

Tips for What to Look for in a New Home

What to Look for When Buying a New Home

Recently a mini subdivision of upscale homes was built in a desirable neighborhood in the Oakland Hills of northern California. The homes in the project were reasonably priced. They sold quickly, some to buyers who were moving from older homes in the same area.

The appeal of a brand-new home is obvious. You get to be the first person to occupy the property. It hasn't been messed up by negligent owners or botched up by bad remodeling. And in most cases, the maintenance and upkeep will be minimal, at least for a while.

New homes aren't always free of problems, however. One couple bought a new home in a subdivision and found it was plagued with water issues. The roof leaked, windows leaked, and in some places, water penetrated right through the exterior stucco.

Know your home builder

Your new home is only as good as the builder's reputation. You may want to look at several-year-old homes built by the same builder to find out how well they have held up over time. One couple found out that their builder's weakness was drainage systems by talking to owners of other homes built by the same builder. Check with the Better Business Bureau and the Contractor's Licensing Bureau to find out if the builder is in good standing with both.

Municipal building codes

Don't assume that a new home has been built correctly just because a municipal building department was involved. Typically, the building of a new home is governed by requirements set forth by the local building department. Municipal inspectors routinely inspect after various critical stages of the construction process. Even so, the building code is not uniformly enforced.

For example, in the City of Oakland, the building code requires adequate ventilation of the areas underneath the living areas of a house. Yet, many new homes in the area lack ventilation, which can result in condensation, mold and dry rot.

Don't rely solely on municipal building inspectors to inspect your new home. Even though the home is new, you should have it thoroughly inspected by a home inspector and/or engineer.

Home inspections

Before an inspection, try to get your hands on as much of the construction-related documentation as you can. Ideally, you'd like copies of the soils or geotechnical report, the structural calculations and the architectural plans.

In addition, it's helpful to have copies of the inspection letters that were written by the project engineer to the building department indicating that the various phases of construction—like grading, and foundation and drainage installations—were done properly.

If you're having an engineer inspect the property, have him review the construction-related documents. File these documents in a safe place. They will provide documentation of the construction process when you decide to sell.

Check the paperwork

Many new homebuilders require that you write your offer on a purchase contract that was drafted by the builder's attorneys. These contracts often don't provide a contingency for the buyers to complete inspections. An inspection contingency can and should be included as an addendum to the contract.

Some new home projects don't permit representation by buyer's agents. Those that do may require that your agent accompany you the first time you visit the project. If buyer representation is not permitted, you may want to hire an attorney to review the builder's contract before you sign it.

Before you close on your new home, make sure that you understand what the builder's liability is to you for construction defects. Ideally, the builder should have a formalized written procedure for handling complaints.

The closing: Many new home developments have Covenants, Conditions and Restrictions (CC&Rs). Make sure you understand these before the deal is closed.