

Selecting a Builder

ˆLots of people dream of building a home (or substantially renovating their existing home). Ask anyone who has ever built a home and they will tell you that it can be incredibly stressful. The best chance you have to avoid your dream becoming a nightmare is to choose the right builder.

You see, it is not a matter of whether there will be problems, the question is how many and how severe will the problems be. The right builder knows how to solve problems and this is the kind of person you want on your side in making your dream a reality. That really is the key to success- you and the builder being on the same team to get the home completed on-time, in-budget and in a workmanlike manner.

First you need to locate some builders. Some suggestions include: ask your friends and associates for recommendations, contact the local Home Builder's Association, drive around town till you see a neighborhood or house you love and ring the door bell, or do the Parade of Homes. I would use a phone directory or web search as a last resort.

Once you have some names, narrow the list. Find out each builder's experience. Ask how long he (she) has been building homes and how he learned the business. How many homes does he build per year? How long has he been building in the area you've selected? How long does he take to build a home, on average? Which jobs does he subcontract, and which does he perform himself?

Ask about finances. How is the builder's credit rating? Which lending institution(s) provides his construction loans? Will he purchase the lot and construct the loan on his credit line, or will you be expected to facilitate financing? How is payment expected during the project? What about payment for changes?

Ask for references (get a recent customer as well as one that is a few years old). A spec buyer and a presale buyer may give you different viewpoints. Ask for a list of addresses of several homes he has built- a new home and one about five years old, and at the very least take a look at the exterior of these homes.

Ask about license and reputation. What is his general contractor's license number and what level of license does he hold? Check with the General Contracting License Board to verify license status and any complaints. Is he a member of the local Home Builders Association, the Board of Realtors or another local trade organization? Call the Better Business Bureau and/or NC Attorney General's Office to check for complaints against the builder. (Just because there is a complaint, don't automatically write off that builder. There are two sides to every story and some consumers use these complaints to get leverage over builders. Conversely, just because there is no record is not a guaranty.) Check at the county courthouse to see if a builder has any outstanding judgments, liens or lawsuits against him.

Ask about the process. How often will you get to meet with the builder during construction? Which decisions will he make and which ones will you make? How does he prefer to communicate with you? For example, phone calls, e-mails, on-site visits? How should concerns be expressed and addressed during construction? Are signed change orders used for any changes in the contracted work?

At this point you should have some names of builders whose work you like that seem professional. Now you're shopping for the best value. If the plans are selected, get price quotes. Ask how long the builder estimates construction will take. Learn whether the builder provides any warranty and what kind of punch list work is provided after closing.

Armed with this information, you should be able to make the best choice. Before signing the contract, however, you should talk with someone else who has built a home. Find out what they liked about the process and what they would change. Then, take a deep breath and decide if this is something you're ready to commit to. Finally have a lawyer review the contract to see if it is fair and reasonable.

This article is meant as general knowledge and not meant to substitute for legal advice on specific issues. If you have a question, please call Doug McClanahan at 861-0693.