



THE COMPLETE GUIDE TO

BUYING NEW CONSTRUCTION IN LOS ANGELES

*A Complete Guide for the
Sophisticated Buyer*

A Practical Field Guide for the Informed Homebuyer

Covering Builders • Contracts • Design Centers
• Walkthroughs • Mello-Roos • Closing Costs

Introduction

Buying a new construction home in Los Angeles is fundamentally different from buying a resale property. The sales process, the contract terms, the negotiation dynamics, the inspections, and even the closing costs all operate under a different set of rules — rules written largely by the builder, for the builder.

That doesn't mean new construction is a bad deal. In fact, for the right buyer in the right community, it can be an exceptional one. You get a home built to modern energy codes, with a builder warranty, no deferred maintenance, and the ability to personalize finishes before a single nail is driven. But to come out ahead, you need to understand how the game is played.

This guide walks you through every stage of the new construction buying process in Los Angeles and the broader Southern California region — from choosing a builder and a lot, through the design center experience, the construction timeline, the walkthroughs, and finally to closing. Whether you're buying in the Inland Empire, the Santa Clarita Valley, the South Bay, or the Antelope Valley, the fundamentals covered here apply.

WHO THIS GUIDE IS FOR

This guide is written for buyers who may have experience purchasing resale homes but are new to new construction. If you have never bought directly from a builder before, this guide will prepare you for every stage of the process and help you avoid the most common and costly mistakes.

⚠ BEFORE YOU VISIT A SINGLE MODEL HOME ⚠

Bring your buyer's agent with you on your very first visit to any new construction community.

Most builders require agent registration on the first visit. If you walk into a model home without your agent — even just to browse — the builder may refuse to recognize your agent's representation on any future transaction in that community.

Once that happens, you lose your advocate. Do not visit a community solo, even casually. Your agent should be by your side from visit one.

Part 1: Los Angeles New Construction Builders

Southern California is one of the most active new construction markets in the United States. Several of the nation's largest homebuilders operate in the greater Los Angeles region, and understanding who they are — their price points, product types, and reputations — is the starting point for any new construction search.

The Major Builders Active in the LA Market

The table below summarizes the primary builders you will encounter across Los Angeles, Orange County, the Inland Empire, the Antelope Valley, Santa Clarita, and the broader SoCal region:

Builder	Price Point	Product Type	Reputation / Notes
KB Home	\$400K–\$800K	Entry-level to move-up	"Built to Order" model; highly customizable floor plans; buyer-friendly financing promos; strong solar program
Lennar	\$450K–\$1.2M	Entry to luxury, master-planned	"Everything's Included" pricing model; strong solar/smart home packages; one of highest-volume SoCal builders
Richmond American Homes	\$480K–\$950K	Move-up, family-oriented	Flexible design options; strong presence in Inland Empire and High Desert; solid warranty program
Toll Brothers	\$800K–\$2M+	Luxury move-up, master-planned	Premium finishes standard; strong warranty; less negotiable on price; gold standard for luxury new construction
TRI Pointe Homes	\$650K–\$1.5M	Contemporary move-up	LA-area specialist; modern design aesthetic; strong in Orange/Ventura counties; design-forward communities
Williams Homes	\$550K–\$1.1M	Move-up, suburban family	Southern California regional builder; strong local reputation; family-focused communities; personalized build experience

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Builder	Price Point	Product Type	Reputation / Notes
Brandywine Homes	\$600K–\$1.1M	Infill, move-up	Southern California infill specialist; smaller boutique communities in established neighborhoods; quality-focused
Century Communities	\$420K–\$800K	Entry-to-mid, suburban	Aggressive pricing; active in High Desert, Inland Empire, and Santa Clarita; strong first-time buyer programs
City Ventures	\$550K–\$1.0M	Urban infill, townhomes	LA-focused urban builder; attached and detached infill product; walkable, transit-oriented communities
Comstock Homes	\$600K–\$1.2M	Move-up, suburban	Southern California regional builder; active in Ventura and LA counties; family-focused communities
D.R. Horton	\$380K–\$750K	Entry-level, first-time buyer	Largest U.S. builder by volume; value pricing; Express and Emerald series span entry to luxury
G3 Urban	\$650K–\$1.3M	Urban infill, contemporary	Boutique LA-area infill builder; modern design aesthetic; smaller community footprints
K. Hovnanian Homes	\$500K–\$1.1M	Move-up, family	National builder with SoCal presence; K. Hov design studios; active adult and family product lines
Meritage Homes	\$500K–\$1.0M	Move-up, energy-efficient	Industry leader in energy efficiency and indoor air quality; spray foam insulation standard; strong in Inland Empire

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Builder	Price Point	Product Type	Reputation / Notes
Pacific Communities	\$550K–\$950K	Move-up, suburban family	Southern California regional builder; active in Orange County and Inland Empire; community-focused design
Pulte Homes	\$550K–\$1.1M	Move-up, active adult, family	Del Webb brand for 55+ communities; solid quality; good incentive programs; Life-Tested home design
RC Homes	\$480K–\$850K	Entry-to-mid, suburban	SoCal regional builder; active in High Desert and Inland Empire; value-oriented with solid community amenities
Taylor Morrison	\$600K–\$1.3M	Move-up, master-planned luxury	Strong design center experience; good customer service scores; active in LA, OC, and Riverside counties
Thomas James Homes	\$900K–\$3M+	Luxury infill, single-lot replacement	Premium infill builder; replaces older homes with new construction on existing lots; bespoke finishes
The Olson Company	\$550K–\$1.0M	Urban townhomes, attached	Southern California townhome specialist; walkable infill locations near transit; strong in LA and OC
Warmington Residential	\$580K–\$1.1M	Move-up, suburban	Southern California regional builder; active in Inland Empire and OC; family communities with strong amenity packages

Choosing the Right Builder for You

Price point and location will narrow your choices quickly. But beyond price, consider these factors when evaluating builders:

- Warranty programs: What is the builder's structural warranty (typically 10 years), systems warranty (2 years), and workmanship warranty (1 year)? How responsive is their warranty department?
- Customer service ratings: Check Eliant, J.D. Power, and Google Reviews for the specific community, not just the builder brand nationally.
- Build quality reputation: Visit completed communities and talk to existing homeowners. Ask about punch list resolution and post-close responsiveness.
- Financial stability: Larger public builders (Toll Brothers, Pulte, KB Home, DR Horton) carry less risk of mid-project insolvency than smaller regional builders.
- Upgrade pricing: Some builders aggressively markup design center options. Factor upgrade costs into your total comparison.

PRO TIP: VISIT COMPLETED COMMUNITIES

Before signing a contract, visit an older phase of the same community — or a comparable completed community by the same builder — and knock on a few doors. Homeowners are often candid about build quality, warranty service, and construction issues. This is market research you cannot get from a sales office.



Part 2: How New Construction Differs from Resale

If you've bought a resale home before, your instincts will guide you in some areas and mislead you in others when buying new construction. The differences are significant enough that buyers who treat a new construction purchase like a resale transaction routinely leave money on the table — or make costly mistakes they can't undo.

The Sales Process

In a resale transaction, a listing agent represents the seller and a buyer's agent represents you. In new construction, the builder's on-site sales representative is the sole point of contact in the sales office — and they work exclusively for the builder. They are trained to sell homes, protect builder interests, and manage the process on the builder's terms.

