process while others find it more challenging.
4. **Price:** The best companies aren't usually the cheapest, but consider this: they're probably not the most expensive either. Great companies deliver good value. An honest builder charges at or below market value for the level of service and quality product they provide. Very seldom is the cheapest price the best choice for a homebuilder. With availability and volatility in today's market, pricing can be a frequent exercise.

Don't make the mistake of thinking you can have all four qualities in one builder. A Lexus or a Mercedes is priced differently than a Dodge. If you pay Dodge pricing (like Bill and Susan) and still expect a Lexus or Mercedes level of performance, you are setting yourself up for disappointment, conflict, and sometimes even a lawsuit.

Know what's important to you and adjust your expectations. If cost is your most important value, then choose the contract with the lowest price. However, if you value quality, be sure you look for excellent workmanship. You can get the results you want in a quality, custom home; just be sure to select your builder based on what you truly value.

BOTTOM LINE

Realistically expect to get three out of four components from your home builder. Decide what's important to you.

Where Should I Spend My Money?

If You're Going to Err, Do It Here

Building a home is probably one of the biggest investments you'll ever make, so you'll want to know where to put your money to get the most value for your investment.

Here are seven areas to consider:

- 1. Location:** You've heard the adage "location, location, location." This is where to spend your money. You could build a home with a great design with great features and finishes, but if you build it in the wrong location or on the wrong lot, you could be in real trouble. Consider purchasing the most expensive lot you can afford. Historically, mountain or creek view properties experience stronger growth in value than non-mountain or creek view properties. Your long-term investment is more likely to be sound.
- 2. Design Services:** You can add enormous value to your home by investing in the services of a competent architect and an interior design team. Not only will you enjoy the splendor of a fabulous home, you will find a greater return on the money you spend for these services at the time of resale.
- 3. Kitchen:** Most buyers don't complain about a kitchen being too large, too much counter space, or too many cabinets. Spend money on the kitchen. We'll talk more about this topic later.
- 4. Great Room:** Oversize, don't undersize, your great room. Families tend to gather and spend most of their time in the great room. If you were to oversize any room, make this room a little larger (rather than smaller) than you think you need.
- 5. Master Bath:** This room is the owner's retreat, a place to relax and unwind. Upgrade your master bath's size and finishes. When you sell your home, this will be an important feature and provide a good investment return.

6. **Room Size:** Make sure your rooms are large enough to meet your needs. It's very expensive to come back after your home is finished and add twelve or eighteen inches to a room because you've just realized it's too small. If you're on a limited budget, it's better to hold off on some of the finishes than cut down the size of your rooms. You can add finishes later, and the cost may only be slightly higher than if you installed them during the initial construction process. Very often in mountain design, homes end up being more square footage than the homeowner's need because proper emphasis was not put into space planning. Most mountain homes tend to double the square footage due to the need for a lower level to make up the topographical transition. If this becomes the situation in your design, "right-sizing" your home is a good exercise that your architect, designer, or builder should do for you.
7. **Closets:** Never underestimate the value of roomy walk-in closets, linen closets, and laundry rooms.

BOTTOM LINE

*Invest your money in the seven places that matter most
and you will experience great value for years to come.*

What's So Important About the Kitchen Anyway?

When a couple buys or builds a home, they always seem to pay a lot of attention to the kitchen. With most couples, there's usually one person who loves to cook. But for everyone, male or female, young or old, the kitchen is one of the most important rooms in the house. The kitchen is often the hub of the home, the center of activity. Someone spends time preparing food, creating something fun, or trying a new recipe in it. People tend to gather where there's food.

So don't miss this: kitchens are important!

Men sometimes underestimate the importance of this room. We love our garages, grills, decks, and patios. But the kitchen? We can completely miss its importance.

It's important to remember when you are designing a home to consider the resale value and design accordingly. A well-designed and functional kitchen not only makes the cook happy, it also ensures a greater resale value.

A person who loves to cook or create culinary masterpieces for family and friends absolutely needs a spacious and well-appointed kitchen. On the other hand, if a cook wants to spend as little time as possible in the kitchen, then your design and layout can be simpler. Kathy doesn't spend much time in her kitchen, but she likes the spacious layout so she and her husband can be there together. Kathy says the chopping and stirring are more enjoyable with her husband there. Additionally, he likes the organization of a well-planned room.

When selecting kitchen cabinets, look for quality. This is not the place to be overly consumed with trying to save money. Well-made cabinets will provide lasting pleasure and functionality for decades. Drawers (as opposed to cabinets with doors) are more useful and efficient even compared to cabinets with pullout drawers. In addition, choose hard surface, durable, and high quality countertops. There are a variety of colors and selections available. Granite or quartz are ideal counter surfaces for the most important room in the house.

What about appliances? Don't skimp here, either. You don't have to purchase the absolute top of the line, but good quality appliances help sell homes. Today it's becoming very popular for people who entertain a lot to

have two dishwashers. Often the cost of an additional dishwasher is only slightly more than the cost of the additional cabinetry it replaces.

In order to make the most important room in your house spectacular, consider adding some of these other features: warming drawers, double ovens, convection microwaves, pot fillers, espresso and coffee bars, hidden pantries, elevated dishwashers for easy access, vegetable sinks in the island (in addition to the main sink), instant hot water dispensers, and purified water faucets.

When you design your home, be sure the kitchen is given special consideration and that its relationship to other rooms, functions, and features are the best you can provide. It will make a difference for years to come.

BOTTOM LINE

*Don't treat your kitchen like any other room in your home.
This is the one room that deserves special treatment.*

Program Vs. Budget

How to Use the Design Outline to Prioritize Yours

One of the best things a homeowner can do is to thoughtfully consider the difference between needs and wants. It's more difficult than it sounds. For example, something that is considered a *need* to one family member may not be viewed that way by another. Sorting between needs and wants can sometimes be contentious. Take Tim and Sherri for instance. They debated for 45 minutes on whether or not they wanted a formal living room. Sherri, who was raised in a home that frequently entertained guests, considered it a need. Tim, whose idea of entertaining guests was to take them to the game room, did not consider it a need. In fact, Tim felt a formal living room would be largely wasted space.

Discussions like these are far from unusual when building a custom home. They are normal—even essential. I encourage couples and families to have these discussions as soon as possible so that decisions can be made before a lot of design work is done. But how can you have those discussions and make them productive and even enjoyable? By filling out a questionnaire or using a simple tool called The Design Outline.

The Design Outline is an excellent tool to help you define your needs and wants in the home building process. This exercise takes less than 30 minutes to complete, but it can save you countless hours and thousands of dollars. Here's how it works:

- You and your spouse, independently of each other, each take a blank sheet of paper and write down all of your program (dreams, wants, and needs) for your new home, in no particular order.
- Then rank your items in order of importance, starting with #1, #2, #3, etc. It's not as important to agonize over whether item two goes before item three, or three before two; sometimes wants or needs can be equally important to you. What's important here is that #3 and #28 are not reversed. Know what you want.
- Once you and your spouse have independently ranked your items, the two of you meet together to share and compare your lists. Then create one combined list ranking your needs and wants in order. This will become your master list.

The combined needs/wants list will save time, energy, and money when you meet with your builder to determine the cost of your new dream home. At some point, your desired budget will need to line up with your desired wants.

Your builder can review this combined list and your budget and let you know what items your budget can afford. If you have items that are not included in the budget, your builder can estimate a cost so you can make an informed decision on whether or not you want to increase your original budget.

The Design Outline can be a tremendously effective tool to help you determine costs long before you spend money on design or construction of your new custom home. You can use The Design Outline with any builder, anywhere in the country. When you begin the process by using the outline, you'll be way ahead of the game.

THE DESIGN OUTLINE™

Name:						
Address of Property:						
Lot#:		Cost of Lot:		Value of Lot Today		
Estimated budget for home excluding lot and financing costs:						
Number of Bedrooms:			Number of Bathrooms:			
Approx. number of heated square feet:						
Number of Stories:	One	Two	Bays in Garage	Two	Three	Four

COMBINED LIST OF PRIORITIES

1.	11.
2.	12.
3.	13.
4.	14.
5.	15.
6.	16.
7.	17.
8.	18.
9.	19.
10.	20.

BOTTOM LINE

*Take thirty minutes and complete the **Design Outline**. It's fun and it can save you countless hours and thousands of dollars.*

Don't Even Begin Designing Your Home Until You've Done This!

There is an ancient proverb that says, “*Suppose one of you wants to build a tower. Will he not first sit down and estimate the cost to see if he has enough money to complete it?*” I suppose it’s because I’m a builder, but I can relate to this bit of wisdom. It’s a rhetorical question, of course. Who wouldn’t first estimate the cost?

In reality, it sometimes amazes me to meet with people who are ready to build a new, custom home but have no idea what they want or how much they can spend. Stop right here! It’s crucial, before beginning the design/build process, to determine what you can afford.

People who need financing assistance should talk to an experienced professional mortgage lender who can help determine what they can comfortably afford. This process will take into account your income, expenses, credit, assets, interest rate, taxes, insurance, maintenance, and utilities.

Sadly, people who begin the design process without first counting the cost often design to their dreams, only to find out later they have far exceeded what they can afford. They end up mad, sad, or extremely frustrated. Instead, we first want our homeowners to realistically determine what they can afford; then we work hard to design a quality, custom home, a complete package that’s 5 to 10 percent below their target number. We know from experience that changes may occur during the building process. For instance, a homeowner may upgrade the finishes as the construction process unfolds, or other variables may arise that would add to the cost of their home. If we start with a number that is below their budget, we can end up at the desired budget.

BOTTOM LINE

Know what you can afford before you begin.

Is It Better to Buy a Plan or Design Custom?

Read This Before You Decide

Should you buy a ready-made plan for constructing your new home? It depends.

If you have a large lot that doesn't have restrictive setbacks, then finding and buying a ready-made plan may work well for you. It's important to know that most plans you find in a plan book are designed for specific lot sizes and regular shaped lots. If your lot is long and narrow and the plan is designed for a lot that's narrow and long (just the opposite), you could have a problem.

Sometimes people will use the "cut-and-paste" method. A couple will take a plan from a plan book and "cut-and-paste" it to make it fit their lot. Be careful with this method. Judy was a woman whose cut-and-paste plan didn't work out the way she'd planned; it required you to walk through one bedroom to get to another bedroom.

If you can find a plan that fits on your lot with little or no changes, it may be a good option for you. However, very few people are completely happy with a design they find in a plan book without making minor to major modifications.

If you are thinking of buying a ready-made plan and just shrinking it, it almost certainly will *not* work.

Most good, custom-home builders have successfully built homes from ready-made plans. Typically they purchase the rights for the plan, make any needed modifications, and proceed to build the house.

Be aware that ready-made plans are copyrighted. Your builder can purchase the rights for the plan, but be sure this step is not overlooked. You can get in real trouble down the road if you shortcut this step.

For people who don't choose a standard plan, some builders offer a complete design/build package. Usually this process starts by the builder getting you a complete survey in order to properly evaluate the lot; it's important to take into account its positive and negative features. The builder then takes the homeowner's completed list of their prioritized needs and wants and begins the design process. At your initial meeting with the builder, it's an important step to review the design and to ensure the architect and homeowner have a complete and thorough understanding of your program (needs and wants) and budget. Once the builder has clearly identified your objectives, he can work with the architect to create

a unique, quality, custom home—the home of your dreams.

As a builder, I've found that it doesn't necessarily cost any more (and often we've discovered cost savings) by first focusing on and designing what our homeowners most *need* while also taking into account what they want. In doing so, we've found great success because the process allows us to optimize the conditions of the specific and unique lot instead of having to work from an existing design by enlarging or shrinking areas in the home.

With clear objectives and a good plan, you can focus your energy and resources on your unique needs for your new home.

BOTTOM LINE

If you can find a ready-made plan that requires few or no changes and you just love it, then you may want to consider purchasing a buyer-ready plan. If not, don't make the mistake of cutting and pasting.

11 Surprises That Could Inflate Your Custom Home Cost

Early in the design process, your builder should work with you to create an estimated line-item budget for your home. Each item (landscaping, appliances, flooring, etc.) should be listed separately with a corresponding dollar amount (allowance). The line-item budget should make sense to you, and the numbers should be in line with the general caliber of work you've seen in other homes this builder has completed.

Interestingly, an allowance (or budget) can be your friend or it can be your worst enemy. Good, honest, quality builders may lose jobs to the competition because they establish a realistic allowance that truly reflects the scope of the entire job. Conversely, many builders will establish low allowances that are insufficient to build the home with the quality expected. Sometimes builders will “exclude” necessary items like driveways, finish grading, landscaping, and retaining walls. Be wary of a budget that seems too good to be true. You could be talking to an unscrupulous builder who says whatever he has to say to get your business.

Allowances are established by builders because selections are not always made prior to the commencement of building a new home. If a builder provides an estimate for a new home and purposely or unknowingly lists allowances that are not sufficient for the quality expected, the initial bid can be tens of thousands, if not hundreds of thousands, less than an honest builder's proposal.

The last thing anyone needs is to be in the middle of construction with insufficient allowances to complete the home. A good, quality builder will put a lot of effort into listening to what a homeowner values and then designing a complete home package to meet those needs. He will try to establish budgets (allowances) that allow the homeowners to select items that are in line with the level of quality they want for their home.

One of the biggest challenges for a homeowner and a builder is to identify a sufficient allowance and how all those numbers and allowances play into an overall budget. A major key to a successful project is to take the desired overall budget, consider the needs and wants of the homeowner, and create and execute a home that the homeowner will be happy with for years to come.

After listening to the needs of the homeowners, a builder will establish allowances that are appropriate for that home. Your builder should survey you to see what types of things are important to you before finalizing the estimate and signing a building contract. This will allow you to get a sense as to whether the allowances are sufficient. If the allowances are not sufficient, you either have to raise the overall budget or reduce allowances or features in other parts of the home. It's important to do this *before* construction begins. If determining allowances happens *after* construction begins, it leaves room for misunderstanding and frustration.

BOTTOM LINE

Know what your allowances will buy for your new home before you sign a contract.

Design Your New Home with Resale in Mind

Who thinks about resale value when building a custom home? While it may seem odd for a person who's building a new home to think about selling it, it's important to address what you want and what the market wants even in the initial planning stages. If you're not careful, you may design your dream home and find that no one else will buy it later!

Most people who build custom homes are financially sound. For the most part, they are able to build beautiful, quality homes because they've been making good financial decisions for many years. As you go through your design process, be certain you get wise counsel from your builder, architect, designer, and possibly a real estate salesperson to be sure you're not building a home that only your family will like. Balance your wants and needs for the home of your dreams with potential market appeal for future resale.

You are probably not building your dream home as a spec home (a home without an end buyer before construction begins, generally built with an intended profit), so be careful not to include design features that are not what the broad market is asking for. An experienced builder will guide you through the design process and help protect your investment. Once you have the facts, it's your responsibility to make your own design decisions. If you proceed to design and build a home that only appeals to a very narrow market, then at least you are aware of that (and the consequences) in the early stages of the design process.

Sometimes homes linger on the market for a long time because a homeowner made design decisions without taking into account the long-term resale effects.

BOTTOM LINE

*Find the balance between what you want and
what the market wants.*

You're Going to Live Here HOW Long?

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If you ask someone who is ready to build a new home, they will often tell you that “This is the last home I will ever build. They will have to bury me in the back yard.”

Recent surveys show that most people live in their home an average of five years, and you're probably not much different. You may be thinking, *but this really is going to be my last home.* And if it is, that's great. But you may want to consider the reality of averages.

Susan took more than a year to design her new home for her family, only to discover she was way over budget. She also realized that by the time she completed her home construction, all but one of her five children would be away at college, and she had designed bedrooms for each of them! Reality finally dawned on her—within a few short years, she and her husband would be empty-nesters. Designing her home for a family of seven thinking this would be her home for the rest of her life didn't fit the reality of Susan's imminent transition to a home for two.

When designing your custom home, first design for your immediate needs. Second, take into account what market conditions will allow for your particular home design. Third, give strong consideration to how long you may live in your home. Susan may shift gears and design a home that's perfect for her family's needs for the next five to seven years, with a plan to downsize at that time. With this more realistic outlook, she may give additional consideration to the resale value of her choices.

Don't make the mistake of over-designing a home that may become obsolete for your family within a short period of time.

It's always a good idea to consider designing your home for Aging-In-Place. Good Aging-In-Place considerations will include an elevator (or shaft), curbless showers, wider doorways, lever door handles, and an extra emphasis on lighting to name a few. This will allow you to live in the home as long as you want or provide better resale-ability should you choose to sell your home in the future.

BOTTOM LINE

Be realistic about your short-term and long-term needs and how long you will live in your home, then design accordingly.

Should I Hire an Attorney?

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Some people just feel better if their attorney reviews the construction contract, and that's okay. If you do this, be sure you hire someone who knows the real estate and construction business and will complement the process.

Monica loved to stop by and watch the construction going on just a few doors down from her home. She was very observant and noticed the quality of workmanship and materials. Monica not only knew the homeowner, she knew a number of my previous homeowners.

As Monica and I got to know each other, we began planning to build her a custom home. We spent many hours and numerous meetings designing the ideal plan for her lot. Finally, two-and-a-half years later, after three redos of her design, we were ready to build.

