



New Build Info for Newbies

Are you considering new build homes for your next purchase? New builds, a.k.a. production homes, usually refer to new homes built by developers in a planned community. The buyer can typically choose from a set of established floor plans, select from a set of finishes, and choose from limited upgrades. Some developers will also have higher-end options available as semi-custom home builds, which provide more flexibility to the buyer in terms of adjustments to floor plans and other ways to make the home unique to them. In planned developments, there are often common amenities available to the homeowners, such as community and/or recreation centers, walking/running/biking trails, open space, clubhouses, pools, and so on.

The process lies in between purchasing a resale (a.k.a. "previously loved"; what you see is what you get) and a full custom home build (one-off homes built on a private lot, custom-tailored to the homeowner's wishes).

Here are some things someone unfamiliar with new builds might like to know:

- **Vet the BUILDER at least as much as the COMMUNITY.** More is probably better. It's pretty worthless to have great community amenities if the basement floods every time it rains and the builder won't fix it.
- **If the buyer is going to want the services of a Buyer's Agent, and wants that agent to get paid by the builder,** the buyer and their agent likely need to go to the new build community together on the buyer's very first visit and register the buyer/agent combo with the builder.
- **Base pricing is a tease of sorts.** Add on lot premiums, upgrades, and the cost for tweaks for the buyer to make it their own. This can add up to a staggering amount, up to 30-40% or more of the base price piled on top. Eeeek! Astounding and possibly a deal-breaker if not expected. Not a big deal if it's an expected part of the process and thus factored into picking a community with a base price that will allow for the add-ons to still fit into the buyer's budget.
- **Incentives are often available but** will likely require the use of the builder's preferred lender. Be sure to comparison shop for a lender before committing to the builder's lender. Differences in rates, terms, down-payments, closing costs, mortgage insurance, etc. can make a big difference in monthly payment and might cover the difference outright or over time.
- **There's not much, if any, room for negotiation on base price, but** there might be some wiggle room with upgrades. More flexibility probably exists if the buyer is the first into a community. Or the last. Models, which are typically packed with all the upgrades, might be a good deal to grab if they're getting into the community at the very end of the build-out.
- **A refundable deposit might be required** to get on a waiting/priority list to even get a foot in the door in some communities. Then the buyer might have to wait months or even years for their spot in line to have a chance to pick a lot.
- **As always, read the fine print!** As with any contract, the buyer should read, understand, and question the contract. Consulting an attorney and/or a financial advisor should be considered. There might not be much flexibility in the terms, but the buyer needs to fully understand them so they can decide to stick or run.
- **Comparison shop for appliances.** One-stop shopping is a great convenience, but the buyer should be aware that what the builder charges for appliances might well be more than purchasing them elsewhere. The buyer should understand, though, that if they bring in their own appliances those probably won't be covered by the builder's home warranty.
- **Look for and adjust flow and other concerns as early as possible.** Are there enough outlets? Is the dining room light centered over where the table will actually go? Does how doors open make sense with the flow of traffic? Will appliance placement impact the opening of cabinet doors? Etc., etc. Adjusting these types of things might require time, money, and possibly even new permits and/or mud-wrestling with the builder in order to get them done.
- **Inspect, inspect, inspect.** Line up an inspector to do multiple inspections on behalf of the buyer throughout the build process.
 - Base systems (e.g. foundation, walls, roof, etc.),
 - pre-drywall (e.g. plumbing, electric, hvac, etc.),
 - pre-closing (e.g. walls, paint, finishes, appliances, etc.) - and do this one a few weeks before closing if possible so that issues can potentially be remedied prior to closing. It can be much more convenient for all involved, and much less frustrating overall, to have things fixed before move-in day, and
 - some even suggest follow-up inspections at six months and a year post-close.





- **Visit the job site and take pictures during all phases but** visit after-hours and stay out of the way of the workers. Avoid pestering the foreman or contractors. Pictures are great for the buyer's own memories of the whole process, but are especially advised if issues are found. Document, document, document! *Construction sites are inherently hazardous.* Be aware, stay safe, and understand that the buyer and agent likely signed away any builder liability for injuries should any occur during visits the site.
- **The buyer really doesn't have much power in the overall process, but has the most power BEFORE CLOSING** to get things done by the builder in a timely manner. The items would eventually be addressed after closing, but, even with a reputable builder, it would likely be done at some indeterminate time and usually at some inconvenience to the new homeowner who has since moved into the home. If there are sticking points that just aren't going to be resolved the buyer's satisfaction, their biggest "power play" is to walk away from the deal before closing and move on to another builder/community.
- **Understand the timing going into the process.** A new build takes a while. As much as 4 - 12 months or much more depending on the builder, inspectors, location, weather, complexity, materials availability, and so on. Delays happen, and chances are the builder has a pretty airtight clause in their contract to allow for this. Be prepared - mentally, housing-wise, and financially - to not close on the contract's listed closing date. Be prepared to celebrate like a crazy person if it actually happens.
- **Plan to make use of the new home warranty.** Do NOT be shy about it! The focus should not be on whether or not things go wrong, it happens and that's why a warranty is in place. Focus more on how quickly and competently any issues that crop up are addressed. If the buyer is handy, they might want to attempt repairs themselves; they should be sure to check the warranty carefully *before* doing so as it might void aspects if the homeowner does their own repairs while the home is under warranty.



References / See Also:

- [**12 New Construction Home Features To Consider Adding To Your "Wish List"**](#), by [Caroline Devore](#) (this is really geared more towards custom homes on private lots, but still great info!)
- [**20 Tips to Buying a New Construction Home**](#) by Gabrielle Nemes
- [**Buying a 'new build'? What to watch for.**](#) by [Janie Ankrett](#)
- [**Buying a new construction home? Use an inspection to build your punch list before the final walkthrough.**](#) by [Matt Grohe](#)
- [**Don't Forget A Home Inspection On A New Build House**](#) by [Gary Wolta!](#)
- [**New Construction's Hidden Costs Can Burn Buyers**](#) by Amy Fontinelle with Investopedia
- [**New Home Communities in the Denver, CO**](#) area on Realtor.com
- [**Newly Built Houses: Pros and Cons of Buying**](#) by NOLO
- [**The Difference Between Production Homes and Custom Homes**](#) by LotNetwork
- [**The Pros And Cons Of Buying A Newly Built Home**](#) by Forbes
- [**The Typical New Home Buying Process**](#) by Canadian Home Builder's Association

Additional Notes: