NEW HOME CONSTRUCTION

Resource Guide

THE COMPLETE GUIDE TO BUYING NEW CONSTRUCTION

CITY MOUNTAIN REALTY

Certified NEW HOME SPECIALIST™

WHAT'S INSIDE

Buy New Home Construction

BUYING NEW HOME CONSTRUCTION

The Basics

A new construction house is a home where the buyer is the first person to live there after it's built—but it can happen in a number of ways. A buyer may purchase their own plot of land and contract with everyone needed to build a custom home, including an architect and builder.

On the other end of the spectrum, a buyer may purchase a completely built home and the property it's on from a developer. The home buying process can fall somewhere in between as well. For example, a buyer might purchase empty land from a developer and then choose from a variety of home design options, and then a builder will build the home.

PRE-OWNED VS. NEW CONSTRUCTION

Pre-Owned

- Typically Less Expensive
- More Desirable Locations
- Known Neighborhood Dynamics
- Proximity to Schools, Shopping & Places of Worship
- Houses Tend to Have More Character
- Property Values can be Determined Before Purchase
- Lower Tax Profile

New Construction

- Brand New Construction with Active Warranties
- Customizable Floor Plans
- Cost of Upgraded Features and Appliances can be Folded into the Mortgage
- Green Appliances for Better Energy Efficiency
- Financing Available Through the Builder, Making it Easier to Qualify for a Mortgage
- Fewer Maintenance Costs Associated with Repairs or Renovations

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- Smaller Inventory of Acceptable Properties
- May Require Extensive Repairs and/or Renovation
- Fewer Amenities/Older Appliances
- Financing can be More Difficult
- Competition from Competing Buyers
- Neighborhood May be in Decline

- More Expensive than Resale Properties
- Location May Not be Ideal
- Property Values are Unknown, and Possibly More Volatile
- Lacking in Character - Cookie Cutter Design
- Ongoing Construction in the Neighborhood
- Greater Tax Burden

BUYING NEW HOME CONSTRUCTION

The Pros

Personalize & Customize

A custom, tailor-made home provides a unique opportunity for builders to showcase their creative talent and craftsmanship. It also allows you to express yourself with finishes that reflect your tastes, preferences, and personalities.

Existing homes rarely offer the opportunity for you to change the layout of the house. At best, you can remodel and change out the old fixtures and finishings.

Extra Clean

Newly constructed homes offer the most sanitary solution possible. Moving into a new home knowing that no one has ever lived there is a great feeling. New houses provide all of the latest materials and sealants. Living in a brand new house that no one has ever lived in will eliminate any nasty surprises you might find when buying an existing older home.

No Need For Updating

An existing resale home is like a blank canvas. It's just waiting to be created as the buyer sees fit. When you purchase your own new and improved masterpiece, there's no need for updating because the products used are taken from the current design trends.

When purchasing an existing resale house, the previous owners could have picked out the design choices decades ago, such as colors or flooring patterns. This leaves the new homeowner with the desire to update.

Energy Efficient

The efficiency benefit from new construction causes utility costs to be lower than average. A few reasons include vinyl windows, new door trim and seals, and better insulation between walls to keep out drafts. These products can reduce the need to heat and cool your home by a significant amount. The savings help to offset the higher cost of a new home in the long run.

Less Maintenance

New construction homes have less maintenance than older existing homes. You won't have to worry about your roof leaking when it rains or your air conditioner breaking in the middle of summer. You can enjoy all the perks of living in a brand new home without maintenance headaches. When things do breakdown, they are typically covered by the builder's warranty.

The Cons

Expensive

On average, it cost around 20% more to have a new home built than to buy an existing one. This number changes based on the area and price range of the home.

Less Mature Landscaping

Developers creating new neighborhoods typically tear down all of the vegetation in the area as the most costly way to break ground. When you have a new home built, you may have to pay extra to have new landscaping put in. This expense can be costly as the average landscaping project for a home is around $3,000 to $16,000. These additional costs come out-of-pocket in most cases.

Limited Options

New home builders like to stick with their most commonly used products and materials. The option of choosing products outside the showroom will most likely not be available for you. Make sure to get information on all of their products!

