



In this book you'll discover:

7 MAJOR THINGS YOU SHOULD ASK

**BEFORE YOU SELECT YOUR BUILDER AND
SIGNING YOUR BUILDING CONTRACT**

**DISCOVER THE SECRETS
AND SAVE TIME AND MONEY**





You are not negotiating the price at this stage of the process

1 Plan Your Budget

Know your budget

Before discussing your plans with anyone, you need to know your budget. Know what you can afford and how much you would like to spend. Remember these two numbers are never the same, so decide on your limit for the design and construction of your home.

Once you have decided on a budget, it's in your best interest to share this information with everyone in the design process.

The biggest mistake consumers make when renovating their home is when they either understate their budget or refuse to set one.

A professional will make sure they design and build your home suit your lifestyle and fit in with your budget. Contrary to popular belief, you will not pay more for a home just because you disclose a larger budget.

At this stage of the process, you are not negotiating the price!

Having an open discussion about your budget with the builder at the beginning of the project will help you decide what is achievable.

If it's not, and the size of your project goes beyond your budget, a professional builder can make recommendations on where to cut back based on your priorities.

Make sure you establish the fundamentals before the work commences, or you will find yourself constantly redesigning your home and struggling to keep to budget.

If you are fortunate enough not to be restricted by a limited budget, the brief should focus on lifestyle and quality of finishes.

However, if your budget is tight, limiting the overall size of the home along with the architectural flare of the designer will be important aspects to take control of early.



2 Plan your deadline

Are you working to a deadline for handover that cannot be extended? Do you need to be in by Christmas or before a lease expires on a rental property?

Let your builder know you have a fixed deadline for handover before you start the design and build process.

The entire construction process can take between 5-15 months to complete depending on how complex the design is, and the approvals required.

A professional builder can provide you with a scheduled timeline once the initial design has been completed, allowing you to visualise how long all the different processes such as construction drawings, engineering and quoting can take.

All these processes, when placed in a scheduled timeline will impact on the start date and ultimately the completion date of your new home.

Remember that custom home builders only build a limited number of homes a year due to the high level of supervision required. This can result in limited start dates becoming available for new builds.

Delaying important decisions that a builder needs to finalise a contract proposal could result in you missing the next available construction slot, which could delay to your project start date by 2-3 months.

Communicate with your builder regularly to check on the upcoming available start times.

Make sure that your builder has put a complete liquidated damages clause in your contract to pay you a set amount per week if they go over the estimated build time.

This is a very important part of your contract, please make sure that this is read, understood and is in there! The liquidated damages clause is simply put; the builder will pay you a set sum of fees for any delays that go over the building timeline. For example, a builder has a liquidated damages clause for \$350.00 per week for every week over schedule. This sum of money is given to the owner for any losses that they may incur during the delay, such as rent, investment or loan repayments.



*Keep a record
of your choices*

3 Planning your selections

Create a wish list of everything that you would like included in your home.

While it may appear there is no rush to decide on the colour and style of your bathroom tiles before you sign a building contract it's important to realise every selection decision has the potential to delay your project.

For example, tiles may have to be ordered up to 4 months in advance so it's important to make all of your selection choices during the design stage of your new home.

A builder will place hundreds of orders with subcontractors and suppliers in order to lock in pricing, once the building contract is signed. If you go to contract with prime cost (PC's) or Provisional Sum (PS's) allowances, it's quite likely that prices will rise between contract signing and orders being placed.

Record all your selection choices in a spreadsheet to avoid blowing your budget unexpectedly. At this stage it can be easy to overcapitalise when faced with endless opportunities to add more features.

Changing your selections after signing a building contract can incur delays, as new orders have to be placed and delivery times may impact the construction schedule.

If a selection choice delays construction, this will lead to a variation and an Extension of Time (EOT) added to your completion date.



4 Know Contract Variation Costs

Variations can be introduced for many different reasons. The most popular reason for a variation being raised is when you change your mind on something after the contract has been signed.

Variations document any changes and/or additional costs that relate to labor, materials and administration fees.

You could also incur variations when any unforeseen work arises. This is typical of projects involving renovations and/or extensions. If there was no way of knowing

about the issues at the time of quoting your project, it's simply an unforeseen variation that needs to be raised so the builder can do the necessary work.

Typically, each time a variation is raised an extension of time is attached to them. Make sure you are happy with everything in your contract before signing it to avoid changing your mind and causing serious delays on your project.



5 Building Quote or Estimate

The first thing to understand is the difference between a quote and an estimate. Even among builders themselves, this term gets used pretty loosely.

Step one is always to start with the estimate. You have probably been thinking and planning out your dream home for some time.

You know you want 4 bedrooms, 3 bathrooms, a 2 car garage and a swimming pool for the kids would be nice too. Maybe you even have a budget in mind which is extremely helpful for a builder to know, so they can plan the home you want.

Armed with all of this information, getting the estimate is really just confirming that what you want is roughly within your budget. It's the starting point in your building process.

Estimates are ballpark figures based on your criteria. They don't require the builder to go away and calculate every material and fitting. Estimates don't usually cost you anything and are generally worthless as no detailed work or planning has begun.

One way you can tell if you are getting an estimate instead of a quote, is by how long the actual document you receive is. A one-page estimate is fairly standard, and can easily include all the necessary information to let you know if your new home is within reach.



6 Communication with your builder

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 and you must have a clearly defined line of communication 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?



7 Building Proposal Content

A detailed quote should be between 25-40 pages and specify every inclusion, it can even reference working drawings of your project. A quote details for you and the builder the amount of materials and labor for the duration of your project.

Creating a detailed accurate quote is a time-consuming process for a builder, often taking more than 50 hours to complete. A quote for your new home involves professional estimators, contacting subcontractors for quotes and creating a lengthy and detailed job schedule. This easily runs up a cost to the builder of several thousand dollars.

It's for this reason that a full quote from a professional builder should never be free. A nominal fee is charged for their time to provide you with a detailed quote for your project. Builders offering free quotes often rush this process and miss out incredibly important

details for your home. Remember that step 1 is to work with a builder and ask for an initial estimate to see if your project can be built within your budget.

Some builders will cut corners, leave out specifics and instead include Provisional Sums (PS's) and Prime Cost Items (PC's). If you see either of these on your document it should raise a flag. These are just estimated allowances and eventually, they can end up costing you significantly more once the real values are known. This is a dead giveaway the builder saved time and gave you an estimate rather than a detailed quote.

If you are working with a preferred builder on a quote for your new home, make sure you ask for a copy of the job schedule. This will show you if the builder has quoted the job or guesstimated it.



Bonus

How to decide on a professional custom builder before you start on your project

Start by doing your initial research online.

Check out builders' websites and Facebook pages, look at their reviews, customer testimonials, the information they are providing and the organisations they belong to.

Narrow your list down to 3 custom home builders who specialise in building the type of home you are looking to build.

Contact them via their website or by calling their office number and leaving a message.

Use a different name for each enquiry you make so that you can check that they respond both by email and phone in a timely manner.

Builders who don't respond or don't communicate with their clients tend to communicate poorly with their suppliers and subcontractors, which can lead to delays on site.

Disqualify builders from your shortlist if they don't get back to you in a reasonable time frame either by phone or email.

With your shortlist of builders, invest 15-20 minutes in an initial phone conversation. A professional builder will ask you a lot more questions than you ask them at this stage, so they can understand your desired end result.

If you feel comfortable the next step will be to progress onto an on-site meeting.

Ready to Speak to a Professional Builder?



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