A GUIDE FOR BUILDING & BUYING NEW

BUILD

BUILD IT. OWN IT.

From foundation to keys.

Buying from a builder or building your own, how extended rate locks protect you, how a one-time close works, and how to keep your build on schedule in the Capital Region.



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START HERE

CAN'T FIND THE RIGHT HOUSE? BUILD IT.

With so few homes for sale, more buyers are going **new**: buying a home from a builder, or building from the ground up on their own land. Both can work beautifully, as long as the financing is planned from day one.

New construction comes with its own rules: **extended rate locks** to protect you while the home is built, **draws** to pay your builder, and **one-time close** loans that cover the land, the build and your mortgage with a single approval.

I've been helping families into homes since 1993, first as a Realtor and now as a mortgage lender. Call me **before you sign with a builder**. Your builder has to be approved too, and I'll walk you both through it.

Brian

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TWO WAYS TO GO NEW

Buy from a builder, or build your own.

BUY FROM A BUILDER

A home the builder is building or has finished. You use a **standard mortgage** with an **extended rate lock** if closing is months away.

BUILD YOUR OWN

You hire a builder to build on your land, or land you're buying. A **construction-to-permanent** loan funds the build and becomes your mortgage.

CONVENTIONAL

Available for builder purchases and construction loans.

FHA, VA & USDA

Government programs can work on new construction too.

EVERY HOME TYPE

Stick-built, modular and new manufactured homes can be eligible.

GOOD TO KNOW: Which path fits depends on whether you already own land, how custom you want to go and how much you have for a down payment.

WHO NEW CONSTRUCTION FITS

Built for buyers who want it done their way.

USUALLY A GOOD FIT

- You can't find an existing home you love
- You already own land, or found a lot
- You want a home built to your plans
- You're buying in a new development
- You want modern systems and efficiency
- You can be patient on timing

KNOW GOING IN

- Builds take **months**, not weeks
- Your **builder must be approved**
- **Change orders** cost money and time
- Weather and permits can cause delays
- Plans and a fixed-price contract are required
- Rate locks for long periods may cost extra

REAL TALK: The most common new construction problem isn't the loan. It's a builder who isn't ready for lender requirements. Bring me in early.

EXTENDED RATE LOCKS

Protect your rate while the home is built.

A normal rate lock lasts 30 to 60 days. New construction often takes much longer. An **extended rate lock** holds your rate for **up to 12 months** while the home is finished.



ILLUSTRATION ONLY. LOCK LENGTH OPTIONS AND COSTS VARY BY PROGRAM.

UPFRONT COST

Longer locks may carry a fee or a slightly higher rate.

FLOAT-DOWN

Some locks let you take a lower rate if rates drop, with conditions.

TIMING

Lock when your build timeline is realistic, not hopeful.

GOOD TO KNOW: Ask your builder for a realistic completion date, then add a cushion for weather and inspections.

ONE-TIME VS. TWO-TIME CLOSE

One approval, or two.

	ONE-TIME CLOSE	TWO-TIME CLOSE
HOW IT WORKS	One loan covers the build and becomes your mortgage	A construction loan, then a separate mortgage when done
CLOSINGS	One	Two
CLOSING COSTS	One set	Two sets
QUALIFYING	Once, up front	Twice, before and after the build
RATE	Locked at the start	Mortgage rate set when the home is finished

WHY ONE-TIME CLOSE IS POPULAR

You qualify once, close once and know your permanent rate before the first shovel goes in. There's no risk of a job change or rate jump derailing your mortgage at the end.

FHA ONE-TIME CLOSE

Build with as little as 3.5% down.

3.5% DOWN	100% GIFT OK	LAND EQUITY COUNTS
Up to 96.5% financing with a 580+ score. 500–579 with 10% down.	Down payment and closing costs can come from family gifts.	Equity in land you already own can be your down payment.

Here's how land you already own can cover the down payment. Your numbers will be different.

Land you own, appraised value	**$60,000**
Construction cost	**+$340,000**
Total project value	**$400,000**
Required down payment (3.5%)	**$14,000**
COVERED BY YOUR LAND EQUITY	**YES**

EXAMPLE ONLY. NOT A RATE QUOTE OR LOAN ESTIMATE.

GOOD TO KNOW: Stick-built, modular and new manufactured homes can qualify. Many approved files need no cash reserves.

DRAWS & INSPECTIONS

Money is released as the work gets done.

Your builder isn't paid all at once. Money is released in stages, called **draws**, after an inspector confirms each stage of work is complete.

