

SWEAT EQUITY

Building a house at half cost
Demo Version

Larry Angell



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Introduction



This is a book about building your own house personally. It doesn't tell you how to find a contractor to do the work for you. It gives you the step-by-step process how to do everything by yourself and reveals all the amazing advantages that hardly anyone knows about in this day and age. It's my passion to teach everyone I can about what I've learned in the area of house building and the high cost of hired labor. So, let's get started!



We all want to live in nice homes, but not all of us can afford to. Sometimes, our incomes don't exactly match our ambitions for fulfilling our hopes and dreams. My wife and I realized that very thing a few years ago when we wanted to stop throwing away rent money and become homeowners. We had very few options because of our low income.

After a couple years of research and careful planning though, we decided to build a house completely by ourselves. With very little carpentry experience, the task was challenging yet unceasingly rewarding. It was also a lot of fun. We learned some extremely important tricks on how to save on labor costs which makes this whole thing possible. Even people with low incomes can have nice homes. Once our home was finished, we had more than 50% equity because of our own labor. That is typically a point that takes most homeowners close to 20 years of mortgage payments to get to. Not only did we have a nice home, but we also had a powerful financial tool to help us out. Let me explain.

In our modern day, it's very common to borrow every penny to pay somebody else to build a house. Anymore, with such easy financing, usually even the down payment is borrowed money. Once the house is finished, the owner moves in with hopes of being able to make every payment each month for thirty years. Many sacrifices have to be made to make those payments.



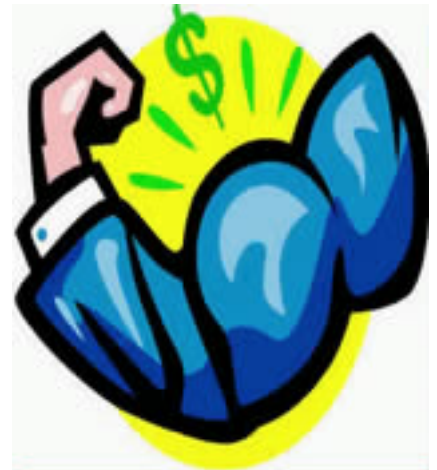
Soon the homeowner realizes that he or she is the property and the house is the owner. I've seen many people working day and night just to pay for a home they couldn't afford.



I don't share that point of view. Life is fun and wonderful and it needs to be enjoyed. A house needs to enhance our lives and comply with our lifestyle.

My whole purpose for making a book on house building is to pass on what I have learned about the cost of labor and how we can save hundreds of thousands of dollars in the long run by doing the work ourselves. Each time we add a part to our house it's building not only our house, but also, its building equity in our own pockets. On the other hand, when someone else builds that part for your house, they are building debt for you.

If a person decides to build a house without help from contractors, that person will own more than half the house because of the labor costs saved, once the project is done. From that point, if the owner needs to borrow against the equity, tens of thousands of dollars will be available for anything that person needs. A good idea anymore, is to open a revolving equity line of credit. This is basically a second mortgage, but it has a credit limit like a credit card, yet has low interest and a long pay-off schedule. This is a good source of security if times get tough. Once this equity line of credit is open, the funds can be used for whatever purpose regardless of employment status or credit worthiness. This is how you make your home enhance your lifestyle. This is a home that is an excellent financial tool. That is how it should be, but most of the time, it's not like that at all.



I have always wondered why more people aren't doing the same thing that we did. That needs to change, but before we can change anything, we need to consider why people allow themselves to be kept in the dark about so many things. We need to ask ourselves, "Why do we believe it when others tell us we can't succeed?" Here's my two cents on that matter.

It seems that the vast majority of human beings accept life for what it is and try to live according to either the opportunities or misfortunes placed before them. This is evident when you consider that most of the inhabitants on this planet are living in poverty while allowing a small number of more fortunate individuals to rule over them. The rich and powerful would prefer to keep it that way and as long as greed and selfishness exist in the world, the segregation between rich and poor will continue to increase.



As a matter of fact, if the wealth of the world was distributed evenly among the seven billion men, women, and children, all would be able to live a life of comfort and prosperity that can't even be imagined by many. There is that much wealth in the world, plenty for everyone.

The text written on these pages won't solve world hunger, nor will it unite all mankind in a spirit of brotherhood, but the counsel given can help some low and middle income workers create a better standard of living in these difficult times.

So many of us find ourselves stuck in a rut we call daily life. We spend all we earn and a little more. We put ourselves in financial bondage with high mortgages and hope to be able to keep up the payments. It seems as if we are working all the time and not fully enjoying the things we borrowed money to acquire. Creditors tell us what we can and can't do. The rich rule over us with a tight fist. Our hard work maintains their exotic lifestyle.

Why are we struggling so hard only to get further behind? Our parents struggled and their parents struggled yet they were able to retire in comfort. Will we be able to stop working when we get old? If things continue the way they are, many of us will still be in the workforce in our declining years. Social Security probably won't be enough to pay the bills.



I don't know of a time in our great country's history when the income-to-expense ratio has been so far off kilter. This is what I'm talking about:



In the early 1970's, before inflation hit us hard, a person could buy a nice home for around \$25,000. A new $\frac{3}{4}$ ton pickup cost about \$3,500. The medical costs for a new baby delivery were right around \$500. Minimum wage was \$2.00 per hour. Income to expenses was manageable with one income.

Now, in the 2000's, that same kind of home costs over \$200,000. A new $\frac{3}{4}$ ton pickup costs over \$30,000. A new baby delivery free of complications costs around \$8,000. The kicker is that minimum wage is only around \$5.50 per hour.

So, the cost of homes since the 70's has increased about 900%, the price of a new pickup has increased by over 1,000%, medical costs for a new baby has increased by a staggering 1,500%, but minimum wage has only increased by about 275%. If minimum wage truly kept pace with inflation, it would be around \$20.00 per hour. That would be nice for many low-income families.





It's no secret that to be able to make those monthly payments, we need one big income or two or more smaller incomes. Those who were fortunate enough to have received a family business or those who had enough foresight to get a college education can make it on one income. All the others are those that work hard to maintain a modest lifestyle.

On average, the biggest monthly expenses are the home mortgage or rent, food, auto payments, and medical bills, usually in that order. Both parents need to work to meet those obligations.

Children are raised in daycares and schools. In the evening when the typical family is home, the parents are busy doing necessary chores or are resting from a hard day. Children need attention and parents need to be spending quality time with their loved ones, but there aren't enough hours in a day so they do the things that have to get done instead of being with the family. The few hours each day spent with the kids are usually nerve-racking and seem to drain the energy from the already tired parent.



Life has a way of making us focus on unimportant and often trivial matters at the expense of that, which is most important. I knew that I had made a few bad decisions that brought me to the point of being a low-income wage earner. I realized that I was depriving my family of a better life as a result of some of my bad choices. But I also realized one very important thing and that was that I didn't have to continue making bad choices.

In 1991, I was a typical low-income wage earner. My wife and I were renting a small home and with our first child, we were trying to live a good life. We wanted to own our own home, but couldn't afford it. We looked at Mobile Homes, but they were too pricey and were of poor quality. Even to buy an old home, as a fixer-upper was too expensive. It was then that I found out about building my own house from a friend who built his house.



He was a good carpenter and told me he would give me any advice I needed. After looking into the situation a lot deeper, I decided to do it. My wife and I made a plan on how to save money so we could get started as soon as possible. My parents encouraged us to move into their basement so we could save money. We restructured our spending on food and fun and decided to live beneath our means until the house was finished.

It was a long, difficult process, but was undoubtedly the most rewarding thing we have ever worked for.

It took over four years because of a permanent lay-off from work and vocational retraining to help find another job. We did whatever we could do to keep the building project going. Finally, in 1997, we finished our house and took out a home mortgage loan to consolidate all the bills we had incurred for building materials. We moved in and got on with our lives.

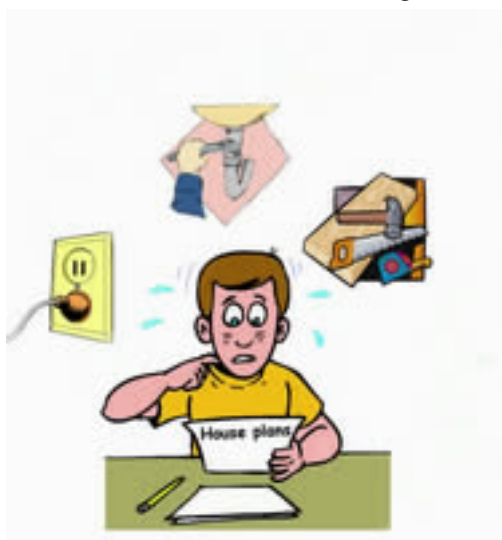


Since that time so many people have told me how great an achievement it is to build a house. I hadn't considered it to be anything great; it was just a project that was fun and rewarding. I had gained a lot of knowledge in the process and learned a few things about myself along the way.

