



## New Homes

- Bigger Deposit 3-5% is average could be more or less
- Choose your lot location
- Choose your floor plan
- Make changes to floor plan, colors, design, etc. (each builder varies)
- Design Center options
- Longer warranty 1-2-10 is common (11 month - bumper to bumper, 2 year systems and 10 year structural)
- Builder Contracts
- Higher closing costs can average 5% of the purchase price
- Builder may offer incentives
- Incentives are usually tied to a preferred lender
- No Multiple offers
- No Closing date given, just an average time of completion subject to
- Home Inspector credentials are higher
- Fresh Landscaping
- Home Orientation to show you how to care for your home
- Everything is new, clean and never lived in

## Pre-Owned

- 1% is standard for financing, cash can be up to 10%
- lot, location and home already together
- Rarely are floor plans, must walk through each home
- You get what you see
- Seller may pay for a 1 year very limited warranty, buyer may also pay
- Building codes for the year it was built
- Local state and Board contracts
- Standard closing costs can range 3%-4% of the purchase price
- Multiple offers and Bidding wars ( in certain price points and markets)
- Can use lender of your choice
- Repairs are requests that are negotiated and not guaranteed
- May need to spend money to landscape
- You are likely figuring out the home on your own
- Pre-owned homes are subject to lack of maintenance by current owner, needs cleaning and has been lived in

**\*\* These are common scenarios, every situation is unique\*\***



## ***Buyer Questions for Builders***

### ***Lot/Structural/Cosmetics Items to think about when Building***

1. What are the lot dimensions?
2. Are the trees preserve or buffer?
3. Where are the building restriction lines?
4. How large of a pool can the lot have?
5. What type of fencing is allowed?
6. What are the community HOA fees?
7. Any CDD fees?
8. Is there a Master Association?
9. Any Capital Contribution fees?
10. How is the drainage flow – where the arrows go, the water flows
11. How will the lot be graded?
12. What are the schools?
13. What amenities are included
14. Flood Lights
15. Garage height/length/width – do you have a large vehicle or work vehicle that will need to fit
16. Driveway length
17. House placement on the lot - how much lot do you have left
18. Can you move the HVAC? not behind the master
19. Where does the insulation go?
20. How much is extra insulation?
21. Can you add flooring to attic?
22. Can you redesign the bathroom? rooms?
23. What can you move, redraw, or redesign?
24. Do you plan on installing a pool later? Add electrical and plumbing
25. How do you use your current home?
26. Electrical outlets, how many and where? Bathroom, kitchen, garage, soffit
27. Electrical for generator
28. Changing the sliding glass door
29. Lighting in the attic



## ***Buyer Questions for Builders***

### ***Lot/Structural/Cosmetics Items to think about when Building***

- 30. Insulation in between walls for bathrooms
- 31. Adding more canned lighting
- 32. Bump out to make rooms bigger
- 33. Better paint
- 34. HOA RULES
- 35. Side door for garage
- 36. Summer kitchen stubs
- 37. 1 or 2 tankless water heaters
- 38. Design Center - have pictures
- 39. Water softener loop



## Walk Through Checklist (New Home Orientation)

- Caulk/sealing of counters and windows and sliding glass doors
- Shoe molding on cabinets
- Grout filled in tile
- Check all appliances work
- Hot water check
- Run water in sinks to check for leaks
- Flush toilets to check for clogs
- Review all interior drywall for holes or patches
- Review baseboards and trim for shattered wood
- Sprinkler heads all raise and review system make sure where they spray
- Check light and outlet plates for cracks
- Open all cabinet doors
- Review exterior walls for cracks or holes
- Check paint inconsistencies
- Garage door works
- Check door locks and latches
- Check all windows for cracks and ensure screens are on
- Check lights and fans
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

**\*\*You may choose to have an independent home inspection at many check points throughout the building process or near the final walk. Please discuss upfront the costs and builder requirements\*\***



