



# Shanahans

## family and property law

### THINGS TO LOOK FOR BEFORE ENTERING INTO A BUILDING CONTRACT

Building your own home is an exciting time. This information sheet sets out some guidelines on what you should consider before you select your builder and sign a building contract:

1. The most important thing that you can do is to do your homework on the builder. Ask to see other houses he has built. Talk to other owners about their experiences. There is a lot of information on the internet so “Google” your builder and his company. Check the Companies Office website and the Insolvency Services website to see if your builder has had any companies that have been struck off in the past or if he has been bankrupted.
2. Does your builder have the necessary level of registration from the Department of Building and Housing to oversee the work? Is the builder a Registered Master Builder or a Certified Builder (CBANZ)?
3. Check the price of the building contract. Is it fixed price or an estimated price? If they can't give you a fixed price – why not? Where possible you should try to get a fixed price contract which means that the builder will take the risk of price increases. This will also incentivise the builder to complete the job quickly to avoid overrun delays. If the contract is a fixed price contract you must check the specifications very carefully as any adjustment to these after the building contract has been signed may increase the final price. Does your price include Council fees, site works and landscaping?
4. The building contract should provide that the builder will apply for the building permit and apply for and obtain the CCC. Final payment should not be made until the CCC has issued. Owners often try to save money by doing works themselves but if you do this the builder will require you to apply for and obtain the CCC. Because of this, it can sometimes make sense to get the builder to do all of the works.
5. Make sure that there is a completion date in the building contract and that there is a retention of 10% of the total contract price.
6. All building contracts provide for a maintenance period. Generally if any problems arise during this period the obligation is on the builder to come back and fix these at no cost to you. This period can vary from 30 days to 12 months. You should negotiate for a period of at least 90 days – but the longer the better.

You can save a lot of money and a lot of stress by getting your building contract checked by your solicitor before you sign it – email [frances@shanahan-solicitors.co.nz](mailto:frances@shanahan-solicitors.co.nz) or [joy@shanahan-solicitors.co.nz](mailto:joy@shanahan-solicitors.co.nz) or call 827 2783 for more information.