

# Buying New Construction

A COMPREHENSIVE GUIDE





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## Vista Point Properties

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

Our goal is to ensure that you are confident and informed every step of the way.

Have more questions? We're always available to help! Send us a message or give us a call at any time.



There are no words for me to describe how wonderful of an experience we have had using Vista Point Properties. We have done business with them for many, many years and multiple properties and Bill and his team have always made us feel that they have our best interest at heart. While we were out of the country, he took care of a couple of major issues with two of our properties and I can not say what a peace of mind it was to have him on top of it. We have recommended them to anyone that has asked and will continue to work with them as long as we have our properties.

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## About this Guide

Buying or building a new home is an exciting undertaking, with many questions to consider.

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 with a contractor.

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 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!

# 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.







## 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 may be harder to negotiate.** When buying the lot for the house to be built on, your relator may be able to negotiate the lot premium, but when it comes to upgrades and standard sales price, it may be a little harder to negotiate. If you're looking to purchase a spec home (almost or recently built) you will have more wiggle room on the negotiating power.

**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.





## 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.

## 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, 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.





## 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). 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.





## 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 Lenders

Steven Van De Beuken  
520-235-6862  
Altitude Home Loans - VP  
StevenV@AltitudeHomeLoans.com

Celina Stude  
520-250-0203  
Prosperity Home Mortgage, LLC  
Celina.Stude@phmloans.com

McKinlay Jaret-Schachter  
520-870-6297  
Altitude Home Loans  
McKinlay@AltitudeHomeLoans.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 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 A THOUROUGH 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 highly want to consider having a home inspection done. Sometimes an inspector will catch something that slipped past the contractor and code enforcement. Your realtor will be there to help guide you through your inspection as well!



## 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 don't hesitate to reach out!



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