BREAKING FINANCIAL CHAINS

THE BUILD PRODUCT

The Spec Home System

Our real itemized budget for the house we build most, the plan strategy behind it, how we find and pay builders, the finishes that actually sell, and how we list it ourselves.

Breaking Financial Chains

Companion to The Land Opportunity Framework

EDITION ONE

READ THIS FIRST

A spec home is not a construction project. It is a product.

The people who lose money building spec homes almost always build a *house* — something they'd want to live in, on a lot they liked, with finishes they picked because they liked them. The people who make money build a *product*: one plan they know the cost of, repeated on lots that support the price, finished the way that market's buyer wants, priced off comps that existed before the first shovel hit dirt.

Everything in this book comes out of houses we have actually built and sold. The budget in Part Three is the real, itemized budget from the plan we build most — a 3 bed, 2 bath, 1,331 square foot ranch. The house it paid for sold for $293,000 in under two months.

BEFORE YOU BUILD ANYTHING

Building is one exit, not the exit. Before we build on any parcel we compare it against every other realistic exit — sell it whole, split it, seller finance it, put a manufactured home on it — and we take whichever produces the best return over twelve months.

That comparison is the whole first half of The Land Opportunity Framework. If you haven't run it on this parcel yet, run it before you spend a dollar here. Building the wrong exit well is still the wrong exit.

WHAT THIS IS

Our actual system: feasibility test, lot checklist, plan criteria, the itemized budget with a blank template, how we structure and pay builders, the draw and financing options, the build sequence, the finishes that sell, and how we price and list.

WHAT THIS ISN'T

A cost estimate for your market. Labor, materials, permits, and lot prices move constantly and vary enormously by region. Use our line items as a structure and fill them with your own quotes.

COMPANION RESOURCE Every fixture and piece of hardware we put in our houses, with our budget price for each: Spec Home Fixtures & Hardware page (also on page 37).

IMPORTANT

Educational material reflecting our opinions and experience. Not financial, investment, tax, or legal advice, and not a substitute for licensed professionals, your own due diligence, or your local building code. Construction involves risk, including total loss of capital. All figures are from our own projects and are not a projection of your results. © 2026 Breaking Financial Chains.

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PART ONE

Should you build here at all?

Building is the most capital-intensive, longest, most failure-prone exit available to you. It has to earn that. Before the plan, before the builder, before a single quote — this.

We know the list price before we start building. If we can't establish it with confidence, we don't build.

Thirty percent, in twelve months

We want a 30% return within twelve months. Then we compare that against every other exit available on the same parcel and take whichever one produces the best return over that same window. Sometimes that's building. Often it isn't — and the discipline is being genuinely willing to hear the answer.

WHY THE TWELVE-MONTH WINDOW MATTERS MORE HERE THAN ANYWHERE ELSE

A build ties up more capital, for longer, than any other land exit. Every month of schedule is interest, insurance, taxes, and utilities you're paying on a house nobody has bought yet. A build that returns 40% in eighteen months annualizes worse than a lot split that returns 20% in five.

That's also why the builder question in Part Three (page 19) is not a preference. A builder who takes ten months instead of four can turn a good deal into a mediocre one without a single line item changing.

Know the list price before you start

We set our expected list price off sold comps of similar product in that area *before* we build — then double-check it right before we list, in case something moved.

If you can't find recent sales of a similar house, in a similar size, in that area, you do not have a resale number. You have a wish. Do not build against a wish.

Compare exits before you commit

Sell the lot as-is · seller finance it · split the parcel · land-home package · build. Run each through the same calculator and rank them by annualized return, not total profit.

The full method — the calculator inputs, the subdivide-or-not tree, the develop-versus-resell matrix — is in **The Land Opportunity Framework** (see page 54).

Build the budget before you buy the lot. Not a guess — the actual line items on the next few pages, with real quotes from your own subs and builder. If the deal only works with numbers you haven't verified, you're not underwriting. You're hoping in a spreadsheet.

LOT _____ DATE _____

Go or no-go, on one page

Fill this in before you make an offer on the lot. Every number should come from a comp, a quote, or a written answer from the county — not from memory.

Line	Your number	Where it comes from
1 · THE MARKET — WHAT IT WILL SELL FOR		
Expected list price (similar size and area)		*Sold comps*
Lowest comparable sale you'd accept as your floor		*Lowest sold comp*
Days on market for similar finished homes		*Sold comps*
2 · LAND & SITE — BEFORE THE BUILD		
Lot purchase price		*Contract*
Site work — clearing, grading, footers, culvert, driveway		*Site contractor quote*
Septic or sewer tap · well or water tap · power		*Quotes · county · utility*
3 · THE BUILD		
Builder contract (fixed price, or cost + ____%)		*Builder bid*
Trades you carry directly — electrical, plumbing, HVAC, paint		*Sub quotes*
Finishes — cabinets, countertops, flooring, appliances, accessories		*Supplier quotes*
4 · HOLDING & SELLING		
Carry — insurance, utilities, lawn, pest, interest × ____ months		*Lender · insurer*
Selling costs — buyer agent %, closing, MLS and photos		*Your listing plan*
Contingency		*Your cushion*
Total all-in cost (add sections 2–4)		
5 · THE RESULT		
Projected profit (list price − all-in)		*Section 1 − total*
Cash you'll actually have in it		*Total − financing*
Months from lot closing to sale closing		*Builder's real schedule*
ANNUALIZED RETURN — (profit ÷ cash) × (12 ÷ months) × 100 = % Example: $60,000 profit ÷ $200,000 cash = 0.30 · 0.30 × (12 ÷ 8 months) = 0.45 · 0.45 × 100 = **45% annualized**		*Target: 30%+*

UNDER 30% · NO

Cut cost or renegotiate the lot. Never fix it by raising your resale assumption.

AT 30% · COMPARE

It clears. Now check it against the other exits on this parcel before you commit.

WELL OVER · GO

Lock the lot, lock the builder's price, and start the schedule. Speed is now the whole game.

Run the months honestly. Use the schedule your builder actually delivers, not the one they promise. If you don't know it yet, use the slower number — you can always be pleasantly surprised.

What has to be true about the dirt

Everything in The Land Opportunity Framework's due diligence checklist still applies — access, title, minerals, flood, survey. These are the additional items that specifically decide whether you can build a *sellable house* here, and what it costs.

A · CAN YOU BUILD IT

- ☐ Zoning allows a single-family dwelling by right
- ☐ Minimum heated square footage: _____ (your plan: _____)
- ☐ Setbacks F___ S___ R___ — plan plus porch and garage fits
- ☐ Buildable area outside floodplain, wetlands, easements
- ☐ Septic permit obtainable — soil evaluated during due diligence
- ☐ Survey ordered under contract; acreage and lines confirmed
- ☐ Deed restrictions or HOA reviewed — plan and siding comply
- ☐ Building permit process and current timeline confirmed

B · WHAT THE SITE WILL COST YOU

- ☐ Clearing and grading quoted by your grader: $_____
- ☐ Rock, fill, or drainage issues identified on a site walk
- ☐ Culvert and driveway permit and cost: $_____
- ☐ Septic tank and field, or sewer tap: $_____
- ☐ Well, or water meter and tap: $_____
- ☐ Power to the house — distance and connection cost: $_____
- ☐ Internet service available at this address

C · WILL THE FINISHED HOUSE SELL

- ☐ Sold comps: similar size, similar age, within _____ miles
- ☐ Price point that moves fastest here: $_____
- ☐ Square footage that sells best here: _____ sq ft
- ☐ Are builders actively pulling permits nearby?
- ☐ What the street looks like — will my house be the nicest, or the cheapest?
- ☐ School district and commute — what buyers here care about
- ☐ Financing available for this product at this price
- ☐ I can describe the buyer in one sentence

D · THE LOT-TO-PRICE RATIO

Lot cost $_____ ÷ expected list price $_____ = _____%

A lot that eats too much of your sale price leaves nothing for the build and the risk. Track this number across every deal you look at and you'll quickly learn what your market tolerates.

Ours has ranged widely — from lots bought at $5,000 in a stalled subdivision to a realistic budget of around $15,000 for a three-quarter-acre lot. It's a moving target that depends on location, lot size, and comps.

The one that ends deals quietly: building the nicest house on a street of much cheaper houses. The appraisal will pull you back toward the neighborhood, and you'll pay for the difference out of your profit. Build to the street, not above it.

Thinking about splitting a bigger parcel into building lots first? There's a line in every county where a simple split turns into a major subdivision — and crossing it can quietly wreck your return. See why we almost never cross it, and the numbers behind that call, in **The Land Opportunity Framework** — see page 54 to get it.

Twenty-seven lots, $5,000 each, one phone call

The land line in our budget says $5,000. People see that number and assume it's a typo, or that we got lucky. Here's exactly what happened.

We had driven past a stalled subdivision so many times. Finally we decided to call the owner. We only called about one lot — then found out they had more, and wanted to sell. We made a deal and bought all twenty-seven, at $5,000 each.

Nothing about that was clever. It was one phone call to an owner nobody had bothered to call, about land everyone assumed wasn't for sale.

The lesson, plainly

If you drive past land you think will never be for sale — you may be wrong. Just make the call.

Stalled subdivisions are particularly worth the call. Roads may already be in, lots may already be platted, and the owner may have been carrying taxes on them for years with no plan and no buyer.

What to budget instead

Don't build your model around $5,000 lots. Budgeting around **$15,000 for a three-quarter-acre lot** is a reasonable starting point — but honestly it's a moving target that depends on location, lot size, and comps.

Use the lot-to-price ratio on the previous page as your real guide, and let the market set the number.

Buying more than one lot at a time changes the economics of everything downstream. The same plan, the same subs, the same material list, the same photos, the same listing approach — repeated. Your second house on that street is faster and cheaper to build than your first, and the third is faster still. That is the whole argument for a repeatable plan.

PART TWO

The plan

One floor plan you know the cost of, built again and again, wearing a different face each time. That is the entire manufacturing advantage available to a small builder.

Different sizes sell differently in different areas. The plan follows the market — the market never follows your plan.

Ranch, open, and sized to the market

Square footage is not a strategy — it's an answer to a local question. A 1,331 square foot house has sold well for years in one of our subdivisions and produces the best return we get there. In another location, a 1,600 square foot house returns better. Same builder, same crew, different market, different answer. Pull the comps and let them tell you the size.

Why ranch, every time

In the areas we build, a ranch-style house with an open floor plan — kitchen, dining, and living all in one big open room — sells better than any other style we've tried.

It also lets us keep the exact same interior and change the exterior style easily, without changing the cost. That matters enormously when you're building two or more houses in the same area and don't want the street to look like a row of copies.