## **1. New Construction Steps – Timelines subject to**

- Contract 1-2 hours – you and your agent will attend together and you should already know which lot, plan and elevation they will be choosing. Some builders will provide a blank contract for review to eliminate surprises at contract signing.
- Structural Options (if applicable) – many are to be determined at contract time or plan review. Ask for structural pricing upfront if available. Common things the buyer needs to ask for at this stage are:

- ❖ Garage height and length
- ❖ Floor plugs
- ❖ Additional windows
- ❖ Additional recessed lighting
- ❖ Electrical plugs and ceiling fan pre-wires (interior and exterior)
- ❖ Light Switches
- ❖ 8ft interior doors and style
- ❖ Fireplace (gas or wood)
- ❖ Alarm system or smart home pre-wire
- ❖ Raised Ceilings
- ❖ Bump outs in rooms
- ❖ Water softener loop
- ❖ Microwave vented
- ❖ Double ovens
- ❖ Pool prewire
- ❖ Gas package
- ❖ Redraw or redesign of bathroom layout
- ❖ Flooring (every room)



❖ Options available will vary per builder, but always ask

- Design Center – average is 4 hours with additional time to be paid per hour and will vary per builder
- Permit give or take 8 weeks – it appears as if nothing is happening, but local municipalities are at work, plans, engineering and trusses are being ordered
- and prepared according to the structural options selected. When the builder receives the permit, the Buyer will be notified and called in for plan review.
- Plan review – structural, electric, plumbing, lot and site visitation rules
- Slab
- Framing – the home starts to take shape
- Roof – called “dried in”
- AC ducts, Plumbing and Electric
- Drywall
- Cabinets
- Flooring
- Appliances and other cosmetics
- Initial walk through and Final walk through
- Closing

**2. Delays** – You may want to visit a property everyday and see progress everyday and that may not happen

- Weather
- Subcontractors and other labor struggles
- Materials

**3. Mistakes** – they happen and when they do communicate to come up with a solution. A few reasons mistakes happen are listed below.



- Man made product
- Multiple people looking at multiple plans
- Multiple changes to an original plan
- Market conditions increasing demand to build

#### **4. Why are the deposits larger?**

- Longer timeframe to close
- Builder takes on the costs to build and risks upfront
- Buyer finances can change in 6-8+ months
- Should buyer back out or lose financing, the builder may be stuck with design choices or incur more cost to change

#### **5. Different types of builders**

- Production Homes – Typically larger communities and have a variety of options from build from the lot, inventory/in progress building and spec/finished homes. Mainly cosmetic changes to home.
- Semi-Custom – Many share communities with other builders or could have a smaller community for themselves, they have more options for changes that may include structural and interior changes
- Custom – You find and pick the lot, you pick the builder, and you design together. You can create a truly unique design

**6. The Design Center** – you never know what you're in for. The more prepared the better. Some changes will have to be done at time of contract.



- Have your colors picked out from similar in the neighborhood (you may only have a few to choose from depending on the builder)
- Take pictures of what you liked in the model
- Have a predetermined budget in mind before starting the color selections, it can easily get out of control
- Take pictures of the selections you make at your design appointment

Some of what your buyer will be choosing:

- ❖ Roof color
- ❖ Cabinet color (for every room)
- ❖ Flooring (every room)
- ❖ Counters (every room)
  
- ❖ Interior/Exterior Paint
- ❖ Light fixtures
- ❖ Knobs
- ❖ Doors
- ❖ Finishes
- ❖ Grout colors

#### **7. Contract – you want it, you sign it**

- READ IT, YES ALL OF IT
- Of course it protects the builder, they assume the risk

#### **8. Contingencies**



- Home to Sell - Each builder is different in their policy and could vary with market conditions (none, 30 days, 60 days, requesting extensions, etc) Call ahead and ask
- Financing – Read the contract. Many financing contingencies state the buyer will buy the home if they are approved for financing of any kind, not the financing the buyer wants. Prepare your buyer that walking away outside of the terms of the contract will forfeit their deposit
  - ❖ When building a home, talk to your buyer about qualifying at contract vs. 6-8+ months down the road. Interest rates may change, loan programs may change. It is important that your buyer discuss any changes with the lender.
  - ❖ Actual loan approval process may not start until the home is 45 days to completion.
  - ❖ Rate Lock Options

**9. Incentives** – some may be tied to using the builder's preferred lender examples are:

- Price discounts
- Extra money towards design center
- Closing costs paid
- CDD paid
  
- Lot premiums waived

**10. Communication**

- Most of the communication will come from the builder's agent, Builder, Title, or contractor. Request that your agent be a part of it. Also forward any communication you receive about meeting dates and times to keep your agent in the loop.



