



NEW CONSTRUCTION PLAYBOOK

You've decided to get a brand-spankin' new home for you and
your family —

Congratulations

But before you run out and grab a new welcome mat for your future front door, there are a few things you need to consider and beware of when purchasing a new construction home.

There are a lot of pitfalls buyers fall into with new construction, often through lack of knowledge and fogginess on the process.

This guide breaks down the pros and cons, the good and bad, the things to look out for and important things to consider. By the end, you'll be prepared to break ground and see your dream home come to life.

PROS AND CONS

Pro: Brand new, never been used

There's something special about a brand-new, never been lived in home. Everything is fresh, clean, and ready for you and your family to break it in.

Pro: Fully customizable interior and exterior

You get to choose all the elements of your home to suite your tastes - from the paint color on the siding to the placement of each electrical outlet.

Pro: Updated and modern materials and designs

Builders will use the latest and greatest in materials and design, so you won't need to worry about updates or replacements for a long time.

Pro: Built to be more energy efficient

New construction homes utilize the latest in energy efficient materials and appliances. You can also choose to go with additional energy savers like smart thermostats and dual flush toilets.

Pro: Less maintenance in early years

With new construction, the chances of needing costly repairs are very low in the first few years, and if they are...

Pro: Builder warranties

New construction homes come with builder warranties and appliance warranties that will cover most, if not all, issues and repairs that come up.

Con: Expensive

On average, new construction homes can cost about 5% more than purchasing an existing home. Additional expenses can also pop up over build time that can lead to a much higher ticket price than you planned for.

Con: Builder experience and quality varies

Floor plans aren't the only thing that varies between builders. Experience, reliability, timeliness, options and more can vary greatly. Make sure you are fully evaluating each builder before making your final decision.



Con: Timeline

Unlike buying an existing home, you don't get to immediately move in once you sign off on your purchase.

There can also be unexpected delays in materials or inclement weather that push your timeline out even more.

Con: Limited options on customizations for many builders

You can't expect a 'if you can dream it, we will build it' type of experience with most builders. Although you do have multiple floor plan and upgrade options, they are usually limited to the selections offered by the builder.

Con: Upgrades can add up

The base model will cost you – but the upgrades will cost you more. Make sure you are accounting for all the upgrades you may want to include when planning your budget and applying for your mortgage.

Con: Highly unlikely to negotiate on price

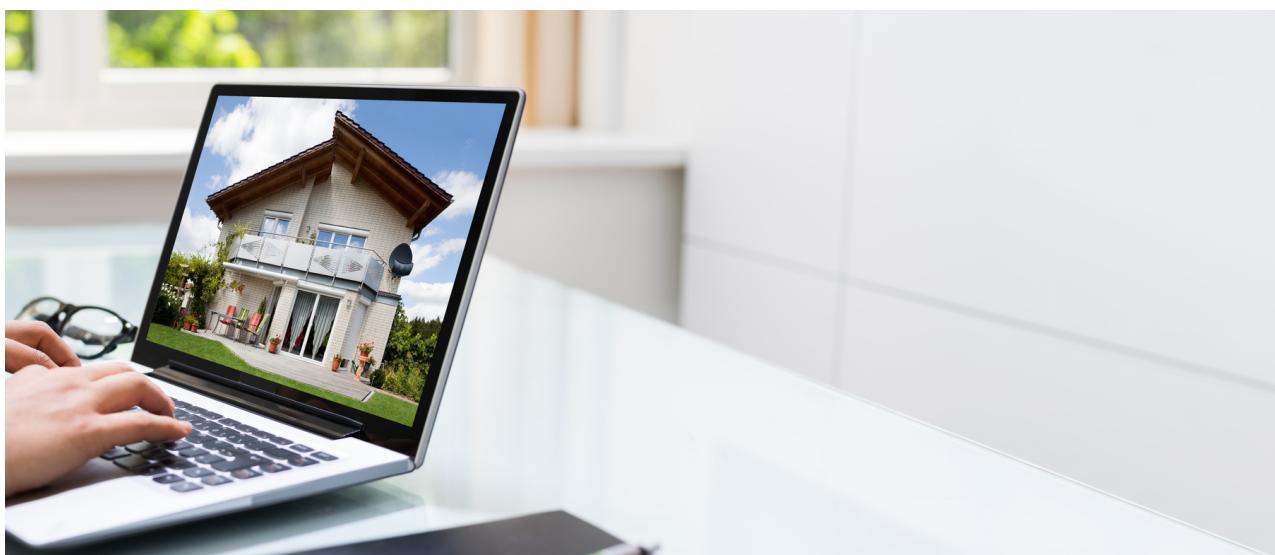
Unlike purchasing an existing home from a homeowner, there is not much wiggle room for negotiating price when going with new construction. You may be able to find a few discounts or incentives on upgrades and add-ons, but don't expect a nudge on base prices.

