



Buying New Construction

A COMPREHENSIVE GUIDE



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JoAnn Echtler

REALTOR® | LCS, RCC, ABR, SRS

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

I am both New Home certified and New Construction Certified, and am able to confidently guide you through the process from start to finish.

My goal is to ensure that you are comfortable and informed every step of the way.



We were extremely pleased with the service that JoAnn and her team provided. We implemented her suggestions and it really paid off. She is extremely thorough and knowledgeable about buying and selling. We recommend JoAnn without hesitation to handle your home purchased and/or sale!

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About this Guide

Buying or building a new home is an exciting undertaking, with many considerations.

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 in a new home plan or a custom home on a scattered lot.

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
OPTIONAL INSPECTION
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, new construction may not be the best option for you.

Do you enjoy working on home projects and DIY?

If your answer is no, new construction may be a good fit. With everything brand new, all of your customizations chosen, and a home warranty, you won't need to do any upgrades 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 5-10 years.

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

Such as a security system, audio systems, automatic lighting, and smart faucets, appliances, and thermostats.

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 and drywall installation.

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 a selection of finishes, fixtures, features, and appliances you can choose from. Most builders will allow you to pick additional 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 will have to wait some time for new trees to mature and provide shade and lushness to your home and yard.

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 lower pre-construction price or a special, you usually won't be able to negotiate the sales price.

You will have to abide by the builder's deed restrictions, and probably 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.



Spec Homes

Homes “built on spec” means the builder has purchased a single lot and built a home on it not knowing who will purchase the home. Typically, the builder will list the home with a real estate agent to market and sell. Since the home is usually finished, or almost finished, the buyer does not have the opportunity to make changes to the home.



Tract Homes

Tract 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 a tract home prior to completion and they may be able to make changes within the builder’s budget or for an upgrade fee.



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. This home may be in an established plan, or on a private lot, also called a scattered lot build.

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 discounts 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 that's the case, it's a good idea to have an attorney review your contracts as an independent set of eyes. If you are not required to use their lender, shop around to see who can give you the best financing.

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

Builders use contracts that are similar to regular sales contracts but include additional terms specific to the building process, such as the timing of contractor payment, finish options you have to choose from, and whether or not your deposit is refundable. 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 (Production, Spec, Tract or Custom). Production homes can be completed in 3 to 4 months, whereas custom homes usually take a minimum of 6 to 18 months. Regardless, the builder should be able to give you a timeline outlining each phase of construction.

Can you choose features that are not in their package?

Interested in upgrading features such as cabinetry, plumbing, or lighting fixtures? You could save money by purchasing your own fixtures or appliances. Make sure your builder is open to you making choices outside of their selections. Usually, they are flexible as long as your selections are available and can be installed without major changes or updates to the schedule.



What is included in the landscaping package?

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 landscaping package is the bare minimum, or even non-existent. You may choose to upgrade it or plan to add your own landscaping.

Can the builder charge for unexpected cost increases?

Have an attorney review the builder's contract carefully and note if there is an escalation clause that would allow the builder to pass cost increases onto you in the event that materials or labor costs increase during construction.

What warranties are provided?

Understand what is covered under the builder's warranty and for how long (usually between 6 months and 2 years). Structural items are usually covered for up to 5-10 years. Appliances, damage from weather, shrinkage or expansion of the home or foundation, and issues resulting from the homeowner's failure to provide maintenance are not usually covered.

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. This could include cleaning, touch-up paint, repairing drywall, trim work, re-keying locks. Walk the home before closing to make certain every item is addressed before you sign the closing documents.



Secure Financing or Show Proof of Funds

Builders or developments 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. If you are not financing, obtain proof of funds from your financial institution.

Recommended New Construction Lenders

Jordan Beck
Mars Bank
724.776.3803 Ext. 319
jbeck@marsbank.com

Tom Spagnolo
Ace One Mortgage
724-940-2450

Lori Altrudo
Patriot Lending
laltrudo@patriotlending.com

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?
- ✓ Do I qualify for any down payment assistance programs?



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 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



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

NOTE: CHECK WITH YOUR BUILDER FOR AN EXHAUSTIVE LIST



Walkthroughs

Check on every phase of construction to ensure that the build follows the plan. Even the best builders have miscommunications, mix-ups on orders, or problems with installations. Plan on visiting the home several times per week once it gets dried-in.



Optional Inspection

Although your home is brand-new, you still might consider having a home inspection done. Sometimes an inspector will catch something that slipped past the contractor and code enforcement.



Closing Day!

Closing day on 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.

Thank you

I hope this guide has been helpful. If you have any questions, please do not hesitate to reach out!



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