

Buying New Construction

A COMPREHENSIVE GUIDE

BALE

REAL ESTATE GROUP

THE GREATER



DALLAS AREA





TABLE OF CONTENTS

1	About Your Realtor
2	About the Guide
3	The New Construction Process
4	Is New Construction For You?
5-6	The Pros & Cons
7	Decide on Your Homesite
8	Considerations with Your Builder
9-10	Questions for Your Builder
11	Pre-Approval or Proof of Funds
12	Customizations - Production/Spec
13	Customizations - Custom Build
14	Preparing to Close
15	We Are Your Advocate !



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Thank you for entrusting us to guide you through this exciting time: considering if new construction is right for you and your family.

Our goal is to ensure that you are confident and informed every step of the way.

Have more questions? We are always available to help! Shoot us a text or give us a call anytime.

“

Linda & Gary are high-touch Realtors known for their extensive market knowledge and unmatched dedication to their clients.

Their success is based almost exclusively on stellar referrals.

They have earned the respect of their clients by working tirelessly on their behalf and by always offering them candid and sound advice.

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About this Guide

Buying or building a new home is an exciting undertaking, with many questions to consider.

This guide was compiled to give you a framework to consider as you decide whether to purchase a newly built home or to embark on the journey of building from the ground up.

Let's get started!



The Construction Process

01

Is New Construction for You?

QUESTIONS TO CONSIDER
PROS AND CONS LIST

02

Your Site & Builder

CHOOSE HOMESITE
CHOOSE BUILDER
QUESTIONS TO ASK BUILDERS

03

Funding & Getting Started

PRE-APPROVAL/ PROOF OF FUNDS
EXECUTE CONTRACT WITH BUILDER
SELECT FINISHES

04

Prepare to Close

WALK THROUGHS
INSPECTIONS
PUNCH LIST
CLOSING DAY



How soon would you like to move into a new home?

If you need to move into something new rather quickly, consider the timeline of completion on a build to suit versus a completed new construction inventory home.

Do you enjoy working on home projects and DIY?

Build to suite new construction may be a good fit. With everything brand new, all of your customizations are chosen, and with a home warranty you won't need to do any fixing up for the foreseeable future.

Are you looking for something specific?

If your answer is yes, new construction may be a great option. You would be able to build something that fits your needs and desires. Plus, if you can find land in your desired location, your dream home awaits!



The Pros

You may get to customize the features.

Depending on what stage the home is in when you buy, you may get to choose the finishes, fixtures, and appliances. Of course, if you are doing a fully custom build, you get to choose everything.

Everything functions correctly!

Your money can go towards furnishings and decorating instead of repairs and replacements. Your home maintenance costs will be lower for the first several years.

You have the option to include the latest hi-tech features

Such as a security system, audio & visual systems, automatic lighting, home smart systems.

Big-ticket items like the roof, appliances & HVAC are all under warranty. In fact, the builder's warranty may cover additional items such as windows, doors, and trim, electrical and plumbing systems, and workmanship on tile, flooring etc.

Enjoy the latest standards on energy efficiency. A home built today will be much more energy-efficient than one built ten, twenty, or thirty years ago.



The Cons

You may not get the options & finishes you hoped for. Unless you are doing a totally custom build, your builder may have selected finishes, fixtures, features, and appliances you can choose from. Most builders will allow you to pick from outside their options, but upgrades can be expensive.

You will have immature landscaping for some time if you are in a new development. Unless you purchased a vacant lot in an established community, you may have to wait some time for new trees and landscaping to mature.

The price is not usually negotiable. The cost is the cost when it comes to new construction. Unless you downgrade features, or your builder is offering a limited concession, you usually won't be able to negotiate the sales price.

You will have to abide by the builder's deed restrictions, and possibly an HOA. New developments usually have certain restrictions homeowners must adhere to, and most newer neighborhoods also have homeowner's associations. This is not a bad thing, but you should know what the rules are before you buy.



Inventory Homes

Inventory homes are homes built in a development where all the homes are built around the same time, or in phases, by the same builder. The builder determines floor plans and uses similar features in each model. Often, buyers purchase an inventory home prior to completion and they may be able to make changes within the builder's budget or for an upgrade fee.



Custom Spec Homes

Homes "built on spec" means the builder has purchased a single lot with the intention of building a home on it. The builder will likely offer certain home plans that will fit on the lot. Matching a desired lot and a plan together. This is where you can potentially make your individual custom selections, exterior and interior, to make it your own.



Custom Homes

When the buyer purchases land and contracts a builder to build a home of their choosing, they are building a custom home. The buyer chooses their floor plan, or has an architect draw one, and chooses all of the features – sometimes with assistance of the builder or an interior designer.

Considerations with your Builder

If you are looking to build in a planned development, find out if there is a designated builder or if the developer allows you to hire your own.

If you are bringing in your own builder, it's important to choose a reputable one. Consider these points:

- ✓ Confirm there are no complaints registered against the builder
- ✓ Ask for references from other homeowners
- ✓ Tour a model or recently completed home and bring someone who can judge the quality of the workmanship
- ✓ Identify your contact person who you will communicate with through every step of the build so you know when your choices must be made and when each phase will be completed





Are you required to use their preferred lender ?

Many builders work with a preferred lender that offers attractive incentives on closing costs. It's important to know if the lender is working as a referral or if the mortgage company is owned by the builder. If you are not required to use their lender, shop around to see who can give you the best financing. Sometimes their incentives are not monetarily beneficial over your long term financing.

Can you review a copy of the builder's sales contract?

Builders generally use their own contracts that are similar to regular sales contracts, but include additional terms and addendums specific to the building process. These can be very extensive. This is where reading and understanding all the fine print matters. Your agent can help you interpret the terms of the builder's contract before you sign.

