

## Frequently Asked Questions

### **How do I select a custom home builder?**

During the course of construction you will have a series of important decisions. Selecting a builder that is right for you is one of the most important. Trust should be a large part of your decision. Do not get involved with a builder you do not trust, regardless of how attractive the price, detailed of a contract, or promises made. Other important considerations are experience, competence, service, positive referrals and value. It can be hard for a homeowner to recognize a good job from a bad one. It is best to visit previous projects and view their workmanship firsthand. Ask the builder and his past clients the tough questions. How they answer them will give you a good idea of how the builder will respond to you during the construction process.

### **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, the process in residential construction is intrinsically 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 material, 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. Competitive bids can rarely be compared: each builder is calculating on a different level of quality, means, methods and service.

We believe in negotiating with a builder whom you have researched and you trust will produce 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 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.

### **How do I analyze competitive bids on home construction projects?**

Despite our belief that negotiating a project is the best practice, JLC Fine Homes frequently works with architects and homeowners through the competitive bid process. Working with multiple builders through scopes, line items and plan changes is also not a process to be taken lightly. It is time consuming and challenging work. When the drawings are distributed to the bidders, detailed specifications must be given to all the builders' outlining the materials, models, guidelines, suppliers, means, methods, installation process, time-line, and any other special requirements you may have for the project. Each builder should then be required to provide itemized costs associated with the scope of work and their total bid price. This process will give the owner or architect the best shot at comparing the major line items in the bid and understanding the builder's proposal. Never choose a builder based on price alone. Even in a thorough competitive bid process, choosing a home builder should never be based on price alone.

### **Why do so many people have home construction nightmares?**

For most people, renovating their current home or building a new home is one of the most expensive endeavors of their lives. The main difference between other major purchases is one commits to this purchase before it is finished. Unlike a product you can buy and touch or test drive, your construction project is built after you decide to purchase, not before. This is the challenge in 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 lead to the problem we stated above.

Conversely, a high bid can create just as many problems. 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? What kind of person are you dealing with? We encourage you to ask questions. The answers should help you understand the experience and lead to your ultimate satisfaction.

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### **How can I minimize the problems associated with a home construction project?**

#### **CREATE A REALISTIC BUDGET**

If you are planning a \$300,000 renovation, you are probably designing a \$395,000 project. If you are planning to build a \$3 million dollar home, you are probably designing a \$4 million dollar estate. People dream about homes just beyond their budgets. 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 ends up with a \$50,000 extra there. A client once told me their late night table talk always started with "While we're at it." We remind our clients and friends that nobody is forcing them to make changes or upgrades; it comes down to a personal choice of exceeding their original budget. If you choose to spend more than you planned, just understand that it will increase the cost of the project.

#### **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 your builder provides detailed specifications prior to signing a contract. The specifications should clearly outline the scope of work. They are supplement 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 your builder is charging you for. Understand how subcontractors charge the builder. Understand who pays for what if something goes wrong. Understand your warranties and guarantees. Know who is responsible when warranty problems arise. 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. Likewise, you should keep a journal of decisions made and open items being tracked. Record keeping and written communication concerning decisions made also helps to prevent miscommunication and create a better experience for the client. Communication with your designer and builder is a lot of work. You are communicating ideas and feelings which the other person is hearing through their own filter. They may be nodding, but that doesn't mean they fully understand. Documentation is not a guarantee, but it vastly improves the odds of success, as well as creating a paper trail if things go wrong. "Don't you remember when I told you," is not very persuasive when you are discussing who owns the oversight. Having a formal meeting with the builder (and architect if one is involved) every week or every other week is helpful. A formal meeting forces people to communicate and address questions, schedule, and any problems. Meeting notes should be taken and distributed. The more discipline on the project the better the communication will be. JLC Fine Homes makes meetings and record keeping a priority. This leads to client understanding and satisfaction.