

TIPS FOR NEW HOME BUYERS

By Chris Morris – April 2010

Purchasing a new home can be a very rewarding experience; however there are many different considerations than with buying an existing home. I have compiled the following to help you get started:

- 1) A typical new home purchase likely starts with a visit to the builder's model home, which often includes features that will cost you extra. A great first step is to ask for and review the **builder's standards**. Here are some questions to help you get started:
 - What flooring options are available? Make sure you ask about hallways and stairs, along with the main rooms of the house.
 - What finishes will be in the bathrooms and kitchen? Pay particular attention to countertops, drawers/cupboards, hardware, and backsplashes.
 - Is a fireplace included? If not, many builders will include a 'rough-in' in the location of your choice at no extra charge.
 - Will the driveway be paved? If not, will the municipality require it to be paved within a certain time frame?
 - What hot water system is included? You will often find a rented gas-fired hot water tank. You may be able to buy one outright if you prefer. Instant hot water systems are very popular also.
 - What energy efficiencies does the builder offer? Many builders are qualified to build Energy Star® homes, but do not build every home to Energy Star® standards unless requested by the buyer. Also look for HRV systems (standard in most houses now), taped duct joints, fully insulated basements, low-E argon windows, and the efficiency of central air conditioning units and furnaces.

- 2) **Lot** values are based on the footage at the street (ex: \$1400 per front foot), but developers will assign premiums if your lot is extra deep, backs on to a park, street corner, etc. Unique lots usually do very well when it comes to sell again, so consider a premium lot if it fits your budget.

The location of your home on the lot is not something that can be changed! Make sure you understand exactly where the house will be situated, and also which side the garage and driveway are on. You'll also want to know if you have any utilities boxes on your front lawn, drainage ditches or other easements, bus stops, sidewalks, etc. You are most likely building your home in a new subdivision, so take some time to find out what is planned for your area: schools, stores, other housing projects, parks, arterial roadways, etc.

- 3) You will want to spend some time going over the various **finishes** and other cosmetic aspects of your new home. For many buyers, getting your home exactly the way you

want it before you move in is part of the appeal of buying new. Some points to consider:

- Exterior: siding, window trim (it doesn't have to be white), garage door style, shingles and entrance door. All of these items can have a major impact on the curb appeal of your home. Also consider a unique front elevation to distinguish your house from your neighbours.
 - Flooring: hardwood and ceramic (porcelain and marble are good options too) tile add lasting value to your home. For a stylish twist, consider diagonal flooring options, or intricate tile designs.
 - Paint colours: Most homes come standard with one paint colour throughout, and it is often an off-white which is essentially primer. You likely don't want to do the painting yourself, so have it done before you move in. Make sure you discuss paint upgrades, as there may be a charge for having more than one colour.
 - Basement: Every builder has different standards for basement finishes. Some will give you the bare basics, others will drywall, add a bathroom, or even a full rec room. Ensure that you know exactly what you're getting, and talk to the builder about finishing all or part of it before you take possession.
 - Ceiling fans: Extra structural support is required for ceiling fans to operate properly – ensure this is included wherever you plan on having fans installed.
 - Lighting: Discuss light fixtures with your builder. Your purchase price includes a budget for this. You will have to pay for any upgrades, but you may be able to provide your own and receive a credit for the light fixtures your builder would have provided.
 - Kitchens and baths: You will likely have an appointment with a kitchen and bath design company, contracted by the builder, who will assist in designing these rooms. They are given plans and a budget by the builder, and you will be billed for any upgrades on closing. Proceed carefully, as you may end up spending more than you can afford on extras like granite countertops and additional cabinetry.
 - Rough-ins: These are for items that you may wish to have installed in the future. Popular rough-in options are dishwashers, fireplaces, home theatre/flat panel TVs, and basement bathrooms.
- 4) Most builders have a standard **Agreement of Purchase and Sale** that they will want you to sign, but this doesn't mean it's not negotiable. Your offer should be conditional on ensuring that you have adequate financing, and having your lawyer review the contract. If you need to sell your house before purchasing another one, make sure you discuss this with your real estate agent, builder, lender, and lawyer to find out the best way to proceed.
- 5) It has become standard for many builders to include **sales taxes** in the purchase price you are quoted, however, make sure this is perfectly clear. Most homes, in particular those under \$450,000, are eligible for a rebate on the federal government portion of the HST. The builder will usually receive this rebate on your behalf, and you will need

to sign a document acknowledging this. More information is available at http://www.servicecanada.gc.ca/eng/goc/gst_new_housing.shtml

- 6) Anyone who sells a new home in Ontario is required to provide the buyer with a **Tarion New Home Warranty**. The warranty covers not only the quality of the construction, but the options available to all parties if there are any delays in completion. Buyers typically pay the enrolment fee, based on the purchase price. Review the warranty with your real estate agent and/or lawyer before agreeing to purchase the house, and make sure you've got the enrolment fee in your closing costs budget. The Tarion website, www.tarion.ca, has full details on the warranty, plus a section where you can search to see if your builder has had any warranty claims filed against them.

- 7) The **Pre-Delivery Inspection (PDI)** is an onsite meeting with you and the builder's representative (typically the site supervisor) just before it's ready for your occupancy. This is an excellent opportunity to also learn everything about your house: water shut-offs, floor drains, HRV controls, opening windows, location of light switches, etc. You will go through the house room by room and ensure that everything is completed professionally, accurately, and to your specifications. The builder will list any deficiencies and remedy them as soon as possible. The Tarion New Home Warranty regulates the obligations of both the builder and the buyer at the PDI. Some buyers will opt to have a professional home inspector attend the PDI with them. Just because a house is brand new, doesn't mean it's perfect. You will need to review your purchase contract to see if your builder has any policies on this.

While I have attempted to provide a thorough guide to buying a new home, every builder, every buyer, and every transaction is different, and new situations arise all the time. As with any real estate transaction, make sure you know all the options available to you, and above all, ensure that you trust all the parties involved. Never settle for something that is less than the highest standard to your expectations. I would be happy to answer questions you may have, and would love to help you in your new home purchase.

Good luck!

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Patrick Hulley, broker of record, also contributed to this article. Copyright 2010.