

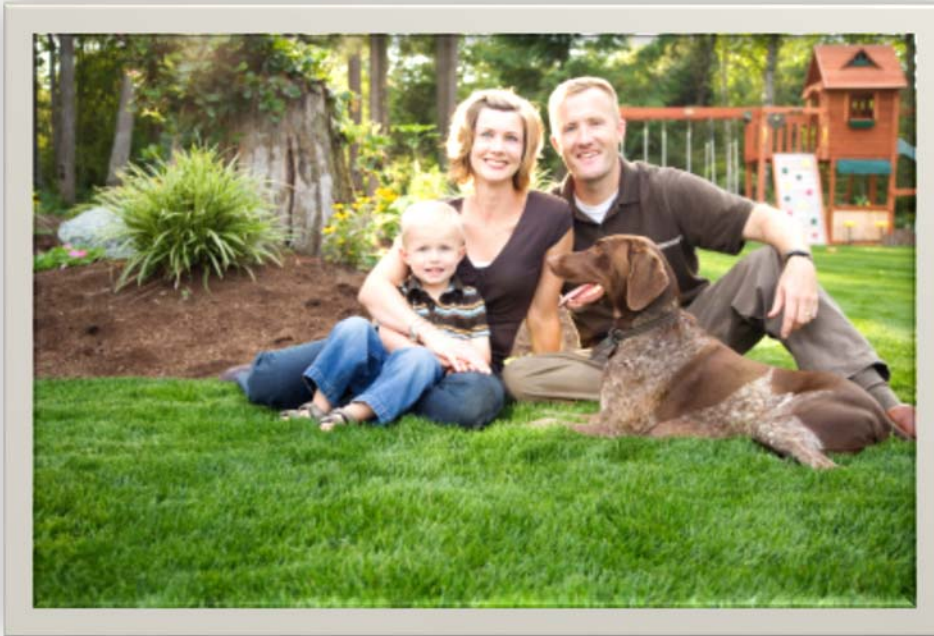
8 Must-Ask Questions

When Choosing a New Home Builder



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Introduction



Purchasing a new home will no doubt be the largest financial investment you will make in your lifetime. As a result it is imperative that you start the process of finding your new home builder on solid ground. In order to do this, we at Kreiser Construction encourage you to ask specific questions of your potential new home builder.

Some consumers merely spot a house with pleasing aesthetics and then decide they want that builder to build their dream home. Unfortunately, attractive surfaces can and often do bury inferior, sloppy interior construction leaving you disappointed and feeling used by the builder.

We have provided **8 Must-Ask Questions to ask your New Home Builder** before you sign your contract on the dotted line. We trust that by getting answers to these 8 Must-Ask Questions you will soon be moving into your new home with no regrets.

**BUILD A NEW HOME
with
NO REGRETS**



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South Central Pennsylvania
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Tips as you Begin Gathering Info:

- When you talk to builders and home owners, take along a notebook to record the information you find. Include your personal impressions. You will find that by doing this, it will help you to make comparisons later.

Remember:

ASK Lots of Questions

There are no stupid questions.
You are the consumer.
It is the
home builder's job to satisfy your questions.

ASK More Questions



1) Does the builder have a permanent business location and a good reputation with local banks, suppliers and community?



Employers are now researching potential employees by viewing what is being said about them online whether that be on social networks like Facebook and Twitter or blogs written by the individual. Since you are hiring a new home builder to build the house of your dreams, and you are investing a large sum of money that you have carefully saved for, you want to be careful that you don't throw your money away. How do you do this?

a) First find out if your home builder has a permanent business location. We all love stability in our employment, homes, friendships, and I might add vehicles. We want to know that when we begin something it will be carried on to completion.

b) Secondly, does the builder belong to a professional trade association? Are they listed as a member of the National Association of Home Builders, the State Building Association (i.e. Pennsylvania Builders Association), and the Local Builders Association (i.e. Lebanon County Builder's Association)? Contact each of these organizations to verify membership and enquire about what assurances they offer to you as a consumer if things go wrong.

c) Thirdly, search online. Google your potential builder's name and see what is being said online. Search Facebook, Twitter, and online blogs (*you can find this in the advanced search functions of Google).

d) Fourth, ask local Realtors what their impression is of your choice builder.

IMPORTANT FACT: Honest and reputable builders want your feedback to help build their reputation.



2) How long has the builder been in the building business?



