

Building Your New Home

Step-by-Step

There are several steps to the home building process, once you've selected the builder and designed your home.

The Contract

As a legal "Agreement of Purchase and Sale," the contract establishes the terms and conditions of your purchase, but there is no standard or required contract form. Your builder may start with one of their own forms and work through it with you, or simply offer one already written-up. In any case, you will probably want your lawyer to review the final document.

It will contain the lot, the model, your selected upgrades, the sale price and financial terms. It will also cover your restrictions and obligations:

Rights of way (easements registered against the lot)—is there a fire hydrant or an electrical box on your lot?

Subdivision requirements—for example there may be restrictions on parking trailers or boats, installing a satellite dish, or even for how many or what types of trees you may plant. Municipal bylaws may cover such things as running a home-based business, owning storage buildings or an in-law suit.

Your offer

Once the contract is completed and you sign it, you have legally agreed to buy the new home and accepted the terms and conditions. After the builder accepts and signs the offer, it becomes binding to both of you. The reverse is true if the builder gives you an offer that you accept and sign.

Similar to making offers on older homes, offers may be made conditional and with a deadline by which it must be accepted or is nullified. But before signing, take your time to review everything, make sure nothing is omitted and that all related schedules are mentioned and attached.

It's also a good idea to have your offer conditional upon your lawyer reviewing and accepting the contract first. Bringing the lawyer in any earlier may be a waste of money if you can't reach a deal with the builder.

Sometimes the negotiations can be long, involving several counter-offers, other times an agreement will be reached quickly. Be patient while you come to an agreed price and mutually acceptable terms. Then take the contract to your lawyer for approval before signing it. When the deal is sealed and signed, you will make a deposit.

All conditions on both parties must be met or waived by their respective deadlines. For example, if the builder accepts your offer conditional upon financing by a certain date and you fail meet this, then the contract is no longer valid and your deposit will be returned.

Your lawyer

Begin looking for a lawyer early. Referrals are a good start, or consult the bar association. Get an estimate of costs ahead of time to have your lawyer:

- review the contract
- advise you during negotiations
- ensure the property title is clear
- prepare, scrutinize, and execute documents, deeds and the mortgage to transfer ownership
- register the change of property ownership

Contract Review

Before signing, go through the contract with your builder, item-by-item to help minimize errors, omissions, and misunderstandings. Ensure:

- there are no spelling errors, especially of names
- you understand what's included in the base price and what is an added-cost upgrade

- accuracy of the description of the home (lot, model, lot orientation, elevation).
- all attachments or schedules (site plans, drawings, specification/upgrade lists, etc.) that are part of the agreement are referred to in the main contract document.
- there are no missing attachments.
- all upgrades have been documented accurately (model, brand name, size, colour, price) and what credits are made for standard items that are being upgraded.
- who the new housing GST tax rebate is assigned to (if your home qualifies)
- there is provision for what happens if you go over or under budget.
- the builder's refund policy is stated
- third-party deposit warranty is described in the contract
- proof the builder has liability and worker's compensation coverage if you already own the land you are building on
- method of payment is stipulated (e.g., a description of your mortgage amount, interest, and terms.) If conditional on financing, this and the deadline must be clearly stated along with what happens if the application fails—for example the contract is void and the deposit will be returned in full.
- payment schedule is itemized from the initial deposit upon signing, any additional payments as any remaining conditions have been met, construction advances that may have been negotiated, and the final amount due on closing.
- all conditions are included and very clearly spelled-out (may include the successful sale of your current home, contract review and acceptance by your lawyer, etc.)
- builder gives you a receipt for the deposit and there's a copy attached to the contract.
- the closing date is stated
- how any delays will be handled
- the date by which the builder must respond to your offer before it becomes invalid

Record Keeping

Obviously, there's a lot of paperwork involved in building a new home. Keeping organized records of everything from start to finish will help ensure everything goes smoothly. Here's a list of items to get and keep in your file system:

Research stage

- brochures of builders, model floor plans
- budget calculations of what you can afford

Planning stage

- estimates from builders, insurance companies, movers, lawyers, landscapers, mortgage co's etc.

In the beginning

- application for mortgage pre-approval
- pre-arranged mortgage confirmation certificate

During negotiations

- the contract with your home builder
- contract condition fulfillment/waivers

Before construction

- certificate of third-party warranty

During construction

- order changes/contract amendments

After closing

- mortgage/financing documents
- your deed

Also, throughout the process it's best to keep track of all conversations, meetings and correspondence.

The Building Begins

Building a new home is a massive project with many steps along the way. You have many decisions to make at different times. Every project and every builder is different, but the following rough outline will give you an idea of the process.

Engineering

Your construction site's water table and weight-bearing ability will be tested before your plans are developed and submitted to the municipality to get the required permits such as building, electrical, plumbing, and septic or sewer.

Laying the Foundation

The land is staked-out for the house and the ground is excavated, usually reserving the topsoil to use it somewhere else. Footings that will support the foundation are made and utilities such as water, electricity, telephone and cable services may be brought in. The foundation is built, insulated and protected from dampness. Drainage is installed and the work so far may be inspected by a municipal officer before the area is filled.

If you haven't started already, your builder may ask you to begin making choices about your cabinets or flooring because it takes time and you don't want delays due to late delivery.

Framing the House

The frame of the building is constructed, followed by the wall partitions and the roof. The sooner the roof is erected, the better to minimize damage below it during construction. These days, instead of building trusses onsite, they usually arrive ready to install. Windows and doors go in next, and there's an urgency to get the whole structure sealed and contained to shelter it from the weather.

Then the basement floor is built and the electric, heating, cooling, ventilation, and plumbing systems are brought in, which will be inspected to ensure they adhere to the building code requirements.

Interior and exterior

There's a lot of work to do inside and outside over the next several weeks, some of it taking place simultaneously. This will be a busy time, with lots of contact with the builder as the finishes are selected and installed. Keep available and updated on the progress and deadlines.

Inside—After the insulation and vapour barriers are installed there may be another inspection before the drywalling the interior. Fireplaces and heating and cooling systems are installed or completed. Walls and ceilings are painted, the floors laid, cabinets and fixtures are installed. Stairs and handrails are built. Plumbing and electrical

fixtures are installed, and interior doors and trim go in. There will probably be more inspections of this work.

Outside—Siding, eavestroughs, porches, decks, driveways and walkways are done.

During construction, ideas and opportunities may arise that you want to take advantage of, and you may want to change some options or finishes. Accommodating builders will try to meet your wishes, but bear in mind that even apparently small changes may have big impacts on construction, cost or scheduling. Contract changes will cost. Be sure to track and document, and get all order changes signed by you both. Establish ahead of time how and when you will pay for changes.

Finishing-up

The project winds down with the finishing touches and clean-up.

Inspection

Usually a few days before you take possession, you will walk-through the whole house with the builder to check and approve everything. This is for your satisfaction, to become acquainted with the house and its systems, and is required for the new home warranty.

During inspection anything that needs attention will be noted. Be sure to point-out even minor ones as this is your last chance for any corrections. As much as possible will be dealt with before you move in; anything else will be quickly handled later.

Taking Possession

Your builder will calculate the final closing payment, including any adjustments or changes you agreed to, you will sign a certificate of completion and possession, (which be sent to the third party warranty provider), and you will be handed the keys to your new home!