Three days before the closing date on her loan (signaling the beginning of construction), Monica called me to say her attorney had reviewed my contract and advised that it needed to be completely rewritten. I told Monica I'd been using this contract for many years and had never experienced a request like this. I suggested she ask her attorney for specific comments and told her I was confident we could work through the issues. Monica agreed and said she would get back to me.

The day before the scheduled closing, I received an email from Monica stating that (based on her attorney's advice) she would not be building with me. Obviously, I was surprised.

A few days later, I met with Monica, and she affirmed that she would not be building with me. I told her I was disappointed because we'd been working well together for almost three years. I had counseled her through obstacles, given her professional advice, and taken her through three design changes—all successfully. It was very disconcerting now, after all that, to learn that her attorney was counseling her *not* to proceed without even a willingness to discuss specific points.

Unfortunately, Monica received some bad advice from her attorney. By insisting on an entire rewrite of the contract a few days before closing, he didn't serve his client well.

Monica eventually built her home with another builder. It was close to my neighborhood, so every few months I would drive past the project.

A good builder can tell without ever speaking to anyone whether a project is going well or not. By seeing the progress over the months, I observed that the project took six or seven months longer than anticipated. It didn't seem to be a good experience for the builder or for Monica.

I'm not bashing attorneys here; some of my best friends are attorneys. In fact, I have a great attorney, but he provides essential advice that complements who I am and what I do. He helps me design win/win agreements, not win/lose, or lose/lose situations.

If you hire an attorney, be sure to hire someone with construction and real estate experience, not a general practice attorney who counsels on personal business, family trusts, estates, etc.

BOTTOM LINE

Hire a real estate attorney to review your contract if it makes you feel better. Just be certain to hire one who helps you and not hinders you.

How Much Do You Charge Per Square Foot?

Building a custom home is a bit like buying a new car, right? Not exactly.

If you asked a car dealer how much he charges *per pound*, you'd get some very strange looks. Of course, there is some correlation between the cost of the car and its weight, but not significant enough to prompt that question. We all know car dealers don't sell by the pound.

In the same way, I feel perplexed when someone asks me how much I charge *per square foot* to build a home. It's not the right question. There are three factors that contribute to the cost of a home, regardless of where it's built: complexity, level of finish, size and components.

- 1. Lot:** The topography of the lot you choose can dictate how much extra you will need to develop that lot compared to a similar size lot in the same neighborhood with less slope. In addition, the composition of the lot can change the cost of developing the lot. If unknown obstacles are found in the ground during excavation (for example rock, water, or colluvial soils) then a soil analysis will be done and the site will be properly re-constructed.
- 2. Complexity:** A home with more features and greater complexity requires more labor, and therefore costs more to build. For example, a rectangular house with four basic corners is less expensive to build than a three-story home with 40 corners, angled walls, and steep roofs, because the latter is more complex and takes more time to complete.
- 3. Level of Finish:** Obviously, 4" wood flooring is much less expensive than 8" wood flooring, or stone for that matter. Pressure treated decking costs less than Thermory heated treated decking. Twelve-inch baseboards cost more than six-inch baseboards, and a lot of molding is more expensive than no molding at all. The level of finish you choose for your home will have a significant impact on the home's final cost.

- 4. Size and Components:** Size matters in homebuilding costs. A 6,000-square-foot home will cost more than a 2,000-square-foot home. A 2,000-square-foot home would probably include a two-car garage, while a 6,000-square-foot home normally has three or four bays. So not only does the larger home cost more due to the size of the heated and air-conditioned space, but it also takes into account things like garages, number and size of porches, whether the home has a pool, spa, circular drive, and other costly components. Most people that want to build in the mountains want an ample amount of outdoor living space. This space does not fall under the heated square foot calculation and is obviously not free.

It's a good idea to ask a builder what price range per square foot he builds at, in order to know if you're talking with the right builder.

BOTTOM LINE

*Don't go to a Chevy dealership if you
want to buy a Lexus.*

What Do Furnishings Cost And When Do I Need to Plan for Them?

The final details are being put on your new custom home, and it's beautiful! The architecture is exactly what you hoped for, the quality is impeccable, and the home is healthy and energy-saving. It's everything you wanted it to be! Now, what do you do about furnishing this new dream home? The temptation is to use this as an opportunity to save money and use items you already own (but don't love) or purchase new items based on price instead of substance. Of course, in most homes there are family heirlooms and special furnishings that are must-haves; as for the remaining furnishings, it's important to take a holistic approach.

First, the gorgeous architecture of your new home deserves to be highlighted! Your architect and interior designer developed the lines and details of your home to reflect you and your aesthetic, so let your designer help you find furniture, artwork, window treatments, and accessories that will play up the architectural style instead of distracting from it.

Your builder has also taken great pains to make sure that the quality of your home is excellent. When you walk through your home, you can feel that craftsmanship. Continue that feeling of quality in the furnishings you add. If your home is meant to be a legacy for your family, to be passed down, you want furniture that will age as gracefully as your home. If your goal is re-sale one day, homes sell much quicker when furnished thoughtfully.

Last, and most importantly, your home has been designed to be both energy-saving and non-toxic. Your custom home is now sealed like an envelope, and that makes it even more important than ever to make sure you are filling your home with products that won't harm you. Window treatments cut down on UV rays and protect your floors, walls, and furniture. Low VOC products that don't off-gas will help maintain the indoor air quality your home was built for. Taking the time to make smart decisions on what you put in your house will help you maximize the investment of resources that went into designing, and building, your healthy home.

Your design team is a great resource for knowing what budget is realistic for you. Creating an inventory of items that are making the move with you (pictures and dimensions) is a great start so that your designer can help you decide an appropriate budget and help design a home that is carefully curated to meet your needs. If you aren't bringing much with you, 15% (of

the construction price) is a good place to start for the custom home market. However, there are many factors that affect that number as well as varied timelines for receiving the furniture. Thinking through these details even before your home-building process begins will help you plan accordingly.

BOTTOM LINE

Utilize a professional to properly space plan, schedule, and select the furnishings to fully complete your new home (both for comfort and style) to maximize your investment.

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Welcome to Art Class!

Create a Dream Home Notebook

Now you get to have some fun! While you continue to dream about the possibilities for your new, custom home, let's create a "Dream Home Notebook." Gather some magazines or go online to Houzz.com or Pinterest.com and save pictures of features you really like or want in your home and, just like you did in art class, start collecting them in a computer folder or notebook. You may also want to take photos of features in other homes you have walked through. Model homes, friends, or neighbors' homes can be great sources of ideas. Specify on each picture what it is you like about it. Why did you save it? People often begin collecting pictures, but months later they can't recall why they liked it in the first place. Write it down.

Creating your Dream Home Notebook can be an inspiring and enjoyable activity, and it will be very helpful to your builder and design team. As you accumulate more and more pictures, begin to categorize them.

Here are some suggestions for your categories:

- Exterior features
- Kitchen features
- Master bathroom and bedroom
- Common living spaces
- Specialty items such as fireplaces, mantles, trim details, paint colors, etc.
- Colors, textures, styles
- Any floor plan that interests you. Write down what interests you about a particular plan. It may be the relationship of rooms, the uniqueness of design, or even a small feature like a hidden pantry or a workstation for mom.
- Things you specifically DON'T like.

Sometimes it can be difficult to express what you like and don't like in new home features. So the Dream Home Notebook is a helpful resource in the planning process. The saying, "*A picture is worth a thousand words*" also applies to the development of your custom home design. An experienced design team can look at the pictures and listen to the conversation (and often read between the lines) to help you better articulate what you are thinking but are unable to put into words. It's also helpful to write down your expectations. You may want to include stories (good and bad) of what your friends have gone through in their homebuilding experience. Also write down the elements in your home that are important to you. When you finally meet with your design team, you will have a well-organized, thoughtful notebook to share, which will help tremendously in your design and building process.

BOTTOM LINE

Cut out or take pictures for your dream home and organize them in a single place along with your notes on what you really want.

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Close Enough to Perfect? Identifying Expectations

A homebuilder's goal is to create a well-built, attractive home that meets the needs of the homeowners. But how close to perfect does the finished product need to be? What about imperfections or flaws? Brian doesn't care about details, while George is extremely particular and wants every single blemish erased—*every single one*.

What about you? What are your expectations for what you will and will not accept when your home is finally completed? This is definitely something you and your builder need to discuss.

Here's what we often do: We make an appointment to meet the new prospective homeowner at one of our recently completed homes. We have a very defined plan to walk through this new home together and thoroughly inspect all aspects of the home. We take about one hour of uninterrupted, private time without the owner present. The reason we don't want the owner present is because we've found that if the owner is there, the prospective homeowner is reluctant to look very closely at the fine details.

We meet the prospective homeowners at the newly-built home and start the inspection in the foyer. As we point out the features, we ask a very specific question. "If we were standing here a year from today and we were doing the final walk-through on *your* new home, would this meet your expectations?" Usually, my wide-eyed prospective homeowners nod affirmatively. Before we move on to the next room, we take a moment and encourage them to look closely at the finish. We tell them that a paint job can never be perfect; we may find a blemish or two on the walls or in the trim work. Then we ask again, "Would a paint job with these imperfections meet your expectations?" Usually, they say yes. Then we ask them to rub their hands over the trim work to feel for smoothness and any imperfections. We are actually looking for some imperfections in the paint job because we want to clearly identify their expectations.

After we discuss the paint finish, we move on to trim work. From trim work, we move to drywall. From drywall, we move to flooring, and on and on it goes throughout the house. Then we walk into the living room where the same process takes place. We ask the prospective homeowner the same question, "If this was your living room, aside from the paint

colors and selections of materials, would this living room and the quality of the workmanship meet your expectations?”

This process is very important. The last thing you or your builder want is to find yourself a year or 18 months into the building of your new custom home, only to discover that each of you had different expectations. We make it a point during the interview process to be sure we have clear expectations of what is or is not acceptable for the quality of the end product—your custom home. By doing so, both parties can avoid unmet expectations, frustration, anger, or even a lawsuit.

People respond differently to the demanding process of building a custom home. Some people struggle with the decisions and find it overwhelming, while others thrive on the process. When we tell our clients that we want them to have “no regrets,” it’s not that we are promising that they will love the process, it’s that once they move in the home, they can say that they are happy with the decisions they made.

BOTTOM LINE

Schedule a one-hour private showing of a home your builder has recently completed. Tell your builder whether or not the quality meets your expectations.

The Terrible Truth About Building Beyond Your Means

Sometimes homeowners want to build a home that doesn't seem to be affordable for them; it's well beyond their means. That's a tough situation for me because if I build the home the way they want, I know they'll regret it. On the other hand, if I don't, they won't be happy with me. In fact, I've sometimes lost building opportunities simply because I want to be straight with people when it appears they're pushing the envelope of costs.

Of course, I know I'm not my clients' keeper regarding how they spend their money. But as a professional who values integrity, I believe I have a responsibility to share the cold, hard facts of the large investment they will be making in building a home. Some people begin the design process with a realistic budget that's within their means, but as the process moves along, it can begin to get out of hand.

If you've purchased a new car recently, you know what I mean. Say for example, you want to get a nice car and you decide your budget is \$30,000. Once on the lot, you see the base price on a model you like is \$34,000. *Well, it's only a few thousand more, you think.* But then you start noticing some of the options. You really like the Bluetooth voice recognition controls (only another \$1,000), and it's just \$19.80 a month more on your monthly payment. Of course, then you see other cool things like the GPS Navigation System, the backup camera, and the Premier Audio System—so you add another \$6,000. You also decide to upgrade from the standard leather package to the heated and cooled, comfort leather seats. That adds \$2,160, but it's so incredible! Then you discover the Satellite Radio System, and add \$486. Finally, you decide to add a sunroof, custom paint, and upgraded tires...

You get the picture.

In a matter of minutes, your \$34,000 car became a \$45,000 car. And remember, you started out looking for a car that would cost \$30,000.

That's what it's like for some homeowners who design and build a home. Construction hasn't even started and already they've added options and selections to their home beyond the original plan. Sometimes people stretch and stretch financially to build their new home and by the time construction begins, they're under so much stress that when we have an opportunity to add a nice feature to their home (something as simple as

additional crown molding), they are completely stressed out because of a few hundred dollar decision. That's often because they didn't discipline themselves to stick to a reasonable budget.

Please don't build a dream home that you will have to sell before you even move in because you can't afford it.

Be sure you have a builder who will help guide you through this process with honesty and professionalism. If I notice that costs are beginning to exceed the homeowner's budget, I tell them that it's my responsibility to communicate this to them. The final choice is up to the homeowner. Ultimately, I want them to be happy *and* financially healthy with their finished dream home.

BOTTOM LINE

Build within your means so your dream home doesn't become a financial nightmare.

The Hidden Pot of Gold in Your Pocket

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When I work with people on a homebuilding project, sometimes couples come to me with a maximum budget for building their new home. They plan a budget for the lot, the home, and architecture—a complete package. When I review it with them, I spend a considerable amount of time listening, asking questions, and working to meet their particular budget. I want to make sure we maximize their investment.

Many times, however, I'd work fervently to create a design, size, and features to meet the homeowners needs and wants within the budget they presented, only to find out later that they had a hidden "pot of gold" in their pocket; they had more to spend than they let on originally.

That approach has always seemed counterproductive to me. After spending countless hours working to meet their budget, and *then* learning the couple actually has an additional amount to spend, we essentially have to go back to the drawing board to start the design process all over again. Not only is it frustrating, it also sets the construction schedule back. So if they thought they'd be in their new home by Thanksgiving, it would now be closer to Valentine's Day. After this hidden amount situation happened to me several times, I started telling my homeowners this true story:

When I first got out of college, I was ready to purchase my first vehicle. I went to the car lot and told the car salesman I wanted to spend no more than \$10,000 for a vehicle. He said, "Great. Come out to the lot and I'll show you what I have."

I followed him out, and when he showed me the first car, he said, "Now here's one for \$11,500." I looked at him in complete disbelief. I thought, did you not hear me? My budget is \$10,000. I was thinking he'd start me somewhere in the \$8,000 or \$8,500 range, so that by the time I paid for tax, title, car handling fee, and other options, I'd end up at my budget of \$10,000.

Admittedly, I was young and naïve and didn't know about slick salesmen. I did end up buying a car from him because I didn't know any better, but it gave me a bad taste in my mouth. I told myself then that if I ever had the opportunity to sell someone a product or a service, I'd never sell that way.

I tell homeowners this story because I finally realized they may think I'm like a slick car salesman. So I tell them I treat their money like it's my own. I will honor and take seriously the budget they give me. That's why I need the budget to be accurate, with no mysterious "pot of gold" showing up later.

If you trust your builder, give him your real budget at the beginning of the process. If you don't know what you want might cost, and budget is not the influencer, then you are "Program" driven and your builder should know that. If you don't trust your builder, then you shouldn't be working with him anyway.

BOTTOM LINE

*Hire a respected builder; then trust him
with your real budget.*

Choices, Choices, Choices!

Choose Before You Lose

I strongly recommend making your selections before construction begins on your new custom home—color, cabinets, plumbing, hardware, paint, and more (this also helps the budgets stay more aligned throughout construction).

Yes—all selections!

Before I learned how important this was, I noticed that homeowners often seemed unable to make selection decisions in a timely manner. Indecision messes up the deadlines, stalls the project, and can greatly frustrate both builder and homeowner.

Randy is a good example. I gave Randy deadlines for his selections and every single deadline was missed. When it was time to make his paint selection, he asked me, “Well, when do you need it?” I said I needed it two weeks ago, and he said, “But when do you absolutely, really have to have it?” I told him “Friday” and he promised me he would have the paint selected by Friday.

Well, Friday came and went with no paint selection. I called Randy on Monday, and he told me he had an emergency, which prevented him from making his paint selection, but he would have it to me by Wednesday.

At about 4:00 p.m. on Wednesday, Randy showed up and began to put samples on the wall only to find out he needed more samples to compare to his original samples. The next day more paint samples went up. Another Friday passed and Randy said he was having a difficult time making a decision.

In the meantime, we had already completed the drywall and work on the home was at a standstill. The process had lost momentum. I was frustrated, Randy was frustrated, Randy’s wife was frustrated, and the painter was frustrated. Even cabinet, trim, and flooring contractors were frustrated because now their schedules were delayed.

Everyone was frustrated and all the work had stopped.

The painter wasn’t sure he wanted to sign up for my next job, and my reputation as a builder started to get a little shaky.

If you’ve ever built a home, you know it can be very frustrating and time consuming without the help of an interior designer. You take your paint color chip along with your carpet sample and drive across town

trying to match your tile with a designer deco piece for your shower. Then you take those samples to the granite suppliers, drive back across town to a cabinet company, and swing over to the lighting store. Along the way you're bombarded with a plethora of opinions from all of the people working at all of those stores. It's not only confusing—it's exhausting!

Ed & Sharon got help from their interior design team, but when the exterior paint samples were completed, Sharon began second guessing the main body color. They made a last minute change to the paint color without consulting the interior designer. It wasn't until the entire exterior was painted that Ed & Sharon came by to check on the house on a sunny day and realized that they had made a big mistake. The original color was the right choice. The homeowners ended up spending \$15,000 to repaint the exterior of the home because they didn't trust their guided decision. Paint colors are tricky and they appear differently in artificial light, compared to natural light, as well as against the other materials that they are being placed against.