The builder sets the contract terms, the pricing, the timeline, and the design center process. Unlike resale, there is no counteroffer dance. The builder presents a contract — often a lengthy, builder-drafted document heavily weighted in their favor — and you either sign it or walk away.

Price vs. Incentives:

The Negotiating Reality

Builders rarely reduce the stated base price of a home, particularly in active selling phases. Doing so would create a "comp" problem — if they lower the price for you, it undermines the value of every home in the community, including homes already sold.

What builders will negotiate are incentives: closing cost contributions, design center credits, rate buydowns through the builder's preferred lender, or included upgrades. In slower markets, these incentives can be substantial — sometimes \$30,000 to \$80,000 or more in the greater LA market. Understanding this distinction is critical. Always ask what incentives are available and get them in writing as an addendum to the purchase agreement.

INCENTIVES CHANGE FREQUENTLY — GET CURRENT INFORMATION

Builder incentives are dynamic and can change week to week based on sales pace, interest rates, and inventory levels. The incentives available today may be different from what was advertised last month. For the latest incentive offerings from builders in your target communities, reach out to us directly — we track active incentive programs across all major LA-area builders in real time.

Quick Move-In Homes: Where the Best Incentives Hide

One of the best-kept secrets in new construction is the quick move-in home — a spec home the builder has already completed or nearly completed. Builders carry significant carrying costs on finished, unsold inventory: property taxes, insurance, utilities, and the cost of capital tied up in the home. They are highly motivated to sell these homes quickly.

As a result, quick move-in homes routinely come with the most aggressive incentive packages a builder will offer — larger closing cost contributions, deeper rate buydowns, included appliance or design center packages, and sometimes outright price reductions that wouldn't be available on to-be-built homes. If your timeline is flexible enough to move within 30 to 90 days, ask specifically about quick move-in inventory before signing a to-be-built contract. You may get significantly more for your money.

The Builder's Preferred Lender

Virtually every builder will encourage — and often require, as a condition of receiving incentives — that you use their in-house or affiliated lender. This is a significant revenue center for builders. Using the builder's lender is not always bad. Sometimes their rates are competitive, and the incentive package may be tied to that lender. But you should always get an independent quote from at least two outside lenders before committing. If the builder's lender's rate is materially higher, the incentive may not cover the difference over the life of the loan.

Important: Even if you use the builder's preferred lender, you are still protected by RESPA and federal lending laws. You have the right to comparison shop.



Contingencies and Contract Terms

Resale contracts in California typically include a financing contingency, an appraisal contingency, and an inspection contingency. New construction contracts from major builders typically have very different terms:

- **Inspection contingencies:** Many builder contracts limit or eliminate your right to a traditional inspection contingency. You may have a right to walk through the home at various stages, but the contract terms for backing out are far narrower than in resale.
- **Appraisal contingencies:** Builder contracts often address appraisal gaps in ways that favor the builder. Read this section carefully with your agent.
- **Deposit structure:** Builder deposits are typically non-refundable after certain trigger points. Understand exactly when and how your deposit is at risk.
- **Builder's right to modify:** Many builder contracts reserve the right to make substitutions of comparable materials. Know what you agreed to.
- **Closing date flexibility:** The builder controls the closing date, subject to construction completion. Your rate lock timing matters enormously here.



The Home Doesn't Exist Yet

Perhaps the most psychologically jarring difference for resale buyers: when you sign the contract, you are buying something that does not yet exist. You are making a six-figure or seven-figure commitment based on a model home, a floor plan brochure, and a design center experience. This requires a different kind of due diligence — and a different kind of trust — than walking through a finished home.

Part 3: Building From Scratch — Spec vs. To-Be-Built

Spec Homes vs. To-Be-Built Homes

Understanding the difference between a spec home and a to-be-built home will shape your timeline, your upgrade options, and your negotiating position.

Spec Homes (Speculative Inventory)	To-Be-Built Homes (Pre-Sale / Early Phase)
A spec home is one the builder has already started — or sometimes already completed — without a buyer under contract. Builders build spec homes to maintain construction momentum and have ready inventory for buyers who need to move quickly. Buying a spec home means: shorter wait time (weeks to a few months rather than 9–12 months), limited ability to make design center selections (some or all finishes may already be chosen by the builder), and sometimes better pricing, particularly if the home has been sitting as inventory. Builders may be more willing to negotiate on a completed or near-completed spec home than on a pre-sale.	Buying early in a community phase means you are contracting for a home that hasn't broken ground. The advantage: maximum design center flexibility and the ability to select your lot. The disadvantage: a longer wait, typically 9 to 14 months or more in the LA market, and greater exposure to construction delays. Buying in an early phase also carries pricing risk in both directions. If the market appreciates during construction, you may get built-in equity. If the market softens, you may close on a home that appraises below your contract price.

Lot Selection

Lot selection is one of the most consequential decisions you'll make in the new construction process, and most buyers underestimate its importance. Once you've selected your lot, it's yours for the life of the community — you cannot change it.



When evaluating lots, consider:

- Orientation: Which direction does the home face? South-facing backyards get more sunlight in winter; west-facing can get punishing afternoon heat. In Los Angeles's climate, this matters for comfort and utility bills.
- Privacy: What will you be looking at from your backyard? A neighbor's second-story window? A retention basin? Open space? Power lines?
- Slope and drainage: Graded lots in hillside communities can have significant drainage implications. Ask the builder how water flows off the lot.
- Proximity to amenity areas: Close to the community pool or park can feel like a premium — until every neighborhood kid is using it loudly on weekends.
- Future phases: If the community is still being developed, what will be built adjacent to your lot? A future commercial pad? More homes? Request the master plan.
- Lot size and shape: Irregular lots may look larger on paper but have usable yard limitations due to easements or utility corridors.

Choosing a Floor Plan

Most new construction communities offer three to six floor plans per neighborhood. Floor plan selection is permanent — you cannot change the structural layout of your home after closing without significant expense.

Evaluate floor plans with your actual life in mind, not the model home staging. Key questions to ask:

- Where is the primary bedroom relative to secondary bedrooms? For families with young children, distance matters. For multi-generational households, proximity may be preferable.
- Does the floor plan include a first-floor bedroom and bath? Critical for aging-in-place or multi-generational use.
- Where is the garage relative to the kitchen and entry? How far do groceries travel?
- What is the natural light situation in the main living areas based on the lot orientation you're considering?
- Are there structural options to add a loft, a bedroom, a covered patio, or a media room? Structural options are chosen at contract and cannot be added later.

CRITICAL REMINDER: STRUCTURAL VS. COSMETIC

Structural options — adding a bedroom, moving a wall, adding a covered patio, pre-wiring for solar, adding a fireplace — must be selected before or at contract. These cannot be added after the foundation is poured. Cosmetic options like flooring, countertops, and fixtures can theoretically be upgraded after closing, though at retail cost. Get your structural decisions right the first time.

Part 4: Lot Premiums

What Is a Lot Premium?



A lot premium is an additional charge added to the base price of a home due to the desirability of the specific lot on which it sits. Lot premiums are set entirely by the builder and represent pure margin — there is no corresponding increase in the cost to build the home itself.

In the Los Angeles market, lot premiums commonly range from \$5,000 to \$150,000 or more, depending on the community, the lot characteristics, and the overall market environment. In premium communities with view lots or large corner lots, premiums can exceed \$200,000.

