

Budgets

Budgets are where the numbers meet your dreams. It can be eye poppin'!

A good, honest Builder will give you a line item allowance that is sufficient to purchase what is normal and customary for each line item of the project. Since concrete, lumber and electrical wiring are necessities that are common for each home; where do the differences come from?

Owner choices; these are the big drivers of cost. The great builder will have current experience at building homes in a wide range. The builder will know what goes in a home priced at the budget that you have set for the project. You do have choices! If your budget is \$500k, then getting the great subzero refrigerator and the wolf dual oven range might not be in the numbers. You can insist, but you will find the cuts will be taken somewhere else. There is no free ride in home building and it is not rocket science. Be willing to prioritize your budget. The builder is not your enemy; your adversaries are the appraiser and re-sell value. If the home is being built in a neighborhood that has an average home valued of \$395k, a \$500k home will be in the upper end. The appraisal will probably work out for you and sooner or later when you resell it, you will be able to. If you overbuild the neighborhood, the appraisal will not work out and you will be putting in more cash to make the deal happen. You will probably not have a lot of upside appreciation if you are the largest home in the neighborhood.

Clever builders will give you a budget number that will meet your expectations, but perhaps not be enough to build the home that you envision. A home specifications breakout should be part of the budget process. A room by room breakout that tells you what is going in each room with a complete breakdown of the types of materials, plumbing fixtures, appliances, roofing and the hundreds of other items that it takes to build a home inside and out.

Many good, honest builders have lost projects to the "clever" builder that under estimates or leaves things out of their budget. The "clever" builder operates on the principle of telling you what you want to hear. It is not unusual to have budget numbers from one builder to another that are tens of thousands of dollars apart. Discerning the difference between builder budgets is crucial. Trust that your vision is being adequately represented; Competence of the builder to create your home vision for the budget that the builder presented and Price is all inclusive of cost; in that order are important deciding factors.

Summation

Choose your budget and builder wisely. The last thing anyone needs in the middle of construction is an insufficient budget. Caprock does a complete budget, including all selections in advance. We have our interior designer shop with you for several days for most of the budget items that are selected by owners. This will give us the baseline to create our written specifications that will become part of the

contract and loan documents. We try to eliminate all of the guess work and the stress of wondering if you have forgotten something.

Having a simple allowance line item for Owner selections leave the project open to misunderstandings and insufficient monies to purchase what you wanted when you talked to the builder in the first place. Make your selections in advance and make sure they are in your budget allowance.