

# *Sydney Renovations & Extensions Specialist*

## **The 8 Essential Things You Must know when you choosing your builder**



There are many builders out there, but not all are created equal. 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. If you want to build a luxurious home, it's important the builder is capable of this type of building. Ask to see examples of his work, references for the addresses of previous houses they have worked on, and ask the owners if they were satisfied with the results (i.e. Was it finished on time? Did they stay close to quoted cost? And most importantly, Was there good communication?).

8 simple must ask the builder questions to help you hire the right contractor for your project.



### **1. Are you a licenced builder?**

This is the first question you need to ask. ONLY EVER work with licenced tradesmen. If you're using a building contractor or tradesperson for services such as residential building, Electrical, plumbing, draining, gas fitting, air conditioning or refrigeration work (except plug in appliances) you should check that they have a valid contractor licence. Ask for the licence and check it out at [www.fairtrading.com.au](http://www.fairtrading.com.au).

### **2. What insurances do you have in place?**

Construction insurance can be a job by job cover or an annual policy, construction insurance covers the cost of the building up until handover to the owners. This is when you will need to take over insurance coverage so you are covered in case there is a fire, theft, vandalism, etc.

Home Warranty is required before any work commences. This insurance covers structural defects on the building for 6 years, however, the insurance company does not pay unless the builder is insolvent.



### **3. How much deposit do I need?**

Maximum deposit allowable by law is 5% and this will be in any home building contract. This question will check the integrity and knowledge of your builder.

#### 4. Do you have a quality control policy?

Most quality driven builders will have a structured plan for ensuring quality. This is always the priority.

#### 5. May I get a list of references from previous projects you have completed?

Take the time to read through references and check them. Look for a builder who has established good relationships and an underlying trust with their clients.

#### 6. When can we meet?

Select three builders with good credentials that specialize in [Renovations & Extensions](#). Make sure you can communicate freely with them, I can't stress this enough, communication is vital. Building can be a stressful time but if communication is open and honest this will alleviate much of the stress. Building an Extension or Renovating your home will take about one to one and a few months depending how complex and how difficult the site is, maybe longer. In order to reduce the stress, you must get along well and trust your chosen builder. You may find you want a particular builder from the start, which may make it harder to gauge their price against others. However, it can be very beneficial to work with the architect and engineer through the design process bringing you a complete service, with less stress and the added comfort of someone alongside you every step of the way. So when the builder is working with the designers they will have an in depth knowledge of modifying your dream home.

#### 7. What is included in your quote?

It often comes as a surprise how much quotes can vary from one builder to another. When you requesting a quote and when you compare them you need to make sure you provided the exact scope of works and you have been quoted for the same thing.

Bear in mind even detailed contracts often include clauses that allow for extra costs that can potentially run into the thousands or even tens of thousands of dollars. Be sure you go over every detail of your builder's quote before you sign a legally binding agreement.



#### 8. Do you have a contract?

There are a few variations of contracts and you should take the time to think about all options.

A few 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 if financed and you know what the price is. Drawbacks are if you think you want to change things as you go along, there will be variations to the price, which will



cost more than some 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.

**Cost plus a set margin on all expenses:** You will receive an invoice from the builder; generally every fortnight for the cost of all materials and labor, 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 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.

**Project management:** This is when the builder has a fixed price, for his services, which should include all supervision, organizing trades and materials, administration, and all of the builder's 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 and go over budget. This is fine as long as you are made aware that the expected costs for that item or trade have been exceeded. Your builder should provide all supporting invoices, so you should be paying trade prices (i.e. what the builder gets it for).

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