Additional Expenses

When buying an existing home, you might be able to buy it for the set price without any other expenses. Buying a new construction home means that there are always more costs than just the purchase price.

Offgassing

The new-home smell that so many people love may be damaging to your health. Formaldehyde is one of the most common chemicals that is released from the new wood in a home.

Over 10,000 potential chemicals off-gassing in a new home, it can take up to 10 years for these chemicals to fully vent. If you're sensitive to chemicals, make sure you do more research before making your next move.

Home Builder Warranties

When working with a builder, they will typically offer warranties that you could never get on an existing home.
Many home builder warranties cover anything that happens to the home within two years of the date of purchase.

Home Builder Financing Incentive

Many home builders offer special in-house financing that rivals most 3rd party mortgage lenders. Since they are already making money off your home purchase, they have the extra margin to offer financing incentives that an outside source can't offer.

It is wise to shop around to make sure the mortgage offer you're getting is the best one. Builder incentives change as the market switches from a seller to a buyer's market.

Ideal In a Seller's Market

Ideal when you can't find what you want, especially when there is low inventory and prices are soaring on existing homes.

Timeline

With a new house, typically you have to wait 3-12 months before moving in. This issue can be a challenge for people who are in temporary housing and need to get out of their current situation as soon as possible.

If you buy an existing home, you can move right into your new place within 30 to 45 days of signing the sales contract.

Higher Taxes

New construction neighborhoods often have higher taxes than older ones because they lack established infrastructure.
A recent study conducted by WalletHub found that, nationally, the average homeowner spends $2,471 per year on property taxes. New construction property taxes can be twice that amount.

Strict HOAs

Homeowners Associations (HOAs) are becoming more popular every year. When new developments are created, they design all of the homes and lots to maintain uniformity. These new neighborhoods typically have smaller lots with more regulations than older communities. When a homeowner does something extreme to their property, it negatively affects the immediate neighbor's property values. This scenario causes new HOAs to be rigorous right from their conception.

BUYING NEW HOME CONSTRUCTION

The Step-By-Step Process

1 Educate Yourself on the New Home Buying Process

Like so many things, it pays large dividends, to begin with, education. This guide is to help educate you on how to buy new construction homes from builders. Not having a strategy, the right team and the right education could cost you tens of thousands of dollars in the purchase process. Do additional online research and get familiar with the process and types of questions you need to ask before approaching any model homes.

2 Team Up with a Lender on a Mortgage

Time to go shopping for money! A fraction or two of a percentage point can save you thousands and thousands of dollars per year. You'll want to start setting up your dream team, and this includes finding a lender who is going to get your best options. The smallest differences can add up to a lot over the span of 30 years.

3 Find a Top Local Realtor

You'll want to find a realtor that is familiar with the market, has relationships with builders, and knows the new home construction process well. Often the builder employs a new homes salesperson - but you'll want to be a bit wary of it as they will have the seller's (builder, developer, corporate, etc.) best interest at the forefront.

Hiring a Realtor does not cost you anything as a buyer, and you can have the peace of mind that you have someone in your corner that will help with you negotiations and be sure you are getting as much as possible and for a good price. You want the best deal, right?

4 Research the Builder

You'll want to do your due diligence on the builders you short list. This includes asking them important questions, visiting current or previous projects, and seeing any past customer reviews. We have supplied a sample guided questionnaire to help you to have the right questions to ask when you interview builders.

5 Negotiations (in writing)

There are ways that you can negotiate in new home construction. Usually, the best way to negotiate is through upgrades rather than in lowering a price. Your Realtor can help you with knowing where to push. The most important thing to do after any verbal agreements are made to be sure they get into documented writing.

6 Design & Construction

When moving forward with your new home construction, you need to keep one thing at the top of your head - you are not buying the model home. You are purchasing something that has not been built yet, so don't automatically assume what you see is what you bought from the model home. You'll want to have a good understanding of all the material options and what is considered upgrades. Try to get the bulk of this done at the beginning to prevent delays with any changes down the road.

7 Home Inspection

The builder will conduct inspections throughout the building process, but you'll want your own independent inspector to be sure everything is built as promised, safe and in good working order. Be sure to bring your Realtor along to help in knowing what to look for.

