

Steps to Designing and Building a Home

1. Secure the property

The right piece of property may be more elusive than you think. It can take time to find exactly what you want. Consulting a builder can facilitate the process by helping to identify specific items that need to be addressed with a given property. A builder can also help by providing advice pertaining to different site construction details and costs. There are several options to consider when creating the home that you desire. They are as follows:

1. Redesign and update the home that you currently own
2. Buy a lot with a house on it, tear it down, and build a new home
3. Buy a lot with a house on it and use some or all of an existing footprint to build a new home
4. Buy vacant land and build a new home

2. Select the Design Source or Method

The spectrum of design options runs from stock plans to a unique, architect-designed property. The costs and complexity range from low to high as well. Below are several options starting with the lowest cost and, typically, least complex projects to the higher cost and, generally, more complex projects:

1. Stock plans from the builder or plans purchased from the Plan Book (these typically need structural engineer review for local design codes).
2. Stock plans modified
3. Designer/architect directed by homeowner to draw according to homeowners ideas
4. Architect or designer with builder as project manager providing a “turn key” service.

Regardless of which path you choose, it is wise to enlist your builder as early in the process as possible. This ensures that the project team members can work well together and optimizes adherence to a budget, timeline and quality level that you expect.

3. Deciding the Funding Source

Construction loans are available with as little as 10% down. In some cases, the entire project as well as closing costs, contingency reserves and construction payments may be financed.

- *Funds released in draws at each phase of construction
- *Inspections by lender required, typically to access the funds
- *Factor in a contingency fund of from 10-20% of project costs

*Risk management and liability need to be considered

Lenders like to see 10-30% equity in the completed project's value. This allows a homeowner to borrow from 70 to 90% of the total cost of the finished project through a one-time close construction loan. The value of the completed project will be assessed based on an appraisal that the lender will do for the borrower.

Work closely with your builder to coordinate contractor loan time frames.

Unlike standard mortgages, construction loans are released in phases to cover different stages of construction. You can expect the lender to require an inspection of each stage as it is completed. It is wise to factor a reasonable contingency fund in your budget for flexibility in changing product selection.

The more planning and decision making you and your building team do BEFORE CONSTRUCTION COMMENCES, the less likely the chances are for costs and schedule variations. Ideally, you will make 80-90% of your selections prior to turning dirt.

You should be sure to obtain builder's risk and liability insurance to protect against damage to the structure, theft or vandalism, and personal injury claims during construction. An insurance broker can be of assistance in getting price quotes and providing information about options. Your contractor should carry workers' compensation and liability insurance. Certificates can be provided.

4. Conduct Project Feasibility and Planning

Plans – Whether starting from scratch or using a stock plan, proper plans are essential for scoping a project. They allow a builder to determine feasibility for a particular plan on a given piece of property and are essential to correctly pulling together the project construction cost estimates.

The cast of characters involved in helping you through the feasibility study, the design, the project scoping, and the estimating include some or all of the following:

***Architect** – Designs house plans

***Banker/Lender** – Finances

***Builder or General Contractor** – Project management and often is engaged to coordinate, consult, and facilitate the pre-construction phases. The General is typically tuned in to current pricing and timeline realities. A general contractor can often be your best advocate in “value engineering” your project to meet your budget and time parameters while maintaining your quality, the aesthetics that you desire and providing an appropriate level of management. This management component starts with a feasibility study, continues with strong subcontractor selection and management that requires diligence in selecting, monitoring and managing the subs and vendors compliance with their sub contracts, licensing, insurance, safety and financial management.

***Interior Design Coordinator** – informs and influences finishes, colors, hard surfaces, appliances, lighting, and other selections.

***Landscape** – design and often implements landscaping

***City or County Planning and Land Use Departments** – for permitting and land use restrictions and definitions.

***Other Professionals** who may need to be involved include: Arborists, Geotechs, Soils and Structural Engineers, Surveyors, Asbestos (or other hazardous materials) Abatement professionals (in tear down situations).

Permits – Once plans are completed, the next step is to secure approvals for the project plans and specifications from the city or county where the project is located. Permits are required prior to commencing construction. The timeline for acquiring permits can vary greatly from several weeks to several months and, sometimes, longer.

The outcomes of this step include the feasibility, site work (placing the home on the land), the project scope and a project plan, an estimate of project costs and a timeline, completed (and submitted) permit application.

5. Construction – Build Bricks and Mortar

The Custom Builders Council of the Northern Virginia Building Industry Association is a good source for local general contractors for your building project. Our recommended builder selection steps are to interview several, look at their reported experience and select the one to start the process based on your perception of their performance.

Building is a partnership between an owner and a builder. You want to select a partner with whom you are comfortable. For a contractor to say that he or she can build at a specific cost per square foot without actually detailing what is included in the space is very misleading. Also, it is important to determine which costs are not included in an estimate. For example, are the permitting fees included? Costs for temporary utilities? Dump fees? Supervision? If costs are not included, ask why they were not addressed. Finally, ask for the estimated start and completion dates for the project.

6. Service and Maintenance

Construction is considered complete when the home has passed final inspections from the City or County and the builder has received a Certificate of Occupancy as a result. The builder conducts a walk-through to demonstrate the systems in the home and to develop a punch list with the homeowner for the small cosmetic fixes that need to be made. At this point, the homeowner can move in.

The builder's warranty phase begins upon receipt of the Certificate of Occupancy. During the warranty time frame, the builder responds to call backs on a schedule outlined in the builder's written warranty program. Each builder has their own warranty program.

It is important for you to protect your investment in your home by familiarizing yourself with the periodic care that is required in your new home. Most builders supply you with information about the care of your new home.

Final Thoughts

Your formula for a positive building experience is as follows:

Planning + Communication + Commitment = Success

- *Invest well in planning before commencing work by consulting with a builder
- *Select a building team with which you can work and communicate well
- *Commit to staying involved during the project

Designing and building a home can bring a tremendous sense of pride of ownership and accomplishment.

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