What makes a plan cheap to repeat

A simple rectangular footprint · a straightforward roofline without unnecessary hips, valleys, and bump-outs · single story, so no stairs and no second-floor structure · plumbing grouped rather than scattered across the house · standard window and door sizes · a materials list you can hand a supplier again next month without redoing it.

The second house is where the money shows up

The first time you build a plan, you pay tuition — decisions, change orders, subs learning the layout. The second time, everyone already knows it. The takeoff exists. The cabinet order is the same. The subs quote faster and build faster because they've done this exact house. If you intend to do this more than once, choosing a plan you can repeat is worth more than any single design decision you'll make.

Design for the appraiser and the buyer, not for yourself. The buyer walks in and feels the open room. The appraiser counts heated square feet, bedrooms, baths, and the garage. Anything that serves neither is a cost you're volunteering to absorb.

Four houses, one way of building

Ranch footprint, open interior, front porch, attached garage. What changes is siding color and material, roof color, porch treatment, and trim — the parts a buyer sees from the road and an appraiser barely prices. What doesn't change is the layout, the framing, the plumbing runs, or the cost.



Tan board-and-batten, white shutters. Covered front porch with room for rocking chairs.



White board-and-batten, black trim. Covered porch under a center gable.



Light gray with board-and-batten gable. Covered porch across the front, white garage door.



White with heavy timber gable. Same plan and porch, timber detail on the gable.

THE LEVERS THAT COST ALMOST NOTHING

Siding color · board-and-batten versus lap · shutters or no shutters · timber-framed gable versus painted columns · roof shingle color · garage door color and style · front door color and exterior lighting.

Choosing a plan you can build ten times

Run any plan you're considering through this before you buy the drawings. A plan that fails three or more of these will cost you money on every house you build with it.

MARKET FIT

- ☐ Square footage matches what sells fastest here: _____ sq ft
- ☐ Bedroom and bath count matches the comps (3/2 in most of our markets)
- ☐ Meets or exceeds county minimum heated square footage
- ☐ Fits the lot with setbacks, porch, garage, and driveway
- ☐ Single story — no stairs, no second-floor structure

THE INTERIOR A BUYER FEELS

- ☐ Kitchen, dining, and living open to one another
- ☐ You see the open room the moment the front door opens
- ☐ Enough windows to make it light without custom sizes
- ☐ Room for a kitchen island
- ☐ Primary bath fits a double vanity
- ☐ At least one wall that works as an accent wall
- ☐ Laundry and storage that don't feel like an afterthought

CHEAP TO BUILD, AND TO REBUILD

- ☐ Rectangular footprint, minimal bump-outs
- ☐ Simple roofline — every extra valley costs framing and labor
- ☐ Kitchen and baths grouped so plumbing runs stay short
- ☐ Standard stock window and door sizes throughout
- ☐ No vaulted or tray ceilings unless the comps demand them
- ☐ Attached garage integrated into the same roof structure
- ☐ Porch deep enough for rocking chairs, not a 6×6 landing

REPEATABILITY

- ☐ Exterior can be changed at least three ways at no added cost
- ☐ I own or can reuse the plan without paying again per house
- ☐ A materials takeoff exists and can be reordered as-is
- ☐ My builder and subs have priced *this* plan, not a similar one
- ☐ It will work on more than one of the lots I can buy

Resist the upgrade to a "nicer" plan. Every feature you add has to be paid for by a comp that proves buyers here pay more for it. If you can't point to that sale, the feature is coming out of your profit — and the appraiser will not be moved by how much you liked it.

Buy the plan, change the face, build it again

You don't need an architect to design a spec ranch. Most spec builders start from a proven stock plan and adjust it to the lot and the local code. That's also how you get to know a plan's cost — and a plan you know the cost of is worth more than a clever one you don't.

Where plans come from	Typical cost	Best for
Stock plan from an online plan site	About $1,000–$2,500	A first build. Proven layouts, full plan sets.
Local drafter adjusting a stock plan	About $500–$2,000 in changes	Fitting the lot, local code, and your changes.
Architect, custom design	Several thousand and up	Rarely worth it on a spec home.

Costs vary by plan size, region, and provider. Get your own quotes.

Buy the right license

Plans are copyrighted. A **single-build license** lets you build the house once. If you plan to build it again — and with the exterior variations on page 11, you should — buy the **multi-build license** up front. It costs less than buying the plan twice, and building a copy without a license is infringement.

What the county will ask for

Usually a full plan set (foundation, floor plan, elevations, wall sections, electrical), a site plan showing setbacks, septic and well, and truss engineering from your truss supplier. Some counties also require an engineer's or architect's stamp or an energy-code sheet. Call the building department before you buy.

What changes cost

Change	Cost	Examples
Cheap	Same footprint	Siding, stone, porch posts, shutters, window style, colors, finishes. This is how we change the face (page 11).
Moderate	Inside the box	Moving a non-load-bearing wall, swapping a closet, changing window sizes.
Expensive	The bones	Changing the footprint or roofline, moving the kitchen or a bathroom off the plumbing wall, vaulted ceilings that need engineered framing.

Change the face, not the bones. Once you know what a plan costs to build, every change to its structure resets that knowledge — and the next budget is a guess again.

PART THREE

The money

Our real itemized budget from the house we build most, a blank version for your own quotes, how we structure and pay builders, and four ways to fund the build.

3 bed · 2 bath · 1,331 sq ft · all in at $211,062.55 · sold for $293,000 in under two months.

Every line, from the house we build most

This is the actual budget for our 1,331 sq ft, 3-bed, 2-bath home, the plan we build most. Individual line items shift a little from build to build, but the total consistently lands within about $5,000. Your numbers will depend on your area and your contractors. Use this as a checklist for comparing quotes.

SITE WORK & UTILITIES	
Clearing, grading, dig footers, culvert pipe	$11,075.00
Septic tank	$8,500.00
Water meter & sewer tap fees	$1,100.00
Power (during construction)	$836.46
Water (during construction)	$158.40
SHELL	
Slab prep: block stem wall, gravel, vapor barrier	$3,500.00
Concrete — slab, porch, driveway & footers	$15,993.03
Framing — lumber, trusses, OSB sheathing, house wrap, material & labor	$24,500.00
Windows and exterior doors	$5,500.00
Roof: shingles, underlayment, flashing, drip edge, ridge vent	$9,000.00
Exterior siding	$7,000.00
Soffit and fascia	$2,300.00
Gutters and downspouts	$1,500.00
Insulation: R-15 walls, R-38 blown attic	$3,300.00
Drywall: hang and finish	$9,800.00
Interior doors, trim, closet shelving	$5,000.00
Permit, dumpster, porta-john, cleanup	$2,500.00
TRADES	
Plumbing — material & labor	$14,000.00
Electrical — material & labor	$10,000.00
Paint — material & labor	$10,000.00
HVAC	$9,690.00
Garage doors with electric operators	$2,400.00

FINISHES	
Cabinets	$9,791.53
Countertops and sinks	$6,069.00
LVP flooring — material & labor	$4,808.46
Accessories — lights, door knobs, bath & kitchen fixtures	$1,926.23
Tile backsplash	$1,500.00
Appliances — stove, microwave, dishwasher	$1,393.55
Build subtotal (site, shell, trades, finishes)	**$183,141.66**
Contractor's fee (typical range 10–15%)	**$19,897.89**

DIRECT COSTS TO US — NO CONTRACTOR FEE

LAND, PERMITS & FIXED FEES	
Land purchase	$5,000.00
Septic permit	$450.00
Survey	$115.00
Builder's risk insurance	$529.00
Premises liability	$360.00
MLS listing & advertising	$149.00
CARRY & TURNOVER	
Cleaning services	$970.00
Lawn maintenance	$300.00
Pest control	$150.00

TOTAL COST	**$211,062.55**

Every decision moves one of three numbers

Understand the lingo. Builders say “we’re building at $150 a foot.” Price per square foot is the shared shorthand because it gives you a quick way to compare houses of different sizes. It isn’t perfect: smaller homes usually cost more per foot because fixed costs like the kitchen, HVAC and septic don’t shrink with the house. Builders also usually quote it without land. Here is the same budget from the previous page, divided by 1,331 heated square feet.

BUILD COST / SQ FT

$152.55

Build subtotal + contractor’s fee ($203,039.55) ÷ 1,331. What you compare builder quotes on.

ALL-IN / SQ FT

$158.57

Total cost with land, fixed fees and carry ($211,062.55) ÷ 1,331. Your true cost basis.

SOLD / SQ FT

$220.14

Sale price ($293,000) ÷ 1,331. Set by comps, not by you.

The gap between all-in and sold is your margin — about $62 a foot on this house, before selling and financing costs. You control the cost side almost completely. You barely control the sold side at all, because comps set it. That's why the lower your build cost, the better: every dollar saved per foot drops straight to profit, and on a 1,331 sq ft house, **every $1,331 you add costs you $1 a foot**.

TWO DECISIONS, SAME COST, DIFFERENT OUTCOMES

MOVES THE SOLD SIDE

A real rocking-chair front porch

Going from a 6×6 landing to a porch that holds several rocking chairs might add around $3,000 in concrete and framing — about $2.25 a foot on build cost. Buyers see it from the street, it shows up in the listing photos, and it helps the house earn the top of the comp range and sell faster. If it holds the sold number even $3 a foot higher, it has paid for itself and then some.

ONLY MOVES THE COST SIDE

A premium-tier countertop because you like it

Moving from the cheapest quartz tier to a higher one might also add around $3,000 — the same $2.25 a foot. To a buyer, light quartz looks like light quartz. The sold number stays at $220.14, the all-in rises to about $160.82, and the $3,000 comes straight out of your profit. Same check, no return. That's the difference between a decision and a preference.

ILLUSTRATION · SAME HOUSE	ALL-IN / FT	SOLD / FT	SPREAD / FT	MARGIN
Base budget, as built	$158.57	$220.14	$61.57	**$81,937**
+ $3,000 porch, sells $3/ft higher	$160.82	$223.14	$62.32	**$82,930**
+ $3,000 countertop upgrade, no change in sold	$160.82	$220.14	$59.32	**$78,937**

WATCH THE CREEP

Costs rise quietly. The $120 faucet you used last year can be $240 this year, and with four faucets in this house that's $480 nobody flagged. Multiply that across lumber, cabinets, fixtures and sub rates, and a house that penciled at $152 a foot can drift to $165 without a single big decision. Shop every line, get fresh quotes on every house, and compare each budget line by line against the last one you built.

