



# THE ROAD LESS TRAVELED

a how-to guide to your custom home

[monarchcoaz.com](http://monarchcoaz.com)

# ABOUT THIS GUIDE

If you're looking to build a custom home in the Phoenix Metro area, chances are you are about to head down the wrong road. Like most, if you plan to purchase a lot first and then find an Architect to create plans that you shop to a number of builders, this path will at best lead to a home that costs more than you projected and delivers far less than you wanted. At worst it can result in significant financial losses, incredible angst and in some cases no home to show for it.

It's likely you've run across the ultimate fallout from this mis-guided process in the form of vacant land for sale that includes plans and permits for someone else's custom home. More than likely these sellers ended up with a design that didn't achieve their livability and financial objectives so they chose to cut their losses by selling rather than proceeding with construction.

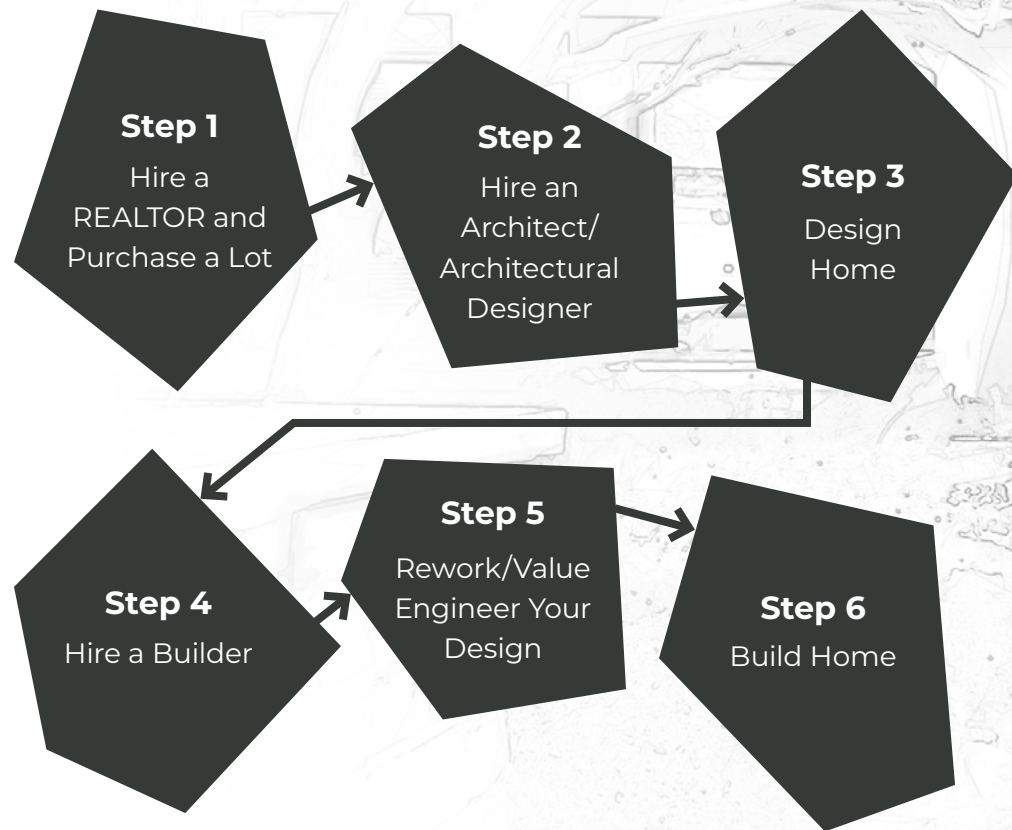
The reason why this traditional approach is flawed is because the sequencing of each step is out of order. Because you're out of sequence, as you move to the next step, you're forced to address issues that should've been handled prior. So rather than making progress, each step forward is often a step—or more—backward. The result? Frustration levels go up. Compromises are made to livability and features. Costs escalate with each reworked design. And the chances of completing the project on time, on budget, and most importantly—with a home that you want—decrease with each step.