The one thing that really stays in my mind however is the amount of money we saved by doing it ourselves. It's unbelievable and it makes me wonder why more people don't do the same. The money people pay to contractors for labor is almost 2/3 the cost of the home. The fact is: **Your house is your best financial tool or your worst financial burden.** What usually makes the difference between the two is the amount of equity you have in your home or plainly the amount your house is worth minus what you owe on it.

"Your house is your best financial tool, or your worst financial burden"

This book has two parts. The first part is the most important by far, because it is something you will never forget. It will benefit you from this point on. It is about “**why**” you should build your house. The second part will tell you “**how**” to build your house. At the time I was building my house, there was no “how to” books that were complete. I spent a fortune on books only to learn from inspectors that a lot of my information was incorrect. I have tried to make a complete “how to build your house” book that is accurate but not overwhelming. I like simplicity.



It is thorough as far as basic house building is concerned. Because of the large amount of information involved in the construction of a house, each area is brief, yet sufficient to give the reader a complete idea on each phase of the building process. Local codes and ordinances differ greatly from one building site to another, so it is necessary to get localized information from the local building, health, plumbing, and electrical inspectors.

Remember, building your own house either completely or partially by yourself, will be one of the greatest, most beneficial choices you have made so far in your life. That's my promise.



ONE

Part 1

Who can benefit from this book?



Almost anybody can benefit from this book with the exception of those individuals who have more money than time. I have seen wealthy people build their own houses before, but it's more out of a sense of accomplishment than to save money. Those who will truly benefit are people that are usually in the lower and middle class income brackets.

The problem with our modern day financial structure is that it limits our ability to dream realistically. We can all fantasize about fancy cars and the castle we want to live in when our ship comes in, but in the back of our minds we know that our ship has sunk and has taken down with it all of our hopes and dreams. So, we realign our perspectives according to what reality and the rest of the world tells us about our potential. When in truth what most of us need is a small boost in the right direction to get us thinking in a positive manner and then, watch us take off!



I'm a man of very few talents. I haven't found anything that I'm real good at yet. The world beats us down everyday and reminds us of our failures.

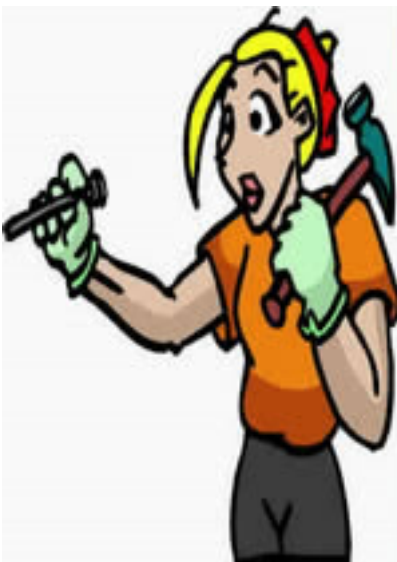
Some days I come home from work feeling like a worthless slug. But that feeling never stays around very long and the world quickly loses power over me. When I walk across my front deck and into my beautiful home that I made with my own hands, I'm reminded of my potential and how much any person can accomplish with the correct mindset. My beautiful wife and children meet me at the door with smiles and kisses and that right there reminds me once again, that a person doesn't have to make all the right choices in life, just a few good, important ones.



Building your own house is a good choice and a very important one at that. The financial benefits alone are very much worth the effort. We spent around \$60,000 for our house. It appraised for \$140,000. Those are the numbers I use in all the examples because they are numbers I know very well. The land, the well, and the septic system are included in that \$60,000. It's much easier to make a monthly mortgage payment on a \$60,000 loan, than on a \$140,000 loan.

That is what makes this all possible.

Someone on low income normally has no chance of getting a 2000+ square foot, frame-built home. They usually have to opt for something smaller or something that is such low quality that it probably won't even outlast its mortgage. That's sad and it didn't used to be that way. A hard working individual with low income used to be able to buy a home. Not anymore, those days are gone and so we have to make a new plan to succeed.



Have you ever noticed groups of wonderful people that donate their labor to build houses for families that can't afford to make high mortgage payments? One of the most popular is "The Habitat for Humanity". For many of these kinds of groups the labor is donated so that once the house is finished the cost of materials is the only thing left to pay for. The mortgage is substantially less and one that a low-income family can afford.

Let's turn the focus back on those people who are just getting by, yet have fairly good jobs. Usually they live from paycheck to paycheck, but aren't getting anywhere in terms of saving money and improving their lifestyle.





Here's a true story about a person I know. I had been living in my new home for about 3 months. I was telling my friend how much my house cost to build. He said he wished he could find the money to build a new house. I told him about the plan my wife and I made to be able to free up extra money the whole time we were building our home. He told me that he and his family lived in a fairly nice singlewide mobile home. He had a pickup and a car. His car was paid off, but his pickup was new and very nice. His pickup payments were \$600 a month.

I saw this as an opportunity to help him with my expert advice. I laid the whole plan out for him. If he would sell his truck and buy a beatermobile pickup that was dependable enough to get him to work but cheap enough to have a low monthly payment or perhaps no payment at all, he could save enough money every month to start buying materials immediately to build his house. Plus, he would have a perfect truck for hauling building materials.



I figured that after two years his house would be far enough along and would have such a considerable amount of equity that loan brokers would be falling over themselves to give this guy a construction loan, regardless of his credit rating, which wasn't very good. After a few months, his project would be completed and he could consolidate all his bills into a Home Mortgage Loan with low interest. Plus, he could sell his Mobile Home and take the equity (if there was any).

Well, that was a good plan and it would have worked for him and he would have only had to borrow such a small amount to actually finish his home. It would have been because of the monthly equity he was putting into the house itself. It made a lot more sense than throwing it away on something that would be worthless by the time its mortgage was paid off like his shiny truck. But, I didn't consider the human factors of pride and reputation in my calculations and estimates. He shot my idea down with no hesitation at all. I asked him, "Would you sacrifice the next two years of pride if you knew that you could live comfortably for the rest of your life?" He said, "I'll find another way so I can always have my nice trucks and a place to live."



I remembered thinking, “This guy, like so many others, doesn’t get it.” I left it at that and never talked to him about it again. But, you know, it’s been over five years since that conversation took place. He still drives the same truck, and lives in the same singlewide. Both have lost their luster, both have been refinanced, and neither are worth what they still owe against them and the struggle goes on.



I don’t think that’s funny, it’s sad because his story is the same one I see everywhere.

I don’t want anyone to suppose that building your own house is going to solve all your problems. It won’t, I mean, it hasn’t solved all my problems. But, it sure has given me more positive options to help face an unfair world. It sure seems as if this world wants to stomp on our hopes and dash our dreams before we even have a chance to get them started. One of the biggest obstacles to overcome after you decide that you’re going to build your own house is people telling you not to do it. When you see all the hoops that the inspectors make you jump through, you just might bag the whole idea. It’s that discouraging. But if you can see the big picture, you won’t have any trouble sticking with the plan.

Inspectors will tell you all sorts of discouraging things because they are used to doing inspections for contractors. Contractors know what the inspectors are looking for. They might tell you that you have to complete your project in a specified amount of time, but the truth is you can keep filing for extensions. Inspectors have both the contractor and the owner right where they want them, because inspectors can halt the funding if the home is being financed, and I have heard that they can even stop the building progress of a home that’s paid for, although I have never actually seen that happen. All these things can be overwhelming to a first-time homebuilder. Just remember that inspectors care that the job is done right and they will help you get it right. I’ve never met a mean inspector yet.

Not only are inspectors discouraging, but also friends and family might try to talk you out of it because it goes against the norm. A hundred years ago, the norm was to build your own house. Only the rich could afford a carpenter-built home.

With the discovery of electricity, homes have changed and so hundreds of rules have been put in place to protect us from ourselves. We are ignorant of these rules and that’s why building a house all by ourselves goes against the norms of society.



Typically, those individuals that go against the norms of society are either extreme oddballs or modern day heroes. What we become is up to us.

Just remember that whatever you have to do, no matter how difficult or discouraging, it's totally worth it and a hundred times over.

TWO



Do we really save that much by building our own homes?

About two years before I first started any work on my house, I was talking to one of my friends. This guy is the kind of person everybody wants to be around. He constantly has an upbeat attitude and a sense of humor that never quits. He has amazing energy levels and is always working on projects after work. I don't think he ever rests. Anyway, he is a good carpenter because he built his own house and liked it so much that he took carpentry up on the side while working a full-time job with benefits.



