

CONSUMER BUILDER GUIDE

How to Choose the Right Builder for Your Home

A practical guide to help you ask the right questions, understand industry terms, and make confident decisions when hiring a builder for your new home.

Introduction

Building or buying a new home is one of the largest financial decisions most people will ever make. Whether you are considering a custom build on your own land or purchasing a newly constructed home from a developer, understanding how the building process works and knowing which questions to ask can make a significant difference in the outcome.

This guide is designed to help consumers like you navigate the home building process with confidence. It covers the types of homes you may encounter, key terms used in the industry, and a comprehensive list of questions to ask any builder before signing a contract.

Section 1: Types of Home Builds

Not all new homes are built the same way. Understanding the different types of construction can help you identify which approach best fits your goals, timeline, and budget.

Build Type	Description	Best For
Custom Home	Designed and built entirely to your specifications. You select the lot, architect, floor plan, materials, and finishes. Maximum personalization but also the highest cost and longest timeline.	Buyers with a specific vision, available land, and a higher budget.
Semi-Custom Home	A builder provides a set of base floor plans that you can modify within defined limits. You choose finishes, upgrades, and some layout changes.	Buyers who want personalization without starting from scratch.

Build Type	Description	Best For
Spec Home	A builder constructs a home based on anticipated buyer demand without a specific buyer in mind. The home may be complete or near completion when purchased.	Buyers who need to move quickly or want to see the finished product first.
Manufactured Home	Built entirely in a factory and transported to a site. Constructed to HUD standards. Often placed on leased land in a community or on private property.	Budget-conscious buyers seeking an affordable permanent or semi-permanent home.
Modular Home	Built in sections (modules) in a factory, then assembled on a permanent foundation on site. Must meet local building codes, same as site-built homes.	Buyers who want faster construction and cost savings with a permanent home.
Tiny Home	Typically under 400 square feet. May be on a foundation or on wheels (THOW). Emphasizes minimal living and lower costs.	Minimalists, downsizers, or those seeking alternative housing.
ADU / Garage Apartment	An accessory dwelling unit built within, above, or adjacent to an existing structure such as a garage or shop. Can serve as rental income or multi-generational housing.	Homeowners looking to add living space or rental income to an existing property.

Section 2: Glossary of Common Terms

The construction industry uses a lot of specialized language. The following definitions will help you understand conversations with builders, contractors, and lenders.

Term	Definition
General Contractor (GC)	The primary professional responsible for overseeing the entire construction project. The GC hires and manages subcontractors, schedules work, pulls permits, and serves as the main point of contact for the homeowner.
Subcontractor	A licensed trade specialist hired by the general contractor to complete specific portions of the work, such as electrical, plumbing, framing, roofing, or HVAC.

Term	Definition
Owner Builder	A homeowner who takes on the role of general contractor for their own project, managing subcontractors and the construction process directly. This can save money but requires significant time and knowledge.
Architect	A licensed professional who designs the home and produces detailed drawings and specifications. Architects are often involved in custom builds and complex projects.
Design-Build	A delivery method where one company handles both the design and construction of a home, streamlining communication and often reducing timeline.
Construction Loan	A short-term loan used to finance the building of a home. Funds are typically released in stages (draws) as work is completed. It converts to a mortgage upon completion.
Draw Schedule	A plan that outlines when payments are released to the builder during construction, typically tied to completed milestones such as foundation, framing, rough-in, and final.
Change Order	A written agreement between the homeowner and builder that documents a change to the original scope of work, along with any resulting cost or schedule adjustments.
Allowance	A budget set aside in the contract for items not yet selected, such as flooring, fixtures, or appliances. If you spend more than the allowance, you pay the difference.
Punch List	A list of items identified near the end of construction that need to be corrected or completed before final payment is made and the homeowner takes possession.
Certificate of Occupancy (CO)	A document issued by the local government confirming that the home has been inspected and meets building codes, making it legal to occupy.
Rough-In	The stage of construction where basic systems such as plumbing, electrical, and HVAC are installed inside the walls before drywall is hung.
Site Prep	Work done to prepare a piece of land for construction, including clearing, grading, excavation, and utility connections.
Foundation	The structural base of a home. Common types include slab-on-grade, crawl space, and full basement. Foundation type affects cost and suitability for the site.
Lien Waiver	A document signed by a contractor or subcontractor confirming they have been paid and waiving their right to place a lien on your property for that work.

Term	Definition
Warranty	A builder's guarantee covering defects in materials or workmanship. New home warranties typically cover one year for workmanship, two years for mechanical systems, and ten years for structural defects.

