

The 7 things you MUST ask BEFORE signing your Building Contract



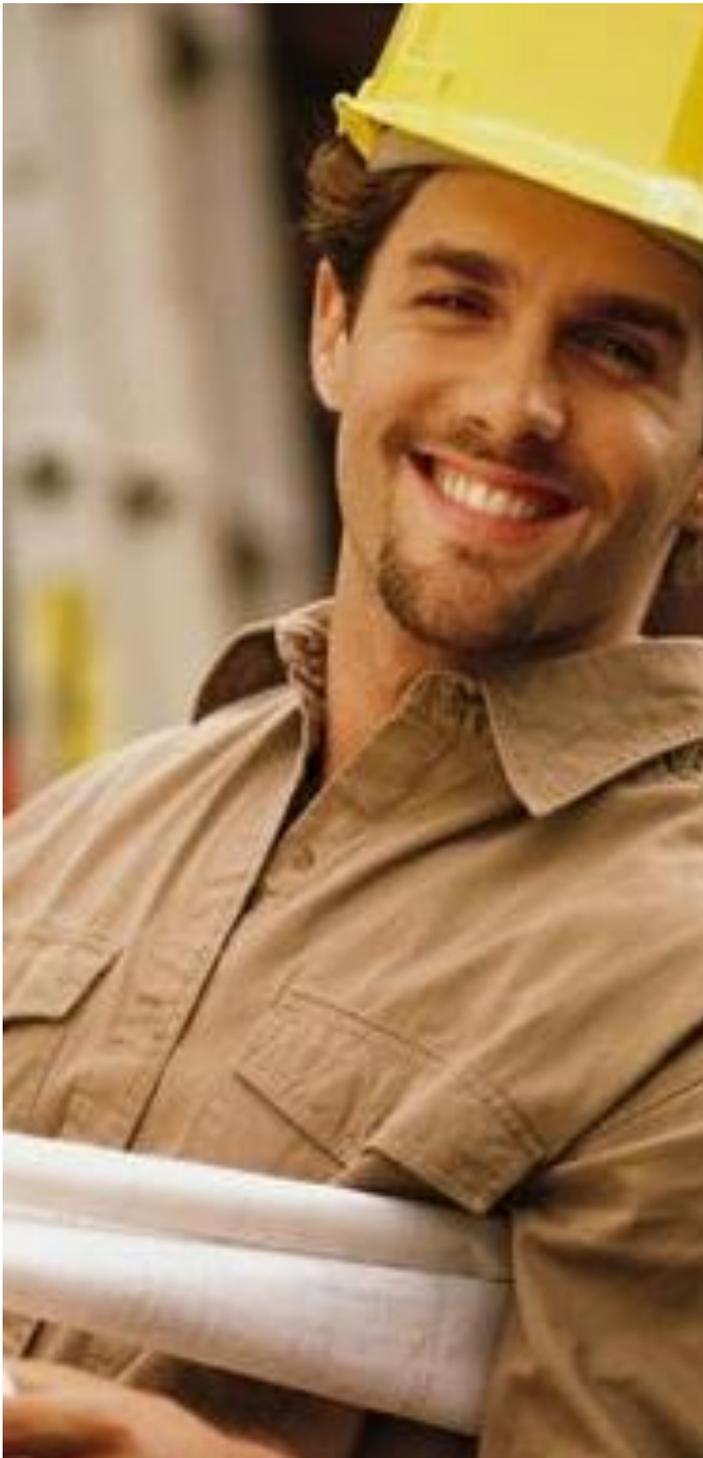


Building a new home will probably be the largest purchase you ever make. You may be building your first home or upgrading to your dream home by the beach. Either way, you need to read this report first.

Going through the process of designing your new home, selecting all the fittings and fixtures and then watching it start to rise out of the ground should be an exciting time in anyone's life. Select the right builder and it will be a pleasurable experience, choose the wrong builder and it can be a heartbreaking and often costly lesson. All too often new purchasers enter into a building contract without checking out the builders' credentials.

When you are building a new home, your builder will be there with you right throughout the project. To ensure that you can work together successfully, it's important to find out as much information as you can before entering into any business relationship.

The following key questions can help you find a builder with the right fit.



Is the builder right for the job?

The first things you should determine are:

- Is your builder a Registered Master Builder?
- Do they have the skills and experience to undertake the proposed project?

This is particularly true if you plan on building in a difficult location or your design requires special construction skills.

Is the builder registered?

The Registered Master Builders brand is a recognised hallmark of quality. If you're building a new home, you can be sure that you're dealing with qualified and experienced builders who take pride in the quality of their workmanship.

By working with a Registered Master Builder you also get peace of mind through the backing of the independent optional Master Build 10 Year Guarantee.