8 Know Your Coverage

Coverage for new construction real estate varies from builder to builder. You'll want to ensure you have a proper understanding of what is covered by the builder or other companies that were involved in the creation of your new home. Sometimes you can negotiate the warranty into the deal or add provisions to cover things the warranty may not normally cover.

9 Look to the Future

The more custom your home is, the less likely of a reliable timeline of completion. That creates a ripple effect if you're trying to sell your current home and need to figure out where to live between that sale and the new home completion. You'll need to work with the builder, your Realtor and lender to determine how to manage the situation because you can't close on the home loan until you are able to move in.

BUILDING A NEW HOME

Step-by-Step Construction Sample

Below is an infographic sample of the process of building a home. Each builder will vary, but you can get a good overview on how it goes.

HOW YOUR REALTOR CAN HELP

Having someone in your corner with the knowledge and negotiation skill will ensure that you get what you are wanting, and that your process goes smooth with no surprises.

With the Jessica Daniels Team, you will be in the best hands. With 10 years experience working with new home builders, we know how to get you your dream home for the best price possible.

RESOURCES

For You

BUILDER QUESTIONNAIRE

Questions to Ask

Background

How many years have you been in business?

How many homes have you built?

Are licensed (where required) and insured?

What sort of new home warranty do you offer?

Design & Construction

Do you only build from existing floorplans?

Can I provide my own set of plans?

What are the standard finishes?

What are the upgrade options?

Are you allowed to purchase your own appliances or materials?

If you can bring in your own materials or appliances, will you get credits?

When and how can I make changes or upgrades throughout the building process?

Do all decisions need to be finalized before construction begins?

What are the energy-saving features of the homes you build?

Is landscaping included?

Costs & Administration

How long will it take to build my home?

Who will be overseeing the construction of my home?

Is the lot cost included?

Do I need to find land myself, or do you help acquire land?

Who can I reach out to with questions as they arise, and how can I contact them?

What is your process for inspections throughout construction, final walk-through, and to address any matters that need to be corrected or finalized?

Are there any homeowners rules or regulations?

Does the contract include a cost escalation clause?

How and when will the final cost of my home be determined?

Can I view a current project you're working on?

Are there any financial incentives for using the builder's preferred lender?

Do you build model homes that I can tour?

If not, can you help me make an appointment to tour a home you built for another customer?

Can you provide me with references or testimonials from previous home buyers?

What are you looking for in a client relationship?

NEW HOME CONSTRUCTION

Building Checklist Sample

This is only a projected schedule to help with the selection and building process.

1 Foundation Stage

Building Process

- [ ] Building Permit
- [ ] House Staking
- [ ] Land Clearing
- [ ] Footings
- [ ] Foundation
- [ ] Garage Floor

Selections to be Made

- Brick / Stone Veneer (if applicable)
- Roof Color
- Vinyl Siding
- Kitchen Cabinets
- Kitchen Countertops
- Plumbing Fixtures
- Fireplace Surround
- Stand or Pre-Finish Oak Flooring

2 Framining & Rough-In Stage

Building Process

- [ ] Framing
- [ ] Gas Fireplace
- [ ] Roof Shingles
- [ ] Vinyl Siding
- [ ] Brick / Stone Veneer
- [ ] Rough In HVAC
- [ ] Rough In Plumbing
- [ ] Rough In Phone & Cable
- [ ] Rough In Electrical
- [ ] Insulation

Selections to be Made

- Phone & Cable Location
- Light Fixtures
- Vinyl Flooring
- Ceramic Tile Flooring
- Carpet

3 Interior Stage

Building Process

- [ ] Install Standard Oak Flooring
- [ ] Sheet-rock
- [ ] Interior Trim
- [ ] Kitchen cabinets
- [ ] Paint
- [ ] Vinyl/Ceramic Flooring

Selections to be Made

- Interior Paint Colors
- Interior Options

(Door Handles, Interior Trim, etc.)

