

# SPECIAL Report.....

"..**BEFORE** You Visit Your First Model Home", **READ THIS FIRST!**

## **10 Tips to Save You Time and Money: The Homebuyers' Guide to NEW HOMES**

One out of every four homebuyers purchase new homes. Both new homes and resales offer advantages. Compare these points, before you make that life changing decision.

New Homes offer innovative use of space and style and greater energy efficiency. All offer you choice of options and upgrades. Existing homes on the average are less expensive or similar in pricing and are in established neighborhoods. As you can see, there are advantages to both. Often people consider both new and existing homes before they decide to purchase.

Should you be thinking about buying a new home? Here are 10 points you should consider **BEFORE** you visit your first model home.

### **1. The Most Important Factor: Sellers' Agents vs. Buyers' Agents**

You should remember this. The sales agent in the model home represents the builder and does not have your best interest. They are known as sellers' agents. As a buyer, you can work with an agent at no additional cost. It's his/her business to be knowledgeable about new home construction process, These include: warranties, financing, differences in pricing, quality, and even the lot selection and inform you of the best value for your money.

### **2. Determine the Best Value and Price Range of Home a New Home**

Before visiting the first model home, do your homework with the assistance of your agent. You want to be prepared to know the price range you will be comfortable with. Own a home? You want to know what your net proceeds will be from the sale of your current home, to determine how much cash you will have to work with. You do not want to simply estimate

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this, but carefully calculate every possible selling cost you will encounter. First Time Buyer? You will need to first qualify your income with a lender to determine the size of the downpayment. Next, workout the monthly expense with a check list to determine a comfortable price range.

### **3. A Builder For Every Lifestyles**

Builders vary in their product, expertise. Example; there are builders who specialize in their craftsmanship. Others are known for innovative use of living space, and the ones who offer below-market financing, customer attention during construction and after the customer moves in. Determine your own specific needs or preferences. Shop around for a builder that will best address your requirements and lifestyle.

### **4. You Need to Know the Facts About the Builder**

Check out the reputation and financial strength of the builder before making the final decision. Get a “Feature Sheet” that lists everything from floor plans, energy efficiency, lots available, options, and a delivery (move-in date) of your new home.

### **5. Check Out the Neighborhood**

Drive the area and neighborhood. Learn about what is available in the community you are contimpating purchasing in. Ask yourself, w what amenities are offered? Investigate if there are financial reserves set aside to build or replace major infrastructure, ie; schools or community roads.

Find out what is planned or could be constructed in the area, especially if there is vacalt land nearby.

Homeowner Associations are common in new developments. Review the rules on homeowner's association, and find out if one will be set up.

Think of how this will be affected you by commuting, and time factor.

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## 6. Watch Out for Choosing Options and Upgrades

Most of the time the builder prices their homes a base price that are a good fair market. Usually, the options can be ok. However, you have to keep in mind the area market value. Some people go overboard and add options that can exceed the fair market price. Options are items the builder installs during construction. Examples; adding usable space like a dens, or an extra bathroom. These features typically add the most to the resale value of your home. Upgrading can mean selecting quality over and above "builder standard" such as carpeting, ceramics, kitchen cabinets, fixtures and do not forget the appliances.

Builders are always offering incentives. Example; free upgrades, special financing, and lower sale prices for "Close-outs". Take full advantage of them. Keep in mind, you can always add items later, landscaping, fixtures, and ceiling fans sometimes for less money.

## 7. The All Important Negotiations

The builder does not tell the buyer, but often times there is room for negotiating price, options and upgrades. Often times the buyers does not realize this. For example, There is something called a "Builder Close-Outs", meaning a completed home is ready for immediate move-in. In other words, unsold inventory. "Premium Lots" is a phrase that is used to describe a lot that adds extra cost for a better home site. Sometimes these are saved for the last sale. Something to keep in mind is that typically, all lots cost the builder about the same. Be sure to enquire about lot pricing.

## 8. Make Sure the Contract Works to Your Advantage!

When you are going over the agreement with the builder, make sure you protect yourself by having "outs" written into the agreement. Example; deposit go directly into escrow, get an itemized list of your upgrades,

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permission to access the construction site to check the progress of your home, get a 30 day notice in advance of the closing date, fine print explanation of the builders warranties and appliance manufacture of the home and its appliances.

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

Home loan lending is highly competitive. You have several financing options other than what a builder may offer you. Just be aware that some builders, especially in high-volume communities place large numbers of loans that make it enticing for the prospective home buyer to jump at the opportunity of "special financing packages. Make the best choice for yourself. Shop for everything; rates, lender fees, appraisals, inspections, surveys, attorneys and closing fees. All can vary as well.

## 10. It's New.... - Mean it's Perfect?

Yes it's new and typically it's built with greatest innovation, durability. low maintenance costs, stronger, cooler, warmer, quieter, and most important, safer. Because nothing is perfect, even new, get a reputable, licensed home inspection. Create a builder "check list", of what you have learned and address any problems before the closing. Budget budget for items to be modified or added later. Many new home buyers utilize the services of a real estate agent to help negotiate the best price and terms with builder's.

### **Buyer Advantages? Your Builder May Not Reveal Them!**

Facts you may not be aware of: Builders have newly-constructed homes available for immediate delivery. These homes are ready to move into within 30 days.

Immediate delivery homes are available for various reasons:

- The community, where new homes are being constructed, are nearly complete

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- Builder build "spec" homes (homes built on speculation)
- Contract on a home has fallen through
- Constructing homes for for buyers who relocate
- Buyer sell their previous home and need one to move into quickly.
- Cutting prices to appeal to buyers purchasing their home later in the construction phase
- Buyer needs a physical space to preview the floor plan and see before theysign a contract.