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The Spec Builder's Financing Playbook

Ten problems banks create. Ten ways I solve them.

Spec builders hit the same ten walls. Trapped cash. Slow approvals. Banks that don't understand the business. This playbook walks through each one — and how to structure around it.

The Ten Problems

01 Cash Trapped in Lots and Unsold Homes

02 Tax Returns Don't Reflect Real Income

03 Banks Demanding W-2s

04 Floating Subs While Waiting on Draws

05 Slow Bank Closes on Hot Lots

06 Stuck Building One at a Time

07 Pressure to Fire-Sale Finished Inventory

08 Cost Overruns With No Cushion

09 Construction Loans Maturing Before Sale

10 Documentation Chaos

01 — Cash Trapped in Lots and Unsold Homes

WHY IT HAPPENS

Build-to-sell runs on your own capital. Every lot you buy and every home you finish ties up cash that can't move until a sale closes. The more you build, the more of your money sits frozen in inventory.

WHAT IT COSTS YOU

You can't start the next project until the last one sells, so your pace is capped by your slowest closing. A great lot comes up and you have nothing liquid to grab it. Momentum stalls right when the market is moving.

> HOW I SOLVE IT
>
> I free that trapped equity without forcing a sale. Cross-collateralization lets you use lots and finished homes you already own as collateral on a new build. A cash-out refinance on a finished spec pulls equity while you keep it listed, and a HELOC on free-and-clear lots gives you draw-as-you-need capital. Blanket and portfolio loans roll multiple properties under one approval. You pull equity from what you own without selling a thing.

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02 — Tax Returns Don't Reflect Real Income

WHY IT HAPPENS

Good builders write off everything they legally can — materials, equipment, mileage, the truck. That's smart tax strategy, but it makes your 1040 look thin. A retail underwriter reads that return and sees a borrower who barely makes money.

WHAT IT COSTS YOU

You get declined or lowballed on a business that's actually thriving. The same write-offs that saved you at tax time now block the financing you need to grow. Bank underwriting punishes you for being efficient.

> HOW I SOLVE IT
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> I use programs that don't underwrite off your tax returns at all. Business-purpose, bank-statement, and asset-based loans qualify you on cash flow, experience, project value, and reserves. We document the business as it actually runs — deposits, draws, and the equity you've built — instead of a return engineered to minimize taxes. Your real financial picture does the talking, not your 1040.

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03 — Banks Demanding W-2s

WHY IT HAPPENS

Retail lending is built around salaried borrowers with a W-2 and two years at the same employer. You're a builder. You'll never hand them that, and they don't have a box to put you in.

WHAT IT COSTS YOU

Conversations end before they start. You waste weeks on a bank that was never going to fund you, while the lot you wanted goes to someone else. Every "we need your W-2" is a dead end.

HOW I SOLVE IT

Construction-to-sale loans qualify on the things you actually have. Your track record of completed projects, the project's after-repair or as-completed value, and your liquidity carry the file. Your building history is the asset — a builder with five clean exits is a stronger story than a salary stub. No W-2 required, ever.

04 — Floating Subs While Waiting on Draws

WHY IT HAPPENS

Most construction loans reimburse you after work is done and inspected. So you pay subs and suppliers out of pocket, then wait for a draw to catch up. Clunky inspection and funding processes stretch that wait into weeks.

WHAT IT COSTS YOU

Your own cash becomes the bridge between every milestone, and a slow draw can stall the whole job while subs wait to get paid. Good crews don't wait — they move to the builder who pays on time. Delays compound into blown timelines.

HOW I SOLVE IT

I match you with lenders built for builders. Strategic draw scheduling lines funding up with your actual build phases, lenders with interest reserves built in cover carrying costs so they don't come out of pocket, and the right relationships fund draws in as little as 2 business days. Your subs stay paid and the build keeps pace, without your bank account absorbing the gap.

05 — Slow Bank Closes on Hot Lots

WHY IT HAPPENS

The best lots move fast and sell to whoever can close. A retail bank's 45-day timeline — appraisal queues, committee approvals, document back-and-forth — isn't built for that speed.

WHAT IT COSTS YOU

By the time your bank is ready, the lot is gone. You lose the deals with the best margins to cash buyers and faster-moving builders. Slow money costs you the inventory that makes a year.

HOW I SOLVE IT

I keep bridge and hard-money relationships that close in 10–14 days. You lock the lot now with fast capital, then move into permanent construction financing once your plans and budget are ready. The bridge buys you the speed to compete; the takeout gives you the right long-term structure. You stop losing lots to timing.

