

***Building Your
Own Home***
FOR
DUMMIES®

**by Kevin Daum, Janice Brewster,
and Peter Economy**



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Wiley Publishing, Inc.

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Kevin speaks regularly on the subject of real estate finance. Kevin penned and published the book *What the Banks Won't Tell You; How to Get the Most Out of Your Mortgage* (Grady Parsons) now in its second printing. He writes a featured monthly column for *Log Homes Illustrated* magazine and writes regularly for *American City Business Journals*. Kevin is actively involved with the Young Entrepreneur's Organization (YEO) and speaks on the subject of entrepreneurship and the arts. In addition to his entrepreneurial ventures, Kevin currently develops property and custom homes. He received his bachelor of arts degree from Humboldt State University.

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Dedication

This book is dedicated to all those information hungry consumers pursuing the American dream of home ownership.

Authors' Acknowledgments

Just like a custom home project, it took many people to make this book happen. We consulted experts in every area to make sure we included current, accurate information.

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Introduction

As you read this book, you most likely have the seed of a dream taking root in your mind. Your current home isn't all it could be. You've been daydreaming about a different place — one with more land, one by the water, or one with a gourmet kitchen. You've trolled the open houses in your area, but none of the homes really light your fire or seem to fit your lifestyle or your family. You want something that feels more like you.

The only way to get a perfect house “fit” is to design it specifically for you. No matter if your new home is a month away from completion or ten years down the road, you need this book.

In our work, we've seen plenty of people like you tackle the process of building a custom home. For some, the process is challenging, but enjoyable. For others, a custom home project becomes a nightmare that leaves them short on cash and long on anxiety. We understand the process and what it takes to move through it with as little stress as possible. In the pages that follow, we provide you with the very best advice our many years of experience have to offer.

No matter if your dream consists of a simple \$150,000 house in the Midwest or a multi-million-dollar mansion in California, *Building Your Own Home For Dummies* is for you. This book can help you turn your dream of a custom home into reality without losing your shirt or your sanity. With this book and with some hard work and perseverance on your part, your dream of building, owning, and living in your very own custom home can become a reality.

About This Book

Thousands of parts and hundreds of tasks go into a custom home project. This book doesn't tell you how to install a toilet or hang a door (other *For Dummies* books cover those topics in detail), but it does tell you everything you need to know about creating a custom home from scratch. Where do you start? Who is responsible for what? How much will it all cost? These questions — and hundreds more — are what this book answers — and all in an easy-to-use reference that you can take with you anywhere.

We divide each chapter into sections, and each section contains information about some part of understanding the process of building a custom home, such as

- ✓ A comprehensive approach to financing your home project, before, during, and after construction
- ✓ The types of custom homes that are available — from log to timber frame to stick-built to modular
- ✓ A view from the loan officer’s side of the desk
- ✓ A complete look at the inspection process during construction and what the inspector(s) will be looking for
- ✓ Thorough and helpful tidbits on how to successfully build your home and still have money left over

The great thing about this book is that *you* decide where to start and what to read. It’s a reference you can jump into and out of at will. Just head to the table of contents or the index to find the information you want.

Conventions Used in This Book

We use the following conventions throughout the text to make everything consistent and easy to understand:

- ✓ All Web addresses appear in `monofont`.
- ✓ New terms appear in *italics* and are closely followed by an easy-to-understand definition.
- ✓ **Bold** text indicates keywords in bulleted lists or highlights the action parts of numbered steps.

We also include *spot-checks* in the Part III chapters to guide you in conversations with your contractor and help you make sure the construction process is going as planned.

What You’re Not to Read

We’ve written this book so that you can easily find and understand information about building a custom home. Although you may be stuck on a deserted island and have plenty of time to read every word in this book, chances are you’re not. So, we simplify it so you can identify “skippable” material. This

information is the stuff that, although interesting and related to the topic at hand, isn't essential for you to know:

- ✔ **Text in sidebars:** The sidebars are the shaded boxes that appear here and there. They share fun facts, but nothing that's essential to the success of your project.
- ✔ **Anything with a Technical Stuff icon attached:** This information is interesting, but if you skip it, your custom house won't fall down.
- ✔ **The stuff on the copyright page:** No kidding. You can find nothing here of interest unless you're inexplicably enamored by legal language and Library of Congress numbers.

