



FINE HOME BUILDING

Want to Build a New Home? *Safeguard Your Investment & Enjoy the Building Process!*

P.O. Box 127 • Mystic, CT 06355 • Ph: 860.536.5231 • www.ReaganHomes.com

■ Do You Dream of a New Home?

Do you envision a warm, inviting home that personifies your tastes and interests, and embraces your family and friends?

Building a new home may be right for you! Incorporating your lifestyle needs and most important desires or “wants” into the design enhances the enjoyment of your home for as long as you own it.

A new custom built home offers many rewards but needs to meet your financial and life goals as well. Investing in a new home may be your biggest and most important lifetime decision in terms of money, time and energy, so making a wise, educated decision is vital.

You may have questions about current building trends, the building process, and your budget choices. To help answer your questions and alleviate your concerns, we are offering this information to help you enjoy your home building experience and protect your investment so you move into your new home calm, organized and satisfied.

■ Reagan Homes Credentials

Reagan Homes began building homes in 1987. In 2002 we formed a new strategic business model to give our clients a complete range of building choices. We brought Reagan Homes under Tier One Development and expanded into land development and assessment, home remodeling, modular home building and prominent estate home building.

Throughout this period, we have achieved consistent annual growth due to our commitment to quality and professional courtesy. With our conservative fiscal business practices, we remain financially strong and ready to help our clients achieve their dream of a new custom home.



■ Key Differences Between Existing Homes & New Home Construction

When you are in the market for a new home, you can purchase an existing home or build new.

Here are some important questions to consider if you are looking at an existing home:

- Does it meet your most important needs and wants? If an existing home offers one or two great features, you may be tempted to overlook its shortcomings. When an existing home fails to meet your criteria, you risk compromising your lifestyle choices to accommodate your purchase.
- Is remodeling the house to meet your criteria reasonable? How does the cost of the house plus remodeling compare to a new home?
- Is the house well built? During the last real estate boom, many new contractors entered the market without the skills or experience required to build a quality home. Less well built houses tend to stay on the market (with reduced pricing) while quality homes sell more quickly.

When you build a new home with a professional, reputable general contractor, you enjoy these benefits:

- With a well-conceived house plan and budget, you achieve your most important needs and wants; your new home satisfies and serves your lifestyle.
- You move into a completed home with warranties on workmanship, systems, fixtures and materials.
- You choose the building materials, fixtures, appliances and components plus witness the building process. Your new home is built to your quality standards.





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■ Favorable Trends Have Improved the Value & Quality of New Homes

Choosing to build a new home must, foremost, be a prudent financial decision that satisfies your life goals and makes you happy. However, here are two favorable trends to consider as you form your decision to build:

Cost Stabilization

Over the last several years, erratic pricing &/or exuberant demand caused land and material costs to fluctuate significantly. These costs have stabilized which means you can better plan and control the cost of your new home. In addition, general contractors and subcontractors have tightened their cost structure and reduced their margins to stay competitive.

Improved Quality

Due to increased competition for new home buyers, general contractors and subcontractors are putting more effort into the quality of their craft.

Improved energy-efficient building techniques, materials and appliances also set new construction apart from existing homes by reducing ongoing energy costs. For example:

- Locating the garage on the north side of your house and boosting window capacity on the south side allows you to enjoy passive solar heat during the cool months and save money on heating bills.
- New Energy Star appliances, heating, insulation, lighting, windows, doors and home electronics plus energy efficient landscaping and home design all help reduce your energy bills. Visit www.energysavers.gov/ to learn more.
- Building "Green Homes" means maximizing efficient use of energy and materials to create a home that is healthy for its occupants and healthy for the planet. The techniques and materials available are appealing but a careful cost/benefit analysis is recommended to ensure your needs and budget requirements are met. Learn more by reading *Green Building: Builders, Consumers and Realtors Primer*. Updated Dec. 2009. You can find this primer at www.energybuilder.com/greenbld.htm.