4 Finishing Stage

Building Process

- [ ] Deck & Porches
- [ ] Finish HAVC
- [ ] Install Pre-finish Oak
- [ ] Finish Plumbing
- [ ] Finish Electrical
- [ ] Finish Standard Oak Flooring
- [ ] Finish Standard Oak Flooring
- [ ] Interior Hardware-Shelving, Locks, etc...
- [ ] Insulate Crawl Space
- [ ] Irrigation System Sidewalks, Drive Ways SOD
- [ ] Clean Up
- [ ] Certificate Occupancy

NEW HOME CONSTRUCTION *Buying Tips*

1 Hire a Real Estate Agent

Always use your own Broker/Agent; doing so will help ensure that you get what you want. Understand that the sales reps you meet at a new construction community are likely really representatives of the Seller – the Builder, corporate owners, developers, whomever – that are there to present their product, answer your questions ... and do the best job for the Seller that they can.

2 Evaluate Lenders

There's a lot that goes into finding the right mortgage. Even a percentage or two can save you thousands each year. Shop a few different lenders to make sure you are getting the best terms and what is right for you.

3 Shop Builders

You'll want to shop a few different builders to know you are comfortable working with them, the home designs, understand different warranty coverages and that you are getting the best price.

4 Location, Location, Location

Often new developments are on the outskirts of the city centers. You'll want to consider what makes the community stand out and what are the future developments for the area. What

5 Embrace Quality Landscaping

Trees and shrubs will make a significant difference in your energy bills, so make sure to hire a qualified landscaper. You'll want to consider the maintenance in the future, the impact the roots could potentially make to your water lines, and if the limbs could potentially impact the electrical lines or impede onto the exterior of your home.

6 Watch Your Budget

New home communities list a base price for the homes that they offer. However, this is rarely the actual final cost when building a new home. Be aware that you can add thousands of dollars to the base price of a home very quickly if you get carried away upgrading the standard flooring, cabinetry or lighting. It's important to know exactly how much you can afford and to budget accordingly.

7 Build With Resale in Mind

No matter how much you love the house that you are building, it's unlikely that it will be the last home you will ever own. Knowing that, you should be mindful of its potential resale value. Don't add so many upgrades that you overprice your home for the neighborhood. And don't choose anything too out of the ordinary. Ask yourself if the features you're considering installing are likely going to appeal to others.

NEW HOME CONSTRUCTION
Buying Tips

8 Know Your Timeline

Building a new home usually takes many months and lots must be coordinated during this time frame. If you are already a homeowner, your current home must be sold, you must make decisions regarding your new home and you must arrange a new mortgage. Get an estimate of when the building of your new home will be completed and plan accordingly.

9 Be Prepared for Delays

No matter what time frame a builder gives you, there is always the possibility of delays. Inclement weather, shortages of supplies and labor problems can all factor into delaying the completion of your home. Be aware of this going into the building process and be prepared to be somewhat flexible.

10 Keep Watch on Progress

One way to help prevent delays and mix-ups is to stay involved in the building process. If possible, drive by the construction site to keep track of the progress that is being made. And keep in touch with your builder on a regular basis.

11 Avoid Making Changes

Try to avoid making changes to your designs once all of the plans have been completed. It will delay the completion of your new home and may add considerably to the final cost.

12 Arrange Temporary Housing

Chances are there may be a delay between the time you sell your existing home (or the lease expires on your current rental unit) and the time you move into your new home. If this is the case, you will need to arrange some temporary housing. Realize that you may be living there for several months so make sure it will be both affordable and able to meet your needs.

13 Read the Manuals

Sure, you'd rather rearrange your furniture than read owner's manuals, but if you don't learn precisely how your new appliances and other home gadgets work, you may inadvertently break them. Ideally, your builder will walk you through the operation of every appliance but read the manuals to be safe.

