

# Things to Consider When Buying a New Home vs. a Resale Home

Although the majority of my business is the sale of existing homes, I have also represented many buyers in purchasing new homes.

There are many reasons to like a brand new home, and I like most of what I've seen when looking at new homes. Rather than repeat the positives, however, I'll use this space to discuss possible negatives you might want to keep in mind.

The first negative is that you will be required to use the builder's own contract instead of the standard contract approved by the Colorado Real Estate Commission. The law states that one must use the state-approved form — which is geared to protecting the buyer — *unless* the contract is prepared by a lawyer. The production builders all have their own lawyers who write contracts which totally favor the builder. And that means that, unless your agent is also a lawyer, you

need to hire a lawyer to interpret the builder's contract for you. Licensed agents like me are allowed to interpret the state-approved contract, but

we can't interpret the builder's contract without being guilty of practicing law without a license. I can promise that you won't like what your lawyer tells you, *and* the builder won't allow any changes. It's their way or the highway, pure and simple.

The hardest pill to swallow in the builder's contract is how they handle earnest money.

Typically, your deposit is not escrowed, as in resale transactions. It is spent by the builder and is almost never returnable. If you want upgrades, expect to pay in advance for them, and that money will not be returnable either. The builder contracts have none of the opportunities to terminate that are in the state-approved contract, such as inspection objection. I suggest you bring

an inspector with you to look at the model homes as well as those under construction before signing the contract. When your home is being built, do regular inspections yourself and possibly bring your inspector. The builder will fix defects, they just won't let you terminate over them.

Next, you need to know that unless the home you buy is a model home, it won't include backyard landscaping, which can cost tens of thousands of dollars. It also won't include window coverings, which also can cost in the thousands.

If you pay a lot premium, don't expect that you'll recover much of that premium upon resale.

Lastly, look at the property tax rate. Many subdivisions finance their roads and infrastructure via a special tax district. For the same value home, you could pay up to twice the property tax in some of these newer subdivisions. This affects resale value, too, as taxes remain high.

Call me for additional insights and advice.

## This Week's Featured New Listing:

### 10-Acre Parcel on North Table Mountain

About one mile north of Golden on Highway 93, there is a long gravel driveway that leads through Jeffco Open Space to a 10-acre parcel wedged between the Table Rock subdivision and North Table Mountain. Zoned A-2, it is a horse property with two homes (rented month-to-month), a barn, pastures and numerous outbuildings. I'm told that it cannot be subdivided. The views to the north and west are outstanding. Above you is all of North Table Mountain to explore. More info at [www.JeffcoHorseProperties.com](http://www.JeffcoHorseProperties.com). Then call me!



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