

FOX CITIES PARADE *of* HOMES™

February 8-9 & 15-16

foxcitiesparadeofhomes.com



HOME BUILDERS
ASSOCIATION OF THE
FOX CITIES™

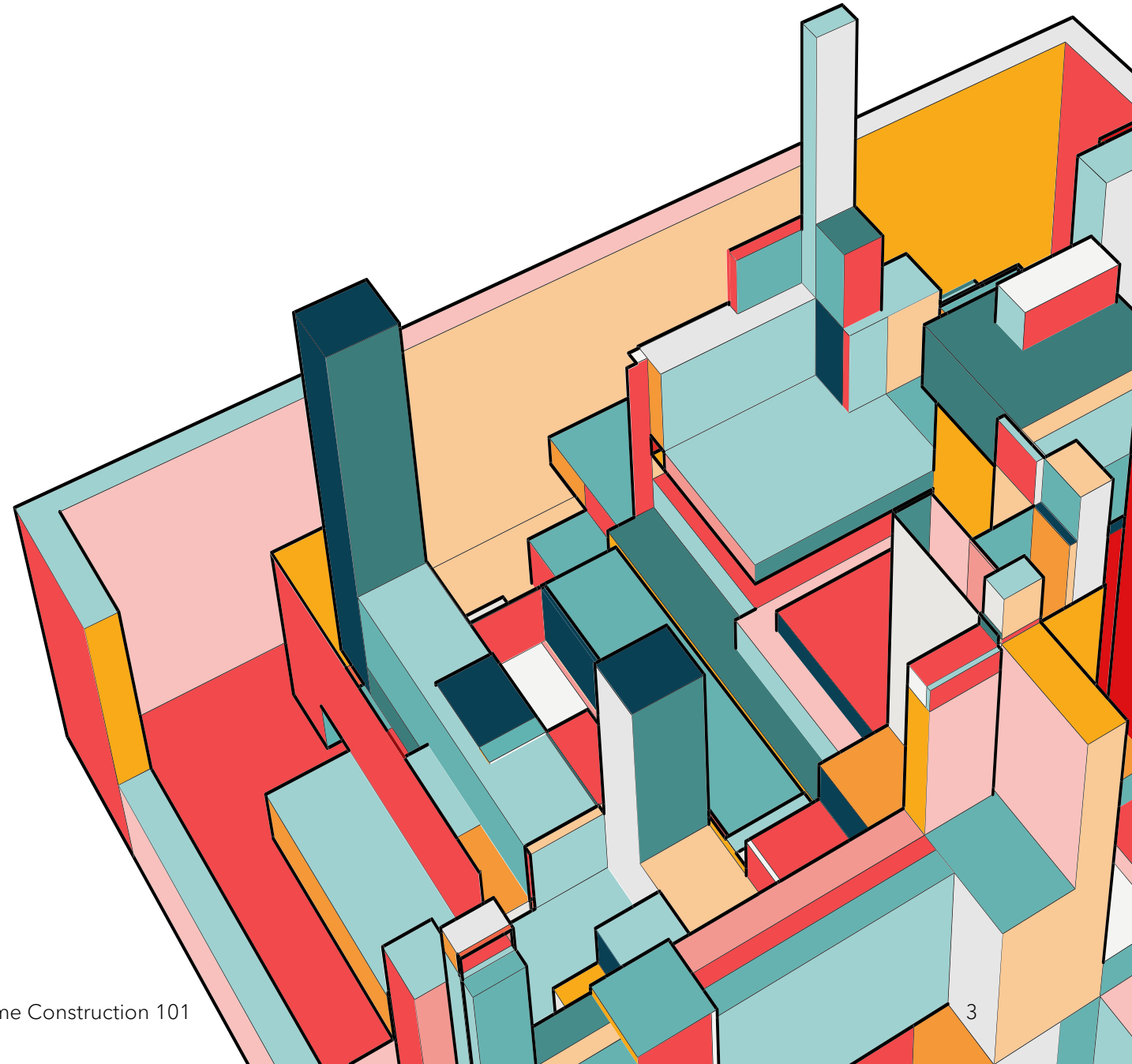


NEW HOME CONSTRUCTION 101

REALTORS Association of Northeast Wisconsin,
Builders Association of the Fox Cities

GOAL

- To provide you with a basic understanding of the fundamentals of new construction.
- Assist you in understanding the process of selling a new home.
- Educate you as to some of the terminology of new construction.
- Make you comfortable with selling new homes.





START THE PROCESS

PREAPPROVAL

The same as any other real estate transaction. Additional information will be required for a Construction Loan

IDENTIFY A GENERAL LOCATION

Where does the buyer want to be

SET A BUDGET

How much are they willing to spend

WHAT TYPE OF HOME DO THEY WANT TO BUILD

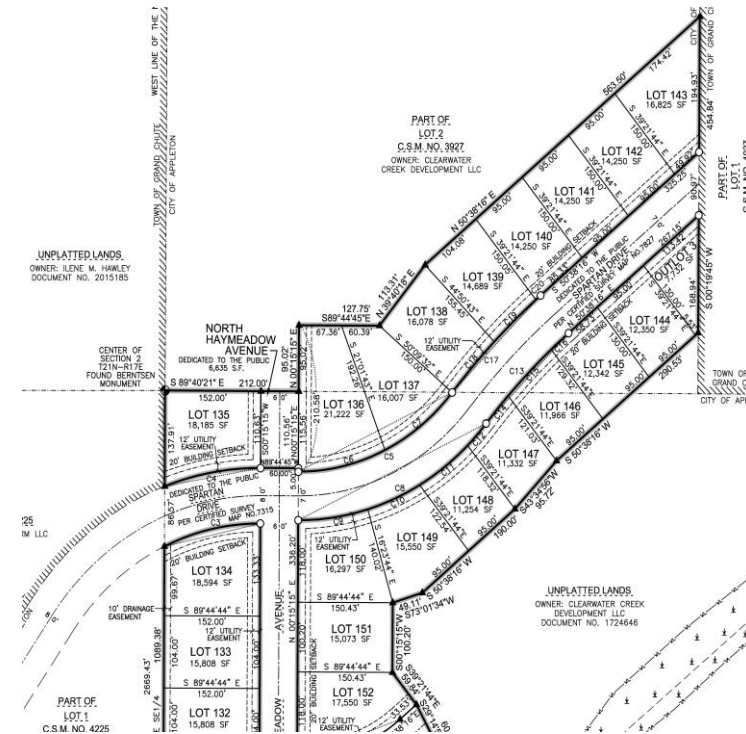
- Size of Home
- Egress Requirement
- Special Needs (Pool, High Speed Internet, Outbuilding, Etc.)

