



INSIDER SECRETS

Buying a New Home?

Here Are 5 Things Your Builder Won't Tell You



By: FERNANDO HERBOSO

-Broker Clarksburg MD-

- MAXUS REALTY GROUP -



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Introduction

Many developers have gone bankrupt during these last few years, and their subdivisions, buildings, and planned unit developments (PUDs) have been foreclosed on by the bank. Fortunately in Montgomery County Maryland, the impact of the last housing crisis was less severe and we've survived.

Part of a consummate real estate professional job is presenting the basics of better buying when new construction is involved to the buying public.

My goal is to inform, enlighten and educate both consumers and colleagues about our mutual problems and concerns when it comes to assisting the public buy new homes.

Most builders are legit and mean well. But we find from time to time unscrupulous builders with questionable business practices and try our best to expose them to the public.

My purpose for this information is to help you build confidence in your decision to purchase a brand new home...while avoiding these mistakes.

SECRET #1

The Arbitration Clause

Somewhere inside every single contract with a builder, buried in the depths of legal terms, conditions and contingencies there you will find a clause that reads something like this:

“Any dispute that arises between the builder and the purchaser will be decided in binding arbitration.”

I find very often that most buyers sign on the dotted line, not really knowing that they have just waived their right to take their builder to court.

That is what arbitration is: You are agreeing to allow a third party to decide your faith should a complain arise from dealing with a shoddy builder.

Arbitration is being sneaked into many contracts, and a lot of buyers do not know what they agreed to until is too late.

What’s wrong with arbitration? Well, for starters, it is being used as obstacle for consumers with imposing high fees charges just to do a small claim, and/or hiring attorneys to represented you ...could be so costly that you may as well forget it and eat up the cost . (that is what the builder wants)

In some cases arbitration is so prohibitively expensive that consumers may find they just don’t want to pursue a claim.

Arbitration

He Wrote
The
Contract..



She
Didn't

Who Wins?



Change your Strategy...

You should use the help of a third party, a professional that understands the ins and outs dealing with builders before you sign a contract.

In some cases, using neutral real estate forms furnished by your own real estate agent could put you in a stronger position.

The best time to negotiate this is when you are ready to put the offer in. Your real estate agent knows exactly how to find all the weaknesses the builder's position is in..

Are their sales lagging?, Are they behind on their projections?

Are they losing to the competition? Is the house hard to sell?

Information gives you the power to tilt the control of the contract to your favor. ...

Change The Outcome...

SECRET #2

Getting You “WILD” on Options and Extras

Developers are great at getting you excited with their model homes

They are known about the tricks they use to pressure you in adding those extras that will increase the purchase price of your home...and before you know it, you are purchasing the most expensive home on the neighborhood.

You should be wary, specially when viewing low priced houses, because the expensive add-ons is the area where builders will make the most money.

These extras include things like granite countertops, upgrade cabinets, decks, morning rooms, finished basements, skylights, hardwood floors made from expensive woods and more. Although they may be tempting, at first, keep in mind that too many add-ons can dramatically increase the price of a home and possibly even disqualify your from a loan.

However, this is not to say that you should refuse any add-ons. If you are smart and have someone representing you, the add-ons is the area where builders are willing to negotiate the most. You can get some extras and add-ons that may get you closer to the home of your dreams at no cost at all if you know how to ask at the right moment when you have the most leverage.



Know What To Upgrade....

The most important thing is deciding what matters to you and your family. Determining which add-on or fixtures will provide a return on your investment later is key....

A consultation with a neutral party that has no vested interest on what to choose or not. . . is a good advice.

Figuring out what your budget is ahead of time, and only then choose the options that you feel will add the most value long term.

Where builders are the most vulnerable on their final price of a new home is around those extras, the add-ons that could make you a great deal or not.

Asking the right way, at the right moment with the right experienced real estate agent could land you a finished basementor free granite counters

“Timing is everything in negotiation success”

SECRET #3

“How Long Has This Home Been In Your Inventory?”