Which Lots Typically Command Premiums

- View lots: Lots with unobstructed mountain, city, valley, or canyon views are the most premium in SoCal new construction communities. These can command some of the largest premiums.
- Cul-de-sac lots: End-of-street positioning reduces through traffic and often provides larger pie-shaped lot configurations. Very desirable for families.
- Corner lots: More street frontage, larger lots, and often more natural light. Premium is common, though corner lots also mean two sides of street-facing yard maintenance.
- Premium-size lots: In communities where lot sizes vary, larger lots command premiums — particularly in markets where yard space is a premium.
- Open space adjacency: Lots backing to a nature preserve, HOA open space, or community park are desirable and typically carry premiums.
- End units (attached products): For townhomes or condos, end units with additional windows and no shared walls on one side carry premiums.
- No neighbor behind: Lots that don't back directly to another home — backing instead to a trail, basin, or open area — are consistently premium.

Lots That May Carry Discounts (Or No Premium)



Evaluating Whether a Lot Premium Is Worth It

The key question is not whether a lot is desirable — it's whether the lot premium is proportionate to the long-term value it creates. Consider:

- Will the view or privacy characteristic remain? If your view lot looks out over undeveloped land that will be built out in the next phase, that view has an expiration date. Ask the builder directly what is planned for adjacent parcels.
- Resale comparability: When you sell, buyers will compare your home to others in the community. If comparable non-premium lots sell for \$850K and yours cost \$950K with a \$100K premium, will buyers pay the full premium at resale?
- Emotional value: Some premiums are worth paying purely for quality of life — the morning view, the backyard privacy, the quiet cul-de-sac. Know when you are paying for lifestyle versus investment.
- Negotiate the premium: Unlike base home prices, lot premiums are sometimes negotiable, particularly later in a selling phase when remaining lots are less desirable. Always ask if the premium is flexible.

Part 5: The Design Center Experience

What the Design Center Is

The design center is where you select the finishes, fixtures, and upgrades that will be installed in your new home. It is typically an appointment-based showroom operated by the builder, staffed by design consultants whose job is to help you make selections — and to sell you upgrades.

The design center appointment typically occurs shortly after contract signing and is one of the most expensive few hours in the homebuying process. It is common for buyers to spend \$30,000 to \$80,000 or more on upgrades at the design center in an LA-area new construction purchase. Going in without a plan — and a budget — is one of the most common mistakes buyers make.

Structural vs. Cosmetic Upgrades

At the design center, you'll face two categories of choices: structural options and cosmetic options. The distinction is critical.

Structural Upgrades

Structural upgrades change the physical layout or permanent systems of the home. They must be selected before construction begins on your phase. Examples include:

- Adding or converting rooms (bonus rooms, lofts, extra bedrooms, California rooms)
- Moving or eliminating walls
- Pre-wiring for EV charger, solar, home automation, or generator
- Adding a fireplace or outdoor gas connections
- Upgrading panel capacity or adding a sub-panel
- Bedroom or bathroom additions
- Second-floor covered deck or extended patio covers



If you want a structural option and don't select it at contract, you will pay substantially more to add it after closing — or it may be impossible to add at all without tearing into finished walls.

Cosmetic Upgrades

Cosmetic upgrades change the look and feel of the home but don't alter its structure. These include:

- Flooring (luxury vinyl plank, hardwood, tile vs. carpet)
- Countertops (granite, quartz, quartzite)
- Cabinetry (door style, finish, soft-close, pull-outs)
- Tile selections (bathroom, kitchen backsplash, shower)
- Plumbing fixtures (faucets, shower heads, tub styles)
- Lighting fixtures and ceiling fans
- Appliance packages
- Paint (though most builders offer limited interior color options)

What's Worth Paying the Builder For vs. Doing Yourself

This is the single most financially impactful decision you will make at the design center. Builder upgrade pricing is typically marked up 30% to 100%+ over what you'd pay a contractor after closing. But some upgrades are worth paying the builder for anyway:

Pay the Builder

Structural upgrades change the physical layout or permanent systems of the home. They must be selected before construction begins on your phase. Examples include:

- Anything structural: You have no choice — these must be done during construction.
- Flooring (full replacement): It's far cheaper to have the builder install flooring in an empty house than to pay a contractor to remove carpet, dispose of it, and reinstall. Consider upgrading flooring at the design center even if you'll upgrade again in 10 years.
- Cabinet upgrades: Cabinets are built into the walls and much harder to change after closing.
- Electrical pre-wires and panel upgrades: These are dramatically cheaper to do during framing than after drywall is installed.
- Shower tile and surrounds: Labor to rip out and replace tile after closing is expensive.

Skip the Builder — Do It After Closing

Structural upgrades change the physical layout or permanent systems of the home. They must be selected before construction begins on your phase. Examples include:

- Light fixtures and fans: Builder pricing is typically very high. Buy your own after closing.
- Faucets and plumbing trim: Same — aftermarket options give you far more variety at better prices.
- Backsplash tile (unless you want tile and not a painted surface): Often cheaper to hire a tile setter after closing.
- Window treatments: Builders don't typically include these and their add-ons are expensive.
- Smart home tech: Buy your own Ring, Nest, and smart switches retail.
- Landscaping: Front and backyard landscaping are usually not included.

Budgeting for Upgrades

A practical approach to design center budgeting:

- Set a hard total upgrade budget before your appointment and write it down.
- Allocate first to structural options (non-negotiable timing), then to flooring, then to cabinets and countertops, then to everything else.
- Calculate the upgrade cost as a percentage of your loan amount. Upgrades are financed — that \$30,000 countertop upgrade costs you approximately \$150/month for 30 years.
- Ask the design consultant for a preliminary pricing sheet in advance of your appointment so you can review it without time pressure.
- You may have the option to finance upgrades into your mortgage (if under the loan limit) or pay for them separately. Understand your options before the appointment.



Common Upsells to Watch Out For

- Extended warranties on appliances: Usually redundant with manufacturer warranties.
- "Smart home" packages bundled by builders: Often lower-quality hardware at premium prices.
- Garage door opener "upgrades": Basic openers are fine. Premium options rarely justify the cost.
- Exterior stone accents: Often very expensive at the builder; comparable results achievable after closing at lower cost.
- Upgraded insulation packages: Sometimes genuinely valuable — evaluate based on your specific climate zone within LA County.

Part 5B: Solar — Buy It or Lease It?

Solar energy systems are increasingly standard on new construction homes in California, driven by the state's Title 24 mandate requiring solar on most new residential construction. This means that when you buy new construction in Los Angeles, the question isn't usually whether your home will have solar — it's how you'll pay for it.

Understanding the difference between buying and leasing your solar system is one of the most financially significant decisions in the new construction process, and it's one that many buyers don't fully understand until after they've signed the contract.



Option 1: Purchase the Solar System (Buy It Out)

When you purchase the solar system outright — either paying cash or financing it into your home loan — you own the panels, the inverter, and all equipment. The system becomes a permanent fixture of the home, just like your roof or HVAC system.

