

WHAT TO EXPECT WHEN BUYING A NEW BUILD:

STEP 1: Costs/Money/Financing

- You must contact a lender(s) to get pre-approved before you start looking at houses. The builder might also want you to get preapproved with their lender. The builder might also offer incentives (e.g. money toward your closing costs, etc..) that are only applied if you use their lender throughout the entire process. Definitely talk to more than 1 lender. It will NOT lower your credit score to do so!
- You will need to bring the following items to your meeting with your lender:
 - Last 2 years tax returns
 - Last 3 months pay stubs
 - Official statements of all bank accounts, retirement accounts, investment accounts
 - Your Driver's License
 - Anything else the lender tells you to bring
- Expect to pay in closing costs about 3.5% of the sales price of the home you buy, but some builders will negotiate and contribute some money towards a buyer's closing costs:
 - Example: A \$100,000 will require about \$3500 in closing costs
 - Occasionally, you can ask the seller to pay for closing costs; however, if you offer \$100,000 and ask the seller to pay \$3500 in closing costs, be aware that the seller is only going to make \$96,500 on the sale. Closing costs would be deducted from the total amount offered.--> ***In a multiple offer situation, this doesn't apply***
- Once you are pre-approved, have your lender email us a copy of the pre-approval letter rachel@rxrhometeam.com and tina@rxrhometeam.com
- If you decide to go with a different lender at ANY time during the process, you MUST tell us and get us a new pre-approval letter. If your incentives are based on using the builder's lender, you WILL lose those incentives if you switch lenders.
- Once you start the house buying process, do NOT open any new lines of credit (new car, DirectTV, credit card, anything that requires pulling your credit). This can negatively affect your credit score.
- Also, do NOT transfer/deposit/withdraw any large sums of money unless you keep accurate receipts/records. For example, if you sell your ATV for \$4000 and deposit it to your account, you will have to provide your lender with a detailed paper trail.

Step 2: VIEWING HOMES

- DO NOT VISIT ANY MODEL HOMES OR NEW BUILD COMMUNITIES WITHOUT ME. If you do, we won't be able to help you.
- Based on the criteria you give me, I will go through my network of builder representative contacts to find all the communities that fit the location you're looking for. Then I'll call the builder reps to see what inventory they have available and coming soon.
- I'll let you know what they say, and then we can schedule a day & time to go look at the models and talk to the builder reps.

- As mentioned in step 1, the builders usually offer some sort of incentive if you use their preferred lender (e.g. money toward upgrades, money towards your closing costs, etc...). I suggest getting prequalified with their lender as well as 1-2 other mortgage brokers so that you can compare the loan terms side by side & see which one is most beneficial to you
- Builders CANNOT guarantee a closing date until they've reached a critical stage in the building process, which varies from builder to builder. They can give you a estimated date, but we HIGHLY recommend that you allow 2-4 weeks after that estimated closing date before you actually plan to move in, just in case there are delays. DO NOT PLAN TO MOVE THE SAME DAY AS CLOSING! The builder can postpone & reschedule walk through and closing dates many times without penalty per the contracts, but the buyer is not allowed to.
- Each builder has their own requirements when it comes to how much earnest money they want at the time the contract is executed. We will find out before you sign a contract, but typically the amount is anywhere from \$1500 to 2% of the sales price.
- Not all items you see in the model home are included in the base sales price. You might need to pay extra for sod (front, back, & sides), sprinkler systems, blinds, crown molding, ceiling fans, garage door openers, etc... Keep a list of all of the items you want and compare it to the builder's standard features list. We will also try to make sure you understand what is and is not included in the home you're buying
- Some builders will not change anything about the home they are building. They may not let you change the paint colors or upgrade flooring. Make sure you know this before you go under contract.
- Larger lots or lots that are in a cul-de-sac, back to a green space, or are located on a corner will be more expensive.
- YOU MUST MAKE SURE YOUR LENDER IS ESTIMATING PROPERTY TAXES BASED ON YOUR HOME'S ESTIMATED (POST-CLOSING) VALUE. Right now if you were to look up one of the lots on which a builder is building, the annual property taxes will be based on the value of the vacant lot. After you purchase your home, the county will send out an appraiser to adjust the values based on the home and the lot. If your lender is estimating annual property taxes of \$1000 (for example), you're going to be unpleasantly surprised when your mortgage company sends you a letter in January or February, telling you that you didn't have enough money in your escrow account to cover the \$10,000 a year taxes and that you can either pay the difference with a lump payment or increase your monthly mortgage payment over so many months. We can help you figure out how much your property taxes might be after your home is built.
- **Do your due diligence: research the builder, the location, the schools (if that's important to you), future road & city development, utility providers, etc...Is the property in an HOA? MUD district? Flood zone? Road district?**
- If, after seeing the inside of the home, you still like it...
 - be sure to drive by the house at various times of the day and the week. For example, drive by on a Friday or Saturday night. You might find your neighbors having a raucous party, which you may or may not like.
 - Knock on neighbors' doors to get a feel for the neighborhood
- Research the subdivision/area. City-data.com is a great source of information. **We cannot possibly know everything there is to know about the street/area/house. We will give you all the information we know, but it is ultimately up to you to do your due diligence and research the area.** Below are some examples of what you might want to investigate:



- flood zone
- school ratings/review
- crime rate & type of crimes
- local restaurants, vendors, etc...
- future economic development—usually found on the city’s website
- homeowner reviews of the area
- If you cannot qualify for two mortgages, the builder could require that you sell your primary residence within a specific number of days after going under contract to build a new house. So you will need to plan for those logistics.
- Your lender may not be able to lock in your interest rate until you are 45 days from closing. TALK to your lender about this.
- Builders usually offer at least 2 warranties on the house, but you should get a copy of their warranty before going under contract so that you understand fully what it does and does not cover:
 - 1 year limited warranty—does not include cosmetic stuff. Usually limited to repairs and/or replacements that are necessary as a result of defective workmanship or materials
 - 10 year structural warranty
- **Each new build contract is proprietary and not promulgated by the Texas Real Estate Commission. Their contracts always favor them and allow them many ways to get out of the contract and keep your earnest money.**

Finally, Texas law requires all license holders to provide the [Texas Real Estate Commission Information about Brokerage Services](#) form and the Texas Real Estate Commission [Consumer Protection Notice](#) to prospective clients.

Please let us know if you have any questions.

Thank you!



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