IT STARTS WITH A LOT

SUBDIVISION PLAT

- Basic Information
 - Lot Size
 - Possibly Easements or Setbacks
 - Lot Layout
 - Plat may Include Misc Information in Margins

Clearwater Creek Basic Plat



PLAT DETAILS

What Can We Learn From This?

- Elevations
 - Garage Floor Elevation
 - Lot Line Elevations
 - Drainage Requirements
- Setbacks
 - Side Setbacks
 - Front and Back Setbacks
 - Drainage Setbacks
 - Wetland Conservation Setbacks
- Easements
 - Not always shown on the map and can change.
 - Can include things such as trails, utilities, drainage.
 - What can owners use space for?

Clearwater Creek Drainage Plat

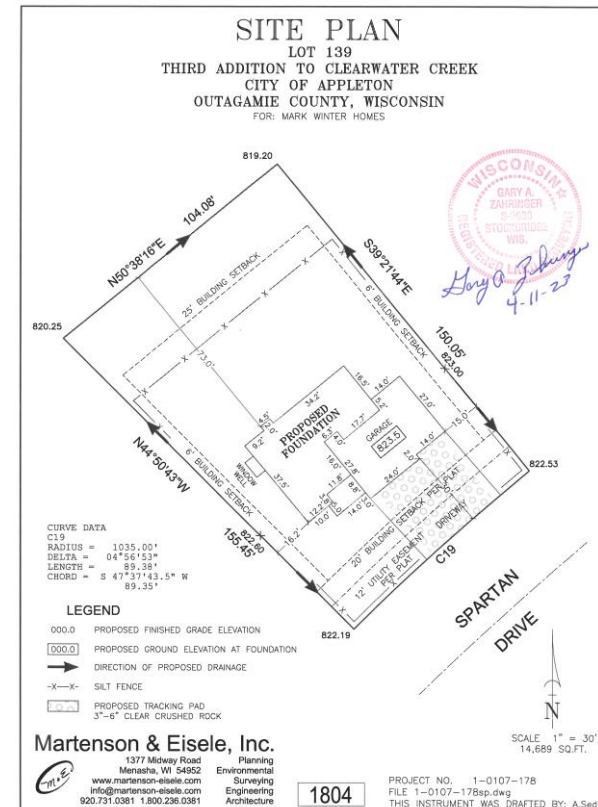


HOME ON LOT PLAT

Final Lot Details

- Lot Plat
 - Home Location
 - Detailed by Surveyor
 - May need be resurveyed after basement (or footings) are installed.
- Made part of the contract detail
- Must meet drainage plan on lot line
- Shows home elevation
- Erosion control

Lot 140 Clearwater Creek Plat



OTHER THINGS TO KNOW

RESTRICTIVE COVENANTS

- Architectural Review/ General Requirements
 - Square Footage
 - Exterior Requirements
 - Completion Requirements
 - Pools
 - Fencing (Privacy and/or Enclosure)
 - Other (have buyers fully read)
- Associations
 - Control
 - Fees
 - Scope

EASEMENTS

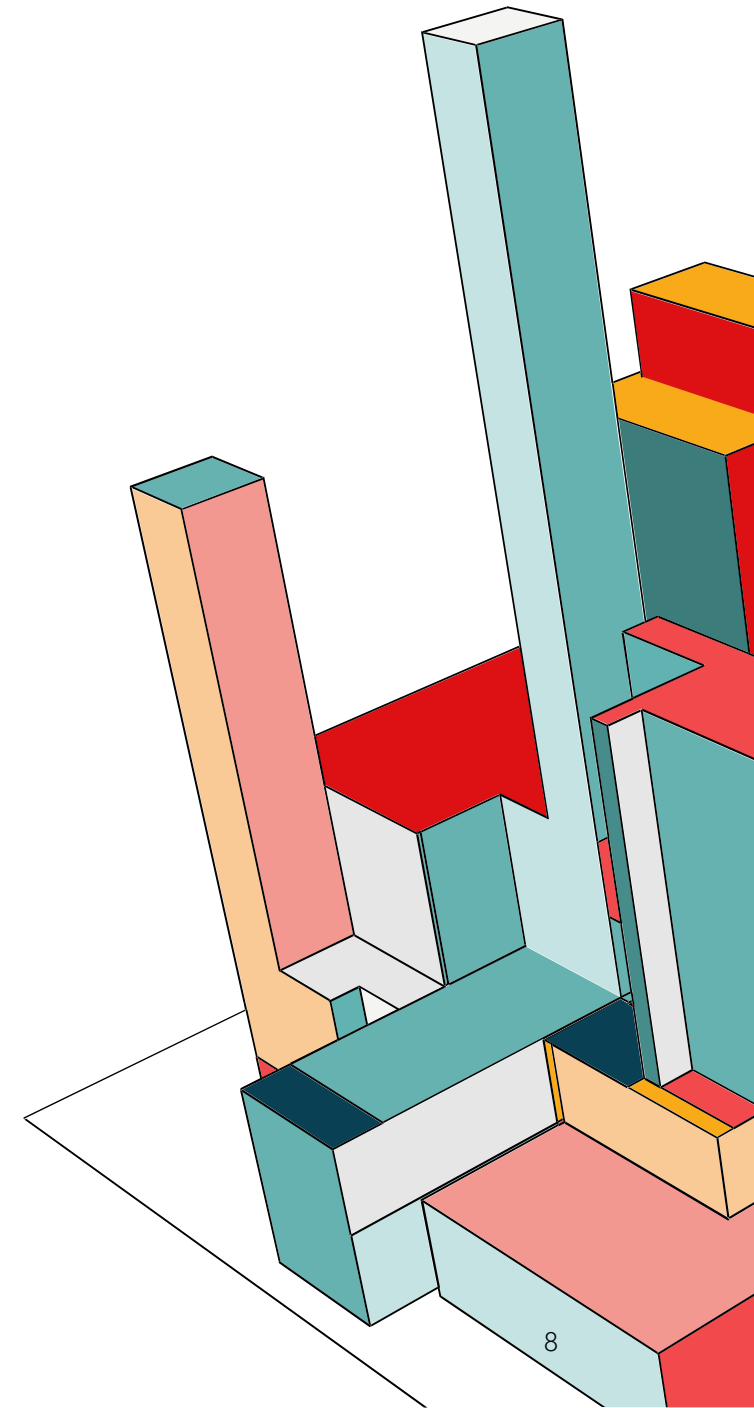
- Not always shown on the map and can change.
- Can include things such as trails, utilities, drainage.
- What can owners use space for?

