

# Buyer's Guide

**FREE**  
**Buyer's Guide**

All You Need To Know  
When Buying A Home



# Table of Contents



Homeowner's Guide	•	•	•	•	•	•	•	•	•	•	2
10 Tips to Save Time & Money	•	•	•	•	•	•	•	•	•	•	3
Immediate Delivery on New Homes	•	•	•	•	•	•	•	•	•	•	5
4 Things to Know to get a Mortgage	•	•	•	•	•	•	•	•	•	•	6
10 Things You Need to Pass Home Inspections	•	•	•	•	•	•	•	•	•	•	8



# The Homebuyer's Guide to New Homes



For homebuyers, a big decision is whether to purchase an older existing home, or a brand new one. Here's some information about new homes to help you clarify your decision.

When shopping for your home, you'll discover that most homes on the market are resales. Yet, one out of four homebuyers purchases a new home. Both new homes and resales offer advantages. Before you make a decision, let's compare the two:



## **NEW HOMES**

- \* offer innovative use of space and style
- \* greater energy efficiency
- \* a choice of options and upgrades
- \* everything is new, and modern

VS

## **EXISTING HOMES**

- \* on the average they are less expensive
  - \* often they are in established neighborhoods with mature landscaping
  - \* homes have already settled, eliminating possible problems that arise from this happening after the purchase of home
- There are advantages to both. Should you be thinking about buying a new house, here are 10 points to consider before you visit your first model home.

# 10 Tips to Save You Time and Money

.....

## **1. Get in Touch with Your Agent.**

Before you visit your first model home, sit down with your agent and do your homework. You'll want to be prepared so that you can determine a comfortable price range for your new home. Determine a Comfortable Price Range - If you own a home, you'll first need to know the net proceeds from its sale in order to determine how much cash you'll have to work with. Don't simply estimate this but carefully calculate every possible selling cost. If you're a first time buyer, you'll need to first qualify your income. Determine the size of your down payment, then work out a monthly debt load so you can determine a comfortable price range.

## **2. Sellers' Agents Versus Buyers' Agents.**

Here's a good point to remember. The sales agent in the model home represents the builder, not you. They are known as sellers' agents. As a buyer you can work with a buyers' agent at no additional cost. It's his/her business to best represent your needs by being knowledgeable about home construction, warranties, financing, differences in pricing, quality, even lot selection so that you get the best value for your money.

## **3. A Builder For All Reasons.**

Like all tradesmen, builders vary in their fields of expertise. For example there are builders who specialize in craftsmanship, others who are known for their innovative use of space, and those who offer below-market financing or customer attention during construction and after move-in. Determine your own specific needs or preferences then shop around for a builder that will best address your requirements.



## **4. Get the Facts About Your Builder.**

Before making a final decision, it is wise to check out the reputation and financial strength of the builder. Get "spec sheets" on home features covering everything from floor plans to energy efficiency, including lot availability and delivery of your home. (And see below for information about Immediate Delivery of homes.)

## **5. Check Out the Neighborhood.**

- \* Learn as much as you can about the community.
- \* Discover what amenities it has to offer.
- \* Investigate if financial reserves have been set aside to build or replace major amenities like schools or community roads.
- \* Find out from local land-use officials what else is planned or could be constructed in the area, especially where vacant land is applicable.
- \* Review the rules for the homeowner's association, or find out if one will be set up.
- \* Think of how you will be affected by commuting routes and times.

## **6. Choosing Options and Upgrades.**

The least expensive the base price of the house is, the more options and upgrades you can add without fear of overpricing it for the neighborhood. Options are items the builder installs during construction, such as adding usable space like a sunroom or a powder room. These features can add the most to the resale value of your home. Upgrading means selecting quality above "builder standard" such as carpeting, ceramics, detailing, kitchen fixtures and appliances. Be sure to take advantage of builder incentives that offer free upgrades or credit off the sale price. And remember, you can add a deck, finished basement or landscaping later and sometimes for less money.

## **7. Negotiations.**

Often buyers don't realize that there may be room for negotiating price, upgrades or options. For example, you have some scope for negotiating with the builder if she/he has a completed a home but hasn't sold it. Also some "premium lots" are priced higher and are sometimes saved to be sold last. Keep in mind that typically, all lots cost the builder the same, so be sure to enquire about lot pricing. Builders may offer discounts or special financing to help close a sale.