■ Evaluating Your Financial Requirements

One important first step is to determine the construction/long-term mortgage loan amount you qualify for. Based on this amount you can then determine how much you wish to spend on a new home. Going through this exercise has two key benefits:

- This financial information helps you refine your list of needs and wants for your new home.
- Having pre-approval for a known loan amount makes you credible to the general contractors you are interviewing.

Your bank or financial planner can help you determine the right amount to spend on your new home. It is also advisable to interview a few area banks and discuss:

- Down payment, interest rate, fees, terms and closing costs.
- The benefits of bank construction financing versus builder financing:

With bank construction financing:

- Payments to the general contractor are controlled by you and the bank.
- Interest cost is deductible (seek tax counseling).
- Save money if you purchase land in combination with a home package. Request one closing to purchase land and fund construction; loan then converts to a mortgage loan upon completion.

With builder financing (if you qualify):

- Interest rates are higher and non-deductible since they are built into cost.
- Higher, non-refundable down payment is required.





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■ The Building Process

The building process is a multi-step orchestration of numerous details and milestones you manage together with your general contractor. The building process has three main components, your budget, documentation and permitting. Your budget governs spending and activities regarding land, house plan and detailed interior home design elements.

Once you select land and form your budget, you enter the documentation phase of the building process, while permitting consists of all required town approvals.

Budget

You and your general contractor must be in agreement at all times and your budget is the tool to achieve agreement. Your budget represents your choices in dollar terms. Most people, with guidance from their general contractor, look at all elements of the budget upfront to be sure the new home plan meets their financial and personal goals.

You work with your general contractor to determine a budget for these main categories:

- Land (Permitting & Site Work)
- House Plan
- Interior Design

LAND

LAND: The total amount you spend on land includes property price, permitting costs and site work costs. A qualified general contractor can help you determine the total cost of land, before you make the purchase, to ensure the land component is within your budget.

Land: Permitting

When considering property to purchase, you have three general choices:

- Select a home package that includes fully permitted land and a pre-determined house plan.
- Purchase a fully permitted lot and choose the house plan you wish.
- Purchase your own plot of land, attain permits and find a general contractor to build your home.

The permitting process can be complex. If the land you wish to purchase is unimproved, eliminate frustration and save time by having your general contractor help you:

- Analyze the land and make sure it's a buildable lot (e.g., no zoning or wetlands issues).
- Identify potential hidden costs and help negotiate a better price if there are problems (e.g., ledge or significant additional fill).
- Arrange land and wetlands surveys as needed.
- Draft a floor plan, house design and budget sufficient to proceed with your land purchase.
- Attain town zoning permit before you close on the property or written acknowledgement lot is buildable.

Land: Site Work

Site work costs also drive the total cost of land up or down depending on the extent of work required. Your general contractor helps you assess these costs and includes them in your budget. Here are the main site work budget items to discuss with your general contractor:

- Foundation ~ access, windows & walkout
- Septic or city sewer connection
- Driveway
- Well or public water connection
- Utilities ~ electric, gas/propane, phone & cable
- Land ~ fill, grading, clearing, tree preservation, lawn and landscaping

Your general contractor also helps you locate the best aesthetic and "green" position for your home, and the most cost efficient based on topography.

Once you agree to the site work requirements, you need to order a site plan; your general contract can help you with this. The site plan locates the house on the property and addresses set-back, grading and septic requirements. Once complete, your general contractor arranges to have it approved by the town zoning office.



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HOUSE PLAN

HOUSE PLAN: Finding and customizing a house plan to suit your needs and desires is one of the best rewards of building new! Here are some tips to guide you through the process.

