SC DESIGN
CONSTRUCTION CONSULTING

FREE HOMEOWNER GUIDE

How to Read a Builder's Bid

A homeowner's guide to telling a real estimate from a number on a napkin.

- ☐ What a real estimate should include
- ☐ Warning signs of a weak bid
- ☐ How to compare bids fairly
- ☐ Questions to ask every builder
- ☐ Arizona vs. Northwest cost factors

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—— WHY THIS GUIDE EXISTS

The $500,000 house that cost $600,000

In more than 40 years of building and designing homes, I've seen the same story play out again and again. A family gets a bid that says, "I'll build your house for $500,000." No line items. No specifications. No list of what's included and what isn't. The number looks good, so they sign.

Then the surprises start. The "allowance" for cabinets covers half of what they picked. The driveway wasn't included. The septic system was "assumed." By move-in day, that $500,000 house cost $600,000 or more, and the relationship with the builder is in tatters.

THE ONE-LINE BID

Build house per plans

$500,000

No line items. No specifications. No exclusions.

A REAL ESTIMATE

Permits & fees	itemized
Site work	itemized
Utilities	itemized
Foundation	itemized
Framing	itemized
Roofing	itemized
Windows & doors	itemized
Exterior finishes	itemized
Plumbing / electrical / HVAC	itemized
Insulation & drywall	itemized
Interior finishes	itemized
Fixtures & appliances	itemized
Driveway & landscaping	itemized
Allowances · Exclusions · Contingency	itemized

A one-line bid isn't really a price. It's a guess, and you're the one carrying the risk. This guide will show you what a real estimate looks like, the warning signs of a weak one, and the questions to ask before you sign anything.

—— THE ANATOMY OF A GOOD ESTIMATE

What a Real Estimate Should Include

A professional estimate is organized, detailed and tied to your plans. At minimum, look for these parts.

01 A reference to your specific plans

The estimate should name the plan set it's based on, including the date or revision number. If your plans change, the price should be updated in writing.

02 Line items by construction phase

Costs should be broken out, not lumped together. A typical breakdown includes:

TYPICAL LINE-ITEM BREAKDOWN

- ☐ Permits, plan review and fees
- ☐ Site work: clearing, excavation, grading and erosion control
- ☐ Utilities: water, sewer or septic, power and gas connections
- ☐ Foundation and concrete
- ☐ Framing: lumber, trusses, sheathing and labor
- ☐ Roofing
- ☐ Windows and exterior doors
- ☐ Exterior finishes: siding, stucco, stone and trim
- ☐ Plumbing, electrical and HVAC
- ☐ Insulation and drywall
- ☐ Interior finishes: cabinets, countertops, flooring, tile, paint, trim and doors
- ☐ Fixtures and appliances
- ☐ Driveway, flatwork and landscaping
- ☐ Final cleaning, punch list and certificate of occupancy

03 Written specifications

"Windows" isn't a specification. "Vinyl dual-pane Low-E windows, brand and series named" is. Good estimates spell out brands, models, grades and quality levels for the major items.

04 Allowances that are realistic and clearly listed

An allowance is a budget placeholder for items you haven't picked yet, such as lighting, tile or cabinets. Low allowances are one of the most common ways a bid is made to look cheaper than it really is. Every allowance should show a dollar amount, and you should check it against real prices for the quality you expect.

05 Exclusions

What is *not* included is just as important as what is. A trustworthy builder lists exclusions in writing, such as landscaping, window coverings, rock removal or utility extensions.

06 Contingency

Many professional estimates include a contingency, often a small percentage of the total, to cover unknowns. It should be clearly shown, along with how it can be used.

07 Overhead, profit and payment schedule

The builder's fee should be clear, whether it's built into the line items or shown separately. The payment schedule should be tied to completed work, not just dates on a calendar.

08 Change order process

The estimate or contract should explain how changes are priced, approved and documented before the work is done.

—— RED FLAGS

Warning Signs of a Weak Bid

Be cautious if you see any of the following:

! One number, no breakdown.

You can't compare it, check it or hold anyone to it.