UTILITIES

- Water and Sewer Service
 - Urban
 - Hook-up Fees
 - Water Quality (hard water, iron)
 - Rural – Septic System and wells
 - Costs
 - Soil perk tests
 - Wells – organics, arsenic, shared, etc.
 - Water Conditioning
- Some rural areas may not have certain services such as natural gas, cable, satellite, Internet access. Multiple Suppliers
- Stormwater or Sanitary Districts.

SOIL CONDITIONS

- Topography
- Access to lot
- Bedrock
- Ground Water
- Fill



OTHER THINGS TO KNOW

LAND USE, MUNICIPAL CONTROL

- Comprehensive plan for surrounding area
- Zoning Classification or zoning overlays
- Municipal Zoning
- If zoned agricultural, use value penalties, or reimbursement for Conservation Reserve Program
- Storm Water, Wetland and floodplain mapping or determination
- Soil suitability
- Trails, Sidewalks, Parks
- Ponds – who owns and maintains?
- Fees – New construction also usually includes additional fees charged by a local unit of government for things such as parks, police, and fire when a building permit is pulled and can vary significantly from community to community. These fees may not be included in either the purchase price of the lot or the builder's estimate.

NIMBY'S

They are everywhere!

FUTURE ASSESSMENTS

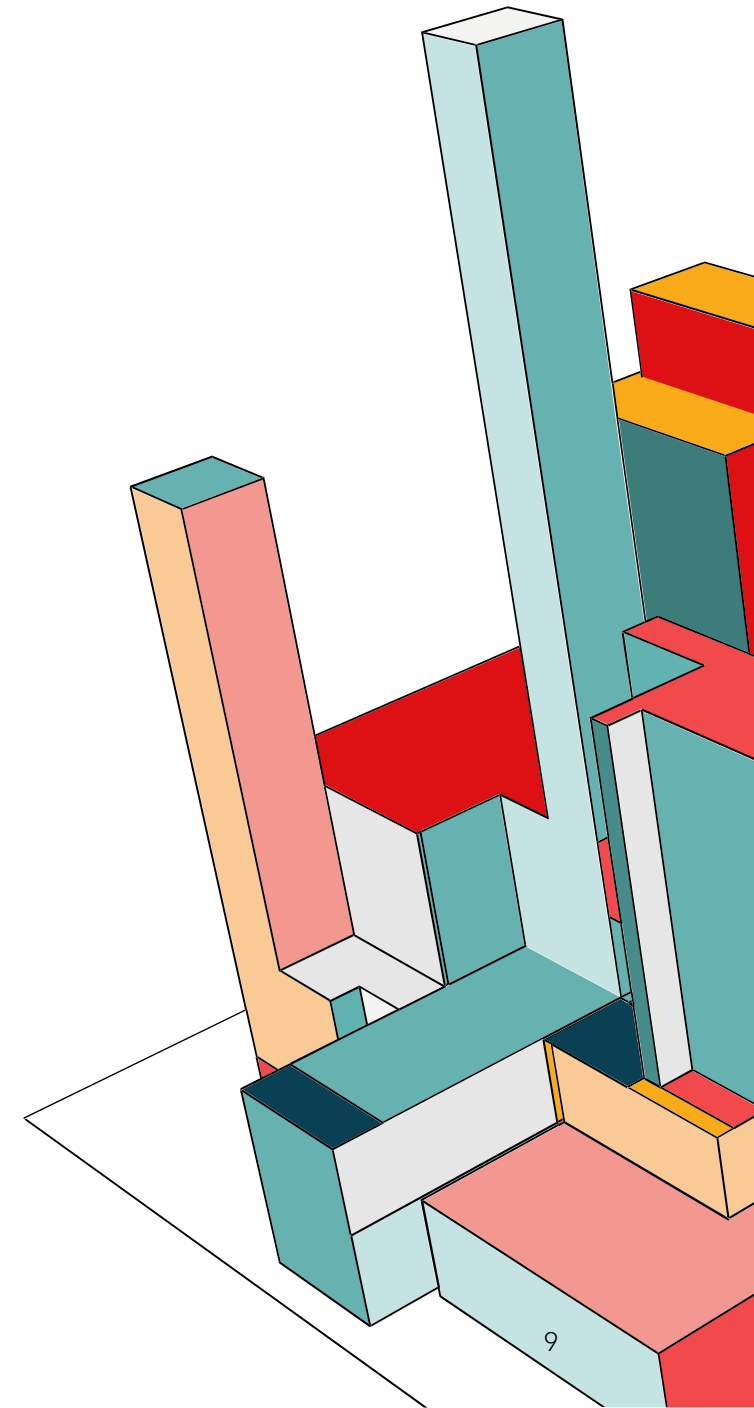
Future homeowners should be advised to review the developer's agreement and land title. Any future obligations for improvements will be disclosed in these documents.