A builders favorite trick is when they manipulate the

“Days-On Market” (DOM) on a home to give you an impression that you are getting a great deal!

I recently negotiated a contract with a builder that on the surface, it shows a reasonable priced spec home ready for occupancy.

Our first offer was flatly refused because it contain many demands from my clients. As I dug out deeper I found the house that they were trying to sell was on the market 3 TIMES BEFORE!

With different prices and conditions.. . Manipulating the Tax ID # because it was a new home.

The house was in the market for almost a year!

Wen I confronted the builder with a counter-offer, I highlighted the fact that they had a house that NO ONE wanted to buy it for almost a whole year!

..and I sweeten the offer enough that they decided to accept it and we had a signed contract.

The three main points in the contract that favored my client was:

They reduced their price by \$75,000

They gave my clients a \$25,000 closing cost assistance

They accepted a contingency that my clients had an existing home to sell before they could buy.

The public does not know where to look at the history of a home for sale...

An experienced broker knows where , and uses it to the benefit of his/her clients.

“Don’t negotiate on your behalf. .seek assistance for this part because; you are too **emotionally attached to the outcome”**



The mother of one of the hostages. .she wants to negotiate . . .

Who is that on the phone?

Imagine the outcome. . .

“There is a reason why you should allow professionals do this part. . “

Nothing brings more joy to a builder’s representative than a prospective couple sitting across their desk..

Bright eyed, smiling and absolutely convinced that they’ve found their dream home...and now they are ready to negotiate the sales price.

Avoid the temptation of negotiating directly with a sales rep...he/she may be a pro representing the builder’s best interests...NOT YOURS!

“Negotiation is a vital sequence of a good contract”

SECRET #4

By Process of Elimination. . . Someone is Considering Buying a New Home From the **WORST BUILDER** in Clarksburg and They Don't Even Know it!

W

ho is the worst builder in Clarksburg? , by process of simple

elimination, there has to be one, don't you agree?

Another reason why you need a neutral party that has only your best interests at heart.

On July 09, 2014, the Gazette.net reported via their staff writer Virginia Terhure yet another article from dissatisfied homeowners in Clarksburg that were not well represented when originally purchasing their dream home

Why take a chance?

Wednesday, July 09, 2014

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Work continues to fix [REDACTED] townhouse defects in Clarksburg

Townhouse owner sues [REDACTED] over defects

By Virginia Terhure Staff Writer

County agencies and [REDACTED] are continuing to work on resolving complaints about building defects filed in March about [REDACTED] townhouses in Clarksburg, according to the county Office of Consumer Protection.

However, one Clarksburg resident, [REDACTED] claims [REDACTED] has failed during her two-year warranty period to properly fix a long list of defects in her three story townhouse on [REDACTED]

Would a builder care to share this information with you?

More News

- Some NIH employees irked by agency's failure to notify them about smallpox vials (washingtonpost)
- Montgomery County expands certified athletic trainer program to all high schools (washingtonpost)
- Riverdale Heights rain garden helps beautify firehouse grounds



Being Represented Also Means Being Protected

There is no reason why you should take a chance when buying possibly the most important purchase of your life...

Your home

Your dream home

Where your family's life will happen every single day..

Leaving you frustrated, cheated and vulnerable just because you decided going directly to any builder was the right thing to do and made no difference...

Someone who represents you, not only could get you the best possible price, but it could also warn you, protect you and assure you the most complete direct representation to ...JUST YOU and not the builder.

“Did you know that a builder’s rep is not bound by the same fiduciary responsibility that is required of a licensed realtor?”

SECRET #5

“Your Realtor’s Commission is ALREADY Structured
Into The Price Of the Home”

Use it or lose it!

This is why builders do not advertise two different prices!

If you decide go at it alone when buying a home through a builder..

They are happy that the cost of selling their home has been reduced by your decision to be unrepresented...

They don't have to pay a commission...

QUESTION: “If that’s the case, it means the builder has room to negotiate and give me a similar amount of discount on my new home?”

