



**ADAIR HOMES®**

# FIRST-TIME HOME BUILDERS GUIDE:

*8 Mistakes To Avoid*

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AN ADAIR HOMES GUIDE

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# INTRODUCTION

No matter what anybody tells you, building a new home is not a simple process. This is especially true if you are trying to do most of it on your own and have never done this kind of work before.

The learning curve for becoming a general contractor is steep, and mistakes can be costly. Unnecessary delays add to the costs and increase the timeline to complete the job. Perhaps one of the most difficult challenges is the emotional one. Building a new home for the first time can be stressful, sometimes leading to strained relationships and an overall negative experience.

Of course, building your own home can also be very rewarding. However, it's important to consider the potential pitfalls before you move forward. If you are thinking about managing the homebuilding process by yourself, it's helpful to understand the most common mistakes so you can avoid them.

**THE LEARNING CURVE  
FOR BECOMING A  
GENERAL CONTRACTOR  
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# 1. FINANCING FAILURES

If you are one of the many people who need to secure financing in order to build a new home, watch out for these common mistakes:

## ***Choosing the Wrong Type of Lender***

Construction loans are not the same as typical mortgages, so even if you have purchased an existing home before, you probably have something to learn about financing a new home. Most construction loans are intended to be short-term financing that lasts only for the duration of the build. When the project is complete, the loan can be converted to a permanent loan or refinanced with a mortgage.

Because these are higher-risk loans, not every lender offers them. It's important to look for a provider that specializes in construction loans so that the process will be more streamlined. A lender that

specializes in construction loans will also be able to help you select the most cost-effective solution. For example, a construction-to-permanent loan can help you save on closing costs and avoid the refinancing process when the home is complete.





## ***Not Exploring All Options***

The loan application process requires a lot of paperwork, which is why it might be tempting to go with the first lender you find. However, unless you explore multiple options, you won't be sure that you are getting the best possible deal. Just because a lender offers construction loans does not mean that they will have all of the options you want or need. Take the time to shop around before you commit.

## ***Managing Personal Finances Poorly***

If you are in the process of securing financing for new construction, it's important not to make any significant financial changes before the paperwork is finalized. This includes major purchases such as property, cars, or expensive furniture. It's a good idea to maintain your current work situation, and you may consider adding contingency funds as your income and job security play a significant role in the amount of money you are able to borrow.

## 2. COST CATASTROPHES

Building a new home costs money. Failure to understand the financial nuances of new construction can quickly derail a project, so beware of these possible mistakes:

### ***Not Understanding All the Costs***

For many first-time home builders, the steep learning curve comes with some tough financial realities along the way. Many people fail to consider all of the costs associated with building a new home, including:

- Land
- Building materials
- Subcontractor labor
- Site development
- Permitting
- Financing fees
- Inspections and surveys
- Appraisals
- Interim payments
- Price increases

This incomplete list doesn't include costs associated with weather delays, rising industry prices, or any of the other expenses you can't predict when planning to build a new home.

### ***Not Understanding Your Estimates***

If you are planning to be the general contractor for building your own home, you will have to evaluate estimates from a broad range of subcontractors. While this is a skill that can be developed with practice, few people are able to get it right the first time. This is because you don't know what you don't know. Understanding what is not included in an estimate is just as important as knowing what is included.

