

Your complete guide

# Buying New Construction

DC Metro Area and  
most US Markets

Mortgages by bryan  
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## *CHOOSE YOUR AGENT*

CHOOSING THE REAL ESTATE AGENT THAT YOU'LL BE WORKING ALONGSIDE TO SELL YOUR HOME IS NOT A DECISION TO TAKE LIGHTLY.

YOUR AGENT SHOULD HAVE A DEEP UNDERSTANDING OF YOUR GOALS, AND YOUR MARKET, AND OVERALL BE A GREAT MATCH FOR YOU AND YOUR HOME.

CREDENTIALS, OF COURSE, ARE A PLUS- BUT WHAT YOU CAN'T SEE BEHIND THE NUMBERS ARE THE INTANGIBLES OF GOING THE EXTRA MILE AND GENUINELY CARING DEEPLY FOR CLIENTS.

I LOOK FORWARD TO THE OPPORTUNITY OF EARNING YOUR BUSINESS AND SHARING THIS LIFE MILESTONE WITH YOU AND YOUR FAMILY.

### *FOR REFERENCES*

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## THE CONSTRUCTION PROCESS



### TIMELINE

1. Is new construction for you?
  - a. questions to consider
  - b. pros and cons
2. your site & builder
  - a. choose homesite
  - b. choose builder
  - c. questions to ask builders
3. Funding & getting started
  - a. pre-approval/ proof of funds
  - b. execute contract with builder
  - c. select finishes
4. Prepare to close
  - a. walk through
  - b. optional inspection
  - c. punch list
  - d. closing day

# TIMELINE

## IS NEW CONSTRUCTION FOR YOU?



### 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 fixing up 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!

# DO YOU REALLY WANT IT?

## IS NEW CONSTRUCTION FOR YOU?



# 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 several 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.

## IS NEW CONSTRUCTION FOR YOU?



## The Cons

### **You may not get the options & finishes you hoped for**

Unless you are doing a totally custom build, your builder may have selected finishes, fixtures, features, and appliances you can choose from. Most builders will allow you to pick from outside their options, but upgrades are 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 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, you usually won't be able to negotiate the sales price.

### **You will have to abide by the builder's deed restrictions, and possibly 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.

# Decide on your homesite

- 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
- 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 before completion and they may be able to make changes within the builder’s budget or for an upgrade fee
- Custom Homes
  - When the buyers purchase land and contract a builder to build a home of their choosing, they are building a custom home. The buyer chooses their their plan, or has an architect draw one, and chooses all of the features - sometimes with the assistance of the builder or an interior designer







# 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 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 whom 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 complete



## QUESTIONS TO ASK YOUR BUILDER



### **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, and the finish options you have to choose from. 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 three to four months, whereas custom homes usually take a minimum of six 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

## QUESTIONS TO ASK YOUR BUILDER



### **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?**

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). All the major structural items and mechanical systems are usually covered, 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 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

## OBTAIN PRE-APPROVAL OR PROOF OF FUNDS



### **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 lenders.

Whether you use the builder's lender or someone else, you will need to get pre-approved for financing, and obtain proof of funds from your financial institution.

### **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?**

## CUSTOMIZATIONS DECISIONS - IN A CUSTOM BUILD



**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 to 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

## CUSTOMIZATIONS DECISIONS - IN A PLANNED DEVELOPMENT



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 up 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

*NEXT*

# PREPARE TO CLOSE



## WALKTHROUGHS & PRE-DRYWALL

CHECK ON EVERY PHASE OF CONSTRUCTION TO ENSURE THAT THE BUILDER FOLLOWS THE PLAN. EVEN THE BEST BUILDERS HAVE MISCOMMUNICATIONS, MIX-UPS ON ORDERS, OR PROBLEMS WITH INSTALLATIONS. YOU CAN SCHEDULE A PREDRYWALL INSPECTION BEFORE THE WALLS ARE SEALED IN.

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## OPTIONAL INSPECTION

ALTHOUGH YOUR HOME IS BRAND-NEW, YOU STILL MIGHT CONSIDER HAVING A PRIVATE HOME INSPECTION DONE BEFORE YOU CLOSE ON THE HOME. SOMETIMES AN INSPECTOR WILL CATCH SOMETHING THAT SLIPPED PAST THE CONTRACTOR AND CODE ENFORCEMENT.

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## 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.

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*Ready for your new construction home!*

# I'M HERE FOR YOU

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Have more questions? I'm always available to help!  
Shoot me a text or give me a call for the quickest  
response. Helping my clients sell their home for  
top dollar and with the most ease is what I am  
passionate about - I'm always here to answer your  
questions.

## **TALK TO US**

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