



# DIY Homebuilders' Guide



# Your home, your way!

**Building your own home, to your own tastes in a place you've dreamed of is a project that's exciting—and demanding.**

Successfully completing such a big project takes knowledge and the ability to deal with unforeseen circumstances. Before tackling this kind of undertaking, you should ask yourself whether you have the energy and time required. Are you well organized? Do you have the contacts, knowledge or experience in residential construction? Who would be available to help you? In sum, what are your resources?

This guide gives you an overview of a do-it-yourself home building project and will be very useful in helping you visualize the process better. You'll also find a series of practical tips on planning your project, financing it and completing the work.

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This guide is a summary. All information was correct at publication. For more information on specific aspects of building your own home, please consult the sources listed at the end of this guide. Features of Desjardins products are subject to change without prior notice. Certain conditions apply.

# Step 1 - Planning

A poorly planned, badly managed DIY project could cost you a lot more than having it done by a general contractor. To avoid disappointment, you'll want to pay attention to the following.

## What is DIY homebuilding?<sup>1</sup>

A DIY build is when some or all of the construction of a single-family house is completed by the homeowner.<sup>2</sup> A single-family house includes one- and two-storey houses, multigenerational houses and cottages. DIY builds can also include modular home construction.

After land is bought, the homeowner builds the house or contracts the work out to one or more building professionals, although no single contract can exceed 50% of the total construction costs.

# Choosing land

It's the starting point and quite an art! Generally, it's easier to adapt a house to a plot of land than vice versa. Choosing the right land is just as important as choosing the right house. Here are some important points to consider:

- Price: The lot should not be more than 25% to 30% of the total cost
- Distance to work, public transportation, schools, recreational facilities, grocery stores and other retailers, family members you'd like to be close to and so on
- Risk of flooding or landslides (subsoil composition, water table level, nearby slopes, drainage needs)
- Proximity of electricity service to your lot
- Proximity of water connections and sewers
- Whether a well or septic tank is needed

# Home plans and specifications

In addition to being indispensable for planning construction, plans, specifications, municipal waterworks by-laws and other tools are required for municipal and credit approval, so be sure to have them complied by specialists.

- Constructions plans and methods must comply with construction standards (e.g., National Building Code, local by-laws)
- Specifications must include a detailed list of materials
- The Real Property Report must be provided by the surveyor
- Your house must be built according to municipal by-laws and comply with setback regulations and the permitted land occupancy ratio
- Have enough copies of the plans for subcontractors, the city and your caisse



# Building permits

You must get a building permit from your city for the required authorizations. The documents required for your application may include:

- Copies of all plans and specifications
- A copy of the Real Property Report (orientation and location of a new house on the land)
- Soil quality tests and studies (on request)
- Drinking water tests (on request)

# Trade certifications and licences

Since you're building your own house, you don't need a trade certification or licence. However, any workers you hire do need to be qualified and carry out the work according to any applicable laws and building codes.



# Insurance policy

Once work begins, it's best to get a home insurance policy (liability, fire, theft) to protect yourself and your employees on site in case of an accident or claim.

# Major construction steps

Organizing and completing construction involves the following major steps (with the average percentage of costs):

1. Excavation and foundation: foundation, footings and walls, pouring cement, floor joists and so on (30 to 35% of costs)
2. Framing and closing-up: windows, stairs, roofing, electricity<sup>3</sup>, plumbing, insulation, exterior finishing and so on (about 30% of costs)
3. Drywall installation: walls and ceilings (about 10% of costs)
4. Finishing: cupboards, counters, exterior stairs, bathroom fixtures, flooring, utilities connection, painting, landscaping and so on (about 28% of costs)

Note: The work usually takes 6 to 12 months to complete.