We both worked at the same place and when our plant was permanently shut down because of The North American Free Trade Agreement, he never even skipped a step in his financial stride. In fact, he did better as a contractor building houses than he did working for a Fortune 500 company with many benefits. He is in a great financial position and has been for a long time. He built his house about 25

years ago and paid cash for most of it. He didn't have a Home Mortgage payment so he was able to live on what he earned while still being able to tuck a lot away into investments. Before I found out his secret, I had wondered how he could have such a nice home and lots of fun toys. His wife didn't work and he made less at work than I did. Man, I struggled on what I earned, why didn't he?





I asked him how he did it and he told me with as much enthusiasm as I've ever seen anyone muster. He told me his secret. Then he told me something that seemed so unrealistic, it took a lot of thinking to believe it or even understand it. The part about him building his own house was nothing special. He was a carpenter, that's what they do. No problem. But then he said, "Here's something you need to think about to fully understand. Every hour I spent working on my house was worth between \$200 and \$300 an hour to me."

"Every hour I spent working on my house, was worth between \$200-\$300 an hour to me."

I couldn't understand it completely and didn't fully understand it until after my house was finished. Here's the deal: My house cost me \$60,000 to build by doing all my own work. Let's say I had to borrow every penny of it from credit cards or relatives or whatever. My new house appraised for \$140,000. To finance both amounts at ten percent interest over thirty years, you will pay for your house roughly three times. So, the house that I put so much of my sweat and blood into will have cost me \$180,000 after 30 years.

To have the exact same house built by a contractor, you will have paid around \$420,000 at the end of 30 years. The difference between \$420,000 and \$180,000 is \$240,000. That's the cost of having someone else build your house. Anyway, divide that by the amount of hours it takes to build the house, which is about 1200 hours in total. \$240,000 divided by 1200 equals \$200 an hour. Check out the graph:



Your Frame Home (2100 sq. ft)

	Built by You	Built by Contractor
Cost of materials	\$60,000	\$60,000
Cost of Labor	\$0.00	\$80,000
Total cost	\$60,000	\$140,000

Financed over 30 yrs at 10% interest

	Built by You	Built by Contractor
Amount Financed	\$60,000	\$140,000
Total Interest Paid	\$120,000	\$280,000
Total Paid for your home	\$180,000	\$420,000



These figures are real because most people will pay longer than thirty years on a home mortgage making the total interest paid even higher. Now, you are probably thinking, “ten percent interest, wow, that’s way too high!” Ten percent is a good even number and easy to calculate. It’s also a percentage people would have loved to lock in at during the 70’s and the 80’s when variable went higher than twenty percent for home mortgage owners with good credit and good jobs. Many savings and loans became homeowners and landlords during those two decades. Some became ghosts.



Now, we see how much we can save by doing our own work, but let’s see what that means as far as a monthly mortgage payment is concerned. Let’s also compare the two monthly mortgage payments just to see what I’m talking about.

Monthly Mortgage Payment

Built by You	Built by Contractor
\$475.00	\$1100.00

That interest factor is very interesting. But let’s go a step further and have some fun with it. This is a real example and it has worked extremely well for a few people I know. Let’s suppose that I have two neighbors. Each has the same house plans to the exact nail.

One has a low self esteem, but a pretty good job, so he decides to have a contractor build his house. The other neighbor really believes in himself, unfortunately, he is the only one who does, so he doesn’t have such a good job, but he decides to do all the work himself.



Owner built



Contractor built

After both houses are finished and financed, the neighbor with more money than self esteem has a monthly payment of \$1100.00, **ouch!!!**

The other neighbor that has more self-esteem than money has a monthly payment of \$475.00, not bad.

Suppose that the neighbor with the lower payment decided to pay as much per month as his neighbor was paying. Both were paying \$1100.00 a month until the loan was paid off. By making extra payments, the principal is beat down so that the loan has less interest being charged.

Both pay \$1100.00 a month



	Built by You	Built by Contractor
Payment Amount	\$1100.00	\$1100.00
Years to Pay	9 Years	30 Years



It would be nice to have a home paid off in less than nine years. Many people escalate the payoff date by paying extra each month. Anything extra goes toward principle and beats down the amount incurring interest. That's the skinny on that plan.

Some people might be wondering what the deal with contractors is. Why do they charge so much in labor? Are they crooks? I suppose some probably are crooks, but most are good people with a high amount of overhead. Many have crews working for them and the crews need steady paychecks. Some even offer benefits to their workers. It's a competitive occupation and contractors need to remain competitive so they can get contracts. Some, on occasion, will make mistakes and underbid a job. Then they have to eat it. Contractors and their crews can do in a few weeks what takes one person over a year. The total project hours work out about the same except for the learning curve. First-time homebuilders will naturally take more time to do the same job. The idea is to minimize waste and mistakes as much as possible.



Now, after giving contractors the benefit of the doubt concerning overcharging, I will say one other thing of significant importance. Many contractors and sub-contractors are members of unions. That's why an electrician can show up at a building site with a few hundred dollars worth of materials; work for a day, then charge the owner a few thousand dollars for work done. It's the same with plumbers, carpenters, cement workers and many others. Unions typically strive to maintain a high quality work standard among its members, but every member can't be watched over every second of the day. If you hire a union member to do the job, you're not necessarily guaranteed top quality work; you are however, guaranteed to be charged for top quality work. Someone has to pay those union dues and keep the lobbyists busy creating ways to benefit those that pay them the most money.



THREE



Mortgage interest is nothing but nasty



This chapter is where I climb up on my soapbox and declare to the world my quest for justice in an unfair world. The world is unfair in many ways and all too often the humble are trodden down by the rich and greedy in the unending pursuit of worldly gain. Let me first say that I know some moderately wealthy individuals who would give all to help the poor. They do give all they have and they are blessed with more wealth so they can continue their good deeds. This isn't about them. This is about the rich who turn a deaf ear to the cries of the poor. The greedy that know of the suffering of the very people they squeeze money from and only tighten their grip to take more. The owners of shamefully lucrative businesses that oppress their hirelings in their wages to maintain control and satisfy their own bloated egos.

I've seen poverty in one of its worst forms. I spent two years of my life in a third world country where I saw that which was unimaginable to me. Communities living in boxes along muddy ditches where drinking water and wastewater was the same. High death rates were common among all who dwelled there, but more so in small children under the age of six years. People would go for days without anything to eat. I was nineteen years old at the time. I grew up real fast and since then have never taken our abundance in this great country for granted. That's been over twenty years, but the hopeless faces and the sounds of lamentation will forever be etched deeply in my memory.





Before I returned home from Central America, I looked into the situation as to why our prosperous country wasn't giving aid to the suffering.

While talking with diplomats who knew the whole story, yet were powerless as far as being able to influence their government's leaders, I discovered the truth. The thing that was happening there was common throughout the world. Our country was sending millions of dollars for Humanitarian Aid as well as food, clothing and medicine. It is extremely difficult to bypass corrupt government officials so that the aid can go to the needy. The money is taken, medicine, food, and clothes are sold or disposed of.

The greedy get richer and the poor are told that other countries refuse to offer help. This propaganda is spread among the poor and the suffering by the very people that cause it. In turn, the poor end up hating the people who are actually trying to help.

I can't even remotely fathom this kind of selfishness. I have seen it time and time again and it sickens me now as much as the first day I found out about it. The people that inflict such suffering have their reward in this life, but someday they'll have to explain their actions to a higher judge. That still doesn't offer much comfort to those of us who are haunted by past images.

Ok, so you're probably wondering what this has to do with mortgage interest. Here's the deal. Many contributors to our Savings and Loan Banks are foreign investors. Many are domestic investors. Some of the money comes from drugs, confiscated foreign aid, weapons, and fraud, but a lot also comes from wealthy investors who have made themselves rich by usury or other practices that are legal, yet morally wrong. Basically, they have found a way to keep money out of the hands of the poor and needy and into their own to better support themselves in their extravagance.



As long as there are people hungry and suffering in the world, I see any excess wealth as extravagant.

The money we borrow for just about everything we need comes mostly from those individuals who would edify themselves at the expense of others. If you have millions to lend, you have millions to give to the poor.

In a nutshell, the low and middle-income earners work very hard to pay back mortgage interest that goes back into the pockets of the rich so they can smoke fatter cigars, drive bigger cars, drink older champagne, and hire more minimum wage help to treat badly.



If you haven't noticed by now, I have a strong dislike for greed and selfishness. The world would be free of strife if people didn't nurture those negative character traits. I really dislike the thought that most of my hard earned money goes back to people that possess those tendencies. The very basis of this book is how to do one thing right in our lives that will help us keep more of our hard earned money so we can be in a good position to first help ourselves, then our families, and finally our communities.

