

New Construction FAQ's

Are there benefits to buying new construction?

You get the opportunity to have a house built to your specifications. You will be the first owner and everything will be brand new. The house will have a new home warranty. You will know the history of the house.

Where do I start? How do I decide on which builder to use?

Talk to your friends and see if any of them have had a home built. Ask them how they feel about the builder. Ask a Realtor® about builders in the area and what they are offering. The Sunday paper usually has a section on new home construction. Drive around the new construction developments and see if you like the communities. Check out builder websites and see what kinds of models, floor plans and amenities they offer.

www.TimLordRealtor.com/newconstruction/builderswebsites.htm

What are my responsibilities to the builder?

Once you sign a contract with a production builder you need to stay in regular contact with them. Your Realtor® can help you with this. Usually the builder will give you a schedule of when different stages will be done and inspections will occur. Staying in contact with the builder will help you stay on schedule and avoid any lost time.

When is the best time to buy new construction?

When a builder first opens a new community they tend to price lower to attract new buyers quickly. After a few months they will raise their prices. The downside to this is having construction going on around you for the next couple of years. If you are one of the first buyers in a community you will have a better choice of lots to pick from for your house.

Will I need financing going in?

Most builders have a financing unit that can help you get a mortgage. They usually offer you incentives such as a lower mortgage interest rate, paid closing costs or maybe appliances if you use their financing. You don't have to use their financing. If you have a mortgage company that you want to use, you can.

Does it cost more to have a house built?

Usually it does not. Builders do extensive research and market studies to determine what will sell and at what price range. The price they paid for the land has a lot to do with it. If their houses were priced too high, they would never sell out new communities. They have to be competitive.

How are new construction prices determined?

Location, square footage, style of house, quality of product, upgrades in the house all are used to determine the price of the house.

Is there builder information online?

All builders have extensive websites. You can read about their commitments to their customers, their mission statements, their histories, see maps of their developing communities, look at pictures of their models and see numerous floor plans. There are telephone numbers where you can call salespeople and ask them questions.

Are all builders pretty much the same?

Each builder has their claim to fame. Estridge, located here in Indianapolis builds a very high quality product and that they are "Building A Better Life". C P Morgan's tagline is "More Square Feet. Less Money". Ryland touts that they are "America's Home Builder" while M/I Homes says it's "One of the Nations Leading Homebuilders". Each builder has their own personality and way of doing business.

Where can I see floor plans?

At the builders website. You can also drive to their models and get a first hand look. Not all communities have all models.

I have found the floor plan that I like. Is there a model that I can see?

Not all communities have all models. You may have to drive to a community that you are not interested in to see a model that you are.

How long does it take to build my house?

Depends on the builder. Some builders take as little as 3 months. Others will take up to 9 months. Other things such as basements may extend the building time.

What are Spec and Inventory Homes?

A lot of times builders will build homes when they don't have an intended buyer. They will list these homes on the local MLS and let Realtors® show and sell them. It is a great opportunity for a buyer who does not want to wait to have a house built.

If I get my Realtor® involved, do I have to pay them a commission?

Absolutely not! Just make sure you register the Realtor® the first time you meet with the builder. The builder will pay the Realtor® a commission and it does not change the price of the house. The price of the house remains the same whether you use a Realtor® or not. To the builder, Realtors® commissions are budgeted and considered marketing costs.

Do builders ever discount home prices?

Generally no. The exceptions might be Spec and Inventory Homes that have been on the market a long time. The list price of the house with options is the price you pay. Sometimes builders advertise that they will include a free basement of so many dollars worth of options in the price.

Do I get to pick the lot in the community I want to live in?

Usually you have that choice. If you are one of the first ones buying in a new community you might have a lot more choices than if you are one of the last. Sometimes in communities there are premium lots. You pay extra for a premium lots because they may contain more square footage or a better location.

Will I be able to have access to the house while it is being built?

Yes. You should always let the builder know that you plan to go inside the house while it is being constructed. There may be safety concerns. You don't want to be in the way of carpenters, plumbers and electricians.

Do I have to be present during inspections?

If at all possible, yes. Inspections are for you. This is a time where you can point out things that need to be done to your satisfaction. Without your input the builder may think that everything is fine.

What kinds of feature options do I have on the home?

Each home has numerous options. From type of carpet, to kitchen cabinets, fireplaces, bay windows, bathroom upgrades, patios, decks, basements, light fixtures etc. The salesperson can give you a list of options on each home.

Where can I see all the options?

Each builder has a showroom where all the options are displayed. Sometimes you can find a builders model that may have the option that you want to see.