Financing Steps and Timeline for Building Project – Devin Flanigan

There would be 3 financial steps in your process.

1)    Purchase of building or land

2)    Payment of construction documents

3)    Down payment for construction

Typically, clients will float the cost for construction documents which blends into the loan (although this depends on timing). This completely depends on the size and complexity of your project. For conversation sake let’s say we’re in the range of $150,000 - $250,000 for construction documents. The payment for construction documents would be based off of completion. I’ll list off what this could look like in a time frame.

June 2021: Purchase building or land

-       Loan #1

September: Begin construction documents (first bill in October)

October: Construction Documents ($40,000)

November: Construction Documents ($50,000)

December: Construction Documents ($60,000)

January: Construction Documents ($TBD?)

February or March: Down Payment for Building (10% of project cost)

-       Loan #2

The caveat to pulling the loan in order to pay for construction documents, is you will not have a final cost of the project yet since in order to bid the project, we need construction documents. I work with municipalities and government entities all the time, and we’ve come up with solutions that work best for particular scenarios. Sometimes the money isn’t available until after budget season, which Keller can hold off billing for a period of time. Granted our accounting loves having the money asap, we have the ability to be flexible with options. Personally, I’m not a huge fan of pulling the loan until you know what the cost is. Yes you can pay back into the loan or bonds right away if the loan is too high, although your stuck with a higher payment for the life of the loan.