We compiled this alternative road map based on the journeys of countless clients over more than 3 decades in the custom home-building business—many of whom turned to us after running into issues with the buildability of a lot, the feasibility of a design or challenges interpreting their visions into workable designs. This alternative process is inherently faster, smoother and more cost-efficient—and the resulting homes are far more likely to be exactly what you want—and far more than you ever expected. And if you've successfully built custom homes in the past, we are certain these optimizations will result in a far more rewarding experience.

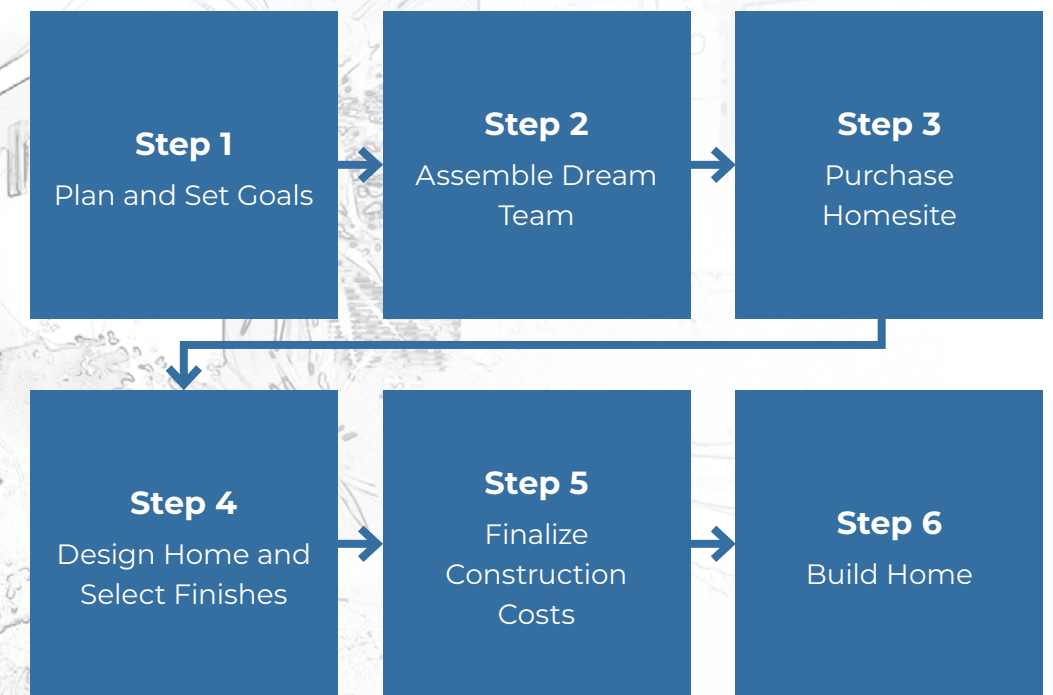
The principles of our path are akin to launching a new business. Before executing any step, you must have thorough up-front analysis and specific goals along with the right team to translate your vision into reality while working within your financial parameters. Above all else, our process is intended to result in an exciting journey and a home that is uniquely your own.

To illustrate the transformative power of our approach, what follows is a step-by-step overview of our more mindful path alongside the more traditional approach most follow.

## TRADITIONAL



## MINDFUL



# TRADITIONAL STEP 1

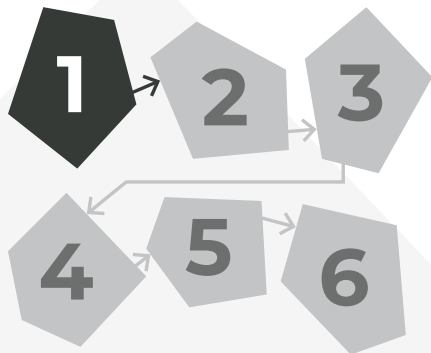
## HIRE A REALTOR AND PURCHASE A LOT

Traditionally, step one involves outings with a REALTOR and a lot purchase. While REALTORS are a key resource for the financial and lifestyle elements of your new home, they lack sufficient knowledge and experience to evaluate:

- Costs to convert a natural, undisturbed homesite into a building site
- Restrictions imposed by the governing City/County
- Cost implications of HOA Architectural design guidelines & restrictions

The result? Buyers all too often discover un-budgeted costs to prepare their build site, which forces compromises in design, or allocation of additional budget dollars before they even break ground.