What that budget is actually telling you

SHELL
44%
$93,797.89 to the contractor

TRADES
22%
$46,090 — plumbing, electrical, paint, HVAC, garage doors

SITE & UTILITIES
18%
$37,662.89 before the house exists

FINISHES
12%
$25,488.77 — the part buyers actually see

Site work is bigger than people expect

Almost **$37,700** went into the ground and the concrete before a single wall stood up — clearing, grading, footers, culvert, driveway, porch slab, septic, taps, and temporary utilities.

This is the part that varies most from lot to lot, and the part a beginner is most likely to leave out entirely. Quote it on the actual lot, before you buy it.

THREE THINGS THIS BUDGET DOES NOT INCLUDE

Financing cost. If you use a construction loan, interest and fees are on top of this. **Selling cost.** On our $293,000 sale: buyer's agent at 3% ($8,790) plus closing at about 1% ($2,930) = $11,720, taken out on the sale side. We pay buyer's agents 2–3%; we budget at 3%. **Your time.** On our builds, our own time is about 7 hours total, start to sold: selections, a few site visits and answering agent calls. That's because the plan, the builder and the finish list are already set. Your first build will take more while you set up yours.

Notice how small the finishes number is. Twelve percent of the budget produces nearly all of the buyer's emotional reaction to the house. That's the argument for spending carefully — not lavishly — exactly where it shows. Part Five, starting on page 34, is entirely about that twelve percent.

LOT _____ PLAN _____ SQ FT _____

Your numbers, our structure

Fill every line with a real quote before you close on the lot. Write the vendor's name next to each one — a budget you can't trace back to a person who said it is a guess.

Line item	Quote	Vendor
SITE WORK & UTILITIES		
Clearing, grading, dig footers, culvert pipe		
Septic tank (or sewer tap)		
Water meter & sewer tap fees (or well)		
Power (during construction)		
Water (during construction)		
SHELL		
Slab prep: block stem wall, gravel, vapor barrier		
Concrete — slab, porch, driveway & footers		
Framing — lumber, trusses, OSB, house wrap, material & labor		
Windows and exterior doors		
Roof: shingles, underlayment, flashing, drip edge, ridge vent		
Exterior siding		
Soffit and fascia		
Gutters and downspouts		
Insulation: walls & attic		
Drywall: hang and finish		
Interior doors, trim, closet shelving		
Permit, dumpster, porta-john, cleanup		
TRADES		
Plumbing — material & labor		
Electrical — material & labor		
Paint — material & labor		
HVAC		
Garage doors with electric operators		

Line item	Quote	Vendor
FINISHES		
Cabinets		
Countertops and sinks		
LVP flooring — material & labor		
Accessories — lights, door knobs, bath & kitchen fixtures		
Tile backsplash		
Appliances — stove, microwave, dishwasher		
Build subtotal (site, shell, trades, finishes)		
Contractor's fee (typical range 10–15%)		
DIRECT COSTS TO YOU — NO CONTRACTOR FEE		
LAND, PERMITS & FIXED FEES		
Land purchase		
Septic permit		
Survey		
Builder's risk insurance		
Premises liability		
MLS listing & advertising		
CARRY & TURNOVER		
Cleaning services		
Lawn maintenance		
Pest control		
Financing — interest & fees × ____ months		
Selling — buyer agent % & closing		
Contingency		

TOTAL ALL-IN _____

Cost-plus or fixed price

We use different builders and they work differently. One does cost plus a percentage; another does a fixed price. Both can work. What surprises people: **cost-plus has actually saved us a little money.**

COST PLUS A PERCENTAGE

10–15%

That's the range you'll generally find. Some builders charge up to 20%, and we pass on those. Cost-plus means you pay actual costs plus the fee, and every invoice is open to you.

The upside is that nobody is padding a bid to protect themselves against surprises. The discipline it requires from you is attention: you're seeing every cost, so you have to actually look at them.

FIXED PRICE

One number

Certainty, which has real value when you're underwriting to a target return and financing the build.

You pay for that certainty inside the number, and you won't see where. The scope document matters even more here — anything outside it becomes a change order at a price you're no longer negotiating from strength. Use the scope checklist on page 31.

How we find and vet a builder

Google searches and reviews to build a list or ask around for word of mouth referrals. Then we interview them — and we walk through houses they've built. Not photos. Actual houses.

The last thing you want is your name on a house that was slapped together quickly and is low quality. You will be selling that house to a family, in a market where you plan to build again, and word travels faster than any listing does.

WHAT TO ASK ON THE WALK-THROUGH

- Whose houses are these and can I speak to the owner?
- What went wrong on it?
- What's in your scope and what do you expect me to carry?
- How and when do you want to be paid?
- How long did this one take, start to finish?
- Are these your crews or subs, and are they the same ones you'd put on mine?
- How do you handle change orders?
- What's your current backlog?

The builder interview

You'll interview more builders than you hire. Ask every one the same questions, write down the answers, and compare them side by side. The answers matter — and so does how easily they give them. A good builder has heard all of these before.

Ask	A good answer sounds like	Red flag
EXPERIENCE		
How many spec homes have you built in the last two years?	A real number, with addresses you can drive by.	"Mostly custom" or "a few" with nothing to show.
Can I talk to two or three past clients?	Names and numbers, without hesitating.	No references, or only family and friends.
Are these your crews or subs? Who runs the site day to day?	Named subs they've used for years, and one person in charge.	New subs on every job; nobody clearly in charge.
MONEY		
How do you charge — cost-plus or fixed? What's your fee?	Clear structure, fee in the 10–15% range (page 19).	Vague answers, or a fee above 20%.
What's your payment schedule?	Payments tied to finished stages (page 21).	A large deposit up front, before any work.
How do you handle change orders?	Written, priced, and signed before the work.	"We'll settle up at the end."
Will you give me lien waivers with every payment?	"Yes," without a pause (page 22).	Doesn't know what one is.
SCHEDULE		
How long, start to finish, on a house this size?	A range, and why it moves.	A number that sounds too good, with no reason.
How many houses are you building right now?	Enough to keep crews busy, not so many you wait.	Overloaded — your house waits its turn.
What slowed your last project down?	An honest answer and what they changed.	"Nothing ever goes wrong."
PAPERWORK		
Can I see your license and insurance certificates?	Sent the same day (page 28).	Excuses, or "my insurance covers it."
Who pulls permits and schedules inspections?	They do, and they pass them.	"You'll need to handle that."
What warranty do you give, and who does the buyer call?	One year on workmanship, in writing.	No warranty, or "call me if anything comes up."

On the walk-through, look for

- ☐ Doors that close and latch without sticking
- ☐ Tight trim and baseboard joints; clean caulk lines
- ☐ Straight paint lines at ceilings; no roller marks
- ☐ Even grout and tile; level floors with no soft spots
- ☐ Clean exterior: flashing, siding seams, gutters, grade sloping away

Before you decide

- ☐ Call every reference and ask: "Would you hire them again?"
- ☐ Look up reviews and check for complaints with your state licensing board
- ☐ Search the county for liens or lawsuits under their name
- ☐ Get two or three builders to price the same plan and scope

When money leaves your account

Different builders require different payment structures. Our cost-plus builder takes two payments: the first as soon as rough-in is complete, the second at the end when the project is finished. Another takes three payments spread through the build. Neither is wrong — what matters is that it's agreed in writing, tied to *completed work*, and that you never get far ahead of what's actually been built.

TWO-PAYMENT STRUCTURE

1. **At rough-in complete.** Framing up, roof on, plumbing, electrical, and HVAC rough-ins in and inspected.
2. **At completion.** Punch list done, final inspections passed, certificate of occupancy issued.

THREE-PAYMENT STRUCTURE

1. **At dry-in.** Framed, roofed, windows and doors in — the house is closed to weather.
2. **At drywall complete.** Rough-ins inspected, insulated, hung and finished.
3. **At completion.** Same gate as above — CO in hand.

Draw	Trigger — completed and verified	Amount	Date paid
Draw 1			
Draw 2			
Draw 3			
Final	CO issued · punch list signed off · lien waivers received		

Two rules we don't bend. Pay for work that is finished, never for work that is promised — and collect lien waivers with the final payment so a sub you never hired can't file against the house after closing. If you're using a construction loan, the lender will inspect before funding each draw anyway; build your schedule to match theirs so you're never fronting the gap.

Get it in writing before the first payment

Cost-plus or fixed price (page 19), the contract is what protects you when something goes wrong. A handshake works fine — until the first disagreement. Before you pay anything, make sure the contract covers each of these.

- ☐ **Scope.** Exactly what's included, tied to the plan and the budget lines.
- ☐ **Exclusions.** What you pay directly, so nothing falls between you and the builder (scope checklist, page 31).
- ☐ **Allowances.** Dollar amounts for items not yet picked, and what happens if you go over (page 32).
- ☐ **Change orders.** Every change written, priced, and signed before the work. On cost-plus, the fee applies to changes too.
- ☐ **Payment schedule.** When each payment is due and what must be complete first (page 21).
- ☐ **Timeline.** A start date, a completion target, and what happens if it runs long.
- ☐ **Permits and inspections.** Who pulls them and who is responsible for passing them.
- ☐ **License and insurance.** License number, plus certificates for general liability and workers' comp (page 28).
- ☐ **Warranty.** What the builder warrants, for how long, and who the buyer calls (page 33).
- ☐ **Lien waivers.** One with every payment — see below.
- ☐ **Cleanup.** Dumpster, debris, and final clean.
- ☐ **Ending the contract.** How either side can walk away, and what's owed if they do.

Lien waivers — the protection most beginners skip

A **mechanic's lien** lets anyone who supplied labor or materials to your house file a claim against the property if they aren't paid — including subs and suppliers you never hired. If your builder takes your payment and doesn't pay the lumber yard, the lumber yard can lien **your** house, even though you paid in full. A lien has to be cleared before the house can close, so you can end up paying twice.

How it happens

You pay your builder $60,000 at rough-in. The builder pays everyone except the lumber supplier, who's owed $18,000. The supplier files a lien. Months later, your buyer's title company finds it. Closing stops until it's paid — and the builder isn't answering calls.

How to protect yourself

Get a signed lien waiver from the builder with every payment, and from major subs and suppliers at the final payment. A **conditional** waiver takes effect once your payment clears; an **unconditional** waiver says they've been paid. Rules and deadlines vary by state — your title company can help.

General information, not legal advice. Have a real estate attorney review your first contract.

Three questions every first-timer asks

1. Can I be my own builder and skip the fee?

Sometimes, on paper. For a first spec home, we wouldn't. The 10–15% contractor's fee on page 15 buys more than it looks like:

Licensing

Many states require a contractor's license to build a house you plan to sell. Owner-builder permits are often limited to a home you'll live in, and some restrict selling for a period afterward. Check your state before you plan around it.