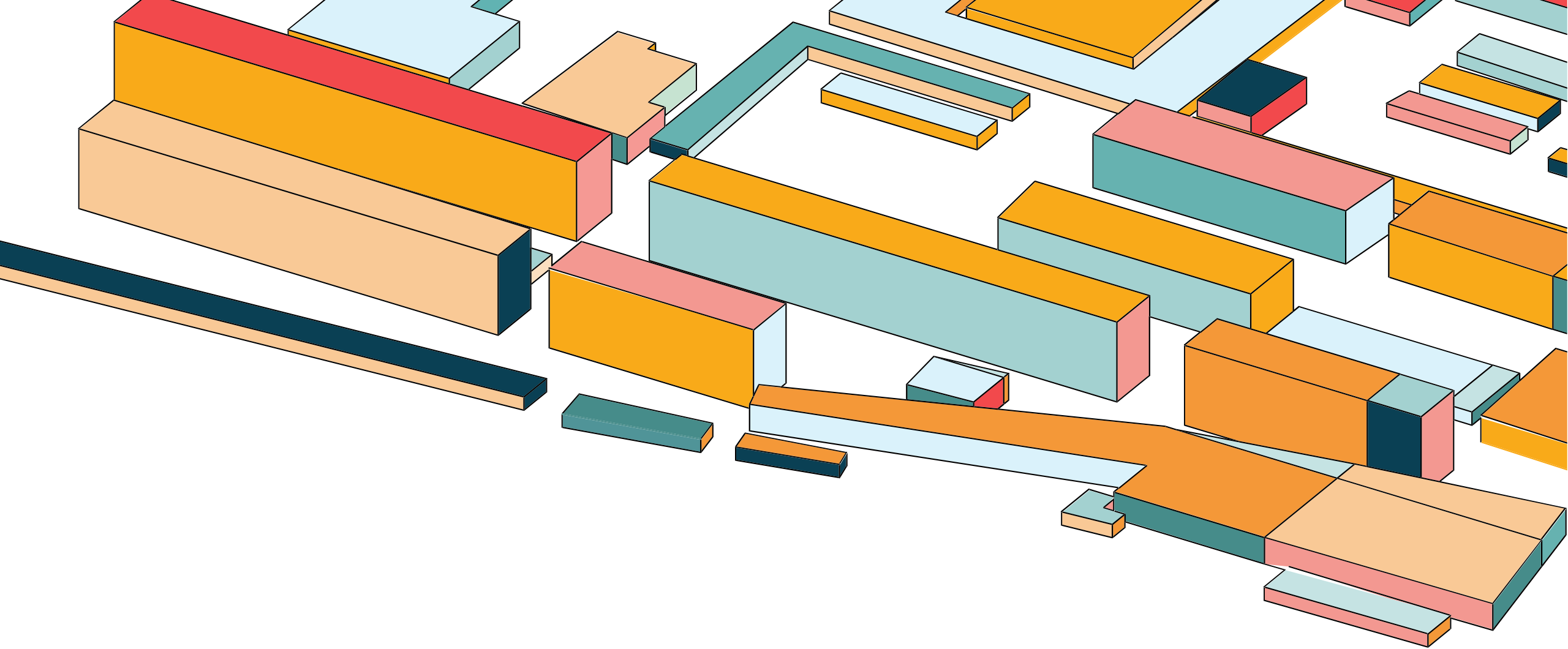
RESOURCES

- GIS System
- County Level
- Municipal Level
- Google Maps, Bing, etc.

RESEARCH BUILDERS

- References (names and dates of last 3 projects)
- HBAFC
- Word of mouth
- CCAP





DO THE RESEARCH BEFORE BUYING THE LOT!

WHY NEW



AMENITIES

New Features
Energy Efficiency
Choice
Smart Home



ERGONOMICS

Home Size
Barrier Free
Low Maintenance
Safety Features



DESIGN

Modern Layout
Home Placement
Personal Choices
Options

HOME DESIGN

WHO?

- Design Build Firms
- Architect
- Home Designer
- Lumber Yard

THINGS TO CONSIDER

Home Placement

Wall Heights (All Floors)

Framing Options

Insulation Options

Mechanical Systems and Options

Windows and Doors

Roof, Style, Pitch, and Materials

Exterior Finishes

Barrier Free Living

02/06/2024

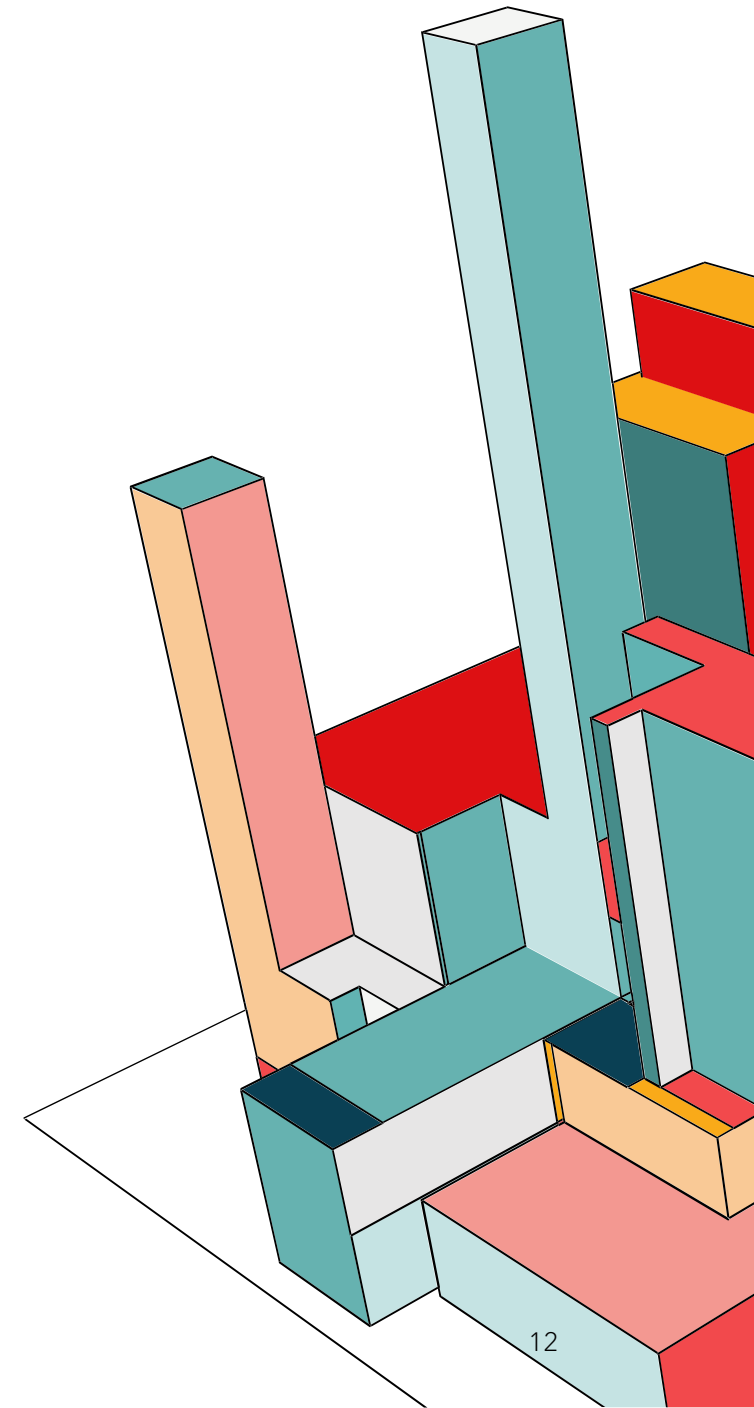
STANDARD SPECIFICATIONS

Everyone builds differently for a myriad of reasons. Building Code is the minimum. Review the specifications to see what's included and what's not. It comes down to the comfort level of the buyer.

