



## 10 Tips to Save You Time and Money: The Homebuyers' Guide to New Homes

You will discover that most homes on the market are resales. Only one out of four homebuyers actually purchases a new home. New homes and resales offer many different advantages, so compare these points before making a decision!

### New Homes

- Offer innovative use of space and style
- Greater energy efficiency
- A choice of options and upgrades
- Everything is new and modern.

### Existing Homes

- On the average they are less expensive
- Often they are in established neighborhoods with mature landscaping
- Homes have already settled, eliminating possible problems that arise from this happening after the purchase of home

There are many advantages to both new homes and existing homes. These are 10 points to consider before you visit your first model home.

### 1. Get in Touch with Your Agent

Sit down with your agent and do your homework before you visit your first model home. You will want to be prepared so that you can determine a comfortable price range for your new home.

### 2. Determine a Comfortable Price Range

You'll first need to know the net proceeds from its sale in order to determine how much cash you will have to work with if you own a home. Do not estimate this. Carefully calculate every possible selling cost. You will need to qualify your income if you are a first time buyer. You will also need to determine the size of your down payment and work out a monthly budget to determine a comfortable price range.

### 3. Sellers' Agents versus Buyers' Agents

The sales agent in the model home represents the builder, NOT THE BUYER! They are known as sellers' agents. A buyer's agent works specifically for the buyer at no additional cost. The buyer's agent represents the buyer's needs and is knowledgeable about home construction, warranties, financing, pricing, quality, even lot selection. This ensures that the buyer receives the best value for his/her money.

### 4. A Builder for All Reasons

Builders vary in their fields of expertise. For example there are builders who specialize in craftsmanship, others who are known for their innovative use of space, and those who offer below-market financing or customer attention during construction and after move-in. Determine your own specific needs or preferences then shop around for a builder that will best address your requirements.

## 5. Get the Facts about Your Builder

It is wise to check out the reputation and financial strength of the builder before making a final decision. Review the "spec sheets" on the home features covering everything from floor plans to energy efficiency, lot availability and delivery of your home.

## 6. Check out the Neighborhood

- Learn as much as you can about the community.
- Discover what amenities it has to offer.
- Investigate if financial reserves have been set aside to build or replace major amenities like schools or community roads.
- Find out from local land-use officials what else is planned or could be constructed in the area, especially where vacant land is applicable.
- Review the rules for the homeowner's association or find out if one will be set up.
- Think of how you will be affected by commuting routes and times.

## 6. Choosing Options and Upgrades

The less expensive the base price of the house allows more options and upgrades for the buyer to add without fear of overpricing it for the neighborhood. Options are items the builder installs during construction. These options could include adding usable space like a sunroom or a powder room. These features can add the most to the resale value of your home. Upgrading means selecting quality above the "builder's standard" such as carpeting, ceramics, detailing, kitchen fixtures and appliances. Be sure to take advantage of builder incentives that offer free upgrades or credit off the sale price. Remember, you can add a deck, a finished basement, or landscaping later (and sometimes for less money!).

## 7. Negotiations

Buyers do not realize that there may be room for negotiating price, upgrades or options. For example, if you have some scope for negotiating with the builder if s/he has a completed a home but hasn't sold it. Also some "premium lots" are priced higher and are sometimes saved to be sold last. All lots cost the builder the same most of the time and it would be wise to enquire about lot pricing. Builders may offer discounts or special financing to help close a sale.

## 8. Be Sure the Contract Works in Your Favor!

Make sure to protect yourself and have safeguards written into the agreement before signing.

- Place your deposit in escrow.
- Detail your upgrades.
- Permission to access to the construction site to check on progress.
- 30-day advance notice of the closing date.
- An explanation of what the fine print means in the warranties of the builder and manufacturer.

## 9. Financing - What's Best for You?

In most high-volume communities some builders will place large numbers of loans and can offer special financing packages. It is recommended to shop around for rates and lender fees, Appraisals, inspections, surveys, attorneys and closing fees before making a final financing decision.

## 10. Just because it's New Doesn't mean it's Perfect

Yes, it's new and typically it's built with modern materials that are durable, low maintenance, stronger, quieter, and safer. But because nothing is perfect, even if it's new, consider hiring a reputable, licensed home inspector. Then create a builder "punch list" from what you have learned to address any problems before closing. Consider budgeting for items to be modified or added later on. Many new homebuyers use a real estate agent to help them negotiate the best price and terms with the builder.

## Buyer Advantages Your Builder May Not Reveal!

Some builders have newly-constructed homes available for immediate delivery and are usually available to move into in 30 days and in most cases the builder is eager to sell. The fact is that the builder will keep that knowledge to him/herself. Immediate delivery homes are often available for various reasons:

- The community where the new homes are being constructed are nearly complete and the builder proceeds to have the on-site-contractors build "spec" homes. These are homes built on speculation for sale on the last lots.
- The model home is for sale.
- The contract on a home has been cancelled.
- Builders include constructing homes for immediate delivery for buyers who are relocating or who have sold their previous home and need one to move into quickly.
- Immediate delivery homes may be more desirable because builders may offer financing incentives or free options. This may be done in place of chopping prices to appeal to buyers purchasing later in the building phase. An immediate delivery home is an advantageous way to purchase a home if you need to move in quickly or need a physical space to walk through and see before you sign a contract. Be sure to inquire.