Foolish Assumptions

We wrote this book with some thoughts about you in mind. Here's what we assume about you, our reader:

- ✔ You've been sketching custom homes on napkins or doodling floor plans during business meetings. You've looked at your current home with a critical eye and have, at least once, sighed and muttered the phrase, "Someday. . . ."
- ✔ You're drawn to home-improvement stores, television shows, and books.
- ✔ You're desperately looking for a comprehensive guide that demystifies the home-building process by focusing on the information important for you the homeowner to know.
- ✔ You're willing to do some soul-searching in order to get your custom home right. You (and any significant others you may have) have decided that the only way to get the perfect home is to start from scratch.
- ✔ You don't live in a "money-is-no-object" world. You want to make educated financial decisions regarding the budget and long-term financing of your custom home.
- ✔ You want to be involved with the process but you'll rely on professionals to help you when you need it. Professional help may come in the form of a financial advisor or loan officer, an architect or designer, a plumber, or a landscaper. You're willing to assess your strengths and weaknesses and seek help when necessary.
- ✔ We assume that you'll hire a contractor in some capacity, as most people do. (We do provide some small tidbits of information if you want to be your own owner-builder, but the majority of this book focuses on building a custom home with a contractor.)
- ✔ You have the ability to keep an open mind and consider new approaches and information, even when they seem at odds with what you've always been told about the custom home and financing processes.

How This Book Is Organized

This book is divided into five parts. Jump in wherever you want! The following sections explain what you'll find where.

Part I: Getting Started: The 411 on Custom Home Building

Get up to speed on the basics of building a custom home. In this part, you figure out how to get your project organized and how to find property to build on. You start to envision your home and define its style. You get to know the role of the architect or designer and obtain an overview of the plan-approval process.

Part II: All You Need Is Dough: Financing Your Custom Home

Your project won't move from dream to reality without money. In this part, you can find the lowdown on using debt to your advantage and the construction loan process, including inside information on qualifying for the money you need to borrow. Read this part to understand why cash is king in getting your new home built.

Part III: Hammers and Nails: The Construction Process

No, we don't expect you to build your own house with your own two hands. But wouldn't having some idea what those people are doing up on your roof or in your laundry room be nice? Find out the roles of the general contractor and the teams of subcontractors. Follow the construction process from excavation to framing to mechanical system installations to finish carpentry and beyond and use the provided spot-checks to make sure your contractor and subs are doing what they're supposed to do.

Part IV: All the After Stuff

Just because the house is finished, you're not. Now it's time to plant and install your landscaping and, of course, move in. Also in this part, you see

that money is still an issue — you need to consider how to manage the investment you’ve made in your new home. Your construction loan is closed, but it may not be too early to consider refinancing.

Part V: The Part of Tens

Like every *For Dummies* book, this part includes quick resources that provide plenty of information in an easy-to-digest fashion. Above all, this part shows that you aren’t alone. Gain wisdom from other homeowners’ trials and errors in the list of most common custom home mistakes and problems. Discover the best ways to lower construction costs. Use the list of best custom home resources to answer lingering questions or help you uncover wellsprings of useful information. We also provide an environmentally conscious list of ways to make your project green.

Icons Used in This Book

To make this book easier to read and simpler to use, we include some icons in the margins that can help you find and fathom key ideas and information.



These tidbits provide expert advice to help you save time and money in the home-building process.



This icon highlights important information to store in your brain for quick recall at a later time.



Avoid mistakes by following the sage words of advice that appear under this icon.



Although this information may be fascinating, it’s not necessarily critical to your understanding the topic at hand. Feel free to skip it if you must.

Where to Go from Here

The process of building a custom home isn't linear. Not everyone starts with the purchase of a piece of land, for instance. Some people go to an architect first to help them create a floor plan. Others may jump right in with both feet, and be halfway through construction before they realize they need to borrow money in order to finish.

So, to reflect the nonlinear process of building a custom home, this book is decidedly nonlinear as well. We organize it so that you can dip in wherever you want and still find complete information. If you've already bought land and met with an architect, but don't know how you're going to pay for the project, for instance, go to Chapter 7 to read up on financing. Not clear who does what on the job site? Flip to Chapter 11 for information on general contractors and subcontractors.

