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Buying New Construction



Step-By-Step Guide

It's a sunny Saturday afternoon, and you see a new home community, perfectly situated in your decided location. Intrigued, you step inside the model home, and greeted by a warm smile of the builder's salesperson. How you handle this interaction is crucial for your success when purchasing new construction!

While it's possible to purchase a new construction home without the assistance of a real estate agent, it is strongly advisable to have one by your side. Why? Because the friendly faces you encounter in those model homes are only representing the builder's interests. Their primary goal is to secure the highest possible price and the most favorable conditions **for the builder.**

On the other hand, a knowledgeable agent familiar with new construction understands the intricacies and peculiarities that emerge in the contracts. I will prioritize your needs, navigate potential pitfalls, and ensure you make informed decisions. So, when it comes to new construction, don't brave the journey alone - let me guide you every step of the way, providing the support and expertise needed to secure your dream home without compromising your best interests.

“ Don't go to the builder without me!

Builders will restrict the use of an agent if you don't let the builder know you have an agent on the first visit. Contact me before you visit the builder and I will register you which allows me to represent you. Contrary to what some believe, you will NOT get a cheaper price of a home by not having a realtor. More on that later! ”

Another way to look at it. Let's say you have a traffic violation and you are headed to court to fight it. Would you elect to use the same attorney as the one who is charging you? Probably not, as it wouldn't turn out well for you. You need your own representation to protect your interests. Builders will try and lock you into their lenders, their title company, their inspectors etc. so they can have 100% control of the transaction, which again, is NOT good for you.

Now that this is out of the way, let's go through some important steps when buying a home.

10 Steps To Buying New Construction



STEP 1: Determine your home budget.

I like to ask my clients one simple question “how much can you COMFORTABLY pay each month on your mortgage”? Leave room for dinners out, vacations and other expenses that will come along. Once you get pre-approved for that amount, we will search for homes in the right location and at the right price point.

1. What is the maximum you would want to pay monthly?
2. Remember, some communities have higher HOA fees than others.
3. Don't forget about utilities, auto payments, credit cards etc., when determining your budget.

STEP 2: What is your timeframe to move?

Your timeframe will determine what type of new build works best for you. Most builders will have inventory homes available as well as lots where you can start the building process from scratch. For example, if you decide to start from scratch, the timeframe from the moment you sign the contract until you close, can be 7+ months (I've seen many take 10 months). If for some reason you had to move within 5 months, this probably is not the best option, unless you have a place to stay temporarily until the home is complete. This is where an inventory home might be of interest, since the building process has already started.

Regardless of the choice, we will need to work closely with the builder and lender to ensure the proper timeframe is achieved.

Types of new construction homes:

Inventory: Ready (or about to be ready) to move in, these brand-new properties offer the thrill of being the first to live there. While you don't participate in the design process, you avoid the wait involved in building from scratch. Ideal for those seeking a quick move-in without compromising on a new home experience.

New Build: A customized property. You'll have a say in most aspects of the finish-out of the home. From choosing your lot and floor plan, upgrades, color selection and more! You will make a few trips to the design center to select lightening, flooring and brick on the outside of the home. If you have the time to wait, a newly built home may be the way to go.

“ **Remember, certain homes only fit on certain lots.** What is more important, the lot (homes final location) or a particular floor plan? Hopefully, it won't matter but if it does, you'll have to choose. ”

STEP 3: Research builders and their communities.

When it comes to builders within your price range, you'll find that most offer similar amenities in their homes. During our visits, it's crucial to take diligent notes on the unique offerings of each community. Pay special attention to whether there is a monthly Homeowners Association (HOA) fee, as this will impact your ongoing expenses. By documenting these details, you'll gain a comprehensive understanding of each community's attributes and the financial obligations tied to them.



Remember, my expertise will guide you through this process, ensuring you make informed decisions based on your needs and preferences. So, explore, observe, and compile your findings, as they will play a vital role in shaping the path to finding your ideal new construction home.

Step 4: Select the home you want.

When selecting the style of your new home, think about future plans and opt for a house style that accommodates your evolving lifestyle. Most builders offer a range of model homes or floor plans for you to choose from, allowing you to customize elements such as square footage, levels, bedrooms, and bathrooms.

Throughout the pre-construction phase, you'll have multiple meetings with your builder to discuss options and upgrades. However, the initial sit-down to determine the floor plan and core elements of your home holds particular significance. It sets the foundation for the rest of the construction process.

Most likely we will have a model home to walk through, but keep in mind that it serves as a showcase, often featuring the most luxurious upgrades. Should you come across elements you admire, but are uncertain if they are standard options, don't hesitate to seek clarification from the builder.

By carefully considering your preferences, asking questions, you can ensure that your chosen home aligns with your vision and meets your needs. Remember, this is your opportunity to create a space that reflects your lifestyle and enhances your future.

Step 5: Understand the purchase contract.

This is where my guidance will really come in handy!



While there may be less room for negotiation when it comes to the new construction homebuying process, you can (and should!) still gain as much clarity as you can around what happens if unforeseen issues arise during building.

If price increases are possible along the way — such as when desired materials, fixtures, or appliances are unavailable — when and how will you be advised? What is your recourse if you don't agree to the proposed replacements?

Again, as a reminder, the builder's representative works for the builder not you, so run everything they tell you by me and / or the lender to make sure it's in your best interest.

Step 6: Choose your STANDARD items.

Once you've chosen the style of your home, you'll have the opportunity to personalize it by selecting from the builder's range of standard options. These choices encompass essential elements such as paint color, flooring, countertops, cabinetry, light fixtures, appliances, and tiling.

