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2025 – 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 be converted into permanent financing or a 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 2nd 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, generally when the builder already owns the land. 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: \$7,500
- Tree Clearing if the lot is wooded – average cost: \$5,000
- Utility Trenching and Connections - average cost: \$5,000
- Driveway - average cost: \$10,000
- Additional Grading if needed (importing or exporting soil, if needed) - average cost: \$5,000
- Final Lawn, Rake and Seeding – average cost: \$4,000
- Landscaping – average cost: \$2,500
- Lots that require Stormwater Management - average cost: \$10,000
- Public Water and Sewer Connections if available – average cost: \$10,000
- If the lot does not have public water and sewer you will need:
 - Well-Drilling – average cost: \$15,000
 - Septic System – average cost: \$30,000

The total cost of lot improvements, depending on the lot you select, can be as low as \$30,000 and as high as \$90,000+. We would be able to complete a budget for your lot improvements after a field evaluation.

Construction Costs

Our base construction cost starts at \$175 per square foot for a typical two-story home of at least 2,500 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 25% more. This is due to the associated costs of a larger foundation and roof system. Due to current market conditions, prices and materials are constantly fluctuating.

Total Cost of Custom Home Build

The total cost of your project is made up of these three items:

- Cost of the Land
- Cost of Site Improvements
- Cost of Construction

Please see our website for a list of our standard features included in each home that we build. We Pride ourselves on using only quality products and construction methods. We will be happy to customize your home's design, options, or upgrades, to meet your needs.

Visit us on the web: <https://www.davenportassocs.com/>