ANSWER: No, the builder does not have an “OBLIGATION” to share their profits with you...whether they are coming from an unused commission saved by your uninformed decision.... or a 10% sudden discount from a window manufacturer supplier. Is the same thing to them.

They are in business to make money ...

As much money they can ...

As long as is legal

Builders are not in business to share their profits with you or anyone else!



Bring Your Buyers Agent With You...

At the first visit!

Planning your dream home is an exciting process and you may be one of the lucky homeowners to experience this decision on their lifetimes.

The fact you are reading this tells me, you are preparing yourself the right way and I congratulate you.

We can help you pick out the perfect floor plan. By asking you the right questions.

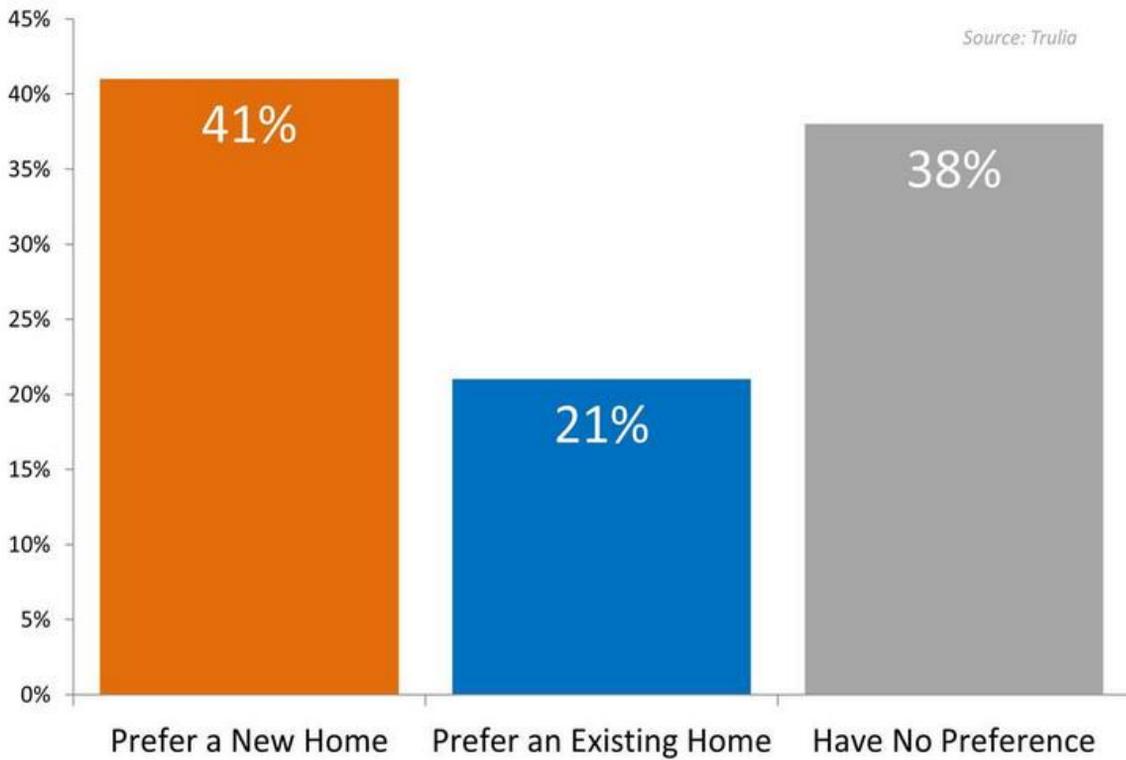
We can help you design the kitchen of your dreams By asking the right questions

We can help you pick the right builder for the job. By asking you the right questions...