About

With over three decades of experience in the construction industry, I bring a unique perspective and a wealth of knowledge to help clients navigate the complexities of buying and selling homes. I am a seasoned professional who started my journey in the construction industry in the early 1990s. Over the years, I have honed my skills, developed an impeccable eye for detail, and gained an invaluable awareness and knowledge that cannot be learned in a classroom. My passion for construction has led me to assist clients in understanding the processes of purchasing new construction homes and existing properties. Additionally, I have a keen ability to help sellers identify easy improvements that can significantly enhance the value of their homes. With a construction background that forms the foundation of my expertise, I have earned several certifications that further strengthen my profile. As an FAA Certified Drone Pilot, I leverage cutting-edge technology to provide clients with aerial perspectives of properties, offering a unique and comprehensive view. Furthermore, my designation as an HFR (Home Finance Resource Specialist) ensures that I possess in-depth knowledge of home financing strategies, equipping me to guide clients through the financial aspects of their real estate transactions. Moreover, I hold multiple certifications as a PSA (Pricing Strategies Specialist), Certified New Home Specialist, and Residential Construction Certified professional. These credentials testify to my ability to accurately assess the value of properties, provide invaluable insights into the intricate world of new home purchases, and offer a thorough understanding of residential construction processes.
With my extensive experience, diverse skill set, and unwavering commitment to excellence, I am dedicated to providing my clients with unparalleled guidance, exceptional service, and the confidence they need to make informed decisions in the real estate market. Trust me to be your trusted advisor and partner as we embark on this exciting journey together.

Our Commitment to You

1. We will **ALWAYS** provide you with expert advice and consulting so that you're able to make the best decision for yourself and your family.
2. We will **ALWAYS** be 100% forthcoming about the price of your home, it's condition, and what it will take to get it sold.
3. We will **ALWAYS** give you the truth regardless of the situation.
4. We will **ALWAYS** do what is right to protect best interest.
5. We will **ALWAYS** fight to ensure you get your dream home in the right amount of time.
6. We will **ALWAYS** use the most effective strategies to find your dream home.
7. We will **ALWAYS** communicate with you pro-actively.
8. We will **ALWAYS** return your phone calls, e-mails, and text messages with urgency.
9. We will **ALWAYS** pro-actively spend every day aggressively searching for your dream home.

Connect With Us

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City Mountain Realty's mission is to deliver value to our customers by providing exceptional service and maintaining the highest level of integrity. We believe that the key to success lies in embracing the needs and preferences of our customers, and we strive to exceed their expectations in every interaction.

Integrity is at the core of everything we do. We are committed to conducting our business with honesty, transparency, and ethical practices. This means always acting in the best interest of our customers, even if it means making difficult decisions or sacrificing short-term gains for long-term trust and satisfaction.

Customer service is our top priority. We understand that buying or selling a home can be a significant life event, and we are dedicated to making the process as smooth and stress-free as possible. Our team of experienced real estate agents is trained to listen to our customers' needs and provide personalized guidance and support throughout the entire journey.

Executing with relentless discipline is a fundamental principle of our business. We believe that success comes from consistently delivering superior results and going above and beyond to meet our customers' expectations. Whether it's finding the perfect property, negotiating the best deal, or resolving any issues that may arise, we are committed to doing whatever it takes to achieve the desired outcome.

Building and maintaining trust is a cornerstone of our relationships with our customers. We understand that trust is earned over time through open communication, honesty, and reliability. We strive to be a trusted advisor to our customers, providing them with accurate information, expert advice, and guidance they can rely on.

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★★★★★

“SUPERD AGENT! STRONGLY RECOMMEND!”

MATTHEW COUCH

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★★★★★

“VERY COMMITTED TO HELPING YOU AND YOUR FAMILY!”

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“PROFESSIONAL, COMMUNICATIVE, KNOWLEDGEABLE, AND ONE OF THE MOST RELIABLE AGENTS YOU'LL FIND IN REAL ESTATE.”

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★★★★★

“THEY NEVER LEFT ANY QUESTIONS UNANSWERED AND ALWAYS RESPONDED PROMPTLY. FOR THE BEST SERVICE ANY AGENT CAN PROVIDE, I DEFINITELY RECOMMEND!”

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At City Mountain Realty, our commitment to excellence is unmatched. With our move for free service, we strive to provide you with not just a service, but an experience. As professionals in the real estate industry, we understand the importance of attention to detail and providing a seamless process for our clients. With us, you can trust that your every need will be met, from the moment you decide to buy or sell your home to the day you step foot into your new abode. Our team of experts will handle all the logistics, ensuring that you can focus on what truly matters - settling into your new home and creating memories that will last a lifetime. So, leave the worry and stress to us, and let City Mountain Realty guide you through this exciting journey, making your dreams of a new home a reality.

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SELLING OR BUYING

GET IN TOUCH

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