Section 3: Questions to Ask Your Builder

Asking the right questions before you hire a builder is one of the most important steps you can take. Do not be afraid to ask for documentation, references, and clear answers. A reputable builder will welcome your questions.

3.1 Experience and Specialization

- ✓ How do you typically guide clients from idea to final plans?
- ✓ What types of projects do you specialize in (custom, spec, mid-range, luxury)?
- ✓ Can you show examples of homes similar to what I want?
- ✓ How long have you been building homes in this area?
- ✓ How many homes do you build per year?
- ✓ Do you have experience building on lots like mine (slope, soil type, rural access)?

3.2 Licensing, Insurance, and Legal

- ✓ Are you licensed as a general contractor in this state?
- ✓ Can you provide proof of general liability insurance and workers compensation coverage?
- ✓ Will you pull all required permits for this project?
- ✓ How do you handle subcontractor licensing verification?
- ✓ Will you provide lien waivers from subcontractors and suppliers upon payment?

3.3 Contract and Pricing

- ✓ What is a realistic cost per square foot for my type of build in this area?
- ✓ What is included in your base price and what is considered an upgrade?
- ✓ How are allowances determined and what happens if I exceed them?
- ✓ How do you handle change orders during construction?
- ✓ What is your draw schedule and what milestones trigger each payment?

- ✓ Are there any penalties if the project is not completed on time?
- ✓ What type of contract do you offer: fixed cost or cost-plus?
- ✓ What is typically not included in your base pricing?
- ✓ Do you require a deposit up front, and if so, how much?

3.4 Process and Communication

- ✓ Who will be my primary point of contact throughout the project?
- ✓ How often will I receive updates on progress?
- ✓ Will I have access to visit the job site during construction?
- ✓ How do you manage your subcontractors and ensure quality?
- ✓ What project management tools or software do you use?
- ✓ How do you handle problems or unexpected issues that come up during construction?

3.5 Timeline

- ✓ What is your estimated timeline from contract signing to move-in?
- ✓ What factors could delay the project and how do you manage those risks?
- ✓ How many other projects will you be managing at the same time as mine?
- ✓ When are you able to start?

3.6 Subcontractors and Materials

- ✓ Do you work mostly with subcontractors or do you have a dedicated in-house team for some or all of the work?
- ✓ Do you use the same subcontractors consistently or bid out each trade?
- ✓ Can I meet or approve the key subcontractors before work begins?
- ✓ Where do you source your materials and what brands do you typically use?
- ✓ Are your subcontractors employees or independent contractors?

3.7 Warranty and After Move-In

- ✓ What warranty do you offer on your work?
- ✓ How do you handle warranty claims after I move in?
- ✓ Do you use a third-party warranty program or is the warranty backed directly by your company?
- ✓ Can you provide references from homeowners who are at least one year past their move-in date?

3.8 Financial Stability

- ✓ How do you ensure that subcontractors and suppliers are paid on time?
- ✓ Have you ever had a mechanics lien filed against a project?
- ✓ Can you provide a list of your current banking or bonding references?

Section 4: Red Flags to Watch For

Not every builder operates with the same level of professionalism. The following are warning signs that should give you pause before signing a contract.

- Requests for a very large upfront payment before work begins
- Reluctance to provide a written contract with detailed scope
- Unable or unwilling to provide proof of license and insurance
- Vague or verbal-only answers to questions about cost and timeline
- No references from past clients or unwillingness to provide them
- Pressure to sign quickly or claims that the price is only available for a limited time
- No physical business address or established local presence
- History of complaints with the state contractor licensing board

Section 5: Tips for a Successful Build

Get Everything in Writing

Every agreement, change, and promise should be documented in writing. Verbal commitments are difficult to enforce and easy to misremember. A professional builder will not hesitate to put things in writing.

Visit Past Projects

Ask to tour completed homes or homes currently under construction. This gives you a firsthand look at the quality of workmanship and attention to detail.

Check References Thoroughly

Do not just ask for references, follow through and call them. Ask past clients specific questions about communication, how problems were handled, and whether the project came in on time and on budget.

Understand Your Contract Before You Sign

Read every line of your contract. If something is unclear, ask for clarification or have an attorney review it. Pay close attention to allowances, change order procedures, and the draw schedule.

Budget for the Unexpected

Even the best-planned projects can encounter surprises. A contingency budget of 10 to 15 percent of your total project cost is a reasonable safeguard against unexpected expenses.

Verify Permits Are Pulled

Always confirm that permits have been pulled before work begins. Building without permits can result in fines, required demolition, and problems when you sell the home.

Build Smart. Ask Questions. Make Confident Decisions.

This guide is provided for informational purposes. Always consult licensed professionals for legal, financial, and construction advice.