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THE INDEPENDENT GUIDE TO NEW CONSTRUCTION · AUSTIN, TX

Before You Visit a Builder

Volume 1 of 3 · Chapters 1–5, 15–16 of the Playbook.

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What’s Inside

Level 1 — Before You Visit a Builder

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LEVEL 1 · BEFORE YOU VISIT A BUILDER · CHAPTER 01 OF 16

01. Is New Construction Right for You?

You're not really comparing two houses. You're comparing two different kinds of seller — and knowing the difference changes how you should shop.

You're comparing two sellers, not two houses

A builder and a homeowner are not the same kind of seller, and treating them like they are is where most “new vs. resale” advice goes wrong. A builder sells inventory — dozens of homes, on a production schedule, with carrying costs that add up every day a house sits empty. A homeowner sells one house, usually with some emotional attachment to it, and rarely has the room to discount below what they still owe on it. A builder can subsidize your financing because the math still works at the company level. A homeowner generally can't.

That difference is the actual thing to understand before you compare a single floor plan to a single listing. It's why builders negotiate differently, why their incentives exist at all, and why the old assumptions about which one is “faster” or “cheaper” don't hold as reliably as they used to.

	A Builder	A Homeowner
What they're selling	One of many — inventory on a production line	The one home they live in
Cost of an empty house	Real, ongoing, every day it sits unsold	None — they're still living in it
Can subsidize your rate?	Often, yes — the math works company-wide	Rarely — they'd be losing their own money
How the price gets set	Standardized, community-wide, adjusts with incentives	Negotiated one house at a time

The rule that stopped being reliable

For years, the shorthand was simple: resale for a quick move, new construction if you can wait. That's no longer a safe assumption. New home sales have held up more than existing home sales through the recent slowdown — built from U.S. Census Bureau and National Association of Realtors data, new construction currently runs at roughly 12% of all home sales, and it's held that share specifically because builders can discount and finance their way to a sale in a way an individual owner usually can't.

In practice, that means a builder's already-built or nearly-finished inventory home can often close on a timeline that competes directly with resale — sometimes with a rate buydown or closing-cost credit a resale seller has no way to match. The homes that genuinely take months are the ones built from a bare lot: semi-custom and custom. Lumping all of “new construction” into that slower category is the exact assumption worth dropping.

THE RULES THE REST OF THIS PLAYBOOK RUNS ON

- Compare total cost of ownership, not the sticker price — taxes, HOA, incentives, and financing move the real number more than the list price does.
- Compare the entire transaction, not just the house — who's selling it changes what's negotiable.
- Don't assume resale is cheaper. Builder incentives can change the effective cost more than the advertised price suggests.
- Don't assume new construction takes longer. That depends entirely on which of the five build types you're looking at — see Chapter 16.
- Don't assume an incentive is automatically a good deal. Chapter 3 shows you how to check.

What new construction actually gets you

A new build gets you a home nobody has lived in, a builder warranty, current building codes, modern energy efficiency, and the ability to choose finishes before drywall goes up. In master-planned communities it also gets you new amenities, new schools nearby, and neighbors who all arrived at roughly the same time — which makes new communities unusually social in their first years.

It also gets you things builders mention less: construction noise and traffic for as long as the community is still building out, landscaping and window coverings that usually aren't included, a yard that starts as bare sod, and property taxes that can jump significantly in year two once the county assesses the completed house instead of the empty lot.

What resale gets you instead

A resale home gets you mature trees, established landscaping, a known neighborhood, negotiating leverage with an individual seller who may need to move, and full transparency: the house has already settled, the tax bill is known, and the neighbors already exist. What it costs you is older systems, dated finishes, no warranty beyond what you negotiate, and repairs that start on day one.

Not all “new construction” is the same purchase

Standing inventory, a quick move-in home, a to-be-built home, semi-custom, and fully custom are five different buying experiences wearing the same label. They differ in price, timeline, negotiating leverage, and how much say you get over the finished product — and conflating them is exactly what makes “new vs. resale” feel like a single decision when it's really two: new or resale, and then which kind of new. Chapter 16 breaks down the differences in full; the short version is that inventory and quick move-in homes are the ones that compete with resale on speed, and custom is the one that doesn't.

Who should lean toward new

Buyers who plan to stay five or more years, want predictable maintenance in the early years, value energy efficiency, and want to pick finishes rather than renovate. Buyers relocating from out of the area also often prefer new construction because the process is more standardized — a builder's contract and timeline work roughly the same whether you're moving from Dallas or Denver.

