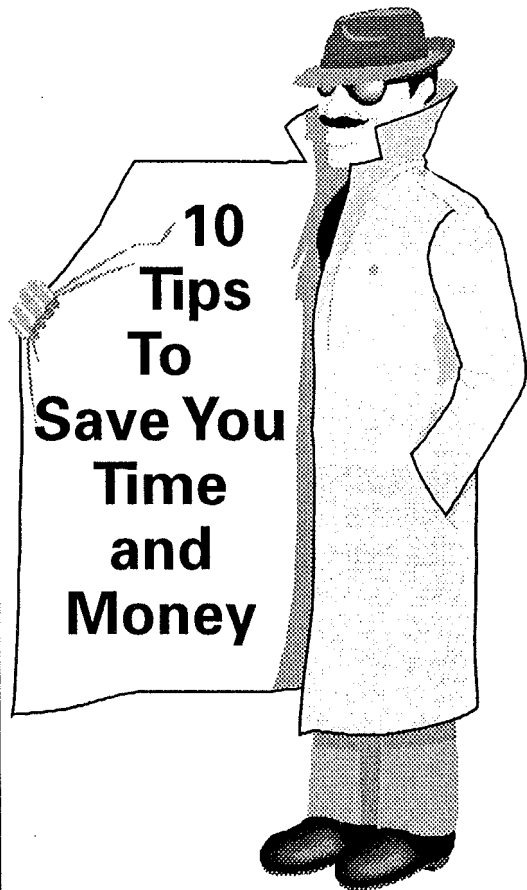


# N-E-W- H-O-M-E-S



## The Homebuyers' Guide to NEW HOMES

Read This *BEFORE*  
You Visit Your First Model Home!

When shopping for your home, you'll discover that most homes on the market are resales. Yet, one out of four homebuyers purchases a new home. Both new homes and resales offer advantages. Before you make a decision, let's . . .

### COMPARE THESE POINTS!

#### NEW HOMES

- offer innovative use of space and style
- greater energy efficiency
- a choice of options and upgrades
- everything is new, and modern.

#### VERSUS

#### 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

As you can see, there are advantages to both. Most people consider both new and existing homes before they decide to purchase. Should you be thinking about buying a new house, here are 10 points to consider before you visit your first model home.

#### ① Get in Touch with Your Agent.

Before you visit your first model home, sit down with your agent and do your homework. You'll want to be prepared so that you can determine a comfortable price range for your new home.

#### *Determine a Comfortable Price Range*

If you own a home, you'll first need to know the net proceeds from its sale in order to determine how much cash you'll have to work with. Don't simply estimate this but carefully calculate every possible selling cost. If you're a first time buyer, you'll need to first qualify your income.

Determine the size of your downpayment, then work out a monthly debt load so you can determine a comfortable price range.

#### ② Sellers' Agents Versus Buyers' Agents.

Here's a good point to remember. The sales agent in the model home represents the builder, not you. They are known as sellers' agents. As a buyer you can work with a buyers' agent at no additional cost. It's his/her business to best represent your needs by being knowledgeable about home construction, warranties, financing, differences in pricing, quality, even lot selection so that you get the best value for your money.

#### ③ A Builder For All Reasons.

Like all tradesmen, 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.

#### ④ Get the Facts About Your Builder.

Before making a final decision, it is wise to check out the reputation and financial strength of the builder. Get "spec sheets" on home features covering everything from floor plans to energy efficiency, including lot availability and delivery of your home.\*

\* see back panel for more information

## 5 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 least expensive the base price of the house is, the more options and upgrades you can add without fear of overpricing it for the neighborhood. Options are items the builder installs during construction, such as 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 "builder 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, finished basement or landscaping later and sometimes for less money.

## 7 Negotiations.

Often buyers don't realize that there may be room for negotiating price, upgrades or options. For example, 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. Keep in mind that typically, all lots cost the builder the same, so be sure 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!

When spelling out the particulars of an agreement with your builder, ensure you protect yourself by having safeguards written into the agreement, such as:

- placing your deposit in escrow
- detailing your upgrades;
- allowing you access to the construction site to check on progress;
- a 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?

Some builders, especially in high-volume communities that place large numbers of loans, can offer special financing packages. However, because "home loan" lending is highly competitive, you have many financing choices other than those being offered by the builder. Shop around for everything, from rates to lender fees. Appraisals, inspections, surveys, attorneys and closing fees can vary as well.

## 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 "punchlist", from what you've learned to address any problems before closing. Consider budgeting for items to be modified or added later on.

Many new home buyers use a real estate agent to help them negotiate the best price and terms with the builder.

## Buyer Advantages Your Builder May Not Reveal!

Here's a fact that you may not be aware of. Some builders have newly-constructed homes available for immediate delivery. Usually these homes are ready to move into within 30 days. Even if some builders are eager to sell, they'll probably keep that knowledge to themselves.

### **Immediate delivery homes are often available for various reasons:**

- the community, where new homes are being constructed is nearly complete, so the builder proceeds to have the on-site-contractors build "spec" homes (*homes built on speculation for sale*) on the last lots;
- the model home is for sale;
- the contract on a home has fallen through;
- 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, sometimes builders 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 enquire.