Subs and pricing

Good subs give priority to builders who keep them busy all year. A one-house owner goes to the back of the line — and every week of waiting is carry (page 25). Builders also get trade pricing you won't.

The scheduling, inspections, and mistakes all become yours too. The fee is usually cheaper than one bad month.

2. How much cushion should I budget?

Add a **contingency** line to your budget: **10% of the build cost on your first build**, and about 5% once you've built that plan with that builder. On our budget, 5% is about $10,300 and 10% is about $20,600. It covers what quotes miss — rock in the footers, extra fill dirt, a failed inspection, a price that rose between quote and order.

If you don't use the contingency, it becomes profit. If you don't have one, the overrun comes out of your profit — or your pocket. Never count contingency as profit when you run the 30% test.

3. Do I need an LLC, and how is the profit taxed?

Most investors build in an **LLC** to keep the project's liability separate from their personal assets and the books clean. Set it up before you buy the lot, so the lot, loan, insurance, and contracts are all in the same name.

A house built to sell is usually treated as **inventory**, not an investment. That generally means the profit is taxed as ordinary income, it doesn't qualify for a 1031 exchange, and self-employment tax may apply. The right structure depends on your situation. **Talk to a CPA before your first build**, not after your first sale.

General information, not legal or tax advice.

Four ways we've paid for a house

We fund different projects differently. It depends on how we found the deal — or who found it — the timing against other projects we have running, the market, and how quickly we think we can turn it.

Cash

No interest, no lender timeline, no draw inspections. The cost is opportunity: that capital can't be working anywhere else. Best when the turn is fast or the deal is small relative to your reserves.

Home equity line of credit

Flexible, fast to draw, and usually cheaper to set up than a construction loan. It is also secured by your own home, which is a real risk you should consider before you use it.

Construction loan

Funds in draws as work is completed and inspected, so you're only paying interest on what you've drawn. It keeps your own cash spread across other projects — which is the entire point.

Investor fund

Someone else's capital, on agreed terms, papered properly. This is how a lot of good deals get built by people who found the deal but didn't have the money sitting there.

THE TERM LENGTH IS THE WHOLE DECISION

A construction loan on a six-month term, where you can spread your liquid money across other projects, is not that expensive. A construction loan running twelve months or more can get very expensive.

Which means your builder's speed and your financing choice are the same decision. A four-month builder makes a construction loan cheap. A ten-month builder makes it a problem — and that's before you count the extra insurance, taxes, and utilities riding along with it. **See the difference on page 25 →**

Model the financing before you choose it. Put interest, fees, and the realistic month count into the feasibility worksheet on page 6 and run each option. Cash may show the best profit and the worst use of your capital. A loan may show a smaller profit and a much better annualized return. That comparison is the answer — not a preference for being debt-free or a preference for leverage.

Same house, same loan, two builders

A construction loan is usually interest-only on what you've drawn so far. Early on you've drawn little, so interest is small. By the time the house is finished and sitting on the market, you've drawn all of it and you're paying the full rate every month until it sells. Most construction loans also carry a fixed term. Run past it and you're paying an extension fee, renegotiating, or refinancing — on the lender's schedule, not yours.

Every extra month stacks four costs at once: **interest** on a balance that's only getting bigger, **carry** — insurance, utilities, taxes, lawn — that doesn't stop, **term penalties** once you pass maturity, and **market risk**, because a house that was supposed to list in spring now lists in winter.

Our 1,331 sq ft house · $160,000 construction loan	4-month builder	10-month builder
Build time + 2 months to sell	6 months	12 months
Interest during the build (avg. ~55% drawn)	$2,933	$7,333
Interest while listed (fully drawn)	$2,667	$2,667
Origination fee (1%)	$1,600	$1,600
Extension fee — past a 6-month term (0.5%)	$0	$800
Extra carry — 6 more months at ~$400/mo	$0	$2,400
Cost of time	**$7,200**	**$14,800**
Profit after selling costs ($70,217) minus cost of time	$63,017	$55,417
Annualized return on ~$55,000 cash in	≈ 229%	≈ 101%

Illustration only: 10% interest-only, lender funds ~80% of build cost, interest calculated simply. Your rate, fees, and terms will differ — plug in your lender's real numbers.

THE OBVIOUS LOSS

The slow builder costs $7,600 more on one house — same plan, same lot, same sale price. That's more than the countertops and tile backsplash combined. Nobody chose to spend it. It leaked out one month at a time.

THE LOSS NOBODY SEES

The fast builder frees your cash in six months, so the same money can build a second house in the same year. Two turns at about $63,000 is roughly **$126,000** in twelve months, against **$55,417** from the slow builder. The real gap isn't $7,600. It's about $70,000.

How to protect yourself. Match the loan term to your builder's real track record, not the schedule they promise — ask to see start and finish dates on their last three houses. Know your extension terms before you sign. Budget carry by the month so you can see what each delay costs. If a builder can't commit to a timeline that fits a short-term loan, pay cash for that build or find a different builder.

How to get the bank to say yes

A construction loan is a short-term loan that pays for the build in draws. When the house sells, the loan is paid off at closing. For a first-timer, the hardest part isn't the rate. It's showing the lender you can finish the house.

Where to look

Start with **local banks and credit unions**. They lend in your county, know the market, and often keep construction loans in-house, so they can be flexible with a first-time builder. Big national banks rarely do spec loans for new builders. Ask local builders and title companies who they use — they know which lenders actually close.

What lenders look at

Your **credit** (many want 680–700 or higher), your **cash** for the down payment and reserves, your **experience** — or your builder's — and the **project**: the plans, the budget, the comps, and the appraised value once it's finished.

Typical terms

Term	Typical range	What it means for you
Loan-to-cost (LTC)	75–85% of total project cost	You bring the rest — the down payment.
Loan-to-value (LTV)	70–80% of the finished value	The appraisal "as completed" caps the loan.
Interest	Interest-only, on what you've drawn	Small early, full at the end (page 25).
Term	6–12 months	Past it, extension fees (page 25).
Fees	1–2% origination, plus draw inspection fees	Budget them in the cost of time.

Ranges vary by lender and market. Get terms from two or three lenders in writing.

Why we bring nothing on our house

Our lender lends up to **75% of the contract price or the appraised value, whichever is greater**. This house sells around **$290,000–$295,000**, so 75% is about **$217,500–$221,250**. We own the lot, so it isn't part of the loan — that's **$25,000 of equity** already in the deal. The cost to build without the land is about **$206,000** (page 15), well under what the bank will lend. **We don't bring anything to closing.** Not every lender works this way. Ask yours how they size the loan: on cost, or on value.

Bring to the bank

- ☐ Plans and a materials spec sheet
- ☐ Itemized budget (page 15)
- ☐ Signed builder contract, license, and insurance (page 22)
- ☐ Sold comps supporting your price
- ☐ Lot deed or purchase contract, survey, and perc
- ☐ Two years of tax returns, bank statements, and a personal financial statement

If you've never built

- ☐ Lead with your builder's track record — addresses and photos
- ☐ Show the 30% test (page 6) with room for error
- ☐ Have six months of loan payments in reserve
- ☐ Start smaller: a proven plan, in a proven area
- ☐ Ask if they'll lend if you bring a partner with experience

No down payment? Use OPM

OPM — other people's money — means using someone else's capital to do a deal you found and run. It's how most investors get started. You bring the deal, the numbers, and the work. They bring the cash. You share the profit or pay them a return.

Using OPM for the down payment

Private lender

An individual lends you the down payment — or the whole project — for an agreed return, secured by the property. Typical terms are an interest rate plus points, paid at sale.
Example: a private lender puts in $42,200 at 10% for six months. You pay about $2,100 in interest at closing and keep the rest of the profit.

Equity partner

A partner puts in the cash and you split the profit — often 50/50. **Example:** on the first-timer's house (page 50), a partner covers the $80,300 cash in. Profit is $37,714. Each of you takes about $18,850. You made $18,850 without your own cash — and you earned a track record for the next bank loan. Your partner earns about a 23.5% ROI ($18,850 ÷ $80,300). Since you put in none of your own cash, your ROI is technically infinite.

Tell your lender where the down payment comes from. Many banks require it to be your own money, or won't allow a second loan behind theirs. Borrowing it and not disclosing it can be loan fraud. Ask first — some lenders are fine with an equity partner on the LLC.

If you can't get a bank loan

Option	How it works	Watch out for
Seller financing the lot	The lot owner lets you pay over time instead of in cash. Fewer dollars up front.	The note must allow a construction lender to go first, or you'll need to pay it off at the loan.
Hard money	Short-term loan based on the property, not your income. Closes fast.	Higher rates and points. Works only on a fast turn — run it through page 25.
Builder partnership	The builder builds for a share of the profit instead of a full fee.	Put it in writing: who pays what, and when the builder gets paid.
Investor fund or group	Pooled money from several investors, on set terms.	Raising money from multiple people can have securities rules. Use an attorney.
HELOC or retirement funds	Equity in your home, or a self-directed IRA or 401(k) loan.	Your home is the collateral; retirement rules are strict. Talk to your CPA.

Examples use the loan assumptions on page 25 and are illustration only. General information, not legal or financial advice.

Two policies, two different jobs

Our budget on page 15 carries two small insurance lines — $529 and $360. Together they're under $900 on a $211,000 project, and they're the two lines we'd never cut. One protects **the house**. The other protects **you**. Neither one does the other's job.

PROTECTS THE HOUSE

Builder's risk insurance

Property coverage for a home while it's being built. It covers the structure and the materials on site — the things you're paying for before they're a finished, insurable house.

COVERS

Fire, wind and hail, theft of materials and appliances, vandalism, and damage to the structure during construction.

DOES NOT COVER

Injuries to people, your builder's tools and equipment, faulty workmanship, and usually anything after the house is finished or occupied.

On our budget: **$529** We use **US Assure (Zurich)**

PROTECTS YOU

Premises liability insurance

Liability coverage for you as the owner of the property. It responds when someone is hurt on your lot and holds you responsible.

COVERS

Injuries to people on the property — a neighbor's kid exploring the site, a buyer who trips at a showing, a delivery driver — plus legal defense if you're sued.

DOES NOT COVER

Damage to the house itself, stolen materials, or injuries to your builder's crew, which belong under their own policies.