Who should lean toward resale

Buyers stretching their budget who can't absorb move-in costs like blinds, fencing, and landscaping on top of the purchase, and buyers who prize mature neighborhoods over new amenities. If you might sell within two or three years, be careful with new construction: you'd be reselling against the builder's brand-new inventory down the street, usually at a disadvantage. What resale is no longer a safe default for is speed alone — check what's sitting finished in a tracked community's inventory before assuming it's the faster path.

> Reporting note: A builder's model home is a marketing tool, not a specification sheet. Model homes are typically loaded with tens of thousands of dollars in upgrades. Always ask what the base home at the advertised price actually includes — Chapter 7 covers this in detail.

> TIP — Once you've decided new construction fits, two more decisions come before you tour: what you're actually signing (Chapter 15, The New Construction Reality Gap) and which delivery method fits your timeline — inventory, semi-custom, or fully custom (Chapter 16, Selecting the Build Type).

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02. Financing Explained

Builder lenders, outside lenders, rate locks, and why a builder's 'preferred lender incentive' deserves math, not gratitude.

The loan types, briefly

Conventional loans are the standard for most buyers with solid credit and at least 3–5% down. FHA loans allow lower credit scores and 3.5% down but carry mortgage insurance for most of the loan's life. VA loans, for eligible veterans and service members, allow zero down with no monthly mortgage insurance — usually the strongest product available to those who qualify. Some lenders also offer zero-down or down-payment-assistance programs with income or location requirements. The right answer depends on your credit, savings, and eligibility — not on which product the sales office mentions first.

Builder lenders: what they are and why they exist

Most large builders own or partner with a mortgage company. Builders offer incentives — closing cost credits, rate buydowns — for using it. This isn't charity: the builder captures the loan's profit, keeps the transaction under one roof, and gains visibility into your finances and timeline during construction.

None of that makes builder lenders bad. Their incentives are often genuinely valuable, and their familiarity with the builder's timeline can smooth a to-be-built purchase. The mistake is treating the incentive as automatically the best deal without comparing.

The comparison that actually matters

Get a full Loan Estimate from the builder's lender and at least one outside lender within the same few days (rates move daily, so same-week quotes are the only fair comparison). Compare the total cost: rate, points, lender fees, and the incentive. A $15,000 incentive tied to a rate a half-percent above market can cost you more than $15,000 within just a few years of payments. Sometimes the builder lender genuinely wins. Sometimes the incentive is a rebate on an overpriced loan. Only the side-by-side tells you which.

Rate locks on a to-be-built home

A standard rate lock lasts 30–60 days — useless for a home that won't finish for eight months. For to-be-built purchases, ask about extended locks (often with a fee, sometimes with a float-down option if rates fall) and understand exactly what happens if construction runs past the lock. Get the lock terms in writing, including extension costs.

Pre-approval vs. a builder's 'commitment'

A real pre-approval means a lender has reviewed your credit, income documents, and assets. Some builders' in-house 'pre-qualification' or 'commitment' letters are lighter reviews designed to get you writing a contract. Before you sign anything, know your true approved number from a full-document review — not a conversation.

> Reporting note: You can usually still claim a builder's lender incentive after shopping. Comparing costs you nothing but a week. Skipping the comparison can cost you the difference every month for thirty years.

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03. Understanding Builder Incentives

Rate buydowns, closing cost credits, flex cash, and 'free' upgrades — what each one is actually worth, and when builders are most motivated to deal.

The four incentive types

Interest rate buydowns: the builder pays points to lower your mortgage rate, either permanently or for the first years (a '2-1 buydown' lowers the rate 2% in year one, 1% in year two). Often the most valuable incentive in dollar terms — and almost always tied to using the builder's lender.

Closing cost credits: a flat contribution toward your title, lender, and escrow costs. Simple, transparent, and easy to compare across builders.

Free or discounted upgrades: design center credit or included features. Valuable, but remember upgrades are priced at retail with healthy margins — a '$20,000 upgrade credit' costs the builder considerably less than $20,000.

Flex cash: a lump sum you direct toward price, closing costs, or the rate. The most flexible form and increasingly common in Central Texas master plans.

Why incentives exist at all

Builders protect base prices because every visible price cut re-prices their unsold inventory and unsettles buyers who already paid more. Incentives deliver the discount invisibly — the recorded sale price stays high, the neighborhood comps stay intact, and you still get the value. Understanding this explains the golden rule: builders will almost always give more in incentives than they'll cut in price.

