



How to prepare before starting the building process

Your guide to building a house

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About the Authour

Graydon Kline is a builder with more than 22 years' experience in home construction and renovation. He is highly active in the Gold Coast market where he has undertaken a broad range of work from entry-level homes for investors and first-home buyers to luxury homes in some of the Gold Coast's most desirable locations. Graydon has tapped into his extensive knowledge of the construction industry to put together The Pitfalls of Building as a tool for owner-builders or those looking to build their home but don't know where to start. He is passionate about the industry but hates seeing homebuyers taken for a ride by the complex array of rules and regulations that now govern the building sector.



Building a home from the ground up is one of the most exciting and rewarding experiences you will encounter in your lifetime – especially when you know what to expect! This guide should help you understand what's required before you start building.

Highlights:

- How to choose your suburb, block of land and floor plan
- Why build new
- Detonate instead of renovate
- Personalising your plans
- Choosing a homebuilder
- Getting finance
- Budgeting

Why build?

Your home should be a reflection of your lifestyle. If you love entertaining and preparing meals, you should select a floor plan design with an open kitchen offering plenty of bench space and a wide central island. Hate carrying laundry up and down the stairs? An upstairs laundry room solves that. Whether you'd use a media room or a home office, have a separate area for the kids. You deserve a home that enhances your life every day.

Of course, there are many existing houses on the market, but will they really fit your needs as precisely as a home that's built just for you?

It's all new

Avoid someone else's mess and move into a brand-new, clean, never-been-lived-in home. What's down those drains in the shower? Who's been sitting on the toilet seat? What's under the carpet? These are all valid reasons to build. Be the envy of all your friends in a new home.

It's all yours

From the block of land to the floor plan you designed, the tiles you choose, every detail of your new home will be your own.

You can save money on energy bills

New appliances, energy-efficient features and designs can make a real difference in your overall running costs.

Enjoy peace of mind

All new homes come with warranty, so you will save on maintenance costs. Even if you are thinking of renovating, it can be cheaper to bulldoze that existing home and rebuild a new home and everything is new. Especially if you already own the land, it's the land that appreciates in value, while it's the dwelling that depreciates.

Renovate or detonate

Often too many times home renovations become a money pit, and most will always go over budget and over time. Often it is cheaper and quicker to detonate the old home than take on a large renovation. Kline Homes will provide a free no obligation assessment. Kline Homes also renovates, so either way we can help.

Choosing your suburb

Choosing the right suburb is more than simply looking at a map and finding a desirable location, it should be a decision based on research and actual experience. After all, that's the neighbourhood you'll call home. Take the time to explore and experience your potential area before you purchase that block of land or existing home to renovate or rebuild, so you can enjoy your new home for years to come.

Identify your needs and preferences

What's important to you? Close proximity to a great school or work? Community amenities like parks and walking tracks? Shopping centres? Medical centres? Transport? Large building blocks? Views? Make a list and try to stick with it.

Spend time in your preferred area.

Once you've established a shortlist, commit to spending some time or a day exploring your chosen area. Pay attention to the little details you might not normally consider. Is it unusually noisy? Are there nice places to walk or a sports ground to play? Make sure the environment fits your lifestyle.



Choosing a block of land

Once you have chosen your preferred suburb, it's time to select a block of land. Be sure to wear shoes and consider bringing a camera and a way to take notes.

Things to consider when choosing your block of land

- 1. Terrain:** Is your site hilly or level? Heavily treed or clear? If your dreaming of terraced garden or a backyard pool, be sure to choose a site that fits your vision.
- 2. Location:** Would you prefer a corner block with plenty of street appeal or a secluded court? Where your home site is situated will influence the amount of privacy and security you'll enjoy. Take note on how far your block is away from the local park and walking tracks. Are there any views? Could these views be blocked out once another house has been built near you?
- 3. Orientation:** The direction your home faces affects more than your view. The amount of sun your living areas get can influence everything from your heating and cooling costs to your lighting needs and window coverings and tinting, not to mention the effect this will have on your outdoor living spaces. If you like entertaining, or if gardening is more your style, consider how much sun you will require.
- 4. Shape:** Are you happy with the depth of the block? The side yard space? The size and shape of the front and back yards?

Choosing a floor plan

Building from the ground up gives you the freedom to choose a floor plan that suits your lifestyle and fits your budget. But with so many options to choose from, where do you start? Firstly have a look at our house plans or, as 78% of people do, work with Kline Homes to customise your new home.

Make a wish-list

How many bedrooms do you need? Is a gourmet kitchen with a butler's pantry important to you? What about space for a media room or home office? By making a list of the features you want, you can focus on what's most important to you.

Give your wish list to Kline Homes and we can work with you to design your dream home. If you have seen other plans you like we can always remodel that concept and provide you with your own unique plans.

Personalising you plans

One of the best parts of building a new home is the opportunity to personalise it. How do you get from a sketch to a finished plan at first sight? You don't, it's a work in progress.