Con: Sparse landscaping

Newer neighborhoods lack the big, older trees and greenery that established or older communities have. If you have a homeowners association you'll likely be required to install grass/landscaping within a certain amount of time, so include it in your budget and timeline.

Con: Higher taxes

New construction communities can often come with additional property taxes.



COSTLY MISTAKES TO AVOID

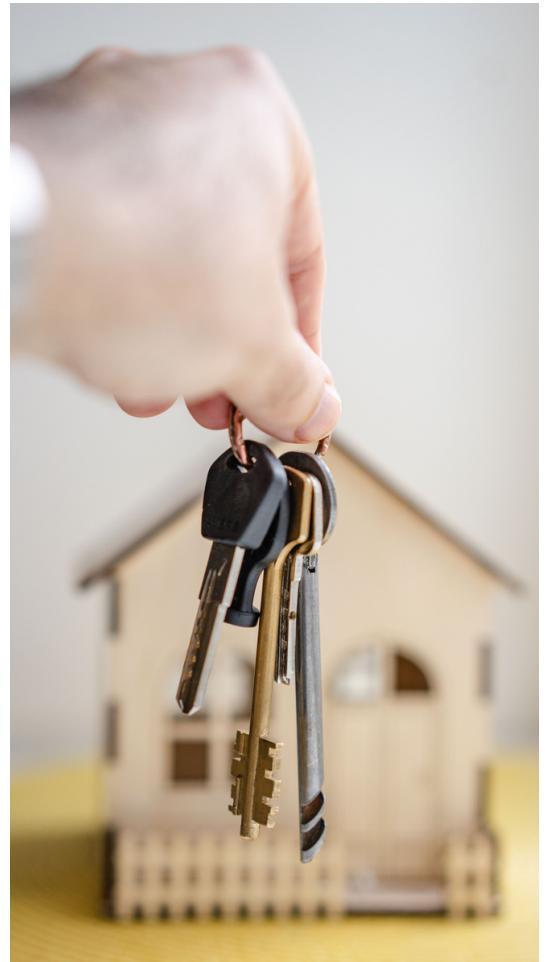
Not comparing lenders

Many builders offer a mortgage lender in-house – but easy doesn't always mean the best. You could be getting a way better rate (with another lender or by sharing competitive rates) with just a little looking around.

Forgetting to budget for necessary (or desired) add-ons

New construction doesn't come with lush green grass and a cute tree in the back... and that can be expensive. Have you always dreamed of a huge fireplace in the family room? Add it to your budget.

Also budget for things like property taxes, insurances, and homeowner association fees if required.



Waiving the home inspection

Just because it's new doesn't mean its perfect. Never skip out on the final home inspection, they could find potential issues or forgotten tasks that can be corrected right away.

Being hands-off during the process

New construction can be a lengthy process – and while its tempting to fill in the 'I wants' and let them at it, stay closely involved and present in your homes construction.

Visiting regularly can help catch mistakes in build, materials and designs that can be corrected immediately, saving you time and money.



Not getting everything in writing

Don't rely on a word and a handshake. Document all changes, agreements, requests, approvals.