PROCESS

- What is the process to design
- Is there a fee
- What are the terms
- Do you have a plan
 - Copyright Laws
 - Ownership of Plans

New Home Construction 101



HOME DESIGN



FRONT ELEVATION



REAR ELEVATION

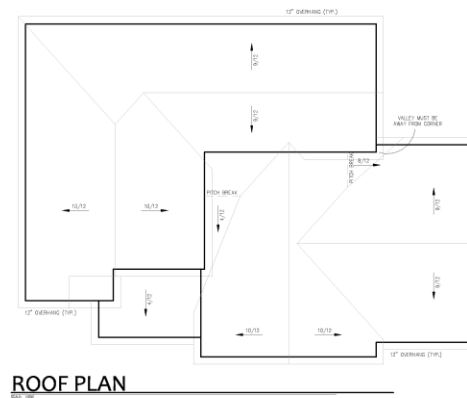


MARK WINTER HOMES
2025 N. CASALOMA DR.
APPLETON, WI 54913
920-730-4090



1804	
JULIETTE	
CLEARWATER CREEK S	
139	
244 SPARTAN DR.	
6/29/23	
AREA	
1st FLOOR	1359
2nd FLOOR	1543
BASEMENT	
OTHER	
TOTAL	2902

AI Drawn By: S. Grabo



ROOF PLAN

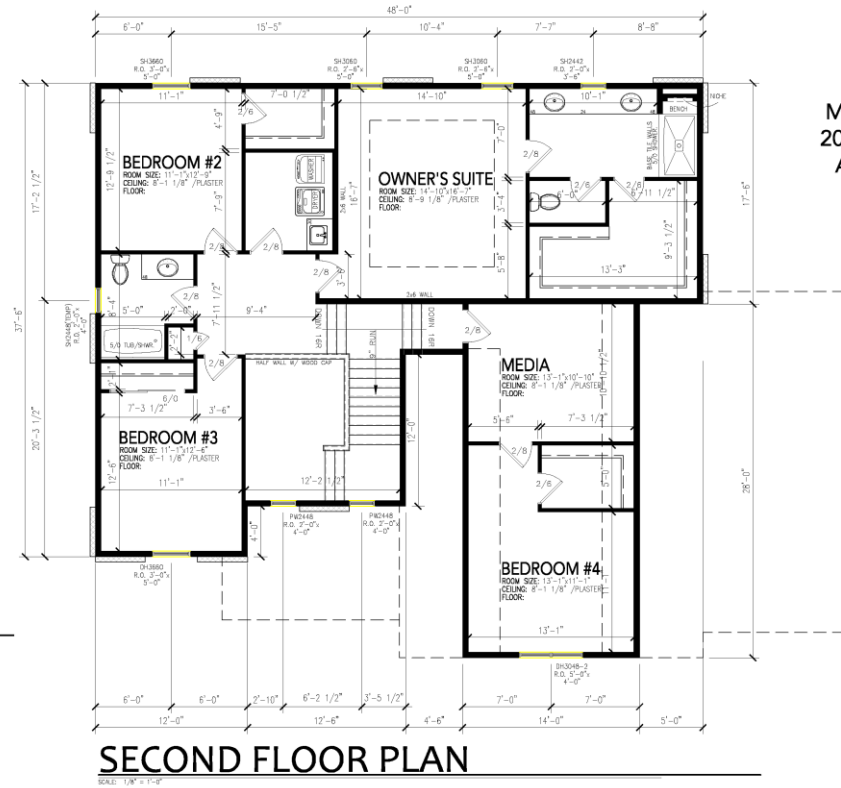


RIGHT ELEVATION



LEFT ELEVATION

MAIN AND UPPER FLOORS



L
M
20
A

ITS IN THE DETAILS

Ceiling Heights

Window Sizes

Roof Pitch

Elevation Details

Foundation Details

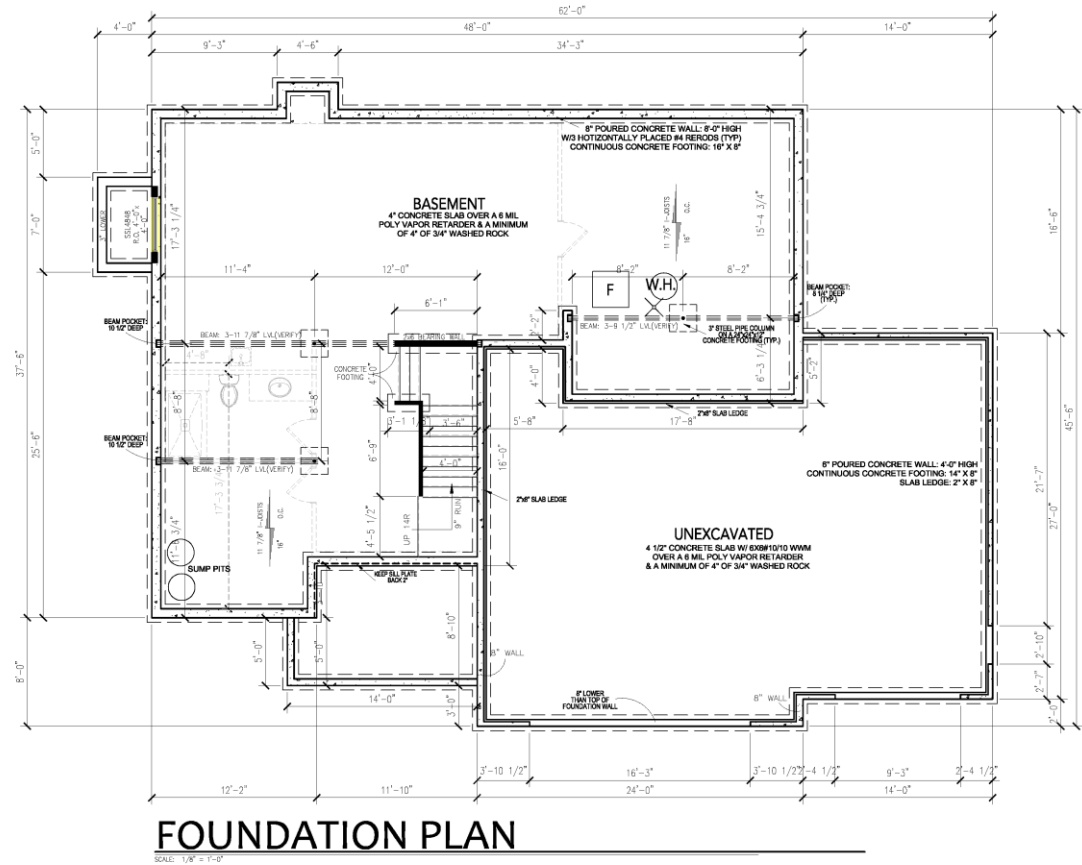
Egress Windows

Structural Elements

LL Bath Placement

Ceiling Variations

Door Swing and Sizes



SELECTIONS AND SPECIFICATION DETAILS

PROCESS

What is the process for making selections, do they have a designer or work with an independent one?

Does the buyer have any help?

WHO ARE THEIR VENDORS

Who does the builder partner with?