- **Lower long-term cost:** Once paid off, you generate electricity essentially for free. Over 25 years, the savings on utility bills can significantly exceed the system cost.
- **Home value:** Owned solar systems are recognized by appraisers and add to your home's resale value. Studies consistently show owned solar increases sale price.
- **No lease complications at resale:** When you sell the home, an owned system transfers to the buyer without any contract assignments, credit qualifications, or lease approval processes. This is a major advantage at resale.
- **Federal tax credit:** As of 2025, the federal Investment Tax Credit (ITC) allows you to deduct 30% of the solar system cost from your federal taxes (consult a tax advisor for your specific situation).
- **Financed into the mortgage:** If the builder includes the solar system in the home price, it's financed at your mortgage rate — typically much lower than standalone solar financing.

Option 2: Solar Lease or Power Purchase Agreement (PPA)

With a solar lease or PPA, a third-party solar company (SunPower, Sunrun, Tesla Energy, and others) owns the panels on your roof. You either pay a fixed monthly lease payment or buy the electricity generated at a predetermined per-kilowatt rate — typically lower than the utility rate.

- Lower or no upfront cost: The appeal is immediate savings with no purchase required.
- Maintenance covered: The leasing company handles maintenance and monitoring.
- No tax credit: Because you don't own the system, you cannot claim the federal ITC.
- Resale complications: This is the critical issue. When you sell the home, the buyer must either qualify to assume the lease, you must buy out the lease, or — in some cases — the deal can fall apart. Buyers and their lenders are increasingly wary of leased solar, and some loan programs have restrictions on homes with active solar leases.
- Escalator clauses: Many solar leases include annual payment escalators of 2–3% per year. Over a 20–25 year lease term, your monthly payment can increase significantly from the initial rate.
- Long lease terms: Solar leases typically run 20–25 years. You are entering a long-term financial commitment with a third party.

Which Should You Choose?

For most buyers purchasing new construction in Southern California, owning the solar system outright — particularly when it's financed into the mortgage at a competitive rate — is the better long-term financial decision. The resale flexibility alone is worth considerable weight.

If the builder offers a solar lease as the default option, ask specifically whether a buyout is available and at what cost. Many builders who partner with solar companies also offer a purchase option — you simply need to ask.

ASK BEFORE YOU SIGN

The solar arrangement should be clearly spelled out in your purchase agreement. Before signing, confirm: Is the solar system included in the purchase price (owned), or is there a separate solar lease agreement you'll be required to sign? If it's a lease, what are the monthly payments, the escalator rate, the lease term, and the buyout options? Get all of this in writing before your contract is executed.

Part 6: Construction Timeline

Realistic Timeline: Contract to Closing

One of the most common sources of frustration in new construction purchases is timeline expectations. Builders quote timelines that are best-case scenarios. In the Los Angeles market, where permitting delays, subcontractor availability, materials lead times, and inspection scheduling can all introduce friction, realistic timelines are longer.

A typical new construction timeline in the greater Los Angeles area looks like this:

Timeline	Phase	What Happens
Weeks 1–4	Contract & Design	Sign purchase agreement, pay deposit, visit design center for selections
Weeks 4–12	Permitting	Builder submits plans to city/county; can take 4–10 weeks in LA County
Weeks 12–16	Site Work & Foundation	Grading, underground utilities, slab or foundation poured
Weeks 16–22	Framing	Wood framing goes up; electrical walkthrough occurs here
Weeks 22–26	Rough-In Systems	Plumbing, HVAC ducts, electrical wiring, insulation installed
Weeks 26–30	Drywall & Interior	Drywall hung/finished, interior paint, flooring, cabinets begin
Weeks 30–36	Finish Work	Countertops, fixtures, appliances, trim, exterior landscaping
Weeks 36–40	Punch & Close	Builder inspection, blue tape walkthrough, Certificate of Occupancy, closing

Total Realistic Timeline

From contract signing to closing, budget 10 to 14 months for a to-be-built home in the Los Angeles area. Communities in more permitting-efficient jurisdictions (some Inland Empire cities) may move faster. Communities in heavily regulated LA County or coastal jurisdictions may take longer.

Common Causes of Delay

- **Permitting:** LA County and City of Los Angeles are known for slow plan check turnarounds. Some communities are in cities with more efficient processes (Palmdale, Lancaster, Fontana), but permitting delays of 2–4 weeks beyond estimates are common.
- **Subcontractor availability:** Framing, electrical, plumbing, and drywall crews are in high demand across SoCal. Scheduling gaps happen.
- **Inspection scheduling:** City and county inspectors must approve work at each phase before the next can begin. Inspection delays can add weeks.
- **Materials and appliance lead times:** Post-pandemic supply chain normalization has improved but has not fully resolved. Custom or upgraded items may have longer lead times.
- **Weather:** While LA is generally mild, periods of heavy rain can halt grading and concrete work.

What to Do During the Wait

The period between contract signing and closing can span a year or more. Use this time productively:

- Lock in your financing early and maintain your credit profile. Do not open new credit lines, make large purchases, or change jobs without consulting your lender.
- Monitor the construction of your home. Ask your sales rep what site visit protocols are. Many builders schedule periodic buyer site tours at key milestones.
- Research your eventual neighbors and HOA. Review the CC&Rs and HOA budgets thoroughly — these govern your community for as long as you live there.
- Plan your move and your aftermarket upgrade budget. Know what contractor work you'll be scheduling in the first few months after closing.
- Track comparable sales in the community for your floor plan. If prices are rising, your equity position is strengthening before you even close.

RATE LOCK STRATEGY

Locking your mortgage rate more than 60 days before closing typically requires a longer-term lock product, which carries a premium. Work with your lender to understand your rate lock options given the builder's projected close date — and build in buffer for potential delays. Many buyers use float-down provisions or extended locks when buying new construction.

Part 7: The Electrical Walkthrough

What It Is and When It Happens

The electrical walkthrough — also called the pre-drywall walkthrough or framing walkthrough — is one of the most valuable and underutilized opportunities in the new construction process. It takes place after the framing is complete and the electrical, plumbing, and HVAC rough-in systems are in place, but before drywall is installed.

At this stage, you can see exactly where every wire runs, where every outlet is placed, where every light switch and electrical box is positioned, and how all the systems are routed. Once drywall goes up, this visibility disappears. Adding or moving an outlet, a data port, or a light box after drywall is installed requires cutting into walls, patching, repainting — a much more expensive process.

This walkthrough is your last free opportunity to modify placements. Request it. Prepare for it. Take it seriously.

Detailed Checklist: What to Review at the Electrical Walkthrough

Interior Outlets and Switches

- Verify outlet count and placement in every room. The electrical code minimum is often insufficient for real-world use — add outlets anywhere you know you'll need them.
- Check outlet height — are they at standard height, or did you select floor-level outlets in living areas?
- Confirm USB outlet locations (if ordered) are in logical positions: kitchen counter, bedside, home office.
- Verify dedicated circuits: dishwasher, refrigerator, microwave, and washer/dryer should each be on dedicated circuits.
- Check switch placement at every entry point to rooms. Is the three-way switching correct for rooms with multiple entry points?
- Confirm dimmer-capable wiring where you want dimmer switches installed after closing.



TV and Media

- Check in-wall TV conduit or wire runs behind every TV location: main living room, primary bedroom, any additional bedrooms you intend to have TVs.
- Confirm coaxial cable runs to each TV location (even if you're a cord-cutter — future resale buyers may want them).
- Verify ethernet (CAT6 ideally) runs to TV wall locations, home office locations, and any location where you'll want wired internet.
- Check for a centralized media panel or wiring closet where all data and coaxial runs terminate.

