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Kay Builders Offers Tips for New Home Buyers

LEHIGH VALLEY, PA June 16, 2010 ... With lending institutions offering low interest rates and builders promoting all sorts of incentives these days, nobody will disagree that it's a good time to buy a new home. But as potential buyers set out to find that dream home, they need to do some homework before they sign on the dotted line, says Rick Koze, president of Allentown, PA. - based Kay Builders Inc.

“With all our potential buyers, we stress research – know exactly what it is lenders and builders are offering before you make a commitment,” said Koze. “We have a number of features on our Web site – including *Kay Purchase & Beyond* and *Buyer Resources* at www.kaybuilders.com - that help buyers over these hurdles. Those Web pages see lots of traffic,” said Koze.

Koze offers potential new-home buyers this modest list of things to research before shopping for a new home.

- Determine the financial position and stability of your builder. Many builders are publicly held companies, making it easy to see financials. When financial information is not available, a long history of operation in a particular area is a good sign the builder is on solid financial footing.
- If a builder is urging you to act fast because homes are selling quickly, be careful. Selling homes quickly often causes construction quality to deteriorate.
- Additionally, low prices and big incentives could mean a builder is getting pressure from its banks to move inventory, meaning finances may be suspect. This may seem good for the customer, but the builder may not be there at times when you need service, may curtail expenses on service or may fail to deliver on incomplete items on the home.
- Discounting activities suggest that the builder might take other extreme measures in the future such as going to much smaller, low-cost floor plans, or curtailing included features and specifications that will devalue the community and depress resale value.
- Examining deeds for a history of stable to rising prices in a community is a good idea. Any agent can help with this.
- Be wary of deals tied to using a builder mortgage company. Such deals are often tied to higher interest rates and additional fees than are otherwise available in the open market.

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- If you plan to be in a home for a while (10 years or more), a higher but stable mortgage rate will more than offset any front-end savings that are presented. If you are uncomfortable analyzing the loan numbers, sit down with an experienced financial planner or accountant who can walk you through it.
- If you are looking at a community that offers a homeowners association, check that monthly fee. You may be losing buying power because of a high monthly fee. For example, each \$25 per month in homeowner fees translates to \$5,000 in incremental purchase price. So if one community has a \$100 monthly fee and another \$25, you can afford to buy \$15,000 more home at the lower fee.
- Also, with many community associations, the homeowner does not actually own the property, only the structure on the property. This tends to negatively impact appraisal value and resale value. Additionally, ask about the restrictive covenants. In many communities, fences, gardens, patios and decks are severely limited.
- Finally consider how close the community is to places you normally travel, such as work, school and shopping. Living just five miles closer to work could enable you to afford an additional \$6 - \$8,000 of purchase price given current gas prices - and depending on your car's fuel economy.

Koze understands this research can be a lot of work, but he emphasizes it will be well worth it.

“For most people, buying a new home is the largest investment they will ever make; you want to be sure of what you're getting into,” said Koze. “That will make your home-building go smoothly - and without surprises.”

Kay Builders of Allentown is a fully integrated company, performing all functions in-house - from property acquisition, land planning and site development to architectural design, construction, and marketing and sales. The firm, founded in 1961, has developed scores of award-winning home designs and more than 24 Lehigh Valley home communities. Kay Builders is owned and operated by third-generation entrepreneur Rick Koze, who continues the company's legacy of utilizing the best Pennsylvania craftsmanship, quality and originality.

For more information about Kay Builders, visit www.kaybuilders.com

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