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10 Secrets Every Home Buyer Should Know About New Construction

1. First, visit with your real estate agent.

Know how much house you can afford. If you currently own a home, you need to know the net proceeds from its sale to calculate how much cash you'll have available. Your real estate agent can analyze this to narrow down what that net proceed figure is likely to be.

If you are a first-time buyer, you should get **PRE-APPROVED** for a mortgage loan. This will define just how much of a home you can afford. Your lender will then provide a "Pre-Approval" letter which can be presented with any offers made. This will always improve your bargaining position with the seller.

2. Put experience on your side.

When considering the purchase of New Construction remember that the sales agent in a model home represents the builder, not you.

Unless you have a professional real estate agent working on your side, you are not being represented. Your real estate agent can help you to understand new home construction, warranties, financing, and differences in price, quality, and lot selection to help you obtain the best value.

3. Not all builders are created equal.

Some builders are known for their craftsmanship, while others are known for innovative use of space, below-market financing, or exceptional customer service during construction and after move-in. Your real estate agent can help you find the best home for your needs.

4. Get the whole story.

Investigate the reputation and financial strength of the builder. Be sure to obtain "spec sheets" that cover the home features, which can cover everything from floor plans to energy efficient ratings, and from immediate-delivery inventory to lot availability.

5. Look "under the hood".

Learn all you can about the community. Review the common amenities of the surrounding area. Your real estate agent can easily find out from local land use officials



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what else is planned or could be built in the area, especially where there's vacant land. Read the rules of the homeowner's association or determine whether one will be set up. Don't forget to consider commuting routes and times.

6. Choose your options carefully.

Make the most of builder incentives. Often free upgrades or credit off the purchase price are offered. This means selecting quality above "builder standard" for carpet, floor coverings, detailing, appliances, and kitchen fixtures. Options are items that the builder installs while constructing the house. Options that add usable space, such as a sunroom or a computer room, add most to resale value. Remember that some improvements can be added later and sometimes for less money, such as a deck, finished basement, or landscaping. So do some homework on local contractors for these items.

7. Negotiate with the builder.

Many buyers don't realize that there may be room for negotiating in the price, upgrades, or options. You often have the most possible room for negotiation on the completed but unsold home. Builders may offer discounts or special financing to help close a sale.

8. Make sure the contract works for you.

Be certain that your agreement with the builder includes some safeguards for you. These should include putting your deposit in escrow, itemizing your upgrades by description and cost, access to the site to check on construction progress, a weekly scheduled appointment or conference call with the builder, and a 30-day advance notice of the closing date.

In many states, new home construction contracts are NOT regulated by your state Real Estate Commission. The contract is typically written to favor the builder. Have your realtor review these closely.

9. Financing can make or break you.

Builders may offer special financing packages. It is customary for the builder to tie upgrade incentives to an in-house mortgage company, so the builder may not offer those incentives unless the buyer is willing to use the in-house mortgage company. But using the builder's financing is not the only option in the highly competitive world of mortgage lending. You should shop everything, including interest rates, points, and lender fees.



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10. New doesn't mean perfect.

New homebuilders typically use modern materials that are durable, low maintenance, stronger, quieter, safer, and even wired for the next century. But new doesn't mean perfect. Your contract should provide for the option of hiring a home inspector.

You and your real estate professional should prepare a list of items for the inspector to pay particular attention. It is appropriate for you be present during the inspection. It can be quite educational. Use what you learn from the inspection to create a builder "punch list" to fix major problems and complete touch-ups before closing.