Home Office and Data

- Ethernet (CAT6 or higher) to your primary home office location — do not rely solely on WiFi for a home office setup.
- Verify phone line runs if your home office requires them.
- Confirm adequate outlets in the office for monitors, charging, and peripherals.

EV Charging Pre-Wire

- If you selected an EV charger pre-wire, verify the conduit runs from the panel to the garage wall and confirm it's positioned at the correct height and location for your planned charger.
- Confirm panel capacity reserved for EV charging. A Level 2 charger requires a dedicated 50-amp circuit.
- If you didn't select EV pre-wire and want it, this is your last easy opportunity — adding conduit after drywall is costly.

Electrical Panel

- Ask the electrician or site supervisor: What is the panel capacity? In California, a 200-amp panel is standard and typically sufficient, but if you're planning solar, battery storage, EV charging, and a hot tub, ask whether a 400-amp panel or a sub-panel was specified.
- Confirm panel location in the garage. Is it accessible? Is there a dedicated circuit for the garage?
- Verify the location of any solar conduit runs if you selected solar pre-wire or a solar system through the builder.

Exterior Lighting and Power

- Walk the exterior of the home at the walkthrough. Verify exterior outlet locations — at minimum, front and back of the home, and ideally at any patio or outdoor kitchen area.
- Confirm porch light locations and junction box placement.
- Verify garage lighting and any additional exterior lighting you requested (pathway lights, security lighting conduit).
- Check for exterior outlets on any covered patio or California room — you'll want power for outdoor entertaining.

HVAC and Mechanical

- Confirm thermostat placement is logical and central to the home.
- Verify HVAC return air vent locations — large returns near bedrooms reduce noise.
- Ask where the attic access panel is located — you'll need this for future maintenance.

Specialty Items

- Security system pre-wire: Verify junction boxes at all exterior doors, windows you specified, and the main panel location for the security system controller.
- Ceiling fan junction boxes: Confirm ceiling fan-rated boxes (not just light boxes) in every location you plan to hang a fan. Standard light boxes cannot support a ceiling fan's weight and motion.
- Whole-home audio: If you selected in-ceiling speakers or speaker wire pre-runs, verify every location.
- Doorbell camera or video doorbell junction box: Confirm wired location at front door.



BRING A NOTEBOOK AND MEASURE TWICE

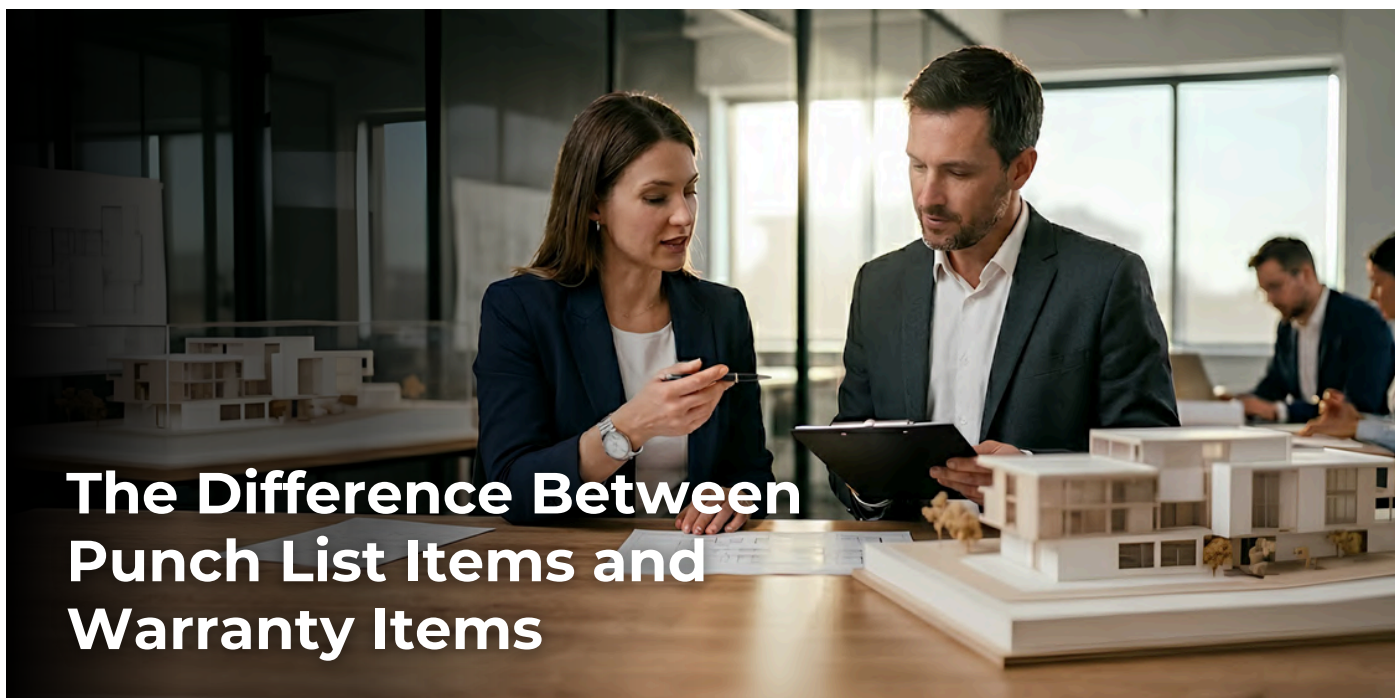
Come to the electrical walkthrough with a printed floor plan, a measuring tape, and a notebook. Mark every outlet, data port, and switch location on your floor plan as you walk through the house. Photo-document everything. This record will be invaluable if anything is installed incorrectly after drywall — you'll have photographic evidence of the original plan.

Part 8: The Blue Tape Walkthrough

What It Is

The blue tape walkthrough — also called the final walkthrough or punch list walkthrough — occurs when the home is substantially complete, typically 1 to 2 weeks before your scheduled closing date. The name comes from the practice of placing blue painter's tape on defects identified during the walk.

This is your formal opportunity to document every cosmetic defect, incomplete item, and quality issue in the home before you take ownership. Items identified during the blue tape walk should be added to a punch list that the builder is obligated to address, either before closing or through a post-close warranty process.



The Difference Between Punch List Items and Warranty Items

Not everything you find needs to be fixed before closing. Builders distinguish between punch list items (issues that should be resolved before you close) and warranty items (issues that fall under the new home warranty and will be addressed post-close in a scheduled service appointment). Your builder will have a specific process for each — understand it before your walkthrough.

As a general rule: anything that affects habitability or that represents a significantly incomplete finish should be a pre-close punch list item. Minor cosmetic items that don't affect function may be handled post-close. Push for pre-close resolution on any item that would be difficult or disruptive to repair after move-in.