If your builder does not have an in-house design team to help you in your selection process, then at least retain a competent interior designer who complements your style and, as difficult as it may be to make your selections before you begin your home, do it—for your benefit, your spouse's benefit, your family's benefit, and for the benefit of the builder's and your relationship.

If you do this before the construction begins, the only thing you'll need to select after that is your toothbrush. You'll be able to enjoy the building process, and your builder can build your new home more effectively.

BOTTOM LINE

For a more enjoyable (not to mention saner) building experience, make all your selections before construction begins and trust your team.

The Startling Step Most New Homeowners Fail to Take

Obtaining feedback from previous homeowners is critical to selecting the right builder for your new custom home. It's a good idea for you to call a builder's previous homeowners to ask how he performed with their project. It's important to ask what the builder did very well and what some of his weaknesses were.

Of course, it's important to realize that one builder can't be all things to all people. Each builder will have some strong points, but they will also have some limitations as well. If you are looking for the "perfect" builder, I've got some bad news for you. One doesn't exist. However, if you're looking for a builder who's committed to excellence and integrity, and builds quality, custom homes, then such builders do exist.

Every builder has a unique background and unique strengths and limitations. Look for the things that matter: experience, excellence, integrity, and who has a diverse team. Quality custom home builders know their own strengths and limitations. They don't shy away from them, but they work through them and provide excellent service and an excellent home—though not a "perfect" one. Here are a few questions to ask a builder's previous homeowners:

- Did you make all of your selections before you began?
- Did your builder finish your home on time? If not, why not?
- Did your home come in on budget?
- Was there ever a time you felt your builder was being untruthful?
- Did your builder communicate to you clearly if there were any additional charges that you would incur?
- What are your builder's best qualities?
- What are some of your builder's weaknesses and limitations?
- And the most important question: Would you have your builder build for you again the next time?

BOTTOM LINE

Talk to the builder's previous homeowners.

Will I Go Over Budget?

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If you're like most people, yes, you will probably go over your budget. On the way home from work, I occasionally stop at the grocery store just to pick up a couple of quick items. As I get out of the car, I'm thinking I'll be in and out in five minutes.

Twenty minutes later, I'm standing in the checkout line, my arms filled with items I never intended to buy. The watermelon was on sale, the blueberries were a two-for-one special, there's a new brand of chips that looks delicious, and on it goes.

Now I'm standing in line with my arms and fingers filled with items wondering what I came here for in the first place. Oh yes, a gallon of milk and bananas! I have to set the items down and run back to the dairy department because I forgot the milk! Does any of this sound familiar? Most likely you've been there before. The same thing can happen with the new homebuilding process if you're not careful.

As you shop for the latest and greatest appliances, you may find it enticing to upgrade. After all, it's only another \$840. And the engineered wood floor is only \$2.00 more per square foot than your budget planned. Then you decide that you really need nicer plumbing fixtures, upgraded light fixtures, and so on. I've found that it doesn't matter how high the budget is we help establish for our homeowners. If you're not careful, you will quickly exceed your budget. If you have an appropriate electrical fixture allowance of \$10,000, for example, and I increase it to \$20,000, it's still easy to overspend.

Here's what I know: Even if we bumped up every budget by 30 percent, most people would spend more than their budget allowed.

BOTTOM LINE

*Hire the right builder, establish a realistic workable budget,
and then determine if you are, or are not,
going to stay within that budget.*

Don't Buy That Lot! Call Your Builder First

People sometimes call me when they are “almost” ready to talk to a builder. They’ve been looking at lots and have narrowed their choice down to two or three options. As soon as they purchase their land, they want to talk with the builder to discuss the home they want to build on it.

Instead of buying a lot first, we advise people to first talk to a builder. Request a meeting with your builder to look at the lots *before* you buy one. If you’ve never purchased a lot (and most people haven’t), you could be walking into serious issues that you’re unprepared to handle. Before you buy a lot, there are several things to consider. If you purchase land based primarily on price, you may discover unexpected additional costs and issues later on.

Have your builder (or builder’s realtor) represent you, not the developer. Developer’s agents only want to sell from that neighborhood, you need someone who knows and can compare multiple lots from different neighborhoods.

Here are just a few items you need to know:

- Fill dirt may be needed that may cost thousands of dollars.
- If the property is designated “steep slope” it’s necessary to do soil testing to ensure that the soils are suitable to hold the home in place.
- Testing for the suitability of a septic system (if applicable) may need to be conducted. Often, local health departments will increase their requirements for septic systems. Sometimes they require an engineered “drip” septic system and that can be an unexpected additional cost.
- Local zoning requirements may have restrictions regarding the front, side, and rear setbacks that may be more limiting than a buyer realizes.

- Some municipalities have lot area coverage ratios. That means restrictions are placed on how large a home you can build on the lot. In some cases, there may be existing proposals to restrict lot coverage ratios. If you unknowingly have outdated information, you may be designing a home that is too large for your particular lot. You can spend six to twelve months designing a home, only to discover that local municipality or Homeowner's Association restrictions preclude the building of the home you just designed, and that may mean thousands of dollars of expenses and many months of wasted effort.

Of course, this is just a short list of issues to consider before you buy a lot. I suggest you meet with an experienced, professional builder before you sign on the dotted line to purchase your lot. Obtaining current, accurate information allows you to make an informed buying decision.

BOTTOM LINE

Have your builder (or builder's realtor) represent you when buying the lot, not the developer or a random agent.

How Many Bids Should I Get for My New Home?

Recently I met with Ross at a lot where he was considering building a new home. About 25 minutes into the meeting, I noticed he was distracted by a car that had pulled up to the property.

I asked Ross, “Are you expecting someone?” He told me he was meeting with six builders that day and requesting bids from all of them. As I wrapped up the final few minutes of our meeting, Ross asked if I could give him a bid on his new home. The plans weren’t complete; there were a lot of items that needed to be corrected (the specifications, including the finishes, tile, cabinetry, countertops, etc., weren’t even defined), but he still wanted a bid from me.

I followed up with a letter to Ross affirming that I thought it was a good idea for him to *interview* six builders, but from my experience getting six bids was counterproductive. When all the bids came back, there would be no common basis for him to compare what was or was not included in the bids. In other words, he would be comparing apples to oranges to potatoes to carrots to tomatoes, and this would only add to the confusion of an already involved process. I suggested that Ross narrow his scope down to one or two builders that he connected with and felt he could trust, like, and respect, and put focused energy in working through the details of his new home.

A few days later at a local builders’ meeting, I ran into Steve, the builder who had arrived after me at Ross’s lot that day. I asked Steve about his meeting with Ross, and he said the project was too crowded for him. Ross had also asked Steve for a bid, and Steve was going to pass.

I’m not advocating you only interview one or two builders, but I am suggesting you narrow your search down to one or two builders. When I know there are many builders competing for the same job (especially if the job doesn’t have a clear, defined focus), I decide to put my limited time and energy where I can be most effective. That’s with people who have narrowed their scope, have a reasonably good idea of what they want, and who value what I value. Then we can put more concentrated effort in to addressing their needs and concerns.

Quality, custom-home builders often don’t have to bid their jobs against other builders because from the onset they have made a connection with

the homeowner, discussed their fee structure, and demonstrated their competency. As a result, they can give their homeowners focused service. This is important because it takes a tremendous amount of time, energy, and focus to execute the process of homebuilding with excellence.

BOTTOM LINE

Interview builders first and select your builder based on trust and respect, not necessarily on the lowest bid.

Excellence or Perfection?

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A prospective homeowner once asked me, “Will my new home be perfect?” I told him there are two kinds of perfectionists: one who asks for perfection but realizes life is not perfect and is very pleased with 95 to 98 percent. The other type expects perfection and is never happy, no matter how well a job is done.

If you are the latter, *please don't build a custom home*. Life is too short and too wonderful to take two years—or more—out of your life only to be disappointed in people and processes that are not perfect.

People build custom homes. *People* are not perfect.

It doesn't mean you can't or shouldn't expect *excellence*.

Here are a few ways that excellence differs from perfection:

- Excellence is taking people and materials that are imperfect and executing a process to its very highest level.
- Excellence is a home that's done timely. Excellence is what happens when something goes wrong and it's quickly recognized and corrected. (Trust me, when you build a custom home, things will go wrong.)
- Excellence is when your builder acknowledges if there is a mistake and promptly corrects it without pointing fingers.
- Excellence is clear communication.
- Excellence is a quality home built with straight walls, functioning doors, and overall good quality.
- Excellence is moving into your home and having your dishwasher, garbage disposal, and gas grill all operational on move-in day.
- Excellence is a prompt phone call from your builder if something unexpected comes up and the schedule needs to be modified.

- Excellence is having a homeowner so pleased that when the topic of homebuilding comes up he says, “Let me tell you about my builder, we have no regrets.”

Planning, designing, and building a new custom home for you and your family can be an exciting, rewarding experience if you select a competent builder who is committed to *excellence* and you have a clear understanding of each other’s expectations. Homebuilding can be a miserable experience if you are a perfectionist who is unhappy even if your builder builds to excellent standards.

BOTTOM LINE

If you require perfection, don't build a custom home.

Why Picking the Right Builder Is Half the Battle

How important is it to choose a good builder? It's #1 on the list! You will have a lot of decisions to make as you build your custom home—selecting colors and finishes, determining size and layout, and more. But no decision will impact your homebuilding experience more than the all-important decision you'll make right at the start. You need to choose a great builder! The fact is you can't do a good deal with a bad person. No matter how hard you work, you can't make a silk purse out of a sow's ear. The same is true with your builder.

Here are the three most important qualities to look for in a builder for your custom home:

- 1. Trust:** Building a new home is probably one of the largest investments a person will ever make. If you don't believe your builder has your best interests in mind, you're talking to the wrong builder. You want a builder who works on your behalf, not someone who is only looking out for his own interests. When you call your builder, will you get a straight answer? If something goes wrong on your job, do you trust your builder to make it right? Believe me, when you build a custom home, there will always be bumps in the road no matter which builder you select. There isn't a contract written yet that will cover every possible condition that you may encounter while building your new custom home. Ask yourself: *What is your builder's intent?* If his internal compass is pointing north (with intentions to do the right thing, even when it's difficult), you're halfway there.
- 2. Competence:** Does your builder have the ability to see and execute your home from start to finish? How long has he been in business? Is he able to walk you through the concept and design stage to produce a home that will reflect your needs, wants, and lifestyle? Does he have the right interior design team to complement your taste and preference? Does he have the right office staff that will politely and professionally respond to your needs and questions? Does he have an on-time, competent construction team to oversee the building of your

new custom home? Does your builder have systems and procedures in place that will allow him to execute the building of your home in an excellent way? Does he have a warranty program with someone to oversee it? Does your builder have a reputation and history in the community that speaks well of his business?

- 3. Fair Price:** Does your builder charge a fair price? Most people start by looking at cost first. While price is certainly important, it's not nearly as critical as trust and competence. That's why I put this quality last.

If you know your builder is charging you a fair price for his services, and if you know he is trustworthy and competent, *look no further*. You have found your builder. Hire him and begin to focus on how to make your dream home a reality.

BOTTOM LINE

Look for trust, competence, and fair pricing in selecting a builder to build your custom home.

What About Storage?

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If you are like most Americans, you accumulate stuff. Stuff takes up space, sometimes a lot of space. Over the years, you may have accumulated things with sentimental value, seasonal items (decorations you use once a year), or extra playthings for those wonderful visits from the grandchildren.

In the homebuilding process, many people fail to take into account their need for storage or sufficient mechanical space, and if they do, they generally underestimate the amount of storage space they will need. In a new home design, people are generally willing to pay more for a home with adequate storage than a home with more finished space that's seldom used (e.g., extra bedrooms). Adding storage space can be accomplished in the early design stages if your builder knows this is a priority for you. The additional cost is minimal as long as your builder knows well ahead of time so he can direct the designer accordingly.

If you live in the north, you know that most homes are built with basements, which are an excellent place for storage. However, for homes built on slabs or with crawl spaces, you don't have that option; instead, attic spaces are often used. Some people want a separate structure, and storage sheds can be planned if requested. Another common storage solution is to create spacious walk-in storage closets within the home itself.

It's easy to create storage space in a walk-in, easily accessible, partially finished attic. Access is often located on the second story with entry from a common area such as a game room or shared space.

If you're building a one-story home, a common place for storage is the attic space above the garage. Your builder can make changes to roof framing to allow for light storage and easy access above the garage.

You should consider our country's demographics of an aging population, and be sensitive to the safety of using a pull-down ladder to access attic space. Upgrading these access ladders to light commercial aluminum ladders is money well spent for the safety and ease of access for you and for any future homeowners.

You can also design attic spaces above garages that have their own separate set of stairs. The stairs are much safer than pull-down ladders; they are often not carpeted and have a very simple handrail for safety. This

is an additional, value-added benefit not only for the homeowners' safety, but also for resale value.

It's important to think through your storage and mechanical needs as you begin to design your new custom home.

BOTTOM LINE

Don't forget about storage. Tell your builder how much of a priority storage is to you and look for opportunities to create inexpensive storage space.

How Do You Avoid a Builder Scam?

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We hear of new scams all the time. You can hardly pick up a newspaper these days without reading about some unscrupulous people devising a new scam to take advantage of unsuspecting people. While this may be true, it doesn't mean *you* have to become a victim. Knowing what signs to watch for can help keep you out of trouble.

Pay attention to these warning signs:

- **Too Good To Be True:** When a builder gives you a price that sounds too good to be true, be wary. If a builder says yes to all of your questions, walk away. If you ask him if something is included in his price, and he *always* answers yes, be cautious. It can't *all* be included! If it sounds too good to be true, it probably is.
- **Too Few References:** If a builder is only willing to give you one or two references, you should wonder why. Any builder can give you a couple of references, although it may be his brother, cousin, and very best friend. Make sure the references you get are recent and credible.
- **Rush to Contract:** If a builder is trying to get you to rush to sign a contract with him, you should see red flags waving and a caution light going off. Building a custom home is a big decision, and if you're rushed into signing something, you could be in for some big surprises later.
- **Check Online Resources:** There are online resources available where you can verify some important information on the builder. In some states, you can do online verification of a builder's credentials and license, verify how long he has been in business, the tax ID number, search for liens, find out if their workers compensation insurance is current or has ever been cancelled. Another good resource is your local Better Business Bureau.

- **Vague Specifications:** Is your builder “open book?” If the specifications are vague (type of material, quality, and finishes for your home), and/or incomplete, ask that they be made specific. Vague specifications leave a lot of room for interpretation and are one way a scammer can argue later. If you sense your builder is being vague or giving you specifications that are incomplete, consider getting a bid from another reputable builder to compare the specifications from each builder. This will help you raise your level of confidence in the builder you choose that he is being honest and forthright about what he is, and what he isn’t, providing in his proposal for your new home.
- **Insufficient Allowances:** One of the most common ways that a builder could present a price that is too good to be true is to knowingly or unknowingly include allowances that are insufficient to complete your home as you expect it. The allowances provided should mean something to you. You should have a good sense as to what your allowances will buy. In researching your allowances, if you find that the level of quality that the allowances provide are consistently less than what you and your builder discussed, be wary.

A little healthy skepticism is a good thing. Respect and trust are earned and you want your builder to earn your respect. If you have any suspicions at all that a builder is trying to scam you, do not sign a contract with him, even if it means you have to start all over again with another builder. When it comes to building your new home, trust is everything.

BOTTOM LINE

*Make sure your builder earns your trust and respect
before you sign a contract.*

Financial Smarts - Part 1

Where Do I Start?

When it comes to paying for your custom built home, do you know where to find your financing? Many don't. Should you peruse the Sunday papers looking for the best deal or stop by your neighborhood bank to see their rates? Do you need a mortgage lender or a mortgage broker? When it comes to finding the right home financing plan, it's really all about dollars and sense.

First, let's define the difference between a mortgage lender and a mortgage broker. Most mortgage lenders can be found at a banking institution. Their services are provided as a bank service. A mortgage broker, on the other hand, charges fees to go out and find a lender for you based on your specific financial qualifications. As a custom homebuyer, you should look for a loan officer who has experience in construction financing with the education and experience to match the banking institution. The best and most reputable lenders won't be found by scouring the Sunday papers to find the lowest rate. If you're seeking competitive rates among several lenders, don't just focus on the price. While one lender may offer a terrific rate, you may be sacrificing speed, service, or their ability to actually help you acquire a loan.

The best place to start is to ask your builder who he recommends. Like his vendors and subcontractors, he should be working with a reputable competent loan officer. You may want to ask your friends for referrals as well. In these volatile market conditions, it's wise to have a trustworthy loan officer with sufficient experience to guide you down the path of one of the biggest financial decisions of your life. A good question to ask up front is whether the loan officer will be working with you during the entire process or will you get passed off to another person in another department.

Once you've narrowed your choice, you'll want to meet with your loan officer to determine what size loan you qualify for to build your custom home. You'll need to fill out a loan application that will focus on three key areas: your credit, your debt-to-income ratio, and your liquidity (assets and retirement reserves). While the application can be filled out online or sent back by email, it's probably better to take the time and fill out the forms in person. Block off at least an hour to do this and answer any relevant questions your loan officer may have. This is where all of your time spent

organizing and filing will pay off. You'll need to bring the most recent copies of pay stubs, your W2 forms, and two previous years' tax returns.

