COLORADO / BUYER FIELD GUIDE

# Buying new construction in Colorado

What to ask at the model home, how to read a builder's financing offer, and what to put in writing before you close.



## BEFORE YOUR FIRST VISIT

Call ahead and ask how the builder handles buyer-agent registration, including online inquiries. If you want your own broker involved, agree on representation and compensation with them and coordinate the first visit. Each builder sets its own registration process.

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AT THE MODEL HOME

# Price the home you toured.

## Get a price for this lot.

Ask for a dated price sheet with the lot number, floor plan, elevation and delivery window. Walk the model with the standard features sheet. Circle the items you would actually buy, from the larger patio door to the finished basement.

**ILLUSTRATIVE PRICE BUILD-UP**

$525,000 + $18,000 + $32,000 = $575,000

Base plan + lot premium + selected options = price before closing costs. The figures are an example. Use the written prices for your homesite.

## Ask what will still be yours to finish.

Walk the actual lot with the builder. Look at slope, drainage, adjoining lots and future phases. Ask about rear landscaping, fencing, appliances and window coverings. Give every exclusion a dollar estimate and a date.

## Get the Colorado tax picture.

Ask which metropolitan district, if any, serves this address. Request its disclosure, service plan, current mill levy and fees. Ask the county assessor how to estimate taxes on the completed home. A bill for a vacant lot can understate the later cost.

## Separate dues from taxes.

Ask the HOA and the district which entity handles trash, snow removal, water and common areas. Put dues and separately billed fees on their own lines. If the tax estimate already includes the district levy, count it once.

INSIDE THE INCENTIVE

# How long does the payment last?

A low rate can describe different arrangements. Ask the lender for the rate on the note, the payment schedule, and every condition attached to the builder's contribution.

## Temporary buydown

A subsidy covers part of the early payments. On a fixed-rate loan, the note rate stays the same. Ask for your share of the monthly payment in each period and the full payment after the subsidy ends.

## Permanent discount points

Someone pays points at closing to lower the loan's interest rate. On a fixed-rate mortgage, that lower rate lasts for the loan term. Ask who funds the points and compare the same lender's quote with zero points.

## Closing-cost credit

A credit may reduce eligible costs due at closing. Get the dollar cap, eligible expenses, lender requirements and closing deadline in writing. Ask what happens to an unused portion or if the builder misses the deadline.

**ONE PAYMENT SCHEDULE / HYPOTHETICAL**

Suppose principal and interest are $2,700 a month. A written subsidy of $300 per month for 12 months makes your share $2,400 during that period and $2,700 in month 13. Total assistance is $3,600. Add taxes, insurance, dues and any mortgage insurance to your budget.

Request same-day Loan Estimates for the same home, loan type, term and down payment. Compare APR, points, lender fees, cash to close and the payment after any subsidy.

CONTRACT AND CONSTRUCTION

# Get the milestones in writing.

## Before you sign

Request the full contract, addenda, specifications and warranty. Locate the deposit amounts, refund terms, financing deadlines, substitution rights and inspection access. Ask a Colorado real estate attorney to review any language you need interpreted before you commit.

## Before the walls close

For a to-be-built home, ask when design choices lock and how change orders affect price and timing. Ask whether your independent inspector can visit before drywall and before closing. For a completed home, request any available build records and schedule a final inspection.

## When the date moves

Ask who confirms the closing date, how much notice you receive and who pays for a rate-lock extension. Make a housing backup plan before scheduling movers or ending a lease.

## At the final walkthrough

Bring the selections sheet and inspection report. Test fixtures, doors and appliances with the builder. Photograph open items and record the responsible person, remedy and target date on the signed punch list. Ask how unfinished work will be handled at closing.

## After move-in

Save the closing file, warranty booklet, manuals and photos. Calendar each coverage deadline and the required method for filing claims. Send written requests as directed, keep copies, and arrange a review before the relevant coverage expires.

TOUR WORKSHEET

# Compare two written offers.

Use a dated price sheet for each homesite and a lender's Loan Estimate for each financing offer. Mark any missing number as pending.

| HOMESITE OR OFFER | A | B |
|---|---|---|
| Builder, lot and quote date | | |
| Base price + lot + selected upgrades | | |
| Written incentive and expiry | | |
| Required lender / closing deadline | | |
| Loan term, note rate and APR | | |
| Points, lender fees and cash to close | | |
| Monthly principal + interest after subsidy | | |
| Monthly taxes, insurance and mortgage insurance | | |
| Monthly HOA and separately billed district fees | | |
| Full monthly cost after subsidy | | |

## Bring Jackson a homesite and an offer.

Send the lot number, price sheet and financing terms. Leave account numbers and personal loan documents out of your first message.

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FURTHER READING

CFPB | Compare loan offers

Colorado | Metro district disclosures

Fannie Mae | Temporary buydowns

FTC | New-home warranties