ALLOWANCES

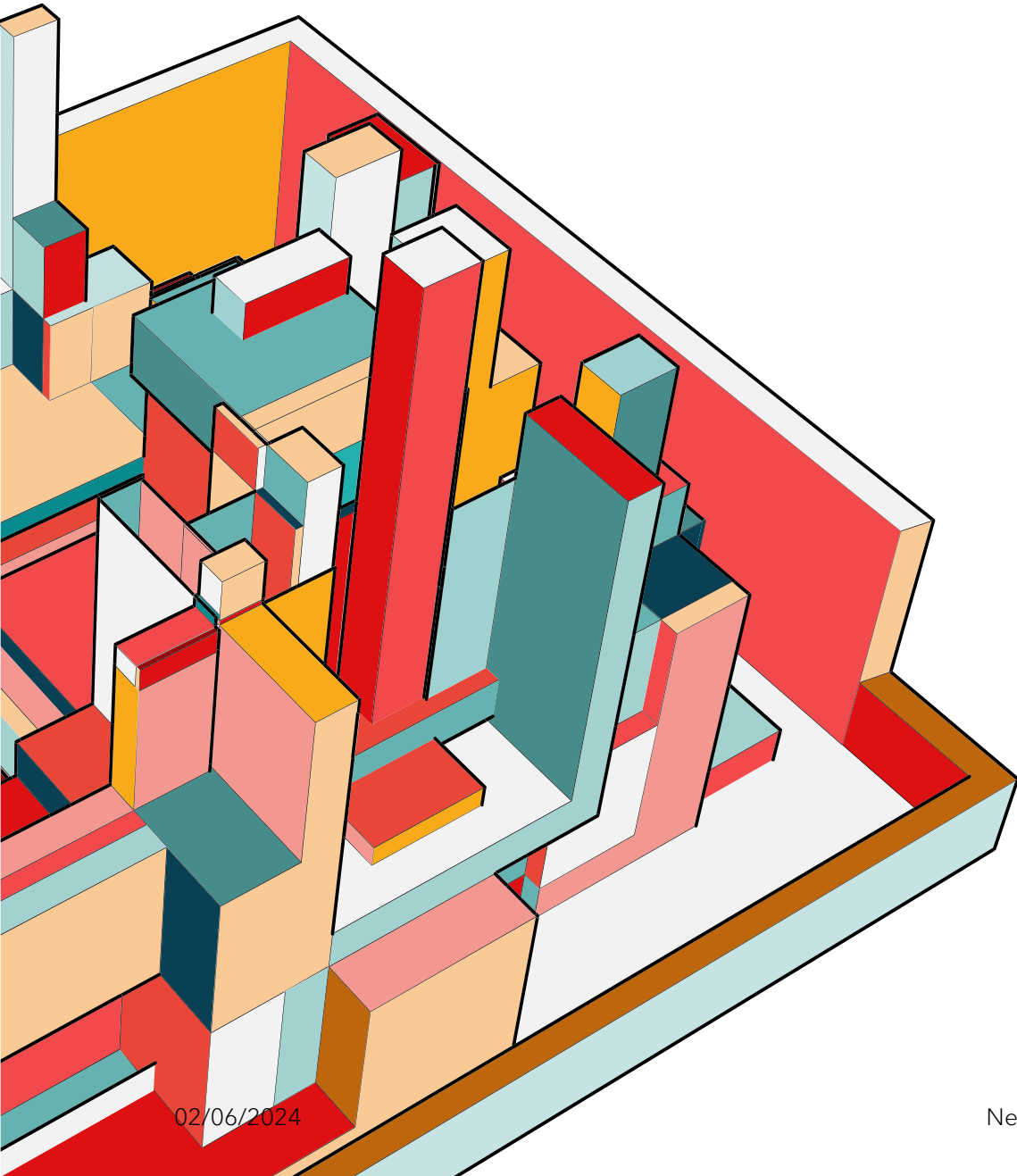
Is this purely based on allowances or are actual materials used for that determination?

LIMITS

Are there any limitations to the choices?

SCOPE

This can be an overwhelming process for the buyer. It doesn't have to be, if there's a process and expectations have been communicated



BOTTOM LINE

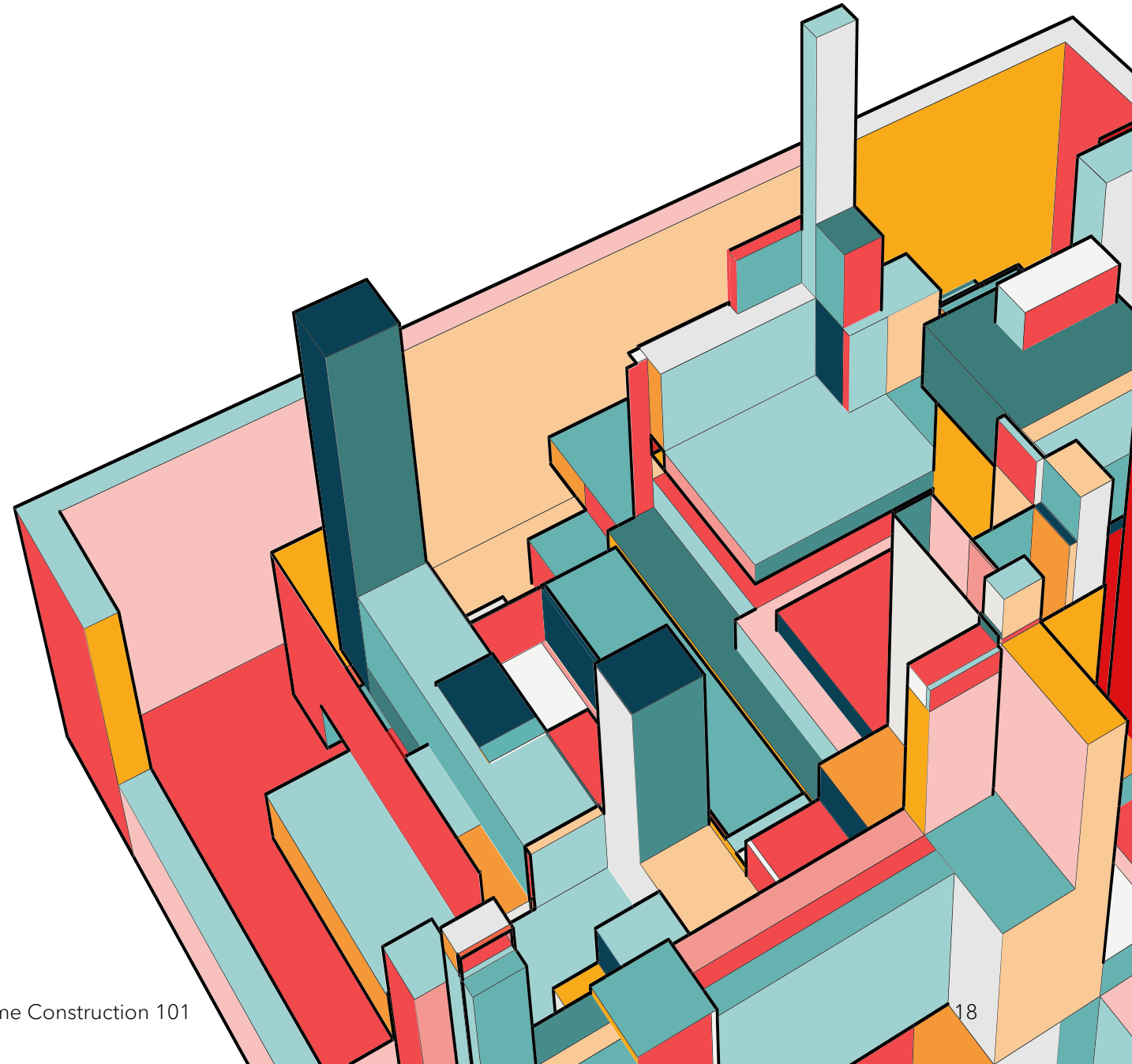
The more time and effort you spend on this part of the build, the less opportunity there will be for overages and last minute “surprises”. It is way easier to price a home if you know all the details. It will take a little more time, but the rewards are great! All this information should be consolidated and made part of the contract. If using allowances, it should be based on something specific, even if it’s a previously constructed home.