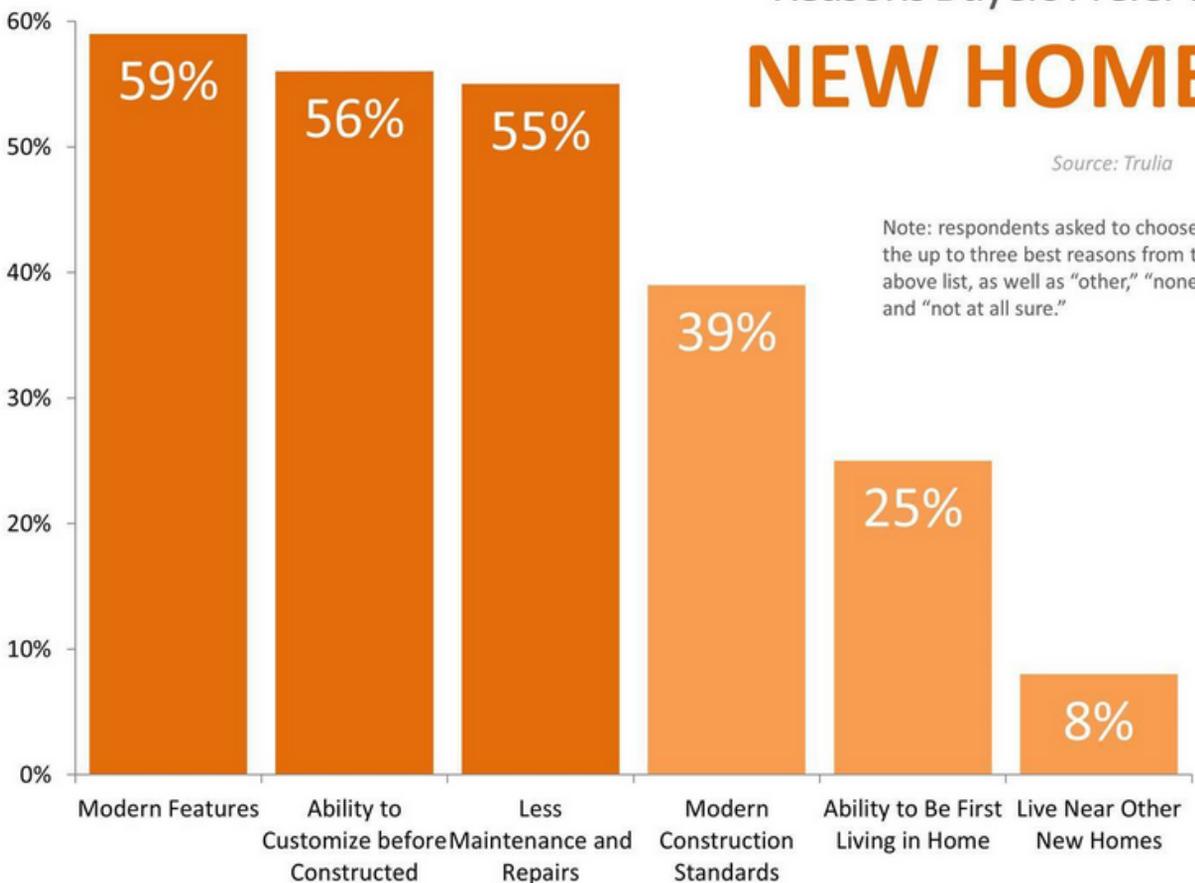
Use our experience and knowledge to guide you through the process from a NEUTRAL perspective.

We don't care what builder you choose, we care you'll choose the right one ...the first time.

Type of Home Buyers Prefer



Reasons Buyers Prefer a **NEW HOME**



4 REASONS

You Should Not Go Alone....

When Buying From a Home Builder

REPRESENTATION

#1

FOR YOU... NOT THE BUILDER!

The builder rep is a salesperson for the builder, and as such represents the builder's best interest Not yours!

SELL HIGH INC

"I'm hiring you to sell my homes for the most money at my best terms and tell those buyers that I don't negotiate my prices.... go get them now!"



#2

THE NEGOTIATION

Most people assume that a builder's offer is really the best deal available for them and just accept it. .

As buyers agents, we visit their offices regularly for all our clients and we often have the inside track on what is the lowest price a builder is willing to take...