Also bring your most recent statements of checking and savings accounts, retirement funds, IRA account information, and other assets that show your financial strength. Loan officers advise clients to disclose all of their assets on the application form to give the most flexibility in arranging loan approval.

One of the items that will determine your ability to obtain a loan is your credit score. A credit score is a number that is determined by the three major credit-reporting agencies (Experian, Equifax and TransUnion) and is based on historic and current data that determines your credit risk. These numbers are not set by the mortgage lenders or by the banks. Your credit report is your financial thumbprint: every purchase you've made, every bill you've paid (or didn't pay), and every loan you've applied for (car, mortgage, etc.) is logged on your credit report. A credit report is used to determine an individual's credit worthiness. Credit scores range from 300 to 850, and the higher your credit score, the more desirable you look to a financial institution for a loan. Keep in mind, the higher your credit score, the lower the interest rate you can probably get.

It is a good idea to check your credit report before applying for a loan to check for any inaccuracies, especially if you have a common name. Before applying, you may also want to pay down as many debts as possible to help improve your income ratios. Also, the major credit bureaus offer services that will educate you on how to increase your credit scores. They are the experts. Remember, your debt-to-income ratio and credit score are important factors when qualifying for a mortgage loan.

When you are ready to submit the completed application and supporting financial documents, *you may be required* to pay \$300-\$500 to process your application with the lender. Once all of your financial documentation is turned in and reviewed, the loan officer will submit the application to the underwriter for approval. It usually takes 3-5 days to hear whether you've been approved or denied for the loan. An approved loan will usually come back with a capped interest rate for a specific period of time (30, 60, or 90 days). Once you receive the call from your mortgage loan officer with the good news, you're on your way to the next step of the financial process.

BOTTOM LINE

Ask for referrals from your builder to determine the best lender for your financial needs.

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Financial Smarts - Part 2

What Loan Is Right For Me?

Once you've been approved to receive a new loan to build your custom home, the next step is to determine the best loan for your needs. There are a variety of loans to choose from, each with their own set of rules and terms. Your loan officer can walk you through all of the options and help you choose the right one.

If you're building a custom home, you'll want to consider a "Construction-Permanent" loan. A Construction-Permanent (or Construction-Perm) loan has two phases: the construction phase and the permanent phase. The construction portion of the loan funds the construction activities during the building phase of your home. In this phase, you will make monthly payments based on how much money is drawn from the lender. As construction progresses, more money will be drawn from the loan. If you'd like to know just how much money is due and when, your mortgage lender can print out a spreadsheet detailing a fairly accurate estimate. With a Construction-Permanent loan, there is one set of closing costs that are paid at the front end.

During the construction phase, builders will typically receive a deposit when the contract is signed and then will draw from the loan monthly. The borrower would only pay interest on payments based on the draws taken by the builder. I find borrowers are very relieved to hear this as the payments are lower during the construction. An independent inspector hired by the lender will come out to the construction site at each of these stages and check on the home's progress so the lender can release more money to your builder. Keep in mind, they will *not* check for quality only to see if the builder is on schedule to receive payment. The borrower should always ask if there are any penalties if construction goes longer than 12 months. This is very important for a custom build, as the timeframe for the build is longer than speculative.

When construction is complete and a Certificate of Occupancy is issued, the loan modifies from a Construction-Permanent loan to a permanent loan. At this time, monies for homeowner's insurance and property taxes are due into an escrow account. This usually ranges from 1.5 to 2 percent of your loan amount. Your lender will draw up the final papers that confirm the construction phase of the loan has ended and the permanent phase of the loan is beginning. The final check is made out to you and your builder

for you to sign and hand over to the builder. However, you don't have to sign that check over until you are completely satisfied with your builder's work.

There are typically no additional closing fees with the permanent loan.

Another option to consider for a loan is using your builder's financing source. Some builders offer special financing packages. Be sure to ask your builder if you qualify for that option. Using a builder's financing can be just as effective as using a bank loan. Generally speaking, it's easiest and fastest to go with your builder's financing source if they are competitive in the market.

But what if you're not building a custom home? What if your builder has a home that's already done and you'd like to buy it and move in immediately? This is the most common situation for homeowners. You will need an end loan. You can still determine whether you want to have a fixed, adjustable, or interest-only rate with an end loan.

Be sure to talk with your mortgage lender about your expectations.

BOTTOM LINE

*Determine the best loan for your financial needs
after discussing the options with your loan officer.
With so many programs and options available,
choose the one that is right for you.*

Financial Smarts - Part 3

Should I Get a Fixed, Adjustable, or Interest-Only Loan?

Many new homebuyers feel confused about all the options they have when it comes to loans. Which one is best: fixed, adjustable, or interest-only? A mortgage loan officer should be able to explain the benefits of each in detail. But here's a brief overview to get you started. Let's begin by looking at the advantages and disadvantages of the three most common types of loans.

A fixed-rate loan has an unchanging rate for the life of the loan (15, 20, 30, or even 40 years). Your payments will be the same set amount every month for the length of the loan. The fixed-rate loan is the most common type of loan available on the market today. The advantage is that you always know your monthly payment amount. The total of your principal and interest payment will never change.

An adjustable-rate loan is fixed for a certain amount of time, then the rate resets and adjusts itself based on several market indexes and interest rate caps. Sometimes the rate adjusts up, sometimes it goes down. Most people understand this kind of loan is more risky, but there can be some benefits to choosing an adjustable mortgage loan:

1. If you plan on selling your home within 2-5 years (prior to your interest rate adjusting), this can be a good loan.
2. If you don't have much money now, but you expect your income will go up after several years—say from bonuses or commissions—and it will be easier to make higher payments then.
3. If you're only able to put a certain amount of money towards your housing budget.
4. If your financial creditworthiness doesn't allow you to qualify for a fixed-rate loan.

Lastly, an interest-only loan means you only have to pay the interest that is due each month, and are not required to pay on the principal balance for a set amount of time. For example: on a five-year interest-only loan, the amount you owe on your principal in the fifth year is, most likely, the same as when you first took out the loan.

This type of loan works well for homebuyers in three cases:

1. If you intend to pay down the principal on your own terms.
2. If you plan on moving out of your home in a short period of time.
3. If it's an appreciating real estate market. Note: the disadvantage is if you are in a depreciating market, your home may be worth less than what you owe at the end of the loan term.

The interest-only loan was designed for people who want to set their own terms and pay down the principal as they see fit. One word of caution: it takes a disciplined homebuyer to correctly use an interest-only loan.

BOTTOM LINE

*Determine the best terms for your financial needs
after discussing the options with your loan officer.
With so many programs and options available,
choose the one that is right for you.*

Financial Smarts - Part 4

How Do I Know What My Closing Costs Will Be?

After determining the best loan program for your needs, your loan officer will draw up a one-page document that lists all of the costs associated with the loan. This document is called a Good Faith Estimate. The estimate lists all the charges you as a homebuyer will have to pay at the time of closing. Don't be surprised if some fees are slightly higher or lower when you finally come to closing. Each lending institution has slightly different charges, which is why the document you are initially given is called an *estimate*. The Good Faith Estimate is a requirement by all financial institutions as part of the Real Estate Settlement Procedures Act of 1974. If you don't receive one from your lender, be sure to *ask!*

A typical Good Faith Estimate includes all of the lender and underwriting fees as well as other charges by the state or county. Each state is different and prices vary around the country. Some lenders will waive certain fees if you ask, but some fees are locked and will not be removed.

Usually, the first line on the Good Faith Estimate is an application fee or deposit (that fee you already paid when you pre-qualified for a loan). Next are underwriting fees, which average around \$1,000. If you choose a Construction-Permanent loan, there will be several charges listed for inspections. The bank/credit union orders an inspection when a draw is requested. The cost is approximately \$200 for each inspection (this cost should always be disclosed on the estimate). Additional fees will be added for appraisals, and typically the lender will require at least two.

Title insurance is another requirement each homebuyer will have to purchase. It protects the homebuyer to make sure no one else can come and take the property from you. The title company will run checks on the title to make sure its clear. If someone does try to claim the property, the title insurance policy protects the homeowner.

Some states require documentary or documentation stamps. Documentary stamps are simply the state charging a percentage on your mortgage note. This is one of those charges that can't be removed from the Good Faith Estimate. Another required payment to the state is intangible taxes. Intangible taxes are based on the mortgage amount. Both of these taxes have to be paid before a property is deemed legal. *These costs are a small percentage of your loan amount.*

Other miscellaneous charges include recording fees by the county to record the home's deed and mortgage note. These usually cost around \$200. If you are building a custom home, some lenders will require a survey of the land before construction can begin. There may be additional fees that come after the survey, depending on the condition of the land.

This is not an exhaustive list of all the fees, but it will give you a quick snapshot of what it takes to close a loan. All of the costs on the Good Faith Estimate are one-time fees and required to be paid by the homebuyer at the closing of your loan. If you are unfamiliar with any fee, have your lender explain them to you in detail.

BOTTOM LINE

Be sure ask for a written Good Faith Estimate from your lender outlining all of the fees associated with closing your home loan, and be certain to ask for an explanation of any items you do not understand.

What Kind of Warranty Can I Expect?

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An important question to ask your builder within the first few meetings is, “What kind of warranty can I expect?” You’ll want to know if he provides the minimum warranty allowed by law or if his reputation and written warranty exceed your expectations.

Most builders provide a one-year warranty on every home. Does your builder have a warranty program and someone responsible solely for warranty work? Be sure to ask your builder if he offers this. But what’s most important is what previous homeowners say about the warranty. The warranty can be an extension of marketing. It’s a good idea to call the builder’s previous homeowners and ask how your builder did with the warranty and if there was anything he refused to do for them. Did he exceed expectations not only during the warranty period, but did he also show a willingness to correct things beyond the warranty period?

We can make choices to handle things that are not required, and for this reason we continue to get referrals over and over again.

When someone buys a Lexus and something goes wrong with their car one day after the warranty expires, there’s a good chance the dealership will do whatever is necessary to keep the customer happy. After all, people who buy a Lexus have different expectations than people who buy a Hyundai or a Chevy.

People spend their hard-earned money with us, and we work hard to exceed their expectations. Are we perfect? No. But I believe the sign of a great company is how you handle problems. We work very hard to exceed people’s expectations.

BOTTOM LINE

*Ask your builder what kind of warranty he provides
and what his philosophy is behind his warranty.*

Green Certifications - Part 1

Is Going “Green” The Way to Go?

Today many builders and home buyers are concerned about preserving the environment. With increased attention on the condition of our planet, “green building” has become a sought after choice for homeowners, especially in our market.

But what does green building mean? In its simplest terms, green building is making your home the best it can be. It means increasing your home’s efficiency so it makes better use of things like water, energy, temperature control, and construction materials. It’s about using resources effectively so you reduce the impact of your home on the environment, buying local, and creating a healthy indoor air environment.

While building an environmentally friendly home sounds good to most people, they usually want to know two things: what can I do and how much will it cost me? Let’s address the last question first.

You may have heard that building green is more expensive. While that may be true in some instances, it doesn’t have to be. In today’s market some elements of green building can cost more initially, but many do not, and some even cost less. Factor in energy savings over time and the increased durability of many of the green building products, and any additional up-front cost becomes much easier to justify. Also, some mortgage companies now offer reduced mortgage rates to homes built green and green homes are worth more than non-certified green homes.

To answer the other question, let’s take a look at a few things you can do to make your new home more environmentally friendly.

- **Heating and Cooling Equipment:** One of the most important things you can do to make your home more “green” is to carefully consider your choice of heating and cooling equipment. The heating/air conditioning system should be built and installed with the highest SEER (Seasonal Energy Efficiency Ratio) rating possible. The greater the SEER rating, the more energy efficient your unit will be.

The system should also be sized appropriately to effectively cool or heat your home without being oversized. In fact, it is often better to err on the side of being undersized by half a ton than

oversized. (Note: A “ton” is a unit of energy used to measure output. Typically you need about one ton of output for every 400 square feet of your home.) Many builders don’t recommend that you oversize the tonnage of your home’s AC system. The most efficient homes often run on a system designed to be 10 percent smaller than typical installations. A good air system should also be installed with as few bends and connections in the duct work as possible to minimize the risk of gaps and voids.

- **Insulation:** If it’s within your budget, one great option is to have your home insulated with a CARB II compliant foam product. When installed correctly, foam can be quite effective. On top of the good R-values (a term used to measure how well insulation resists the flow of heat or cold through it) foam can fill cracks and crevices in ways that traditional insulation can’t. If a foam product can’t be used, great care should be exercised to make sure the installation is done to eliminate as many gaps and penetrations as possible.
- **Home Orientation:** To reduce energy loads, it’s important to design and position the house in such a way as to minimize exposure to the hot sun while taking advantage of cooling breezes. Whenever possible, the front door or the house’s longest wall should be set to within 5 degrees of true south. It may also be important to landscape in such a way to create wind breaks for the home or create shade to increase efficiency. Good window placement can increase natural light while reducing the need for electric lighting. These decisions are taken into account when designing a home for passive heating and cooling.
- **Windows and Doors:** Windows help make a home beautiful, but they can also waste a lot of energy if they let in heat in the summer, cold in the winter, and drafts anytime. To get more energy-efficient windows, select ones with good insulation values. Some have special coatings that can help repel heat. Others are double- or triple-paned which helps insulation. Some energy-efficient windows have non-toxic gas between the panes such as argon or krypton that provide better insulation than air. Even the window frames can affect how efficient they are. For example, aluminum frames typically provide lowest insulation level. Wood, vinyl, and fiberglass are better. Warm-edge spacers are even better. Certain window coverings like reflective blinds and shades

can also generate incredible savings on energy usage (see more about this in chapter 16). When it comes to doors, make sure they have a tight fit and use excellent weather stripping. Some new door frames include a magnetic strip that creates a tighter seal and reduces the amount of air that leaks out. Some of the best core materials for a door include fiberglass and foam. If a door has glass, it will be more energy efficient if double or triple-paned insulating glass is used. To get the best performance, only use products that are NFRC rated. (NFRC is short for the National Fenestration Rating Council, which is a non-profit organization that established standardized ways to test the performance of windows and doors).

- **Roofing and Exterior Paint:** Consider using reflective roofing and lighter exterior paint colors. These two items offer a cooler home by reflecting the sun’s rays rather than absorbing them. Roof choices (reflective) and lighter paint colors can create double digit drops in exterior surface temperatures which can result in greater energy savings.
- **Building Materials:** Choose to use “earth-friendly” products and building materials whenever possible.

Typically, these include:

- products made with recycled content
 - products that are natural to the environment
 - stay away from exotic hardwoods like mahogany and IPE
 - products that avoid toxic emissions (low to no VOC compliant or CARB II compliant)
 - products that are rapidly renewable such as bamboo, cork and straw
- **Water Systems:** For full-time residents, a heat pump water heater is the most efficient choice for heating water in the home. This appliance uses an air-source heat pump to take the ambient heat from the air around it to off-set the ground temperature of the water and then only uses electricity to heat the difference. Solar and geothermal heat can also be used to pre-heat water using a Super-D heater. For second homes, consider installing tankless or “point-of-use” water heating systems. These systems do away with the traditional standing hot water tanks and more efficiently heat water for the home on an as needed basis.

- **Appliances:** Consider installing “Energy Star” rated appliances. Energy Star is a program backed by the government that identifies products with high energy efficiency. These products often last longer and are more economical to operate than non-Energy Star rated appliances.

BOTTOM LINE

Building an environmentally friendly home can not only save you money over time, it also helps the environment and preserves your health. But keep in mind, incorporating green features into your home early is critical to its success.

Green Certifications - Part 2

How Important is Indoor Air Quality?

Homebuyers today are increasingly concerned about the indoor air quality of their homes. Issues like mold, radon, carbon monoxide and toxic chemicals have received greater attention than ever as poor indoor air quality has been linked to a host of health problems.

Many years ago we built a home for Steve and Betty. Like all of our homes, it was certified and very energy efficient. Steve and Betty told us that they wanted to provide their own cabinets from a company that is known for “do it yourself” because it was less expensive. We tried talking them out of this decision but they had their hearts set on it. On the day that the cabinet parts were delivered to the site, we asked Steve who was going to put together the cabinets? (The cabinets came unassembled in flat boxes and reeked of formaldehyde). Steve was shocked, he hadn’t thought about who would put them together (or install) his cabinets. Once he realized how heavy they were, he decided to have our trim carpenters do it for him. After the cabinets were assembled and installed, it cost more than if they had gone with a decent quality wood/plywood cabinet. Not only that, but the home was now filled with off-gassing particle board. It was only a few years later that I remember Betty was diagnosed with cancer. Obviously we cannot prove the causation, but the correlation is certainly reason for alarm.

New homes are much tighter than homes built before the first energy efficient legislation in 1978. However, even if your home is built and certified Energy Star, there is no documentation for the quality of the contents pertaining to air. Homes built to earn the Indoor airPLUS label include features to reduce contaminants that can lead to poor indoor air quality, including mold, moisture, radon, carbon monoxide, toxic chemicals and more. Unfortunately, homeowners are not taught of the dangers that home furnishings can present when brought into the home after completion.

