MIDDLE TENNESSEE REAL ESTATE

New Construction vs Resale in Middle Tennessee

Builder contracts, warranties, punch lists, and resale tradeoffs

Prepared for buyers and sellers across Greater Nashville and Middle Tennessee’s surrounding counties.

600a Frazier Dr #123, Franklin TN 37067 · 615-943-1644 · suggsells@gmail.com

By Trey Sugg Realty ONE Group Music City · License 328692 600a Frazier Dr #123, Franklin TN 37067 · 615-943-1644 · suggsells@gmail.com

Two paths, one region

Standing in a finished model home feels different from walking a 1998 ranch with a lived in yard. Both can be great Middle Tennessee purchases. They are not the same process. This guide compares new construction and resale the way I explain it at the kitchen table in Franklin and across Greater Nashville: plain English, fewer surprises, and clear questions to ask before you sign.

I am Trey Sugg, Tennessee license 328692, Realty ONE Group Music City. I help buyers compare builder communities and existing homes across Davidson County and the surrounding Middle Tennessee coverage counties.

Educational disclaimer: *This is general education, not legal, tax, lending, or construction advice. Builder contracts, warranties, and HOA documents control new build deals. Standard purchase agreements and disclosures control most resales. Rate buydown marketing is advertising, not a personalized loan recommendation. Verify everything with your lender, builder representative, inspector, title company, and (when needed) an attorney.*

The short comparison

New construction often means:

- Builder purchase agreement (not the same as a typical resale form set)
- Selections and option deadlines
- Construction calendar that can shift
- Warranties with defined coverage periods
- Punch lists before and after closing
- Community HOA or PUD rules in many subdivisions
- Incentives that may include rate buydowns or closing cost help (marketing tools; run the math with your lender)

Resale often means:

- Existing home with a history you can inspect
- Standard Tennessee residential contract forms in many agent assisted deals
- Negotiation over repairs and credits after inspection
- Neighborhood character you can see on a Tuesday evening
- Older systems, updates of uneven quality, and less "blank slate" feeling
- Custom on who pays certain closing costs that may differ from builder deals

Neither path is automatically smarter. Fit your timeline, risk tolerance, and how much decision fatigue you can handle.

Builder contracts versus resale forms

Resale rhythm

On a typical Mid Tennessee resale, buyers and sellers often use statewide Realtor form packages with blanks for price, dates, contingencies, and who pays what. You negotiate inspection outcomes. Earnest money, appraisal, and financing contingencies follow a familiar pattern. Title companies commonly close the file.

Builder rhythm

Builders usually use **their** contract. It is written to protect the construction and sales process. Read it like it matters, because it does. Common differences buyers notice:

- Deposit schedules tied to construction stages or options
- Limited ability to terminate compared with a resale inspection contingency structure
- Mandatory use of builder preferred lenders for certain incentives (optional versus required: read carefully)
- Selection deadlines that are real; miss them and defaults apply
- Completion dates expressed with flexibility language
- Warranty procedures that require notice in specific ways

Have representation. A buyer agent who regularly works new construction can flag where the builder form differs from what you might expect coming from a resale. I am not your attorney, and I will say when a clause deserves counsel. Do not assume the model home salesperson is your advocate. They represent the builder's interest.

Selections, upgrades, and decision fatigue

Structural choices and design finishes arrive fast: flooring, cabinets, counters, tile, lighting, appliances, fencing, and landscaping packages. Some items are easy to change later. Some are expensive to rip out.

Practical tips:

- Spend upgrade money where you will feel it daily (kitchen work surfaces, flooring in main paths, lighting you live under).
- Be cautious with highly personal choices that hurt resale if you might PCS or move in a few years.
- Track every change order in writing with price and schedule impact.
- Assume showroom lighting flatters everything. Visit at different times of day when you can.

If you hate decisions, a nearly complete speculative home ("spec") or a resale with solid updates may reduce stress. If you love designing your space, a to be built home can be joyful when the calendar cooperates.

Warranties: what they are and are not

Builder warranties typically cover workmanship and materials for defined periods, with longer structural coverage on many programs. Read the booklet. Notice:

- What is covered versus maintenance you own (filters, caulk, irrigation heads, and so on)
- How to submit a claim
- Whether appliance warranties are manufacturer direct
- What voids coverage (unapproved alterations, lack of maintenance)

A warranty is not a promise that nothing will need attention. New homes settle. Drywall nail pops and minor cosmetic items are common. Document issues during punch list walks. Use the process.

Resale homes may transfer leftover roof or HVAC warranties sometimes, but often you are relying on inspection findings and your own reserve budget instead of a builder program.

Who often pays owner's title on new builds (custom)

Title insurance still matters.

- **Lender's policy:** usually required on financed deals; buyers typically pay.
- **Owner's policy:** protects your equity against many covered title matters.

