

## **HOME BUYERS GUIDE:**

**Don't bust the budget!**  
*13 tips to keep your costs on track*



**LEXIS**  
H O M E S  
*Love* Coming Home

# HOME BUYERS GUIDE: Don't bust the budget!

## Home Buyers Guide: Don't bust the budget! *13 tips to keep your costs on track*

Building a new home can be stressful. There are multiple decisions to make, many home builders to choose from, and it's a major investment of your hard-earned cash. One way to minimize worry is to create a rock-solid budget with a builder you trust, and then **stick to it**.

Not sure where to start? We've got 13 great tips to ensure your budget is feasible and stays on track during the build. Follow along and you'll be well on your way to home building bliss.

### 1. Ensure allowances are adequate

When it comes to items like cabinets, countertops, flooring, lighting, and the like, **ensure the dollar amount the builder has allocated is suitable for what you're expecting**. If you're expecting quartz countertops, but they've only allocated funds for laminate, you're going to end up with a big discrepancy (and disappointment).

It's a good idea to ask the builder to provide examples of what the allowances will cover, or ask how they calculated the amount. **Some builders will use low allowances to quote at a lower price, only to have the homeowner exceed their budget** to get the home they truly want.

### 2. Avoid making changes

When building a house, it helps to be decisive. Research your design and material options thoroughly, so that when it comes time to make a decision, you're confident in your selections and can stick with them. **If you change your mind on materials or designs after they've been approved, the extra costs can add up quickly**. Change order fees, restocking fees, and mistakes are all a possibility when there's a change to approved plans.

## HOME BUYERS GUIDE: Don't bust the budget!

### 3. Exercise discipline

If staying on budget is crucial for your finances, you'll need to **be disciplined in your decision-making**. That starts by prioritizing what is most important for you (the must haves, and then the nice-to haves). Be honest with yourself about what is a must have and what is a nice to have. Not everything can be a must have!

Some of our clients are great at staying within their budget. Others are more interested in building their home exactly the way they want it, even if it's outside their budget. Either way is fine — just decide which route you're going to take before you break ground.

### 4. Get everything in writing - and then *read it!*

One of the best ways to ensure you stay on budget is to request a **very** detailed list of specifications from the builder **and read them**. This way **you know exactly what you are getting**.

You're more likely go over budget if you don't have detailed specifications and are forced to assume what's included. Have you verbally asked your builder for a back deck, but it's not included in the budget? **If it's not in writing, the builder doesn't necessarily have to include it in the home.**

### 5. Obtain quotes for big-ticket items in advance

A great way to get a better grasp of your budget is to **get quotes on some of your "big ticket" items in advance** — such as appliances, cabinetry and flooring. These types of items have a wide range of options and price points, so solidifying these details at the start is always a smart move.

### 6. Go one step further — make most of your selections up front

If you're not in a big rush to start your build, you can make most (if not all) of your selections before construction starts. This will allow you to evaluate the majority of your costs/quotes all at once and make decisions on each one accordingly.

## HOME BUYERS GUIDE: Don't bust the budget!

### **7. Use budget-tracking software**

Online home building software keeps everything organized and in one place. We use this software with all our clients, and a big **benefit is the budget-tracking** feature.

Our clients can log in 24/7 to make selections and receive **real-time feedback on how those decisions will affect their costs and budget**. Since we can also log in, it provides a clear line of communication, and helps avoid mistakes. You can see where your budget stands during all phases of construction. No guesswork means no unexpected surprises.

Another benefit of the software is that it includes deadlines for material selections — these handy reminders help avoid costly hold ups and delays.

### **8. Consider deferring items**

Moving into a completely finished new home might sound great, but for various reasons, it may be **best to defer items that aren't 100% necessary to have at move-in**. Maybe you'd rather finish the basement yourself, or save up for something special in the future. Examples of items that can generally be deferred are: exterior landscaping, basement finishing, a garage heater and garage finishing, home automation and audio equipment, custom cabinetry around the house, or a basement wet bar.

### **9. Don't forget the taxes!**

This one is pretty simple: **make sure your builder has included GST in the price** or you will have a big - unwelcome - budget surprise in the end!

### **10. Request a fixed-price contract**

For a better chance at staying on budget, ensure you **hire a builder who provides fixed price contracts**. This means that all building costs (other than allowances) are the responsibility of the builder. If the builder didn't estimate costs correctly, they pay for the discrepancy.

Some builders will use a **"cost-plus" style of contract**. Be aware that this shifts the burden of miscalculated estimates and cost overruns onto the homeowner — exactly what you don't want if you're trying to stick to a budget.

## **HOME BUYERS GUIDE: Don't bust the budget!**

### **11. Ask for builder input before shopping**

A good, well established home builder will have a wealth of knowledge about materials, brands, local retailers and their employees. Talk to your builder about **supplier recommendations** and ask if there are specific employees you should speak with. **Ask your builder about what brands, models, and price ranges to look out for when shopping.** Their input will help you remain on budget and avoid return trips to the retailer.

### **12. Set aside some splurge funds**

**Give yourself a buffer** so you can splurge on a few items without feeling guilty. For example, if you want to remain below \$550,000, consider going in with a budget of \$530,000 so there are extra funds available if you need or want them. That extra bit of budgetary breathing room will make the process more enjoyable.

### **13. Make smart decisions in the design phase**

**The decisions you make during the design phase of your home will often have the biggest impact on your overall home building costs.** You can start going over budget before the foundation is formed if you aren't careful. If you choose to increase square footage or add an extra bathroom after you receive your quote, it's going to increase your costs. It also helps to remember that you'll be paying to heat and cool that extra space once you move in, so ensure you understand how additions will affect your budget and future utility bills.