A few things to consider regarding indoor air quality when building your new custom home:

- Up to 90% of our time is spent indoors
- 750,000 new asthma cases per year in the U.S. alone

- Childhood asthma has increased 600% in the last 30 years
- Homes built today are much tighter than just a few years before and fresh air is hard to get into the home
- Danger Level 1 Contaminants (in a home) include toxic compounds such as:
 - Building materials
 - Furniture
 - Carpets
 - Paints
 - Cleaning chemicals

Flame retardants and other chemicals have been used for decades in the production of commercial and residential upholstered furniture as a method for achieving fire protection. The California Air Resources Board (CARB) has classified formaldehyde as a Toxic Air Contaminant, based on its potential to cause cancer and other adverse health effects.

What is formaldehyde? Formaldehyde is a colorless gas. At elevated concentrations it has a strong, pungent odor and can be irritating to the eyes, nose, and lungs. Formaldehyde is released into the home from a variety of indoor sources. Some resins, or glues, used to bind wood chips or fibers into plywood, particleboard, and other pressed wood products, contain formaldehyde. Cabinetry and some floor and wall materials are often made from such products. Formaldehyde is also used in fabrics to impart wrinkle resistance or to fix color, and in some consumer products it is used as a hardening agent or preservative. Also, formaldehyde is a by-product of cabinetry, and gas appliances are common sources of two combustion processes, such as wood burning, gas appliance use, and cigarette smoking. Formaldehyde is usually present at lower (but not necessarily healthful) levels in outdoor air; it is emitted in some industrial sources, and is also created from chemical reactions in the air among combustion pollutants, such as those in automobile exhaust.

Some common sources of formaldehyde indoors:

- Pressed wood products: particleboard, plywood, medium-density fiberboard (MDF); often used in cabinetry, and wall and floor materials
- Consumer Products: fingernail hardeners, nail polish, wallpaper, some other paper goods, paint, coatings; often a preservative in these and other products

- Coatings for Some Cabinet and Furniture Products: acid-catalyzed urea-formaldehyde type finishes
- Permanent Press Fabrics: clothing, linens, draperies
- Combustion Appliances: wood stoves, gas appliances, kerosene stoves
- Tobacco products: cigarettes, cigars.

Health effects from exposure to formaldehyde affect concentration:

- Odor 50-500 ppb eye & nose irritation, nasal stuffiness, 40-500 ppb lung discomfort (coughing, wheezing, bronchitis symptoms)
- Allergic reactions, worsening of asthma - variable symptoms
- Cancer - No known level with zero risk
- Approximate range of concentrations where effect first observed, in parts per billion (ppb)

What can I do to reduce formaldehyde in my home? There are practical steps you can take to reduce your exposure to formaldehyde in your home. Levels can be reduced whether you are building a new home, remodeling an older home, or seeking to reduce exposure from sources you may have in your home. The most effective way to reduce formaldehyde in indoor air is to remove or reduce sources of formaldehyde in the home and avoid adding new sources. Formaldehyde from sources such as pressed wood products can take years to off-gas. Additionally, porous materials and furnishings can absorb formaldehyde and re-emit it later. Thus, avoidance of sources and prevention of emissions from the start is best.

BOTTOM LINE

Because homes are built so tight today, building a new home can unintentionally create a harmful environment for breathing. Research the products that go into your home, including the furnishings, or hire a builder that is an expert at indoor air quality and builds Indoor airPLUS certified homes.

































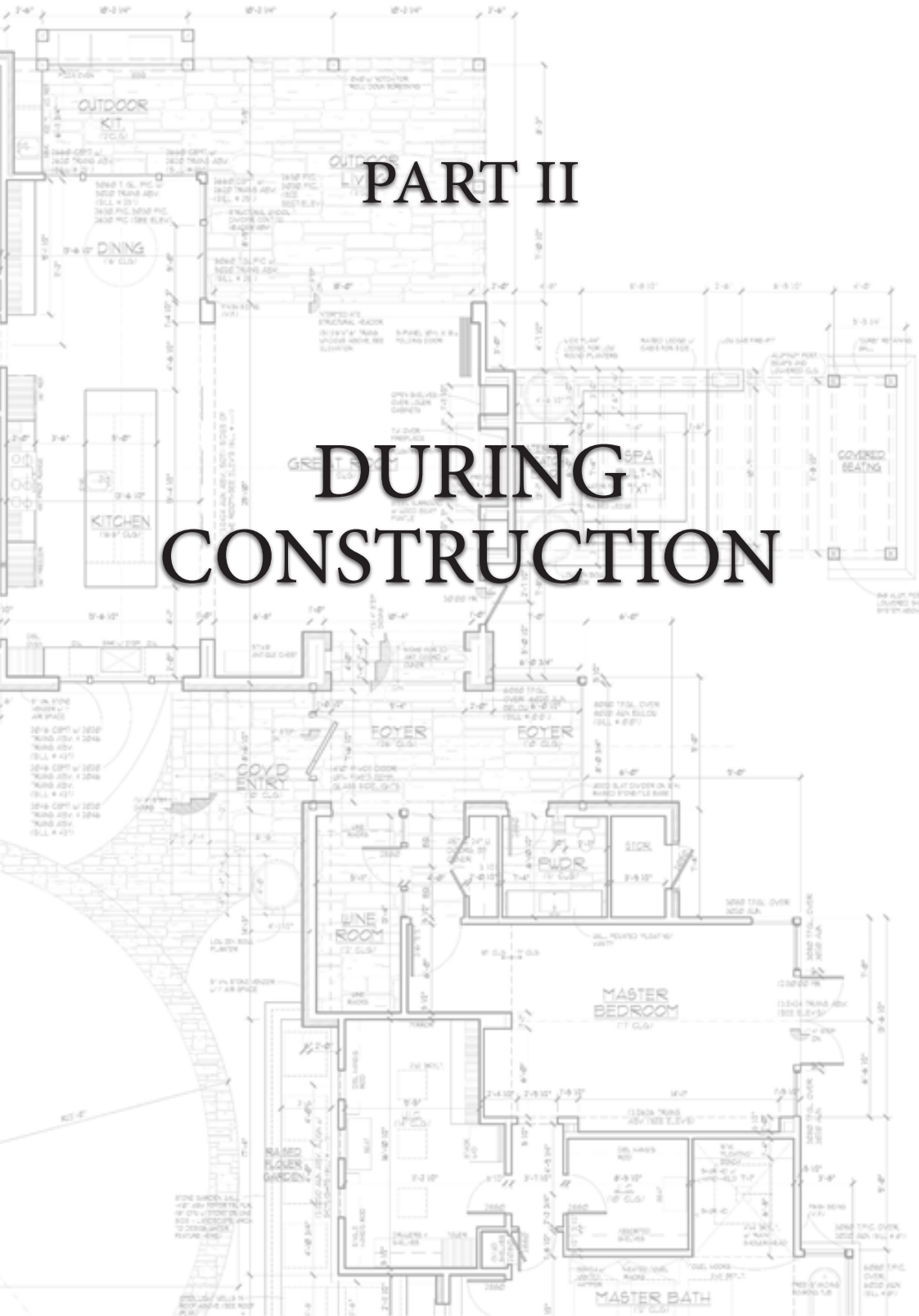
The image is a detailed architectural floor plan of a building, likely a residential or institutional structure. The plan shows several rooms and areas, including a 'YARD STOR' (yard storage) area, a '20 CAR' parking area, a 'BAYNESS' area, a 'EIGHT ROOM' (eight rooms), a 'LAUNDRY' room, a 'GUEST BEDROOM', a 'BEVERAGE CENTER', and a 'WALK-IN PANTRY'. The plan is filled with numerous dimensions and annotations, indicating a complex and well-detailed design. The overall layout is somewhat irregular, with rooms and areas arranged in a non-rectangular fashion. The drawing is in black lines on a white background, with some text in italics and some in bold. The quote is centered over the plan, and the name 'Winston Churchill' is written below it.

“We shape our dwellings, and afterwards, our dwellings shape our lives.”

– Winston Churchill

PART II

DURING CONSTRUCTION



Don't Sweat the Small Stuff

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A few years ago, Richard Carlson wrote a book titled, *Don't Sweat the Small Stuff*— and *It's All Small Stuff*. In his now famous book, he said, “Often we allow ourselves to get all worked up about things that, upon closer examination, aren't really that big a deal...”

That's not only good advice for life, it's especially important during the homebuilding process. I can assure you, there's going to be a lot of small stuff during the building of your home.

Many people who frequently call their builder's office worrying about minor things make the building process much more difficult, both on the builder and on themselves. A homeowner who worries when a subcontractor is two hours late to the job, or needs to know why a two-by-four has a knot hole in it, or notices some sawdust in a corner of the living room can take the wind out of anyone's sail and cause delays.

Yes, it is important to let your builder know if there are things that truly concern you because your builder wants to provide a complete and pleasurable experience. However, people who view every little thing as a “big deal” and worry about it all (especially those who call their builder daily with their current worry list) are never going to be satisfied.

Jordan was someone who excelled in “sweating the small stuff” during the building of his new home. Throughout the design and contract stage of his new home, Jordan was a delight and seemed to be the perfect candidate for a successful project. The trouble started when his builder mentioned the surveyors were scheduled for Thursday. Even though the survey work didn't need to get done for at least two weeks, the builder wanted to schedule it early so it wouldn't be a critical component in the building schedule.

At 7:00 Thursday morning it was raining buckets and continued to rain all day. Early Friday morning, before the builder's offices opened, Jordan called because he was worried about the surveyor. The builder explained to him that because of the full day of rain the previous day, the surveyor was delayed by a day. Jordan was stressed. It was the first of many times throughout the process that Jordan was “sweating the small stuff.”

A week later, when the material was dropped at his lot so construction could begin, the delivery truck got stuck due to all the recent rain.

The builder's office got another call from Jordan wanting to know all the details about why there were tire ruts in his front yard.

The day the foundation man was scheduled he was delayed because of traffic. Another phone call from Jordan. Once the foundation work was prepared, Jordan called to find out what day the inspection would occur. Once inspection passed, Jordan wanted to know what the inspector said and why the inspection card in the permit box was signed off in black marker instead of blue ink.

After the foundation was installed, there was a bag and a half of mortar left over and two wheelbarrows of sand. Jordan called to ask what was going to be done with the leftover material.

It went on and on and on throughout the entire job! Jordan continued to "sweat the small stuff." No amount of meetings and explanations could convince Jordan to let the builder do what he had hired him to do. It was counterproductive to the relationship and impeded the builder's ability to execute the job with excellence. The builder spent more time answering Jordan's questions about the small stuff than he did looking for opportunities to build his home in the most efficient and effective way possible.

It's important to know that if you're going to sweat the small stuff (and remember, as Richard Carlson said—*it's all small stuff*), it usually will not help you get what you really want. At the end of the day, you and your builder both want the same thing: a quality, custom home completed on time and within a reasonable budget. So relax and let your builder worry about the small stuff. In the end you'll be doing yourself a favor.

BOTTOM LINE

Don't sweat the small stuff—let your builder do that.

What Language Are You Speaking?

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“I didn’t buy this home at a scratch-and-dent sale. See that chip in my bathtub? I don’t want it repaired. I want the entire tub torn out.”

Rick clearly was not happy. He obviously had definite expectations and, in his opinion, they weren’t being met.

It’s imperative to have a clear understanding of your expectations if something is scratched or damaged during the construction process. There are over 100,000 components that go into a new, custom home, and in the process of installation, something may inadvertently get scratched or damaged. I recommend you agree in writing with the builder that if he can bring the damaged item to a new, quality standard, it will be mutually acceptable. If you took delivery on a new car and it had a minor scratch, you wouldn’t expect the dealer to replace the entire door or the entire car. Agree on standards with your builder before you begin.

A builder friend of mine was once hired as a mediator to help resolve a conflict between a homeowner and a builder. Instead of going to a jury trial, the builder and homeowner had agreed to binding arbitration. The mediator’s opinion would be binding.

When the mediator arrived at the house, he was introduced to Dr. Jones, the homeowner, who was already dressed for work in his medical scrubs. He was then introduced to Mr. Jenkins, the builder, who arrived dressed for work in his cowboy boots, blue jeans, and a Harley Davidson T-shirt. From the start, the mediator felt they were speaking different languages.

No wonder they had conflict! They came from two different worlds. The doctor was trained in exacting measures. He was trained to do things right the first time—every time. In his world, there were no second chances. A surgeon cannot tell a patient, “Oops, I forgot. I left a scalpel inside your stomach during the operation.” But the builder in cowboy boots and blue jeans was thinking, *What’s the big deal? The wall was put on the wrong side of the line. We can move it in ten minutes.*

Years later (and tens of thousands of dollars in attorney fees later) there was the angry homeowner and the frustrated builder, each one looking for something the other could not provide. The surgeon was looking for a deal, and the builder was looking for the opportunity to say he built an award-winning home.

In the end, the mediator provided his written binding judgment, but neither side ended up happy. The sad thing is all of this could have been avoided if they had understood what they didn't know about the other person's point of view. I suggest you and your builder have your expectations defined and clearly written out before any construction begins. Building a new home involves so many components, and there will be things to deal with all along the way. Be clear how your builder will handle any issues.

The National Association of Home Builders (NAHB) has a very useful guide called the Residential Construction Performance Guidelines. It lists industry specific standards and has been a resource of choice for dispute resolutions over the last decade. Consider agreeing on a neutral standard like this in advance of entering into a building contract.

BOTTOM LINE

Define the expectations in writing before construction begins.

Eight Common Arguments Builders Have with Homeowners ... and How to Avoid Them

1. *Homeowner thinks: You never finished my punch-out, walk-through list.*

At closing, the builder and homeowner assemble a walk-through list. You walk through the entire house together to determine if there are any areas or items that still need attention. It's important to have this list in writing and signed by both the homeowner and the builder. If not, the list will never end. Your builder will become frustrated when items are continually added to the list; homeowners will be frustrated because they will feel as though the builder never completed the original list. Get the list in writing and agree that if any additional items arise beyond the initial walk-through, you will create a new, separate list that will be considered "warranty".

2. *Homeowner thinks: I didn't think adding two more windows to my new home would be an extra cost. After all, I'm paying a lot of money for this home.*

Changes need to be clearly communicated and put in writing to protect both parties and the relationship.

3. *Homeowner thinks: This is a shoddy builder. I never would've hired him if I had known this. Builder thinks: These homeowners have completely unrealistic expectations. I can never please them.*

Before signing a contract, both the builder and homeowner need to clearly outline their expectations. While this may take a little more time, the effort is well worth it. Pen and paper up front can solve a whole host of misunderstandings and "he said/she said" situations down the line.

4. *Builder thinks: The homeowner doesn't have sufficient funds to make changes. Homeowner thinks: The builder didn't communicate changes clearly and in a timely manner.*

Agree in writing regarding any changes that occur after the contract is signed. I also recommend homeowners pay for changes they want at the time of the change, not at the end of a job. This will keep all parties on good terms with each other and the homeowner from having any big financial surprises at the end.

5. Homeowner thinks: My builder is not taking my concerns seriously; they are falling on deaf ears.

Have regularly scheduled meetings with your builder to update the schedule, changes, homeowner concerns, and items that the builder needs in order to complete the home. That way, you don't have to feel like you are nagging the builder and he doesn't have to feel like construction is being halted every time he turns around.

6. The homeowner says he spoke to the subcontractor, and the subcontractor said he could do something for the owner without the builder's knowledge.

All communication must be communicated through the superintendent or interior designer who is running the job. This will avoid "he said/she said" misunderstandings.

7. The homeowner is speaking to everyone but the builder on matters related to the home or its construction.

Open and honest communication with the superintendent or interior designer is vital, not just with anyone who will listen. Let the builder do what you hired him to do.

8. The homeowner is continually second-guessing the builder and the decisions he is making.

Take time at the start of the project to interview and gain a high level of trust with the builder and his abilities. Also, speak to previous homeowners about their homebuilding experience with this builder.

BOTTOM LINE

Save yourself headaches and heartaches by discussing all eight of these issues with your builder and resolve them in advance.

How Long Does It Take to Build a New Custom Home?

The amount of time it takes to build a new, custom home depends on the size, complexity, and geographic location (what part of the country you are building in).

The time it takes just to complete the architectural plans depends on how timely you make decisions and your availability to meet with your designer and builder for design meetings.

On average, it takes approximately 3 to 6 months to develop a preliminary set of plans, price them, make revisions, and get approvals to move forward. It can take an additional 2 to 3 months to finalize construction drawings, selections, the construction budget, engineering, well/septic approvals, landscape plans and final HOA/DRB approvals (if a Storm Water plan is required, it can take an additional 1 to 2 months to get drawings, pricing, and approvals).

Once construction begins, it typically takes approximately one month of construction per \$100,000 worth of work. For example, a \$1,600,000 project would typically take approximately 16 months to complete. (Note: Weather, market conditions, and labor availability can all affect the construction schedule).

These estimates assume normal market conditions, which allow for a timely response from vendors and subcontractors.

It's important to understand the realistic timeline you get from your builder and the things that may delay a timely completion process. Beware of a builder who promises an overly idealistic timeline just to get the contract. In the end, you'll be stuck with the reality timeline.

BOTTOM LINE

Ask your builder how long the design, permitting, and building process takes and what would cause delays in the process.

