



Buying a brand-new home is exciting—but the process can be different from buying an existing home. You may hear terms related to construction, selections, timelines, inspections, warranties, and financing that you haven't encountered before. This quick-reference guide covers some of the terms you're most likely to hear when purchasing new construction.

You don't need to know them all. That's what we're here for.

A | Allowance - An amount included in a builder's price for a particular item or finish, such as flooring, lighting, cabinets, or appliances. If your selection costs more or less than the allowance, the difference may affect the final price.

Appraisal - An appraiser's professional opinion of the home's market value. When financing a new construction home, the lender will typically require an appraisal.

B | Base Price - The starting price of a new construction home before applicable upgrades, lot premiums, or other additions.

Builder - The company or individual responsible for constructing the home. The builder may work directly with the buyer or through a real estate professional.

Builder Warranty - A warranty provided by the builder that may cover certain materials, workmanship, systems, or structural components for specified periods. Coverage varies by builder and warranty, so buyers should review the actual warranty documents carefully.

C | Certificate of Occupancy - A document issued by the appropriate local authority indicating that a property has met applicable requirements for occupancy. Requirements and procedures can vary by local jurisdiction.

Closing Costs - Expenses associated with completing the purchase, in addition to the purchase price. These may include lender, title, recording, tax, insurance, and other transaction-related costs.

Construction Timeline - The estimated schedule for building and completing the home. Weather, materials, inspections, labor, permitting, utility connections, and changes during construction can all affect the timeline.

D | Design Selections - The finishes and features a buyer chooses for the home, such as flooring, cabinets, countertops, fixtures, paint colors, and appliances. Available selections and deadlines vary by builder and home.

E | Earnest Money - A deposit made by the buyer according to the terms of the purchase agreement. The amount, timing, and handling of earnest money are determined by the purchase agreement.



F | Final Walk-Through - A buyer's opportunity to walk through the completed home shortly before closing. Buyers can use this time to confirm that the home is in the expected condition and that agreed-upon items and improvements have been completed.

H | HOA / Homeowners Association - An organization that establishes and enforces rules and may maintain common areas and amenities within a community. New developments may have HOA fees, covenants, or other restrictions.

I | Inspection - A professional examination of the home's condition. Even though a home is new, buyers may choose to have an independent inspection performed.

L | Lot - The parcel of land on which the home is located. Lot size, location, orientation, drainage, utilities, easements, and restrictions can all affect a new construction purchase.

Lot Premium - An additional amount charged for a particular lot because of its location, size, view, walkout potential, or other desirable characteristics.

M | Model Home - A completed home used to showcase a builder's floor plan, finishes, features, and design options. Some features shown in a model may be upgrades rather than standard features.

P | Possession - The point at which the buyer is entitled to take possession of the completed home. This is generally addressed in the purchase agreement.

Punch List - A list of items that need to be completed, corrected, adjusted, or addressed before or after the home is finished.

R | Resale Home vs. New Construction - A resale home has previously been owned and occupied, while new construction is newly built and being sold for the first time. The buying process, available selections, inspections, timelines, and warranties can differ.

S | Spec Home - A home a builder constructs based on predetermined plans, features, and finishes rather than building every detail specifically for an individual buyer. A spec home may be completed or under construction when purchased.

Standard Features - The features and finishes included in the builder's advertised or base price. It's important to understand what is included—and what may be considered an upgrade—before comparing homes or builders.

Structural Warranty - Coverage that may apply to certain major structural components of a new home for a specified period. The exact coverage depends on the builder and applicable warranty.



T | Title - The legal right to ownership of the property. A title search is generally completed before closing to identify ownership history, liens, easements, and other matters that could affect the property.

Title Insurance - Insurance that provides protection against certain covered title-related problems. A lender may require a lender's policy, and an owner's policy may also be available.

U | Upgrade - A feature, material, finish, or design option that is not included in the home's standard specifications and may increase the purchase price.

W | Walk-Through - A builder may provide a walk-through before closing to explain the home's systems, features, maintenance requirements, and operation. This is a good opportunity to ask questions and learn how everything works.

Warranty Service - The process of reporting and addressing covered issues after the home is completed. Builders typically have a process for submitting warranty requests, and buyers should understand how and when to submit them.

New Doesn't Mean You Have to Figure It Out Yourself.

A new construction home comes with a lot of decisions—and sometimes a lot of questions.

What should you upgrade? What is included in the builder's price? Should you have an independent inspection? What happens if construction takes longer than expected? What should you look for before closing?

Those are the questions we're here to help you answer.

The HOME TEAM can help you understand the process, compare your options, communicate with the builder, and navigate the purchase from the first conversation through closing and beyond.

The HOME TEAM Properties

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