



# 8 TIPS FOR NEGOTIATING WITH BUILDERS

- 1 Know the builder's incentives:** Keep a spreadsheet of communities being built and the incentives being offered. Incentives change month-to-month, so it's important to visit the models often.
- 2 Build a relationship with the salesperson:** Building a good relationship with the builder's salesperson will go a long way when negotiating for your clients. Turn the salesperson into your advocate.
- 3 Have a good lender (or lenders) you can refer to your buyer:** Most new home builders have incentives for buyers who use their preferred mortgage lender. Sometimes this mortgage company doesn't offer the best rate and terms. Have your buyer get quotes from other lenders before committing to the builder's lender. If they find a better rate and/or terms, ask the builder's lender to match it.
- 4 Focus first on free upgrades:** Builders are often more willing to include free upgrades than to decrease the sales price. Here are a few popular upgrades you may want to consider requesting:

  - Upgraded appliance package
  - Window treatments
  - Epoxy-sealed garage floor
  - Upgraded lighting, exterior coach lights
  - Energy-saving features like a Google Nest
  - Upgraded flooring
  - Finished recreation space in basement
- 5 Upgrades during construction:** Some features are more difficult to install after a home is completed — like speaker systems, ethernet hook-ups, and video surveillance systems. Ask the builder to help with these upgrades during the building process.
- 6 Buy the model home:** All model homes are sold at some point and often at a discounted price. If your buyer isn't able to take possession immediately, suggest they consider purchasing one of the models.
- 7 Look for spec inventory:** Builders need to sell the homes they build. The longer a spec home (a home built on the speculation that it can easily be sold for a profit) is on the market, the more motivated the builder will be on price and other terms. Additionally, during the last fiscal quarter of the year, builders are even more highly motivated to get spec home inventory off their books for tax reasons.
- 8 If you don't ask, you don't know!** The worst thing the builder can say when you ask for discounts, concessions, and upgrades is no, so don't be shy — submit an offer, regardless of the terms, and see what happens.

