



Notice to Students

Approved School

At Ease Real Estate School is an approved real estate school through the Georgia Real Estate Commission (License #8013). License renewal date is 12/31/2025.

Course

"New Construction Know-How" is a 3-hour, continuing education course. Course Code 77801.

Attendance Policy

- Sign In
- Stay Till the End
- Sign Out

Prohibition of Recruitment

"No recruiting for employment opportunities for any real estate brokerage firm is allowed in this class. Report promptly any effort to recruit on behalf of a brokerage firm by anyone including a fellow student to John Battaglia, School Director at 770-765-6869 or the Georgia Real Estate Commission."





Our Goals for Today:

- Learn how to provide exceptional value to clients who are interested in purchasing a new construction home.
- Become familiar with the typical construction process for residential homes and the most common challenges or frustrations faced by home buyers.
- Gain a better grasp on how to protect your buyers when it comes to builder contracts, inspections, and warranties.



New Construction:

1. The Opportunity
2. Different Types
3. Commissions
4. Contracts
5. Building Process
6. Inspection Process
7. Warranties



New Construction:

1. The Opportunity
 - Buyers Need You

Why would someone need an agent to buy new construction?

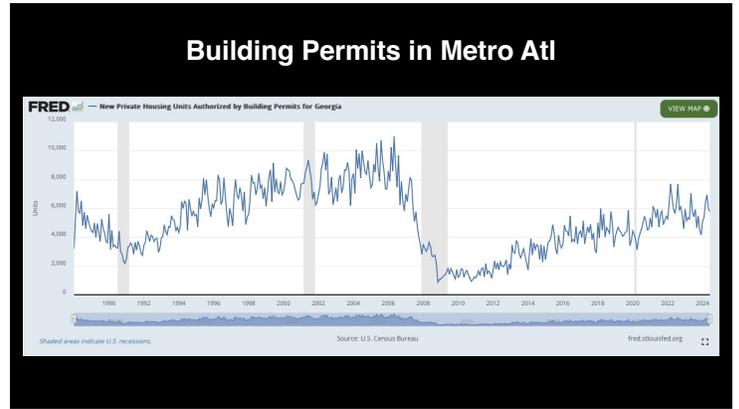


Why would someone need an agent to buy new construction?

- Setting Expectations
- Finding a builder/community
- Builder's contract
- Inspections
- Walkthroughs
- Warranties

New Construction:

1. The Opportunity
 - Buyers Need You
 - Big Slice of the Pie



Housing at its Core

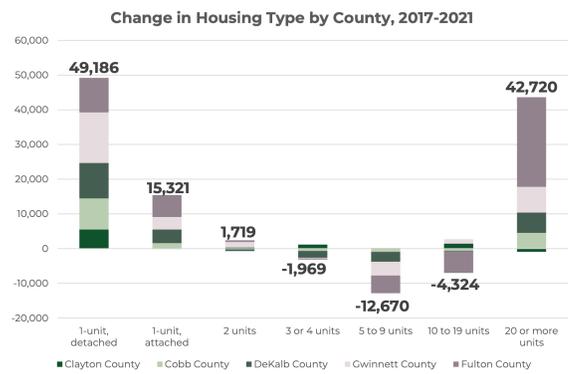
Residential Affordability in Atlanta's Five-County Core Area

2023 Update to *Affordable Atlanta* (2018)

Presented by: **KB** ADVISORY GROUP

Presented for: **ULI Atlanta** Livable Communities Council (LCC)

November 2023

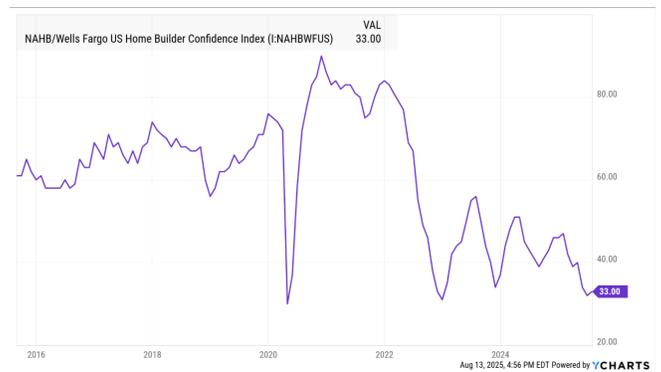


The Need for New Construction



The Need for New Construction

- 1.8 million new residents projected in next 25 years by Atlanta Regional Commission



"Rising inventory levels and prospective home buyers who are on hold waiting for affordability conditions to improve are resulting in weakening price growth in most markets and generating price declines for resales in a growing number of markets."