Our experience, knowledge, and reputation among all the builders in Clarksburg represents strength and leverage on your behalf.



#3

Good Builders- Bad Builders

New townhouse owners complain to county Consumer Protection

A dozen Clarksburg owners say [redacted] units have defects

CAUTION

About 70 people attended, and the 12 dozen who spoke about problems with leaking front doors, cracked and

boards of a stacked townhouse on Spikebank Drive, said, "Noise is my main problem."

But said she and her husband moved from Gaithersburg to a bigger place in Clarksburg in anticipation of

Clarksburg MD Builder accused of "SHODDY" workmanship (The Gazette 05/7/2014)

NEWS
INCUBATOR
STARTUP
TAKES OFF

When BUYING A NEW HOME... is your builder going to share this with you? or should you be represented by a neutral professional with the true FACTS?

New townhouse owners complain

A dozen Clarksburg owners say [redacted] units have defects

BY VIRGINIA TERHUNE
STAFF WRITER

More than a dozen townhouse owners have filed complaints with the county's Department of Consumer Protection about what they claim is shoddy workmanship in units recently built by [redacted] Homes in the Arora Hills neigh-

hood of Clarksburg. "There have been numerous warranty-type issues raised," said Eric Friedman, director of the agency based in Rockville. "We're working with [redacted] and consumers to resolve them."

Two townhouse owners who have been particularly active about the issue invited Friedman to answer questions from neighbors dealing with similar problems at a meeting in Arora Hills on April 29.

About 70 people attended. A half dozen who spoke about poorly installed hardware, ineffective caulking, appliance work when they moved aged driveways due to

well as poorly built out walls along Sweetaspire D The [redacted] townhouse Hills have been selling \$350,000, according to Mai Bui, who bought

NEWS
INCUBATOR
STARTUP

SPORTS
BAD WEATHER
STRONG

"This will not happen if you are represented by a neutral party that has ONLY your best interests at heart. . . We know all the good builders from the bad builders"

"Who is the best builder around here?"
Ask your Realtor this.....not the builder!

#4

Contract Contingencies

"A contract contingency is a condition that protects a buyer from losing their deposit ..or more"

"No home inspection?"

I should just rely on your warranty?

"You want me to take a bridge loan?"

What if I can't pay it?"

"I need to sell my existing home first, can I back out from the contract if I can't sell it?"

"What if my new home does not appraise?"

What happens if the builder is two months late from finishing your house? Should you ask for a "tardiness penalty" ? per diem?YES, YOU SHOULD!

What happens if the builder declares bankruptcy while you are waiting for your house to be completed?

Beware of signing a contract that contains a binding arbitration clause - Builders like to use their own contracts simply because it protects them...NOT NECESSARILY THE BUYER!

IS YOUR CHOICE



**BUY IT RETAIL
ALONE...**

or

**BUY IT WHOLESALE
REPRESENTED & PROTECTED**

About the Author



Fernando Herboso
Broker – Owner
Maxus Realty Group
Herboso & Associates
301-246-0001

Fernando@ReallyNiceHomes.com
Licensed in MD-DC & VA



at your service

Fernando Herboso has 22 years experience as a real estate agent and broker in five states, and serves as a principal broker and marketing consultant to many real estate professionals on using technology to improve their customer care, general marketing and office management.

Honesty and integrity, along with determination and dedication, are philosophies that Fernando strives for in all aspects of his life. Applying these principles to his business, has allowed him to be a top producing real estate agent for the past 10 years. His background as a business owner for several ventures and co-owner and founder for a Keller Williams Market Center has given his real estate business a high level of experience leadership and professionalism.

If you are planning on buying or selling in the Maryland DC and Virginia area contact Fernando Herboso, your local neighborhood expert for a personalized customer care. Fernando takes pride in servicing his clients by delivering exceptional service and establishing life long relationships.

Fernando is also the founder and president of Herboso & Associates. A company that is focused on providing incredible service to all his clients and unparalleled support for all it's agents.

[To learn more about Fernando
CLICK HERE](#)