



# Custom Home Planning GUIDE

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# Introduction

Because you are in the process of building your dream home, one of the key decisions you must make for your team is the selection and hiring of a builder. The following information are tips that you can use in the builder selection process.





## A Home Builder Is Part of the Construction Loan Process

When you are building a custom home, the builder is part of the construction loan process in a way that they are not if you are purchasing an existing home. The mortgage lender will evaluate the builder as part of the approval process for your loan.

### Key Builder Attributes

- 1 The builder must be experienced in building the type of home you are looking for.
- 2 They must be licensed and meet all local and state regulations.
- 3 The builder must provide evidence of current and past financial stability and performance.

Lenders not only review builders for experience and financial capacity before the loan, but we also inspect each stage of the building process to ensure that the home is being built as specified and will pass inspection. In short, do not approach the new home loan process as if it is just you and your lender. The builder will not be on the outside looking in! They are a stakeholder and part of your team.



## BEFORE SELECTING A BUILDER THINGS TO KNOW



- 1 It is especially important to discuss your budget with your lender before discussing your dream home with a builder.

- 2 Know your financial capacity, you do not want to have extensive talks and plans and then realize that the construction loan and mortgage a lender would approve will not cover what you had planned with the builder.



- 3 If you have a dream home in mind and have found a blueprint or plans? You can take them to a builder and ask what their budget would be.



## HOW TO FIND A HOME BUILDER?

There are several good methods of finding a home builder. In the beginning stages, it is recommended that you talk to others before deciding.



### FIRST

- 1 First, ask your family and friends if they have worked with a builder in the past.
- 2 Were they happy with the work?
- 3 Was it similar in scope to what you want?
- 4 Would they recommend the builder? Always ask for references.



### SECOND

- 1 Look at homes in the area that you like.
- 2 Tour open houses and model homes.
- 3 When you like a house, ask for information about the builder.



### THIRD

- 1 Ask your lender if they can recommend or assist you in selecting a builder.



## Qualities You Should Look for in a Builder?

- 1 You want a builder who will do excellent work.
- 2 Your builder should also have a reputation for being on time and within budget.
- 3 You want good quality in each aspect of the construction and finishing of your home.

It is equally important to have a builder you feel comfortable with. You need to be able to ask questions and feel the questions are reasonably and satisfactorily answered. Talking with them throughout the construction process will help with communication and allow you to be more comfortable with the builder.



## Builder Interview Questions

- 1 What is your overall style?
- 2 How much is this going to cost?
- 3 How long will building the home take?
- 4 What do you think of the homes we have in mind?
- 5 How long have you been building homes?
- 6 Do you have models and plans I can look at?

Finally, it is important to hire a builder who has built homes like yours before. By “like yours,” we do not mean of the same design and look. But you want someone who has built a home of the same approximate size and features of the home you want.

- 1 Builders who specialize in multi-million-dollar homes with expensive marble in every room are not what you want if you have a more average budget.
- 2 Some builders are known in the trade as “showroom” builders. That means you can choose from several models they offer, with customizable elements.
- 3 Others have more of a “custom” niche, where each home is unique.

When you are building a custom home, the builder is part of the construction loan process in a way that they are not if you are purchasing an existing home. The mortgage lender will evaluate the builder as part of the approval process for your loan.

**For additional questions please contact All Financial Services, your preferred mortgage lender!**



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