- The best communication comes when everyone is on the same page, get everything in writing

## **11. Negotiating**

- There is a cost to build and when you build from lot, you will pay for what you want. Remember, the builder incurs costs every month, if the you walk, the builder still has to sell the home and may have to change some of you rdesign choices.
- Sure you can ask for included items.
- Spec homes may offer different negotiating. This home is new and you did not choose any of the design options. The builder is waiting for a buyer. Again talk with your agent on what is most important.

## **14. Pricing**

- Base Price of the home with standard included features and upgrades
- Lot premium - longer lot, wider lot, private lot, cul de sac, water view and preserve are some items that will affect the lot premium
- Structural changes – could be a fee per design change along with additional building costs. Many will have predetermined pricing for common changes, others may need to price out what your buyer wants.
- Design Center- Estimate 10-20% of base price. After a certain percentage over, the buyer may be asked for a design deposit or to pay the extra fees out of pocket. A home that is over upgraded may not appraise and buyer may be responsible for the difference.



## New Home Checklist

- Executed Contract with buyer and builder signatures \_\_\_\_\_ (date)
- Initial Binder Deposit \_\_\_\_\_ (due date)
- Connect with Preferred lender \_\_\_\_\_ (due date)
- Second Deposit \_\_\_\_\_ (due date)
- Additional Deposit \_\_\_\_\_ (due date)
- Plan Review/Structural Appointment \_\_\_\_\_ (date/time)
- Design Appointment \_\_\_\_\_ (date/time)
- Permits
- Slab
- Framing
- Roof
- Systems (plumbing, electrical, HVAC )
- Pre Drywall Walk through \_\_\_\_\_ (date/time)
- Drywall
- Loan Process (if not before, about 45 days prior to close)
- Cabinets
- Flooring
- Appliances
- Initial Walk Through \_\_\_\_\_ (date/time)
- Final walk Through \_\_\_\_\_ (date/time)
- Closing Day \_\_\_\_\_  
(date/time/location)

## ***Setting Buyer Expectations***

Setting the right expectations from the very beginning can make all the difference in any real estate transaction. After all, if you know what to expect you can prepare and there are fewer surprises. This makes the process more enjoyable.

### **1. Your Value - Think it's negotiating the builder down? Think again.**

- Education – Being knowledgeable of the builder, the contract and the construction process
- Be their Advocate – Your buyer may be out of town, out of state, working 40 hours a week and will need their realtor to communicate their wishes, communicate the builder expectation and help them decide on design options. How many homes have they built? How many have you seen built?
- Attend important construction meetings – From contract, to design, to color selection appointment, to pre-drywall, walk through and closing

### **2. Addressing New Construction with your Buyer**

- Even if in the beginning your buyer says they are not interested in a new home, address how they are different. Ex: *"Mr Buyer I'd like to explain how new construction sales work. Most builders require your agent to be there with you or be registered with you on your first visit in order for me to be your Realtor on the contract. Model homes are open to the public and if by chance you walk into one to take a look and you are asked to fill out a registration card WRITE MY NAME down and if you fall in love, CALL ME right away."*

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- **Structural Options (if applicable) – many are to be determined at contract time or plan review. Ask for structural pricing upfront if available. Common things the buyer needs to ask for at this stage are:**
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- The best communication comes when everyone is on the same page, get everything in writing
- Do not over promise to your buyer

**13. Negotiating** – your buyer may have heard stories or just believes they need to negotiate. Do not tell the buyer you are going to “get the builder down”. This does not reflect well on you (the agent) when it does not happen.

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