If we could minimize our home mortgage payment we would have money to do other things. Instead, so many people spend an average of about one third of their income on a house payment. If you're typical, you'll work about forty-five years of your life. That means that fifteen years alone of hard work will go to nothing but your house payment. It's a shame that about ten of those fifteen work years will needlessly go to the kind of people that think it's funny that others work so hard for them. That's where our home mortgage interest money goes.

One might be prone to think that the rich are at least the ones that pay all the taxes that keep our country going, so they can't be all that bad. The truth is the wealthy usually have ways of showing losses so that profits are minimized on paper. High paid accountants keep the rich from paying a lot of taxes. Lawyers defend and advise them when they cross the line from immoral to illegal. The middle class and some of the lower class wage earners pay the taxes that keep our great country going, not the rich.



FOUR

What is so special about equity?



Equity is the determining factor in loans. It is the difference that makes a house your best financial tool instead of your worst financial burden. By building your own house, it will have over 50% of your equity in it. That's a point that takes most homeowners around 20 years to reach.

That is why doing all the work yourself boosts you ahead of the other homeowners that hired a contractor or contractors. It puts you ahead by many years because one problem we have is to get through the "difficult years". Usually, in our first years of starting a family, getting a house, and finding a career, we have a lot of difficulty making our paychecks stretch to meet all the demands. There never seems to be enough money.

That's a common struggle in the lower and middle class families. Usually, by the time people have been working for about 20 years, things are going better. Their wages have increased, medical bills have been beaten down, and they can refinance their homes or take out a second mortgage for business ventures or to create a smaller mortgage payment. Equity in their property makes it easier for them to move around financially so they're not so restricted by high payments.

One other thing, equity really is power. It helps out a lot more than you think. Here is my personal example of how equity helped my wife and I obtain our house. This is my own example and it might give some ideas to help your project get started. I should caution that I took a few chances by over extending myself by using credit cards to build my house. I thought I had a secure job to make the payments, but nothing is secure anymore I believe. My gamble worked out in the end, but it was really stressful!





Here's our story:

In 1992, my wife and I decided that we were going to build our house by ourselves. We made the plans and restructured our budget to allow money for building materials. We were able to free up a few hundred dollars each month. I did all the necessary homework to find out just how to build a house. It was confusing and at times very discouraging. At one point, we even went to look at Mobile Homes. But, we stuck to our plan in the end.

We started building in the fall of 1993. Things looked great at work and I even got a big promotion that meant we could pocket almost \$1,000 a month for our house. I started the foundation, built the floors, the walls and the roof. I did some of my electrical systems and some plumbing. Life was good! We were almost giddy every time we went to the house to do work. My wife stayed home most of the time to take care of our two young children while I was playing Mr. Carpenter. I even felt like a real carpenter. By the spring of 1994, I had it pretty much enclosed. It looked good. It seemed that we would be in our house in less than a year.

I should have known something bad was on the way because we were actually starting our house and paying cash for everything. I kept thinking to myself, "We are having success and that has never happened to us before". Sure enough, The North American Free Trade Agreement was passed. I never saw that one coming although I should have. The U.S. lifted tariffs on foreign products, and Canada flooded our markets with inexpensive forest products. That made the big company where I was working suddenly become uncompetitive and so several plants, not just ours, were shut down. In only just a few months the company stocks that I had planned to fall back on in difficult times dropped to about one-fifth the value because of an accounting scandal. Life can turn on you in a hurry. So, I had no job and very little money left to support us. I cashed in what stocks I had, bought metal for the roof, and had a well drilled. Then we sealed up the door and window openings with plastic and waited to see what was going to happen.



I did odd jobs trying to make a buck to support us. In 1995, I received a letter from the company where I had worked. It said that I could receive funding to go back to school. This is available to all workers displaced by NAFTA. I could only get funding and unemployment for a year and a half, so I went to a Vo-Tech and learned about computers and electronics. Anyway, I decided to take a chance at that point, because our house had been sitting there for many months. We had a lot of credit cards that had available credit on them. So we worked on the house while I was going to school. In the fall of 1996, I decided to try to get a loan to completely finish the house. It looked finished from the outside, but the inside needed a lot more work.

I had all the electrical and plumbing pretty much finished. The walls had sheetrock. I had put about \$28,000 into materials so far. I estimated that we would need around \$28,000 more to completely finish it.



Being that I was unemployed, no banks would lend us the money, and they were even snotty about it. I could see the same look on the faces every place I went to ask for a loan. It was like they were saying “You unemployed, low-life, piece of filth, take a hike and make way for those that have money.”

I stumbled onto a loan broker in my travels that said he could help us find a loan providing my story was true about having a house that was almost finished. Well, my story panned out and he had us a construction loan. His attitude was great, before he found us a loan he said, “It’s not a matter of “if” we get the loan, it’s a matter of “when” we get the loan because there is always somebody that will borrow you the money, we just have to find the best interest.” He had to find us two different loans, first, a construction loan, and then a Home Mortgage Loan to consolidate all of our bills as well as the construction loan itself upon completion.

Our house appraised for \$71,000 in its unfinished state. I was so surprised that my labor was worth so much. I spent \$28,000 and it was worth \$71,000, not bad.

He found a construction loan that was offered from a private lender. I kind of felt like it was one of those shady deals at first, but it was actually a wealthy, elderly woman that had her sons managing her estate. The loan was for \$28,000 at sixteen percent interest for six months. It sounded like high interest, but quite often construction loans are like that because they are always short term. The loan went through smoothly. The house was its own collateral. It took us only two months to finish. The total amount of interest paid on the construction loan was about \$1300. It was a small price to pay for a loan of that type.



The broker had to use some clever tricks to get us the mortgage loan though. We got a nonconforming loan because I was unemployed. It was nine percent for two years and then would go variable at which time I would be working and we could lock in at a lower, fixed rate. Still, we had to show some income. I couldn’t show unemployment as income, besides lenders don’t think it’s very funny when people apply for a loan with no way to pay it back. We got a loan on “stated” income that determines ones income by how much money goes through a checking or savings account for a certain time period.

My wife had been doing kitchen shows for several months. She would take orders and the money for those orders, then deposit the money and write out a check to the kitchen products company when she placed the order. She only got commissions on twenty percent of everything she sold, but our checking account had several thousands of dollars going through it each month. It had the appearance of a good income. This type of loan is usually used for businesses that have unusual forms of income and profits. We consolidated the bills we had accumulated by building the house. The credit cards were paid and the nasty phone calls from creditors suddenly stopped.



We finished our house in the spring of 1997. The loan broker told us that the only reason we was able to get a loan was because the equity in our home was so high. I had no job, but I did have something of value, my house.



I knew a man that started building houses just for fun. He was a teacher, but in his spare time, he was a house builder. He would move into a house after he had finished it then start another house. He would live in the house for two years, then sell it and move on to build another house. He did this several times, each time cashing in big on the equity for his labor. He is now well off and will never need to work again. There are many people that do this and its big business to them. The one stipulation is if you are not a contractor and you don't have journeymen's licenses in plumbing, electrical, and other systems, you have to live in the house for a specified amount of time that varies from state to state before reselling.



FIVE



Ways to free up money

It's no secret that building a house costs a lot of money. Many people that have a home built for them get a second job to raise enough money to pay the down payment. The problem with that is the thing that's all too familiar to us. We raise our spending levels so we have to keep that second job just to get by. After awhile, the quality of life hits an all time low. I mean, who wants to spend all their time working?

The idea here is to free up income so you don't have to get that night job. Besides, if you want to have time to work on your house, you need at least two hours a day for two years or four hours a day for one year or eight hours a day for six months, you get the idea.



My wife and I had to make some sacrifices during our house building years. At first, it was really hard, but once we could see our house coming together, the goal to finish it became an all-consuming desire. If the goal can be visualized, it becomes easier to obtain. So after putting all the plans together, imagine walking through the halls, the beautiful kitchen, and the comfy bathroom with a big, jetted bath, the feel of carpet under your toes, the master bedroom, and a family room that has all the extras. If you can imagine it in your mind with excitement, your subconscious will have influence over your appetite to waste money and you will reach your goal.



Our first step to save money was to stop paying rent. My wife, one-year old son, and I, moved into my parents basement and instead of paying rent, we paid their utility bill. To most people, this is too big a sacrifice to make and so it's not really an option. I have great parents and we have always gotten along good. It was my Dads idea as a way to help us save money. Besides, it was fairly close to our land where we were going to put our house. It's quite embarrassing though, when someone would ask where we lived, I'd just tell people, "We live close to my parents."