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Understanding Two Worlds: Yours and Your Builder's

I once talked to a builder friend who built a custom home for a world-class race car driver. The year my friend built the home, his client, Joe, was ranked number one in the world and won the driving circuit for that year.

Early on in the construction process, the builder couldn't understand why it was so unsettling to Joe if things didn't go quite as planned. If a subcontractor showed up a day late, even with a legitimate reason, Joe was upset. The builder began to feel somewhat disconnected with him.

Later that year, Joe gave the builder complimentary tickets to a big race. It was an exciting day with friends, watching the race from noon until 8:00 p.m., filled with the thrill of the race, the crowds, and the cars.

After heading home to bed, my friend woke up the next morning and turned the television on to see the latest report on this exciting 24-hour race. At that moment, the apparent disconnect suddenly made sense. After 21 grueling hours of racing, Joe was leading the race by a mere ten seconds!

It dawned on him at that moment—in Joe's world, ten seconds was everything. The precision required to be a world-class race car driver was very different than the precision required to build a home. To Joe, having a subcontractor show up a day late was incomprehensible. In this 24-hour race, Joe was part of a three-driver rotation. If, during the driver exchange, one driver bumps his knee on the door and loses four or five seconds in the transition, it can cost him the race.

The exacting standards of the construction industry were just *different* than the exacting standards of race car driving. Until that moment, the builder didn't understand Joe's world.

Before you enter into an agreement with your homebuilder, the two of you should seek to understand each other's worlds. If the builder had done this with Joe, it would have saved unnecessary turmoil in the building process.

BOTTOM LINE

*Let your builder know about your world, and
try to understand his.*

Why Do I Have to Pay a Builder's Margin on a Change Order?

Homebuilders often hear, “Don’t builders make enough profit so they can just include the changes as we go along? After all, we’re building a custom home and we’re entitled to make changes. Otherwise, we would’ve bought a home from a production builder.”

While this seems like a valid point from a buyer’s perspective, most people would be surprised to find out that builders don’t make as much money as they think. We always encourage homeowners to work diligently on the front end (before construction begins) so they can keep Change Orders to a minimum. Changes can happen during the construction of a custom home, but you need to be aware of how the process works, the consequences of a change (additional time and cost), and understand the builder’s margin.

Custom homes are built with as little as four changes and some with more than 200 changes. It’s difficult to gauge how many changes a homeowner may make after signing the contract. Most people start out saying they love their plans and they love everything they’ve picked out. Yet once construction starts, we may receive nine phone calls requesting 20 changes during the first week alone!

Changes involve a lot of energy and a lot of the builder and designer team’s time. In order to effectively process and execute changes to a custom home, a builder needs to be fairly compensated. The last thing that you want is to have your builder wincing when he looks at his mobile phone when you call. We’re not saying that a builder should be able to take a trip to Hawaii because of a single Change Order fee he earns while building your home, but a fair and equitable fee that encourages your builder to work on your behalf for an excellent result is vital to the homebuilding process.

We don’t encourage or discourage our homeowners to make changes. Being available to give professional counsel when questions about changes occur is our duty and responsibility. We’re motivated to give our homeowners a great experience.

We once built a home for a corporate executive. John was a great client and a great guy. Our contract agreement outlined that he would provide his own refrigerator. Near the end of construction, John asked if he could use my supplier to purchase the refrigerator at my cost. Since we had a strong

relationship and my focus was on serving, we allowed him to select the refrigerator. We had it delivered and only requested reimbursement of the cost of the appliance, without charging him a builder's margin.

In our original agreement, one of the items that this homeowner valued was an extended warranty, which we provided. Approximately fourteen months after John moved into his new home, the seal on the refrigerator failed and water leaked onto the hardwood floor, causing the floor to warp. When we contacted the appliance company, they indicated that the refrigerator was out of warranty and, since the home was still in warranty (because of the extended warranty period we had provided), we had an obvious problem.

Not only did we have to pay to repair their refrigerator, but we also had to pay for repairing the kitchen floor and sanding and finishing the entire floor in his home because the new finish didn't match the original finish in the rest of the home.

A different example was a time when we built a home for a retired AT&T engineer named Walter. Walter decided that he wanted to buy his plumbing fixtures from E-Bay to save money. The faucets arrived after being in storage (from the seller) for 10 years and much to his dismay, they were all tub-fillers. The plumber had to drive all over town to find parts necessary to convert the tub fillers to faucets for proper conversion to the countertop thickness. Unfortunately, the tub fillers were too long for the sinks and water splashed out each time you washed your hands. Not only did Walter end up paying more for the plumbing than he had hoped, he had faucets that didn't function properly.

We learned a valuable lesson from these experiences. If changes occur that deviate from the original contract agreement, then a builder's margin must be charged to compensate fairly for the time, energy, and risk associated with items that may need to be addressed at a later date.

BOTTOM LINE

Agree in advance what the builder's margin will be on Change Orders. Decide what you want before construction begins, and if a change occurs, you'll have a mechanism that provides for a win/win situation.

43 How to Make Your Builder Love You

We've built a lot of homes, and we've worked with some really great people and some very difficult people. Our most successful projects have been the result of developing strong relationships.

Here are some tips on how to have a successful construction project and make your builder love you:

- **Tell the Builder What He's Doing Right.** One particular homeowner found something good to say every time we spoke. Yes—every time. Nick didn't do this in a patronizing way; he gave me and my team genuine compliments. He looked for and commented on the positive aspects in our relationship and the services we were providing. Nick also shared his concerns with me. I would do anything for Nick and still would to this very day, more than five years after completing his home.
- **Clearly Communicate Problem Areas.** If something is bothering you about your new home construction process, clearly communicate what concerns you without anger or a condescending attitude. Give your builder an opportunity to make it right. A demonstration of a great builder is how well he handles problems.
- **Clearly Communicate Your Expectations.** Be forthright and share with your builder what you really value and tell him what is important to you. If you're clear, you'll probably get what you want.
- **Let Your Builder Do His Job.** We've been hired by homeowners in the past who seem to be agreeable, only to find out later they wanted to control the entire process and hover over us. Behavior like that makes our entire team reluctant to make a decision for them.

- **Think Win/Win.** Builders are regular people just like your next door neighbors. They generally don't make as much money as people imagine, and most builders really want to do a good job. Work toward amicable solutions.
- **Pay Your Bills Timely:** Builders have a hard enough time finding, training and keeping good subcontractors. In order to take care of the best trades and keep them on your job, they need to be paid without missing a beat. For some trades, it's weekly, for others it's bi-weekly, and for some vendors it's monthly. Usually, by the time your builder's monthly invoice is sent out, and payment is received on contract terms, the builder has already paid the trades 2 or 3 times. There are enough stressors in building a home, financial stressors can be avoided by paying bills timely.
- **Remember to Say "Thank You".** Builders are people too, and everyone likes to hear a thank you for a job well done.

BOTTOM LINE

Follow these helpful hints and your builder will love you.

Why You Shouldn't Use Friends as Subcontractors

“I have a friend (or a brother-in-law) who is willing to do the tile work in my new home for a discounted rate. I'd like to use him and save some money.”

Most quality custom home builders have learned the hard way that it's not a good idea to allow homeowners to use friends or relatives for subcontracting work on the house during construction. Frequently it turns out to be a disaster for both the builder and the homeowner.

Here's one example of why: Scott wanted to use his friend's custom cabinetry shop. Scott knew the friend well and had spoken to another friend who was pleased with the cabinetry from this particular company. The builder didn't want to allow it, but also didn't want to anger his client so he agreed to let Scott use his friend's cabinet company.

The builder was promised the cabinet work would be completed by a specified date, but the cabinets were not installed on time. In fact they were delayed several times and eventually caused a two-month delay in the construction schedule. In the end, Scott and his family moved in without any cabinet doors on the face of the cabinetry in their entire home and then waited an additional two months to have their job complete. That didn't even take into account the lost momentum or additional cost in interest carry, overhead, and other expenses as a result of the delay from the cabinet shop.

When you hire a builder, I strongly encourage you to allow your builder to do what he does best. When you visit a dentist, you expect him or her to be trained and equipped to do the job efficiently and effectively. You wouldn't think of bringing your own tools or materials, handing them to your dentist, and asking if you could save money on a filling because your neighbor or friend is in the dental supply business. You wouldn't take a steak to a restaurant and ask them to cook it for you so you could save a few dollars on the meal.

The principle is no different in home building. If you use friends or your own business contacts, it will disrupt the smooth flow of work and communication of what an experienced builder does best. Trust your builder. He has vendors, subcontractors, and a labor force already in place that he works with on a regular basis.

BOTTOM LINE

Hire a competent builder to do the building; save your friends for the housewarming party.

The Top Twelve Mistakes Made by Homeowners

1. Purchasing a lot that is “affordable.” You could build a home with a great design with great features and finishes, but if you build it in the wrong location or on the wrong lot, you could be in real trouble.

Solution: Remember: location, location, location. Purchase the best lot you can manage, even if it means waiting an extra year before beginning construction. (See chapter 6 for more on this topic.)

2. Trying to build a custom home without a professional builder. Building a custom home is more complex than most people realize. It takes skilled professionals years to learn the business and even then changes in the industry, materials, and codes make it difficult to keep up.

Solution: Find a competent builder you can trust. Negotiate a reasonable fee for his services and hire him (see chapter 3).

3. Purchasing a ready-made plan thinking it will save you money. Building someone else’s design or dream (especially one that was designed for someone in another city and state) may not be the wisest choice.

Solution: Purchase a ready-made plan only if your lot is standard and you don’t need to modify the plan (see chapter 10).

4. Choosing a builder primarily because of price. The expression “you get what you pay for” applies to the homebuilding process. If you’ve heard horror stories about people’s experience with their builder, it usually can be attributed to someone trying to get a deal.

Solution: Your home is a major investment. Make an informed, purposeful, thoughtful decision and don’t be lured by the lowest bid (see chapter 15).

5. Biting off more than you can chew. In an appreciating market, the rise in value can cover this mistake, but in a flat or declining market, it can be disastrous.

Solution: Know what you can afford and stick to your budget (see chapter 23).

6. Hiring a builder when your gut instinct tells you not to.

Solution: After careful research and comparing builders, go with your instinct, not the discounted price (see chapters 4 and 27).

7. Making choices for your home that only you love but everyone else hates.

Solution: Get good counsel from your builder, architect, interior designer, and real estate professional before you make your decisions (see chapter 12).

8. Expecting workers to be on your job every day from 7:00 a.m. until 4:00 p.m.

Solution: Recognize that some days no work is scheduled at all because inspections may be taking place, or a project that started before yours requires follow-up work, or rain has caused a change in the schedule (see chapter 37).

9. Underestimating the importance of making all selections before construction.

Solution: Make all selections prior to construction and enjoy the building process (see chapter 21).

10. Homeowners giving direction to subcontractors on the job.

Solution: Communicate only with the superintendent or interior designer. The superintendent is the only person on the job who has all the information related to your project. Subcontractors have only one piece of the puzzle. You can visit the job site during scheduled appointments with the superintendent who can answer your questions and explain what you will be seeing.

11. Not understanding the “Change Order” process.

Solution: Discuss the builder’s Change Order process with him and be sure you are clear with how it works. Cooperating fully with this process will go a long way toward your enjoyment of the whole project (see chapter 41).

12. Moving in before the punch list is complete. If you move in before you have signed off on the completion of the punch list, what would normally take 2 weeks will take up to 6 months due to working around the homeowner's schedule, extra cleaning, touch-ups, etc.

Solution: Finalize the punch list and agree on its completion before moving into your new home. (see chapter 48).

BOTTOM LINE

Avoid these common mistakes and you'll be way ahead of the game.

Should I Hire an Independent Building Inspector?

Sometimes homeowners choose to hire an independent building inspector during the building process of their new home, but that decision can be a double-edged sword.

On one hand, if the building inspector's intent is to genuinely help the process by effectively communicating what he observes, it can really aid in the process of completing a new home. On the other hand, a building inspector who tries to justify his fee by searching for insignificant things can add confusion and even create an adversarial relationship between the builder and the homeowner. When this happens, nobody wins.

We don't discourage our homeowners from hiring an independent building inspector. We think it's important for them to be fully comfortable with the building process. After all, they are investing a lot of money in their new home. If the homeowners can clearly define in positive terms what they want the inspector to do, the inspector will know we're not in an adversarial position. We will all be on the same page, working together to create a beautiful home.

Much of what is noted by a private building inspector is already being handled by the builder, energy rater, green inspector, or the required local, county, and municipal building inspectors at code inspections. Hiring the private building inspector may be additional cost without any real value added to the homeowner.

Homeowners who live out of town, out of state, or even out of country from their homebuilding site may want to hire an inspector to watch over the construction process. This is a different assignment, it is also known as Owner's Representative. We do not recommend this because it is very difficult to stay on the same team when you are paying someone to find problems. Dustin & Catherine hired an Owner's Representative after some friends visited their site and one of them advised that they thought we had used the wrong type of plywood on the porch floor. The Owner's Representative claimed that he was a licensed builder and dazzled them with research on YouTube videos showing alternative methods/products for tiling a porch floor. I showed them our research and had them speak with the representatives from the supply houses who recommended the products in the first place. We offered to replace the porch flooring how Catherine

wanted it, but Catherine began second guessing her counsel and ended up telling us to use the product we would stand behind. This incident caused undue stress and expense for all involved. Later, it was discovered that the Owner's Representative license was archived (meaning he wasn't allowed to practice).

To achieve the desired results, it will be important to choose a building inspector who understands the difference and does not try to create an adversarial situation. A good choice here can make or break a situation. We look for people who understand the "we're-all-on-the-same-team" mentality (and a lot of people don't). We're all on the same side; we all want the same thing. We all want a beautiful home, built to the highest standards. Our goals are not opposite yours or the inspector's. Understanding this is crucial. Be sure you are not hiring someone who feels the need to justify his fee.

For any homeowner, if you are feeling uneasy about your builder, then you should question why you are hiring that builder in the first place.

BOTTOM LINE

Your superintendent should be the person to responsibly manage the project. If you hire an independent inspector, make certain he is helping, not hindering, the building process.

47 How to Maximize Your Valuable Investment

You know how you feel when you drive a new car out of the showroom? You don't want any dust, dirt, or stains to ruin the beautiful seats on the inside or paint on the outside. You keep the interior clean and regularly wash and wax the exterior to keep it spotless. A little preventative care can go a long way in preserving the life of your new car. The car manual provides a maintenance plan that highlights key times to perform routine care to keep the engine running smoothly and the rest of the car performing at its peak.

Do homebuilders provide a similar maintenance plan to new homeowners letting them know what regular care should be given to their new home? Not usually. But they probably should. After all, a new home is one of the biggest investments most people make during their lifetime. So it's wise to take care of it from the start. A little planning and elbow grease will go a long way toward keeping your home clean, maintaining its value, and avoiding costly repairs later on. If you're not that handy around the house, you might want to consider hiring a professional to tend to things that need cleaning and maintaining. This will be money well spent.

Here is a home maintenance plan with some suggestions for maximizing enjoyment of your new home and maintaining its value:

- **Regular Washing:** Just like a new car, your new custom home needs a regular washing too. Try to pressure wash the exterior at least once a year; two times a year is best. The exterior paint, stucco, stone, siding, or other components will not only maintain a better look but will last longer as well.
- **Flush the Air Conditioning Condensation Line:** This preventive maintenance measure costs only pennies but has real, lasting value. Flush the air conditioning condensation line with a cup of bleach twice a year to avoid algae buildup and blockage. This simple preventive step will save you the stress of your line becoming backed up, allowing water to pour through the dry wall.

- **Clean the Gutters and Filters:** Have your home's gutters cleaned at least twice a year to avoid leaf buildup. Also be sure to change (or clean if they are reusable) your air conditioner's filter every three months. (If you have 4" media filters, then you will only need to change them twice per year for full-time use). A clean filter helps your unit run more smoothly and saves you money on your electric bill. A clean filter also increases the life of your air conditioning unit. Nothing is more frustrating (not to mention costly) than having to install a new air conditioning unit in the middle of the summer.
- **Replace with Fresh Batteries:** Daylight-savings time is a great reminder for this step. In the fall and spring, when you adjust your clocks, replace the batteries in your smoke alarm. As an extra note, be sure to check your irrigation clock every few months to ensure proper operation.
- **Avoid Abrasive Cleaners on Hardwood:** If you have hardwood floors, it's important to keep them clean in order to extend their beauty and life. However, be careful to never use wax or harsh cleaners on your hardwood floors. The chemicals could permanently damage the flooring and result in a costly fix.
- **Garage Door Safety Reminders:** Two important things to keep in mind if you have a garage door opener. First, never remove the garage door obstruction sensor. This safety feature is designed to prevent the overhead door from coming down on a child or animal and injuring or killing them. Check the sensor every few months to make sure it is working properly. Second, it's important to never try any type of garage door spring maintenance or adjustments by yourself. If the tightly coiled spring somehow comes off, it can cause serious injury. Always hire a trained installer or maintenance professional to assist you.
- **Check and Reseal:** Check the exterior of your home twice a year for any signs of expansion or contraction. Cracks may allow water to seep in causing extensive damage to the interior walls. Caulk cracks and seal wood to prevent future problems.

