

## 6. *Be Conservative with Upgrades*

Choose upgrades that are in keeping with the neighborhood standard. For example, don't fill the house with hardwoods if most of the homes only have them in formal rooms.

Also, be aware of how much you are paying for the ad-on's, as some builders price them well above their value, knowing that most home buyers will simply absorb the cost in their mortgage. If you have the money to add a feature after closing, consider waiting.

## 7. *Don't Go for the Biggest Model*

Choose the nicest area you can find and buy the cheapest house. The larger homes and luxurious location will bolster your property value.

## 8. *Haggle Like a Pro*

Don't be afraid to negotiate with the builder. They're larger profit margin makes them more capable and sometimes more willing to bend on price than private sellers of existing homes. They will be particularly flexible on inventory in a development that is already completed as they'll be eager to move on to the next project. They will also be keen to unload inventory at the end of their fiscal year to clear their books.

## 9. *Protect Yourself*

A builder's contract will naturally be written in their favor, offering you very little protection. Have your agent review it and make adjustments that provide you with more security.

## 10. *Know Your Financing Options*

Many builders have joint ventures with lenders and make money if the mortgage goes through them. Because of this, they will often offer incentives to get buyers to use their lender. This can often mean paid closing costs for the buyer. Compare your lender's fees and rates with that of theirs. If it makes sense, don't be ashamed to use their banker instead.

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# NEW CONSTRUCTION



## 10 Things Every Buyer Should Know Before Purchasing a New Home

# 10 Tips for Buying New Construction



New homes can offer significant appeal. They give buyers the freedom to customize colors, brick, landscaping, location, and sometimes even layout and elevation design. For some, the appeal lies in that new construction smell, the security of new appliances and plumbing, or a clean decorating canvas. Whatever your reasons for being attracted to the new construction market, there are some things you should know before ever stepping foot into a model home.

## 1. Get Pre-Approved

As with every home purchase, your first stop should be the bank. Your mortgage professional can pre-approve you for a loan up front and help you set your buying limits. They can also give you an idea of how much money you'll need to bring to the table and what monthly payment to

expect. The builder's agent will want a copy of the pre-approval letter before taking your offer seriously.

## 2. Bring Your Own Realtor®

Model homes are staffed with realtors® and sales associates that are ready and waiting to sell you on the features of the home and development. These agents are very helpful in demonstrating all the home has to offer, and can even give helpful information on available lots and construction turnaround times. The problem is they work for the builder- *not you*. In the end, they are committed to protecting the builder's interests and securing the best possible price and terms for their client.

Bring along your own agent when visiting model homes. They can ask informed questions of the builder's agent that you may not know to ask, and will represent you during the negotiation process.

## 3. Newer is Not Always Better

Unfortunately, with every housing boom come a few shady builders. They promise the moon and deliver sub-par and sometimes unsafe houses. Research a builder's reputation both locally and nationally. Your realtor® can also steer you

towards reputable builders and analyze the market to ensure your new construction is worth the price. Be wary of buying one of the first homes in a new development. Make sure that promised features, such as lakes and community centers, are in place before you sign. Quality craftsmanship still matters. Shoddy work in a model home should be a red flag as to the quality you can expect.

## 4. Do Your Homework

While looking into a builder's reputation, research his financial stability as well. Ask your lender if they have investigated the builder before approving them for previous loans. If the builder has been black listed by your lender, do not go to another bank. Find a new builder. Remember that even if his finances hold for the completion of your home, he still has the rest of the community to complete. If bankruptcy prevents the development from being finished, your property value will tank.

## 5. Research the Development

Find out all you can about the new development, including zoning of vacant land, plans for public and commercial areas, deed restrictions, the management company, and what other builders, if any, are represented.