Will the builder be for years to come? What happens when the development is complete. Will the builder be able to meet the warranty requirements? These are all great questions.

To help answer these questions it is important to determine if your builder is running a financially sound business. Did you know, it usually takes between three to five years to establish a financially sound business? Here are some tips to finding out whether a new home builder is on financially solid ground.

Researching Large Builders

For many large builder's this is an easy task since financial statements are available to the public since shares may be sold.

Researching Smaller Builders

With a smaller builder you're going to have to play detective but do remember that this can save you both time and money. Since a smaller builder's financial information is not easily available, your research requires that you:

- a) Contact the municipality offices and determine whether there have any liens filed against the builder or their subcontractors.
- b) Ask some of the subcontractors on the job or the builder's supply houses if the builder has a good reputation. Most people will gladly share important information with you such as whether the builder pays on time or who they believe builds a quality house.
- c) Contact the local Better Business Bureau and the Attorney General's office in your state. If you are comparing several different builders, request reports on all of them. Remember you want to eliminate all surprises.

IMPORTANT FACT: Beware if no one is willing to offer an opinion of a builder. Silence speaks volumes.



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3) What happens when something goes wrong with my new home? What is the process of fixing a problem?



The truth is that something will unfortunately go wrong with your new home. Excellent builders might guarantee their workmanship or their materials. As a new home buyer, you need to:

- a) Ask if work is guaranteed and whether it is insurance-backed in case the builder goes out of business. It is normally the case that if you choose or buy materials then they are your responsibility.
- b) Check on the warranties. Ask the builder about how they will "make it right" if you find something wrong in your home's construction. How long is the warranty good for and what does it cover? As well, your heating system, appliances etc. will also have warranties. Remember to ask about them.

c) Find out what kind of after-sales services the builder provides. Great builders **always** provide after-sales services that fix minor problems like a ding in the drywall or some paint touch-up. They usually respond quickly to their clients' requests.

Importance of the Walk-Through

Remember when you purchased your first new car? As soon as you drove it off the lot you were responsible for every part of the car from maintenance to insurance. When you are handed the keys to your new home, most builders will not warranty items such as landscaping, paint, or floor coverings. Pay Special attention to non-warranted items during your walk-through. Make sure the house is clean when you do your walk-through so that you can identify defects in any of these products and have them repaired prior to closing.

QUESTION: Ask for your Builder's Walk-Through Checklist? Is it thorough? What items are missing from the list?



4) Does the builder have sufficient workers compensation and general liability insurance? If not, you may be liable for any construction-related accidents on your premises.



Ask to see the builder's public liability insurance certificate.

Feel free to verify this information and determine your risks.

SIMPLY PUT: Inadequate Insurance = High Risk!



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5) Will the builder provide you with names of previous customers?

The more a builder attempts to hide the more you need to be cautious. A great builder is willing to answer each and every question. If you ask a builder to provide you with a list of references and they choose not to, then it's time to walk and consider another builder. Now if you do get a reference list, make sure you call a few people and ask more specific questions.

Don't stop though at just calling the references. They may be biased in their opinion. To improve your opportunity of getting an accurate picture of the new home builder it is imperative that you visit the new development that you wish to live in or visit a completed development of the builder. Consider doing this on a Saturday morning when home owners may be outside doing chores or errands. Introduce yourself and let them know that you are considering buying a home from the local builder who built their home. Now, don't just stop at one conversation but rather speak to several owners. You want to get a wide range of opinions in order to help you accurately understand the builder.



What to ask:

- a) What is one thing you like about the builder?
- b) What is one thing you dislike about the builder?
- c) What is one thing you like about your home?
- d) What is one thing you like about your community?
- e) What is one thing you would do different if you had to build a new home again?
- f) How were you the homeowner treated throughout the whole building process? Was the builder consistent in the way he treated you? Please explain.
- g) Were there any problems along the way? What were they? How were they corrected?

Most homeowners are more than happy to give you feedback on their experiences with a builder.

REMEMBER: Ask lots of Questions?



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6) Have you seen the builder's work, both completed and in progress?

Always check for quality of workmanship and materials. You want to avoid having to say something like, “My house has suffered damage, due to bad construction” or “The quality of the framing was horrible quality and trying to get the builder to redo the problems.”

Do yourself a favour. Do your HOMEWORK!