Our next plan of action to save money was in the area of food. We decided to stop buying ready-made meals and started to cook from scratch. My wife and I are good cooks and we know how to budget well. We made things that were inexpensive to prepare and I started taking sack lunches to work. Soda pop was minimized and you wouldn't believe how much that saved us right there. We didn't go out to restaurants the whole time. Pizza and everything else that can be picked up and taken home got the ax. We ate a lot of pasta, potatoes, tuna, ground beef, eggs, rice, lentils, chicken, vegetables and fruits from our garden, and many kinds of homemade soups. Bread and tortillas were easy to make. We actually ate healthier meals while saving money at the same time. Many people don't know how to cook, but with a few staple items, anybody can prepare inexpensive meals.



I never had any idea how much was spent on food every month. We were able to save more than \$500 a month by not dining out, or by not buying ready-made meals, and by packing my lunch to work. We wouldn't go to the convenience stores every moment either. One thing we discovered was that we would spend more a month running to the convenience stores to buy a pop and a candy bar, than our entire grocery bill would cost. \$500 a month buys a lot of building materials.

The next area to make cutbacks was fun and entertainment. We didn't go to movies or even rent movies. We found that working on our house, as a family, was a total blast so it was good entertainment. We didn't go on vacations of any form. We didn't buy new clothes. No new music cassettes. Christmas was not too extravagant, but adequate. We did the same with birthdays.

There were a few other areas like changing life insurance so we had only term insurance. That saved a lot. I thought I needed a pickup, but we got by without one and its monthly payment just fine. We burned firewood in the fireplace and turned the electric heat down low. We lowered the coverage on our car and took glass coverage completely off.

There are a lot of ways to lower monthly expenses. We have always been taught to live within our means, but few of us actually do that because of easy credit. The whole time we were building our home, we lived below our means and we were happy with the results.



SIX



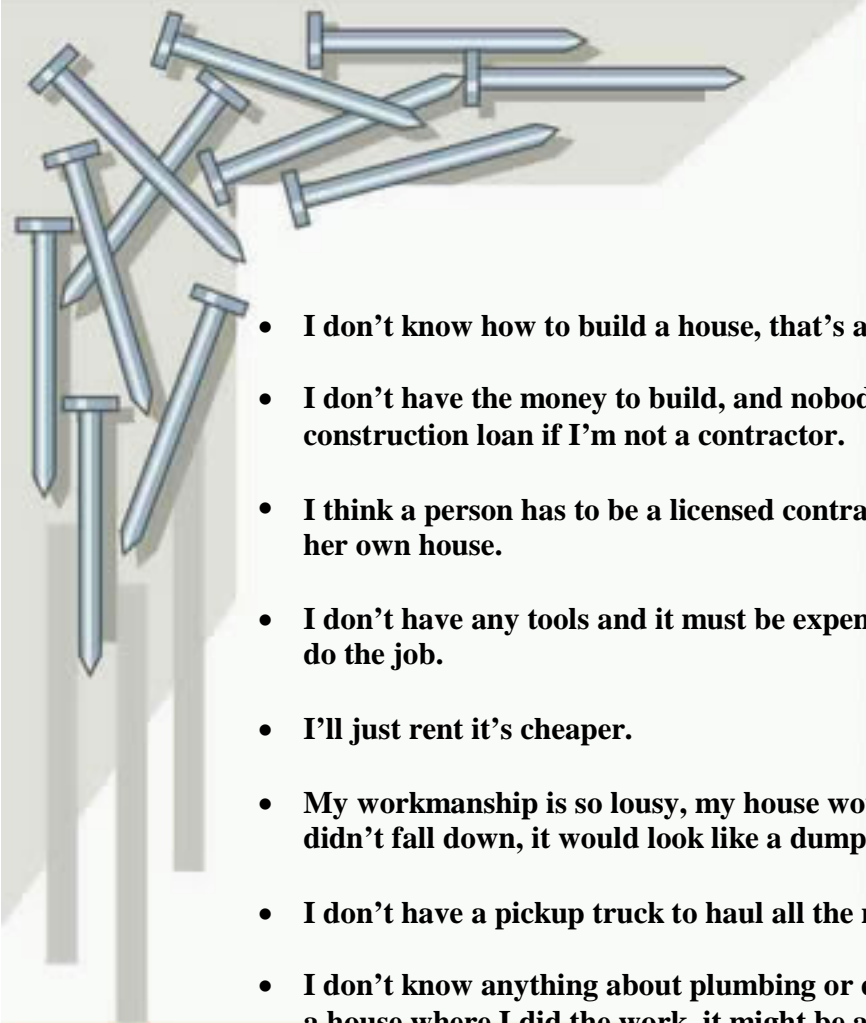
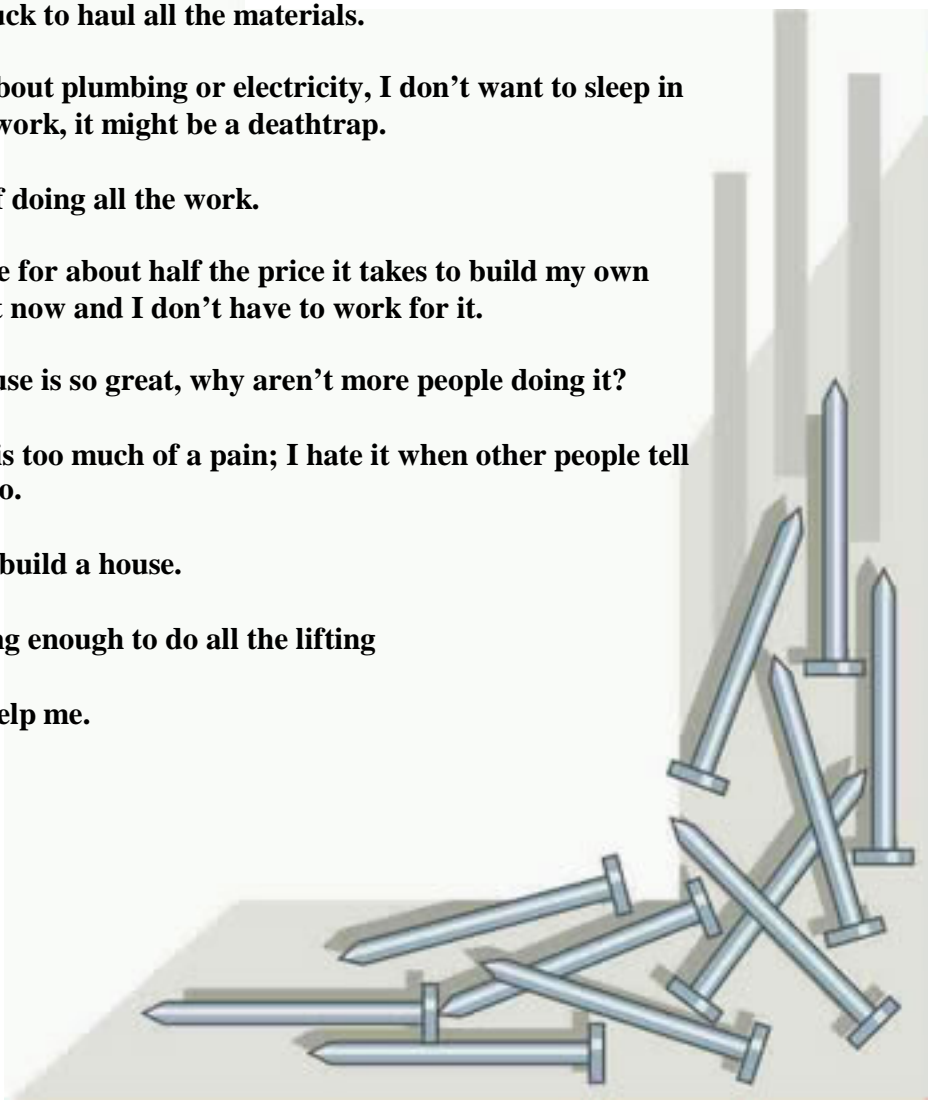
Reasons people have for not building their own house

These reasons are very real and I have heard them all several times. Building a house is definitely not for everybody though. There are a few good reasons not to do the work. If you have a good reason not to build it yourself, I respect that. If everyone built their own homes, contractors and subcontractors would be flipping burgers. I like contractors and I have a lot of respect for them. They put up with a lot of garbage from clients, inspectors, and quite often their own employees. Whenever I drive past some hard working carpenters in the dead of winter all bundled up, or in the heat of summer sweating like a horse, I realize that they're tougher than I am.



But the biggest reason people opt to not do their own work is ignorance. They don't know that they are allowed to do it first of all, and secondly, the very idea of attempting to do the complex and demanding work doesn't seem realistic to them. And finally, they have no idea how much money they can save and how great life is with a much smaller home mortgage payment.

