

Your Complete Guide to

# *Building a Custom Home*

Everything you need to know — from your first conversation with a builder to the moment you receive your keys.



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## WELCOME FROM INSPIRED CUSTOM HOMES

Building a custom home is one of the most exciting and significant decisions you'll ever make. This guide was created to walk you through every phase of the journey, from your very first ideas to move-in day. Whether you're just beginning to explore the idea or you're ready to break ground, we're here to guide you every step of the way. At Inspired Custom Homes, we've been building dream homes across Northern Indiana since 2015, and we bring 20+ years of hands-on experience to every project.



# 01 — The Custom Home Journey: An Overview

Building a custom home is fundamentally different from buying an existing house. Instead of buying from what's available, you're creating something uniquely yours. That process takes time, planning, and a great partnership with your builder.

## How Long Does It Take?

From initial consultation to move-in day, a custom home typically takes 10–18 months depending on the size, complexity, and site conditions. Here's a simplified timeline:

Phase	Timeline	What's Happening
Planning & Design	2–3 months	Land selection, budget setting, architectural drawings, permit submission.
Pre-Construction	4–8 weeks	Financing finalized, contracts signed, site preparation begins.
Foundation & Framing	10-12 weeks	Foundation poured and cured, framing completed, roof installed.
Mechanical Systems	4-6 weeks	Electrical, plumbing, HVAC rough-in. Inspections occur at each stage.
Interior Finishes	12-16 weeks	Drywall, flooring, cabinets, trim, paint, fixtures installed.
Final Walkthrough	1–2 weeks	Punch list completed, certificate of occupancy issued, keys handed over.

### KEY TAKEAWAY

Every custom home is different. Your timeline will be shaped by your lot, your selections, permitting in your municipality, and weather. Your builder should give you a detailed schedule before construction begins and keep you updated throughout.



## 02 — What to Bring to the Table

Coming to your first builder meeting prepared makes the entire process smoother and faster. Here's what you should have thought through or at least begun exploring before your first conversation.

### Your Budget

Know your overall budget before you sit down with a builder. This doesn't have to be a precise number, but you should have a realistic range in mind. Your budget will drive decisions about square footage, finishes, lot location, and timeline. Experienced builders have heard every number, and their job is to help you maximize value within your means, not to judge, so be honest about your budget.

<b>Hard Costs</b>	The actual construction labor and materials. Typically 70–80% of total budget.
<b>Soft Costs</b>	Architectural drawings, engineering, permits, inspections, and legal fees.
<b>Land Cost</b>	If you haven't purchased land yet, this must be factored in. Lot prices vary widely.
<b>Contingency</b>	Plan for 5–10% of your total budget as a contingency for unexpected expenses.
<b>Landscaping &amp; Extras</b>	Often forgotten is landscaping, seeding, sprinkler systems, decks, and outbuildings that can add up.

### Your Wishlist vs. Your Needs

It's helpful to separate what you **must have** from what you **would love**. Builders call these "non-negotiables" and "wish list" items. When budgets get tight mid-project, having this list means decisions get made faster and smarter.

#### Must-Have Examples

Bedroom count, accessible layout, dedicated home office, attached garage, specific school district.

#### Wish List Examples

Heated floors, custom tile work, chef's kitchen, barn doors, finished basement, smart home tech.

#### Lot Considerations

Do you want acreage, a subdivision lot, a corner lot, or a waterfront property? Each affects cost.

#### Style Preferences

Ranch, two-story, craftsman, farmhouse modern? Bring reference photos. Pinterest boards are welcome.

### Questions You Should Be Ready to Answer

- What is your overall budget, and how flexible is it?
- Do you already own a lot, or do you need help finding land?
- What is your target move-in date or timeframe?
- How many bedrooms and bathrooms do you need?
- What are your preferences for room orientation and bedroom layout (split vs. grouped together)?
- Do you have any accessibility requirements (single-story, wider doorways, etc.)?
- Do you have existing architectural plans, or are you starting fresh?
- Are there HOA rules or deed restrictions on your lot?
- Have you spoken with a lender about construction financing yet?

## 03 — Understanding Construction Loans

Financing a custom home is different from getting a mortgage on an existing house. You'll most likely use a construction loan, which is a short-term loan that covers the cost of building. Understanding how these work will save you surprises.

### How Construction Loans Work

A construction loan is typically a short-term, variable-rate loan that funds the build in stages rather than all at once. Once your home is complete, it converts (or is refinanced) into a traditional mortgage.

**1**

#### Application & Approval

You apply with a lender who reviews your credit, income, assets, and the proposed project. The lender will want to see your builder's credentials, cost breakdown, and plans.