- Your general contractor has house plans available and can help you select a style that suits your taste and budget; note that floor plans can be modified to suit your needs.
- Go online. Many sites offer architect-designed home plans, from basic to sophisticated. The more you study these websites, the more you learn about home design. Before purchasing house plans, have your general contractor review them online to be sure your choice is within your budget and meets area building codes, etc.
- You can hire an architect or home designer to design a fully custom home; fees for these services vary depending on complexity of the plan. Your general contractor may provide internal design services or can refer a good architect or home designer.
- Work with your general contractor, architect and/or home designer to review your house plan and make sure details meet your needs including:
 - Living space requirements
 - Room layout
 - Window placement
 - Lighting, switches & outlets
 - Door swing & position of exits
 - Fireplace
 - Interior & exterior trim
 - Porches
 - Steps
 - Furniture layout
 - Heating elements
 - Basement & mechanical layout

INTERIOR DESIGN

Interior Design: You can have lots of fun planning interior design elements, just be sure to work with your general contractor to stay on budget and control your costs. While your general contractor wants to accommodate your change requests, they must also give you an "Accountability Study" to show you the impact your change requests have on your budget.

Here are some tips to keep you on budget:

- Your general contractor determines correct allowances for your home by carefully listening to your needs. You generally receive allowances for cabinets, surfaces, plumbing & lighting fixtures, and more.
- It is vital you understand how the general contractor's allowances work and how much you have for each allowance. Staying within allowances helps you save money because you stay in your budget.
- You can purchase custom design upgrades for your home but have your general contractor calculate the impact on total project cost.
- You need to choose most of your interior design elements ahead of time to keep your project cost efficient and moving ahead smoothly. To make it easy for you, your general contract should give you a scheduled task list and work through your choices with you.
- Your general contractor can guide you through the many design choices available to you, provide access to an on-staff designer and/or make a recommendation should you wish to hire an interior designer



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Documentation

You and your general contractor state your agreement through your Construction Agreement and your construction documents; elements of each include:

Construction Agreement

- Legal ~ respective responsibilities of buyer and general contractor
- Time ~ identifies time required to get permits, start and complete construction, and warranties
- Payment ~ timing of payments are based on completion of construction milestones
- Specifications ~ elevation, floor plan, materials, finishes and details of house
- Warranties ~ home & manufacturers'

Construction Documents

- Building Plans ~ detailed dimensions, materials and location of all design elements, all according to code and plan
- Site Plan ~ placement of house, grading, septic and well

Permitting

In addition to your zoning permit, your house requires a building permit, regular building department inspections upon each milestone achievement (e.g., framing, roof, electrical system), approval of an as-built site plan and certificate of occupancy.

Your general contractor should take care of all permitting on your behalf. Plus, they should maintain long-term, cooperative relationships with town officials throughout Southeast Connecticut and Southern Rhode Island help your permitting process run smoothly.

■ Preserve Your Excitement & Satisfaction throughout the Building Process

Building your new home should be a time of happy anticipation. To keep your experience pleasant, your general contractor should provide ample guidance so you can attend to your family, your work and your life.

The most important step you take to have a satisfying home building experience is finding a professional, skilled, organized, attentive, and financially sound general contractor dedicated to helping you adhere to your budget.

How do you find the right general contractor?

- Ask for referrals from friends, banks, architects/designers, suppliers, subcontractors and attorneys. Asking for referrals from multiple parties gives you a comprehensive picture of a general contractor's reputation.

- Look for clean, productive jobsites. Talk to people at jobsite (e.g., subcontractors, owners, other professionals) and ask for a referral.

Good communication, listening and understanding are imperative!
The general contractor should:

- Explain the building process and answer your questions.
- Accommodate custom details.
- Provide immediate and detailed accounting of change requests and the impact on your budget.
- Help you understand the tradeoffs involved with your choices.
- Plan quality into your home construction schedule. No rushing or skipping steps at your expense.
- Believe safe, clean job sites are vital to ensuring smooth and on-time delivery of your new home.
- Demonstrate clear understanding of what YOU want.

