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Top 7 Tips for Buying New Construction Homes

New home communities are more popular than ever! With good reason - new home builders are using popular, open floor-plans, including appliances, sod, and blinds, and helping make it easier than ever to get into a new home with little or no money. New home transactions typically seem a lot easier, as well. If a buyer chose to, they could get through a new home transaction without contacting anyone except the on-site sales agent! However, this would open you up to HUGE losses. Take these simple steps to protect yourself in a new home transaction, and to ensure that yours is a success.

1. Use ME, an Agent Who Specializes in New Home Sales Experience

Many people think that they can save money by not using, or don't need the services of an Agent when buying a new construction home. This couldn't be further from the truth! New homebuilders typically try to monopolize a transaction - they only give you their attractive incentive packages if you agree, in writing, to use their lender, their title company, and sometimes even their insurance company! I will walk you through the transaction and will make sure that you're protected every step of the way. If you've agreed to use your own lender, I will make sure that you get a fair interest rate & fair closing costs, otherwise I have lenders who offer great construction loan programs who typically are much more competitive and offer much better service.

3. GET A HOME INSPECTION!!!

Most people who buy new construction homes don't bother to get a home inspection. Most new homes come with a one year bumper to bumper warranty that includes everything, and many homebuyers feel that they can find out if there are any construction flaws during those 12 months. The problem with this mindset is that many problems won't surface until well after the 12 months. Remember, your home was built by people, and people make mistakes. And, no matter how much experience and reputation a builder brings to the table, it's still next to impossible for that builder to double check every part of the job their subcontractors have completed. A licensed inspector will go through a very thorough checklist to make sure that everything has been accounted for. At the very least, get an inspection so that you can sleep soundly at night, knowing that an independent third party has given your new home their stamp of approval.

4. Don't Agree to Use Their Lender

Production builders (builders who can develop whole communities on their own) are now large corporations, many of them traded publicly. The corporations have realized that there is much more money to be made than simply selling you your new home - they'll also try and sell you a loan. Builders will offer HUGE incentives to get you into your new home, sometimes up to 15% of the value of the home. However, they will typically put one BIG stipulation on those incentives - that you use their lender. There are many problems that will come up when you pigeon-hole yourself to one lender - higher rates and higher closing costs are the two biggest. The on-site sales associates will typically tell you that their hands are tied, you have to use their lender to get the incentives. I can tell you, from experience, that this is seldom the case. Remember, the builder's job - first and foremost - is to sell homes. If you refuse to sign on the dotted line unless this stipulation is removed, you will be successful - most of the time. There are rare occasions when a builder will lose sight of the fact that they build and sell homes - and will absolutely insist that you use their in-house lender. In these circumstances, walk away, no house is worth taking a bad loan and paying THOUSANDS more for that house in the long run.

I know what the industry standards are, and will make sure that the builder doesn't try and stretch beyond these. And best of all, by using me, a specialist with a lot of new home transactions under their belt will have established relationships with your homebuilder. Because of this, the homebuilder will be on their "best behavior." The homebuilder doesn't want to run the risk of getting a bad reputation in my community, who can potentially bring the builder lots of homebuyers in the future.

2. Don't Sign ANYTHING Until You've Worked Out Every Detail of the Sale

Buying a home can be very emotional - and it should be. You're not simply picking out a house; you're picking out where you'll spend the holidays next year, where your parents will come visit you, and where you might raise your children. However, the on-site sales agent will try and play on this emotion and get you to "write up the contract so that no one else can get your house." That's just fine, as long as you understand what you're signing, and everything is okay with you. Just remember - no matter what is said, everything will be done as it is outlined in the contract.

5. Research the Builder

Most builders are "good" builders. They take simple steps to protect their neighborhoods. Research your builder, or ask me if your builder takes these simple steps to make sure that your neighborhood won't instantly go down in value:

- a. Limit the # of investor purchases - this makes sure that the neighborhood doesn't turn into a "rental" neighborhood & allows the "pride of ownership" to shine through.
- b. Continues to build equal or greater value homes in the same and surrounding neighborhoods. Builders who avoid doing this create a "vacuum" in home prices and instantly devalue new home purchases.

6. Choose Your Appraiser

You're going to pay for an appraisal one way or another! The lender will require that you have an appraisal in order to loan you the money for the home! Additionally, most appraisers charge about the same money for the service - so why not choose your appraiser? Ask around until you've been referred to a good appraiser and request that they perform the service. Ask for a copy of it and read it! Call your appraiser if you have any questions. This will give you an in-depth knowledge of the market area - and it's something you would pay for, regardless!

7. Research City/County Plans

New neighborhoods are typically on the outskirts of town - the land is readily available and less expensive, which means that you can buy a bigger house for the same amount of money. In these outskirt communities, it's very important to know what the city/county has in store in the way of roads, zoning, public transportation, parks, and schools. These factors will dictate whether your new neighborhood will become the next "big thing," or the next "cheap thing." If you've decided to use me, your job will be easy! Simply ask.

There are many benefits to purchasing a new home - that's why they're so popular! Make sure and protect yourself in any new home transaction by using qualified professionals to protect your interests. This will ensure that you'll not only love your new home, but you'll feel comfortable knowing that you're a winner in the transaction, as well!