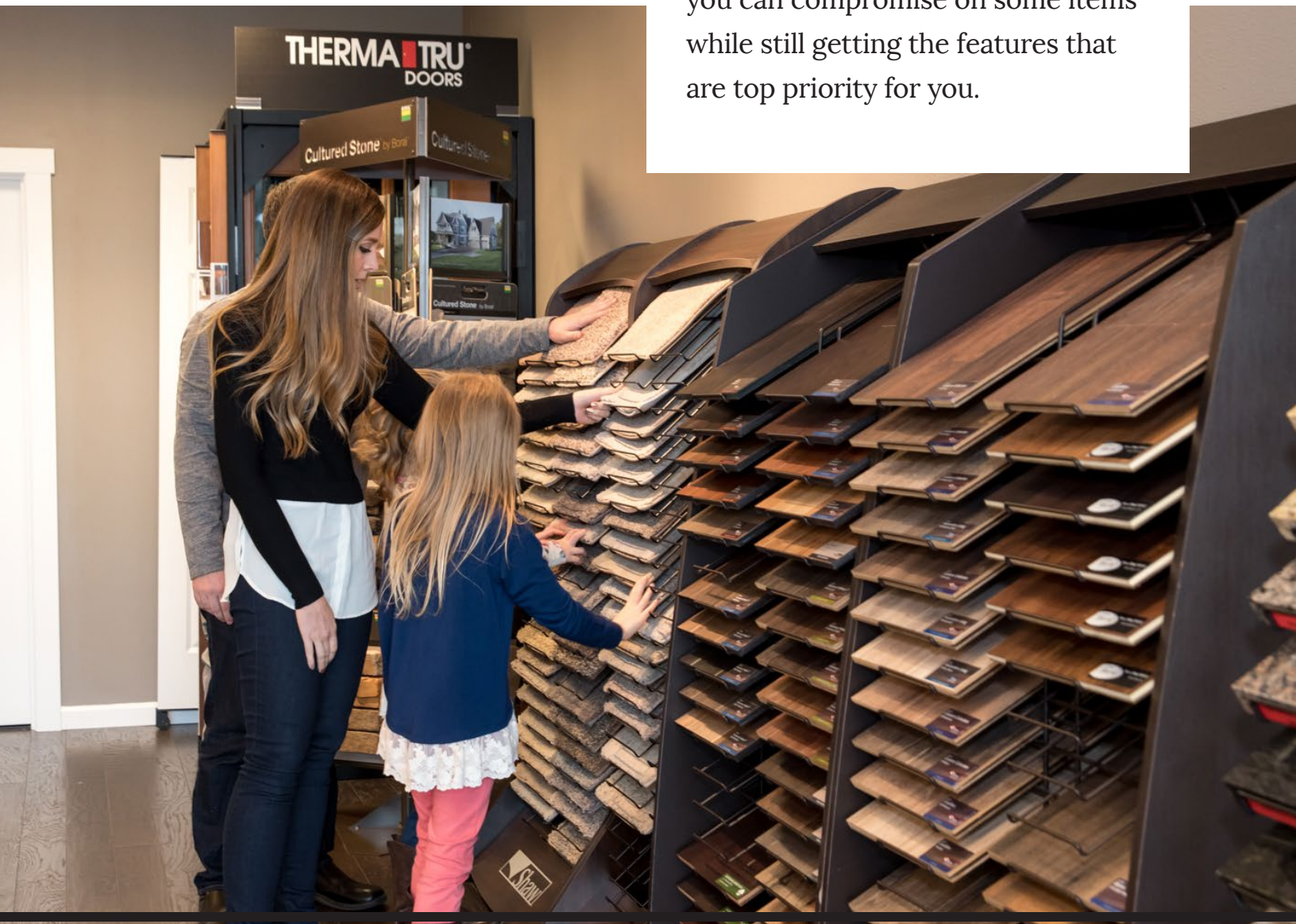


## Underestimating Costs

It's easy to have an optimistic view when looking at an estimate that includes a range. Take off your rose-colored glasses and assume the high end of the range. When you add up all your costs to determine your overall budget, add a buffer (otherwise known as a contingency) because you have likely not included something or priced it too low.

## Trying to Build Beyond Your Budget

Nothing is more frustrating than putting in all the time and effort to build your own home only to leave it unfinished or install lower grade finishes than you had planned. Trying to build beyond your budget will only lead to cutting out things that you want. When you plan wisely, you can make smart decisions in the design process, so you can compromise on some items while still getting the features that are top priority for you.





## **Not Considering Resale Value**

Even if you have the money to do everything you want to do, it's not always a smart idea. Building a new home is an investment, and you want to be able to eventually get a return on it. Get an appraisal of the plans before you build to make sure your home will be valued close to or higher than the amount you are investing.

## **Not Getting a Price Guarantee**

Costs change throughout the life of a project, and if you don't get price guarantees from subcontractors and suppliers, your budget could suffer. Look closely at each estimate and make sure you understand when the pricing expires and how much it will increase when it does. Make sure any price guarantees have a realistic time limit and a cap to how much they can increase.