**2**

#### Draw Schedule

Funds are released in "draws" tied to construction milestones such as foundation complete, framing complete, rough-in complete, etc. Your builder requests each draw as work is verified.

**3**

#### Inspections

Before each draw is released, the lender typically sends an inspector to verify that the work billed has been completed. This protects both you and the lender.

**4**

#### Interest-Only Payments

During construction, you typically pay interest only on the amount that has been drawn, not the full loan amount. Payments grow as more is drawn.

**5**

#### Conversion / Permanent Mortgage

When the certificate of occupancy is issued, the loan converts to (or is replaced by) a permanent mortgage. This is sometimes called a "construction-to-perm" loan.



## What Lenders Typically Look For

Factor	Typical Requirement
Credit Score	680+ preferred; some lenders require 720+
Down Payment	Usually 20–25% of total project cost
Debt-to-Income Ratio	Generally below 43–45%
Builder Approval	Lender must approve your builder's license and insurance
Detailed Contract	Clear and detailed contract listing features, quantities, and allowances
Appraisal	Lender orders an appraisal based on plans, contract, and comps

### PRO TIP

Get pre-qualified with a lender before you meet with your builder. Knowing your borrowing capacity gives your builder a clear target and prevents the frustration of designing a home that doesn't fit your financing. Many local community banks and credit unions offer competitive construction loan products with more flexibility than national lenders.



## 04 — The Builder/Client Relationship

Building a home is an intimate, long-term collaboration. You and your builder will be in close contact for the better part of a year. Understanding your respective roles and building clear communication habits from the start makes the process enjoyable rather than stressful.

### What to Expect From Your Builder

**Transparency.** Your builder should provide a detailed contract, an itemized bid, and a realistic schedule. Surprises should be the exception, not the rule.

**Regular Updates.** Expect weekly or bi-weekly progress updates with photos, site visit invitations, and clear reporting on where the project stands vs. the schedule.

**Change Order Process.** Any changes to the original scope need a written change order with a cost and schedule impact. Never proceed on verbal agreements alone.

**Subcontractor Management.** Your builder coordinates all subs (electricians, plumbers, framers, etc.). You don't need to manage them because that's what you're paying your builder for.

**Warranty Coverage.** A reputable builder provides a written warranty, typically a 2-10 plan (2 years on workmanship and systems with a 10 year structural coverage)

### What Your Builder Expects From You

- Make decisions on time. Delayed selections (cabinets, tile, fixtures) are the #1 cause of project delays. Ask your builder for a selection schedule and stick to it.
- Communicate through the right channels. Know who your point of contact is and use them. Showing up on the job site and giving instructions directly to subcontractors creates confusion and can be dangerous.
- Pay on schedule. Construction loans disburse on a draw schedule, but you may have invoices due at certain milestones. Late payments can pause work.
- Understand that some things are out of your builder's control like weather delays, material lead times, and permitting timelines are industry-wide challenges.
- Raise concerns promptly. If something doesn't look right, say something early. It's always easier (and cheaper) to address an issue before the drywall goes up.

### The Selection Process

One of the most enjoyable, and sometimes overwhelming, parts of building a custom home is making selections. You'll choose everything from roof shingles to cabinet hardware. Your builder or a design coordinator will guide you through this process, but be prepared: decisions come fast, and they have direct effects on budget and schedule.

**Early Decisions (Pre-Construction)**

Floor plan, exterior elevation, lot grading, garage orientation, window placement.

**Structural Decisions**

Foundation type, framing system, roof pitch, load-bearing wall layout.

**Mechanical Selections**

HVAC system type, water heater, electrical panel size, smart home prewiring.

**Interior Selections**

Flooring, tile, cabinets, countertops, paint, lighting, plumbing fixtures, hardware.

**Exterior Selections**

Siding material, roofing color, windows, entry door, gutters, landscaping grade.

**Allowances vs. Specs**

Know what's an "allowance" (budget placeholder) vs. a specified product, which can exceed budget if it's an upgrade



## 05 — The Building Process: Phase by Phase

### ■ Pre-Construction

- Finalize architectural drawings and engineering plans
- Finalize construction contract and loan documents
- Confirm all selections needed before breaking ground
- Site survey, soil test, and utility location completed
- Submit permit applications to local municipality

### ■ Site Work & Foundation

- Lot clearing, grading, and excavation
- Foundation formed and poured (basement, crawl, or slab)
- Foundation inspected and backfilled
- Underground plumbing and electrical conduit roughed in
- First loan draw typically occurs at this milestone

### ■ Framing & Roofing

- Wall framing and floor systems erected
- Roof structure framed and sheathed
- Windows and exterior doors set
- Building wrap (weather barrier) installed
- Framing inspection by local building department