While this maintenance plan is not comprehensive, it does include some of the most important items every homeowner should do to protect their investment. Your home may have some additional needs to consider.

Why not take this maintenance plan and find a creative way to remind yourself to do these activities? Perhaps you could write reminders on your wall calendar, schedule them into your Day-Timer, or set up reminders that will pop up on your computer. However, you decide to do it, these regular maintenance items will maximize your home's value and maintain its beauty for years to come.

BOTTOM LINE

Keep up with routine maintenance and cleaning around your house or consider hiring professionals to protect your new home investment.

48 What Can I Expect After I Move In?

Imagine it's been a few months since your custom-built home was completed. You've moved the furniture in, decorated your favorite spots with mementos and other personal belongings, and even hosted a few housewarming and dinner parties. Your home is the envy of the neighborhood and your friends marvel at the attention to detail and excellent craftsmanship. But there are no perfect homes, and a fact of new home construction involves the foundation settling and minor cracks appearing. Many of the cracks appear because your home is adjusting to temperature and humidity changes—builders can't build your home under factory-controlled conditions. So don't panic when minor cracks appear. This is completely normal!

To help ease your fears, here's a list of common situations that occur in new homes. Builders are often asked these questions (and plenty more) from panic-stricken homeowners who fear their perfect home is now laden with problems. Remember, thousands of components were used to put together your home over an extended period of time, so settling and minor adjustments should be expected. A good builder will address your concerns promptly and work with you.

So what can you expect?:

- **Trim Molding Cracking:** This is very common and there's no way around it. Expect to find minor cracking and separation in your moldings, especially in two-story homes. Settling, heat expansion, and contraction will occur as your home acclimates to the new temperature conditions inside from running your air conditioner and heating systems. This does not mean there is anything structurally wrong with your home. Cracks in your molding actually look worse than they really are. A qualified handyman can caulk these minor cracks within minutes, and after the repair you shouldn't be able to tell there was ever a crack at all.

- **Grout Cracking:** Another common spot to find minor cracking is in the tub and shower or kitchen backsplash area. You may notice cracks appearing along the grout lines between tiles or in the corners of these areas. Again, a handyman with the appropriate sealant can take care of this. It's a good idea, however, to add the sealant quickly to prevent moisture from seeping behind the tile and causing any damage.
- **Hardwood Expansion and Contraction:** If you have hardwood floors professionally installed in your home (not constructed from a pre-fabricated kit), you can expect to find some minor cracks or swells, appearing over time. The hardwood acclimates to the temperature and humidity of your home (again due to cool air and heat) after installation and the wood planks will expand and contract. This is normal! It's best to allow the wood to expand and contract for at least six months so it completely settles before making any repairs. A professional installer or handyman can putty in the minor cracks.
- **Window and Door Adjustments:** Even windows and doors will need time to adjust to the temperature after a new home is finished. The doors, locks, door handles, and deadbolts may need some minor adjustment. This is completely normal.
- **Cracks in the Sidewalk, Driveway and Garage:** It is not uncommon for minor cracking to occur along concrete sidewalks, driveways, and even inside the garage or basement. Expansion and contraction also happens here because of the varying temperature conditions that the concrete is exposed to. As long as you don't notice a difference in the height of the concrete on either side of the crack, don't worry. These cracks are normal. It does not mean that there is anything wrong with the concrete foundation. Typically cracks in concrete are not mended unless there is a height difference between the concrete on either side.
- **Receptacle Not Working:** If a receptacle (wall plug) in the bathroom, kitchen, garage, or in the home's exterior mysteriously stops working, don't be alarmed. It may just be a tripped circuit. The current electrical code requires builders to put in a receptacle called a GFCI, or Ground Fault Circuit Interrupter. This measure is added for your safety to prevent accidental electrocution. These

receptacles have an internal trip circuit built in that acts as a safety mechanism when there is water and electricity coming in contact. If there is an electrical surge, the receptacle will trip the GFCI and automatically cuts off the electricity. Since four or five receptacles can be located on one circuit, it may be necessary to reset it. You'll need to look for a small button on the receptacle and push it. The button is usually located in the center of the receptacle site. If your receptacle continues to trip on a regular basis, call your builder or electrician to check out the problem.

This is by no means a complete list of situations that may occur after you move into your home. If you have a more specific question or situation, contact your builder to determine the best approach to fix the problem.

BOTTOM LINE

Some movement, and some cracks may appear. Don't panic, just try to keep humidity levels consistent. The fix is usually easy, and it doesn't mean you have a defective house.

Is Your Title Insurance Policy Up To Date?

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Congratulations, you've just completed building your beautiful new home! Now it's time to consider your title insurance. Title insurance provides protection if someone sues and says they have a claim against your property before you purchased it.

When you purchased your property, you received a document most often called a deed, which shows the seller transferred their legal ownership, or "title" to their property, to you. Title insurance protects you if someone later sues and says they have a claim against the property from before you purchased it. Common claims come from a previous owner's failure to pay taxes or from a previously unknown heir. If there is a claim on the title of your property, the title company will defend you against the claim, or reimburse you for the loss of your property up to the dollar amount specified in the policy.

So you are thinking, "No problem. I purchased title insurance when I purchased my lot". While that may be true, a key point to remember is the dollar value of your title policy. If you built your home after purchasing your lot, the dollar value of your policy may only cover the value of the land. In the event of a claim against your title, you may not be reimbursed for the value of the home you built after purchasing your lot.

If you built your home after purchasing your lot, think about contacting your title company to update the value of your policy to account for the added value of your home. If you are planning to build a new home on your lot, make a note to update your policy during or after construction to ensure adequate coverage. Title insurance is relatively inexpensive and typically a one-time charge. Contact your title company to ensure the policy value covers the value of your land and home.

Now you can stop wondering about Title insurance and start enjoying your new home!

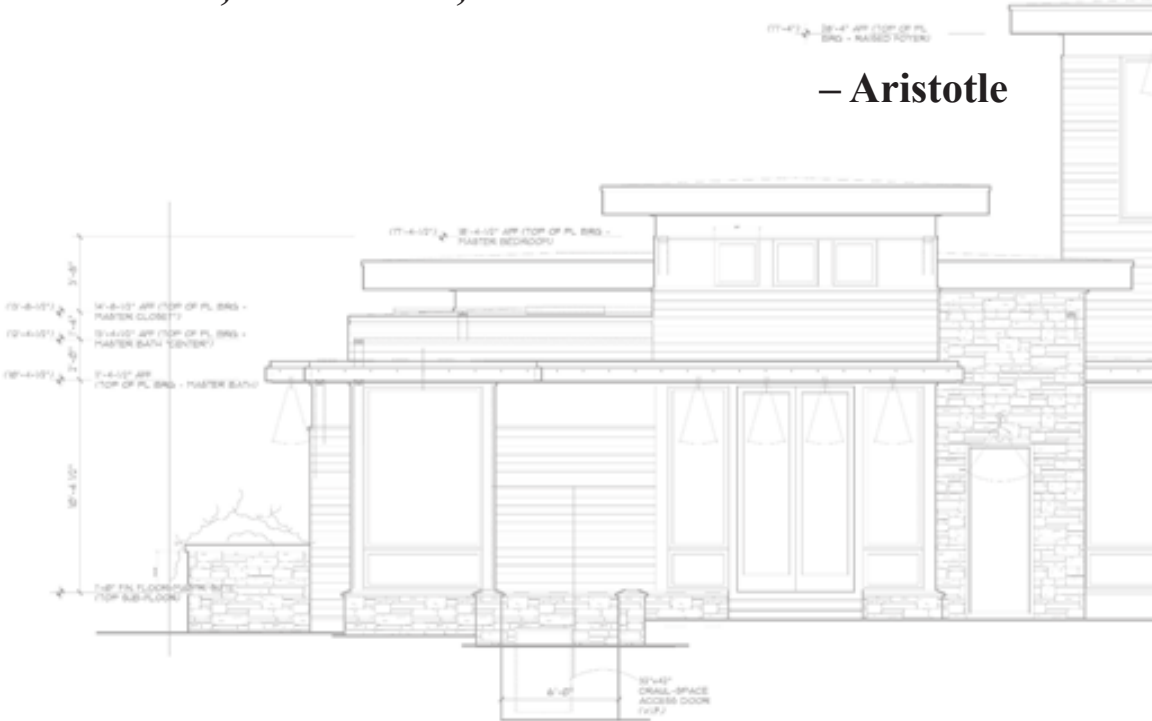
BOTTOM LINE

Make sure your title insurance policy reflects the value of your lot and your new home.



“We are then what we repeatedly do. Excellence, then, is not an act, but a habit.”

– Aristotle





PART III

HELPFUL CHECKLISTS



This book would not be complete without a “Helpful Checklists” section. Each checklist is designed to make it easy for you to keep on track throughout the entire homebuilding process. You may want to review the lists and check off the items as you go through each phase. It can be helpful to take them with you to meetings with your builder or to the building site.

Your builder may have his own checklists for various stages of the design and build process. While they may differ in some details, they will most likely be quite similar.

These checklists have been helpful and valuable to our homeowners and to our company. They allow us to verify items that are significant in the design and construction process and make the process more efficient.

The following checklists are not exhaustive; they simply highlight some of the “must do’s” while your new home is being built. We hope these tools will help you in your homebuilding experience.

50 Check List #1 What to Do Before You Hire a Builder

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- 1. Look at some of the builder’s homes currently under construction.
 - 2. Look at some of the builder’s completed homes.
 - 3. Have the builder provide a list of previous homeowners.
 - 4. Call two or three previous homeowners this builder has worked for and ask them key questions (see Checklist #3).
 - 5. Become comfortable with the contract documents before signing.
 - 6. Decide on your homebuilding budget.
-

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Check List #2

Top Questions to Ask a Potential Builder

- 1. Why should I hire you?
 - 2. What is your fee structure?
 - 3. How do your fees compare to other builder's fees?
 - 4. What are your weaknesses?
 - 5. What makes you different from other builders in this market?
 - 6. What type of warranty do you provide, and what is your philosophy on warranty?
 - 7. What was your worst building experience with a homeowner, and what did you learn from it?
 - 8. How long have you been building?
 - 9. What is your education?
 - 10. How many custom homes have you built?
 - 11. How many homes will you have under construction at the time my home will be built?
 - 12. How do you handle changes?
 - 13. How many Change Orders would you consider average in building a home?
 - 14. Can I meet the person who will be running my job?
 - 15. How often is the superintendent on the job?
 - 16. What work do you do with your own crews, and what work do you subcontract out?
 - 17. Do you have contracts with your subcontractors? Can I see a sample?
 - 18. Can you provide us with a bank reference?
 - 19. Can you provide us with a copy of your insurance certificate?
 - 20. Do you provide Builder's Risk insurance for your clients?
-

Check List #3

Top Questions to Ask Your Builder's Previous Homeowners

- 1. Why did you select this builder?
 - 2. Did your builder demonstrate character and integrity during the time you knew him?
 - 3. Did you feel your builder had your best interests in mind?
 - 4. Did your builder treat you in a respectful, honorable way, and did he communicate clearly with you?
 - 5. What was the worst thing that happened during your building process?
 - 6. What would you do differently if you had to build your home all over again?
 - 7. Did you finalize all selections before you begin construction?
 - 8. Was your home built on time?
 - 9. Did you make any changes?
 - 10. Was your home completed on budget?
 - 11. Was there ever a time you felt your builder was being untruthful?
 - 12. Did your builder exceed your expectations?
 - 13. What were your builder's best qualities?
 - 14. What were some of your builder's limitations and weaknesses?
 - 15. Would you use this builder again? (The most important question of all!)
-

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Check List #4

Before You Begin Construction

Review the following items with your builder at the job site before construction begins. This is not intended to be an exhaustive list; it includes the main things to check before you begin. Ask your builder to explain any items not clear to you.

- 1. Have you shared your Houzz ideabook, or Pinterest board, with the Design Team?
 - 2. Have you paid your HOA/DRB fees and builder deposit?
 - 3. Have you met with the HVAC company to finalize your equipment selections?
 - 4. Have you set up an account for power for “temp pole service” and gotten a Premise number?
 - 5. Have you verified with your builder the well and septic locations (if applicable).
 - 6. Have you spoken with the landscape architect about your initial thoughts for landscaping?
 - 7. Have you or your builder initiated a Builder’s Risk policy? (This should become effective once the foundation begins).
-

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Check List #5

Before Your Builder Hangs Drywall

Review the following conditions at the job site with your builder prior to hanging drywall:

- 1. Have any exterior changes been approved by the HOA/DRB?
 - 2. Spot check room dimensions with your builder.
 - 3. Verify with your builder that all closet framing is in place. These are easily overlooked by the framing contractor.
 - 4. Review all door swings with your builder.
 - 5. Verify with your builder location and quantity of all electrical outlets, switches, cable TV, internet, computer, etc.
 - 6. Verify with your builder placement of any specialty ceiling fixtures.
 - 7. Verify any additional electrical outlet needs with your builder such as sockets, switch lights or holiday lights, receptacles, or convenient overnight mobile phone charging locations (drop zones).
 - 8. Have all niches been framed?
 - 9. Confirm areas for sound insulation.
 - 10. Have you finalized an attic access location?
 - 11. Have you specified any special drywall finish?
-

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Check List #6

3 Weeks Prior to Closing

- 1. Call your insurance agent to put homeowner's insurance in effect.
 - 2. Call your builder to verify the tentative walk-through date.
 - 4. Call telephone company to activate telephone service.
 - 5. Call cable company for TV and internet hook-up.
 - 7. Call gas company to schedule gas service in your name.
 - 8. Call pool service company for pool cleaning contract.
 - 9. Call pest control company for termite bait system installation (pest control contract optional).
 - 10. Call HVAC company to set up a tutorial and discuss a service contract.
-

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Check List #7

The Homeowner Orientation

This checklist will guide you through the process of what will happen on that long-awaited day—your closing day! After many months, it is finally time to hand you the keys. One of the important closing day events will be for your builder to walk through the entire home with you. This is an opportunity for the builder to instruct you about certain aspects of your new home and to point out locations with critical information.

A good builder will have his own checklist, but this list will let you know what to expect, and you can check off your own items as you walk through your beautiful, new, custom home together. It's also a great time to ask any questions.

-
- 1. Verify that keys work in every lock throughout the entire home.
 - 2. Obtain garage door openers.
 - 3. Obtain all extended warranties.
 - 4. Obtain owner's manuals for all appliances.
 - 5. Run the dishwasher through a cycle to be sure it works and there are no leaks or other problems.
 - 6. Verify garbage disposal operation.
 - 7. Verify gas hook-up to all appliances.
 - 8. Verify water heater operation.
 - 9. Learn location of all air conditioning filters (and sizes).
 - 10. Locate emergency water shut-off valve.
 - 11. Obtain subcontractor emergency phone numbers and information.
 - 12. Obtain all final waiver of lien notices (after payment of final bill).
 - 13. Obtain the Certificate of Occupancy.
 - 14. Obtain final survey.
 - 15. Obtain an updated list of all colors and finish selections.
 - 16. Verify pool is in working order (if applicable).
 - 17. Verify gas grill is working.

- 18. Obtain termite certificate.
 - 19. Schedule a two-week walk-through follow-up date with your builder.
-

The Savvy Homeowner's Glossary

48 Indispensable Words Every Homeowner Should Know and Understand

1. **Adjustable Rate Mortgage (ARM):** A mortgage interest rate that changes based on an index over time.
2. **Agreement of Sale:** A sale contract.
3. **Amortization Schedule:** A schedule showing how the monthly mortgage payment is applied to the principal, interest, and the current mortgage balance.
4. **Appraisal:** An evaluation of homes within the surrounding area to determine the market value of the property.
5. **Appreciation:** An increase in the value of property.
6. **Borrower:** The person or persons responsible for the loan, also called the mortgagor.
7. **Cash Reserve:** The cash balance a borrower has left after closing, available for the first one or two mortgage payments.
8. **Certificate of Occupancy:** A certificate issued by a governing agency stating that the building has been approved for occupancy.
9. **Closing:** Finalizing the purchase and financing documents and the disbursement of funds to all parties.
10. **Closing Costs:** All the costs associated with the loan and the purchase, not including the actual cost of the property.
11. **Commitment Letter:** Formal notification from a lender stating the terms of the loan.
12. **Contingency:** A specific condition to an agreement or contract.

13. **Credit Report:** A report of credit history used to determine an individual's credit worthiness, usually provided by a credit bureau.
14. **Debt-to-Income Ratio:** The percentage of one's earnings used to qualify for a mortgage.
15. **Earnest Money:** A deposit given to a seller by a prospective buyer.
16. **Easement:** A right-of-way given to others to access over and across the property.
17. **Equity:** The difference between the market value and the outstanding mortgage balance.
18. **Fixed-Rate Mortgage:** A mortgage in which the rate of interest is fixed for the entire term of the loan.
19. **Flood Insurance:** Insurance for properties in designated flood areas by the government.
20. **Hazard Insurance:** Homeowner's insurance.
21. **Homeowner's Warranty:** Insurance that covers repairs for the home for a specified period of time.
22. **IAQ:** Indoor air quality.
23. **Lien:** A legal claim against a property that must be paid when the property is sold.
24. **Loan-to-Value Ratio (LTV):** The difference between the mortgage amount and the value of the property. Example: Home Value = \$1,000,000; Mortgage amount = \$900,000; LTV = 90%.
25. **Lock-in Rate:** A written guarantee by lender for a specific rate of interest.
26. **Mortgage Broker:** A company that matches borrowers with lenders for a fee.