# 3. FLOORPLAN FLOPS

Selecting the right floorplan is a critical step in building a new home. Watch for these common mistakes that first-time home builders should avoid:

## ***Not Planning for the Future***

You might be designing your dream home for your current lifestyle, but if you plan to stay there for years and decades to come, make sure you prepare for changes such as:

- More children
- Fewer children
- Disabilities as you age
- Aging parents
- Income levels

Think about your future plans—and the possible changes that you don't plan—as you go through the design process.

## ***Not Finalizing Decisions in the Design Phase***

Making decisions throughout the homebuilding process is a lot more difficult than you might expect.

Because of this, many people have a tendency to put them off, thinking it will be easier to decide later. While this might be possible, making changes after the design process is complete almost always adds costs.

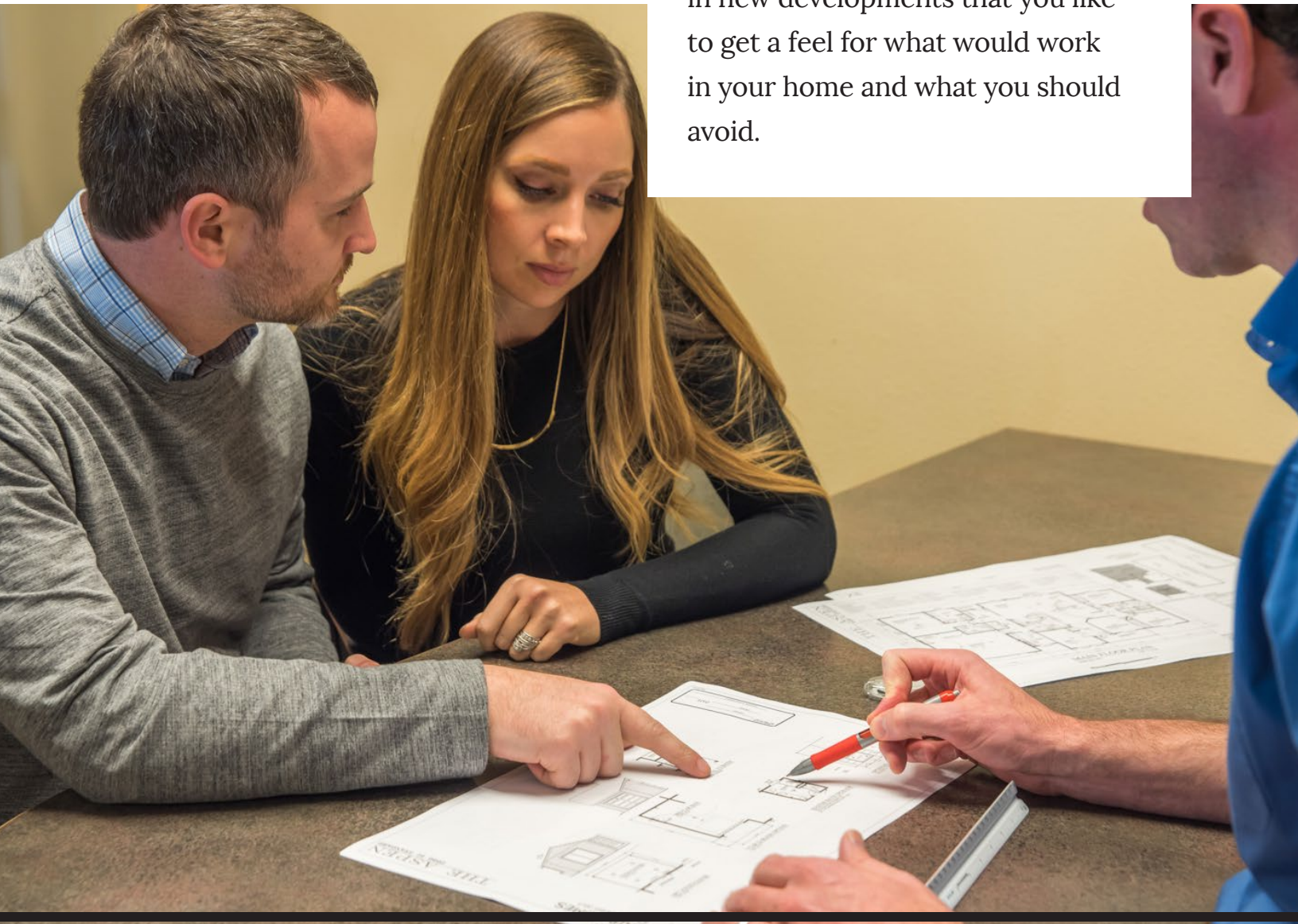
**MAKING DECISIONS  
THROUGHOUT THE  
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## Not Investing in Extra Features

