

BE YOUR OWN CONTRACTOR

Challenges and rewards of doing it yourself

You've decided to build a home. Sure, you've never done it before—but when have you ever let that stop you?

Stop right there. While acting as the contractor for your home can be rewarding—psychologically and possibly financially—the decision to do so is not one to be taken lightly. You would be wise to consider first whether you have the time to spare, the expertise necessary and the extra money the job may unexpectedly require.

Time to spare?

Contracting a home—your first or your fifty-first—is a time-consuming process. “Being your own contractor is a full-time job,” says Brad Johnson, president of the Minnesota Society of the American Institute of Building Design (AIBD). “If you don't have the time for it, don't do it.”

Your job as general contractor will be to gather several bids from and draw up proposals for subcontractors for each part of the building process, coordinate detailed work schedules and work with a lender to acquire financing. Tom Montgomery, president of Plan-It Consulting, a Minneapolis-based company that specializes in building-company consulting, says, “There are roughly 30 to 40 different home-building categories that require subcontractors. The contractor will have to get three or four bids from subcontractors for each separate category. It takes a lot of time.”

After the bids are collected and decisions are made on tradespeople, contracts are signed and the contractor (that's you) must choreograph the intricate ballet of material deliveries and work schedules. Subcontractor A does his job; then it's time for Subcontractor B to come in; these jobs are inspected while Subcontractors C and D wait in the wings. Barring any unforeseen delays like weather or poor craftsmanship—in which case schedules must be adjusted and

subcontractors summoned back to the building site (this involves several phone calls generated by you, the general contractor)—Subcontractors E through Z will (cross your fingers) be on time, complete their contributions to your home-in-progress and exit on the correct note.

As the project nears completion, you will be required to spend more time at the site—as much as an hour or two each day while the building crews are there—in the last one or two months of construction. Punch lists,

quality checks and safety inspections are in your future.

You know your schedule and your limitations. If your regular job and your commitments at home are flexible, shouldering these extra responsibilities may be feasible. If not, the decision to act as general contractor of your home should be made accordingly.

Know your know-how

If you're heading into unknown territory, here's the good news: Intrepid souls like you have weathered the same storms, and have published books and articles to assist those who choose to follow in their footsteps. Seek out these gurus and study their road maps.

A working knowledge of residential construction does matter when you're a self-contractor. Many begin this project knowing that since they are personally invested in the house, the quality of the finished product will be higher than if a disinterested third party were acting as contractor. This may be true. But that means you must

assess the quality of the work that's done on the structure. Be honest with yourself: Do you know what to look for? If a job is done poorly, you must schedule the appropriate tradesperson to return and fix the problem, often resulting in other deadline setbacks.

After a frank examination of your expertise, you decide to go for it. You're convinced that you know the signs of good craftsmanship. Plus, your family is behind you.

Now all that's left is to convince everybody else.

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*—Tom Montgomery
President, Plan-It Consulting*

Liability for safety and conditions on the site will generally fall upon your shoulders, although subcontractors are often covered under their employers' insurance. Talk to your insurance agent about whether your homeowners policy will be sufficient coverage or whether you should temporarily assume a more comprehensive policy.

The other professionals to contact are at the bank. Because self-contracting is often done by people who are not licensed, experienced professionals, don't be surprised if getting financed is a bit more of a hassle. Don't give up too easily, though. Lenders do exist who will take on the extra risk—you may just have to swallow a few more conditions, such as an overall project deadline or a slightly higher interest rate.

Which leads to the next consideration regarding this decision . . .

Money

Saving money is one of the attractive features of self-contracting, since a general contractor's fees can total 20

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percent of the building costs. Doing it yourself means getting more house for your buck. Just remember to figure in the time you'll spend and the costs you may be forced to absorb as a result of poor workmanship, bad weather conditions, and a multitude of other occurrences that professional contractors and their deeper pockets are more prepared to handle. "If you're doing it just to save money, chances are you won't. The industry will beat you up," says Montgomery. The experts advise against making the builder decision solely based on money.

If you're bent on doing it yourself, acknowledge your limitations and consider hiring a construction consultant. This person is typically an experienced contractor or building professional who can guide you through the home-building process. This person knows the industry inside out and can recognize an unreasonable bid. He or she has developed complicated work schedules before and can make suggestions for yours. His or her keen eye will catch craftsmanship flaws you might miss.

Perhaps best of all, engaging a construction consultant costs much less than hiring a general contractor. Plus, you'll still have the satisfaction of being intimately involved in the building process.

You know yourself best. Before taking the home-building bull by the horns, take an honest look at your time, expertise and resources. The building process will be a memorable part of the finished product, and you want to be fully satisfied with your results. 🏠

Sources: Salant, Katherine; *The Brand-New House Book*; New York: Three Rivers Press, 2001. Scutella, Richard M. and Dave Heberle; *How to Plan, Contract and Build Your Own Home*; New York: MacGraw-Hill, 2000. Smith, Carol; *Building Your Home: An Insider's Guide*; Washington, D.C.: Home Builder Press, 1996.

Resource: www.ownerbuilder.com