When builders are most motivated

Incentives track the builder's calendar, not yours. Month-end matters; quarter-end matters more; fiscal year-end matters most. A completed 'spec' or inventory home that has sat unsold for months carries real carrying costs — those homes attract the deepest incentives. A to-be-built home on a lot the builder will happily sell to the next visitor attracts the least.

How to evaluate any incentive

Convert everything to dollars. A rate buydown's value is the monthly payment difference times the months you'll realistically hold the loan. An upgrade credit's value is what you'd have actually paid for those upgrades — not the sticker. Then ask the only question that matters: what is the total cost of this house, with this loan, after this incentive — compared with the same math at the builder across the street? Chapter 4's workbook exists for exactly this.

> Reporting note: Incentives in the Austin market change weekly, and published numbers go stale fast. That's why the Explorer's incentive tracker reports on a verification cycle rather than repeating whatever a flyer said last month. Always confirm the current offer in writing before you write a contract.

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04. 50 Questions Every Buyer Should Ask

The questions that surface what tours don't — organized by who to ask: builder, lender, sales counselor, and HOA.

Ask the builder (the company, not just the salesperson)

1. How long have you been building in this specific community? 2. How many homes do you have under construction here right now? 3. Who is my point of contact during construction, and how often will I get updates? 4. What is your average time from contract to closing here — actual, recent, this community? 5. Can I see your standard purchase contract before I write an offer? 6. What happens to my earnest money if I can't close because of a financing failure? 7. Can I visit the site during construction, and at what stages? 8. Do you allow third-party inspections at pre-drywall and before closing? 9. What warranty do you provide — who administers it, and what are the coverage periods? 10. Can you give me addresses of homes you closed here in the last year? (Then go look at them.)

Ask the lender (builder's and outside — same questions to both)

11. What is the full Loan Estimate for this exact price and product? 12. What rate lock length do I need for this build timeline, and what does it cost? 13. What happens if construction delays push past my lock? 14. Is there a float-down option if rates fall? 15. What are your total lender fees, itemized? 16. What credit score and reserves does my approval assume? 17. Is the incentive contingent on this specific loan product? 18. What would my payment be with taxes and insurance at this community's actual tax rate? 19. When is my rate actually locked — at contract or later? 20. What documentation will you need from me, and when?

Ask the sales counselor

21. What incentives are active right now, in writing? 22. Are incentives different on inventory homes versus to-be-built? 23. What does the base price actually include — and what in this model is an upgrade? 24. What lot premiums apply to the lots I'm considering? 25. What are the structural options I must decide before construction, and what can wait? 26. How many homes remain unsold in this phase? 27. When does the next phase release, and at what expected prices? 28. What is being built on every piece of land adjacent to this community? 29. Which lots back to future roads, retail, or apartments? 30. If I buy to-be-built, what happens if prices drop before I close? 31. What's your policy on price protection or re-negotiation? 32. Are there any special taxing districts here — MUD, PID, ESD? 33. What was the actual tax rate for this section last year? 34. What are the HOA dues, and what do they cover? 35. Is there a foundation or community enhancement fee at closing?

Ask the HOA (or read its documents)

36. What are the current dues, and how much have they risen in five years? 37. What is the reserve fund balance? 38. Are any special assessments planned or under discussion? 39. What are the rental

restrictions? 40. What are the architectural rules for fences, patios, solar, and landscaping? 41. Who manages the HOA — the developer or the residents? 42. When does control transfer to residents? 43. Are there transfer or resale certificate fees when I eventually sell? 44. What does the HOA maintain versus what I maintain? 45. Are amenities finished, or promised?

Ask yourself, before writing a contract

46. Have I compared at least three communities and two builders on paper — not by memory? 47. Have I gotten a same-week loan comparison from at least two lenders? 48. Do I know the full monthly payment with this community's real tax rate and HOA — not the teaser estimate? 49. Do I know my move-in costs — blinds, fence, landscaping, appliances, deposits? 50. If I had to resell in three years, what would I be competing against?

> Reporting note: No salesperson will be offended by these questions. The professionals answer them easily; hesitation on the money and land-use questions (26–33) is itself information.

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05. Community Scorecard

Score every community the same way — schools, taxes, commute, builders, and resale factors — so charm doesn't beat math.

Why a scorecard

Model homes are designed to make you feel something. A scorecard makes every community answer the same questions in the same order, so the comparison happens on paper instead of in the parking lot. Score each category 1–5, weight what matters to your household, and keep the sheet — it becomes your negotiating memory.