Although it's important not to build beyond your budget, it's also a good idea to maximize it while you have the opportunity. Adding features during the building process is typically less expensive than making changes later, so prioritize your needs and make the investment during the building process.

## Not Visiting Existing New Homes

If you are new to the building process, take tours of existing new homes in your area to get an idea of the current building standards and trends. It can also be difficult to visualize a space from two-dimensional plans, so if it's possible, take the opportunity to walk around in a similar home before you finalize the design. Look for open houses in new developments that you like to get a feel for what would work in your home and what you should avoid.



## 4. LAND HURDLES

Unless you already own a buildable lot, you'll have to find land. Watch out for these common missteps when buying land for your new home:

### ***Choosing the Wrong Realtor***

Not every realtor specializes in land sales. When you work with one who does not, you run the risk of not having access to all listings, not getting the best price, or prolonging the timeline. If you decide to work with a builder, ask them if they have a list of realtors they recommend. Many builders have relationships with local realtors who specialize in land, so this is a good starting point.

### ***Not Exploring All Available Options***

Don't limit yourself to just the land that is listed. A good realtor can help you reach out to land owners with property that is not for sale.

You can also expand your search to include mobile homes that are on the market; you can secure the land and then remove the home. This approach also has the advantage of existing sewer and utility hookups.







## **Not Having the Land Assessed**

Be sure to have a qualified expert assess your land before you buy so you understand all of the factors that could affect your ability to build, such as:

- Costs for site development
- Setbacks
- Local building restrictions
- Protected areas

Not taking the time to have your land evaluated could lead to higher costs and longer build times if you

have to address issues that you should have learned about before you bought it.

## **Settling for an Unsuitable Lot**

Although you might be in a hurry to get the process started, if you buy a lot that doesn't meet your needs, it will ultimately take more time. It's also important to consider how easy or difficult it will be to resell the land. Always ask how long a lot has been on the market, and consider the reasons if it has been a long time.

## 5. TEAM TROUBLES

Even for DIY builders, constructing a new house is a team effort. If you are acting as the general contractor, you must hire qualified subcontractors to perform certain tasks. Some of the most common mistakes are:

### ***Not Having an Expert for Each Phase***

From finding a suitable lot to finalizing the finishing touches, there are a lot of steps to building a new home. It's critical to have qualified people with expertise in each area. Some of the steps where you might want to work with an experienced team member include:

- Assessing your site
- Evaluating building plans
- Estimating costs
- Ordering materials
- Selecting qualified subcontractors

### ***Not Asking Subcontractors the Right Questions***

If you decide to hire your own subcontractors to do the work, it's worth taking the time to get referrals and interview multiple people. Ask about:

- Speaking to past clients as references
- Insurance coverage
- Price guarantees
- Professional licensure
- Safety policies

It might be tempting to work with a local acquaintance or sole proprietor who will offer you a good deal, but be cautious about cutting corners with subcontractors—it could cost you more in the long run.

## 6. SITE DEVELOPMENT DISASTERS

One of the first steps of the homebuilding process is preparing the land. This includes excavating, grading, installing a temporary driveway, and much more. However, before you can start doing any of this work, you must secure permits. Two typical mistakes first-time home builders make are:

### **Not Understanding Local Regulations**

Every jurisdiction has different permitting requirements, so even if you have gone through the building process in another area, it's important to learn the local nuances. Not doing your research could result in permitting delays and fines for noncompliance, so make sure you understand the current regulatory landscape.

### **Not Getting Permits Fast Enough**

The permitting process is not immediate. How much time the process takes depends on which regulatory body you're working with, what their process is, and how backlogged they are. When researching the local permitting regulations, find out how long the process typically takes and build in extra time for correcting mistakes and responding to questions.

