



NEW HOME CONSTRUCTION

Resource Guide



THE COMPLETE GUIDE TO BUYING NEW CONSTRUCTION



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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.

BUYING NEW HOME CONSTRUCTION

Pros Vs. Cons



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.



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.



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 can sometimes have higher taxes than older ones because they lack established infrastructure.



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. Ask about construction loans vs builder financing and which option is best for you.



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 buyer's Realtor fees are covered by the builder (although all builders are different, so you will want to check!), 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 is 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 may 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 Sota Homes, you will be in the best hands. With a combined 10+ years experience working with new home builders, we know how to get you your dream home for the best price possible.



SO YOU DECIDED

you want to build a house

Well... Congratulations. You are about to embark on one of the most exciting roller coasters of your life, one that costs a lot of money and has a lot of ups and downs and is literally one of the most stressful things you will do in life (behind divorce and death). But don't worry, I literally do this every single day, and have encountered 100s of things that could go wrong, and have created a path for you that will expertly guide you through the process, which will ultimately lead to a rewarding experience.

That being said, I have made it my life's work to make this process as FUN and ENJOYABLE as possible. With my proven systems, I have the ability to solve problems before they even become problems, which allows you - the homebuyer - to have the best experience with the least amount of hassle. Are you ready for the wild ride of homeownership?

DEFINE GOALS & *objectives*

The first step to beginning this process is to decide your WHY. What is it that you are hoping to accomplish by building a home? Is it because you're tired of paying your jerk landlord too much money every month? Or maybe you're ready to own a real piece of the pie and live the American dream? Maybe you're ready to create a sanctuary where you can raise children and get more dogs (because getting more dogs is always the right answer). Get crystal clear on your why, and you'll always have an inspiration to move forward.



NOW, FOR THE FUN PART

Imagine your beautiful new home. What features does it have? Granite countertops? An open floor concept? And is it important it's close to schools? Grocery stores? Yoga studio? Dog Park?

Write down what matters most to you below.

the features of the home most important to me are...

it's important for my house to be...



RESOURCES

For You

PRICE REALTY

BROKERED BY
exp
REALTY

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?
How does financing work?
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.

Note: When working with a builder, typically selections are made prior to dig.

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 Framing & Rough-In Stage

Building Process

- | | |
|---|---|
| ☐ Framing | ☐ Rough In HVAC |
| ☐ Gas Fireplace | ☐ Rough In Plumbing |
| ☐ Roof Shingles | ☐ Rough In Phone & Cable |
| ☐ Vinyl Siding | ☐ Rough In Electrical |
| ☐ Brick / Stone Veneer | ☐ 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 Standard Oak Flooring |
| ☐ Finish HVAC | ☐ Interior Hardware-Shelving, Locks, etc... |
| ☐ Install Pre-finish Oak | ☐ Insulate Crawl Space |
| ☐ Finish Plumbing | ☐ Irrigation System Sidewalks, Drive Ways SOD |
| ☐ Finish Electrical | ☐ Clean Up |
| ☐ Finish Standard Oak Flooring | ☐ Certificate Occupancy |

NEW HOME CONSTRUCTION

Buying Tips

1 Hire a Real Estate Agent

Find an agent who you like and trust. Doing so will help ensure that you get what you want and that your best interests are being served. Make sure that agent has experience in new construction, as the process can be different than buying existing homes.

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. Make sure your lender is experienced in new construction loans and is able to offer you ALL the options. Be sure to ask them about one and two time close for construction loans.

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.

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.



WHY CHOOSE US

Our Team

About us

Price Realty was developed in 2018 and partnered with Price Homes to offer services for buyers, sellers, and those interested in new construction homes.

As a group partnered with a builder, we have first hand insight into the build process and access to inventory not yet on the market.



We are your one-stop-shop!

While our team is partnered with a specific builder, we are also full service Realtors. This allows us to help our clients, no matter what their needs are!

Want to build? We love Price Homes! (which is why we chose to partner with them) But we know there are other great builders out there too. Our relationship with Price Homes helps cultivate close relationships with other builders in the area, allowing us to connect our clients to their best builder match.

Building not for you? We help buyers find their dream home in the existing market by looking for on and off market properties. Ask us about our options to turn buyers into POWER buyers!

Need to sell? We love helping sellers get the most money from the sale of their house, while making the process smooth and simple. Ask us about our Seller Success kit!





Katie Duerfeldt REALTOR

I became a Realtor in 2018 to offer people a transparent, seamless, and fun experience for buying, selling, and building in real estate.

As a former teacher, I take pride in being an experienced problem solver. I am able to provide solutions and offer all options to fit each client's unique situation.

For sellers, I am a social media marketing pro (be sure to follow me @soundlivingmn), iRep certified, and a certified Knock Home Swap agent. If you are unsure what that means, I'd love to chat!

For buyers, I actively search on and off-market for the perfect home, and can also offer expert knowledge and experience for building your dream home!

CREDENTIALS

Top Producer Award 2022

Knock Home Swap
Certified Agent, 2020

iRep Certified, 2020

REALTOR, 2018

LESS TIME

My marketing strategy, tech skill and network will maximize your property's exposure to qualified buyers who are interested to know your home.

EASY PROCESS

While I navigate through the complexities of the real estate transaction, you can enjoy a seamless experience.

MORE MONEY Through attracting the qualified buyers and my guidance, your property will sell for the highest marketable price possible.



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CLIENT TESTIMONIAL

Reviews

DAVID



"Katie did a great job on our recent purchase. She was responsive, knowledgeable and very helpful through the whole process. I would recommend her without hesitation."

JENNA



"Katie is amazing and made the process seamless! She answered all of our questions quickly and was always available. She drove from out of town multiple times to meet with us. We highly recommend her!"

KAYLA GARCIA



"Katie is a wonderful agent! She is extremely knowledgeable, friendly and helpful. She provided us with great feedback and suggestions while we were in the process of selling our home. I would highly recommend her for any of your real estate needs."

ANDY



"Katie is a very knowledgeable and honest realtor. I met Katie at an open house and knew immediately she was a good fit to fulfill my need to sell my house. I wanted to find a diligent and dutiful realtor that is sincere and genuine. Katie fit the bill and then some."

THANK YOU!

I HOPE THIS GUIDE SERVES YOU WELL. THE BUILDING PROCESS
CAN BE OVERWHELMING, AND WE ARE IN THIS TOGETHER.
LET ME KNOW IF YOU NEED HELP OR HAVE ANY QUESTIONS!



Katie Duerfeldt

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Scan to get my electronic business card!