On our budget: **$360** We use **Vacant Express**

WHY YOU NEED BOTH

If the frame burns down, builder's risk rebuilds it — liability pays nothing. If someone falls through an open floor and sues, liability defends you — builder's risk pays nothing. A half-built house is one of the most tempting places in a neighborhood to wander into, and it's sitting empty most of the time.

And don't assume your builder's insurance covers you. Their general liability and workers' comp protect their business and their crew. Your name is on the deed, so the claim can still come to you.

Before work starts

01 **Bind both before anyone sets foot on the lot.** Coverage in force at closing, not the week framing starts.

02 **Get your builder's certificate of insurance.** General liability and workers' comp, current dates, in writing, before they start.

03 **Keep liability until the house closes.** Showings happen after construction ends — that's when the most strangers walk through.

04 **If you have a construction loan, ask what the lender requires.** Most require builder's risk and will want to be listed on the policy.

These are the companies we use, not a recommendation for your situation. Coverage, limits, and requirements vary by state and lender — confirm the details with a licensed insurance agent.

PART FOUR

Building it

The sequence from closing to listing, the scope checklist that keeps work from falling between trades, and the uncomfortable truth that your builder sets your return more than your budget does.

Finding someone who does quality spec homes is hard. When you find one, keep them.

Closing to listing, in order

Durations depend entirely on your builder — we've had the same house take three to four months with one and eight to ten with another. Use this as the order of operations and fill in your own builder's real timeline beside it.

#	Phase	What happens, and what to watch	Your weeks
01	**Under contract · due diligence**	Soil evaluation and septic permit, survey, utility answers, site-work quotes, builder price. Nothing here happens after closing.	
02	**Close on the lot**	Attorney or title company. Insurance in force before anyone sets foot on the property.	
03	**Permits & plan set**	Building permit, driveway/culvert permit, septic permit issued. Ask the county for current review times — this phase stalls schedules more than weather does.	
04	**Clearing, grading & culvert**	Grader sets the pad and driveway cut. Rock and drainage surprises show up here — this is where your site budget gets tested.	
05	**Footers & foundation**	Dig and pour footers, foundation, slab. Footer inspection before pour.	
06	**Framing**	Walls, trusses, roof deck. Walk it yourself — window and door openings, and that the plan on the ground matches the plan on paper.	
07	**Dry-in**	Shingles, flashing, windows, exterior doors, house wrap. The house is now protected from weather — a real milestone, often a draw.	
08	**Rough-ins**	Plumbing, electrical, HVAC. Confirm placement of the island, the double vanity, exterior lights, and every outlet you care about *now*.	
09	**Rough inspections**	Framing, plumbing, electrical, mechanical signed off before anything gets covered.	
10	**Insulation & drywall**	Insulate, hang, finish. Drying time is real time — don't let anyone rush the finish coats.	
11	**Exterior finish**	Siding, soffits, gutters, downspouts, porch columns, garage doors. This is your curb appeal — and your exterior variation.	
12	**Interior trim & paint**	Doors, trim, accent wall built and painted, walls and ceilings. Light and bright — this is where the feel gets made.	
13	**Cabinets & countertops**	Cabinets set, then countertops templated and installed. Order early — this is the most common source of a two-week dead stop.	
14	**Flooring & backsplash**	LVP throughout, tile backsplash in the kitchen.	
15	**Trim-out & accessories**	Fixtures, lights, faucets, knobs, appliances, HVAC and electrical finals.	
16	**Final inspections & CO**	Certificate of occupancy. Septic final. Meters set and permanent power on.	
17	**Punch, clean & yard**	Punch list, professional clean, grass and pine straw, gravel or concrete finished. The yard shows up in every photo.	
18	**Photos & list**	Re-check comps, set the list price, take excellent photos, go live.	

Nothing falls between two trades

Every argument on a job site is about something nobody wrote down. Go line by line before work starts and mark **B** for builder, **S** for a sub you hire, or **Y** for you. Any blank is a change order waiting to happen. Check or circle one box on every line.

SITE & STRUCTURE

- B S Y Clearing, grubbing, haul-off of debris
- B S Y Grading, pad prep, fill and compaction
- B S Y Culvert pipe and driveway cut
- B S Y Erosion control and silt fence
- B S Y Footers — dig, steel, pour, inspection
- B S Y Foundation / slab, porch slab, driveway concrete
- B S Y Framing labor and lumber package
- B S Y Trusses, sheathing, house wrap
- B S Y Roofing, shingles and flashing
- B S Y Windows and exterior doors
- B S Y Siding, soffits, fascia, gutters, downspouts
- B S Y Porch columns, railing, timber detail

SYSTEMS

- B S Y Plumbing rough and finish · water heater
- B S Y Septic tank, field lines and final
- B S Y Water meter / well and service line to house
- B S Y Electrical rough and finish · panel · exterior lights
- B S Y Power company coordination, temp and permanent
- B S Y HVAC equipment, duct, thermostat, final

INTERIOR FINISH

- B S Y Insulation — walls and attic
- B S Y Drywall hang, finish and texture
- B S Y Interior doors, trim, baseboard, closet shelving
- B S Y Accent wall build-out
- B S Y Paint — walls, ceilings, trim, doors, exterior
- B S Y Cabinets — kitchen, baths, island
- B S Y Countertops, sinks, farm sink cutout
- B S Y Tile backsplash and any tile in baths
- B S Y Flooring material and floor labor
- B S Y Mirrors, shower doors, bath hardware
- B S Y Light fixtures, fans, faucets, knobs and pulls
- B S Y Appliances — delivery and install
- B S Y Garage doors and electric operators

THE LINES PEOPLE FORGET

- B S Y Dumpster, portable toilet, site trash removal
- B S Y Temporary power and water during construction
- B S Y Final grade, grass, pine straw, landscaping
- B S Y Mailbox, house numbers, doorbell
- B S Y Pest treatment
- B S Y Final clean, including windows
- B S Y Punch list and warranty terms in writing
- B S Y Lien waivers from everyone who touched the job

Pick early, look closely

Every finish has a deadline. When a selection is late, the builder waits — and you pay carry while they wait. Pick in this order.

What to pick	Pick by	Why
Exterior colors, windows, exterior doors	Before framing	Windows and doors are ordered early and can have long lead times.
Tub, shower valves, sinks (including the farm sink)	Before plumbing rough-in	Valves and drains go in the walls before drywall.
Lighting and outlet layout	Before electrical rough-in	Boxes for pendants, fans, and outlets go in now.
Cabinets and countertops	Before drywall	Cabinets have the longest lead times. Quartz is measured after cabinets are set.
Flooring, tile, paint colors	Before drywall finishing	So it's ordered and on site when the trade arrives.
Appliances, hardware, light fixtures	Before trim-out	Sizes have to fit the cabinet openings.

Allowances. An allowance is a budget for something not yet picked — say $2,500 for lighting. Pick $3,200 of lighting and you pay the $700 difference, plus the builder's fee on cost-plus. Repeating the same selections every build (page 37) is the easiest way to stay inside them.

What to check on each site visit

Before the slab is poured

- ☐ Plumbing stub-outs match the plan — toilets, tub, kitchen sink
- ☐ Footers and forms match the plan dimensions
- ☐ Vapor barrier in place; ground slopes away from the house

Framing

- ☐ Room sizes, ceiling heights, and window and door locations match the plan
- ☐ Blocking for vanities, towel bars, and TV mounts
- ☐ Porch built to the planned size

Before drywall — the most important visit

- ☐ Outlets, switches, and lights where you want them
- ☐ Plumbing, HVAC, and insulation complete
- ☐ Photograph every wall so you know what's behind it later

Final walkthrough

- ☐ Every door, window, faucet, light, and appliance works
- ☐ Paint touch-ups, caulk, and grout done
- ☐ Water drains away from the house; punch list written (page 33)

Before drywall is your last cheap chance to change anything. After drywall, every change means cutting walls.

Done is a list, not a feeling

The last two weeks decide when you can list. Work this list so the house is ready for photos the day it's finished.

- ☐ **Punch list.** Walk the house with the builder and write one list. Everything on it gets fixed before the final payment.
- ☐ **Final inspection and certificate of occupancy (CO).** No CO, no closing.
- ☐ **Final clean.** Windows inside and out, inside cabinets and drawers, light fixtures, floors, and baseboards.
- ☐ **Landscaping.** Final grade, then seed and straw or sod — at least in the front. The front yard is photo number one.
- ☐ **Utilities in your name.** Move power and water off the builder's temporary service. Keep the lights on for showings.
- ☐ **Insurance switch.** Builder's risk usually ends when construction is complete. Replace it with a vacant-property policy and keep liability until closing (page 28).
- ☐ **Final lien waivers** from the builder and major suppliers before the final payment (page 22).
- ☐ **Final payment last** — after the punch list and the CO.
- ☐ **Small things buyers notice.** House numbers, mailbox, smoke detectors tested, every bulb working.
- ☐ **Lockbox** installed so buyer's agents can show it.

After the sale: warranty

Buyers' agents will ask who stands behind a new house. Decide the answer before you list.

Builder warranty

Most builders warrant their workmanship for one year. Put in the contract who the buyer calls — you or the builder directly — and how quickly they respond.

Manufacturer warranties

Appliances, HVAC, water heater, and roofing carry their own warranties. Leave the paperwork and manuals in a kitchen drawer for the buyer.

Home warranty

A one-year home warranty costs a few hundred dollars. Offered as a concession, it can close a gap without cutting the price.

Some states require specific warranties on new homes. Check yours.

PART FIVE

Finishes that sell

Twelve percent of the budget produces almost all of the buyer's reaction. Here is exactly where we put it, and where we deliberately don't.

When you walk in the front door, the feel sells the house.

Light and bright, and one big room

When someone walks in the front door, the feel sells the house. An open floor plan — kitchen, living, and dining all together — combined with windows and lighter colors does more for us than any single upgrade we could buy. Think light gray, white, or beige on the walls. Light countertops. Light backsplash. The house should feel bigger and brighter than its square footage.

The porch is not decoration

A rocking front porch sells. It cannot be a 6×6 landing — it has to hold several people in rocking chairs and look like it does from the road.

It's one of the cheapest square footages you'll ever add, it photographs beautifully, and in our markets it's part of what buyers picture themselves doing in the house.

The garage is a speed play

The cost of a small garage against the increase in what you can sell for is roughly a wash. On the spreadsheet it looks like a neutral decision.

It isn't. Houses with a garage **sell faster** than the one down the street without one — and days on market is money, especially when you're carrying a construction loan.

Color is where spec builders lose buyers

Light sells. That's true in the main rooms and it's true in the bathrooms. The two places where a bold choice can actively turn people away are **cabinet color** and **the accent wall** — so make both of those good. A buyer who loves the layout can still walk because the kitchen felt dark.