CONTRACTS

When writing a contract on a Spec home or a home under construction, you will typically use standard State Approved Forms and write the offer just like an existing home. Make sure to detail any buyer expectations, detailed specifications and any other details should the home not be complete.

This will also pertain to "Turn-Key" homes.

The more detail you can get the better it will be for all parties involved.



BUILDING CONTRACTS

On Buyer's Lot

Fixed Price/Lump Sum (most common)

- Items are detailed and pricing is predetermined
- Best for Spec Builds/Semi Custom
- Can add More Time Upfront
- Guaranteed Pricing
- Low Risk

Time and Materials

- Can Start Immediately
- Pricing is Estimated
- Margin on Materials is Predetermined
- Labor Costs Can Vary
- Can Include a Not to Exceed Clause

Cost Plus

- Can Start Immediately
- Pricing is Estimated
- Margin on Material and Labor is Predetermined
 - Costs Can Vary
- Can be a Percentage or Fixed Amount

WHAT SHOULD BE INCLUDED

PRICING

Details of the pricing including any charges for changes. Could include any credits for sweat equity. May also include clause for inflation or volatility in material costs.

DRAWS

How will draws be made, frequency, timing expectations and who will be processing the draws. Many lenders and builders will require a tile company to be involved.

WARRANTY

Warranty, if provided, it is not required in the state of Wisconsin. Details should be provided.

02/06/2024

INSURANCE

Builder will provide liability insurance. As for the building itself, the buyer will provide Builders Risk Insurance if they own the lot, Builders will if they do.

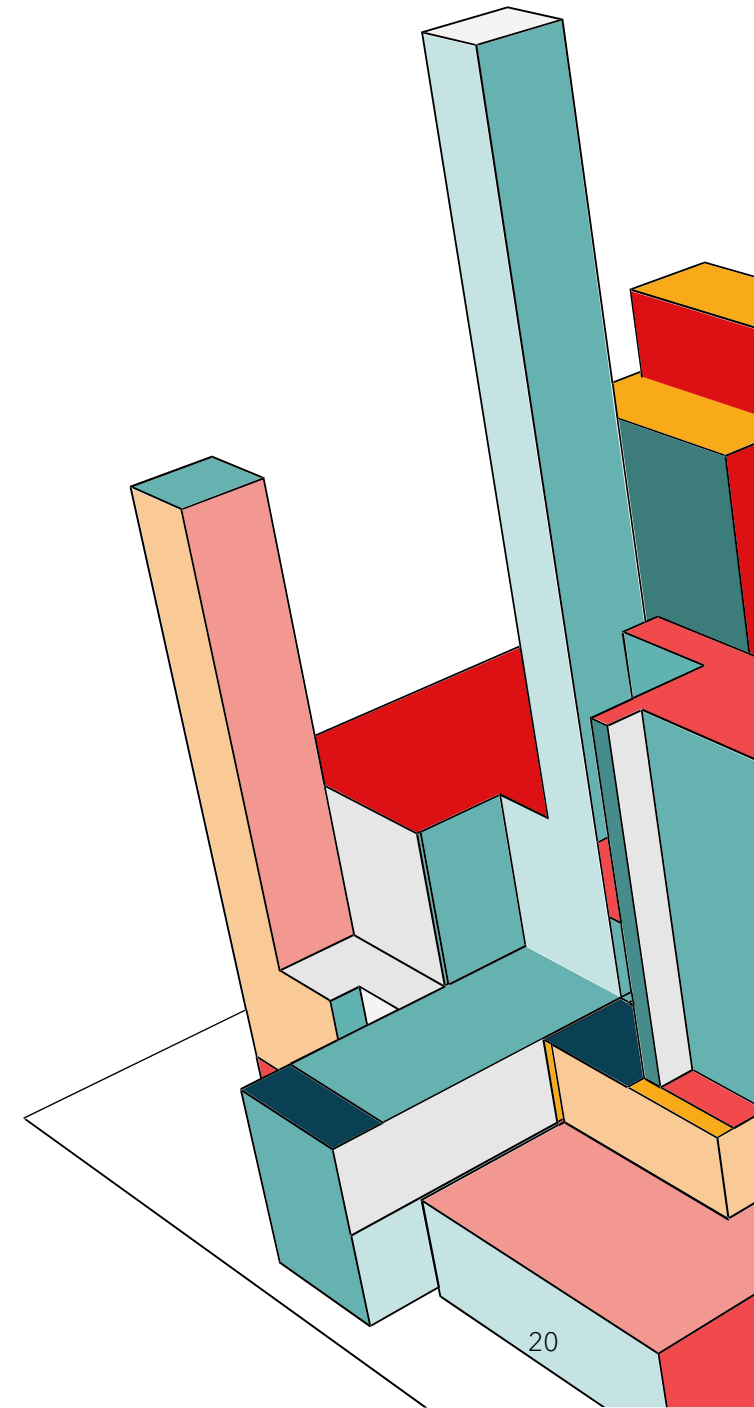
SCHEDULING

Contract should reference a general timeline for the build. This can be affected by Weather, Availability of Materials and/or labor, Permitting, client decisioning, etc.

PLAN AND SPECIFICATION

Detailed Specifications and Plans Should be Included. Including any Allowances

New Home Construction 101





MORE CONTRACT ITEMS

WISCONSIN'S RIGHT TO CURE LAW

Wisconsin requires the buyer to contact the Builder if any claims are made regarding any warranty issues. Builder has right to cure.

OCCUPANCY EXPECTATIONS

What needs to happen before occupancy of the home.