# Your financial capacity and budget

It is important to remember that your total housing costs should not exceed 32% of your household's gross monthly income and that a maximum of 40% of your household's gross income should go toward repaying all your debts.<sup>4</sup>

There's really no typical budget, but it's important to anticipate all costs as carefully as possible for each step in the order it will be completed. This includes direct costs (materials and labour), indirect costs and start-up fees. Before work begins, set aside about 10% of construction costs (excluding the down payment and net of taxes) for unforeseen events. Make sure you complete only the work you have budgeted for. Here are some suggestions to evaluate your costs:

## Direct costs<sup>5</sup>:

- Get two or three written estimates from material suppliers and subcontractors (including delivery dates)
- Tips:
  - Some materials, such as prefabricated walls, are more expensive, but they save you time
  - Ask for guarantees, agreements and written contracts

## Indirect costs:

- Get estimates for professional fees (surveyor for the certificate of location, soil study tests, lawyer, plans and specifications, building permit, inspector and so on)
- Estimate the installation fees for services (e.g., electricity, phone)

## Start-up costs (not included in construction costs):

- Estimate the real estate transfer tax
- Estimate costs for moving and buying furniture, appliances and other items

### A few tips to help you choose suppliers and subcontractors:

Fournisseurs	Subcontractors
<ul style="list-style-type: none"><li>• Check their reputation</li></ul>	<ul style="list-style-type: none"><li>• Check their reputation and solvency</li></ul>
<ul style="list-style-type: none"><li>• Verify the availability of materials for the date work is set to begin</li></ul>	<ul style="list-style-type: none"><li>• Check their licence number</li></ul>
<ul style="list-style-type: none"><li>• Verify payment conditions and credit availability</li></ul>	<ul style="list-style-type: none"><li>• Get references</li></ul>
Remember: The key to a successful project is sticking to your plan and budget.	



## Tip

### Looking to buy your first home?

The Canadian government's [new incentive](#) helps make homeownership more affordable. Plus, if you don't have enough cash for a down payment, you can use the HBP.

To learn more, speak with your advisor.

# Step 2 - Financing

You have prepared, assessed and precisely outlined your project and budget. You have funds available. Now you're ready to get financing.

So make an appointment with your Desjardins advisor—your best ally—to discuss it. Your advisor will help you clarify your needs and will tell you about the conditions and criteria for mortgage credit, as well as guide you in choosing the right Desjardins mortgage loan for your borrowing profile.

# Documents required for financing approval

When you meet with your Desjardins advisor, be sure to bring the following documents to make it easier to get your financing:

- The sales agreement and/or deed of transfer
- Copies of plans and estimates or quotes
- Estimate with detailed costs and supporting documents (quotes from suppliers and subcontractors)
- The building permit
- The construction schedule
- The contract with the manufacturer for a home kit with wall panels
- The certificate of location once the building's structure has been assembled



# Financing payments

A DIY building project is usually financed in stages as the project progresses. The caisse hires an appraiser, an architect or an engineer to provide inspection reports at specific stages of construction. The progress should match up with the plans and estimates the homeowner submitted. The table below is an example.

Keep in mind that your caisse (and any other financial institution, for that matter) will usually hold back 10% of each payment to avoid mortgage liens.<sup>6</sup> The caisse will pay out the funds that have been held back 45 days after the project is completed.

Sample financing schedule		
Staggered financing payments	Financing expense and construction stage	Other conditions
1 <sup>st</sup> payment	100% of the land purchase price less the down payment. <sup>7</sup> Payment can also include an advance for insured loans as work progresses.	Signed copy of the land purchase contract
2 <sup>nd</sup> payment	Usually after the drain is installed and the foundation is sealed	1 <sup>st</sup> inspection
3 <sup>rd</sup> payment	Usually after the insulation is installed but before the walls are finished	2 <sup>nd</sup> inspection
4 <sup>th</sup> payment	Usually after the siding is on	3 <sup>rd</sup> inspection
5 <sup>th</sup> payment	Usually after the work is completed	4 <sup>th</sup> inspection
6 <sup>th</sup> payment	Remaining balance (10% held back) 45 days after the end of the project	Protection against mortgage liens



# Step 3 - Insurance

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In a DIY building project, you must protect your project, yourself and your family.