You are not decorating. You are removing reasons to say no. Every finish decision in this section exists to keep a buyer moving through the house feeling good — not to express taste. Taste is what you do in the house you keep.

The two rooms that decide it

Kitchen

Cabinets: white or light gray for the wall and base cabinets, with a color or stain on the island for a pop. If you'd rather do painted color throughout, that's fine — just keep the wall cabinets lighter, since they cover two walls and drive how dark the room reads.

Countertops: quartz or granite. We use quartz, and we buy one of the cheapest tiers. It still reads as higher quality than laminate, and buyers notice the material, not the tier.

Sink: a farm sink with a single tall faucet is a must for us. It's one of the first things people photograph in their heads.

Backsplash: tile, and keep it light. Ours runs about $1,500 installed and it's one of the best-value lines in the budget.

Baths

Two sinks in the primary bath is a must. Buyers at this price point read "double vanity" as a feature of the house, not a finish choice — and it costs far less than the extra square footage they'd otherwise want.

Keep it light here too. Same rule as the kitchen: light sells. A dark bathroom in a 1,300 square foot house feels like a closet.

Fixtures that look expensive — not fixtures that are expensive. That distinction is the next page, and it's worth real money across a whole house.

THE ACCENT WALL

Our accent walls sell. Trim and paint — cheap material, about half a day to a full day of labor — and in photographs they do more work than upgrades costing several times as much.

Make sure they're good. A well-executed accent wall in a well-chosen color makes the room feel designed. A sloppy one, or one in a color that fights the house, is one of the few things that will turn a buyer around at the doorway.

Order cabinets and countertops early. They're the most common reason a job sits still with nothing happening. Cabinets have to be set before countertops can be templated, and the template-to-install gap is dead time you're paying interest through.

They don't have to be expensive. They have to look expensive.

Watch your accessories — lights, door knobs, bath and kitchen fixtures. On our budget the whole category is just under $2K, and it carries a disproportionate share of how "finished" the house feels. The trick is not spending more. It's choosing shapes that read as higher quality at the same price.

THE SQUARE ONE — READS EXPENSIVE



Clean square lines, single handle, brushed finish. It looks modern and deliberate — the kind of fixture buyers associate with a much more expensive house.

THE CURVED ONE — READS CHEAPER



Curved spout, two handles, same brushed finish. Nothing wrong with it — it just looks like a builder-grade faucet, because that's the shape people associate with one.

The curved one looks much cheaper than the square one — and there is only about a $1 difference between them. In this case the square faucet was actually the *less* expensive of the two.

Multiply that across every faucet, light, knob, and pull in the house and you can change how the entire place feels for essentially no money. Accessories help make the sale.

WHAT WE LOOK FOR

Clean, modern lines over dated, fussy shapes · one finish carried through the whole house · matte black or brushed nickel, chosen once and repeated · fixtures with enough presence to show up in a photograph · reviews and a rating high enough that it won't fail in the first year.

HOW WE BUY THEM

The same list, every house. Once you've found accessories that look right and hold up, stop shopping — reorder them. It saves selection time on every build and keeps your photos consistent across a whole street of houses. Reordering is not the same as not looking, though — check every price against what you paid last time before you click buy. The $120 faucet can quietly become $240, and it slips by because it's the item you stopped thinking about. Our Fixtures & Hardware page lists our budget price for every item. Use it as your baseline: if the price you're about to pay is well above ours, shop it before you buy.

See our Spec Home Fixtures & Hardware page — the actual lights, knobs, faucets and fixtures we put in our houses, each with our budget price, so you don't have to rebuild the list from scratch.

Where the money goes, and where it doesn't

The test on every line item: **will a buyer see it in the first ten minutes, or in the listing photos?** If yes, it may be worth the money. If no, build it to standard and put the money back in the deal.

Item	Our call	Why
Open floor plan	Spend	Kitchen, living, and dining in one room is the single biggest driver of how the house feels.
Deep rocking porch	Spend	Cheap square footage, huge curb appeal. Must hold several rocking chairs — not a 6×6 landing.
Attached garage	Spend	Cost against sale price is a wash, but it sells faster than the house down the street without one.
Windows & light	Spend	Light and bright is the whole first impression. Standard sizes, but don't starve the room.
Quartz or granite tops	Spend, low tier	The material reads as quality. Buy the cheapest tier — nobody is shopping your tier.
Farm sink + tall faucet	Spend	A must for us. It's the kitchen's signature detail in every photo.
Two sinks in primary bath	Spend	Read as a feature of the house, not a finish. Cheap compared to the square footage buyers would otherwise ask for.
Trim accent wall	Spend	Materials are cheap, labor is half a day to a full day, and it photographs like a designed room. Execute it well.
Tile backsplash	Spend	Around $1,500 for us and it lifts the whole kitchen. Keep it light.
Accessories that look expensive	Choose well	This matters. Shop for accessories with a champagne taste on a beer budget.
Yard, grass & straw	Spend	It's in every exterior photo, and a raw dirt yard makes a finished house look unfinished.
Dark or colorful cabinets everywhere	Skip	Wall cabinets cover two walls. Keep them light; put the color on the island.
Premium appliance package	Skip	At this price point buyers expect appliances to exist, not to impress. Ours run under $1,400.
Complicated rooflines	Skip	Every extra valley costs framing and labor and adds nothing an appraiser will credit.
Square footage past the comps	Skip	Build the size that sells fastest here, not the biggest house the lot allows.
Bold color in cabinets or accent	Careful	These are the two choices that can turn a buyer away. Light sells.
Staging	Skip	We used to stage. It was a lot of work and we sell without it. Spend that energy on photos instead.

These are our calls in our markets. Test them against your own comps — if finished homes near you all have granite and yours is the only one without, that's your answer, not ours.

What we always do, and what we never do

Every build teaches something. These are the calls we've stopped debating — the things we do on every house, and the things we won't do again. Each one either saves money, saves time, or helps the house sell.

ALWAYS

Slab over crawl space, whenever the lot allows

Less block and no floor framing, so it costs less and goes up faster. No crawl space means no moisture, mold, or pests underneath, and fewer steps at the front door — buyers notice that. The exception is a steep lot or soil that calls for something else.

Buy appliances, fixtures, and flooring yourself

Anything that runs through the builder carries the 10–15% fee. On our budget, appliances, lights and bath fixtures, and LVP flooring total $8,128 — that's about $810–$1,220 back just for buying them yourself and having them installed.

Survey and perc during due diligence

Under contract, before you close on the lot — and call to see if a perc test is already on file before you pay for one (page 7).

Walk the builder's finished houses

Your name is on the house. Interview builders and walk what they've built before you sign (page 19).

Know the list price before you break ground

Set it from sold comps before you build, then check it again before you list (page 41).

Two sinks in the primary bath, a farm sink in the kitchen

Small line items buyers expect to see. We treat both as musts (page 36).

NEVER

Pay a buyer's agent more than 3%

We pay 2–3%, no more.

Counter a lowball offer

Ask the agent to try again. A counter on a low offer just wastes time (page 43).

Stage the house

It's a lot of work, and our houses sell without it. Light, open rooms and excellent photos do the job (page 45).

Put dark cabinets on the walls

Wall cabinets cover two walls. Keep them light — save the color for the island.

Change the bones of a proven plan

Change the face, not the footprint. Once you know what a plan costs, keep it (page 13).

Make the final payment before the punch list and CO

The last payment is your leverage. Use it until the work is finished (page 33).

Make your own list. After every build, write down one thing you'll always do next time and one thing you won't. By your third house, this page is yours.

PART SIX

Selling it

Pricing off comps, listing it ourselves and paying the buyer's agent, photos instead of staging, and what we do when the offer comes in low.

Photos get showings. Showings get buyers. There is no third step.

We list it ourselves and pay the buyer's agent

We set list price off comps in the area with similar product. We always know the list price before we start building — then double-check it right before we list, in case something has changed.

WHY WE DON'T USE A LISTING AGENT

We've found that for houses, the *buyer's* agent sells the house — not the seller's agent. So we list it ourselves and let the buyer's agent show it. We answer agent questions and phone calls as they come in. It isn't time consuming.

It saves 3%. On a $300,000 house, that's **$9,000** — real money against a build with a fixed budget. We pay buyer's agents 2–3%, and no more. You don't have to do it this way; we choose to.

Photos are the whole listing

You have to get good at taking excellent photos, or have them done professionally — or, if you list with an agent, make sure they do. Photos get showings, and you need showings to get a buyer.

Light, big, and open is what you're photographing. Shoot on a bright day, open every blind, turn on every light, shoot from the corners, and lead with the exterior and the open room.

We don't stage anymore

We used to. We found it was a lot of work and we didn't need it — we're able to sell the houses without it.

An empty house that's light, clean, and well photographed shows fine. Put that energy into the yard, the final clean, and the photos instead.

Have the list price ready before the CO. The window right after a house is finished is when it looks its best and the market is paying attention. Photos, listing copy, and pricing should be ready to go the day cleaning finishes — not started then.

How we get on the MLS without a listing agent

Buyers and their agents shop the MLS, so the house has to be on it. You don't need a full-service listing agent to get there. A **flat-fee MLS service** is a licensed broker who puts your listing on the MLS for a set fee. From there it feeds out to Zillow, Realtor.com and the other sites buyers use. You handle the rest: pricing, photos, answering calls, and negotiating.

Why we choose it. On our houses, the buyer's agent almost always brings the buyer and does the showing. The listing agent's main job is getting the house in front of those agents — and the MLS does that. So we pay for the exposure and keep the listing side of the commission. On our budget it's a single line: **$149** for MLS listing and advertising.

On our $293,000 sale	Traditional listing	Flat-fee MLS
Listing side	3% · $8,790	$149
Buyer's agent (we budget 3%)	$8,790	$8,790
Total commission	**$17,580**	**$8,939**
Kept in the deal	–	**$8,641**

How they charge

Every service prices differently. Some charge one **flat fee**. Some have **tiered packages** — more photos, a lockbox, yard sign, or a longer listing for more money. Some charge a **flat fee plus a small percentage** at closing. Read what's included before you compare prices.

Where they work

Flat-fee brokers have to be licensed in your state and a member of your local MLS, so not every service covers every area. State rules differ too — some require the broker to handle certain paperwork or communication. Confirm a service covers your MLS before you pick it.

Who we've used

Brokerless

Our first choice. The aesthetics of the website isn't the best, but we've had great success with them. We use the $149 package.

Flat Fee MLS

Alabama and Florida listings only. We really like their backend portal for managing listings.

