The Insider's Guide to Custom Homes

Episode 8: The Construction Budget – Show Notes

Episode Summary

In this episode, Rick Bell shares a behind-the-scenes look at how a true custom home construction budget is developed and managed. Learn how the process starts with vision and allowances, moves through collaboration with trade partners, and results in a final construction contract budget. Rick explains the importance of transparency, trade walkthroughs, allowance tracking, and progress reviews that help keep the build on time and on budget.

What You'll Learn

- How a preliminary custom home budget is built around your vision
- Why allowances matter and how they are refined
- What's included in a trade partner walkthrough and review
- How plans, specifications, and proposals combine to form a construction contract budget
- Why it's essential to track progress and update budgets as construction moves forward
- How written change orders protect against misunderstandings
- The importance of builder and client collaboration throughout the budgeting process

Glossary of Terms

Preliminary Budget: An early estimate of overall construction costs based on square footage, design intent, lot conditions, and owner goals.

Allowance Worksheet: A document used to estimate and track budget amounts for selections not yet made, like flooring, cabinets, and appliances.

Trade Partner: A subcontractor or vendor responsible for a specific portion of the construction, such as electrical, HVAC, or roofing.

Construction Documents (CDs): The full set of plans, elevations, specifications, and engineering documents used to guide construction and pricing.

Proposal Review: The builder's evaluation of each trade bid to confirm scope, completeness, and accuracy.

Construction Contract Budget: The finalized total budget, including trades, allowances, soft costs, and builder fees, used to form the construction agreement.

Draw Meeting: A monthly meeting during construction to review and approve expenses and changes to the budget.

Change Order: A formal written agreement that adjusts the budget, schedule, or scope based on changes requested during the project.

Resources & Links

Landmark Custom Homes

Connect With Rick

- Email: Rick@TIGTCH.com

- LinkedIn: https://www.linkedin.com/in/rick-bell-lch/

- Instagram: https://www.instagram.com/homesbylandmark/