

YOUR

NEW CONSTRUCTION

HOME OPTIONS

*Know the difference between these 3 types of homes
when considering a New Construction home*

FULLY CUSTOM HOME / SEMI-CUSTOM HOME / PRE-BUILT SPEC HOME



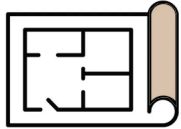
MIKE BROWN GROUP
REAL ESTATE



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FULLY CUSTOM HOME

Homebuyer has near total control of home layout, look & feel. Process tends to take longer and cost more.



SEMI-CUSTOM HOME

Homebuyer selects existing floorplan and customizes interior & exterior finishes.



PRE-BUILT SPEC HOME

Move-in ready home designed and built by the builder to meet the needs of the average homebuyer.



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FULLY CUSTOM HOME

Pros

- fully customizable, buyer is completely involved
- built with the latest materials/technology
- no immediate repairs or upgrades needed once house is finished

Cons

- construction delays are common
- time consuming for the buyer - many decisions have to be made
- may require more than one loan, could have “less obvious” costs

SEMI-CUSTOM HOME

Pros

- more affordable than custom homes
- clients can choose from a variety of desired finishes and other customization options, with professional design input and assistance
- no immediate repairs or upgrades needed once house is finished

Cons

- limited on options for finishes and building material
- cannot be made completely custom to what you want for the floorplan
- you may not have control over everything during the building process

PRE-BUILT SPEC HOME

Pros

- the price typically remains the same throughout the build process
- often, the home is already complete and buyers can walk through the entire finished house, which may possibly be staged, to easily envision their own lifestyle in the home
- no decision-making pressure and stress
- energy efficient and no immediate repairs or upgrades needed
- move-in ready, shorter closing time-frame

Cons

- the lot, floorplan and finishes have already been selected and the buyer is unable to change any of the selections or structural changes
- prices subject to real estate market fluctuations and bidding wars

BUYING A PRE-BUILT SPEC HOME

What is a SPEC home?

A SPEC home is a new construction home where the builder has already chosen the lot, floorplan and finishes that will be installed. Typically, the buyer is unable to change any of the selections, and no structural changes are allowed.

Why choose a SPEC home over customization?

In a SPEC home, the costs to build are typically set at the beginning of construction. Since no changes are allowed, the buyer can expect the price to remain the same throughout the build process. It costs valuable time and money to make changes. As well, not everyone prefers to make design decisions and can be stressful not knowing if it will all come together and coordinate once it's done. In order to deliver the most cost-effective home, builders may choose to only offer only spec options.

What to expect during the construction process

- 1 Submit for a building permit
- 2 Start construction by preparing the lot and pouring the foundation
- 3 Framing
- 4 Electrical and plumbing rough-ins
- 5 Exterior finishes
- 6 Landscape and/or fence (weather-permitting)
- 7 Insulation and drywall
- 8 Interior paint
- 9 Cabinets
- 10 Countertops
- 11 Tile/hardwood flooring
- 12 Appliance delivery and installation
- 13 Finalize mechanicals
- 14 Carpet
- 15 Certificate of Occupancy issued by the city
- 16 Home Inspection
- 17 New Home Orientation with the superintendent
- 18 Final cleaning
- 19 Closing

During this process you may have the opportunity to walk through the home with a member of the builder's staff and/or the builder's real estate agent to get any questions answered. Sometimes the process is not allowed for a SPEC home since the buyer is unable to make any changes. Keep in mind that you should always have permission when visiting the job site. Unaccompanied visits are not allowed at any time during construction.

BUYING A PRE-BUILT SPEC HOME

What to expect as the closing date approaches

- The builder will notify all parties when the home is ready for a 3rd party inspection. This should be completed prior to the New Home Orientation.
- The New Home Orientation will be scheduled prior to closing and is typically a builder-required meeting. This orientation allows you to become familiar with the home and its systems, learn the builder's warranty process, and blue tape any cosmetic defects that need touched up prior to closing. Cosmetic defects are not always warrantied.
- Windows should be measured and custom-window coverings should be ordered six weeks prior to close if the buyer would like them installed immediately upon taking possession of the home.
- If the buyer desires to have the garage floor epoxied, they may want to have this done immediately upon closing. It cannot be walked on for several days.

What to expect on closing day

Once all documents have been signed and the closing becomes official, all parties will be notified. The subdivision's real estate agent will notify the buyer and/or the buyer's real estate agent of the garage code, location of keys, and how to obtain mail-box and pool keys (if applicable).

What to expect after closing

Builders typically offer a 1 year home warranty that begins the day the home closes. During the New Home Orientation, the builder's representative will explain the home warranty process and how to submit a claim. It is important to carefully read the builder's warranty to understand what is and is not covered.



BUILDING A SEMI-CUSTOM HOME

What type of home do you want to build?

Before you decide to build a new home, you should find out what design and selection opportunities are offered by the builder. There are a few types of new home builders, and they can be broken down into three categories: Production, Semi-Custom and Custom.

What do these three types of builders offer?

A production builder typically has a set number of floorplans with limited floorplan changes. They also offer a set number of flooring, paint, and lighting options.

A semi-custom builder typically requires you start with an existing floorplan and then adjusts the floorplan until it works for you. They also have a more extensive design selection process where you are able to design the home to your specific style preference. There may be limitations on what can be selected, and you will need to work within the builder's required parameters.

A custom home builder may not require you to start with any specific floorplan, and may work with you from the ground up to design something more unique. Some builders have an architect to help you get started, while others require you to bring your own floorplan.

I've decided to choose semi-custom. Now what?

Semi-custom opportunities require you to find a builder with a lot available in your preferred community. Since similar floorplans may not be allowed to be repeated within view of each other, the builder and their agent can help you narrow in on what lots are available for the floorplan of your choice, ensuring the floorplan will fit on the lot. Once you have a floorplan and lot, the builder can typically quote a price for a standard version of the home. If you decide to move forward, a lot deposit may be required to hold the lot for a limited amount of time. This time allows you to meet with the builder to discuss floorplan changes. Once those changes have been agreed upon, a contract will be fully executed. Typically, 10% of the home's purchase price is required as earnest money and is non-refundable, but be sure to ask the builder's agent about what deposits are required and what may or may not be non-refundable.

What does the home building process look like?

- 1 Finalize building plans and purchase contract
- 2 Meet with the builder's designer to make all finish selections
- 3 Submit for a building permit
- 4 Start construction by preparing the lot and pouring the foundation
- 5 Framing
- 6 Electrical and plumbing rough-ins
- 7 Exterior finishes
- 8 Landscape and/or fence (weather-permitting)
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BUILDING A SEMI-CUSTOM HOME

During this process you may have the opportunity to walk through the home with a member of the builder's staff and/or the builder's real estate agent to get any questions answered. Making changes to the home during these walkthroughs may cause delays in construction. It is at the builder's discretion whether or not to allow any changes. Keep in mind that you should always have permission when visiting the job site. Unaccompanied visits are not allowed at any time during construction.

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