List With Freedom

It works, though it's not our favorite. Worth a look if the others don't cover your MLS.

What you take on. Without a listing agent, you're the one answering agent calls, scheduling showings, and reviewing offers. For us it isn't time-consuming — we answer questions and calls as they come in. If you'd rather not, a full-service listing agent is a perfectly good choice. Just know what it costs.

Low offers, counters, and concessions

If it comes in too low

We tell the agent to try again — and we find a nice way to say it. We don't waste time with a counteroffer on an offer that isn't in the conversation.

Countering a number that's far off signals that your price was soft. Holding politely signals that it wasn't.

If it comes in decent

If it's a reasonable price under our listing, we'll likely counter.

If we can't get them up to our list price, we'll sometimes offer seller concessions instead of cutting the price.

SELLER CONCESSIONS, EXPLAINED

A seller concession is money you agree to credit the buyer at closing — typically toward their closing costs, prepaid items, or buying down their interest rate. The **sale price on the contract stays where it is**; you simply pay some of the buyer's costs out of your proceeds.

For the buyer, that often matters more than a price cut, because it reduces the cash they need at the table or their monthly payment — the two things actually stopping them.

For us, the advantage is that **the recorded sale price stays high**, which keeps the comps in that area strong. That's especially valuable when we're building multiple homes on the same street — the house we sell today is the comp for the house we finish next quarter.

Two practical notes. Concessions have limits set by the buyer's loan program, so the amount has to fit what their lender allows — the buyer's agent will know. And the house still has to appraise at the contract price, so a concession only works when the comps genuinely support the number you're holding.

Know the loan before you accept the offer

Most buyers at our price point finance. The loan type changes what the appraiser looks at, how much you're allowed to give in concessions, and how smoothly closing goes. The pre-approval letter that comes with the offer tells you which one you're dealing with.

Loan	Down payment	Seller concessions	What to know
Conventional	As little as 3%	3–9%, depending on down payment	The most flexible. Appraisal focuses on value.
FHA	3.5%	Up to 6%	The appraiser also checks minimum property standards. New homes need extra builder paperwork.
VA	Often 0%	Up to 4%, plus normal closing costs	For veterans and service members. Appraisal checks property standards.
USDA	0%	Up to 6%	Only in eligible rural areas, with buyer income limits — often right where land is cheaper.
Cash	—	—	Fastest close. Usually expects a discount.

Limits change. A local lender will have the current rules.

The appraisal gap

If the appraisal comes in under the contract price, the lender only lends on the lower number. The buyer brings the difference, you lower the price, or you meet in the middle. Pricing off real sold comps (page 41) is your best protection. On a rural build with few comps, give the appraiser your comps and your itemized budget.

New construction and government loans

FHA and VA have extra requirements for homes less than a year old — builder certification forms, and either inspections at certain stages or a builder warranty. Ask a local lender before you list, so you don't learn this at closing.

Check USDA eligibility

Look up your lot on the USDA eligibility map before you build. If it qualifies, buyers can buy with no money down — a bigger buyer pool. Put "USDA eligible" in the listing.

The shot list, and when to list

Photos get showings. Showings get buyers. Shoot these in this order and upload them in this order — 20 to 25 photos total.

01 Front, straight on — the whole house and porch. This is your first photo.

02 Front from an angle, showing the depth of the porch.

03 From the front door into the open great room — the first ten seconds (page 35).

04 Kitchen from a corner, with the island and farm sink.

05 Kitchen toward living and dining — the open plan in one frame.

06 Living room toward the windows.

07 Primary bedroom.

08 Primary bath — the double vanity.

09 Second and third bedrooms, and the hall bath.

10 Laundry and garage.

11 The back of the house and the yard.

12 Aerial or drone shot, if the lot is a selling point.

How to shoot it

- ☐ Every light on, every blind open. Light, big, and open (page 41).
- ☐ Exterior on a bright day when direct sunlight hits the front of the house.
- ☐ Camera at chest height, level, held horizontal. Wide, but not fish-eye.
- ☐ Nothing in the frame that isn't the house — no tools, stickers, or boxes. Toilet lids down.
- ☐ Finish the front yard before the photographer comes.

When to list

In most markets, spring and early summer bring the most buyers, and late fall and winter are slower. Families want to move between school years. Work backward from that: with a four-month builder, a house started in late fall can list in spring.

Slow months still have buyers — usually fewer and more motivated. Your own market's data beats any national rule: look at average days on market by month in your area, and plan completion around it.

Have a plan B before you list

Every first-time spec builder's quiet fear is a finished house that sits. Pricing off comps and building what sells prevents most of it. Still, decide what you'll do — and when — before you list, not while the carry adds up.

What you see	What it usually means	What to do
Few or no showings in the first two weeks	The photos or the price aren't getting attention online	Check the photos first, then the price against the newest comps.
Plenty of showings, no offers	Buyers came, compared, and passed	Ask every buyer's agent for feedback. Fix what you can, then adjust the price.
Offers keep coming in low	The market is telling you the price	Counter or offer concessions (page 43). If it keeps happening, reprice.
A contract falls apart at appraisal	Comps don't support the price	See the appraisal gap (page 44).

Make one real price change

One meaningful drop beats several small ones. Buyers search in price brackets: $299,900 shows up in an "under $300K" search, and $302,000 doesn't. Cross a bracket on purpose. Then compare the cut to your monthly carry (page 25) — sitting another month has a price too.

Know your floor

Before you list, write down two numbers: the lowest price where the deal still clears your goal, and the price where you'd rather rent it than sell. On our house, $211,062 all in plus $11,720 in selling costs is $222,782 — break-even before financing.

Plan B options

Concessions, not a cut

Keeps the sale price — and your comps — high, while the buyer gets money toward closing costs or a lower rate (page 43).

Rent it

Works if rent covers the payment, taxes, insurance, and management. Refinance the construction loan into a long-term rental loan.

Hold and relist

If the season turned against you, pull it, keep it clean, and relist when buyers come back (page 45).

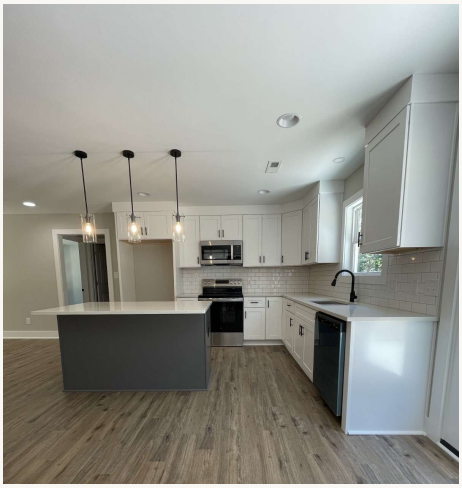
The worst plan is no plan. A house that sits while you hope costs a month of carry every month.

The house behind the numbers

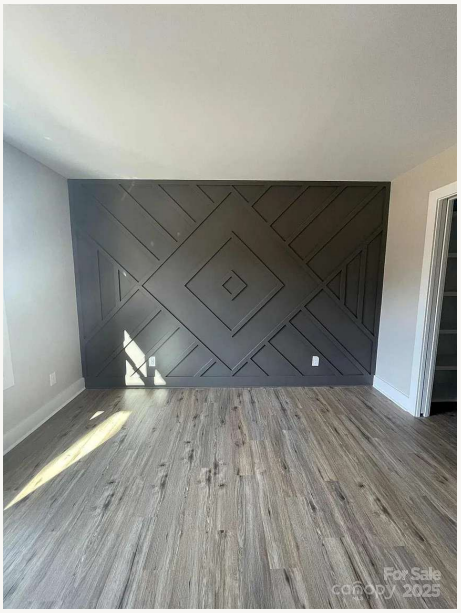
This is our 1,331 sq ft plan — the one from the budget on page 15 that sold for $293,000 in under two months. Every choice in Part Five shows up in these photos. The sage green rooms on the next page are from another of our houses, included to show what a soft color other than white can do.



The front. A single-story ranch with a timber-framed entry and a garage. Same plan we build elsewhere, with a different face (page 11).



The kitchen. White cabinets, a painted island for the pop of color, light quartz (page 36).



The accent wall. Cheap materials, a day of labor, and a big lift in listing photos (page 38).



The walk-in. Light walls, white trim, windows. The feel at the door sells the house (page 35).

The rooms buyers remember

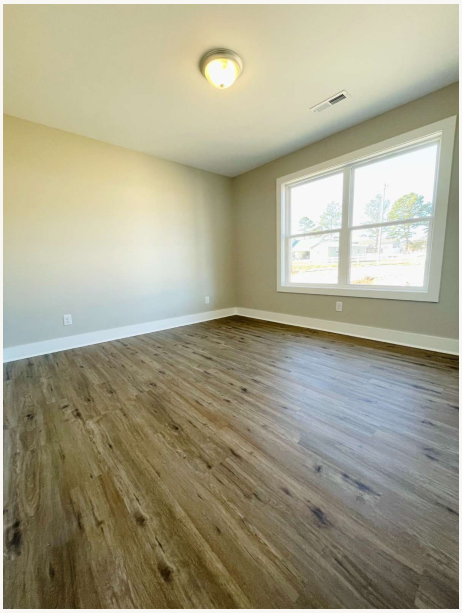
None of these rooms are expensive. The bottom row is from another of our houses — same finish level, soft sage instead of white. Each room answers a question a buyer asks on the walk-through — where do the shoes go, where does laundry happen, will the kids' bath feel cheap?



The primary bath. Two sinks — a must — with fixtures that look pricier than they are (page 37).

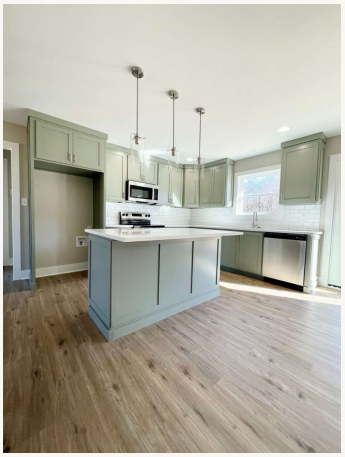


The drop zone. A bench and four hooks by the side door. Buyers with kids notice it right away.



The secondary bedroom. Light walls, white trim, a big window. Standard done well.

THE SAGE HOUSE · A SOFT COLOR INSTEAD OF WHITE



Another house, soft color. Light sage works when counters, backsplash and walls stay light (page 36).



The laundry room. Cabinets and a sink instead of bare hookups.



The hall bath. The vanity matches the kitchen, so the house reads as one design.



Another accent wall. A softer board-and-batten option in sage (page 38).