It's important to keep in mind that the term "standard" indicates the baseline or entry-level option provided by the builder, typically reflecting the most cost-effective choice. For instance, paint colors will usually fall within a neutral spectrum, featuring shades of white, beige, and gray. Flooring options may consist of builder-grade carpeting, which may not be plush, or laminate selections. Similarly, the light fixtures offered as standard will likely be of a basic nature, without any elaborate or extravagant designs.

Understanding that standard options tend to be more budget-friendly allows you to plan accordingly and potentially allocate additional resources for any desired upgrades or customizations beyond the standard offerings.

Step 7: Chose UPGRADES.

If you find that the standard options don't resonate with your preferences or if you desire a home that reflects your personality, exploring the available upgrades offered by the builder is a great option. However, it's important to keep in mind that these upgrades will increase the overall cost of your home.

Again, this is where I provide invaluable guidance. As you navigate the design center and encounter appealing upgrades, let's consult to assess whether the

investment is worthwhile and if it has the potential to yield a return when you eventually sell the house.



For instance, some builders may offer high-end cabinet lines or more expensive granite options. However, it's essential to consider whether these upgrades align with the resale value of other homes in the neighborhood. If the

surrounding homes lack similar upgrades, it's unlikely that you'll see a significant return on investment.

Many buyers opt to reach out to vendors directly since post-closing upgrades are often available at a lower cost than what the builder charges. This cost can be further reduced if you possess the necessary skills to handle installations yourself, making it an even more budget-friendly option.

By carefully weighing the costs, potential returns, and seeking advice, you can make informed decisions regarding upgrades that align with your preferences and financial goals. Strike a balance between personalization and practicality to create a home that reflects your unique style while being mindful of its long-term value.

Step 8: Schedule Inspections.

While purchasing a brand-new home may seem problem-free, it's essential to recognize that issues can still arise, even with the best builders and reputations. That's why having a buyer's agent experienced in new construction homes is

crucial. I will recommend a home inspector who understands the intricacies of the process.

Although the builder will conduct their own inspections throughout the construction process, it's highly advisable to hire an independent inspector of your own. This ensures that everything is built as promised, meets safety standards, and is in good working order. Additionally, carefully review the details of your new home warranties to understand the extent of coverage and duration.

Warranties are a significant aspect of the new construction home buying process, and it's important to be aware of the type of warranty provided. Builders generally offer two types:

- **Implied warranties** cover workmanship defects that significantly affect the home's livability, habitability, and safety. These warranties typically have a liability period of around 10 years and may contain vague language.
- **Express warranties** clearly define the specific problems the builder is responsible for addressing. These warranties state the length of coverage and provide guidelines for homeowners to dispute any issues.

This is why a knowledgeable agent, specializing in new construction homes, will prove invaluable during this period. I will address any questions or concerns you may have and provide guidance throughout the inspection and warranty review process. My expertise ensures that you have a thorough understanding of the home's condition and your rights as a homeowner.

“ Builder’s may try to talk you out of using your inspector. The builder rep will tell you it’s a waste of money because they inspect it anyways. This is a big mistake many make. I have yet to have a situation where my inspector didn’t find an issue that needed to be resolved. **”**

Step 9: Final Walkthrough.

The final walkthrough is your last opportunity to inspect the home before officially taking possession and finalizing the completion process. By this stage, all inspections, repairs, and re-inspections should be finished, and it's crucial to ensure that any remaining punch list items are addressed before accepting the keys.

During the final walkthrough, pay attention to any residual paint splatters, construction materials left behind, or signs of incomplete work. It's important to ensure that the home is in a satisfactory condition, free from any noticeable issues or unfinished tasks.

However, it's important to be understanding of everyday dust and minor signs of recent human activity. Unless your purchase documents explicitly state that a professional cleaning will be conducted prior to your move-in, the builder is not obligated to handle tasks such as vacuuming, mopping, or polishing countertops.

Take this opportunity to thoroughly inspect the home, raising any concerns or unresolved matters with your builder. It's in your best interest to address these issues before finalizing the process and taking possession of the property. By conducting a diligent final walkthrough, you can ensure that the home meets your expectations and is ready for you to make it your own.

“ This is not the time to be shy. When we do the final walkthrough, we will point out everything we see, from chipped paint, dents in walls, scratches on wood etc. Some imperfections may be “normal” but most need to be addressed. Think of it this way...if you were purchasing a new car and saw that it had scratches and dents, would you want them to address it?

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Step 10: Closing Time.

Congratulations! The moment has finally arrived to close on your new construction home, marking the completion of the process.

During this phase, I will be working closely with your lender to make sure the closing documents are ready to be signed. I'll provide guidance on any action items required from your end leading up to the closing day. It's important to be readily available to answer phone calls, respond to emails, and gather any necessary paperwork to ensure a smooth and efficient closing process.

When you arrive at the title company to close, the process is really simple. You will sign all the closing documents and when complete, be given the keys to your new home! This is an exciting time for you and your family to start making memories in your new home!

"Araceli was fantastic. She held our hand every step of the way. We built our first home and she treated us like we were her only client. We highly recommend her". Jeff

"We were in a time crunch to move and Araceli found us a perfect home in a great community. She was available at all hours to answer our questions. Brian & Jo

"I've used Araceli twice now to help me purchase a new construction home. She is very knowledgeable on the process and her advice always pays off. The second time around, I needed a bigger place and she stepped right in and took care of everything. Rich



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