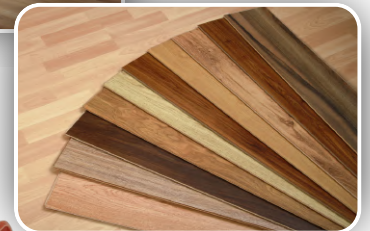
How to Conduct the Walkthrough Effectively

- Schedule enough time: A thorough walkthrough of a single-family home typically takes 2 to 4 hours. Don't allow the builder's representative to rush you.
- Bring a helper: Two sets of eyes catch more than one. Bring your agent, a knowledgeable friend, or your independent inspector to the blue tape walk.
- Bring supplies: Blue painter's tape, a small flashlight, a phone or camera for photos, a notepad, and a phone charger (to test outlets).
- Test everything: Every outlet (bring a simple outlet tester from any hardware store), every light switch, every faucet, every appliance, every door and window, every drawer and cabinet.
- Photograph every defect: Every piece of tape you put down should have a corresponding photo with timestamp.
- Get a written punch list: At the end of the walkthrough, the builder's representative should provide or help create a written punch list. Get a copy before you leave.

What to Look For — Room by Room

Throughout the Home

- Paint: Thin coverage, missed spots, drips, roller marks, color inconsistencies, paint on trim or outlets.
- Drywall: Visible seams, nail pops, dings, cracks, uneven texture, corners not properly finished.
- Flooring: Gaps between planks or tiles, lippage (one tile higher than adjacent), grout that is cracked, missing, or unevenly applied, scratches, chips.
- Doors: Do all interior doors open, close, and latch smoothly? Are there gaps at the frame? Is hardware properly installed and aligned?
- Windows: Do all windows open, close, and lock? Any cracked glass, broken seals (fogging between panes), or damaged screens?
- Trim and baseboards: Gaps at corners and floor transitions, caulking that is missing or poorly applied, paint on flooring.
- Ceiling: Any cracks, stains, texture inconsistencies, or incomplete work at ceiling-wall joints.



Kitchen

- Cabinets: Doors properly aligned and closing flush? Soft-close hardware functioning? Interior of cabinets clean and free of sawdust?
- Countertops: Seams tight and properly caulked? No chips or scratches? Overhang consistent?
- Backsplash: Grout complete and consistent? Tile cut cleanly around outlets?
- Appliances: All appliances installed, powered, and functional? Check every function of the range, dishwasher, and microwave.
- Sink and plumbing: No leaks under the sink? Garbage disposal working? Faucet flow and hot water confirmed?



Bathrooms

- Tile and grout: Complete, consistent, free of cracks or voids, properly sealed at tub/shower transitions.
- Caulking: Clean, continuous bead at all tub, shower, and floor-to-wall transitions.
- Fixtures: Faucets, towel bars, toilet paper holders, shower heads all properly secured and functional?
- Toilets: Flushing properly, no running or phantom flushing, secured to floor.
- Shower doors or enclosures: Properly installed, sealing correctly, hardware aligned.
- Exhaust fans: Operating and venting to exterior (not just to attic).



Primary Bedroom and Suite

- Closet systems or shelving properly installed and secured.
- All outlets working, including any USB outlets.
- Ceiling fan junction box is fan-rated (if applicable).



Garage

- Garage door operating smoothly on both remote and keypad. Auto-reverse safety feature working.
- Weatherstripping fully intact and sealing.
- EV charger pre-wire conduit in place (if applicable).
- Panel accessible and breakers labeled.



Exterior

- Front yard landscaping complete and healthy.
- Driveway and walkways: Any cracks, settling, or incomplete concrete work?
- Exterior paint: Any missed areas, drips, or uneven coverage?
- Gutters and downspouts properly attached and directed away from foundation.
- Hose bibs (exterior faucets) functioning.



DON'T CLOSE ON A HOME THAT ISN'T READY

Builders and their sales staff will sometimes pressure buyers to close on schedule even when significant punch list items remain outstanding. You have the contractual right — and the practical power — to push back. Closing with outstanding structural or significant cosmetic defects and relying on post-close warranty service to fix them is a weaker position than insisting on completion before you sign. If items remain open at close, insist on a written escrow holdback agreement specifying exactly what will be completed and by when.

Part 9: Why You Still Need a Home Inspection

The Common Mistake: Assuming New Means Perfect

"It's brand new — why would I need an inspection?" is one of the most expensive sentences in new construction real estate. The assumption that a newly built home is defect-free is incorrect, and it costs buyers money they don't have to spend.

Builder quality control programs exist — but they are the builder's quality control, focused on code compliance and company standards. An independent third-party home inspection conducted by a licensed inspector you hire is fundamentally different: it is conducted in your interest, looking for what the builder's inspectors may have missed, glossed over, or never looked for in the first place.

Builder Inspections vs. Buyer Inspections

Your new home undergoes multiple inspections during construction — by the builder's own quality control personnel and by city or county building inspectors at each phase of construction. These inspections are important and mandatory. They are also insufficient for the purposes of a homebuyer.

- Building code inspections verify that the home meets the minimum standards required by law. They are not a comprehensive quality review.
- Builder quality control inspections are conducted by builder employees or contractors who have an inherent interest in keeping the project on schedule and within budget.
- Neither of these inspections is conducted from the perspective of your long-term financial interest as a homeowner.

What Independent Inspectors Find in New Construction

Experienced new construction home inspectors — particularly those who specialize in newly built homes — regularly find issues that the builder's inspections and city inspections missed. Common findings include:

- Improper grading around the foundation directing water toward the home rather than away from it.
- Missing or improperly installed flashing at roof penetrations, windows, and exterior transitions.
- HVAC systems improperly balanced, with airflow inadequate to some rooms and excessive in others.
- Electrical deficiencies including improperly grounded outlets, missing GFCIs in required locations, and junction boxes without covers.

- Plumbing issues including improper pipe slope in drain lines, missing expansion tanks on water heaters, and sediment in new water lines.
- Drywall fastener issues (nail pops, screw locations too close to edges) that will manifest as visible defects within months.
- Attic insulation that is improperly installed, insufficient, or not covering the entire attic floor.
- Gaps and penetrations in fire blocking between the garage and living space.
- Windows and doors that are not properly sealed or flashed.
- Missing or inadequate weatherstripping at garage doors.

When to Schedule the Inspection

Most buyers schedule their independent inspection to coincide with or shortly after the blue tape walkthrough, when the home is fully completed but before closing. Some buyers also schedule a pre-drywall (framing) inspection by an independent inspector to review the rough framing, electrical, plumbing, and HVAC systems while they're still visible — this is arguably even more valuable, since deficiencies found at this stage are far cheaper to correct.

If your builder's contract limits your access for an independent inspection, push back. If they refuse, that is a significant red flag and warrants legal consultation before proceeding.

Choosing an Inspector for New Construction

Not all home inspectors have deep new construction experience. Look for an inspector who:

- Specifically advertises new construction inspection experience.
- Is familiar with California Title 24 energy compliance requirements.
- Carries E&O (errors and omissions) insurance.
- Provides a detailed written report with photographs.

Expect to pay \$400 to \$700 for a thorough inspection of a new single-family home in the LA area. It is one of the best investments you will make in the entire purchase.



Part 10: Why Buyer Representation Matters

The Builder's Sales Rep Works for the Builder

This cannot be stated plainly enough: the new home sales consultant at the model home office is the builder's employee. They are paid by the builder, trained by the builder, and their fiduciary obligation is to the builder. They may be friendly, helpful, and knowledgeable — and many of them genuinely are — but they are not your representative.

When you have a question about contract terms, design center pricing, lot premiums, incentive availability, or anything else related to the transaction, the sales consultant's answer is shaped by the builder's interests. Having your own buyer's agent gives you a professional whose legal and ethical obligation is to represent you and only you.