! Vague words like "standard," "builder grade" or "typical."

Ask exactly what those mean.

! No exclusions listed.

That usually means the exclusions will show up later as extra charges.

! Allowances that look too low.
A low cabinet or flooring allowance can make a bid look thousands cheaper.

! Site work "to be determined."
On rural or sloped lots, site work and utilities can be one of the biggest costs.

! A price much lower than the other bids.
It may be leaving things out, not saving you money.

! Pressure to sign quickly.
A good builder will give you time to review.

! Large deposits up front before any work starts.
Payments should follow progress.

—— APPLES TO APPLES

How to Compare Bids Fairly

Bids are only comparable if they're based on the same plans and the same specifications. Here's how to make that happen:

01 Give every builder the same complete plan set and specifications
Detailed plans lead to detailed bids. Vague plans lead to guesses.

02 Ask every builder to use the same breakdown
A simple spreadsheet with the phases listed above works well.

03 Line the bids up side by side
Look for big differences in any one category. Those gaps usually point to something missing or misunderstood.

04 Compare allowances and exclusions, not just totals
A higher bid with realistic allowances is often the better deal.

05 Ask questions in writing and get answers in writing

—— BRING THIS LIST

Questions to Ask Every Builder

- ☐ Are you licensed, bonded and insured in this state? Can I see proof?
- ☐ What exactly is included in each allowance, and how did you arrive at those amounts?
- ☐ What is excluded from this price?
- ☐ How do you handle change orders, and how are they priced?
- ☐ What is your payment schedule, and what work must be complete before each payment?
- ☐ Who will be on site day to day?
- ☐ What warranty do you provide, and what does it cover?
- ☐ Can I speak with recent clients and visit homes you've built?
- ☐ How long is this price good for?

—— WHERE YOU BUILD MATTERS

Regional Differences: Arizona vs. the Northwest

The same house can cost very differently depending on where it's built. A good estimate accounts for local conditions.

Mohave County, Arizona

Heat and sun: insulation, roof color, window performance, shading and cooling equipment all matter more and should be specified clearly.

Soils and site work: caliche, rock and desert grading can add real cost. Ask how site conditions were evaluated.

Water, sewer and septic: utility availability varies widely between in-town lots and rural parcels.

Eastern Washington, North Idaho and Western Montana

Snow loads: roofs and framing must be designed for local snow loads, which can change structural costs significantly.

Frost depth: foundations must go below local frost depth.

Energy codes: Washington in particular has demanding energy code requirements that affect insulation, windows and mechanical systems.

HOA and 55+ community rules: many communities require architectural review, specific materials and colors, and approval before permits.

Stucco, block and tile roofs: common regional finishes with their own cost and quality ranges.

Rural sites: wells, septic, long driveways and power extensions are common and should never be left as "to be determined."

Shorter building seasons: weather can affect schedules and costs.

—— A MODERN STARTING POINT

Using Estimating Software for a Ballpark Number

Today there are estimating programs, including AI-based tools, that can review a set of plans and produce a detailed cost breakdown. These can be a helpful starting point for homeowners who want a sense of cost before talking to builders.

Keep these points in mind:

- A software estimate is a budget estimate, not a bid. It doesn't replace a builder's price.
- Results depend on the quality of the plans you put in and on accurate local cost data.
- Use it to check whether builder bids are in a reasonable range and to spot categories that look too high or too low.
- Have an experienced professional review the results before relying on them.

—— YOUR PROJECT NOTES

Questions and items to raise with each builder:

—— THE BOTTOM LINE

The best protection against cost overruns is a detailed set of plans and specifications before you ever ask for a bid. When builders are all pricing the same clearly defined house, you get bids you can actually compare and a contract you can actually hold someone to.

That's why I design every home with this in mind. My goal is to help families build the home of their needs and dreams, without the surprises.

Let’s Talk About Your Project

If you're planning a custom home, garage, Garagemahol or casita, I'd be glad to help you get started on the right foot.

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This guide is for general educational purposes and is not legal, financial or contractual advice. Requirements vary by location; check with your local building department and a qualified professional before making decisions.

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