You can check if a builder is registered by searching on the Master Builders website <http://www.masterbuilder.org.nz>

Art Deco, Colonial, Contemporary, Federation or Mediterranean. No matter what style of home you plan, your builder should be able to work in the style and design of your new home.

Types of Building Style and Design

An experienced and accomplished builder should be able to work to the style and design of your home. They should also be able to advise you on ways to incorporate various elements into your home so that it matches the existing style.

Many builders specialise in a particular style so it may be worth searching for one that can build exactly what you are looking for. If you are not sure what it is that you are after, your builder should be able to assist you with some options.

Some building companies have a portfolio of house designs to choose from - and this can save time and money, compared with a custom-designed home. You can usually personalise your colours, fixtures and fittings within a limited range.

But you may prefer a custom design and build, so your new home is exactly how you want it.

Take a look at some of the builder's past projects. This will allow you to see if the builder can work to your style and specification. Ask for references and visit

sites in person if possible. Past clients may be willing to share their experience.

Check the builder holds the correct insurances

Check the builder holds the correct insurances, including Home Building Insurance, Public Liability Insurance and Worker's Compensation. Ask to see the certificates of insurance. Should there be a claim against the builder, insurance coverage will ensure your project is not affected.

Do you work in the area I plan to build?

Ask your builder if they do work in your proposed area, if they don't they may have to source alternative, untested supervisors and subcontractors which may lead to substandard work.

It is important to remember that building a new home is not only a huge financial investment, it can also take quite an emotional toll. Spend some time to investigate your potential builder's references and credentials.



How many properties do you currently have under construction?

This will give you an indication of the size of the company. Whether they are a small builder or a larger project style construction company. A company with a full book of current projects may be viewed as an indication of trust, they are reliable and the work is in high demand. However, ensure they have the capacity to manage your project professionally.

Have you ever been declared bankrupt?

A builder who has gone bankrupt in the past may end up doing so again in the future. It is important to ensure your project is completed and avoid delays if your builder becomes insolvent while your project is under construction.

Home Trends Builders Ltd.

How long have they been in business?

Find out how long the builder you are considering has existed and whether it has always traded under the same name. A builder that has changed names may be a sign of past problems they wish to avoid.

The average life of a building company in New Zealand is less than four years. A builder who has been trading for more than four years is usually the sign of a company with a good business profile and who has been successful to date.



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Equally important as the builder's skills is having someone you can communicate with and can trust. If you don't feel comfortable in the initial discussions then don't hire them for your project.

How will you communicate with your builder once the job starts?

Building a home can be one of the most stressful times in a person's life. It can be a difficult time if the project does not progress as expected. You will be in a business relationship with your builder and you must have a clear line of communication defined before you enter into a contract.

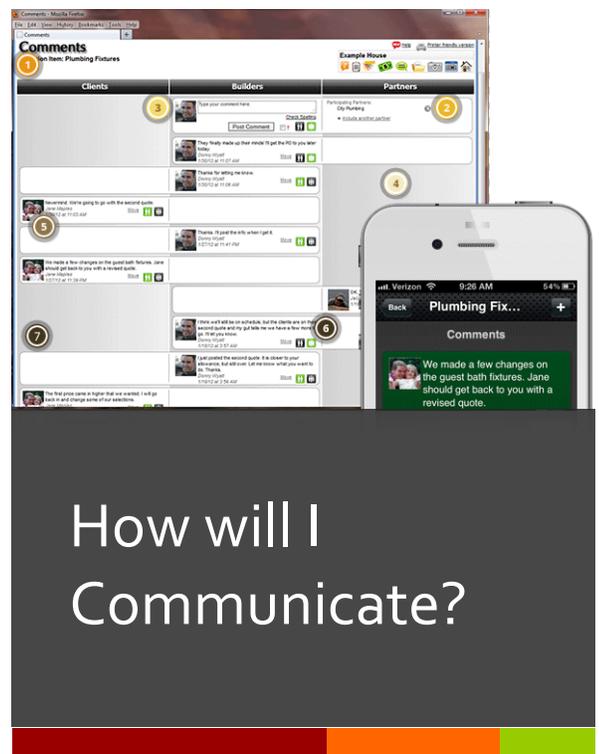
Does the builder have systems in place to keep you informed?

During the planning and construction of a home there will be many questions to be answered and decisions made. A regular steady flow of information between you and the builder will help ease the process.

Does the builder schedule regular onsite meetings, allowing you to view the work progress and to discuss any construction issues that may arise from time to time?

Does the builder have reporting systems in place to keep you informed, advise you of any issues as they arise or to seek your input on building decisions?

Does the builder have a document process to ensure all correspondence is recorded and acknowledged to eliminate disputes over misunderstandings or incorrect instructions?