What Your Agent Does for You in a New Construction Transaction

- **Contract review:** Builder contracts are long, builder-favorable documents. Your agent helps you understand what you're signing, identifies unusual or onerous clauses, and can suggest negotiating modifications.
- **Incentive negotiation:** An experienced new construction buyer's agent knows what incentives are available, what the builder is willing to offer in current market conditions, and how to ask for more.
- **Lot selection guidance:** A local agent who knows the community and the area can give you informed guidance on which lots are most desirable and which carry hidden risks.
- **Design center strategy:** Your agent can help you prioritize upgrades, understand which items are worth paying the builder for, and keep you from blowing your budget.
- **Timeline and milestone management:** Your agent tracks construction progress, communicates with the builder's team, and ensures the builder is meeting its obligations.
- **Coordination of inspections:** Your agent coordinates the timing and access for your independent inspection and attends the blue tape walkthrough to advocate on your behalf.
- **Pre-close punch list resolution:** Your agent applies pressure to ensure the builder completes outstanding items before or at closing.

The Cost of Buyer Representation

In new construction transactions in California, the builder typically offers a commission to buyer's agents as part of their standard sales program. This means that in most cases, your buyer's agent is paid by the builder — you do not pay additional out-of-pocket for representation.

This has changed somewhat in the post-NAR settlement environment (effective mid-2024), with greater transparency around buyer agent compensation. Always clarify with your agent how they will be compensated in a new construction transaction and get it in writing.

What is definitively true: showing up at a new construction sales office without a buyer's agent does not save you money. The builder has priced their homes assuming a commission structure. You will not receive the commission as a discount for being unrepresented — but you will lose the advocacy and expertise your agent would have provided.

Registering Your Agent on First Visit

This is critical: most builders require that your buyer's agent register you on your first visit to the community. If you visit a builder's model home without your agent — even just to look around — many builders will consider you an unrepresented buyer and may refuse to recognize your agent's representation (and commission) on a future transaction.

If you want to visit a new construction community before you've identified your buyer's agent, either bring your agent with you on the first visit or call ahead to understand the builder's registration policy. Do not wait until you're ready to buy to introduce your agent into the process.



FINDING THE RIGHT AGENT FOR NEW CONSTRUCTION

Not every real estate agent has new construction experience. When interviewing buyer's agents for a new construction purchase, ask specifically: How many new construction transactions have you completed? Are you familiar with this builder's contract and process? Have you worked in this specific community or with this builder before? An agent who primarily does resale transactions may not be adequately prepared for the specific dynamics of buying from a builder.

Part 11: Mello-Roos and Special Tax Districts

What Is Mello-Roos

Mello-Roos is a special tax levied on property owners within a Community Facilities District (CFD), authorized under the Mello-Roos Community Facilities Act of 1982. It is named after its legislative sponsors, Senator Henry Mello and Assemblyman Mike Roos.

The purpose of Mello-Roos is to allow local governments and school districts to fund the infrastructure and services required for new development without raising broader tax rates. Roads, schools, parks, libraries, police and fire stations, and utility infrastructure in new communities are often funded through Mello-Roos bonds, which are then repaid by property owners in the community over time.

If you are buying new construction in Los Angeles, Orange County, the Inland Empire, or anywhere in the greater SoCal area, the probability that your community has a Mello-Roos CFD is extremely high. This is not something to discover at closing — it needs to be evaluated before you write a check.

How Mello-Roos Works

When a developer builds a new community, they often partner with the local jurisdiction to form a Community Facilities District. The CFD issues bonds to finance the infrastructure. Those bonds are repaid through a special tax levied on the parcels within the district — typically for 25 to 40 years.

The annual Mello-Roos tax is shown as a line item on your property tax bill, separate from your base ad valorem (Proposition 13-based) property tax. It can be a fixed annual amount or it may be calculated as a percentage of your home value, depending on the CFD structure.

Critically: unlike your base property tax, the Mello-Roos tax is not governed by Proposition 13 limitations. It can increase over time, typically at a rate specified in the CFD bond documents (often 2% per year maximum).



What Mello-Roos Pays For

Common CFD-funded improvements and services in Southern California new construction communities include:

- Construction of public schools (very common — many newer master-planned communities in the Inland Empire and Santa Clarita fund school construction through CFDs)
- Roads and traffic signals serving the community
- Parks and recreational facilities
- Fire stations and police substations
- Water and sewer infrastructure
- Street lighting
- Landscaping in public rights of way

How Much Is Mello-Roos?

This varies significantly by community, jurisdiction, and what was financed. In the greater Los Angeles market, Mello-Roos annual assessments commonly range from \$2,000 to \$6,000+ per year on a single-family home. In some master-planned communities with significant school or infrastructure bonds, annual Mello-Roos can exceed \$8,000 to \$10,000.

To put that in context: \$6,000 per year in Mello-Roos is the equivalent of an additional \$500 per month in housing cost. Over 10 years, that's \$60,000. Over the life of the CFD (25–40 years), it can easily reach \$150,000 to \$250,000 or more in total payments.

How Long Does It Last?

Mello-Roos CFD bonds are typically structured with a 25 to 40-year term. The tax obligation runs until the bonds are paid off. Some CFDs include a provision allowing the bond to be retired early if the community pays it off in advance, but this is not always the case and usually requires collective action.

The remaining CFD term will be disclosed in your purchase transaction. If you're buying a home in a community where Mello-Roos has been in place for 10 years already, you may have only 15 to 30 years remaining. If the CFD was just established for a brand-new community, you're starting at the beginning.



Evaluating Total Tax Burden Before Buying

The correct way to evaluate the true cost of owning a new construction home with Mello-Roos is to calculate your total effective tax rate, not just your base property tax rate:

- Base property tax: Approximately 1.0–1.25% of purchase price annually (varies by jurisdiction within LA County).
- Mello-Roos: As described above — get the exact current annual amount from the builder's disclosure documents.
- HOA assessments: These are not a tax, but they are a mandatory recurring cost. New construction communities in LA typically have HOAs ranging from \$150 to \$600+ per month.
- Other special assessments: Some communities have additional landscaping maintenance districts (LMDs) or lighting/street maintenance districts layered on top of Mello-Roos.

Adding Mello-Roos to base property tax can put your effective property tax rate at 1.5% to 2.25% or higher. In a market where resale homes (particularly older ones) carry only the Proposition 13-protected base tax, this is a meaningful competitive disadvantage for new construction at resale.

Your Disclosure Rights

California law requires disclosure of Mello-Roos to buyers. The builder is required to provide you with a Notice of Special Tax. Read it carefully and confirm you understand the current annual amount, the escalation rate, and the remaining term. If anything is unclear, ask the builder's representative — and verify with the CFD administrator directly.

THE MELLO-ROOS COMPARISON TEST

When comparing a new construction home to a resale home at a similar price point, always add the annual Mello-Roos to your housing cost calculation. A resale home priced at \$750,000 with no Mello-Roos and a \$200/month HOA may have a lower total monthly carrying cost than a new construction home at the same price with \$500/month in Mello-Roos and a \$350/month HOA, even if the mortgage payments are identical.

Part 12: What Buyers Pay For at Closing

New Construction Closing Costs: Expect Surprises

Buyers who have purchased resale homes in California are often surprised by the closing cost structure in new construction transactions. Builder contracts frequently shift costs to buyers that are typically paid by sellers in resale transactions — and add costs that don't exist in resale at all.

