

CHOOSING A HOME BUILDER

Building a new home or remodeling your current home is one of the most expensive and unique endeavors most people will make in their lifetime. It is also one of the most personal purchases you will ever make. That makes it even more imperative that you choose a builder that is an accomplished craftsman and of high integrity. A critical component of building a home is finding a builder that is skilled at managing the team of subcontractors required to build a high quality house.

- One of the **most important aspects** to consider is the importance of forming a strong working relationship with your home builder. The best prospect is someone you like, trust and respect. You should not get involved with a builder you do not trust or are not comfortable with, regardless of how attractive the price, detailed of a contract, or promises made. Other important considerations are experience, craftsmanship, quality, competence, service, positive referrals and value.
- **References from other homeowners** the builder has worked for in the past few years is an excellent way to help determine whether this is a person you would enjoy working with and to get an objective perspective on how a particular builder is to work with. Local architects can also guide you to reputable builders.
- Make certain the builder is **properly licensed and insured**. It is also wise to check **credit references** on a builder. You can also review the inspection and building permit records for previous homes constructed by the builder. Look specifically for failed inspections or permit violations. Certainly, reputable builders may have a few minor items on the record; however, repeat violations or large-scale failures should raise a red flag. You will want to avoid the risk of inferior workmanship in your new home or remodel.
- Ask how long the builder has been building custom homes in the Shreveport-Bossier area. **Longevity** is an important indicator of work quality and customer service and your guarantee that they will stand behind their work over the long run and address any issues that may occur both during and after construction.
- Schedule a meeting with builders you are interested in and ask questions about how they choose subs, obtain bids, and request a sample copy of their contract. Ask the builder to arrange a **tour of a few recent projects**, if possible. Ask to tour **current building sites** so you can observe site conditions.
- When visiting finished homes, look for the quality of the construction features such as quality of finish details, cabinetry, trim work, paint & evenness of floors.
- Ask a builder how they are compensated and what **type of contracts** they engage in. Do they typically build using “Cost Plus” or a “Fixed Price” type contract? Do they have an “open book” policy? Does the builder share subcontractor invoices with the client? This is especially important in a “Cost Plus” contract.
- Never hesitate to ask any question you may have. A reputable builder will be happy to answer anything you might ask and address any concerns you have.

Should I competitively bid my project to several builders or negotiate with one builder?

Some view the competitive bidding process as a way to lower the cost of a project by forcing builders to cut overhead and profits in order to secure a contract. In reality, this process in residential construction is **intrinsicly flawed**. In a competitive environment, builders are forced to bid strictly within the guidelines of the architectural drawings which typically do not have the level of specifications (materials, means and methods) required to build. In many cases, builders will use lower quality materials, less expensive and lower quality subcontractors in order to achieve the lowest initial cost. This can result in an increased amount of change orders, a lower quality project, and potentially a very difficult building process that will ultimately cause frustration and disappointment.

Competitive bids can rarely be compared: each builder is calculating on a different level of quality, means, methods and service. It is virtually impossible to get an “apples to apples” comparison between two builders, and even if you could control most variables by having the home design highly detailed and all products selected, there are still differences in construction and material quality as well as customer service to be considered.

We believe the best way is to negotiate with a builder whom you have researched and trust will produce the greatest value in the long run. **Negotiating a contract** with a builder you trust will instill confidence on both sides of the table. In addition, a good builder can lend his expertise during the estimating process by suggesting quality material substitutions or adjusting processes that may lower the cost but do not decrease the quality of the project. In most cases, negotiating a contract with a reliable builder will result in the **same bottom line** as the competitive bidding process will without the potential negative factors (i.e. cost cutting measures that reduces quality of materials or sub-contractors or expensive change orders down during the building process when lower quality items are revealed).

The main difference between building a home and other major purchases is one commits to this purchase before it is finished. Unlike a product you can touch or test drive, your construction project is built after you decide to purchase rather than before. This is the challenge facing you when making the decision to create a custom home or do a major renovation. If you analyze most construction nightmares, you will find a common theme: the consumer was seduced by a low bid. This tends to result from the problem stated above.

Conversely, a high bid can create problems, also. You have to be willing to work hard to understand what is in the builder’s proposal. What is a fair price? What level of quality can you afford or are you willing to pay for? What kind of person are you dealing with? We encourage you to ask questions. The answers you get should help you understand the experience and lead to your ultimate satisfaction and joy in your finished project.

How can problems be minimized in a home construction project?

Create a realistic budget

In our experience, many homeowners design just beyond their desired budget. Set a budget, then set a contingency for overages and adhere to it. Budgets usually don't go over because of one item. They typically deteriorate incrementally. It starts with a \$100 extra here, and then a \$300 extra and before you know it, the project ends up with \$50,000 of extras. We recently read an article about a homeowner saying their late night table talk always started with "While we're at it..." It is best to expect and budget for the fact that you will most likely make changes and upgrades that will add to the final cost; it comes down to a personal choice of whether or not you choose to exceed your original budget and spend more than you originally planned. We have worked with a few clients that stayed close to their budget, but that is the exception rather than the rule.

Understand the Contract

Construction communication is centered on the architectural drawings and the contract specifications. Most homeowners are not comfortable reading architectural drawings. Make sure you have detailed specifications prior to signing a contract. The specifications should clearly outline the scope of work and are supplemental to the architectural drawings. Done in this way, it forces you and the builder to review the drawings and the scope of work and understand the project from both ends, broadening your knowledge and reducing miscommunication during the building process. Before the project begins, know what quality of materials your builder is planning to use in every aspect. Understand your warranties and guarantees. Know who is responsible when warranty problems arise and how long your warranty lasts. Understand important issues before you sign the contract.

Keep Accurate Records and Communicate

A reputable builder will keep thorough records of all meetings and conversations when it involves the details of how your home is to be built. Record keeping and written communication concerning decisions made also helps to prevent miscommunication with your architect/designer and builder. We try to follow up discussions on decisions or changes with an email to confirm that we all understand each other correctly. Documentation is not a guarantee, but it vastly improves the odds of success and helps clarify issues and decisions. Having a formal meeting with the builder (and architect if one is involved) every week or every 2 weeks is helpful. A formal meeting serves a valuable purpose in helping all those involved to communicate and address questions, schedule, and any problems. Meeting notes should be taken and sent to confirm conversations. The more discipline on the project the better the communication will be and in turn, leads to the best client understanding and satisfaction.