Let's bring a few other beliefs into the light of scrutiny here. These are some reasons I have picked up on over the last few years:

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- **I don't know how to build a house, that's a professional's job.**
 - **I don't have the money to build, and nobody will borrow me money for a construction loan if I'm not a contractor.**
 - **I think a person has to be a licensed contractor or journeyman to build his or her own house.**
 - **I don't have any tools and it must be expensive to buy everything needed to do the job.**
 - **I'll just rent it's cheaper.**
 - **My workmanship is so lousy, my house would probably fall down, even if it didn't fall down, it would look like a dump.**
 - **I don't have a pickup truck to haul all the materials.**
 - **I don't know anything about plumbing or electricity, I don't want to sleep in a house where I did the work, it might be a deathtrap.**
 - **I don't want the stress of doing all the work.**
 - **I can buy a Mobile Home for about half the price it takes to build my own house, I can have it right now and I don't have to work for it.**
 - **If building your own house is so great, why aren't more people doing it?**
 - **Dealing with inspectors is too much of a pain; I hate it when other people tell me what I can or can't do.**
 - **You have to be smart to build a house.**
 - **I don't know if I'm strong enough to do all the lifting**
 - **I don't have anyone to help me.**
- 

Some of these are good reasons and some are pretty lame. At any rate, it's a good way to clear up some misconceptions about doing all the work. Let's talk about each reason.



- **I don't know how to build a house, that's a professional's job.**

That's the most common reason I hear for a person not to do the work, but not knowing how to do something is a poor reason for not doing it. If it were a good reason, none of us would be able to walk, talk, drive a car, or program a VCR. (I still have a hard time with the VCR thing) Building a house is like everything else we learn. We have to take it one step at a time. It's good to have an image of the completed project in the back of your mind, but if you look at everything all at once, you'll get very overwhelmed because it is a huge undertaking. When I got started, I knew what every step of the project would entail because I had a good plan, but at each phase of the project, I tried to only focus on the task at hand. It helped to keep my overall perspective in balance.

First, I bought a book on how to do foundations and cement work. I also asked people for advice. When that step was completed, I bought books on framing and called more friends for advice. Every step of the way, I gave full effort to do the job right because it was costing me a lot and I hate to waste money. There were many times when I was caught with a hammer in one hand and a book in the other as people drove by. Many times though, I would be in a stupor while contemplating my next step. There was a lot of head scratching going on during my whole project. I think that friends and neighbors doubted my abilities at the time. Hey, so did I. But, all worked out very well in the end and



now people around here know that I finished my long project. If they remember nothing else about me besides that, I'm happy.



- **I don't have the money to build, and nobody will borrow me money for a construction loan if I'm not a contractor.**

The money part is usually the biggest hang up. I can only tell you that there are many different ways to get the money. Times are different than they used to be.

There are now many financial institutions that make construction loans to owner/builders. The high equity from the owner's labor is very attractive to lenders. Anymore, they are not as concerned about unskilled contractors because of strict building codes that all builders have to follow. They are very concerned however, that the collateral has enough value. "Sweat equity", is the term used in this case. To a lender it means that every bit of work done on the house is security. To the owner, it means value appreciation without having to pay cash for it. Sweat equity is the dollar amount that your time and labor is worth. Bankers drool at the sound of it!



I decided to buy as many materials as possible without a starting loan. I used credit cards and whatever cash I could spare to get our project to the point of borrowability (that's my own made up word by the way). I had my home finished to the point where I was starting to tape and texture the walls. It was at the point of borrowability way before that, but I wanted to be sure it had enough value to satisfy the appraisers. The value of the land is important, as well as the site improvements like a well and septic system if you live in the country. If you live in the city, the value of the property and the house value is what determine

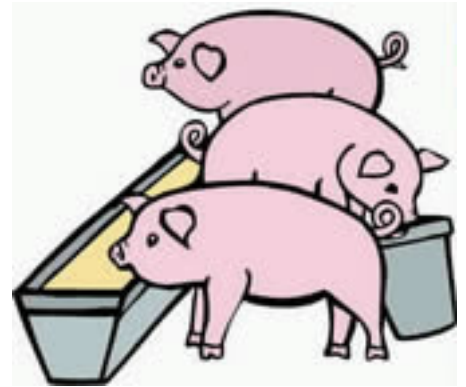
borrowability. Finishing the home within the loan time period is not a problem because if you determine how far along the house is by a dollar amount, you will have your home almost finished work wise, but financially, you'll only be about half done. The final fixtures and finish work is where the high expense comes from. Cabinets, carpets, heating, lights, appliances, bathrooms, and a bunch of other things will need to be done at the end. Those things are all easy to install but they're spendy. Fortunately, to start construction on a home is quite cheap compared to finishing it.



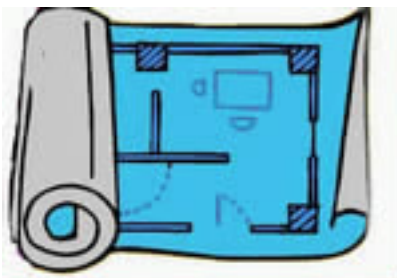
- **I think a person has to be a licensed contractor or journeyman to build his or her own house.**

That's not true in most cases. There are a few cities and counties that prohibit a non-licensed person from doing any type of construction or systems. There are also ordinances of conformity that state that every house has to have a certain type roof, special siding, two-car garage, etc. But, cases like that are rare and usually the neighborhoods are in the upper class. I wouldn't want to live there anyway. I wouldn't like it if I was told what kind of house I could build.

If you choose to live in a “Homeowners Association” like that, you are giving up many rights as a homeowner however; by living in places like that, you probably won’t have the problem of someone raising pigs or putting in a car salvage yard next door either.



The truth is that in most areas, the owner of a home can do whatever he or she wants just as long as it meets code. Before you start your project, you should be familiar with the building codes in your area, and you need to have a building permit. You will need to show the Building Inspector your plans. He can then help you make adjustments if necessary. When your site is approved, you will get your permit to hang on a wall when you put it up. You will also need to get permits from the Health Inspector, Electrical Inspector, and a Plumbing Inspector. They can be a wealth of knowledge and they will gladly help you with compliance issues because it’s their job.



The inspectors just want to be sure that your home is safe and that no mishaps will happen later because it’s their name on the permit meaning they are responsible. If you look at it that way from their point of view, you’ll be a lot more cooperative. I don’t blame them for making sure everything is perfect. I would too if my name was on the permit. They can still be a big pain though. I’ve never met a mean inspector; they all seem very nice and extremely helpful. I’ll cover the permit scene later.



- **I don’t have any tools and it must be expensive to buy everything needed to do the job.**



You will need many different kinds of tools, but they aren’t that expensive and you don’t need to get them all at once. There are however some very important tools that you will use in almost every phase of construction. Your total price for tools shouldn’t be much over \$1,000. You’ll want to be sure that the tools you use a lot be of good quality. Among these are: tape measure, drill, circular saw, hammer, square, level, and a tool belt. The other tools you can get as you need them and you don’t have to go for quality every time.



You can also rent almost every more expensive tool there is. Renting is a better way to go if you'll just be using the tool for a short time. I spent way too much on tools. I bought a Radial arm saw for \$400, an air compressor for \$300 and several other things that I used for a little while, but then was just tools in my way that cluttered the floors. So you really don't need to go out and get that much stuff. It's always good though, to have tools after your house is built because once you get started building, you seem to get building fever.

A person told me once that by the time you buy all the tools to build your own house you'll have shelled out enough money to hire a carpenter to do the work for you. I'm so glad I didn't believe that person.

- **I'll just rent it's cheaper.**

Renting is great as long as you're the landlord and not the tenant. I know very well that when a person is trying to get started after leaving the nest, it's almost impossible to build instead of rent. That's just fine. I think most of us have been there. You cut the apron strings and you're free to do what you want. You have aspirations of what you're going to become and visions of a great life full of abundance occupy your mind. Renting is fine at this point. There does come a time however; when renting is just throwing your money away. While it's true that renters don't pay property taxes, they do miss out on some good tax breaks and they aren't accumulating any equity in valuable property. If a person rents, that person is accumulating equity for the owner of the property or helping him to line his pockets.



Homeowners know that mortgage interest gives a substantial break come tax time. While we're on that note, I'm reminded of something said to me during one of my many conversations about doing all my own carpentry work. This person has a smaller home than I do, but his payments are much higher because he bought a ready-made home in a subdivision. He said, "I think it's stupid to build your own house because if your payments are low, then you don't get as good a tax write-off." This guy was serious.