06 — Stuck Building One at a Time

WHY IT HAPPENS

When you fund builds with cash or one-off loans, every dollar is committed to the current project. There's nothing left to start the next, and most banks cap how many open construction loans you can carry anyway.

WHAT IT COSTS YOU

Your pipeline is throttled right when it's working. You watch demand you can't serve and leave money on the table because you can only run one or two builds at once. Growth has a ceiling that has nothing to do with your ability.

> HOW I SOLVE IT
>
> Blanket and portfolio loans fund multiple projects under a single approval. Instead of chasing a new loan for every lot, you underwrite once and run 3 to 10 builds simultaneously under one relationship. Capital is allocated across the portfolio, so finishing one doesn't have to fund the next. You scale to the demand, not to your cash balance.

07 — Pressure to Fire-Sale Finished Inventory

WHY IT HAPPENS

A finished spec that hasn't sold is carrying costs and locked-up equity at the same time. When you need capital for the next deal, the fastest lever is to drop the price and move it.

WHAT IT COSTS YOU

You leave real money on the table, cutting your margin on a home you built well just to free cash. Worse, a quick discount can soften comps for your whole pipeline. Desperation pricing is the most expensive financing there is.

> HOW I SOLVE IT
>
> You don't have to sell to access the equity. A cash-out refinance or HELOC on the finished home pulls working capital out now while you keep it listed at your price. The loan pays off when it sells — on your timeline, at the number you actually want. You get your capital and your margin, instead of trading one for the other.

08 — Cost Overruns With No Cushion

WHY IT HAPPENS

Materials move, scopes change, and a subfloor surprise can eat a budget fast. If your financing was structured tight to the estimate, there's no room when reality costs more than the spreadsheet.

WHAT IT COSTS YOU

An overrun comes straight out of your margin, or out of your pocket mid-build. With no cushion, a single bad surprise can turn a profitable project into a breakeven one — or stall it entirely. Thin budgets are fragile budgets.

> HOW I SOLVE IT
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> I structure the budget with contingency baked in from the start. That reserve absorbs the surprises so your margin stays intact, and it signals discipline to lenders — a builder who plans for overruns underwrites as lower risk and earns better terms. We size the financing to the real cost of building, not the best-case estimate. The cushion protects both the project and the relationship.

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09 — Construction Loans Maturing Before Sale

WHY IT HAPPENS

Construction loans have a clock. If the home isn't sold by maturity, you're suddenly facing a payoff you don't have, extension fees, or a forced refinance under pressure.

WHAT IT COSTS YOU

A maturing loan with no sale is the worst negotiating position in the business. It pushes you to fire-sale the home or accept punishing extension terms. The deadline, not the market, ends up setting your price.

> HOW I SOLVE IT
>
> Every deal I structure gets an exit plan on day one. Before we close, we know the takeout — buyer pipeline, a long-term refinance into a rental hold, or a bridge to carry you past maturity. If the sale runs long, the exit is already built, so a maturing loan never forces a bad decision. You're never caught at maturity with no payoff.

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10 — Documentation Chaos

WHY IT HAPPENS

Every loan asks for the same mountain of paperwork — statements, returns, project docs, insurance — and a retail process makes you reassemble it from scratch each time. The result is a three-week scramble per deal.

WHAT IT COSTS YOU

The chaos slows every approval and pulls you off the job site to chase documents. Deals lag, lenders lose patience, and you spend time pushing paper instead of building. Disorganization is a tax on your pace.

HOW I SOLVE IT

A builder portal tool organizes everything once — your financials, track record, and project docs live in one place and get reused deal to deal. On top of that, you get a broker who orchestrates the document process, packaging files the way each lender wants them. The scramble becomes a clean, repeatable system. You focus on building; I handle the paperwork.

How to Prepare for Fast Approval

The builders who close fastest are the ones who walk in organized. Have these ready and we can move the moment a deal is live:

- Personal financial statement
- 2 years of business returns (if applicable — not required for some programs)
- Builder track record — last 3–5 projects: address, sale price, timeline
- Current project plans, budget, and timeline
- Lot / land documentation — deed, appraisal if available
- Liquidity proof — bank statements and asset accounts
- Insurance binder — builder's risk
- List of subs and key vendors

What to Expect

01
We talk through your pipeline and goals.

02
Get your file set up — free guidance and the portal tool.

03
When a deal's ready, I shop it across multiple lenders.

04
Term sheets back in 48–72 hours.

05

We close, you build.

06

I stay in your corner for the next one.

Ready to Solve the One Costing You the Most?

Start your file at jacobporche-mortgage.netlify.app/builders/apply or book a call at calendly.com/jacob-mychomeloans/30min.