Check Model Homes

Look carefully at each model home you visit. Consider this, a new home builder created this home as a model, so what you see represents the best of the best. Take your time as you investigate every room of the house. Jump on the floor to feel how solid the construction is? Are there weird sounds that carry through the home as you stand still? How about when you walk up and down the stairs? How do the doors and windows fit and operate. When you visit the kitchen, are the drawers installed correctly?

Check Building Codes (When Actually Building)

Unless you are a State Registered Home Inspector you may need to consider enlisting the help of some reliable, outside, impartial advice. In fact, feel free to contact your local building inspector and get his/ her opinion on the builder. You should expect to find the following in a properly built home:

- FREE of defects, and in accordance with all applicable codes and regulations. You may require proof of such compliance (many jurisdictions issue Certificates of Occupancy) at the closing of your mortgage.
- Some construction elements are virtually unchangeable and MUST be completed properly the first time. Think FOUNDATION!
- Take your time as you watch for things that are not necessarily what you want and that you will not be able to change cheaply or easily. Question things that just don't look or seem right. Most of the time YOU will be right!

REMEMBER: Model Homes are the Builders Best of the Best!



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7) Are you able to communicate with the builder?

Since you will be in close contact with the new home builder throughout the construction process as well as afterward when you live in your new home you want to ensure that you can communicate with the builder. As you select a builder consider the following:

- a) Are they willing to answer your questions without hesitancy?
- b) Are they prompt in returning your phone calls or emails?
- c) Does the builder readily provide verification of documents that you request?
- d) What is the policy about visits to the job site? Are you welcomed with open arms or kept at a distance?
- e) Is the builder open to surprise visits?



The answer to each of these questions will truly communicate the level at which the builder is willing to interact with you on. If many of these answers is no, then the builder may be attempting to hide something.

Key Time for Visiting the Job Site (When Actually Building)

Visit the job site as frequently as possible. Key times include:

- a) Before Lot is Cleared: discuss house placing as well as grading
- b) Framing Stage: verify room dimensions, door and window locations, and to make sure floors, walls, and ceilings are plumb and square
- c) Mechanical Stage: verify plumbing, heating/cooling, and electrical outlets are in the right locations
- d) Surprise them!

IMPORTANT: Trust, but Verify Everything.



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8) Will the builder provide you with a complete and clearly written contract?

Once you have selected your builder, you are ready for the next step, that is, working out the details of your new home. Think contract here. The contract will benefit both of you so it is imperative that you review it carefully. But before you sign the contract, consider asking a lawyer to review it. If the home builder is a little bit squeamish about this, then it may be time to put a halt to the negotiations. Remember that you need to pull out all the stops to protect yourself and your investment.



Now contracts can be loaded with what we'll call "hidden land mines." Steve McLinden in an online article from May 2006 described it this way: "Like most contracts prepared by teams of lawyers for large companies, they're meticulously sculpted to give "the house" every edge possible. What makes the job of those lawyers easier is buyers who purchase directly from a builder who are not represented by an agent or lawyer and will thus sign on the dotted line without really knowing what they're getting into. Sometimes there are only inconsequential issues at play. But often, there are significant ones." (See <http://www.bankrate.com/brm/news/real-estate/20060520a1.asp> for more of the article and for ways a new home builder may attempt to deceive you).

IMPORTANT: Don't Sign what You Don't Understand!



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Additional Resources

Book

Home Building Pitfalls, **Published By:** HomeBuilding Pitfalls, Thomas, Lawrence, 2008, Pennsylvania

Helpful Articles on the Web

<http://architecture.about.com/od/buildyourhouse/a/buildyourhome.htm>

<http://business.ezinemark.com/understanding-your-residential-home-builder-s-contract-31e0153edb0.html#ixzz1B3AMozHk>

<http://www.realtyagentsites.com/blog/buying-a-new-home-negotiating-a-builders-purchase-contract/>

<http://www.bankrate.com/brm/news/real-estate/20060520a1.asp>

http://www.homebuildingremodeling.com/choosing_a_builder_what_to_ask_000390.html

<http://forum.freeadvice.com/homeowners-insurance-80/help-please-bad-builder-same-insurance-mine-401489.html>

<http://www.diychatroom.com/f19/home-owners-builders-risk-policy-denied-claim-45270/>

<http://www.newinhomes.com/articles/article.jsp?article=373>

http://www.homebuildingremodeling.com/choosing_a_builder_what_to_ask_000390.html

http://www.mybuilder.com/help/advice_on_hiring_a_builder

http://realtytimes.com/rtpages/20010212_best.htm



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