



newvision
REAL ESTATE

PRE START CHECKLIST FOR CONSUMERS

Everything You Need In Place To
Build Your New Home





BUILDING CONTRACT



A Building Contract is an important and legally binding agreement between two parties that outlines the scope of work, risks, duties, and legal rights of both the builder and the client.

There are two types of contracts that are commonly used by builders and they can have far reaching effects on the final price of your home.

Cost Plus Contracts

Cost plus contracts are where you as the client cover the cost of the build, materials, labour, licenses etc as they come up, and then at the end of the build, the builder adds their margin on top which can be anywhere up to 15% of the total build. In some States/Countries these types of contracts are illegal.

Cost plus contracts often lead to a higher contract price as there is no incentive for the builder to spend time sourcing the best price or negotiating a better deal. In fact, once a margin is added it is in the builder's interest to have a higher cost price.

Fixed Price Contracts

A fixed price contract is where you and the builder reach a fixed price before building has begun, and the builder is required to stick to that price. In this case the margin is built into the contract.

Which Type of Contract Is Best for You?

A fixed price is nearly always the best way to go for the customer.

For fixed price contracts, a builder needs to have every item planned, billed and accounted for along with timelines and relevant dates.

If a builder fails to meet his own set dates, or if there are any holdups then this costs the builder extra money and time to keep the site running.

Those extra costs are worn by the builder, which then eats into their profit, so there is extra incentive for the builder to be cost-efficient, well prepared and organised and make sure that everything stays at or below budget.





FINANCE APPROVAL



Pre-Approval

Having a loan pre-approval prior to signing a building contract will ensure you know exactly what size and style of house you can afford and what inclusions will fit in your price range.

A Construction Loan

When building a new home your finance needs are different to buying an established property. A construction loan is a specialised lending option for people building a home.

Construction loans are paid out in periodic progress payments at different stages of construction. The payments are usually made upon completion of five stages including slab/base down, frame up, lock up, fit-out and completion.

Letter Of Authority

Because a construction loan is paid in stages your bank or lending authority will need to provide a letter of authority to commence to your builder before work can begin. This provides assurance that the monies will be released in accordance with the builder's payment structure.

Peace Of Mind

Some lenders will send a valuer to check the work has actually been completed, and to an acceptable standard, before releasing the next payment. This can be a handy double-check measure for you!





CERTIFICATE OF TITLE

It is important to obtain a copy of the Certificate of Title for your block of land to check for the following:

- **Restrictions** recorded on the title that are likely to affect where you can build your house or other amenities (like a garage or swimming pool).
- **Land Covenants** recorded on the title. Covenants are normally imposed by the land developer to protect the quality of the building estate and may dictate or restrict the building materials you can use, the style and colour of the house exterior, the minimum size of the house and the time frame to begin building.

- **Boundaries and size of block** are clear and well defined to ensure you know where you can build and to avoid any issues with neighbors in the future. If there are any doubts, a licensed surveyor may be required to clarify boundaries prior to building.

You may also like to find out if there are any special by-laws, policies or planning aspects in the area or restrictions relating to the land.





SITE/CONTOUR SURVEYS



A site or contour survey is required prior to building to provide information on land levels, land contours, trees/vegetation and water and power services for accurate drafting of plans.

By examining a contour survey your builder will be able to assess the 'lay of the land' and provide

you with the best options for situating your home on your block and determine whether it may be necessary to erect retaining walls and remove or add soil prior to building.



SOIL TEST / ENGINEERS SITE REPORT

A soil test is performed by a geotechnical engineer to determine the reactivity of your land and what measures will be required to ensure that your foundations are engineered adequately to make your home stable and safe.

For example, a site that is typically comprised of sand and rock, is normally classified as stable and non-reactive, meaning that changes in moisture levels are unlikely to cause ground movement. On the other hand a highly reactive soil like clay for instance will be at greater risk of ground movement and will need a more suitable footing system to provide added stability and support.





CONSTRUCTION/WORKING DRAWINGS

Not to be confused with concept drawings that lack sufficient detail, for your home to be built and priced correctly, you must have detailed construction drawings containing all measurements.

Working drawings consist of the necessary details and information required to construct

your new home. A set of working drawings include: the floor plan, elevations plan, electrical plan, internal room layouts and site plan.

These working drawings will be used to apply for a Building Permit with your local council or authority.



ENGINEERING PLANS

Footing/Slab - A footings and slab plan will be engineered to suit your soil classification. The drawings will detail important information including which materials should be used to ensure your foundations are solid and secure.

Structural - A Structural Engineer's job is to ensure a weight bearing structure is capable of

handling the load placed on it. Your builder will rely on their advice to prepare your construction drawings and make sure your home complies with the relevant building codes.





SELECTIONS



One of the most exciting things about building a custom home is being able to make your own selections, like the colour of your walls, your bathroom tiles and even the kitchen taps.

Some selections need to be ordered in advance so if possible you should make your selection choices during the design stage.

Once a building contract is signed your builder will place hundreds of orders with subcontractors and suppliers in order to lock in pricing.

Making changes to your selections after signing a building contract can cause delays, as new orders have to be placed and delivery times may impact the construction schedule. To create a home that is truly unique to you think about all of the things you really want in your dream home as early in the process as possible.



ENERGY RATING

When building a new home you may need to meet minimum energy efficiency requirements. Your builder will ensure your new home has

the appropriate energy rating and certification by organising a BASIX certificate specific for your home.





DEVELOPMENT APPROVAL

A Development Approval (DA) authorises assessable development to take place. For instance if you want to deviate from the local planning scheme by building a duplex or

townhouse on a block of land that is only intended to have a single dwelling on it. Your builder will advise if a DA is required in your circumstances.



CONSTRUCTION CERTIFICATE

A Construction Certificate is required to ensure a building complies with relevant building laws.

Construction certificates require assessment against various building codes and regulations to address issues such as whether the building:

- is designed and constructed soundly
- has an appropriate degree of fire safety
- has adequate protection from pests
- is adequately sewered and drained
- meets energy and water efficiency standards

The builder will apply for the Construction Certificate on your behalf so you will need to sign a permission or authority to allow them to do this. Your builder will provide all necessary documentation including working drawings and relevant reports to ensure the local authority or certifier is able to issue an approval to begin the building process.





HOME INDEMNITY INSURANCE

Home Building Compensation Fund (HBCF) Insurance protects owners against financial loss, including loss of deposit and defective work because of death, disappearance or insolvency of the builder.

You should never pay a deposit to a builder until they provide you with a copy of the HBCF Insurance Policy for the home you are building. It is illegal for a builder to ask for a deposit until this policy is in place.



BUSH FIRE ATTACK LEVEL REPORT

If you are building in a Bushfire prone area, you may be required to get a Bushfire Attack Level (BAL) Report for your block of land.

Depending on the BAL rating, certain construction requirements and planning controls may impact your new home.



ACOUSTIC REPORT

If building near a main road or airport, you may be required to get an Acoustic Report for your new home. This report will state what construction methods need to be done to ensure noise entering your home is kept to an acceptable level.





A BUILDER YOU CAN TRUST

Building your dream home is one of the most exciting experiences for you and your family. Unfortunately, it's not always that way as we've all heard the horror stories of a nightmare building experience.

You need to find a builder you can trust as they will be able to organise most of what is included in this checklist or at least help you

through any questions you have during the pre-construction phase.

Ideally, search for a building company that handles design & build as they will be able to organise most of these reports for you while designing a home that can fit your budget.





WANT A PROFESSIONAL BUILDER TO TAKE CARE OF EVERYTHING FOR YOU?

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