A lot will hinge on the options your homebuilder offers and the design assistance they provide. Some builders only offer a very limited range and you are not allowed to mix and match. Others, like Kline Homes, allow you to select from a full range at our suppliers warehouses. What many builders may consider upgrades we've made standard features.

Selecting you options

When working with our design consultants who are qualified interior decorators, the selection process becomes very rewarding and comfortable. They will assist and guide you whilst bearing in mind your budget, your wish-list and your lifestyle.

The design consultant will develop a personalised design presentation, from that point you can still request any substitutions or changes you like.

Unless you have an unlimited budget, you'll probably have to balance what you want against what you can afford. Don't let that spoil your fun! Your design consultant can often help you achieve the look you're after, even if your first choice isn't in your price range.

People you will meet at Kline Homes

Your new home design consultant's job is to turn your wish-list into your dream home. The consultant will help you choose or design that dream home based on your needs and preferences. They will be with you from the first design, through your homes construction, to the day you receive your keys.

Choosing a homebuilder

Choosing the right homebuilder will be the most important decision you will need to make on your own. Once you've chosen your builder, every other decision will come with the builder's assistance. No matter what the economic conditions are, you will want to make sure the company is financially stable and will be able to finish construction and service any warranty requests after you settle in. When you buy a new home, you probably also want to have a selection of fixtures and finishes.

Make sure the builder gives you the options you're looking for. Here are some questions to ask.

Questions	Kline Homes	Builder 2	Builder 3
How long has builder been in business?	Since 1993		
Does the builder have a strong financial position?	Yes		
Do they offer professional design assistance?	Yes		
Will your consultant proceed from start to finish?	Yes		
Do they offer free interior decorating services?	Yes		
Will they take you to their supplier's warehouses?	Yes		
Can you personalise your home with options and upgrades?	Yes		
Can they provide finance from their brokers?	Yes		
HIA Green Smart accredited?	Yes		
Do they offer a 25-year structural warranty?	Yes		
Can they build on a difficult sloping block?	Yes		
Do they have a large range of house and land packages?	Yes		
Do they offer personalised service before, during and after construction?	Yes		
Can they construct large multi-million dollar homes?	Yes		
Have they built on acreage properties?	Yes		
Can they design and construct townhouse and unit developments?	Yes		
Do they have completed properties ready to buy?	Yes		



Not all builders are created equal:

Be sure to see other builders' finished products. Display homes are not considered standard works.

Getting Finance

For most Australians, building a new home or buying a property means getting a mortgage. If it's your first property, it can be a daunting time.

The whole experience can be a lot less stressful if you know what you're doing. Kline Homes can assist with approved mortgage brokers and affiliate banks.

How much can you borrow?

Depending on how much you earn, your financial commitments and the money you have saved for a deposit, most banks can lend up to 95% of the value of the house and land. Kline Homes have valuers who can prepare valuations to assist your loan application.

However, it's important to know that most banks will charge extra for loans that represent 80% or more of the property's value. Banks call this Lenders Mortgage Insurance (LMI). This is insurance the bank takes out just in case you fail to pay your loan, so be mindful the banks will penalise you if you borrow over 80%. So save for a larger deposit or borrow within your budget.

Before looking at land or speaking with a homebuilder, get a pre-approval.

All lending institutions will go through all your current documentation and previous history to provide you with a guide on how much you can borrow.

Once you have a pre-approval the bank will require a signed "fixed-price builders contract", a copy of the home warranty insurance and council-approved plans before they will provide any funds to the builder.

Before the builder can provide a fixed-price contract, the builder requires all the information contained in our special guide titled ***"Need a Quote or a Fixed-Price Contract"***.

It's important to note that the bank will normally ask the homeowner to pay the first 5% deposit. This allows the builder to pay for the required home warranty insurance and all the information required to obtain the Council-approved plans.

Kline Homes has a number of house and land packages available, and can arrange finance and valuations on products that suit your needs.

First-home owners grant

If you're buying a house for the first time, don't forget to apply for the first-home owners' grant. The FHOG is a federal grant given to first-home buyers when they purchase their first home. To see if you are eligible, or to obtain more information, visit www.firsthome.gov.au

There are other grants available for just building a house and relocation allowances offered when moving out of the city and into regional areas. Talk with Kline Homes for current grants available.

Need help before getting finance? Need to set a budget?

Working out exactly where your money goes can take a bit of time and effort and there's often a feeling that you're not going to like what you see. But don't let that put you off because, whatever the outcome, having a budget is a great way to make you better off and it is better to find out the truth now than later. "People don't plan to fail, they fail to plan"

What to do:

- Find out the after-tax (net or take-home) income you receive in wages or salary, and from any other source such as an extra job, investments or benefits.
- Gather up all your credit-card statements, bank account statements, recent bills and any cash purchase receipts.
- Find a calculator and start adding up.
- Set aside a good hour. Remember, it's not what you earn it's what you spend. Statistically there are more millionaires who earn under \$50,000 a year than people who earn over a \$100,000 a year. You would be amazed at how many people, especially executives, who are on over \$100,000 a year and are broke. They have to keep up an image, so they rent fancy houses and lease cars. All those earnings are making someone else rich, while they just look good. Eventually the ride will be over and they will have nothing to show for the years of hard work. The sad thing is, if they set a budget and started small they could eventually own the fancy house and cars.