So before you get excited about the idea of building a custom home and running out to buy a lot, our proven process leads you to begin with the end in mind...



## PLAN AND SET GOALS

As with any good business plan, a thorough needs assessment and goal-setting exercise is critical to ensure you achieve your objectives. The same holds true for a custom home. While costs per square foot and total project costs are obviously critical components of a plan, they all too often are the only parameters and do not take into account all factors. The result: plans are cost-reduced to achieve financial targets while unknowingly sacrificing critical livability/enjoyment factors.



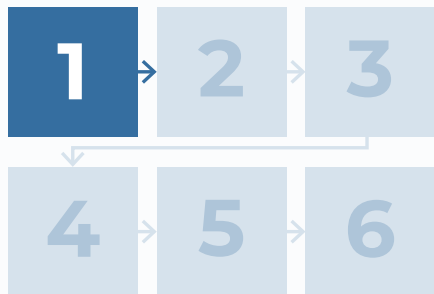
**Pro Tip:** One of the best ways to hone in on your project goals is to gather all stakeholders in the home and walk through the following checklist:

- Envision a perfect day in your new home — from the moment you arise to the moment you retire for the evening; will it be summer, winter? Will you have coffee on the terrace followed by a strenuous hike and outdoor meal, or will you brunch with friends, golf and then lounge by the pool?
- Ensure everyone involved agrees on the important factors such as budget, bedroom/bathroom counts, and types of entertaining spaces (gym, theater, game room).

- Also envision the lifestyle, activities, and times of year you plan to visit and what exterior living spaces will be required (pool, sports courts, fire features, water features).
- Does anyone have physical limitations that require more accessible designs?
- What location in the Valley aligns best with your lifestyle? Is living within an HOA important, or irrelevant?
- What Architectural style appeals to you the most? Consider using tools like HOUZZ® and Pinterest® to begin capturing designs and resources that you may share with your project team later on.
- Be sure to also take into account not just financial factors, but also time-commitments and evaluate how much attention you'll be able to devote to the project—both virtual and in-person.



**Caution:** Now is not the time to fall back into the traditional path sequence – it may set you back when you think you are moving forward.

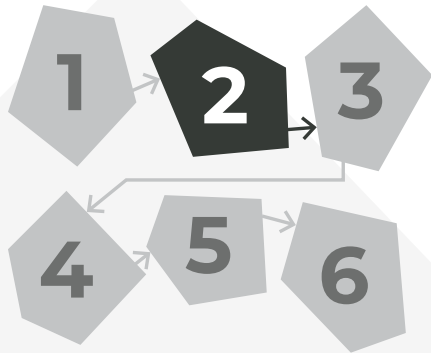


TRADITIONAL

STEP 2

## HIRE AN ARCHITECT/ ARCHITECTURAL DESIGNER

Traditionally, step two involves hiring an Architect/Architectural Designer to translate your vision into a buildable design within the constraints of your budget. The reality is that bringing them on before other members of the team is too early in the process, and is likely going to lead to budget over-runs. The reason is that Architects are naturally creative, yet are generally not able to extrapolate the costs associated with building their designs. Often times, Architects/Architectural Designers may not know the most cost effective way to achieve a desired design result and will design the feature utilizing methods/materials that increase the cost of construction. Furthermore, some Architects will insist on being involved in the specification of the interior finish materials. However, that is not their expertise and too many times specify materials that are inconsistent with your budgetary goals. The bottom line is, your home is being fully designed without the benefit of someone being a steward of your budget during the design, which forces YOU into the unwelcome role of steward of your own budget.



