

SYNOPSIS



Look as carefully for a new home as you would for a previously owned home. Do your own research and make informed choices to ensure that you get a quality house.



 [Site Search](#)

 [Glossary](#)

 [Back to Advisor](#)



Hidden Costs of a New Home

- **Landscaping** Most new homes come with minimal landscaping. It can cost thousands to plant trees, shrubs and grass.
- **Homeowners' association fees** Monthly assessments usually start low when a project is new, then go up when the developer is no longer involved and the association starts to pay the maintenance bills.
- **More expensive design materials** Carpeting, window treatments, countertop surfaces and other options may cost two or three times more than if you [bought them yourself](#).



Buying a New Home



sign up for a loan on-site.

It's tempting to assume that new construction is sound construction, but that's not always the case. Do your homework. Investigate the builder, evaluate the location, get a [thorough inspection](#) and negotiate for the upgrades you want. Many builders offer financing through a preferred lender, which may save you time and money. Investigate your loan options online to compare before you

Find a Good Builder

Look for a developer first. Whether you find one through referrals or through your own research, investigate a developer's reputation carefully:

Visit other projects (especially older projects) that the same developer built.

Look for durability of construction.

Talk to homeowners in these developments and in the one you're considering.

Find out how well the builder responds to complaints and follows up on repairs. Some developers have a person or department right on site to handle repairs.

Talk to authorities.

Contact the Better Business Bureau, the state's regulatory agency for builders, and the county courthouse. Find out if there have been any complaints, disciplinary actions or lawsuits against the builder.

Talk to vendors.

Contact suppliers, subcontractors and lenders. Find out if the builder pays bills on time.

Approve the Location

Evaluate the location, just as you would for a resale home. New-home communities are often built on the developing edge of a metropolitan area, so make sure that a freeway isn't planned to come through in 20 years. Check with the local zoning and/or planning department and look at their master development plan (if they have one) for any future development activity that might affect you. Find out more about the [neighborhood](#) by talking to neighbors, local businesses, and schools; use MSN House & Home to [research school, crime, and demographics](#) online.



TIP: Heavy demand and short supply drive up prices in booming areas. If you're buying in a rapid-growth area, try not to overpay for a new home. The market will inevitably correct itself and may leave you with a house that's worth less than what you paid for it.



Negotiate Your Purchase

Most new-home developers want you to use their sales agents to purchase a home in the project, rather than bringing in your own representative, and most contracts favor builders. For example, a typical contract may not provide escrow funds to handle repairs after closing. In theory, the sales price, contract terms, upgrades and options are all negotiable. In reality, most builders would rather give upgrades to avoid lowering the price, which lowers the comparative market value of other homes in the development.



Hidden Savings of a New Home

- **Low maintenance costs up front** If the house has been built well, you'll pay little more than the mortgage and taxes during the first few years.
- [Homeowner's insurance](#) Policies often are cheaper for new homes than for previously owned homes.
- **Lower utility bills** Most new homes are more energy-efficient than older homes, which means you'll pay less for utilities every month.



Before you sign the purchase contract, find out exactly what the price includes in addition to the house, such as window coverings or landscaping. Ask about quality. Are the carpets, light fixtures, doors and windows you saw in the model the same grade that you will get in your home? Make sure your purchase agreement includes an itemized list of finishing details and who pays for them, which both you and the builder should sign.



TIP: Plan for delays. Don't leave your present home until you're certain when you can occupy your new home. The builder may be willing to pay the cost of an interim rental or hotel room if construction is delayed.



Inspect Construction

When you buy a home before it's built, you can follow its construction from foundation to roof. Consider doing three inspections:

1. When the foundation is poured
2. When the framing is up but not yet covered.
3. When construction is complete.

Not all builders will agree to this condition (even though you pay for inspections), but if you can negotiate it into your contract, it gives you one way to exercise some quality control. If you buy the house before it's completed, use the final walk-through to make a list (called a "punch list") of finishing details that the builder still needs to complete. Have the builder sign a copy of the punch list.

Other inspection tips:

Make sure that your right to an inspection is covered in the purchase agreement.

Ask for copies of any previous inspection reports, including the soils report, so your inspector can review them.

Get copies of any blueprints, construction documents or surveys so your inspector can review them.

Understand your builder's warranty policy. A typical 10-year warranty covers structural defects for 10 years, as well as construction materials and defects for the first year and major mechanical systems for the second.



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