



Rebate Basics for Home Builders

Most manufacturers offer home builder rebates but not all builders take advantage, or treat rebates as a serious revenue opportunity.

Read this short guide to discover more about rebates and how rebate management can benefit you.

Introduction



Home builder rebates are available to all home builders for building products used in residential new construction projects, and they generally function in the same way that rebates for popular consumer programs do. That is, you purchase a product and can earn cash back after reporting that you purchased that product.

In this short guide, we'll discuss what rebates are, how you can earn them and how rebate management programs work. If you're already familiar with rebates (perhaps you're one of many builders processing them in-house), go ahead and skip to the last section about how dedicated rebate programs can help make your life easier.

If you're new to rebates, keep reading.

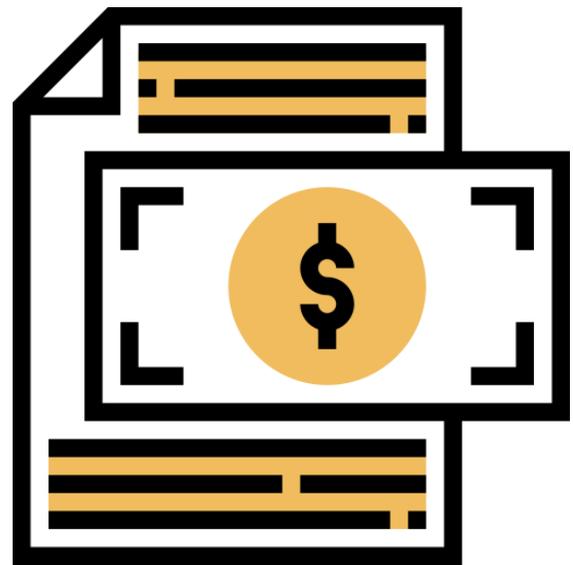
What are rebates?

Rebates are a retroactive way to earn cash back on products you purchase, but they aren't simply a one-time perk. They're a solid way to add another revenue stream to your business, because **a lot** of manufacturers offer them, whether you realize it or not.

In fact, we've written a whole guide because they're serious business, but not nearly enough home builders take advantage of them.

Types of rebates:

Rebates negotiated and managed by a third-party rebate partner. These rebates are pre-negotiated by a company like HomeSphere on your behalf, and you typically need to become a member to tap into the rebates they offer. For instance, HomeSphere has a free rebate program that covers more than 1,500 building products from more than 80 manufacturers and brands, and builders simply need to join our program and use eligible products to start earning rebates. These rebates are available to home builders of every size and type so long as you seek them out.



Rebate programs offered by individual manufacturers. These are rebates you can apply for that will offer you a preset amount of cash back based on what you purchase. You can typically find information from a manufacturer's website on how to apply if they offer them. They might overlap with what rebate programs offer but you'll have to do the administration of them entirely on your own. These rebate programs can also often be for contractors or dealers.

Direct rebate agreements negotiated between you and the manufacturer. Direct rebate agreements are exclusive to you and a specific manufacturer. These differ from generic rebate programs a manufacturer might offer because the direct agreement is unique to you and your business. Typically, direct rebates make the most sense for builders (and developers) who build a large volume of homes or units per year and whose business will make a large profit impact for a manufacturer.

How rebates work

Different manufacturers and different rebate programs will have their own rebate requirements, but generally speaking, home builder rebates are paid out for specific product usage. If you're on HomeSphere's pre-negotiated rebate program, you must use the rebate-eligible products from our manufacturers to qualify for the rebate HomeSphere will pay out on behalf of our manufacturer partners. We want you to make the most you can, so we work with our partners to keep rebates competitive and available for the products you're likely already using from these brands.

When it comes to direct rebates, you'll have to meet the requirements you negotiated as part of your unique agreement with a manufacturer to receive your payout.

When and how you receive your payout will again depend on the manufacturer or rebate program. At HomeSphere, builders on our pre-negotiated rebate program receive their rebates in one check, either monthly or quarterly, at the builder's discretion. No pre-paid gift cards, no 100-step instructions on how to redeem.

The huge value of builder rebates

You can earn thousands in pre-negotiated rebates alone per year. At HomeSphere, single-family builders can earn between \$100 to \$200 per home in rebates depending on product usage. Build 250 homes a year, that's \$25,000. Multifamily builders can often earn \$50 per unit. Build just one development with 150 units? That's an easy \$7,500.

Direct rebates can have huge payout, in the hundreds of thousands of dollars, because builders who qualify offer immense revenue potential to manufacturers. Certain builders might have a combination of pre-negotiated and direct rebates.



Common questions about rebates

Why do manufacturers offer rebates? Rebates are simply incentives for your business, and they provide a little insight into who you are as a customer for manufacturers. Manufacturers want you to use their brands exclusively and they're always looking to bring on new customers. Rebates offer an incentive for both, while also giving the manufacturer some information about where their products get installed (which they won't necessarily get from simple volume pricing discounts). Related: manufacturers pay programs like HomeSphere to manage their rebates and help them grow their customer base, which is why rebate programs are generally free for builders.