## **8. Be Sure the Contract Works in Your Favor!**

When spelling out the particulars of an agreement with your builder, ensure you protect yourself by having safeguards written into the agreement, such as:

- \* placing your deposit in escrow
- \* detailing your upgrades;
- \* allowing you access to the construction site to check on progress;
- \* a 30-day advance notice of the closing date.
- \* an explanation of what the fine print means in the warranties of the builder and manufacturer.

## **9. Financing - What's Best for You?**

Some builders, especially in high-volume communities that place large numbers of loans, can offer special financing packages. However, because "home loan" lending is highly competitive, you have many financing choices other than those being offered by the builder.

Shop around for everything, from rates to lender fees. Appraisals, inspections, surveys, attorneys and closing fees can vary as well.

#### **10. Just Because it's New - Doesn't Mean it's Perfect.**

Yes, it's new and typically it's built with modern materials that are durable, low maintenance, stronger, quieter, and safer. But because nothing is perfect, even if it's new, consider hiring a reputable, licensed home inspector. Then create a builder "punch list" from what you've learned, to address any problems before closing. Consider budgeting for items to be modified or added later on. Many new home buyers use a real estate agent to help them negotiate the best price and terms with the builder. ❖

# Immediate Delivery on New Homes

.....

### **Buyer Advantages Your Builder May Not Reveal!**

Here's a fact that you may not be aware of. Some builders have newly-constructed homes available for immediate delivery. Usually these homes are ready to move into within 30 days. Even if some builders are eager to sell, they'll probably keep that knowledge to themselves. Immediate delivery homes are often available for various reasons:

- \* the community, where new homes are being constructed is nearly complete, so the builder proceeds to have the on-site contractors build "spec" homes (homes built on speculation for sale) on the last lots;
- \* the model home is for sale;
- \* the contract on a home has fallen through;
- \* builders include constructing homes for immediate delivery for buyers who are relocating or who have sold their previous home and need one to move into quickly.

Immediate delivery homes may be more desirable, because sometimes builders offer financing incentives or free options. This may be done in place of chopping prices to appeal to buyers purchasing later in the building phase. An immediate delivery home is an advantageous way to purchase a home if you need to move in quickly, or need a physical space to walk through and see before you sign a contract. Be sure to inquire. ❖



# 4 Things You MUST Know before obtaining a mortgage

.....



Mortgage regulations have changed significantly over the last few years, making your options wider than ever. The way you approach mortgage shopping, and even small differences in the structure of your mortgage, can cost or save you literally thousands of dollars and years of expense.

Industry research has revealed that there are 4 common mistakes that most homebuyers make in mortgage shopping that can have a significant impact on the outcome of this critical negotiation. If handled correctly, these issues could result in a mortgage that will cost you less over a shorter period of time.

Before you commit your hard earned dollars to monthly mortgage payments, consider these 4 issues. Effective consideration of these important areas can make your payments work much harder for you.

**1.** You can, and should, get pre-approved for a mortgage before you go looking for a home. Pre-approval is easy, and can give you complete peace-of-mind when shopping for your home. Your local lending institution can provide you with written pre-approval for you at no cost and no obligation, and it can all be done quite easily over-the-phone.

**2.** Know what monthly dollar amount you feel comfortable committing to. When you discuss mortgage pre-approval with your lending institution, find out what level you qualify for, but also pre-assess for yourself what monthly dollar amount you feel comfortable committing to. Your situation may give you a pre-approval amount that is higher (or lower) than the amount of money you would want to pay out each month. This way you won't waste time looking at homes that are not in your price range.

**3.** You should be thinking about your long-term goals, and expected situation, to determine the type of mortgage that will best suit your needs. There are a number of questions you should be asking yourself before you commit to a certain type of mortgage. How long do you think you will own this home? What direction are interest rates going in, and how quickly? Is your income expected to change (up or down) in the near term, impacting how much money you can afford to pay to your mortgage? The answers to these and other questions will help you determine the most appropriate mortgage.

**4.** Make sure you understand what prepayment privileges and payment frequency options are available to you. More frequent payments (for example weekly or biweekly) can literally shave years off your mortgage. Simply by structuring your payments so that they come out more frequently, will significantly lessen the amount of interest that you will be charged over the term.

