

When Choosing Your Builder

Request References:

- ❑ Previous Customers
- ❑ Sub-Contractors
- ❑ Material Suppliers
- ❑ Financial Institutions

Call State Organizations:

- ❑ D.P.R. State License Information 850-488-6602
- ❑ D.P.R. Compliant Department 850-488-6602

Before you sign a contract:

- ❑ Go over the precise description of work and materials to be supplied with your builder.
- ❑ Review plans and specifications with your builder.
- ❑ Go over financing requirements, deposit amounts, (suggested limited of 10%), and the payment schedule with your builder and your financial institution
- ❑ Changes during construction usually cost the owner more money and are not included in the original mortgage amount. They should be paid at time of request, (**known as a Change Order**). Be careful, you may use up all your funds and not have enough money to decorate your new home. Some Change Orders, however, cause a decrease in cost, depending on the owner's or builder's request. All change Orders should be **in writing and signed by both parties** to avoid any problems later.
- ❑ Know what you are signing. **Read your contract**. Ask questions of the builder if you do not understand any part of the contract.

Parts of a General Contract

- ❑ Application to purchase or purchase agreement
- ❑ A copy of the Notice of Consumer Rights Under the Construction Industries Recovery Fund.
- ❑ Deed restrictions compliance.
- ❑ Site (lot) preparation agreement
- ❑ Septic system agreement (or sewer hookup)
- ❑ Summarization of Mechanic's Lien Law Notice
- ❑ Site plan, survey/asbuilt
- ❑ Copy of construction plans
- ❑ Specifications
- ❑ Change Orders
- ❑ Riders, if any
- ❑ Draws
- ❑ Contingencies are optional
- ❑ Deadlines are optional
- ❑ Insurance (Homeowners, Flood, Mortgage)
- ❑ Title Insurance
- ❑ Claims or Disputes

Protection Plan Options

Optional to the contract is an **Escrow Agent**. The function of the escrow agent (a certified public account, financial institution, title company, etc.) is to pay the builder's bills directly to the subcontractors or suppliers. **Additional costs for this service are paid by the owner.** If you are still uncomfortable and unsure, then seek the advice of your attorney.

Inspections

You should request progress reports before disbursing funds to your builder. If you are unable to be here during construction, there are construction management companies that will do progress inspections for you. If you are using a financial institution, go over the disbursement arrangements with them. Financial institutions are not inspection companies for quality or for job performance. They are lending institutions that pay out your mortgage, usually on a draw system to the builder. The building department does all the inspections for code and safety compliance, not for quality or job performance. Inspection service companies are available for your protection. Additional fee is paid by owner.

Quality—what is it? Quality is in the eye of the owner. Would you classify yourself as a perfectionist? If you answered YES, you need to communicate the standard of quality you want in your home. This can cause additional costs to the owner, depending on your specifications. *You can make your decision on the builder's standard home by contacting his previous customers.*

Post-Contract Documents

- ❑ Final inspection report (punch list)
- ❑ Certificate of Acceptance
- ❑ Closing Statement
- ❑ Limited warranties
- ❑ Statement of non-warrantable conditions
- ❑ Separate home warranty contracts are available
- ❑ Affidavit of Contractor
- ❑ Certificate of Occupancy
- ❑ List of subcontractors that worked on your home
- ❑ Waiver and Release of Lien upon final payment

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