# MINDFUL

## STEP 2

# ASSEMBLE DREAM TEAM

With our more mindful approach, step two involves vetting and hiring all 3 members of your project team in the following order:

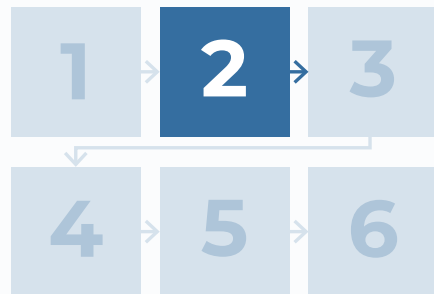
**1. Builder:** Why engage the builder first? The builder is the sole entity that will be involved from the beginning of the project to the end and beyond. A good builder will serve as your quarterback through the entire process and have the knowledge and experience to:

Provide guidance regarding costs associated with turning a build site into a buildable pad. After all, it's not just the purchase price of the homesite that needs to be considered, but also the additional costs to make the site buildable. Your builder will also understand topography constraints associated with the site or restrictions that may be imposed on the site by the governing City/County

They will also have an understanding of the Architectural Design Guidelines for the community, if they exist, and can provide ballpark pricing on the costs required to meet those guidelines

But most importantly, your builder should be the steward of your budget throughout the lot purchase and design process. During the design process, they can work with the Architect/Architectural Designer to ensure the home design, methods of construction and included features are being consistent with the budget you established for the build. They will have several other projects to use as reference for costs and can help guide the design accordingly.

You also want your builder to understand design and really engage in the plan development process. They should also have a creative vision and have built homes with similar design styles in order to add the greatest value when collaborating with your Architect in the design process. In addition, they can review the construction documents a few times throughout the design process to ensure the plans are complete and accurate so the opportunity for errors in the construction budget are kept to a minimum and the budget is as accurate as possible.



# MINDFUL

## STEP 2

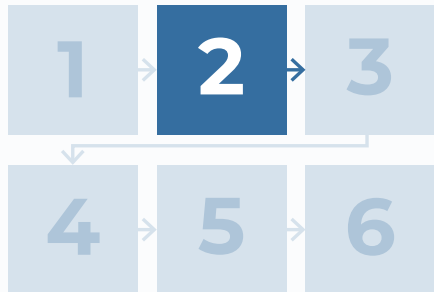
# ASSEMBLE DREAM TEAM

**2. Real Estate agent:** Particularly if you are new to the area, a good REALTOR will provide a full picture of the attributes of each potential lot and ensure alignment with your lifestyle. REALTORS will know comps in the area to ensure purchase prices are in line with the market, along with deeper insight into the schools, Property taxes, time on market, sellers' urgency, etc.

**3. Architect:** In the state of Arizona you can use a licensed Architect OR an Architectural Designer to design your home; your choice should be driven by your goals set in step one. In both cases, however, you must have a licensed structural engineer. If you have a very challenging hillside lot, if you have an artistic vision of your home, or if you are interested in a complex home design, we would recommend a licensed Architect design your home. However, if you are proposing a simpler home, if your lot is fairly flat, or if your build is simpler in nature, you can realize significant savings by using an Architectural Designer. Good designers are capable of producing high quality drawings that are complete and detailed.



**Pro Tip:** Your builder could make recommendations for an Architect/Architectural Designer as they have likely worked with a number of firms and have first-hand experience with who produces a high-quality set of construction drawings and who works collaboratively with their clients and builders.

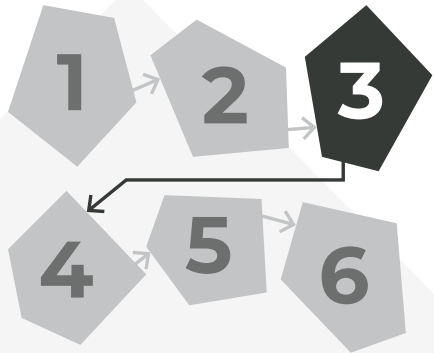




# TRADITIONAL STEP 3

## DESIGN HOME

Traditionally most buyers move from hiring an Architect right into the design phase. And while the creative process can be truly energizing as plans begin to take shape, it's at this point where things can go wrong... and expensively so. All too often, design challenges like lot topography and HOA design restrictions aren't fully taken into account. Unfortunately these issues are often not noticed until later on down the road and result in costly design fees associated with reworking the plans. These factors can also drive a design that is well beyond the intended project budget, not to mention push the construction completion date out further.