These payment options can cut years off your mortgage, and save you thousands of dollars in interest. However, not every mortgage has these prepayment privileges built in, so make sure you ask the proper questions. ❖





# 10 Things You Need to Know to Pass Your Home Inspection

.....

For homesellers, one big issue in the process of selling is the home inspection. Even relatively insignificant problems with your home can break a deal and cost thousands of dollars in the sale. Here are 10 things you need to know to pass your home inspection.

While homebuyers are as individual as the homes they plan on purchasing, one thing they share is a desire to ensure that the home they will call their own is as good beneath the surface as it appears to be.

According to industry experts, there are at least 33 physical problems that will come under scrutiny during a home inspection. We've identified the 10 most common of these and, if not identified and dealt with, any of these could cost you dearly in terms of repair.

In most cases, you can make a reasonable pre-inspection yourself if you know what you're looking for. And knowing what you're looking for can help you prevent little problems from growing into costly and unmanageable ones.



## A 10-POINT PRE-INSPECTION

### 1. Defective Plumbing.

Defective plumbing can manifest itself in two different ways: leaking, and clogging. A visual inspection can detect leaking, and an inspector will gauge water pressure by turning on all faucets in the highest bathroom and then flushing the toilet. If you hear the sound of running water, it indicates that the pipes are undersized. If the water appears dirty when first turned on at the faucet, this is a good indication that the pipes are rusting, which can result in severe water quality problems.

### 2. Inadequate Wiring & Electrical.

Your home should have a minimum of 100 amps service, and this should be clearly marked. Wire should be copper or aluminum. Home inspectors will look at octopus plugs as indicative of inadequate circuits and a potential fire hazard.

### 3. Poor Heating & Cooling Systems.

Insufficient insulation, and an inadequate or a poorly functioning heating system, are the most common causes of poor heating. While an adequately clean furnace, without rust on the heat exchanger, usually has life left in it, an inspector will be asking and checking to see if your furnace is over its typical life span of 15-25 yrs. For a forced air gas system, a heat exchanger will come under particular scrutiny since one that is cracked can emit deadly carbon monoxide into the home. These heat exchangers must be replaced if damaged - they cannot be repaired.

### 4. Roofing Problems.

Water leakage through the roof can occur for a variety of reasons such as physical deterioration of the asphalt shingles (e.g. curling or splitting), or mechanical damage from a wind storm. When gutters leak and downspouts allow water to run down and through the exterior walls, this external problem becomes a major internal one.

### 5. Damp Attic Spaces.

Problems with ventilation, insulation and vapor barriers can cause water, moisture, mold and mildew to form in the attic. This can lead to premature wear of the roof, structure and building materials. The cost to fix this damage could easily run over \$2,500.

### 6. Rotting Wood.

This can occur in many places (door or window frames, trim, siding, decks and fences). The building inspector will sometimes probe the wood to see if this is present - especially when wood has been freshly painted.

### 7. Masonry Work.

Rebricking can be costly, but, left unattended, these repairs can cause problems with wa-

ter and moisture penetration into the home which in turn could lead to a chimney being clogged by fallen bricks or even a chimney which falls onto the roof. It can be costly to rebuild a chimney or to have it repointed.

### **8. Unsafe or Overfused Electrical Circuit.**

A fire hazard is created when more amperage is drawn on the circuit than was intended. 15 amp circuits are the most common in a typical home, with larger service for large appliances such as stoves and dryers. It can cost several hundred dollars to replace your fuse panel with a circuit panel.

### **9. Adequate Security Features.**

More than a purchased security system, an inspector will look for the basic safety features that will protect your home such as proper locks on windows and patio doors, dead bolts on the doors, smoke and even carbon monoxide detectors in every bedroom and on every level. Even though pricing will vary, these components will add to your costs. Before purchasing or installing, you should check with your local experts.

### **10. Structural/Foundation Problems.**

An inspector will certainly investigate the underlying footing and foundation of your home as structural integrity is fundamental to your home. To sum up, when you put your home on the market, you don't want any unpleasant surprises that could cost you the sale of your home. By having an understanding of these 10 problem areas, you'll be arming yourself against future disappointment. ❖

