

The Artful Language of the ATC Invitation

When the buyer signs a construction agreement for a new home, the builder's sales consultant usually waits three days and then "invites" the Buyer to come in the next day to pick out carpet.

- Note the word "invites". It is an "invitation" that doesn't require an acceptance, but most Buyers are so happy with the fact that they have achieved a personal goal, that it goes over their heads.
- Note that the call comes on the 3rd day and the appointment is for the following day. Why? The Florida 3 day right of rescission will be over when the Buyer selects carpet, so legally the Buyer is in full agreement.

At the ATC meeting, the cheerful sales consultant asks the Buyer, "Didn't you like the carpet in the model?" When the Buyer says: "Yes," the sales consultant believes the Buyer has just ordered the more expensive carpet used in the model.

The consultant puts that request in writing, then goes on to say something like, "How did you like the kitchen cabinets in the model?" The model probably has what is called stepped cabinets, which follow the new trend of mixing and matching a run of 24", 30" and 36" cabinets instead of using all 30" high wall cabinets. This design costs an extra \$2400 at one development.

Does it make any difference? No, the wall cabinets have to be hung anyway; what is different is the appearance. Some Buyers see the most current design trend, others see dust collectors, especially in the fake silk plants that are too high to reach to clean.

Does this matter to the Buyer? The answer depends on the budget and the Buyer's strategy (extras now versus self-installed later) and many other considerations. Quite frankly, if a Buyer wants these extras, it's far, far better to add them at the very beginning instead of paying for change orders later!

By the time the sales consultant gets to the end of the add-ons, she already has at least two pages of extra items to add to the purchase of the basic model. The additional cost is usually between \$30,000 to \$40,000. The cost of upgrades usually is not refundable for any reason.

Many Buyers do not understand how they must pay for these extras. It's simple, you pay for them up front and in cash. The consultant generally explains that it is because the specially selected options must be ordered in advance. In reality, the builder probably won't have the building permit for another eight weeks and the Buyer's new home probably is scheduled for 4 months hence. The reality is that the builder has the Buyer's money long before being invoiced for the materials.

Working with Judie Berger's "Experience that moves you" team, we suggest to Buyers that they add only those options that enhance the resale value of the house and are likely to be reimbursed in a future sale. If a Buyer adds many options and has budgeted for the higher price, it might be financially smart to look at homes in the higher price range represented by the base price plus options figure, especially if mortgages are involved.

That's the artful language of the ATC invitation. There's nothing wrong with this scenario if the Buyer budgets for upgrades ordered. Many Buyers are filled with joy and their reactions are unintentionally emotional during the ATC session -- which is to be expected on day four after signing the construction agreement for their Florida castle. Unfortunately, our experience is that Buyers are surprised and dismayed following the presentation of the bill!