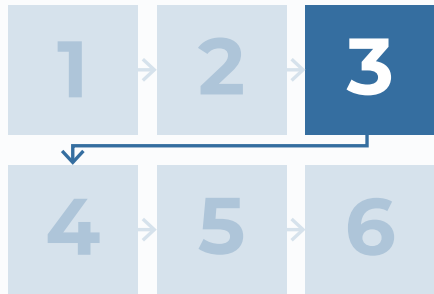


# MINDFUL

## STEP 3

### PURCHASE HOMESITE

With the mindful approach, step three involves putting your newly assembled dream team to work in finding a homesite for you to purchase. Start by asking your REALTOR to search for lots in the areas you are interested in building. Once you have narrowed your selection down to your favorites, have your builder and Architect join you to look at and analyze each homesite for its design potential, constraints and cost-of-construction implications. Your builder can also solicit input from soils engineers and/or earthwork contractors regarding potential soil or rock issues. Additionally, your builder and Architect should review the HOA design review guidelines to ensure the design requirements are consistent with the budget you have set for the team. In the end, your builder should be able to rank each lot from the most to least cost-effective. As always, the key is selecting a homesite based on the goals set in Step One.



# TRADITIONAL STEP 4

## HIRE A BUILDER

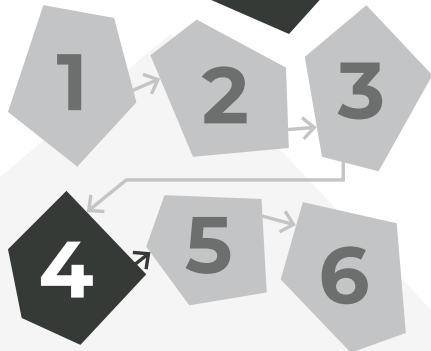
On the traditional path, by step four it's likely you have paid an Architect to design your plans and have secured approval from the City/County and the applicable HOA Design Review Board. But you still don't know what the project is going to cost to build.

So now you need to determine who will build your home and how much they will charge to build it. You will have a choice to make at this point. Do you bid the house out to a few builders or do you negotiate with a single builder?

If you elect to solicit bids from multiple builders, be aware of unintended consequences. Builders are not going to look after your best interest if they know they are in competition with others to "win" the project. In most cases, while you are asking the builders to provide a quote for the construction of your home, they are interpreting that as "I need to be the low bid" in order to be awarded the project. You are encouraging the

builders to request costs from the cheapest trades who may not produce high-quality work. In this mis-guided sequence, you likely have not yet selected all of the finishes and products to be included in your home. In an effort to secure the winning bid, builders likely won't include sufficient allowances, so when it comes time to make finish selections you are likely to encounter cost over runs and strained relationships.

If you elect to negotiate the project with a single builder, it is suggested that the contract be based on the cost of construction plus an agreed upon overhead and profit fee percentage. You and your builder should be on the same page relative to your construction budget with an understanding that the costs during construction will be "open book" meaning that you are able to review any information regarding bids, payments, lien waivers etc. at any time during the course of the project. You are much more likely to have a harmonious relationship with your builder if you work together in the pre-negotiated platform.



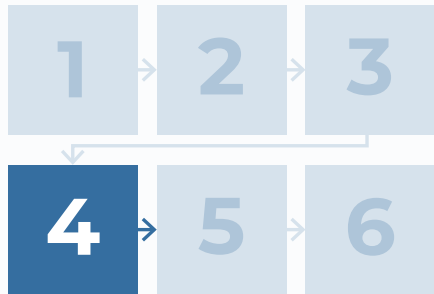
MINDFUL

# STEP 4

## DESIGN HOME & SELECT FINISHES

On the mindful path, by Step 4 you are finally ready to begin the design process. With your goals at the forefront, you, your builder and Architect/Architectural Designer work hand in hand. In addition to ensuring the design includes the style, types of rooms, room sizes and indoor/outdoor features outlined in your goals, deeper discussions relative to the most cost-effective methods to achieve those goals should be explored. Furthermore, as the construction documents are developed, your builder should take the opportunity to thoroughly review the plans and details looking for any conflicts that may impact the cost of construction or timelines. This is also the time to get an interior designer involved to finalize finish selections both inside and outside the home. If your builder has an interior designer on staff, all the better as they would be equipped with the project