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## 7. BUILDER BLUNDERS

The builder obviously plays a key role when constructing a new home. Watch out for these potential pitfalls:

### ***Trying to Be Your Own Contractor***

It's not uncommon to try to save money by being your own contractor. However, this approach can actually end up being more expensive because of the many mistakes that first-time home builders make. Acting as a general contractor is also a lot more time-consuming than you might expect, so if you plan to do this while also maintaining a full-time job, expect it to be stressful.

### ***Not Interviewing Multiple Builders***

If you decide to hire a builder, make sure you go through the same process as with subcontractors. Ask for referrals, get clear pricing (and make sure you understand it), and confirm that they are licensed and

insured. Don't make your decision based on price alone, because you do indeed get what you pay for.

It's also important not to underestimate the importance of personality compatibility. You will be spending a lot of time communicating with your builder, so it's critical that you get along with each other.





## ***Not Choosing a Good Builder***

Selecting a builder that does low-quality work will result in a low-quality house. Ask to visit some homes that they have completed to get an idea of the quality, and ask former customers what it was like to work with them. You're making a significant investment into building a new home. Find a builder with a strong track record of being reliable, on budget, and on time.

**ASK TO VISIT SOME HOMES THAT THEY HAVE COMPLETED TO GET AN IDEA OF THE QUALITY, AND ASK FORMER CUSTOMERS WHAT IT WAS LIKE TO WORK WITH THEM.**



## 8. HOMEBUILDING HICCUPS

It's exciting when the construction process finally begins, but there are some stumbling blocks to watch for during this phase, especially if you plan to participate:

### **Poor Communication**

Whether you decide to build on your own or hire a builder, good communication is essential in the homebuilding process. If you're managing the process yourself, you're responsible for coordinating all of the subcontractors and ensuring they have everything they need to do their work on schedule. If you hire a builder, it's

important to communicate with the superintendent about the schedule for participating in the build process. This includes knowing when it's appropriate to paint, empty dumpsters, and complete other homeowner tasks. You might own the home, but while it's under construction, the superintendent is in charge. Respect for this role is crucial if you want to have a successful project.





## Not Completing Tasks on Time

If you choose not to hire a builder and are making the schedule yourself, make sure it's easy to make changes as you go. Each job impacts the next and any delays will impact your trade partners. If you hire a builder, the superintendent will create a timeline for construction, and many tasks require the completion of prior tasks before they can be completed. This means that when a task that you have agreed to do doesn't get done on time, it can set the entire timeline back. Adding time often translates to adding costs, so make sure you stay on schedule with the tasks you have committed to doing.

## Not Anticipating Delays

Delays in a construction project are almost inevitable. A good builder will do their best to be proactive and minimize delays, but there are a lot of factors—including weather, permits, and material deliveries—that are not in their control. If your schedule is too tight and you plan your move-in day without accounting for delays, you will likely be disappointed.



# ADAIR HOMES HELPS YOU AVOID MISTAKES

It's true that as a first-time home builder, you could be the general contractor and manage everything yourself. However, without experience doing this kind of work, you will likely make a lot of mistakes that cost time and money.

Working with a builder like Adair Homes allows you to get your hands dirty with less risk of making costly mistakes because experts guide you along every step of the way. You will have the opportunity to manage the site development process and perform certain tasks during the construction process. This participation also means that you build equity early as a homeowner. If you'd like to learn more, schedule a homebuilding consultation today.

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OF WORK, YOU WILL  
LIKELY MAKE A LOT OF  
MISTAKES THAT COST  
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**ADAIR HOMES®**

## About Adair Homes

Adair Homes is a premier on-your-lot homebuilder. The company was founded in 1969 in Oregon and takes pride in offering better homes for less. Adair continues to invest in its business by providing new home plans for customers. For more information, visit [www.adairhomes.com](http://www.adairhomes.com).

As an Adair Homes customer, you will receive full access to the complete homeowners handbook for more detailed instructions

**GET STARTED TODAY**



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This guide is for general information use and educational purposes only. It is not intended to provide exact timeframes as every project is different and there are a number of internal and external factors that will impact the completion of your project.