27. **Mortgage Insurance:** Insurance that is provided by independent insurers that protects the lender in the event of a mortgage default.
28. **Mortgagee:** The lender.
29. **Mortgagor:** The borrower.
30. **Origination Fee:** The fee paid to a lender for processing a loan, also called points.
31. **Owner Financing:** When the seller of the property provides all or part of the financing.
32. **Points:** One-time charge by a lender. One point is one percent of the mortgage amount.
33. **Prepayment Penalty:** Fees charged to a borrower for paying off a loan prior to the maturity date.
34. **Pre-Qualification:** Pre-determining a buyer's financial borrowing power prior to a purchase. Pre-qualifying does not guarantee loan approval.
35. **Principal:** The total loan amount borrowed or the total unpaid balance of the loan.
36. **Radon:** A radioactive gas which, if found in sufficient levels and not remediated, can cause health problems.
37. **Refinancing:** Paying off an existing loan with a new loan on the same property.
38. **Residential Construction Performance Guidelines (RCPG):** A reference set of guidelines for residential construction to identify industry specific standards.
39. **Settlement Sheet:** The costs payable at closing to determine the seller's net proceeds from the sale and the buyer's required net payment.

40. **Site Plan:** A map prepared by a licensed surveyor depicting the exact placement of a house on a lot.
41. **Survey:** A drawing showing the legal boundaries of the property.
42. **Title:** A legal document establishing the right of ownership.
43. **Title Company:** A company that specializes in insuring the title to the property.
44. **Title Insurance:** Insurance that protects the buyer and the lender against losses arising from disputes over ownership of the property.
45. **Title Search:** A search of legal records to ensure that the seller is the legal owner of the property and that any liens or claims against the property are identified.
46. **Transfer Tax:** State or local taxes due when title to property transfers from one owner to the other.
47. **Underwriting:** The process of evaluating a loan application to determine whether or not it's acceptable to the lender.
48. **Whole Living:** The concept of designing green, building green, and then living green. This specifically applies to the awareness of indoor air quality and the dangers of toxins in the home.

A Final Thought

As I mentioned in the introduction, I've been building homes for nearly three decades. For most of my life I've seen the value a beautiful home can have to a family. For me, a house is more than just bricks and mortar. It's more than a beautiful structure with bedrooms, bathrooms, and garages. It's an intimate living space that speaks to the very heart of who you are. Because it's not just your house—it's your home.

When I first learned that we could certify the homes we built as Energy Star and NC Green Built, we joined the Green Building Alliance program and built one of the very first certified "green" homes in Asheville. Due to the economic crash in 2008 we bought the spec house we had just finished, and used it as a model for the next 7 years until we sold the home. Upon selling the home, a radon test was performed and came back showing high levels, requiring mitigation. (At that time, radon testing was not part of the certification process as it is today). We were horrified since we thought we had done the best job possible building a green certified home. From that moment, we knew that we needed to dig deeper into the IAQ (indoor air quality) side of green and identify how best to preserve our client's health. That experience changed the direction of our business and has allowed us to become the benchmark building company that we are today.

Since then, we've expanded into a full-service experience for people wanting to build their dream home. We took the initiative to open my wife Laura's business (ID.ology Interiors & Design) so that we could provide interior design services to not only make the process easier for our clients, but also to focus on designing green. To have the opportunity to verify that we were building the best possible way, we began building green by first analyzing everything that we were buying for a home and then specifying what was to be used. Recently, we discovered that although we were designing green, and building green, we weren't teaching our clients to live green. The furniture and subsequent products that they were moving into their new home after construction were toxic due to the chemicals used in manufacturing. This is when we coined the phrase *Whole Living*. Laura and I opened a furniture store (Atelier Maison & Co.) that provides healthy, non-toxic, heirloom quality furniture. We felt this issue was too big to keep to ourselves, so we created programs for all of our other friends who were builders, designers, architects, and realtors to be able to help their clients live well.

We work with so many wonderful people with different personalities and backgrounds. Some really enjoy the process, while others struggle by trying to control a method that is already tested and proven. My deepest desire for you as our client is to enjoy the process by appreciating the people you are working with and trusting in the entire process as a whole. When you strive, understand, and trust why your team works the way that they do and how they have become successful at it, you will have an enjoyable home building experience. Once you see your design + build team in this light, you are bound to move into your dream home with “no regrets” and a sincere appreciation for all the hard work that made it possible.

Our mission at Living Stone is to exceed our clients’ expectations by building happier, healthier lives. We have seen such an appreciation and affection for what we are doing, we wanted to have a greater impact by applying our mission to our community. As a result, we started our First Friday ministries to better serve our community. Every month, we donate our time and resources, as well as recruit clients and others, to help feed the hungry, clothe the homeless, and house the orphans in our valley. We have an open call to action every month, so if you find yourself wanting to plug into your community in a richer way, please join us in making a difference on the first Friday of any month.

My hope is that this book has helped you move toward custom designing and building your own unique one-of-a-kind home. Now that you know what is involved, we look forward to helping make your family’s home dreams come true.

Enjoy your journey.

Sean D. Sullivan

APPENDIX I

16 Step Pre-Construction Process

Our 16 Step Pre-Construction checklist was created to assist clients of Living Stone Design + Build in understanding the initial steps required to get to the construction phase of your new home. Use this list with your builder to expedite your pre-construction process.

- Step 1. Initial contact with Living Stone to discover and define your home building requirements.
 - a. Identify if you have a lot. If you do not, we will recommend developments/lots and introduce you to our real estate team.
 - b. Discuss appropriate budgets.

- Step 2. Delivery of Living Stone materials and **Design Outline** homework.

- Step 3. Living Stone conducts the initial sales meeting and delivers presentation to you.
 - a. Review topography and how that affects budget and home footprint.
 - b. Go through Living Stone Brochure to explain Living Stone process.
 - c. Explain design + build and Living Stone relationship with Architects and ID.ology Interiors & Design as well as their fees
 - d. Discuss your aesthetic so Living Stone can engage the appropriate architect and review their process.
 - e. Determine if you are program driven, or budget driven, review Design Outline, and solicit inspiration images (Houzz Ideabook or Pinterest Board).

- Step 4. Once you have a lot, set up initial interview with appropriate architect.

- Step 5. Client to sign design contracts to begin moving forward and schedule first meeting.

- Step 6. Conduct the design kick off day (creative meeting) with architect, designer, and builder sales.
 - a. Start at the lot.
 - b. Review Design Outlines and inspiration images.
 - c. Discuss floor plan and elevations.
 - d. Fill out Design Meeting checklist.

- Step 7. Subsequent design meetings continue via virtual meetings until approved plans are finalized.

- Step 8. Client to sign Pre-Construction Services Contract.
 - a. Landscape Architect determined and proposal signed.
 - b. Introduction of client to Production Team.
 - c. Production team begin submittals to development Design Review Board.

- Step 9. ID.ology will design and finalize selections with you as well as accompany you to the furnishings store to introduce and further define your home furnishing needs.

- Step 10. Plans finalized for architectural, landscape, and engineering, as well as selections completed for pre-build design.

- Step 11. Once final plans are received, Living Stone will send the plans and specifications out for estimating (approximately 4 weeks).

- Step 12. Living Stone presents estimate (UPE) along with VE (value engineering) options and explains what will go into the project as well as the specifications that will be used.

- Step 13. Living Stone finalizes the estimates and construction documents.

- Step 14. Customer signs building contract and supplies the 10% deposit to begin construction.

- Step 15. Launch Meeting is scheduled with the design + build team to set expectations and review software usage.

- Step 16. Construction begins upon permit approvals!

APPENDIX II

The Design Outline™ SAMPLE: HIS LIST



DESIGN OUTLINE™

HIS LIST

Name: <i>John & Mary Jones</i>		
Address of Property: <i>706 NC Highway 9, Black Mountain, NC 28711</i>		
Lot#: #12	Cost of Lot: <i>\$400,000</i>	Value of Lot Today: <i>\$500,000</i>
Estimated budget for home excluding lot and financing costs: <i>\$1,600,000</i>		
Number of Bedrooms: <i>Four</i>		Number of Bathrooms: <i>Five</i>
Approx. number of square feet under air: <i>4,000-5,000</i>		
Number of Stories: One <input checked="" type="radio"/> Two		Bays in Garage Two <input checked="" type="radio"/> Three Four

HIS LIST OF PRIORITIES

1. <i>Three care garage with storage</i>	16.
2. <i>High tech sound system throughout house</i>	17.
3. <i>Low voltage lighting package</i>	18.
4. <i>Basketball hoop at driveway</i>	19.
5. <i>Cool looking pool</i>	20.
6. <i>Game room</i>	21.
7. <i>Good insulation</i>	22.
8.	23.
9.	24.
10.	25.
11.	26.
12.	27.
13.	28.
14.	29.
15.	30.

The Design Outline™ SAMPLE: HER LIST



DESIGN OUTLINE™

HER LIST

Name: <i>John & Mary Jones</i>		
Address of Property: <i>706 NC Highway 9, Black Mountain, NC 28711</i>		
Lot#: #12	Cost of Lot: <i>\$400,000</i>	Value of Lot Today: <i>\$500,000</i>
Estimated budget for home excluding lot and financing costs: <i>\$1,750,000</i>		
Number of Bedrooms: <i>Five</i>		Number of Bathrooms: <i>Four & one half</i>
Approx. number of square feet under air: <i>4,400</i>		
Number of Stories: One	<input checked="" type="radio"/> Two	Bays in Garage <input checked="" type="radio"/> Two Three Four

HER LIST OF PRIORITIES

1. <i>Warm homey feeling</i>	16. <i>Circular drive</i>
2. <i>Hardwood throughout</i>	17. <i>12' ceiling in entry, living and dining; 10' rest of downstairs</i>
3. <i>Nice kitchen with granite counter tops</i>	18. <i>9' ceilings downstairs</i>
4. <i>Crown molding throughout</i>	19. <i>Single front door with sidelights</i>
5. <i>Traditional elevation with stone</i>	20. <i>Exterior accent lighting</i>
6. <i>Pavers on driveway</i>	21. <i>Wood/clad windows</i>
7. <i>Metal roof</i>	22. <i>Professional grade appliances</i>
8. <i>Larger secondary bedrooms</i>	23. <i>Built-ins in family room</i>
9. <i>Walk-in closets for secondary bedrooms</i>	24. <i>Fireplace in master bedroom</i>
10. <i>Lots of storage in home</i>	25.
11. <i>Tall baseboards</i>	26.
12. <i>Double wall oven and oversized refrigerator</i>	27.
13. <i>Two dishwashers</i>	28.
14. <i>Moen plumbing fixtures</i>	29.
15. <i>Smooth stucco</i>	30.

The Design Outline™ SAMPLE: COMBINED LIST



DESIGN OUTLINE™

COMBINED LIST

Name: <i>John & Mary Jones</i>		
Address of Property: <i>706 NC Highway 9, Black Mountain, NC 28711</i>		
Lot#: <i>#12</i>	Cost of Lot: <i>\$400,000</i>	Value of Lot Today: <i>\$500,000</i>
Estimated budget for home excluding lot and financing costs: <i>\$1,750,000</i>		
Number of Bedrooms: <i>Four</i>		Number of Bathrooms: <i>Four & one half</i>
Approx. number of square feet under air: <i>4,600</i>		
Number of Stories: One <input type="radio"/> Two <input checked="" type="radio"/>	Bays in Garage Two <input type="radio"/> Three <input checked="" type="radio"/> Four <input type="radio"/>	

COMBINED LIST OF PRIORITIES

1. <i>Warm homey feeling</i>	16. <i>Two dishwashers</i>
2. <i>Hardwood throughout</i>	17. <i>Moen plumbing fixtures</i>
3. <i>Three car garage with storage</i>	18. <i>Smooth stucco</i>
4. <i>Nice kitchen with granite counter tops</i>	19. <i>Circular drive</i>
5. <i>Crown molding throughout</i>	20. <i>Game room</i>
6. <i>High tech sound system throughout home</i>	21. <i>12' ceiling in entry, living and dining; 10' rest of downstairs</i>
7. <i>Good insulation</i>	22. <i>9' ceilings downstairs</i>
8. <i>Traditional elevation with stone</i>	23. <i>Single front door with sidelights</i>
9. <i>Pavers on driveway</i>	24. <i>Exterior accent lighting</i>
10. <i>Metal roof</i>	25. <i>Cool looking pool</i>
11. <i>Larger secondary bedrooms</i>	26. <i>Wood/clad windows</i>
12. <i>Walk-in closets for secondary bedrooms</i>	27. <i>Built-ins for family room</i>
13. <i>Lots of storage in home</i>	28. <i>Low voltage lighting package</i>
14. <i>Tall baseboards</i>	29.
15. <i>Double wall oven and oversized refrigerator</i>	30.

The Design Outline™ HOMEWORK



DESIGN OUTLINE™

HOMEWORK

Name:		
Address of Property:		
Lot#:	Cost of Lot:	Value of Lot Today:
Estimated budget for home excluding lot and financing costs:		
Number of Bedrooms:	Number of Bathrooms:	
Approx. number of square feet under air:		
Number of Stories: One Two	Bays in Garage Two Three Four	

LIST OF PRIORITIES

1.	16.
2.	17.
3.	18.
4.	19.
5.	20.
6.	21.
7.	22.
8.	23.
9.	24.
10.	25.
11.	26.
12.	27.
13.	28.
14.	29.
15.	30.

About The Company

For more than 25 years, Sean Sullivan has been leading the Living Stone team, general management and clients through the design-and-build process. With a proven system and strategic partnerships with architects, designers and realtors, he and his team have delivered dream-worthy homes to families seeking a happier, healthier life in the North Carolina mountains.

All Living Stone homes are green by design. Working with his wife and business partner, Laura K. Sullivan of ID.ology Interiors & Design, Living Stone mindfully selects each element to make your home a happier, healthier place to be. To us, green is not a trend or an upgrade. It's how we build a home with the highest integrity. Our stewardship of your comfort and health guides every step of our design-and-build process and is the heart of the Living Stone ethos.

Sean has earned designations as an Accredited Master Builder, Certified Green Professional, and Certified Aging-In-Place Specialist. He was the Asheville HBA president, the NCHBA president and currently serves at the national (NAHB) level. Sean has been an instructor with the NCBI (NC Building Institute) since 2014 and writes/teaches classes to other builders who earn continuing education credit for their licensing.

Living Stone homes continue to win numerous awards for their excellent craftsmanship and outstanding attention to detail including Builder of the year (Asheville) twice, Builder of the year (NC), Young Professional of the Year (Southeast) and Green Professional of the Year (US), 2021 Small Business Leader of the Year (from the Asheville Chamber of Commerce) and rated the #1 Custom Home Builder in NC since 2016, four time winner of the NAHB Best in American Living (BALA) award, twelve time NCHBA Stars Award Winner for Best Single Family Detached Home, and much more!

Sean's company offers the full array of services a homebuilder needs to completely design, build, and furnish a custom home. Using the one-stop shopping approach means homeowners are assured a coordinated, smooth flow of work. Because most people don't have the time, energy, or the expertise to chase all over town for the services needed, Sean puts the entire process under one roof. People can come to their office for the initial meetings and rest assured that the Living Stone team will take care of the whole package.

The Living Stone team includes an architect, interior architect, interior designers, landscape architect, lighting consultants, and a real estate broker. There are so many components involved in designing and building a custom home that Sean believes this coordinated package is the best way to go. He has seen the chaos that can result if things fall through the cracks, and that's why his team provides the smooth flow of a one-stop approach.

From the beginning, Sean established what would make this company unique. The building blocks would be integrity and relationships. Sean trains his team to listen. The entire process flows from listening to what people say they want and guiding them into a beautiful, successfully completed home.

From the ease of the first meeting to the beauty of the final touch, you'll appreciate the Living Stone difference.

For more information, visit [**www.LivingStoneDesignBuild.com**](http://www.LivingStoneDesignBuild.com)

About the Authors

Sean D. Sullivan, President
Living Stone Design + Build



Sean is the President of Living Stone Design + Build and is responsible for leading the team, general management, and guiding clients throughout the Design + Build process. Whether a client is building from the ground up or renovating an existing structure, Sean takes pride in helping clients realize their dreams. Sean received his BS in Business Management from Roger Williams University and has been in the construction business since 1994. Sean is an Accredited Master Builder, Certified Green Professional, Certified Aging-in-Place Specialist,

and operates under an Unlimited Building License. He is also a Trustee and active faculty member of the North Carolina Builder Institute (NCBI). Sean lives in Fletcher with his wife, Laura Sullivan. In his spare time, Sean enjoys resistance training, traveling, and family events.

Dave Konkol, President Konkol Custom Homes & Remodeling, LLC

Dave Konkol has been creating some of the most beautiful and well designed homes in Florida for more than 35 years. He is the founder and president of Konkol Custom Homes & Remodeling, LLC., a custom home building company specializing in luxury homes. He graduated from the University of Wisconsin-Stout with a degree in Construction Management. Dave is a civic leader, sports enthusiast, and marathon runner.