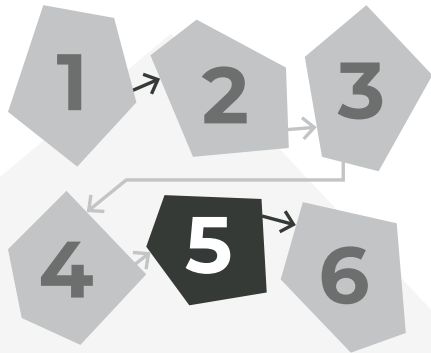
budget and guide the selections accordingly. The goal is to have all selections made by the time the plans are completed. This will allow for accurate pricing of products when putting the construction budget together rather than throwing in allowances that don't have a good basis. The importance of trade contractors and suppliers knowing exactly what they are bidding (rather than guessing) cannot be underrated when thinking about the accuracy of the projected construction costs.



## TRADITIONAL STEP 5

# REWORK/VALUE ENGINEER YOUR DESIGN

On the traditional path, step 5 is where the biggest surprises and highest frustration occurs. You have received estimates either through your negotiated builder or through the quotes from multiple builders. All too often, these initial quotes are not in alignment with your budget since the home was designed without the builder's input. There are countless stories of buyers completely abandoning their projects at this step given the severity of the budget overruns tied to the complexity of the home's design or the cost of the finishes/products suggested for the home. By not beginning with the end in mind, clients end up selling their homesite after spending thousands of dollars on design, permits and HOA reviews. Even when budget or design challenges are salvaged, generally the result is added costs for redesign, delays in the start of construction and compromise away from original goals.



MINDFUL

STEP 5

## FINALIZE CONSTRUCTION COSTS

On the mindful path, things go much smoother in step five as effort is spent fine tuning, not reworking. Since all decisions to this point have been guided by you and your dream team, there should be alignment and consistency in construction costs and your overall budget. All of your finishes, colors and products have been initially selected and accounted for in your costs for construction. This should be a time for perhaps some modifications to the products going into your home or minor adjustments to the design— NOT wholesale changes. Remember, the proactive decisions taken during the navigation of Mindful Steps 1 through 4 leads you to making decisions at this time based on only what YOU WANT, not forced upon you. After all, there is nothing custom about forced compromise!

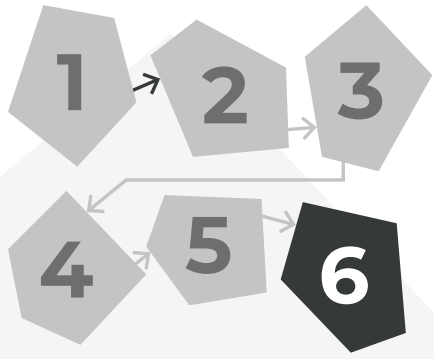


TRADITIONAL

STEP 6

## BUILD HOME

Those who make it to groundbreaking on the traditional path are often weary and frustrated after plowing through months of modifications. However, the ghosts of these late-stage changes often continue to wind their way through the construction process—potentially causing further delays and budget overruns.



# MINDFUL

## STEP 6

# BUILD HOME

The building stage on the mindful path is typically the most exciting as your design vision begins to take form. You have completed the entire design process and have a full set of plans. You have completed all finish/product selections and have a thorough and complete construction budget based on good design and budget-appropriate finishes. You also have approval from your HOA and a building permit in hand. Your team has spent time finding solutions to any potential challenges without the undue stress of rapid-fire rework. That same resolve continues throughout the construction process. You may find opportunities during construction to make some changes—it's your home and you are allowed to do so. With an “open book” relationship with your builder you know exactly what was included in your construction budget and can verify all values as you make changes.