Your general contractor should be pleased to provide several customer referrals. Here are some questions to ask when you call:

- Was the general contractor responsive through phone calls, voicemail, email?
- How accurate was their budgeting?
- Did they provide timely accounting for change requests?
- Did they anticipate and solve problems before they became a costly issue?
- Were they patient and willing to answer questions and explain the process?
- Were you satisfied with their workmanship?
- Did they finish on time?
- Were there any problems? If yes, were they solved to your satisfaction?
- Were there any post-construction issues? If yes, did they address those issues?



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■ Analyzing Your Cost Options

Construction Proposal

- When you are comfortable with a general contractor, ask for a construction proposal. If you ask for more than one proposal, each general contractor must have the same clear, detailed design plan to ensure you are getting comparable proposals.

Understanding Cost/Square Foot

- If you analyze cost/square foot for your design plan, it is imperative you understand what components are included in that figure! For cost/square foot comparisons to be meaningful, they must include like components.
- In a cost/square foot quote, general contractors may or may not include items such as site work, permitting or engineering. Allowances may also vary depending on the general contractor's interpretation of your needs for your kitchen, flooring, lighting or any other significant design element.

Here are some ball park examples of how total cost is affected by your choices:

Assume: 2,000 Square Foot Homes Costs \$140/SF

These costs are for illustrative purposes only.

How Your Design Choices Affect Cost ~ Some Examples

- As you work on your budget with your general contractor, learning the cost of your design choices helps you refine your most important needs and wants.
- Note that certain key items can have significant impact on your total cost/square foot including how big your house is, complexity of roof system, number of levels, siding, flooring and your kitchen.
- Note that site work costs vary depending primarily on topography of the land. Again, your general contractor can help you assess site work costs before you make your land purchase.



	Standard/Included	Options: + \$/SF	Cost Difference
LEVELS	Colonial	Ranch + \$15/SF	\$30,000
SIDING	Vinyl	Wood + \$10/SF	\$20,000
KITCHEN	Standard w/ Granite	Deluxe w/ Granite +\$10/SF	\$20,000
ROOFING	Straight	Hips & Gables + \$7.50/SF	\$15,000
FLOORING	Carpet/Vinyl	Hardwood/Tile + \$5/SF	\$10,000
HEATING	Warm Air	Hydro Air + \$5/SF	\$10,000
WINDOWS	Energy Star Vinyl	Top Name Brand + \$2.50/SF	\$5,000
TOTAL COST OPTIONS			\$110,000



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■ Reagan Homes Serves You

When you embark on your home building journey, you want straightforward advice, enthusiastic support and timely action. With Reagan Homes on your team, you receive this and every service in this presentation.

Reagan Homes Puts Your Needs Foremost:

- We make sure your land, house plan and design elements meet your lifestyle needs and fulfill your most important desires, all while remaining respectful of your budget, time and investment.
- We provide you with client referrals and professional contact referrals to ease your mind about your choice of general contractor.
- We scrutinize prospective land with you to ensure you understand the merits and costs of your choice so you maximize your land value potential.
- Our ability to envision your dream home on your land allows us to anticipate costs and steps necessary to complete your project and keep you on a realistic budget.
- Our clear, concise, straightforward construction agreement and construction documents give you confidence knowing what to expect from us.
- Our long-term, cooperative relationships with town officials throughout Southeast Connecticut and Southern Rhode Island help your permitting process run smoothly.
- Our extensive product knowledge and wide array of talented professional associates enables us to meet your every need and desire for creating a unique home.
- We guide you through every design selection task and change order request with prompt discussion so you understand the impact on your budget and keep your project on schedule.
- Our team of reliable, courteous contractors and vendors take pride in their craft to satisfy your expectations for trouble-free maintenance and long-lasting beauty.
- We love home building and watching your dream come true! We make the process fun and rewarding so you move in loving your new home.

There are many steps and considerations to building your home, but the right general contractor makes the experience calm and organized so you can attend to the most important aspects of your life: your work and your family.

Please call 860.536.5231 and learn why Reagan Homes makes your well-being our number one priority. Thank you!

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