You know, it's not good to judge people, we do however; have to attempt to assess everyone's level of understanding that we talk with. That's part of communication. When I run across a person that says something so absurd, I automatically knock about twenty-five points or more off what I suppose his I.Q. must be.

Now, we've established the fact that paying mortgage interest is evil, but most of us have to do it. Renting, in my opinion is worse because a renter throws all his money away, a homeowner only throws the mortgage interest away. Unfortunately, we know that the hard-earned money that is paid in mortgage interest goes mostly to those who need it the least.



- **My workmanship is so lousy, my house would probably fall down, even if it didn't fall down, it would look like a dump.**



Well, I thought the same thing because everything I had built up to that point did look like a dump. I was raised in the country on a farm. When something broke down, we could usually fix it with bailing twine or duct tape. My childhood was a wonderful time. I spent a lot of my younger years building tree houses and forts out of what wood and nails we could scrounge. All my work looked bad, even for a child my projects came out looking shoddy at best. I won the ugly car contest at a scouting pinewood derby when I was young. I even tried my best to make a good car. It didn't even go down the track because the wheels were so crooked. That's tough on an eight year old. I know I've got some deep emotional scars somewhere from that night.

But the work was always my own. I have always been independent. My work is my character signature. It represents who I am. It tells my story. The design of my house describes my personality. I always say, "Function over form", which is a fancy way of saying, "My projects might look bad, but they work just fine." Check out the photo.



My first building project was this rustic log cabin where my brother and I cut down the trees for logs and drug them to the site with a pickup. We notched them with a chainsaw and an ax, then nailed them together with ring-shank spikes. Total cost was about \$1100. It was a fun place for a couple of Mountain Men. Not much to look at though.

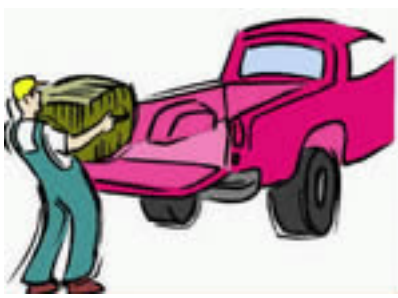


The real beauty of building a house even though you're an amateur is that you start with the rough work. Rough work can be rough looking. A first time homebuilder can get away with some imperfections. You'll find out that it only takes a short time to get your confidence, and some experience. The rough work all gets covered up by finish work. By the time you get to the finish work, you'll have a lot of experience and your work will look good. Mine did.

Another thing is that right from the get-go; most homebuilders do their best quality work because it's a home. It's going to be around for a long time so it needs to be done right. Not only that, but when you're spending so much money on something, you want it to look the best it can. You should keep in mind that you're trying to make something valuable, something attractive not only to friends and neighbors, but also to appraisers and future prospective buyers.

I really surprised myself (and probably everyone else,) when I was finished with the vinyl siding, how beautiful my house looked. With all the wonderful sidings and trimmings to finish a home with, your ugly duckling house will emerge a beautiful swan almost overnight.





- **I don't have a pickup truck to haul all the materials.**

Hey, I didn't own a pickup truck the whole time I was working on my house. I wanted one, but there just wasn't enough money for one. My brothers owned pickups, but I hardly ever borrowed them because the stores that sell building materials will deliver to your site.

I live 16 miles from the store where I bought most of my products. They would usually charge me \$15 per delivery. That was a great deal because it usually cost that much for gas to drive and pick up materials. Not only that, but you also don't have to load and unload all the stuff. The only problem is that you can't hand select the materials and some stores will try to pawn off all the leftovers that others have picked through. I was very pleased the whole time with one particular store and I bought almost my entire house there. They even gave me a contractor's discount of 15%. I didn't even ask for it. They just wanted me as a customer. The prices were a lot lower at that store than the other. At the other store, they treated me really crappy and I am a nice person so I'm sure it wasn't my fault. I never darkened their doorway after that.

With a little planning, you can do the same thing I did and it will work out fine. Having a pickup is a definite advantage, but quite often a pickup won't even hold all the materials you're buying, so you'll have to have them delivered anyway.



- **I don't know anything about plumbing or electricity, I don't want to sleep in a house where I did the work, it might be a deathtrap.**



The fear of those things can be very real, yet I sleep well at night because of two things: Inspectors and local codes. Don't get me wrong; they are a real pain, that's for certain. Especially when you need them to approve some of your work so you can move on and they end up giving you a list of corrections to do. It's depressing and very frustrating, so you thank them for stopping by and watch them drive out of sight. Then you give them all the sign language you know, throw your fit, and then start working on the corrections they gave you.

I know that my house is as safe as any house around because the inspectors don't let you slide.





Some codes, in my opinion, are overkill, but with most others, it's obvious why it came to be a code requirement.

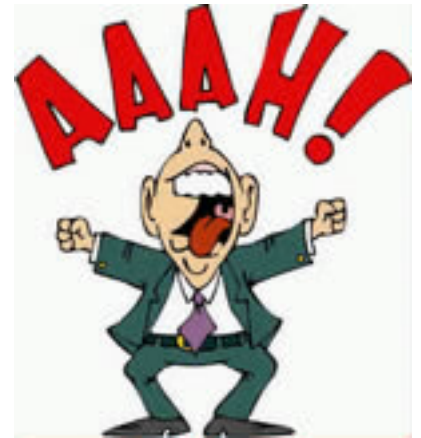
I know that I have done everything right because the inspectors took the time to explain it all to me. They could tell my work was that of a first time homebuilder. They were nice while telling me my work was substandard.

The first electrical inspector that came was a jovial chap. He looked at my work and just laughed. He almost hurt my feelings. It wasn't my fault; I bought a book about house wiring that was slightly out of date. It wasn't even close. That cost me a lot of time and money I didn't have.

When we moved into our home, I was completely confident that it was safe. I know the wiring is not going to melt or cause a fire. I know we won't be poisoned by methane gas or drowned by bad plumbing. I know my house won't fall down. Meeting code is not difficult if you know everything you need to know before you start putting things together. I don't remember the exact details of each inspection. All I know is it was a hassle, but I'd do it all again to be able to feel safe like I do.

- **I don't want the stress of doing all the work.**

Certain parts of the building process are somewhat stressful. I understand how stress can be debilitating if not deadly. We all handle stress in a different way. I was unemployed most of the time while building my house. I was going to school to get vocational retraining so that was my work. Living on unemployment and trying to pay my bills was difficult. Also watching my half-finished house rotting away because I couldn't afford windows or doors was really stressful. The rain and snow was warping my floors and I couldn't do much about it.



It seems that the only stable thing in life anymore is instability. Constant instability is something we can count on. That's all the more reason why we need to create more equity in our property. If you lose your job and you have no equity in your house, you're going to have a rocky time. If you lose your job and you have a lot of equity, you'll have a few more options like selling the house and using the equity to move and buy another home where work is available. Or take out a second mortgage to live on and pay bills while you look for work. Some might say that you can't get a loan if you're unemployed, but if your property has high equity, you can get a loan somewhere and it will help you survive through rough times.

The codes and permits will be the most stressful of all. Actually working on the house is very therapeutic. Many, many times, I couldn't wait to get over to my house and start working so I could make the world go away. The best emotional strength builder you'll have is creating something beautiful by hard work. Your home will remain a symbol of your good character traits for years. You'll know it and others will know it too.

- **I can buy a Mobile Home for about half the price it takes to build my own house, I can have it right now and I don't have to work for it.**

This seems to be the popular sentiment, given the amount of Mobile Homes everywhere. I know a few Mobile Home dealership owners that brag on the quality of their factory-made homes, but I don't know even one of them that actually live in the kind of homes they are so proud to sell to the public. They pull down big bucks so they can afford to live in better homes.



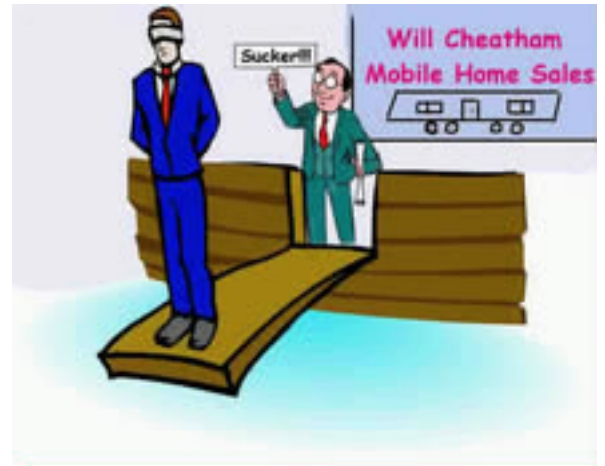
Here's one thing to remember: There's nothing natural about building a house and then moving it. By the time it arrives at its destination, it has probably had structural frame twists and many of the joints are no longer tight. That becomes evident a few years later if not immediately. I have worked a lot on Campers, RV's, Horse Trailers, and Mobile Homes, and even the fancier Mobile Homes are just a big Camper Trailer. They are built light so they can be transported easily and built cheap so the dealers can make a buck.