Building a home is a complete process, requiring interaction with Local Councils, Lawyers, Financial Institutions, and Suppliers along with the Client and Builder. A fully compliant contract will detail all the interactions and responsibilities of both the Client and Builder. Expect a detailed contract to be 20-30 pages, if there are any less than that you should check to see what has been left out.

Has everything been specified?

What should the Building Contract Include?

A building contract must thoroughly specify the work to be completed, along with the following:

- ✓ The commencement and completion date of the project should be clearly stated or easily able to be worked out
- ✓ Your name as the home buyer and the contractor's license number should be included
- ✓ A description of all the work to be carried out during the building process, including plans, specifications, and any particular requirements that you may have
- ✓ The necessary insurances
- ✓ The contract price
- ✓ A checklist of items and a caution about signing the contract if you can't tick yes to all items
- ✓ A place for the buyer to acknowledge that they have read and understood everything in relation to the contract
- ✓ Prime Cost or Provisional Sum items are clearly stated, along with the builder's margin to be applied
- ✓ Progress payments are outlined
- ✓ A clause that states that all work will comply with the Building Code of New Zealand as well as the other standards required by law
- ✓ That the contract begins on the day when the last party signs the contract and the other party is made aware of this signing – this is the contract date and should not be confused with the starting date for the project.

Selections and Schedules

The initial quote you received was most likely for a specific home design built with basic materials and fittings. If you are building as part of a home and land package, you will have the opportunity to specify some of the materials, fittings and fixtures with their Colour Consultants. However, you should be aware that the initial quote you received may have been for a basic package and that any materials or fixtures that you specify above the basic package may add to the price.

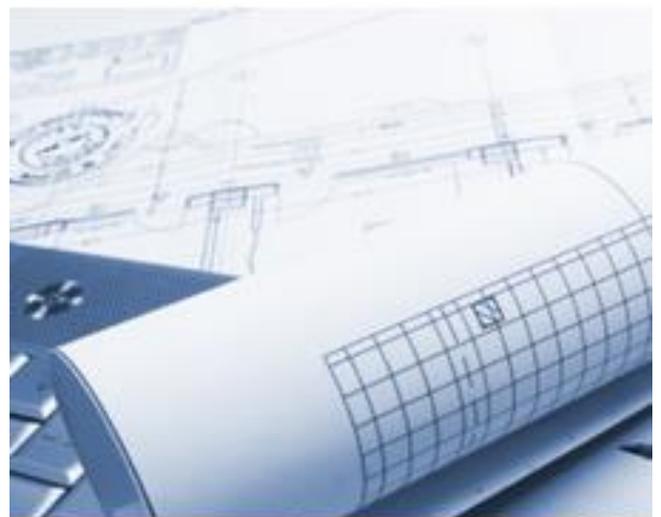
Wherever possible have all your selections (taps, baths, tiles. etc.) detailed in the contract price before you sign. This will provide certainty of price and availability of selected items. See Prime Costs Items below.

Drawings and specifications

The Drawings are the builder's instructions about the measurements and features of the property being constructed.

The Specifications are the agreed instructions about the materials and building methods to be used to construct the house.

If you have any concerns about this part of the contract, you may need to consider employing an Architect to provide you some advice. Important – The Order of precedence is: Contract – Specifications – Plans.



You will have the opportunity to specify all the materials



Have you read, checked and understood all of the contract documents thoroughly?

Under the Building Act, you must have a written contract for any building work that costs more than \$30,000. The contractor must give you a disclosure statement telling you about their skills, qualifications, licensing status and the insurance or guarantees they provide, plus a copy of the checklist required by the Act before the contract is signed. Make sure that you understand what your contractual obligations are, as well as your builder's. If you are not happy, don't sign. If you want anything changed, this is the time to do it.

Progress Payments

- Does the contract require the release of progress payments at various stages of construction?
- Is the work to be completed for each stage specified?
- Are the terms satisfactory to you and to your finance provider?

When a builder issues a Progress Payment Request, make sure the specified work has been completed and verified. Should you make a payment ahead of a stage completion you may compromise your insurance coverage.

So now the adventure begins!

Now you are ready to embark on the next step towards building your new home. If there's any way we can help you turn your dream into a reality, we would love to hear from you.



Introducing Home Trends Builders



In over 30 years, Home Trends Builders has created and built more than **400 homes** throughout Canterbury, placing us amongst the **leaders in our industry**.

As locals we understand the environment in Canterbury with its intrinsic natural boundaries and complex local governance's, guiding you through the process with a truly experienced hand.

Our practical and passionate approach to achieving solutions is **well respected by our clients**, who appreciate and live with the result for many years. Great teams build great houses, and clear communication is essential. This is why we have built close networks between top professionals, and make it a priority to listen to you.

Call us now on **03 385 2413** to discuss how we can help you to build the home of your dreams.

Or find out more at <http://www.hometrendsbuilders.co.nz>

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