- Robert Dietz, NAHB's chief economist

New Construction:

1. The Opportunity
 - Buyers Need You
 - Big Slice of the Pie
 - Builder Incentives



AGENTS ROCK INSIDER

THE REAL DEAL SALES EVENT IS ON: UP TO \$100K IN SAVINGS.

Your clients can take advantage of the lowest prices of the season on select new homes across Metro Atlanta. But before we go live to the public on August 15, we are giving our agent partners the first sneak peak of huge incentives that you can present to your clients.

Here's what you can offer to your clients right now:

✓ From August 15-17, enjoy up to \$100,000 in incentives on select homes in Metro Atlanta. Important T&Cs Apply.

✓ Plus, you can earn an additional \$3,500 on any homes sold on this list.

Reach out to your Meritage Homes sales contact or call [404.282.5315](tel:4042825315) to reach a member of our team.



**241 MARTIN SPRING ROAD
LAWRENCEVILLE, GA 30045**

5 Bed | 3 Bath | Approx. 2,674 Sq. Ft.
Chatham Floorplan at Martin Springs - Estate Series
AVAILABLE NOW

~~\$563,785~~ \$499,990
\$103,795 in savings!



**2214 GRAPE VINE WAY
BRASELTON, GA 30517**

5 Bed | 3 Bath | Approx. 2,674 Sq. Ft.
Chatham Basement Floorplan at Vines at Mill Creek - Estate Series
AVAILABLE NOW

~~\$674,980~~ \$596,980
\$78,000 in savings!

The *Design* You Love.
Two Ways To Make It Yours.



READY-TO-BUILD:

1% BELOW-MARKET RATE
LOCK* & UP TO \$100,000** IN
HOMESITE SAVINGS

MOVE-IN READY:

3.99% INTEREST RATE, \$7,500
IN CLOSING COSTS & AN
APPLIANCE PACKAGE***

**But can you make money
selling new construction?**



D-R-HORTON
America's Builder



**It starts at 3.5% real estate agent
commission and only gets VIP from there!**

JOIN OUR VIP AGENT PROGRAM

Real Estate Agents! Close three or more homes within a calendar year and you will become a VIP Agent for that year!

This earns you an extra 1% commission* on all closings and up to \$1,000 towards closing costs for your buyers with DHI Mortgage™.



To become a VIP Agent today - speak with a New Home Specialist to learn more.



New Construction:

1. The Opportunity
2. Types of N.C.

4 Types of New Construction?

- Tract / Production
- Spec
- Semi-Custom
- Custom



Tract / Production Builders

- Buy large tracts of land, build subdivisions.
- Typically offer a choice of 3 floor plans
- Avg cost: \$200-350 sq ft
- Time: 3-9 months
- Examples: D.R. Horton, Pulte, Lennar

Tract / Production Builders

Pros?

- **Affordability:** Bulk materials + streamlined process = cheaper price
- **Speed:** Average ~ 6 months
- **Predictability:** can be good for those not into making a ton of design decisions.

Cons?

- **Limited Customization:** might only be able to choose from a few pre-selected options for finishes and upgrades.



Spec

- Projects are typically “speculative” in nature, meaning they buy land without a buyer speculating that they can later sell the home.
- Often purchase a small piece of land, build one or two homes on it and then list for sale.
- **Time:** Already completed.
- **Wide range on cost:** \$200-\$500 sq ft

Spec

Pros?

- Flexible pricing if home has been sitting on market

Cons?

- Lack of customization



Semi-Custom

- Offer a range of base floor plans but allow for modifications and personal touches.
- Cost: ~ \$200-\$400 sq ft
- Examples: Kerley Family Homes, Toll Brothers, Brock Built, Fischer

Semi-Custom

Pros?

- **Customization:** start with a base plan, freedom to make changes.
- **Time Efficiency:** generally more affordable and faster to build than fully custom homes

Cons?

- **Cost:** More customization can mean higher costs compared to track homes, so it's important to keep an eye on your budget.



Custom Homes

- Fully customized, built to buyer's specifications.
- Buyer hires architect to design
- Buyer may already own land or buy land from builder
- Cost: \$300-\$800 sq ft (not including land)

Custom Homes

Pros?

- Complete Customization: Buyer can design their "dream home" exactly as they want it.

Cons?