What is the timeline for completion?

This will differ based on the type of home and type of builder. A home's general completion can range from 6 -18 months. Much of the first several weeks/months are taken up with design approval and acquisition of permits. Regardless, the builder should be able to give you a general timeline outlining each phase of construction.

Can you choose features that are not in their package?

Interested in upgrading features such as cabinetry, flooring or lighting fixtures?

Most production builders will provide a set of standards for the interior and exterior of the home. It will also include the mechanics and behind the walls construction materials. In most cases you can inquire as to the options to upgrade features and design selections and any cost associated. Limitations to this can arise depending on the type of home and the type of builder.



What is included ?

Many people assume their finished home will look like the model or the graphics in the brochure, only to find out that the builder's standard inclusions are more minimal, or even non-existent. It is important to understand the standards of the home and ask to tour a home they have built with those standards reflected, possibly other than the well-upgraded model. Plan accordingly for the cost of any upgrades as the builder will likely want to be paid at least half, if not all of the cost of the upgrade at the time of contract and/or selection. This would be in the form of a change order. Let's avoid surprises.

What warranties are provided?

Understand what is covered under the builder's warranty and for how long. There is a difference between builders, mechanical and structural warranties. However, there can be stipulations with any issues resulting from the homeowner's failure to provide maintenance in certain areas. Many good builders will suggest an 11-month walk-through after owning, to cover any deficits that the builder can address collectively.

What are the deed restrictions, HOA and amenities?

Developers usually file a subdivision's restrictive covenants when applying for approval to build the development. Any persons buying a property in the development are bound to abide by these restrictions. Is there an HOA? What are the fees and what amenities do they cover?

Can you do a final walkthrough before closing?

Usually, there will be a "punch list" of items the builder needs to complete by the end of construction. Generally, this occurs 1-2 weeks prior to closing. This could include cleaning, touch-up paint, repairing drywall, trim work, re-keying locks. Walk the home again before closing to make certain every item has been addressed before you sign the closing documents.



Secure Financing or Show Proof of Funds

Builders often work with particular mortgage companies and will offer discounts on closing costs for using their “preferred” lender.

Whether you use the builder’s lender or someone else, you will need to get pre-approved for financing. It is always best to have this approval upfront. If you are not financing, obtain proof of funds from your financial institution.

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We're Here to Help

Please inquire as we have many preferred lenders we can connect you with . They will provide you the best possible terms and give you peace of mind, so you can focus on building your DREAM HOME!

Questions for Lenders

- ✓ What interest rate can you offer?
- ✓ Is it fixed or adjustable?
- ✓ When can you lock my rate?
- ✓ What fees can I expect from you?
- ✓ What type of loan is right for me?
- ✓ What is the homes appraisal process?



Customization Decisions

In a planned development, you usually have option levels to choose from, the scope of which depends upon the price point of the home or development. You may be able to up or downgrade any of these items.

Discuss with your builder how changes to their options packages will affect your sales price.

Various options are usually offered for the items listed below. Check with your builder for an exhaustive list.

Customizations in a Planned Development Home

- | | | |
|--------------------|---------------------|---------------|
| ✓ Exterior colors | ✓ Door hardware | ✓ Tile |
| ✓ Interior colors | ✓ Countertops | ✓ Doors |
| ✓ Flooring choices | ✓ Light fixtures | ✓ Appliances |
| ✓ Cabinetry | ✓ Plumbing fixtures | ✓ Landscaping |

NOTE: CHECK WITH YOUR BUILDER FOR AN EXHAUSTIVE LIST



Customization Decisions

Throughout your build, there will be plenty of decisions to make. Being prepared with your choices at each stage will help keep the build on schedule.

Most builders will assign you a project manager who will inform you of the build's stage and what decisions are coming due.

If your build is a true custom, work with an interior designer or begin researching finishes, fixtures, colors, hardware appliances and lead times.

Customizations in a Custom Home

- ✓ Floor plan & overall home design
- ✓ Exterior finish and color
- ✓ Roof type and color
- ✓ Window styles and colors
- ✓ Door and window hardware
- ✓ Landscaping plan
- ✓ Interior wall textures, and colors
- ✓ Baseboards and crown molding
- ✓ Kitchen, bathroom & laundry room
- ✓ Cabinetry design and finishes
- ✓ Backsplash design and material
- ✓ Countertops
- ✓ Shower and bath styles
- ✓ Sinks & shower plumbing fixtures
- ✓ Toilets
- ✓ Flooring (rooms, hallways, garage)
- ✓ Appliances
- ✓ Garage door
- ✓ Closet design
- ✓ Shelving material and design
- ✓ Fireplace materials and design
- ✓ Porch or patio design and materials
- ✓ Driveway design and layout
- ✓ Pool & outdoor amenities



Walkthroughs

Check on every phase of construction to ensure that the build follows the plan. Phases include slab/plumbing, framing, pre-sheetrock (this is important because all electrical occurs prior), interior & exterior completion.



Optional Inspection

Although your home is brand-new, you still should consider having an independent third party home inspection. They can inspect along with the build phases. Often an inspector will catch something that slipped past the builders contractors.



Closing Day!

Your almost there ! Just before closing day new construction involves a “punch list” of items the builder is responsible for completing. This may include cleaning, painting, landscaping, or changing locks. Go through the house with the builder before closing to add items to the punch list.

We hope this guide has been helpful. If you have any questions, please don't hesitate to reach out!

We are your advocate !

Please consider when you buy new construction the home builder is considered the seller , and the builder representative works on behalf of the builder. Its the builder representatives job to always have the builders best interest in mind, not yours.

Your best interest is our top priority

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