1,331 square feet, start to sold



ALL IN
$211,062
Every line in Part Three (page 15), land included

SOLD FOR
$293,000
3 bed · 2 bath · 1,331 sq ft

ON MARKET
< 2 mo
Priced to comps, listed by us

GAP
$70,217
After selling costs (3% buyer's agent, 1% closing), before financing

WHAT MADE THIS ONE WORK

A lot bought at $5,000 in a stalled subdivision · a plan we had already built and knew the cost of · a builder we'd used before · finishes we've bought so many times we no longer shop for them · a list price we established before the footers were dug · and a buyer's agent who brought the buyer while we kept the 3% for listing ourselves.

READ THE GAP HONESTLY

Sale price minus all-in cost is $81,937. Take out $11,720 in selling costs — 3% to the buyer's agent ($8,790) and about 1% closing ($2,930) — and $70,217 is left. Financing still comes out of that, and it depends on how you funded the build and how long it took.

Run your own version through the feasibility worksheet on page 6 with your financing line filled in. That's the number that tells you whether you cleared 30%.

Figures are from our own project, shared to show the process. They are not a projection of your results. Lot prices, labor, materials, permits, and comps vary enormously by market and change constantly.

Same house, a first-timer's numbers

Our house had a $5,000 lot and a builder we knew. Yours probably won't. Here's the same house with a market-price lot, a first-build overrun, and the construction loan from page 25 — run through the 30% test from page 5.

	Our house	First-timer, 4-month builder	First-timer, 10-month builder
Lot	$5,000	$20,000	$20,000
Build — everything else (page 15)	$206,063	$206,063	$206,063
First-build overrun (5%)	—	$10,303	$10,303
Selling costs (4%)	$11,720	$11,720	$11,720
Cost of time — loan and carry (page 25)	$7,200	$7,200	$14,800
Total cost	$229,983	$255,286	$262,886
Sale price	$293,000	$293,000	$293,000
Profit	**$63,017**	**$37,714**	**$30,114**
Cash in	~$55,000	~$80,300	~$80,300
Months, start to sold	6	6	12
Return	115% in 6 months	47% in 6 months	38% in 12 months
Annualized	**≈ 229%**	**≈ 94%**	**≈ 38%**

It still passes

A lot four times the price and a 5% overrun — and the house still clears 30% with either builder. The ten-month builder cuts the return from 94% to 38% annualized, though. Same lot, same plan, same price.

Where the margin went

Lot: $15,000. Overrun: $10,303. Slow builder: $7,600. You pay for the lot once. The overrun and the builder are the two you control.

What would break it

The sale price. At $260,000 instead of $293,000, the fast first-timer earns about 15% annualized and the slow one loses about $1,600. Both miss. Price from sold comps before you build.

Illustration only, using the loan assumptions on page 25. Cash in is our ~$55,000 plus the higher lot price and the overrun. Return = profit ÷ cash in, × 100; annualized = return × 12 ÷ months.

From reading to a lot under contract

Most people finish a book like this and wait until they feel ready. You won't. The way to get ready is to start. Thirty days, one hour a day, and four weeks that each end with something finished. By day 30 you'll know your market, have a lot to run, a builder to price it, and a lender to fund it.

WEEK 1

Know your market

Learn what sells, for how much, and how fast.

- ☐ Pick one county or area where you'd build.
- ☐ Pull sold homes from the last 6–12 months: 1,200–1,700 sq ft, 3 bed, 2 bath, built in the last 10 years.
- ☐ For each, note price, price per sq ft, and days on market (page 16).
- ☐ Drive the best sellers. Note the style, the lot, and what's next door.
- ☐ Ask two local agents what's selling fastest and what's sitting.

Done when: you can say, "A new 3/2 ranch around 1,300 sq ft sells here for $___ in about ___ days."

WEEK 2

Find the dirt

Line up lots that could work.

- ☐ Search for-sale lots, then the county GIS map for vacant parcels.
- ☐ Drive your area. Write down every vacant lot in a neighborhood that sells.
- ☐ Look for stalled subdivisions — that's where we bought ours at $5,000 (page 8).
- ☐ Call the owners. Make the call, even if it looks like it isn't for sale.
- ☐ Run every lot through the lot checklist (page 7).

Done when: you have three lots that pass the checklist, with prices.

WEEK 3

Find the builder

Get a real price on a real plan.

- ☐ Make a list of five builders from reviews and referrals (page 19).
- ☐ Interview at least three with the same questions (page 20).
- ☐ Walk two of their finished houses.
- ☐ Pick a proven plan (pages 12–13) and ask two builders to price it.
- ☐ Fill in the blank budget (page 18) with their numbers.

Done when: you have a builder you'd trust, and an itemized budget for your plan.

WEEK 4

Line up the money and the team

Know how you'll pay for it, and who protects you.

- ☐ Meet two or three local lenders. Bring your budget and comps (page 26).
- ☐ If you're short on cash, talk to one private lender or partner (page 27).
- ☐ Talk to a CPA and set up your LLC (page 23).
- ☐ Get insurance quotes for builder's risk and liability (page 28).
- ☐ Pick a title company or attorney for closing.

Done when: a lender has told you what they'll lend, and you know where your down payment comes from.

Day 30: run the 30% test. Put your best lot, your builder's budget, your lender's terms, and your sale price into the feasibility worksheet (page 6). If it passes, make an offer — with a due-diligence period for the survey and perc test before you close. Our seller and agent scripts, what to do once an owner says yes, and our full due diligence checklist are in The Land Opportunity Framework — $147 · Get it → If it doesn't, run the lot through the other exits (page 54) or go back to week 2.

Your numbers on one page

Fill this in as you go. By day 30, every line should have a number. A blank line is your next task.

Market

Target area _____

Sold price, similar new 3/2 _____

Sold price per sq ft _____

Average days on market _____

Agents I talked to _____

Lot

Best lot (address or parcel #) _____

Asking price / my offer _____

Utilities: water, sewer or septic, power _____

Perc on file? Survey needed? _____

Two backup lots _____

Builder and plan

Plan and sq ft _____

Builder I'd hire _____

Fee structure and % _____

Quoted build cost _____

Build time, start to finish _____

Money and team

Lender and loan-to-cost % _____

Cash I need to bring _____

Where it comes from _____

CPA / LLC set up _____

Insurance and title company _____

The 30% test

SALE PRICE	ALL-IN COST	PROFIT	ANNUALIZED RETURN

If you get stuck

Stuck on	Try this
No lots in your area	Widen your radius. Look for stalled subdivisions and call the developer. Ask builders where they're buying.
The numbers miss 30%	Check the lot price and build time first — they move the return most (page 50). Then try a different plan size for that area (page 10), or a different exit (page 54).
Builders won't call back	Small builders are busy building. Call early, text, and ask subs and suppliers who's reliable. Keep going down the list.
The bank says no	Ask what would change their answer. Bring a partner, put the lot in as equity, or use OPM (page 27).
You're afraid to make the offer	The due-diligence period is your safety net. Survey and perc happen before you close — not after.

Words you'll hear on day one

Allowance
A budget in the contract for an item not yet picked. Go over and you pay the difference.

Appraisal gap
The difference when the appraisal comes in below the contract price.

Builder's risk
Insurance on the house and materials while it's being built.

Certificate of occupancy (CO)
The county's sign-off that the house is finished and livable. Needed to close.

Change order
A written, priced, signed change to the contract scope.

Comps
Recent sales of similar houses nearby. They set your price.

Contingency
A budget line for the costs no quote caught.

Cost-plus
The builder charges actual cost plus a percentage fee.

Days on market (DOM)
How long a house is listed before it goes under contract.

Draw
A payment released at a construction milestone.

Fixed price
One agreed price for the whole scope.

Flat-fee MLS
A broker who puts your listing on the MLS for a set fee.

Footers
The concrete base under the walls that carries the house.

Lien waiver
A signed release saying a contractor or supplier has been paid.

Mechanic's lien
A claim against the property by someone who wasn't paid for work or materials.

Perc test / soil evaluation
The test showing the soil can handle a septic system.

Pre-approval
A lender's letter showing the buyer can borrow a set amount.

Punch list
The final list of fixes before the builder is finished.

Rough-in
Plumbing, electrical, and HVAC run inside open walls, before drywall.

Seller concessions
Money the seller pays toward the buyer's closing costs.

Setbacks
Required distances between the house and property lines.

Slab
The concrete floor the house sits on.

Spec home
A house built before there's a buyer, to sell on the market.

Tap fee
The fee to connect to public water or sewer.

Trim-out
Installing fixtures, trim, doors, and hardware after drywall and paint.

Trusses
Pre-built roof framing, engineered by the supplier.

WHERE THIS FITS

Building is one exit. Know the others before you pick it.

A spec home is the highest-effort, highest-capital route in our business. When the numbers support it, nothing else we do produces a comparable return in a single year. When they don't, the discipline is putting the same money somewhere quieter and faster.

IF THE HOUSE DOESN'T PENCIL, THE LAND STILL MIGHT

A lot that fails the 30% test as a spec home isn't a bad deal — it may just be the wrong exit. Before you build, or before you walk away, run the same parcel through every other way it can make money:

Sell the lot as-is	Fastest and simplest. Little capital, no construction risk, cash back in weeks.
Split and sell	Divide a larger parcel into smaller lots that each sell for more per acre than the whole. *Why we stay under the major-subdivision line — and what it costs you if you don't — is in The Land Opportunity Framework.*
Seller finance it	Sell on terms and collect monthly payments. Higher total price, cash flow instead of a lump sum.
Land-home package	Pair the lot with a manufactured home. Lower build cost, faster turn, a different buyer pool.
Build	The spec home in this book. Highest effort and capital — worth it only when it beats the others.

The Land Opportunity Framework runs all five side by side on annualized return over twelve months, so you pick the exit the numbers support — not the one you happen to know best. Sometimes a two-month lot sale beats a ten-month build, even with a smaller check.

The Land Opportunity Framework $147 · Get it →

The Note Investing System

If you want to sell on terms: The seller-finance exit in full: papering the note, underwriting the buyer, servicing, defaults, and selling the paper.

Coming soon

The Asset Finder

If you are still choosing a lane: Six inputs, thirty minutes, and a shortlist of the two or three opportunity categories actually worth your study.

Coming soon

The Time Freedom Blueprint

If you want the big picture: The whole framework: increase income, build capital, acquire assets, generate cash flow, buy back your time, and give back with purpose.

$37 · Get it →

You will spend your life making someone wealthy. The question is: WHO?

All Breaking Financial Chains resources: breakingfinancialchains.com/guides

Breaking Financial Chains
The Spec Home System

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