Learn about the types of protection you can afford to cover all of your needs.

# Loan insurance

You are the crucial link for your project's completion, which involves large sums of money. That means it's important to protect your ability to fulfil the financial obligations the project entails. In the event of hardship, loan insurance could cover your payments for you.

Desjardins Loan Insurance can provide you with two types of protection: life insurance and disability insurance. Life insurance repays the balance of the loan if you die. Disability insurance pays the insured portion of your regular payments if an accident or illness stops you from working or looking after your project.



# Your questions deserve answers

If you've just about made up your mind to build your own dream home but you have a few questions, ask a Desjardins advisor.

For more information about Desjardins mortgage loans, contact your advisor or go to [desjardins.com/home](https://www.desjardins.com/home).

## Useful links

- **Canadian government's incentive:**  
<https://www.placetocallhome.ca/fthbi/first-time-homebuyer-incentive>
- **Canadian Home Builders' Association:**  
[www.chba.ca](http://www.chba.ca)
- **Canadian Mortgage and Housing Corporation (CMHC):**  
[cmhc.gc.ca](http://cmhc.gc.ca)
- **Genworth Canada:**  
[genworth.ca](http://genworth.ca)
- **Ministry of Municipal Affairs and Housing:**  
[mah.gov.on.ca](http://mah.gov.on.ca)
- **Ontario Building Code:**  
[mah.gov.on.ca/Page7393.aspx](http://mah.gov.on.ca/Page7393.aspx)
- **Workplace Safety and Insurance Board (WSIB):**  
[wsib.on.ca](http://wsib.on.ca)



# Practical advice

You have your permits, plans and specifications, your schedule is ready and your financing is approved: you're ready to go! The following advice will help you coordinate the work smoothly and ensure it meets all requirements (e.g., building code standards, budget):

- Get liability and fire insurance coverage as soon as you start to protect you as the owner and contractor
  - Find out from your caisse and municipality the inspection steps required to comply with municipal by-laws and obtain the required advances for your labour and material costs
  - Draw up a construction schedule for all tasks to avoid wasting time and money
  - Check that your subcontractors have licences and take their expertise and trustworthiness into account (consult the recognized associations).
- Ask for invoices and contracts (including insurance and guarantees if applicable). Contracts should contain the following information:
    - Site address
    - Names and addresses of both parties
    - Detailed description of the work to be done and the materials required
    - Clause specifying that the work will be done according to construction standards and requirements
    - Work start and end dates
    - Contract amount and payment schedule
    - Both parties' signatures
    - Designation of the person-you-responsible for getting permits, inspections and required certificates
  - Manage your construction costs in a dedicated account
  - Have a person with the relevant qualifications verify work progress. Suppliers and contractors must follow the plans, specifications and construction schedule agreed on. In addition, be sure to get an occupancy permit from the municipality. You won't be able to move into your new home without it
  - Monitor budgets regularly to keep your caisse abreast of your cashflow requirements



[desjardins.com/home](https://desjardins.com/home)



1. Source: Canada Mortgage and Housing Corporation (CMHC).
  2. The residence can't house a business or a rental suite or generate any sort of income.
  3. Electrical work and gas installations are required by law to be done by qualified trade contractors.
  4. These debt ratios must be respected to get mortgage loan insurance when your down payment is less than 20% of the cost of the project.
  5. The construction cost is equal to the estimated amount required for the building's construction, excluding the cost of the land.
  6. Legal construction mortgages take precedence over any other mortgage published on the property (lot and construction) for the value the work adds to the property.
  7. If you already own all or part of the land, its value may be added to the down payment. For loans insured by the CMHC or Genworth Canada, the first payment cannot be made for the land alone; it must also include a portion for the work to proceed.
- Loan Insurance is offered by Desjardins Financial Security Life Assurance Company. Conditions, exclusions and limitations may apply.