Custom patterns (not statute): On many Middle Tennessee **resales**, sellers often agree to pay for the owner's title policy. On many **new construction** purchases, buyers more often pay for owner's coverage. Builders and contracts vary. Incentives can shuffle fees. Always read the purchase agreement and the closing estimate.

Transfer tax reminder (sourced facts):

- Realty transfer tax: **37 cents per $100** of consideration or value (Tenn. Code Ann. § 67-4-409; TN DOR REC-1).
- Indebtedness tax: **11.5 cents per $100** after **$2,000** exempt on initial indebtedness (same sources).

Statute versus custom: Statute generally makes the buyer (grantee) responsible for transfer tax at recordation. Contracts often assign payment differently, including seller paid transfer tax on many resales. Builder deals may follow their own habit. Custom is negotiation. Statute is the tax code. Know which conversation you are in.

Punch lists and final walks

Before closing, you should walk the home carefully with a checklist:

- Cosmetics: paint, caulk, finishes, alignment of doors and drawers
- Mechanicals: HVAC operation, water pressure, outlets, appliances that convey
- Exterior: grading, drainage away from the slab or foundation, concrete cracks, fence, landscaping completeness
- Garage, attic access, and any crawl space access if present
- Safety items: smoke and CO detectors, railings, GFCI where expected

Take photos. Put requests in the builder's punch list system. Understand what must be done before closing versus what can be completed after under warranty. Do not skip the final walk because you are tired of temporary housing. Fatigue is when expensive misses happen.

A pre drywall or independent inspection during construction (when the builder allows access) can catch issues while walls are open. Ask early. Some communities limit third party access; know the rules before you assume.

HOA and PUD realities in new communities

Many Mid Tennessee new builds sit in HOA or PUD structures. Amenities look great on Saturday. Rules show up on Monday when you want a trampoline, a work truck in the driveway, or a rental during a deployment.

Get and read:

- Covenants and restrictions
- Design guidelines
- Current dues and what they cover
- Reserve and special assessment disclosures if available
- Rental caps and approval processes

- Who maintains fences, roofs on townhome style products, and common irrigation

Resale neighborhoods may have older HOAs, voluntary associations, or no association at all. Freedom and inconsistency both come with tradeoffs.

Rate buydowns and incentives are marketing

Builders advertise rate buydowns, closing cost credits, appliance packages, and price incentives. Those can be useful. They are also **marketing**, not personalized financial advice.

Run every incentive through your lender:

- Is the buydown temporary or permanent?
- What happens after the teaser period?
- Are you paying for the incentive in a higher price?
- Do you lose the incentive if you use your own lender?
- How does the payment feel in year two, not only month one?

I will help you compare apples to apples between a builder offer and a resale alternative. I will not tell you a teaser rate is "the market" or invent savings claims.

Appraisal and lending on new construction

New construction appraisals lean on builder contracts, plans, and comparable sales. In fast changing communities, comps can be imperfect. Lender overlays and construction to permanent versus one time close structures differ. Start the loan conversation early, especially if your rate lock window has to match a completion estimate that might slip.

Completion delays happen: weather, labor, materials, inspections, and municipal timelines. Keep temporary housing flexible when you can. Ask for realistic updates, not cheerful guesses.

When resale wins the comparison

Choose resale when you want:

- Established trees and a neighborhood that already feels lived in
- A location where new inventory is thin
- Fewer finish decisions
- A chance to negotiate repairs after seeing how the house aged
- Potentially faster occupancy when the home is vacant and ready

Choose new construction when you want:

- Modern code, efficiency features, and warranties
- Floor plans that match today's open layouts
- Less competition from twenty other offers on the same charming bungalow
- The ability to start clean without someone else's carpet choices

Many buyers tour both for two weekends and know. If you are still torn, we compare total monthly picture, commute, and stress, not only the list price on the flyer.

Negotiation differences

Resale negotiation often centers on price, closing date, repairs, and credits. New construction negotiation may center on incentives, design credits, rate buydown participation, lot premiums, and closing timeline. Lot premiums for cul de sacs, views, or larger yards are real line items. Ask what is fixed versus flexible.

In both paths, being a responsive, well qualified buyer helps. Builders and sellers prefer clean files.

How I help you choose

I will walk model homes and resale tours with the same honesty. We will read incentives with skepticism, schedule inspections that fit the property type, and keep Mid Tennessee customs clear so you are not blindsided at the title company.

Call or text **615-943-1644** or email **suggsells@gmail.com** when you want a side by side plan for your short list of communities and existing homes.

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Educational only. Not legal, tax, lending, or construction advice. Incentives and buydowns are marketing; verify with your lender. Statute versus custom applies to transfer tax and title cost allocation.