

Purchasing in a New Home Subdivision



By Rosanne Kolodenko
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Purchasing a home that is brand new is a good option for many home buyers. The home is fresh, comes with warranties and the purchaser can often customize colors, flooring, countertops, etc.

Some homebuyers prefer homes in established neighborhoods. They want mature trees, a neighborhood with an established character, and they do not want building going on around them.

If you are considering buying a home in a new home subdivision, here are some points to consider:

The builder's on-site representatives work for the builder, not for you. As helpful as they may be, they are not your advocate. Many are not licensed real estate agents. I received a call from a distraught woman who had purchased a home directly from an on-site sales rep. She had just received the Title Commitment and accompanying documents, didn't understand them, and had no one representing her. If you walk into a new home subdivision on your own, make sure that they will accept your relationship with your Buyer's Agent. If they require your Realtor to accompany you on the first visit, leave and return with your agent. It doesn't cost anything to be represented.

The model homes are usually highly upgraded. Ask what comes standard, and ask for a list of the optional upgrades and prices.

Builders often have available homes that have already been started, called specs, for people who want to close sooner. If you prefer a "dirt start," check the location of the available lots, which lots have additional costs called lot premiums, which homes can be built on which lot, how the home will be situated on the lot, what will be surrounding it, and when the estimated completion date is.

Many builders offer incentives to use their lender, such as credits toward points, upgrades and/or closing costs. Often, these incentives are attractive and worth pursuing. Compare their loan costs to those of a trusted lender and see which works best for you.

Not all home builders offer an extended coverage Title Policy, which insures over mechanic's liens. If this is not offered, ask the builder to provide the additional coverage.

Buying a home in the first phase of a new subdivision can cost less, as prices often increase with each phase. You may need to stay there a while to realize the appreciation. Trying to sell while building is still underway will be competing with the new construction, and the incentives the builder offers may be hard to compete with. Ask when the project is expected to be completed.

Some think that because there are government inspectors checking the property and approving the work, they don't need to hire a home inspector. Home inspectors often find things that went unnoticed and may not be discovered when the homebuyer walks through the property prior to closing, such as missing insulation or roofing materials. If possible, have an inspection of the home before they put up the drywall, when the plumbing and wiring can be checked, and after completion.

Your Buyer's Agent can help you determine whether a new or resale home will be the best investment for you.

Rosanne Kolodenko is a Realtor and the Broker/Owner of her local, independent real estate company. She is an Exclusive Buyer Agent, and her company is an Exclusive Buyer Office, representing only homebuyers and working as their advocate. Rosanne is an officer of the Colorado Exclusive Buyer Agents Association. She serves Boulder County and the surrounding area. You can contact her at 303.447.1112 or Rosanne@BoulderBuyerAgent.com, or visit www.BoulderBuyerAgent.com.