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2022 - Davenport & Associates, LLC

Subject: Outline of budgeted costs for building custom home

### **Financing**

Financing a new home construction project is much easier than most people think. There are two commonly used formats. The most economical option is "Construction to permanent financing" this is when you (home buyer) settle on a selected lot financed by your lender. You will pay interest only during construction of your home. Once the house is complete, the loan will convert into permanent financing or mortgage. Standard loan to value is 80% - 20% LTV (loan-to-value). There is also a 95% - 5% LTV financing program with **no** PMI (Private Mortgage Insurance) available which involves a home equity line as a 2<sup>nd</sup> mortgage for the additional 15%. This allows you to finance a total of 95% of the purchase price of your new home. You can also use equity in your current home, if available, to help finance construction of your new custom home.

The second option is called turnkey. Turnkey is when you settle on the home once the home construction is completed. This "turnkey" option will typically require a non-refundable deposit to the builder and normally adds additional financing and closing costs. This option may also allow for higher LTV depending on your circumstances. We will be happy to go over these options in more detail and refer you to lenders with the most competitive programs for financing.

### **Lot cost**

Finding a lot for your new home will have individual requirements and costs that need to be accounted for. Depending on the lot you select, you will need to add some of the items listed below to your lot cost. The budgeted costs listed are average costs, since each lot has different existing conditions and requirements.

Engineering, plot plans, stormwater design, Etc.. - average cost \$5,000.00

Tree clearing if the lot is wooded - average cost \$5,000.00

Utility trenching and connections - average cost \$3,500.00

Driveway - average cost \$ 4,500.00

Additional Grading if needed (importing or exporting of soils if needed) average cost \$4,000.00

Rake and seeding of lawn – Average cost \$2,500

Landscaping – average cost \$1,500.00

Some lots require Storm water management - average cost \$5,000.00

Lots that require rock removal for the foundation - average cost \$5,000.00

Public water and sewer connections if available- average cost \$4,000.00

If the lot does not have public water and sewer you will need,

Well drilling - average cost \$10,000.00

Septic system -average cost \$15,000.00

The total cost of lot improvements, depending on the lot you select, can be as low as \$15,000.00 and as high as \$70,000.00 plus. We would be able to complete a budget for your lot improvements after a field evaluation.

### **Construction costs**

Our base construction cost starts at \$145.00 per square foot for a typical two-story home of at least 2500 square feet. Because of the economy of scale, smaller homes can cost more per square foot, whereas larger homes can cost less per square foot or have a higher level of finish included. Homes that are one level or have a small amount of square footage on the second floor will cost about 20% more. This is due to the associated costs of a larger foundation and roof system. Due to current supply-chain issues and increased demand, prices of materials are constantly fluctuating, for instance, the cost per square foot has increased by \$20 since 2019.

Please see our website for a list of our standard features included in each home that we build. We Pride ourselves on using only the best quality products and construction methods. Be sure to ask us about the "Green Building Products" we use in every home. We will be happy to customize your homes design, options, or upgrades, however you may choose.

Visit us on the web,  
[www.DavenportAssocs.com](http://www.DavenportAssocs.com)