Are builder rebates a scam? We'd be lying if we said we've never heard this question. No, rebates are not a scam, though some companies make them so complicated to redeem, they certainly feel like a scam. Rebates are an incentive to buy a product and offer a retroactive way for building product manufacturers to learn more about the builders purchasing their products. Often, manufacturers have very little insight into where their products end up after they leave the warehouse. When you claim a rebate, they're able to learn which homes now have their products installed.

Are rebates complicated to redeem? They can be — especially if someone who already has a long list of job duties is tasked with hunting them down, but they don't have to be. We often see builders using spreadsheets to track the rebates they're claiming. If it's one or two rebates, that could be perfectly efficient, but it quickly becomes unwieldy the more rebates you add, leaving some to mistakenly believe rebates aren't worth the effort. Ideally, you're able to claim rebates like clockwork with simple requirements that aren't constantly changing.

Common questions, continued

Are rebates worth it? Absolutely, especially if you're consistent about claiming them. How much you receive back will depend on how many homes you build and which products you're using, and they can pay off in different ways. For instance, if you build 100 homes a year, you'll likely earn an impressive amount back based on volume alone. However, you can also earn great cash back even if you only build a handful of homes (like if you're a custom builder) but you use premium products that hold a higher rebate value.

What if I don't have time to manage rebates? That's okay, because that's what rebate management companies are for. Sometimes these programs are free (for instance, HomeSphere's pre-negotiated program is totally free to take part in), and sometimes they aren't, but they can be a hugely valuable tool to save you time and either get you started with rebates or streamline your rebate processes. (We don't want to sound too biased about rebate management programs, so we'll get into some of the considerations you'll need to make in the next section.)

Are rebate programs and buying groups the same? No, while buying groups can incorporate rebates, rebate programs provide payout simply for product usage and don't require that members work exclusively with specific manufacturers or meet a minimum volume of purchases to receive rebate payout. For example, with HomeSphere, you may not earn rebates for certain product categories like lighting or electrical because you don't use our partner brands, but you'll earn rebates for HVAC and roofing products.

What are rebate management programs?

Rebate management programs help you to organize and track the rebates you're earning from different manufacturers. The goal is to save you time and money so that you can earn rebate revenue without spending all your time chasing rebate revenue.

Rebate programs will either offer exclusively pre-negotiated rebates on behalf of brand partners, or offer you both pre-negotiated rebates in addition to managing and administering direct rebates (like HomeSphere).

Good rebate management programs allow you to:

- Easily claim rebates for the products you're using
- Skip the spreadsheets and see at-a-glance info about your rebate earnings whenever you want
- Find ways for you to earn even more in rebates
- Gain a partner in creating more beneficial relationships with manufacturers

Rebate management programs will take over the claims and payout processes, so you only have to report your closings and projects to receive payment. When it comes to pre-negotiated rebates, it will be your rebate management team that negotiates rebate amounts on your behalf and stays on top of the requirements to claim a rebate through each manufacturer, acting as a middleman between you and the manufacturer.

However, a good rebate program will also give you access to manufacturers so you can build your own relationships, source new products and have a real contact to reach out to if you have supply chain issues or more.

But, there are a few considerations.

1. All rebate programs that offer pre-negotiated rebates are partnered with specific brands and you'll need to use these brands to earn rebates. It's in your best interest to watch out for programs who are a good fit for the brands you already use or would like to try.
2. You can't earn rebates on closings you aren't claiming. Rebate programs are designed to make your life easier, and they will, if you do your part too.
3. You'll get the most out of rebate programs if you're willing to try new products and hear out other brands, but keep in mind that the best programs will offer you plenty of choice across product categories, not confine you to only one brand per category.

“Can I earn more using rebate management programs?”

We hear this question too, and the answer is emphatically, “yes!”

You’ll earn more in a few ways:

1. The right program will have a team that looks out for additional rebate opportunities for you, leading to more in earnings.
2. Depending on how the program’s rebates are structured, you can earn more simply by using more products that are rebate eligible. For instance, HomeSphere bundles rebates according to a tiered point system. The more points you earn, the more you earn back in rebates. Earn enough points to reach the next tier and you’ll earn significantly more back.
3. The right program will consistently add new partners, giving you more opportunities to earn more in rebates.
4. Your rebate team should look out for direct opportunities that’d make sense for you, helping your rebates grow exponentially.

About HomeSphere

HomeSphere offers home builders pre-negotiated rebates that are easy and free to access for more than 80 brands across nearly 40 product categories. Our team can also help you with the management and administration of direct rebates.

If you have any questions about HomeSphere or how rebate programs work in general, get in touch at rebates@homesphere.com.