Convert all your numbers to the same time period

When you're working out your budget, it's important to use the same time period - weekly, fortnightly or monthly - for all your income and expenses. If you're paid monthly, work out all your expenses on a monthly amount. If it is weekly, work all your expenses weekly.

Whatever period you choose, the conversion tips below will help you allow for the fact that most months are a bit longer than four weeks.

Here's how to convert from one time period to another.

- Annual to monthly, divide by 12
- Annual to fortnightly, divide by 26
- Annual to weekly, divide by 52
- Monthly to fortnightly, divide by 2.17
- Fortnightly to monthly, multiply by 2.17
- Monthly to weekly, divide by 4.33
- Weekly to monthly, multiply by 4.33

For some expenses such as food, entertainment and clothing, it might be a good idea to add up three months' worth of these expenses and then divide by three. This will give you an average monthly expense.

Managing debt

Borrowing and paying interest to pay for something is always much more expensive than saving up for it first. I was always taught to pay cash for items that depreciate, such as motor vehicles and living expenses, and only borrow for items that appreciate, such as investments like a house or investment property, because the rate of inflation and appreciation will in the long term outweigh the interest you pay. Investment property interest is considered an expense and can be claimed against your taxable income.

Know exactly what you're paying

Find out what interest rate you're paying on each of your debts including loans, overdrafts, credit cards and home loans. Write them down starting with the most expensive first. Repay the most expensive debts first or try and incorporate those debts into a lower interest rate loan, such as the home loan, and then pay off more to reduce the debt faster. Then cut up the credit card and only live within your means or you will continue to go backwards.

How much you earn

Income (After Tax)	Weekly	Fortnightly	Monthly
Salary/Wages			
Partner's Salary/Wage			
Investments			
Interest Income			
Rental Income			
Commissions/Bonus			
Govt. Tax Benefits			
Other			
Total Income			
Do they have completed properties ready to buy?			

Note: If you're self-employed, record your annual gross (tax not taken out) income, excluding GST, but remember to include tax as an expense.

How much you spend

Regular Expenses	Weekly	Fortnightly	Monthly
Rent/Mortgage			
Electricity/Gas/Water			
Home Phone / Internet			
Mobile Phone			
Hire Purchase/Lay-bys			
Childcare			
Clothing			
Credit Card Payments			
Other Loan Payments			
Food/Groceries			
Petrol			
Pay TV			
Insurance: Home/Contents			
Insurance: Car/Boat/Caravan			
Insurance: Life/Income/Medical			
Other			
Total Regular Expenses			

How much you spend

Irregular Expenses	Weekly	Fortnightly	Monthly
Car Registration			
Other Vehicle Rego/Serviceing			
Rates			
School Fees/Uniforms			
Donations			
Holidays			
Medical: Dentist/Doctor			
Vet Bills/Pet Expenses			
Entertainment			
Lunches/Cafes			
Transport/Taxis			
Haircuts/Beauty Care			
Gifts: Birthday/Christmas/Weddings			
Children's Activities/ Babysitter			
Tax (if self-employed)			
Other			
Other			
Total Irregular Expenses			

How much you spend

Everyday Expenses	Weekly	Fortnightly	Monthly
Coffee			
Shopping/Extras			
Cigarettes/Alcohol			
Family Activities			
Other			
Other			
Total Everyday Expenses			

Your Bottom Line

	Weekly	Fortnightly	Monthly
Total Income			
Minus Total Expenses			
Grand Total			

A negative result means you're spending more than you're earning.

It's time to take another look at your expenses, especially the things you could do without. "Short-term pain for long-term gain".

If you have debts there are ways of reducing their cost and getting rid of the liability. But it means training yourself not to go back to those bad habits.

A positive result shows you're earning more than you're spending.

Make sure you have a plan for allowing that extra money to work for you, as inflation will eat up any gains you have made in interest. "You're working hard to make money, get your money to work for you".

Kline Homes has previously entered into Joint Venture partnerships with clients. Call and find out how you can also be part of this success.

Due to our large buying power and long-term relationships with our tradies and suppliers, we will always buy much cheaper than the owner-builder. If you are looking at either building or renovating, give us a call on 1300 55 25 03.

If you have any questions regarding new homes, please contact me at Kline Homes on sales@klinehomes.com.au

For any information on renovating and extensions, office refurbishment or body corporate rectification works please contact me at Kline Construction and Developments on enquiries@klineconstruction.com.au