1. **CLOSING**
   The loan closes. If you're buying land, it's paid for here.

2. **FOUNDATION**
   After the foundation is inspected, the first draw is released.

3. **FRAMING & ROOF**
   The home takes shape, and the next draw follows.

4. **SYSTEMS & INTERIOR**
   Mechanicals, insulation, drywall and finishes.

5. **FINAL INSPECTION**
   Certificate of occupancy issued, and the last draw is paid.

6. **MOVE IN**
   Your loan converts to your regular mortgage payment.

REAL TALK: During construction, you may make interest-only payments on the money drawn so far. Ask me how that works on your loan.

CHOOSING A BUILDER

The right builder makes everything easier.

WHAT LENDERS REQUIRE

- License and insurance
- Lender approval of the builder
- Plans and specifications
- A signed, fixed-price contract
- A realistic construction timeline

WHAT TO LOOK FOR

- Experience with construction loans
- References from recent buyers
- A clear process for change orders
- A written warranty
- Good communication

CHANGE ORDERS

Every change after closing, like a bigger deck or upgraded cabinets, can affect cost, timeline and appraisal. Make your decisions before closing whenever you can.

COMMON MISTAKES THAT DELAY A BUILD

Most of these are easy to avoid with planning.

1 SIGNING BEFORE CHECKING THE BUILDER
Your builder must be approved. Check first.

2 NO FIXED-PRICE CONTRACT
Open-ended pricing makes approval hard.

3 TOO MANY CHANGE ORDERS
Each one adds cost and time.

4 SKIPPING THE PERC TEST
Rural lots need septic approval before building.

5 LOCKING TOO SHORT
A lock that expires mid-build can cost you.

6 IGNORING THE BUDGET CUSHION
Plan for surprises in cost and time.

7 NEW CREDIT DURING THE BUILD
Hold off on new cards or financing until you close.

8 CHANGING JOBS MID-BUILD
On a two-time close, you have to qualify again.

REAL TALK: Almost every one of these is avoidable with a 15-minute conversation before you apply. That's the cheapest time to fix a problem.

BUILDING IN THE CAPITAL REGION

Local factors that affect your timeline.

BUILDING SEASON

Winter can slow excavation and foundations. Plan your start date around frost.

WELL & SEPTIC

Many rural lots need a perc test, septic design and a well. Each takes time.

TOWN PERMITS

Every town has its own permits and inspections. Your builder should know them.

ADIRONDACK PARK

Building inside the Park can require Adirondack Park Agency approval.

ALREADY OWN LAND?

If you bought land with a land loan or cash, its value may cover your down payment on a construction loan. Ask for my land loans guide too.

REAL TALK: Start the conversation with me and your builder at the same time. A shared timeline is the best way to avoid surprises at closing.

DOCUMENT CHECKLIST

Have these ready, and the process moves a lot faster.

- [ ] Signed builder contract and price
- [ ] Builder license and insurance
- [ ] Survey and perc test, if applicable
- [ ] W-2s and tax returns, last 2 years
- [ ] Gift letter, if family is helping
- [ ] Plans and specifications
- [ ] Land deed or purchase contract
- [ ] Pay stubs covering the last 30 days
- [ ] Bank statements, last 2 months, all pages
- [ ] Government-issued photo ID

Every situation is a little different. I'll give you the exact list for your scenario before you gather anything.



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BOOK 15 MINUTES

EQUAL HOUSING OPPORTUNITY

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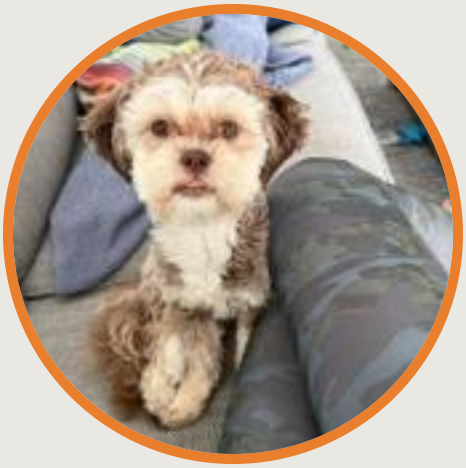
PENNY'S CORNER

A few words from our Chief Belly-Rub Officer.



PENNY SAYS

CHIEF BELLY-RUB OFFICER

Building a house takes patience. I don't have much, but Dad does, and he'll keep your builder, your rate lock and your timeline on track.

Pro tip from me: plan the mudroom. Snowy paws are real.

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Tips, updates and plenty of Penny.

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The Marchand Team

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