Total closing costs in a California new construction transaction commonly range from 2% to 4% of the purchase price, though the specific mix of costs varies by builder, community, and contract terms. Budgeting 3% of purchase price as a conservative estimate for closing costs (excluding your down payment) is reasonable for LA-area new construction.

Costs You Will Typically Pay

Lender / Financing Costs

- Loan origination fee: Typically 0% to 1% of loan amount. May be offset by builder incentives if using preferred lender.
- Appraisal fee: \$600 to \$1,000 for new construction appraisals in LA area (often higher than resale due to complexity).
- Credit report: Minor — typically \$50 to \$75.
- Mortgage insurance: If putting less than 20% down, expect PMI or FHA MIP premiums (monthly, not closing cost, but factor into your payment).
- Prepaid interest: Interest from close date to end of month.
- Homeowner's insurance (first year): Prepaid at closing. New construction in LA: \$1,500 to \$3,000+ annually depending on location, size, and fire risk zone.
- Property tax impounds: Lenders typically require 2–6 months of property taxes escrowed at closing. With Mello-Roos, this can be substantial.

Title and Escrow

- Title insurance (owner's policy): Charged to buyer in most new construction builder contracts in California. This is a shift from resale custom, where the seller typically pays. On a \$900,000 home, expect \$1,800 to \$2,500 for the owner's title policy.
- Title insurance (lender's policy): Always paid by buyer. Typically \$700 to \$1,200.
- Escrow fees: Split in resale, but some builder contracts require buyer to pay the full escrow fee. \$1,200 to \$2,500 depending on purchase price.
- Recording fees: \$50 to \$200 for recording the deed and deed of trust.
- Notary fees: Minor — \$150 to \$250.

Documentary Transfer Tax

In California, the documentary transfer tax is typically paid by the seller in resale transactions. In new construction, many builder contracts require the buyer to pay this cost. The rate is \$1.10 per \$1,000 of purchase price at the county level, plus any applicable city transfer tax.

In the City of Los Angeles (unincorporated county areas follow county rates only), there are additional city-level transfer taxes. The City of Los Angeles charges \$4.50 per \$1,000. On a \$900,000 home in the City of LA, total transfer tax would be approximately \$5,040 — paid by buyer per builder contract.

Some cities within LA County impose their own transfer tax rates. Verify for your specific property address.



HOA-Related Costs at Closing

- HOA transfer fee / set-up fee: New construction HOA set-up fees typically range from \$500 to \$1,500. These cover administrative processing for your new account.
- Working capital contribution / reserve contribution: Many new construction HOA CC&Rs require a one-time working capital contribution from the first owner, often equivalent to 2 to 3 months of HOA dues. This funds the HOA's initial operating reserves.
- HOA document fees: \$200 to \$500 for the HOA disclosure package (CC&Rs, budget, reserve study).
- Pre-paid HOA dues: Prorated HOA dues for the remaining portion of the month at closing.

Builder-Specific Closing Costs

- Builder's escrow / administrative fee: Some builders charge a flat administrative fee of \$500 to \$1,500 for processing the transaction through their in-house escrow system.
- New home warranty enrollment fee: Some builders charge a fee to enroll your home in their third-party warranty program (2-10 Home Warranty or similar). Typically \$300 to \$700.

- **Builder-required homeowner's insurance premium:** Some builders require the first year's homeowner's insurance to be paid at closing and may specify minimum coverage requirements.
- **Upgrade financing costs:** If you financed upgrades into your loan, the upfront cost of those upgrades is captured in the loan amount, but any points or fees associated with the larger loan are part of your closing costs.

Prepaid Items and Escrow Reserves

- **Homeowners insurance:** 12 months prepaid at closing plus 2–3 months in impound.
- **Property taxes:** Varies based on closing date and tax cycle. In California, property taxes are paid in two installments (November 1 and February 1). Your closing statement will reflect proration and impound requirements.
- **Mortgage insurance (if applicable):** Some programs require upfront MIP at closing.

Costs the Builder Typically Pays (or Used To)

In a strong seller's market, builders pay very little. In a buyer's market or when incentives are available, builders may offer to contribute toward:

- **Buyer's closing costs:** A common incentive is a closing cost credit, often \$10,000 to \$30,000 (or more on higher-priced homes), typically contingent on using the builder's preferred lender.
- **Rate buydowns:** Temporary or permanent interest rate buydowns paid by the builder through the preferred lender.
- **HOA fees paid for a period:** Some builders offer to prepay HOA dues for 12 months as a marketing incentive.

Always ask what incentives are available. Always get them in writing. Always verify whether they are contingent on using the preferred lender.



Sample Closing Cost Estimate: \$850,000 New Construction Home, Los Angeles

Cost Item	Estimated Cost
Owner's Title Insurance	\$2,200
Lender's Title Insurance	\$900
Escrow Fee (buyer-paid per builder contract)	\$1,800
Recording Fees	\$150
Documentary Transfer Tax (buyer-paid)	\$4,250
Loan Origination Fee (0.5%)	\$3,400
Appraisal	\$800
Prepaid Homeowner's Insurance (12 mo.)	\$2,400
Property Tax Impound (4 months)	\$5,200
HOA Set-Up / Working Capital	\$1,500
Builder Administrative Fee	\$1,000
New Home Warranty Enrollment	\$500
Prepaid Interest (est. 15 days)	\$2,600
ESTIMATED TOTAL (before incentives)	~\$26,700
Less: Builder Closing Cost Credit (example)	(\$15,000)
NET ESTIMATED BUYER CLOSING COSTS	~\$11,700

Note: This estimate is illustrative and will vary based on loan type, jurisdiction within LA, builder, and incentive package. Always request a Loan Estimate from your lender and a preliminary closing cost estimate from escrow well before your close date.

Conclusion: Buying New Construction the Right Way

Buying a newly built home in Los Angeles can be one of the most rewarding real estate decisions you ever make. A home built to current energy codes, with modern systems, a builder warranty, and your own design choices baked in — that's a compelling proposition, and millions of buyers have found it well worth navigating the process.

But the process has real pitfalls, and the builder has real advantages over an unprepared buyer. The pages of this guide are designed to close that information gap.

Here is a summary of the principles that will serve you best throughout the process:

- Hire your own buyer's agent — one with specific new construction experience — before you set foot in a model home.
- Negotiate on incentives, not just price. Understand what's available and get everything in writing.
- Take the design center seriously. Set a budget in advance, prioritize structural and permanent items, and don't let enthusiasm override financial discipline.
- Pay for an independent home inspection, even on a brand-new home. It is money very well spent.
- Attend the electrical walkthrough prepared. It's your last easy opportunity to get the wiring right.
- Conduct a thorough blue tape walkthrough. Document everything. Don't let the builder rush you.
- Understand your Mello-Roos obligation in full before you sign. Calculate your total monthly housing cost — mortgage, property tax, Mello-Roos, and HOA — and make sure it works for your budget over the long term.
- Know what you'll pay at closing. Budget 2–3% of purchase price for closing costs, and confirm what incentives are available to offset them.

The buyers who succeed in new construction are informed buyers. You've taken the right first step.

This guide is for informational purposes only and does not constitute legal or financial advice. Always consult with a licensed California real estate attorney and a qualified financial advisor before entering into a real estate transaction.

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