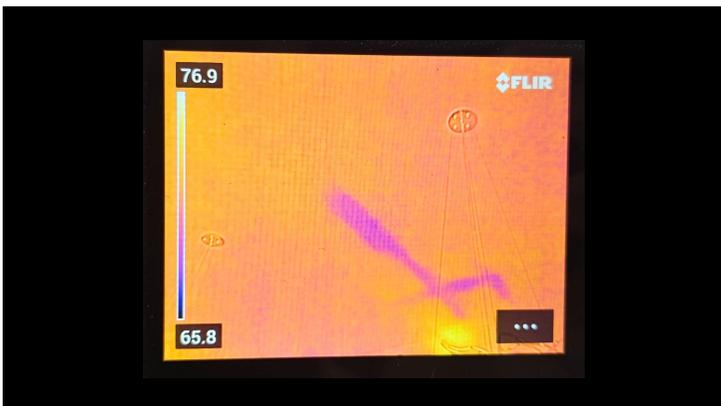
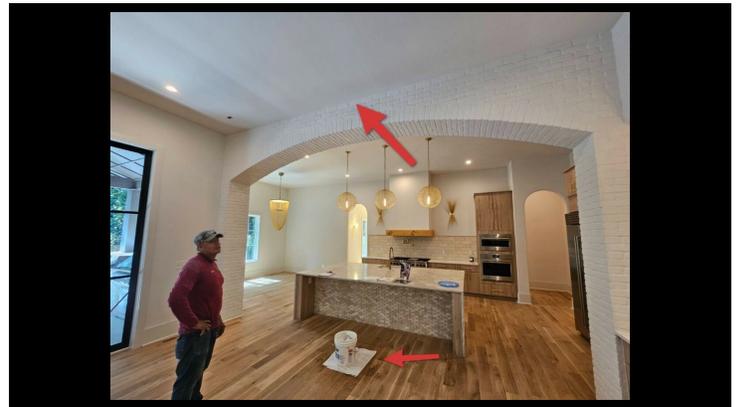
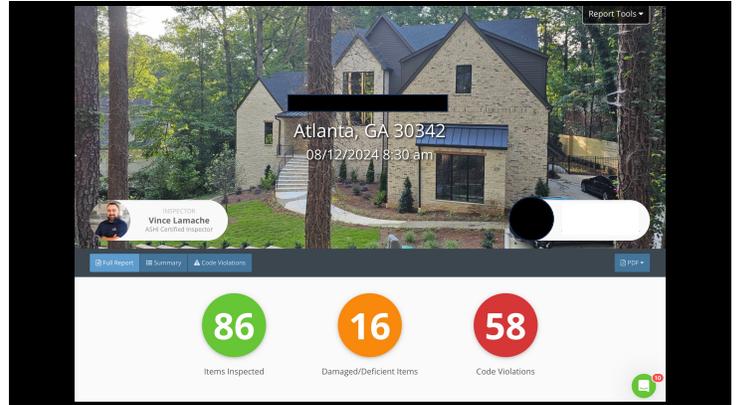
- Cost: Most expensive option (plan to go over budget)
- Time: Every detail is designed and decided upon, which means the process will typically take much longer.
- Complexity: Having to make every decision can be wearisome and overwhelming.

Which has the highest quality?

- Tract / Production
- Spec
- Semi-Custom
- Custom



- Custom Build
- ITP
- 9,000 sq ft
- ~\$3.8 million



Which has the highest quality?

Quality primarily depends on who is supervising the subcontractors.

For which type of new construction are you most likely to represent a buyer?

- Tract / Production
- Spec
- Semi-Custom
- Custom

Top 5 GA Builders by Volume

1. D.R. Horton (Everywhere, 62 Communities, \$290k-\$900k)
2. Pulte (Everywhere, 32 Communities, \$350k-\$1.2m.)
3. Lennar (OTP, 17 Communities, \$275k-\$1m)
3. Smith Douglas (OTP, 22 Communities, \$200k-\$400k)
4. Ashton Woods (Everywhere, 10 Communities, \$250k-\$900k)
5. Meritage (OTP, 20 Communities, \$300k-\$700k)



D.R. Horton will gladly pay a referral fee to your real estate broker (if any) if your broker accompanies you on your first visit to the community and your broker registers you as his or her client during that first visit. If today is your first visit, that means your broker must register you today. Please see our Agent Registration and Referral Fee Agreement for complete referral fee qualification terms.

Tip From Builder's Agent:

"A LOT of prospects will ask if they don't use their agent if they can get a discount because unfortunately some builders do that."