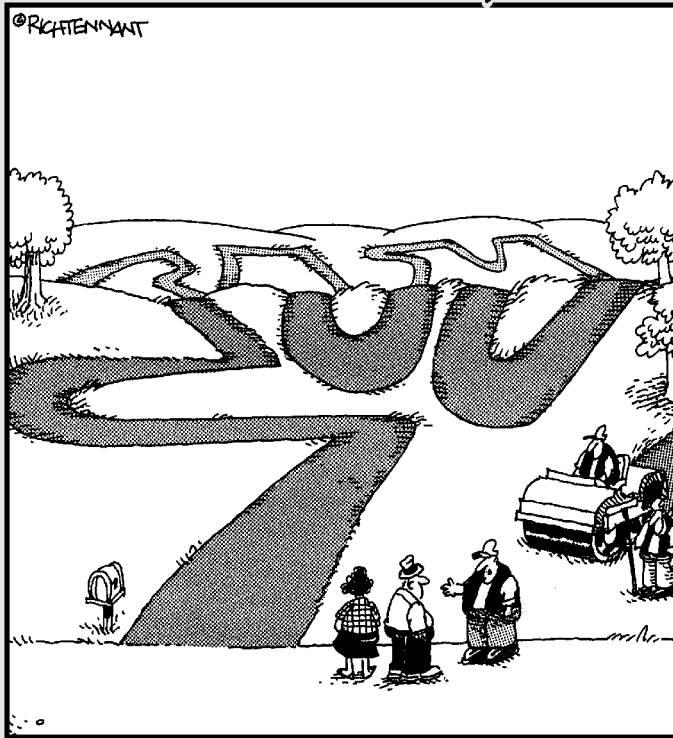
If you're not sure where to go first, you may want to start with Part I. It gives you all the basic information you need to understand the process of building a custom home. From there, you can skip to sections that cover the subjects that seem most fuzzy to you now. Rest assured that when you've finished that section, you'll have a better grip on home-building reality.

Part I

Getting Started: The 411 on Custom Home Building

The 5th Wave

By Rich Tennant



“Look, why don’t you and the Mrs. come to some final decision on where you want the house site, and then me and the fellows will come back and finish the driveway.”

In this part . . .

Creating a custom home may be the biggest, most exciting project you have ever been involved in (yes, even more exciting than when you figured out static electricity in third-grade science class). As excited as you are though, you don't want to rush into it. In this part, we give you a general overview of what you're getting into. We also show you how to get organized and help you acquire land. Lastly, we help you decide on the type of home to build and walk you through the design and permit process with architects and designers.

Chapter 1

The Custom Home Process in a Nutshell

In This Chapter

- ▶ Getting ready for the custom home process
 - ▶ Considering the finances
 - ▶ Figuring out who the players are
 - ▶ Understanding all the steps and time involved
-

Most people at some time in their lives desire owning a custom home. Some people are attracted to the thought of designing and creating something big from scratch. Others want to live in a new home that meets their specific needs instead of a house that looks like every other home on the block. Some people begin the custom home process by accident when they find a piece of land that inspires them.

More than 35 percent of new homes in the United States are custom homes. That means more than 300,000 custom homes are built every year. For each person building a custom home, five people are in the process of designing one. So you're in excellent company with many people dreaming about moving into a home designed and built just for them. Because custom homes are so popular, tons of resources are available to help you through the process.

But, like Rome, your new home won't be built in a day. The custom home process is lengthy, emotional, and expensive, without much consistency to it. Face it; custom homes require custom work and plenty of it! This work makes building a custom home challenging, and yet that extra work is what makes your project unique to you. You may feel overwhelmed at times, but by trusting in the experience of the professionals you engage in your project and keeping this invaluable book by your side, you can have a manageable project that delivers the custom home you have been dreaming of.

Where Do You Start? Preparing to Build Your Home

Believe it or not, the custom home process really has no standard starting place. There are some logical entry points such as finding land, but most often people start with a designed house they've had in mind for a long time. Where you start isn't important; what is important is for you to make sure that you have taken all the necessary steps to give yourself the best chance for success. The following list includes some questions you need to consider before committing time and money to this project. We discuss some of these issues extensively in other chapters (which we reference for you here).

- ✓ Where do I want to live?
- ✓ How long do I want to live in this house?
- ✓ How will I find land? (See Chapter 3.)
- ✓ How much money do I have to spend on this project? (See Chapters 7, 8, and 9.)
- ✓ How much extra time do I have to put into this project? (See Chapter 2.)
- ✓ How do I find the right resources to design my house? (See Chapter 4.)
- ✓ How do I find the right resources to build my house? (See Chapters 2 and 11.)
- ✓ Is my marriage/relationship strong enough to survive this process? (See your clergy or shrink.)

Don't make the assumption that any one person can give you all the information you need to prepare for this process. Contractors have one perspective on the process, and architects may have a completely different perspective. Do your homework and interview as many people as you can who are or who have been involved in the process. By talking to professionals and consumers and asking them to share their experiences, you can begin to get a clearer picture of the process ahead.



Kevin recommends to all his clients that they get organized before beginning the process. Sit down and assess how much time you can put aside each week to focus on the project. Consider making a specific day each week your day for working on custom home stuff. Also clear a space in your office or den to be "Custom Home Central." This way you always know where to find what you need for your project. (You can find other organizing tips for your project in Chapter 2.)