

# BUILDING YOUR OWN HOME

## BEFORE THE WORK BEGINS

Before you launch a project, it's important to have a plan.  
The following steps will help you organize your work.

### WHAT YOU NEED TO PLAN:

- Determine your budget**
  - Confirm your borrowing power.
  - Confirm how much cash you have available for the downpayment and unexpected expenses.
    - If you already own the land, look into using your land equity as a downpayment.
- Make inquiries about your land**
  - Check with the various agencies to verify if the site is buildable and find out if any specific conditions apply, e.g., you may have to obtain a surveyor's layout certificate.
- Draw up a build plan**
  - Have qualified professionals approve the plans and specifications.
  - Make sure the construction complies with municipal by-laws.
- Obtain the necessary building permits**
- Contact a home insurance representative**
  - Take out general insurance for the duration of the project.
  - Take out insurance to protect your home once the work is completed.
- Get quotes from more than one service provider**
  - Pay attention to what is included and what is excluded.
  - Verify service providers' payment terms.
  - Make sure the workers you hire have competency cards; research their reputation and obtain an estimate of their fees.
- Allow a maximum of 12 months to complete construction**



## WHAT YOU NEED TO KNOW:

- 1** **Have your plans assessed**
  - Have a chartered appraiser approved by the Bank or the mortgage insurance provider assess your plans.
- 2** **Understand the major stages of home construction**
  - Excavation and foundation
  - Framing and building envelope
  - Wall and ceiling installation
  - Interior finishing
- 3** **Planning your disbursements**
  - Inspections will be carried out at each major stage of construction.
  - Keep in mind the holdback for liens, which will be applied to each progress advance. This holdback will be released at the end of the period specified for your province, after the work is complete.

Visit

[nbc.ca/new-home](http://nbc.ca/new-home)

to learn more on how to finance your project.

## DURING CONSTRUCTION

Monitor the progress of the work and check that the budget is being followed in accordance with the detailed plan. Make sure the progress advances authorized by the Bank are granted as scheduled at each stage, and communicate with your advisor to request an inspection.

Funds will be disbursed directly to the legal professional after the inspection is verified. The legal professional will hold back an amount, which will be released 35-60 days (depending on your province) after construction is 100% complete. Remember to set aside an amount to cover the legal professional's fees.

If a service provider requires a payment that exceeds the amount of the advance, the client is responsible for paying the difference out of his own funds.

## AFTER CONSTRUCTION

During the last inspection, an inspector from the Bank or the mortgage insurance provider must certify that work is 100% complete and the home is ready for occupancy.

Your principal and interest payments will then apply, according to the terms and conditions of your financing.

## NOTES

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