### ■ Mechanical Rough-In

- HVAC ductwork and equipment placed
- Electrical wiring and panel installation
- Plumbing supply and drain lines run
- Inspections occur for each trade before closing walls
- Insulation installed after all inspections pass

### ■ Drywall & Interior Finishes

- Drywall hung, taped, mudded, and sanded
- Painting — prime coat, then finish colors
- Cabinets, countertops, and tile installed
- Flooring installed (hardwood, LVP, tile, carpet)
- Interior doors hung, trim and millwork completed



### ■ Final Trim & Closeout

- Plumbing fixtures, electrical fixtures, and HVAC grilles installed
- Appliances set and connected
- Final inspections and certificate of occupancy issued
- Final walkthrough with punch list created and addressed
- Keys handed over — your home is complete!

## 06 — Key Questions to Ask Your Builder

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Choosing the right builder is one of the most important decisions in this entire process. Use these questions to evaluate any builder you're considering, and to set clear expectations before signing anything.

### Experience & References

- How many custom homes have you built in the last 5 years?
- Can you provide 3–5 references from recent clients?
- Can I visit a home you've recently completed?
- Are you licensed and insured in Indiana and Michigan? Can I see your certificate?
- Do you self-perform any of the work, or is everything subcontracted?

### Pricing & Contract

- Do you use a fixed-price contract or cost-plus pricing?
- What is and isn't included in your base bid?
- How are change orders handled — what's the process and markup?
- What happens if material costs increase after we sign?
- What is your draw schedule and how are invoices submitted?

### Timeline & Communication

- What is a realistic timeline from contract to move-in for my project?
- How do you communicate with clients during the build?
- Who will be my primary point of contact on your team?
- How often will we have formal progress check-ins?
- What causes the most common delays, and how do you handle them?

### Quality & Warranty

- What structural and energy-efficiency standards do you build to?
- What warranty do you provide on workmanship and materials?
- How do you handle warranty claims after move-in?
- Who are your primary subcontractors and how long have you worked with them?
- Do you provide a third-party home inspection before close?

## 07 — Glossary of Common Terms

Custom home building comes with its own vocabulary. Here are key terms you'll hear throughout the process.

<b>Allowance</b>	A budgeted amount included in the contract for items not yet fully specified (e.g., "\$10,000 flooring allowance"). If you spend more, the difference is a change order.
<b>Certificate of Occupancy (CO)</b>	A document issued by the local municipality confirming that the structure meets code and is safe to occupy.
<b>Change Order</b>	A written document that modifies the original contract scope, cost, or schedule. All changes should be in writing before work proceeds.
<b>Construction Draw</b>	A scheduled disbursement of funds from your construction loan, tied to completion of a specific phase of work.
<b>Construction-to-Perm Loan</b>	A financing product that begins as a construction loan and automatically converts to a permanent mortgage upon project completion.
<b>Contingency</b>	A reserved budget (typically 5–10%) set aside to cover unexpected costs that arise during construction.
<b>Cost-Plus Contract</b>	A contract structure where the client pays the actual cost of construction plus a fixed fee or percentage for the builder's profit and overhead.
<b>Draw Schedule</b>	The predetermined sequence of loan disbursements tied to specific construction milestones.
<b>Fixed-Price Contract</b>	A contract where the builder agrees to complete the work for a set price, regardless of actual costs. Provides price certainty to the client.
<b>Framing</b>	The structural skeleton of the home — the wood or steel members that form the walls, floors, and roof.
<b>Lien Waiver</b>	A document signed by a contractor or supplier confirming they have been paid and waiving their right to place a lien on the property.
<b>Punch List</b>	A final list of incomplete or deficient items identified during the walkthrough that must be resolved before closing or final payment.
<b>Rough-In</b>	The initial installation of mechanical systems (plumbing, electrical, HVAC) before walls are closed — the "hidden" work inside the walls.
<b>Site Plan</b>	A scaled drawing showing the placement of the home, driveway, setbacks, and other features on the lot.
<b>Spec Home</b>	A home built by a developer "on speculation" without a specific buyer — a different process than that of a custom home built to order.
<b>Subcontractor (Sub)</b>	A specialized trade contractor hired by the general contractor to perform specific work (framing, electrical, plumbing, etc.).

## Ready to Start Your Custom Home Journey?

Inspired Custom Homes has been helping families across Northern Indiana build their dream homes since 2015. We'd love to sit down with you, answer your questions, and help you figure out what's possible within your budget and timeline.

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*This guide was created by Inspired Custom Homes Inc. for educational purposes. Timelines, loan requirements, and costs vary by project. Contact us for a personalized consultation.*