Thinking you don't need a realtor

You should have a realtor who can represent you and ensure you are getting what you want. A great real estate agent can help you avoid some of the pitfalls that many home buyers fall into when buying new construction (like choosing the wrong builder, and not considering additional expenses). Find a realtor who can work with you from the very beginning of your new home journey.

Choosing costly upgrades that won't increase home value

Not all upgrades contribute to your home's value, so you will want to evaluate whether you really can't live without it. For example, choosing hardwood over laminate floors is an upgrade that will pay off.

Opting for the crown molding throughout the house, on the other hand, may be a cost you can skip as it won't increase your home's value in the long run.

Automatically going with builder upgrades

Shop around for some upgrades – you may be able to save by having a contractor do the work later, rather than including it as part of your build.

IMPORTANT THINGS TO CONSIDER

Research builders

You want your home to be beautiful AND long lasting. Before settling on a builder, investigate how long they've been in business, how many previous projects they've had, if they have any complaints filed, and if they've had consistent issues post-build. Review their:

- Google reviews
- Customer testimonials
- Social media accounts
- BBB

Check their warranty policies as well.

Review multiple floor plans

Think about your family's needs and routines, and find a floor plan that will best meet those.

Tour multiple model homes

This will allow you to see how the floor plans and designs come together, and what the builder is capable of.

But... beware! Many model homes have multiple upgrades that will drive up the cost of a base model. Make sure you are aware of those and consider that before choosing a builder and floorplan (or destroying your home buying budget).



Account for upgrades

As mentioned, many model homes contain ALL the fancy upgrades they can offer... find out what the base model costs, then determine which upgrades you can't live without and work them into your budget.

In addition, many builders will require up-front payment for upgrades and make it difficult to get a refund if you pull out after they've made installations(hard to resell your dream house to someone else)

Location

Is the home in an area that suits the needs of your family? In a good school district? Accessible to things like grocery stores and parks?



Read the fine print

Contracts will favor developers, so make sure you comb through the contract thoroughly – or better yet, work with an attorney to review them before you sign and get stuck in a potentially bad situation.

Request copies of blueprints, floor plans and surveys

If you ever want to make changes or sell, having these items on hand will save you time and money.

Research and know the warranties on everything

Most developers offer 5-10 year warranties on structural elements – if it's less than that you could be asking for trouble. They usually offer 2 types:

- Express warranty: outlines specifics of issues, solutions, timeframes
- Implied warranty: vaguely worded, covers defects in workmanship

Also review manufacturer warranties on your appliances and design materials.



NEW CONSTRUCTION:

To-Do Checklist

- Find a realtor
 - Base price _____
 - Upgrades _____
 - Other (HOAs, insurances, property taxes) _____
- Research builders
 - Business history
 - Reviews and testimonials
 - Warranty policies
 - Location of builds/neighborhoods
- Review floorplans
- Tour multiple model homes
- Compare lenders
- Choose lender
- Choose builder
- Select floor plan
- Select desired upgrades
- Request copies of blueprints, floor plans and surveys

NEW HOME CONTACTS AND DETAILS

Realtor:

Base Price:

Upgrade Costs:

Other Costs (HOAs, insurance, taxes):

Total Budget:

Lender:

Builder:

Neighborhood Name:

Model Home:

Floorplan:

CONSTRUCTION CHECKLIST:

GETTING STARTED

Blue prints/floor plans

_____ Square footage

_____ # Bedrooms

_____ # Bathrooms

_____ # Closets

Specialty rooms:

Laundry room

Den

Office/study

Finished basement

Finished attic

Mud room

Formal dining

Pantry

Other:

