

# 7 ESSENTIAL THINGS YOU MUST KNOW BEFORE BUILDING OR RENOVATING YOUR HOME



# BUILDING.

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# Check the reputation of the builder

There are many builders out there, but not all are created equal and you must do your Due Diligence to ensure you are doing the right thing. Too much is at stake not to do a little research to find out which builders have the best reputation. Find out whether a builder is respected for doing quality work, as well as being punctual.

Always ask to see their work and get references and addresses of previous clients they have worked for and check on the quality of workmanship, communication, completion dates and variations etc and their overall satisfaction.

- Google builders and check for online reviews
- Do a licence check <https://www.licence.nsw.gov.au/LicenceCheck>
- Simple word of mouth is often the best referral, ask about before committing





# Be Wary when Shopping for Price and not for Product

Many builders spend a lot of time and money marketing the price but shy away from detailed product information and as a new home or renovation is one of the most important and emotional investments you will do in your lifetime you need peace of mind. You need to know that you're getting everything you expect and understand the inclusions and their quality.

Some builders look at what can be taken out to deliver the most minimum finish achievable to reduce the price and then when the clients want these back in the house they are charged out at a much greater rate to compensate for the initial cheaper price.

A large percentage of all home owners chasing the lowest price end up spending more than what they would have spent elsewhere and ***Remember You Always Get What You Pay For.***

**Be guaranteed if a builder drops their price to win your work they will be working every angle and cutting every corner to get that money back at the expense of your new home or renovation.**



# Protect Your Budget and Watch out for Extras or Variations

Many builders operate on the lack of knowledge and naivety of the home owner to create variations or extras that you thought were included and understanding your contract before you commit is the best advice.

Some contracts have small print or are hard to understand and the home owners assumes or trusts it will be ok, this is very dangerous as many contracts have the ability to give the builder every right to charge a variation for things you thought were just part of the building.

Some things to watch out for in contracts and pricing are:

- Excavation – some builders note a minimum amount of excavation and anything above that can be charged at a higher rate.
- Service Allowances – many builders under allow for services (sewer, stormwater, electrical, water, gas etc) and then charge a variation for extra services.
- Brick Allowance – bricks are still the major component of the home and varies by hundreds of dollars so you need to know what your allowance offers.
- Electrical Allowance – this is an age old trick as many home owners wouldn't think of power points or lights etc and can be left with a large variation.
- Insulation – you need to make sure your home has the appropriate window, wall and ceiling insulation to protect your wallet and your lifestyle.
- Painting – many builders reduce their price by painting the home with only a 2 coat system which is far inferior and more maintenance than the 3 coat system.

# Contract

Now this may seem like I'm jumping the gun but this will need some thought on your behalf. There are also a few variations of contracts and you should take the time to think about all options.

A few of the most common options are:

- **Fixed price contract:** This is a contract if you want a quotation from a builder and that's the price in the contract. You must make sure that everything has been included or at least a provisional sum provided for unknown items. Positives of this type of contract are finance companies prefer this type of contract so if financed you know what the price is. Drawbacks are if you think you want to change things as you go along, there will be the variations to the price, which will cost more than other types of contracts.
- **Cost plus contract:** This is a contract that is flexible and can be set up a variety of ways. This type of contract sometimes gets a bad name, as some dishonest builders supply an unrealistic budget and/or charge retail rates for supplied items. In good hands, this is a very flexible and workable way to build. Most finance companies will not finance on this type of contract.
  - a) Cost plus a set margin on all expenses: you will receive an invoice from the builder; generally fortnightly for the cost of all materials and labour, then a margin is added. The margin is generally between 10 to 20% depending on the size and what is included in the margin. The margin charged will be less than a fixed price contract. The reason for this is the builder has good cash flow being paid every fortnight and here is the big one, the builder is not responsible for the end price. I really have to stress that for this type of contract to work well you will be in close contact with the builder constantly and he will need your feedback on many things. Some people love getting involved like this, some people don't. If you don't want to get involved, I would not recommend doing this type of contract.
  - b) Project management: This is when the builder has a fixed price, for his services, which should include all supervision, organising trades and materials, administration, and all of the builders overheads attributable to the construction. Your builder will need to do an accurate estimation of costs and supply you with updated costs along the way so you can see if you are ahead or behind budget. I find many clients, when presented with options of upgrades and the difference between the options, inevitably upgrade or go over budget. This is fine as long as you are made aware of the expected costs for that item or trade that has been exceeded. Your builder should provide all supporting invoices, so you should be paying trade prices (i.e. what the builder gets it for).



# 5 Communication

Communication plays a key role to your renovation project, because the interaction you have with your builder and/or designer relates to the outcome of how your project will look and feel when it is completed.

It is important that you and your builder have effective communication skills so that you can portray your vision of what you expect, also give specific concepts to them so they can fulfil your needs and wants for the project. The more detailed information you give to your builder and designer the better they can understand what it is you want so they can deliver you exactly what you expect. It is wise to choose a builder and designer you are comfortable with, that their communication is aligned with your personal values. Look for positive relationships as they will lead to positive outcomes.





# Sustainability

A majority of Australian homes are designed to work against the climate, rather than with it. These homes are energy inefficient, too cold or too hot and comparatively expensive to keep at a comfortable level. Most homes use more water than necessary, and can be made of materials that damage our health and the environment.

Building or renovating a home using good design principles can save energy, water and money, while creating a more enjoyable and comfortable home.

The cost of implementing good design ranges from a net saving through to a significant up-front investment that will be repaid throughout the life of the home and increase its value in the future.



# Know Your Obligations on Performance / Maintenance of Your Home

Your builder should step out in simple terms what the home owner's obligations are to getting the best out of their new home / renovation, this includes a detailed handover at completion with all of your warranties, manuals and a run through of all of the homes features and appliances.

The builder entrusts the care and maintenance of the new home / renovation to the owner and it is in the best interest of all involved that the home owner is well educated like:

- Structural damage from overwatering or planting trees too close to your home
- Understanding your heating for low maintenance and better performance
- Understanding your cooling for low maintenance and better performance
- Regular inspections around the outside for water or pest damage
- Knowing your connections and what to do if something goes wrong



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