

Chapter 15: The New Construction Reality Gap

The distance between the marketing vision in a model home and the legal obligations in the contract — closing it is the only way to protect your equity and your sanity.

LEVEL 1 · BEFORE YOU VISIT A BUILDER · CHAPTER 15 OF 16

15. The New Construction Reality Gap

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Why it matters

Buying a new home doesn't begin when you sign a contract. It begins the moment you walk into a model home. Most buyers see a retail product; they're actually entering a construction contract. The gap between the marketing vision you see in a model home and the legal obligations defined in the contract is what this chapter is about — closing it protects your equity and your sanity.

When you buy an existing home, you see the finished product. When you buy new construction, you're buying a set of promises. If those promises aren't backed by technical and contractual understanding, you risk unexpected costs, indefinite delays, and a home that may not match your expectations.

The person greeting you in the model home is a professional representative of the builder. Their primary obligation is to the builder's production schedule and profit margins. In Texas, they do not have a fiduciary duty to you. Recognizing this distinction is what allows you to stay objective through the purchase — see Chapter 1 for more on why bringing your own representation costs nothing extra.

Common Assumption	Reality
The model home shows what's included.	Models show what's possible. Included features vary by community and floor plan.
The completion date is a firm guarantee.	Most contracts use "estimated" dates. Binding delivery obligations are rare.
The builder's lender is the only option.	Incentives are powerful, but always compare Loan Estimates to find the true cost of credit.
Skipping a Realtor saves me money.	Pricing is set at a community level. Declining representation rarely results in a lower price.

Texas contract intelligence

Texas law allows builders to use proprietary contracts rather than standard state forms. That changes three things worth understanding before you sign. Your remedies: if the builder defaults, your remedy is often limited to a refund of your earnest money. Dispute resolution: most contracts mandate binding arbitration, waiving your right to a jury trial. Cost adjustments: some agreements allow builders to pass through material price spikes — lumber, concrete — even after you've signed.

TIP — Before signing, verify that your contract explicitly allows third-party inspectors access at three stages: pre-pour (foundation), pre-drywall (mechanicals), and final. If a builder tries to limit this to a “visual consultation” without a written report, treat it as a significant red flag.

1. May I have the Standard Features Sheet specifically for this floor plan and this community?
2. What was the typical contract-to-closing duration here over the last six months?
3. Does this contract contain an escalation clause for material surcharges?
4. What happens to my earnest money if the home appraises for less than the contract price?
5. What is the total tax rate, including all MUD, PID, or other special taxing districts?
6. Can I have a copy of the contract and all addenda for a 48-hour review period before signing?

CHAPTER SUMMARY

- A new home is a construction project, not a retail purchase.
- Marketing vision and contractual reality are not the same thing.
- Builder contracts generally provide fewer protections than standard resale forms.
- Independent inspections are your primary quality control tool.
- Trust, but verify the Standard Features Sheet in writing.