DECODING
New Build Incentives

What builders actually meanwhentheyadvertise“incentives”— and what to watch for.

RATE BUY-DOWNS

A rate buy-down lowersyour mortgage interest rate, either for the life of the loan (permanent) or for the first year or two (temporary, sometimes called a 2-1 buy-down).

- Ask: is this permanent or temporary? A temporary buy-down means your payment goes up later.
- Ask: does this require usingthe builder's preferred lender? Compare that rate against an outside lender before assuming it's the better deal.

CLOSING COST CREDITS

A set dollar amount the buildercontributes toward your closing costs — things like loan origination fees, title fees, and prepaid escrow items.

- Ask: is this credit only available through the builder's lender, or can I use it with any lender?
- Ask: does unused credit roll over toward anything else, or is it use-it-or-lose-it?

DESIGN CENTER / UPGRADE CREDITS

A dollar amount toward upgrades — flooring, countertops, cabinets — selected at the builder's design center.

- Ask: does this credit expire, or carry a deadline tied to your build schedule?
- Ask: are design center prices comparable to retail, or marked up? (They're often marked up — the credit doesn't always stretch as far as it sounds.)

PRICE REDUCTIONS VS. INCENTIVES

Occasionally a builderwillreduce the actual sales price instead of offering a credit. This isn't just semantics — it affects your loan amount,your down payment, and future resale comps.

- Ask: is this a pricereduction or a credit? A lower price can mean a smaller loan and lower payment; a credit doesn't change theloanamount.

THE BOTTOM LINE

The advertised incentivenumber is a starting point, not the full picture. The real question is always the same: what does this actually saveme,and what strings are attached? That's the conversation worth having before you sign anything.

Want help comparing what a specific community is actually offering? I'm happy to walk through the numbers with you — no pressure, no sales pitch, just answers.

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