TAX PRORATIONS

Applies to spec and turn-key contracts, Value is based on January 1st of current year

BOTTOM LINE

The more detailed and specific the better it will be for all parties involved!

FINANCING



Conventional

- Home Under Construction
- Completed New Home



Turn-Key

- On Builder's Lot
- On Developers Lot



Construction Loan

- On Owner Lot
- Custom Build

FINANCING

DOCUMENTATION

If the home is under construction or a Construction Loan, the lender will need:

- Plans and Specifications (Detailed)
- The Contract
- A cost Breakdown (not always shared with the buyer)

CHANGE ORDERS

Be aware that changes or additions to the build that add additional cost may need to be paid in cash by the buyer at the end of the process.

WHO CAN BUILD

Dwelling Contractor Qualifier
Homeowner

DRAWS

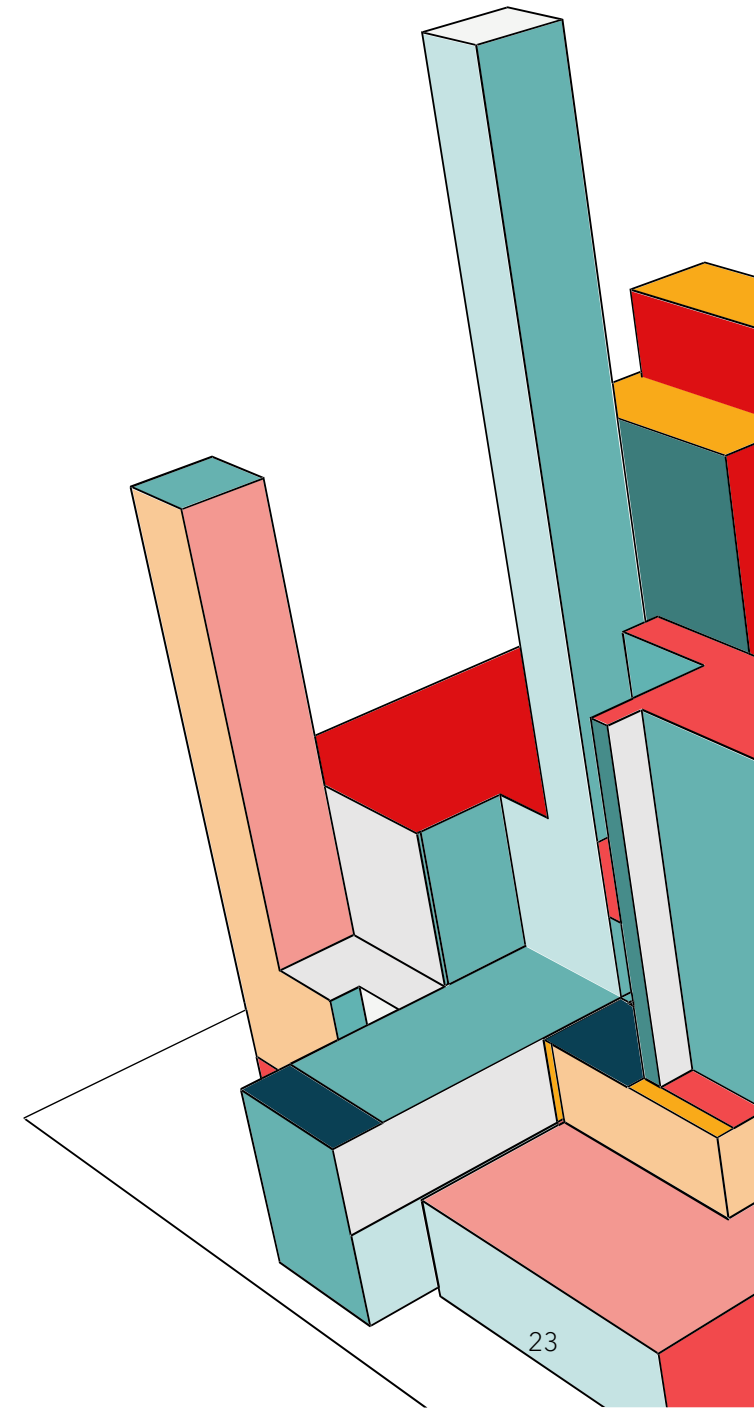
Builders take draws monthly (typically). These are usually facilitated by a title company (highly suggested, and usually required by a lender).

APPRAISALS

There can be two appraisals, one before the build and one when complete. This can delay the start of the project.

PERMINS FINANCING

The buyer may need to convert or refinance to a traditional mortgage at the end of the process.





TIMING AND EXPECTATIONS

HOW LONG WILL IT TAKE

Every build is different, but you can expect four months to a year, depending on the complexity, financing and time of the year.

WHAT CAN AFFECT TIMING

- Weather
- Weight Limits
- Trade Contractor Availability
- Inspections
- Material Delays and/or Availability
- Indecision
- Lead Times

MANAGE THE EXPECTATION

Be Realistic, Communicate the Realities of Construction. Things will happen, usually it can be managed and absorbed, but not always.

WHAT BUILDERS WANT YOU TO KNOW

- New Construction is the Top of the market, we can't typically compete with existing homes
- Our Costs have increased 70% in the last four years. Pricing has stabilized but understand this is driving our pricing and can change at any time.
- Market time for new construction homes is NOT the same as for existing homes. We can list the home before we start construction. It is not an indication of market interest.
- Our homes may be under construction, please treat them that way and use safety precautions.
- Let us know if something seems out of order.
- Don't make assumptions, ask the question.
- Treat the home like someone lives there.
- Trades may be work, beware it can be loud, dusty and not cleaned yet.
- If there's an objection, but still interest, ask the question, we may be willing to change it.



NEW TRENDS

THINGS ARE CHANGING

- Affordability is a challenge for all of us, the income % of housing cost is now 40%
- Development cost are rising
- Municipal service costs are rising
- Lots need to become smaller
- Home footprints are getting smaller
- You'll start to see less three car garages
- Almost 40% of Household are single, they don't need 3 bedrooms
- Cities are understanding the importance of downtown living
- There needs to be more duplex, triplex, quads for the missing middle
- Municipalities are looking at zoning changes

BUILDER/REALTOR RELATIONSHIP

COMMUNICATION

Communicate with Builder before you make the referral. Understand the buyer may have already contacted the Builder.

GET YOUR AGREEMENT IN WRITING

Document all agreements for compensation, what does it cover and what will it be based on.

RESEARCH YOUR BUILDERS

There are many ways to research a builder, Home Builders Association, Word of Mouth, CCAP, Etc.

FACILITATE THE SALE

Don't insert yourself into the sale. We have a common goal, customer satisfaction. Keep a positive open relationship.

THANK YOU





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