They don't age well so after making payments for 30 years, you have a not-so-mobile home that needs a lot of work. Not only that, if you build your own home, you'll spend much less than you would have spent and you'll have made a great investment. Frame homes that were built 30 years ago have appreciated by at least 300 percent and others over 1000 percent. Not too bad! Mobile homes don't have that kind of track record.



My wife and I were at one time considering a Mobile Home. They are fairly easy to buy and even people with low incomes can get one. I suppose many people have no other choice but to live in a Mobile Home. When we were looking at Mobile Homes, we went to a lot of places and the story was always the same.

The homes had a fairly modest price, but after all the hidden costs; the monthly payment was a whole bunch more than the advertised price. We have talked to a lot of people and they always say the same thing. They felt like they had been overcharged in the end, especially after seeing the low quality. The monthly payment was almost as high as a normal house. Many really felt cheated. The price was always higher than they were told, and the quality was always less than they were told.



One more point here is that Mobile homes are equity thieves. That's right; they are like cars in that respect, only worse. We have all heard that to drive a new car off the lot will cause it to depreciate substantially. Why is that? Because even if you own it for a short time and you decide to sell it, it's a used car. If it has 1 mile on the odometer, but has had a previous owner that put that 1-mile on it, it's still a used car. Now, let's say you had a piece of land with the well and septic system worth \$15,000. You worked hard to buy that chunk of land. You decide to buy a new doublewide Mobile home. The home costs \$60,000 originally but after tax and setup, it is around \$75,000. (That is a very real figure) Your property at that point with home and land might possibly be worth \$80,000. Suddenly, you owe more on your home than it is actually worth. If you sold everything at that point, you would make enough to pay off your Mobile Home Mortgage and still have \$5,000 dollars left over. But wait a minute; didn't you pay \$15,000 for your land in the first place and only got \$5,000 for it? Man, you got robbed.



Now you know what Real Estate Agents as well as Mobile Home Dealers already know so well. Also, if you sell your Mobile Home, but choose to keep the land, there will probably be a sizable balance left to pay on the difference of what you paid for the home and what you were able to sell it for. In other words, you'll be making payments for years for an empty foundation. Many people have made that mistake and are still scratching their heads trying to figure out where their hard-earned money went after they sold their used Mobile Homes. They are equity thieves!

- **If building your own house is so great, why aren't more people doing it?**



That's a good question. I've wondered that for about the last ten years. I know when I was building my house I was very apprehensive about the whole thing. I remember thinking, "This can't be as good a deal as it seems. Soon I'll find out why more people don't do it." But you know what? That day never came. The project cost a little more than I had planned, but not much more. It was a lot of hard work, but it felt good to work hard on something I hoped would be a good thing. Now, after counseling others to do the same and seeing their success, the question is still unanswered.

I really don't have a good answer for that. I suppose it has something to do with people not knowing all the facts. People don't care about the facts because the thought of them putting on the tool belt and doing something so far beyond them doesn't even merit consideration in their minds. They are self-defeating and certainly don't consider themselves competent to undertake such a big project.

To those of us who dare to dream and actually do something to reach our dreams, the reward is there waiting for us. Rewards that are not only financial, but emotional as well. It is so satisfying to see a project through to the end and watch the appraisers actually put a dollar amount on your sweat equity. It was so amazing to me how much my hard work was worth. That equity is valuable to me as a homeowner.

A few years before I built my house, I remember reading somewhere that if a person did all his or her own work instead of hiring it out, that person could save as much as 30% on the cost of the house. I thought to myself, "Man, that's not worth busting my hump just to save 30%." I asked my friend that had built his own house, if that was correct. He said, "That's hogwash, you'll save almost 2/3 the cost of the house if you do everything yourself." So, I went on faith and did my own construction and my numbers speak for themselves. It worked out that my savings came in at a little over 60%. That's really good equity.



"You'll save almost 2/3 the cost of the house if you do everything yourself."

- **Dealing with inspectors is too much of a pain; I hate it when other people tell me what I can or can't do.**



It's hard getting told what to do. I remember having a particularly mean teacher in school when I was in the sixth grade. Man, that teacher was pure evil. She had armor-piercing eyes and a nasty disposition. In this day, a teacher like that would be drawn and quartered by the parents or the superintendent the first day of class, but in those days, strict teachers that used a paddle were heroes to the parents. I think it was right around that time in my life that I developed a big dislike for authority. I'm cool with supervisors and foremen as long as they are doing what's right and are acting in the best interest of the company and the employee. I just really hate it when people tell me that I've screwed up and that's what inspectors get paid to do. They're nice about it though. One Electrical Inspector even told me, "I don't really care about rules and regulations; I just don't want you and your family to burn up." How can you argue with that?

The subject of inspectors is one I've beat on too many times already. You can't argue with them because it won't get you anywhere. It's their plump rump on the line if something goes wrong with a new dwelling. We all hate being told what to do, but sometimes it's for our own good. I still think that teacher was evil though. No doubt about it.



- **You have to be smart to build a house.**



I'm a man of average intelligence (and that's a stretch). I know a lot of carpenters and tradesmen, but I don't think any of them design rockets for NASA or teach Astrophysics in the evening. Building a house doesn't take a lot of intelligence but you do have to have the ability to concentrate on what you're doing. Some of my biggest and costliest mistakes were made because I was thinking about other things. Making mistakes is all right as long as they're not mistakes that injure you. When I'm doing work with a circular saw however; it gets my complete, undivided attention. You know, I used to work around all kinds of saws.

Some were huge circular saws six feet in diameter. Others were double-edged band saws forty feet long and spinning at fourteen thousand RPM's. But the saws that I have the most respect for, is the circular saw or better known as the Skilsaw. Those bad boys are notorious for kickbacks. It's crucial that a carpenter concentrate on the task at hand.



Other than concentration, anybody can be a carpenter or tradesman. Even some of the more complicated electrical circuits can be figured out with a little concentration and common sense. Besides, you'll get a little smarter every day throughout the entire building process. It'll be good for you and you'll feel better about yourself too.

- **I don't know if I'm strong enough to do all the lifting**

That is a very real concern. Through certain phases of the project, you will need to have a fair amount of strength. The heaviest materials will be the plywood or wafer board, the sheetrock, and the trusses will be heavy too. The walls won't be too heavy if built in eight-foot sections. If lifting is a problem, you can cut the sheets in half, but that creates a lot more work for you. It's just better to give it the heave ho and lob those fellas up in one piece. One note: if you're lugging up twelve-foot lengths of sheetrock, find a buddy!



- **I don't have anyone to help me.**



This problem has come up more times than you can imagine. I think the reason why is because building a home takes a lot of time. It's not something you can ask someone to help you do all the time. It's a long process and takes a high level of commitment. I have good friends, but I wouldn't ask any of them to help me after hours every day for the next year or so. That's only a favor you can ask family members to do. I was alone most of the time while building my house. It wasn't that my family or friends didn't like me. My father was there every day to help me.



His help was a combination of moral support and strength. But, I didn't need help all the time. The reason is because it was a one-person job most of the time. The thing is, most of the time I was doing things like running electrical circuits or putting ABS pipe together. One-person jobs. That will be the bulk of the time spent, so find yourself a good Walkman or MP3 player and some nice tunes and crank out brew!

There will definitely be times when you need a hand. If you're creative, you might be able to do it all by yourself, but for safety's sake, find some help doing the heavy stuff.

Well, that's it for all the "why" reasons you should build your own house. Now it's up to you to find the strength and endurance to get it done. Very few things in life that are worthwhile come easy or cheap. This is just one of those things.

We have all heard the saying, "You will get out of it what you put into it". But that's not even close to the truth as far as taking the time to build your own house. The truth is you will get much, much more out of it than you put into it and the small amount of hard work you do for just a year or two, will benefit you for the rest of your life.

Down the road, you will have forgotten all the hard work you had to do, but you will never forget how huge the advantages are of having high equity in your home, and low monthly payments. You will be reminded every month when you pay your mortgage payment and still have money left over for more important things. When you're able to retire early with a nice nest egg, you'll be glad you made the sacrifice earlier in life that enabled you to keep hundreds of thousands of dollars of your hard-earned money. Most people will spend roughly ten years of wages on mortgage interest alone. It doesn't have to be that way at all.

It's up to us to improve our situation in an unfair world. The world can sure beat us down at times, but we don't have to stay down.



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Larry Angell