The nine categories

School district: rating, the specific zoned campuses (not just the district), distance, and whether rezoning is possible as the community grows. New communities frequently rezone as schools open.

True tax rate: the combined rate for the exact section — including MUD, PID, or ESD layers. Two communities with identical prices can differ by hundreds of dollars a month here. Verify with the county appraisal district, not the flyer.

HOA cost and scope: dues, what they cover, special assessments history, and rules that affect you (rentals, fences, solar).

Commute, tested: drive your actual route at your actual time — once in the morning, once in the evening. Map estimates at noon are fiction.

Builder lineup: how many builders, their reputations, and whether the one you like is in the price band you can afford there.

Amenities — built vs. promised: pools and trails that exist score higher than renderings. Ask for completion dates in writing for anything promised.

Surrounding land use: what's planned on every adjacent parcel. A quiet field today can be apartments, retail, or a widened arterial in three years. Check the city's planning department, not the sales office.

Phase position: early phases get lower prices and years of construction; late phases pay more for a finished community. Neither is wrong — know which trade you're making.

Resale factors: lot quality, floor plan appeal, and what you'd compete against if you sold in year three (usually: the builder's newer homes).

> Reporting note: The Explorer on newhomedispatch.com pre-fills several of these fields — verified tax rates, HOA ranges, school districts, and builder rosters — for every tracked community, updated on a weekly reporting cycle.

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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.

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.

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16. Selecting the Build Type

Inventory, semi-custom, or fully custom — the build type you choose determines your control, your timeline, and your financial risk more than any floor plan decision will.

Why it matters

Not all “new” homes are built the same way. In Texas, “new construction” covers three distinct delivery methods, and choosing the wrong one for your lifestyle is one of the most common causes of mid-project buyer remorse. Before you look at floor plans, decide which construction model actually fits how you want to buy.

Each build type carries a different complexity load. Want a move-in-ready experience but choose a semi-custom build? The decision fatigue of the design center will wear you down. Want a specific architectural style but choose a spec home? You'll be frustrated by the lack of flexibility. Matching your expectations to the right build type upfront avoids both.

> Most builders in major Texas metros — Dallas-Fort Worth, Houston, Austin, San Antonio — are volume production builders specializing in efficiency and repeatability. Even within that group, builders are tiered: some focus on entry-level affordability, others on higher-end standard specs. Knowing where a builder sits on that spectrum helps calibrate what you should expect before you tour.

Build Type	Customization	Typical Timeline	Best For
Inventory / Spec	None (pre-selected)	30–60 days	Buyers on a tight timeline who want to see the finished product before buying.
Semi-Custom	Design and structural	6–10 months	Buyers who want to pick their lot and finishes within a builder's framework.
Fully Custom	Extensive	12–24 months	Buyers who own their land and want control over architectural details.

The specs worth checking, regardless of build type

In Texas, the climate and soil — especially expansive clay — demand specific engineering standards, and they matter more than interior trim. On foundations: most production builders use post-tension slabs; custom builders may use pier and beam. Ask for the slab thickness and the PSI rating of the concrete. On framing: look for advanced framing techniques that allow more insulation, and ask whether engineered wood products

(EWP) are used for joists — they're less prone to warping than traditional lumber. On the building envelope: ask about the attic insulation R-value and the windows' Low-E coating and SHGC (solar heat gain coefficient) rating — in Texas heat, the envelope does more work than any other single spec.

> TIP — Spec homes — built without a specific buyer — are often the best opportunity for negotiation. Builders lose money every day a finished home sits empty. If a home is at the finished or near-finished stage, you typically have more leverage on price and closing costs than you do starting a build from dirt.

1. Is this a “dirt start” where I choose everything, or has the design already been finalized by your team?

2. What is the specific SEER2 rating of the HVAC system being installed?

3. What roof decking material is used, and does it include a radiant barrier?

4. Can I make structural changes, like adding a bedroom, or only cosmetic changes?

5. If I choose a custom build, is the price fixed-cost or cost-plus?

6. Who is the specific project manager or superintendent assigned to this build, and how many other homes are they currently managing?

CHAPTER SUMMARY

• Inventory homes offer speed and price certainty but zero customization.

• Semi-custom builds balance personalization with professional project management.

• Custom builds offer the most freedom but carry the highest risk for budget and timeline overruns.

• In Texas, energy efficiency and foundation engineering matter more than interior trim.

• Your timeline should be the primary driver of your build type selection.