Construction itself on the mindful path is much more orderly. Your builder and all of the trade contractors have a clear understanding of the project, so schedules are much easier to maintain and unforeseen changes kept to a minimum. The net result—you can sit back and ENJOY the process of seeing your new home take shape.





# QUESTIONS & ANSWERS

**Q:** What are the benefits of building a custom home, vs. purchasing a resale or spec home?

**A:** First off, a well-thought-out custom home is the best way to ensure that your new home is located where you want to live, and fits your lifestyle and design aesthetic. When managed correctly using our mindful approach, a custom home can also be an excellent financial move. Since you're not paying market price for someone else's finishes (as is the case with resale homes), or paying a developer a premium for the risks they bore in fronting a spec house, you end up paying between 10 - 15% less for a custom home of similar size. In addition, you are not paying the 6 -7% real estate commissions that are automatically built into the spec house price. In total, this can save you more than 20% all of which can be realized as equity. So you can invest your budget into a design and finishes that are perfectly matched to your needs and financial goals, vs someone else's.

**Q:** I already purchased a lot. What should I do next?

**A:** If you purchased a lot as your first step, you're not alone. This is almost always the sequence people follow. Your best bet is to pause, and start on the mindful path with Step 1—goal setting. After all, without a clear set of goals you will have no way of evaluating the lot's potential fit. Then proceed to hiring your dream team.

**Q:** I have already purchased a lot and hired an architect to start designing my home. Is it too late to change course?

**A:** Until the house is completed, it's never too late to change course to some degree or another. The further down the traditional path you are, however, the more effort and money is required to shift course. If you haven't yet started incurring design costs, you should pull back and spend some time at Step 1 on the mindful path. After you've set your goals, you should hire your dream team, and have the whole team evaluate the lot against your objectives. After you and the team are comfortable with the lot and its ability to meet you lifestyle, design and budgetary requirements you may proceed with design and you'll be on the mindful path to your new home.

# QUESTIONS & ANSWERS

**Q:** What attributes should I look for in a builder?

**A:** Since the builder serves as quarterback, coach, teacher and budget keeper on the mindful path, you need to expect a lot from whomever you choose. First, you want a builder who is a “house nerd,” who is always learning and evaluating new products, new design and construction methods. You want someone who will be as excited, if not more so, about building your home than you are in seeing it built. You want someone that loves to build and will treat your project as if it were their very own home. You need to be able to trust them—with not just your budget, but your vision. You want a builder with an eye for design to collaborate with everyone on the design team. If you can find a builder with an interior designer on staff, that will streamline the budgeting and selection process and help eliminate surprises later on. And perhaps most important of all, you want a builder that clearly communicates, and is likeable; after all you will spend a lot of time together over the next year.

**Q:** What questions should I ask of a builder?

**A:** First and foremost, you should ask the builder for a list of past and current projects. Any good builder will happily share this information so you can contact them for a reference. Call those clients and ask about their experience with the builder, relative to input and control of the design process and budgeting process, communication throughout construction, systems and philosophies of the builder and lastly interpersonal skills. Drive around and look at the builders’ past projects; in some cases past client references will be happy to invite you to see their home in person.

Also ask the builder how they will construct, and reconcile budgets — how much visibility will they give you into trades’ billing, what sorts of standard budgetary updates do they provide and how often? Evaluate how concisely and professionally the builder responds to and answers your questions. Do they welcome questions and provide as much detail in the answers as you need? Since the builder will manage and pay trades you need to ensure they are financially sound and current on their accounts payable to their trades; one way to gauge this is to ask for their trades’ references. Always keep in mind, no two builders are alike. You are “buying” their future performance/service—they are not a commodity so don’t necessarily select your builder solely on the cost for their service.

# SUMMARY

This graph illustrates how the further down the traditional custom home path you are, the less impact you have on the outcome, and the higher the cost of design changes. So, while there are indeed ways to course correct and adopt the more mindful path, the sooner you do so, the better - for both your budget and the ultimate satisfaction you derive from your new home.

**If you have additional questions, or want to discuss your specific project with us in person, feel free to email us directly at [info@monarchcoaz.com](mailto:info@monarchcoaz.com).**

