

Do not give the builder your name without marking me as your agent to claim the \$4,000 rebate.

Home builder terms to understand

Lot premiums / Elevation

This is the extra amount charged by the builder for the land the home will be built on. Some lenders do not have a \$0 lot. Usually lots that offer a walkout basement or garden level windows or lots that are larger in size cost more. Some builders charge average lot premiums higher than \$10,000. This is a good time to ask if there are any additional charges for the elevation choices for the house, this is the brick or stone exterior added to the front of the home.

Structural upgrades

Sometimes the models have structural upgrades such as a kitchen bump out, gourmet kitchen, basement extension, larger porch, full bath instead of half bath, doors on the study, larger sliding glass doors on the back, 5-piece master bathroom, etc.

Basements

Some builders give you the option for them to finish the basement. Make sure you understand where the builder is going to put the furnace, hot water heater, and rough in. There are a few reasons it is better for the builder to finish the basement for you. The builder is usually cheaper to finish the basement. If the builder does not finish the basement, they will usually not install sufficient heating and cooling for a finished basement, they will not install an electrical panel with enough space for a finished basement, they will not put utilities in convenient locations in the basement, etc.

Electrical upgrades

Most builders will also have options to upgrade the electrical in the home with extra outlets, extra light fixtures with or without ceiling fans or simply pre-wiring for a fan/light fixture, and pre-wiring for entertainments systems. Few or no buyers ever opt for no electrical upgrades.

Lending

Usually the builder has a lender that they refer you to and offer a rebate for using their lender. The financial benefit of using the builder's lender is significant. Getting a loan on new construction is different than on a resale home. A lender that does not do new construction regularly may not have methods for getting an appraisal done on an uncompleted home, and may not be able to close within a couple of days of receiving a certificate of occupancy, like a builder's lender can and as the builder will require. You, the buyer, are charged for every delay in closing caused by the lender and delays due to lending do happen, and can be stressful. Delays caused by the lender referred by the builder are usually forgiven more easily. However, it is not all good news with the builder's lender. You have no guarantees that the builder's lender will offer the best rate, and you can find out when it is too late that their lender is much more expensive, and if you switch you may lose the benefit you were counting on.

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Also, if the the builder's lender finds out at any stage that you don't qualify for the loan, ie a job change, and they do check in, they will notify the builder, and the builder may cancel your contract and claim your earnest money.

Design center and cosmetic upgrades

Usually this is the largest additional expense for you the buyer. You should understand what flooring types, countertops, appliance packages, hardware, lighting, cabinets, and other finishes are standard before signing on the dotted line. If you find any of these standard features to be unacceptable you should inquire as to the cost of upgrading. Additionally many builders do not allow you to only upgrade hardware, cabinets, light fixtures al la cart room by room. Usually builders only offer lighting packages, and hardware packages for you to choose for the entire home. If you spend above a certain amount at the design center you may have to write the builder a check for a percentage or the entire extra amount to protect the builder against the appraisal not being high enough or to protect the builder against you defaulting.

Property taxes

The builder does not know the exact amount you will spend for property taxes because this home was not a home last year. The builder should know what the mil levy is going to be and how the assessed value will be calculated to give you an estimated property tax amount.

Warranty and Pre-closing walkthroughs

Every builder offers a warranty. As a buyer your greatest leverage to getting the perfect new home you are entitled to is to hold the closing hostage until all work is completed. Some builders truly strive to deliver a completed product before closing. Other builders know you have scheduled movers and exert a lot of pressure on you to close with an unfinished product. If you close with work to be completed you get put in a different queue than those waiting close. The after-closing queue is much lower priority and slower than the pre-closing work queue. The after closing warranty rep is not the responsive customer focused foreman and sales rep you were dealing with before closing.

Not included

A few things you should expect to purchase after closing: refrigerator, washer dryer, window coverings, towel hangers, garage door openers, sump pumps, radon mitigation systems, AC. Some builders will include or offer an upgrade for the AC or the refrigerator or the garage door opener, and it is tempting to finance these items and have them included but are you getting the best price and selecting the best long-term product? What size garage door and garage is included, 7 ft or 8 ft? If the garage door is not 8ft and if the garage is not 22 ft deep it will not fit a large truck. Many builders do not include entire landscaping. It is important to understand what landscaping included as you may have to do some work. Also, if landscaping is not included it may affect the overall appearance of the neighborhood if neighbors don't plant trees and do landscaping.

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Home builder questionnaire

1. How much is your average lot premium? Is there any additional charge for the elevation of the home?
2. What structural upgrades will I choosing from? What structural upgrades am I seeing on the model that are not standard or free? Which structural upgrades do buyers usually opt for? How much does the average buyer pay for structural upgrades?
3. Does the builder finish the basement? How much does it cost about if the builder does finish the basement? Will the HVAC and electrical be sufficient if I finish the basement after market?
4. How much does the average buyer spend on electrical upgrades? What electrical upgrades are offered? What electrical upgrades does the average buyer opt for?
6. What is the financial benefit of using the builder's lender? Will they match the rate of competing lenders? Does the builder's lender have any references that you can call who used this lender in this community?
7. What does the average buyer spend in the design center? Are there any scenarios where I will have to write the builder a check based on how much money I spend in the design center? Can you show me any completed homes that are about to close with standard finishes?
8. How much do you estimate property taxes will be? Are there any recent construction in the neighborhood that have received a tax bill that can demonstrate the estimated taxes?
9. Does the builder install a radon mitigation system standard?
10. Does the builder install a sump pit and/or sump pump standard?
11. What landscaping and exterior irrigation is standard?
12. Is a garage door opener included?
13. What size garage door and garage is included, 7 ft or 8 ft?
14. What items should I expect to need the warranty department to do after closing? How many days before closing is the pre-closing walk through? Can I delay closing if the I am unsatisfied with the workmanship?

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Why should you use us as your agent in new construction?

1. You do NOT get a discount without an agent. We will rebate you \$4,000 of the commission offered to us that you can usually use as part of your down payment.
2. We will help you navigate the questions you should be asking the builder and help get to the bottom of how much the home should cost you before you sign the contract.
3. We will advise on resale importance of structural, electrical, and lot upgrades.
4. We will go to the design center and advise you on resale aspects of choices you make.
5. We will attend all pre-drywall, electrical, and pre-closing walk-throughs, take notes as to instructions made to the foreman and document agreements made.
6. We will pay for a pre-closing home inspection and sewer scope. Ideally these would be completed prior to your pre-closing walk-through.