Garage

Single

Double

Split doors

Land survey

_____ Acreage

Permits

Footers

Foundations

Framing

Windows

Doors

House wrap

Plumbing

HVAC

Electric

Wiring

Security system

Cable

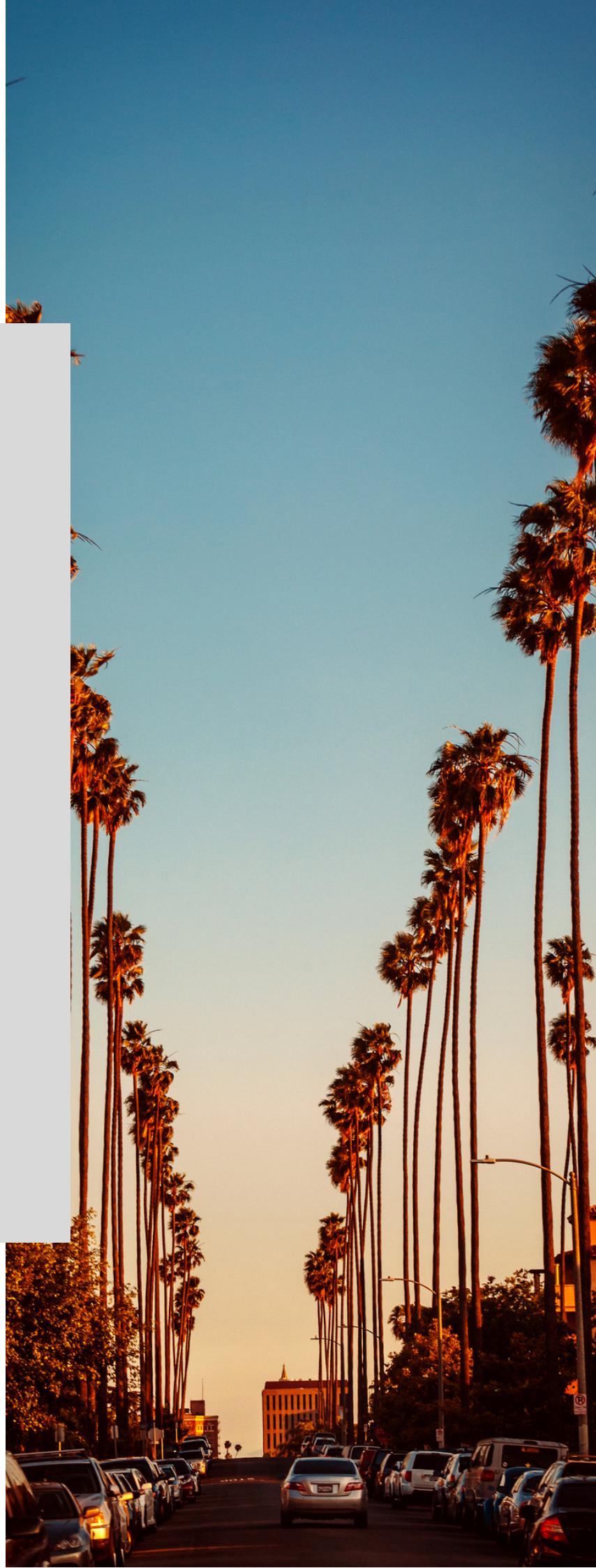
Internet

Sound system

Internal outlets

External outlets

- Insulation
- Sheetrock
- Siding
- Garage doors
- Fireplace
- Driveway
- Front walk
- Porch
- Exterior paint
- Interior paint
- Deck/Patio
- Fenced yard
- Pool



DESIGN CHECKLIST:

WHAT TO PLAN FOR

Flooring

- Bedrooms: _____
- Kitchen: _____
- Foyer: _____
- Main living areas: _____
- Garage: _____

Doors

- Main: _____
- Back: _____
- Bedrooms: _____
- Bathrooms: _____
- Closets: _____
- Kitchen: _____
- Foyer: _____
- Main living areas: _____

Kitchen

- Cabinets
 - Upper: _____
 - Lower: _____

- Island: _____
 - Other: _____
 - Countertops
 - Backsplash
 - Lighting
 - Plumbing fixtures
 - Appliances
-
- Kitchen: _____
 - Laundry: _____
-
- Trim
 - Fireplace materials (if applicable)

Landscaping

- Grass sq. footage: _____
- Bushes: _____
- Trees: _____
- Florals: _____
- Mulch/Fillers: _____