"I will tell the prospect that my company spends a lot of money "courting" other Realtors. We have luncheons, open houses, etc. to get them to be involved in our subdivision and I don't take that lightly. We need other Realtors and if we were to cut out one, they would go back to their office and tell everyone."

How to avoid losing commissions?

- Buyer Brokerage Agreements should help with this.



New Construction:

1. The Opportunity
2. Types of N.C.
3. Commissions
4. Contracts

GAR CB22

Protect Yourself When Buying a Home to be Constructed



2021 Printing

This brochure was prepared courtesy of the Georgia Association of REALTORS® to help buyers with the new construction home buying process. The recommendations herein are general in nature and are not intended to be exhaustive. Some of the recommendations may not apply to specific properties. Buyers are encouraged to consult with experts and professionals of their own choosing to ensure that they are protected in buying a new constructed house.

Get Your Financing Together: Few builders will construct a new home for a buyer until the buyer has arranged financing to purchase the home (unless the buyer is paying cash). Normally, the builder will give the buyer a short period of time to verify that he or she has the financial ability to purchase the property. After this time period is over, the purchase contract is no longer subject to a financing contingency. This means that if the buyer's financial status changes and the buyer can no longer afford to buy the house when it is completed, the buyer will be in breach of contract and will likely lose his or her earnest money and other construction deposits if the buyer does not close. While this may seem harsh to some buyers, not buying the home can cause significant financial hardship to the builder since the builder's money is tied up in the house until it can be sold to someone else.

Having a new home built is a dream come true for most home buyers. It is a chance for the buyer to have input into the design of the house, select building materials and finishes that are just what the buyer wants and end up with a home that uniquely reflects the buyer's taste and

Contracts: Lot Placement and Selection

"Seller may choose to relocate the Buyer's choice of Lot location prior to the beginning of construction for any reason at seller's sole discretion. If Buyer has paid for an additional premium for a larger lot, then seller shall credit the difference in lot price to buyer at closing."

Contracts: Plans

- "The Home will be constructed or completed in substantial conformance with the plan named above. Plans are the property of Seller or Seller's architect and shall be maintained at Sellers' office."
- "Buyer acknowledges that they have no ownership right in the plans."
- "Seller makes no representations or warranties about the quality of the plans."

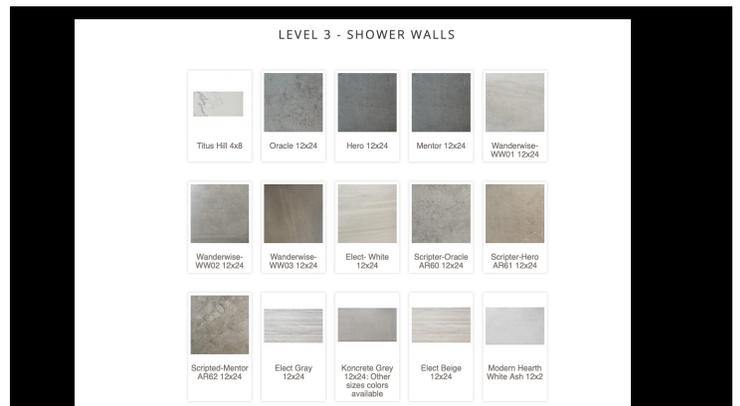


Contracts: Plans

- “The Seller specifically reserves the right to make changes in the plans and specifications and to substitute building materials, appliances, equipment, and fixtures as may be necessitated by the availability of materials, colors or brand names... or other situations which in the Seller’s sole judgment requires such changes.”

Design Selections

“Seller reserves the right to approve or deny any of the buyer’s selections. If seller deems any item(s) or color(s) to be custom or to not appeal to the masses, seller may deny the installation of the item(s) and/or color(s) at the sole discretion of the seller or require 150% of the cost of the item(s) and/or color(s) to be paid as non-refundable options money.”



Tips From a Builder:

- Be sure your client is clear on what all is included in the price of the house.
- Be clear on what deposits are non-refundable.
- Who is paying for appraisal gaps?

Contracts: Change Orders

“Buyer acknowledges there are two types of Change Orders: 1. Seller Initiated and 2. Buyer Initiated. Seller Initiated Change orders may be required due to product discontinuation, material availability, or other unforeseen factors with resources or site conditions. When this occurs there will be no Change Order Fee assessed to the Buyer. ALL Buyer Initiated Change Orders will incur a Change Order Fee of \$300 [other builders up to \$1000] payable at the time the Change Order is signed. Therefore it is highly recommended that all final selections and decisions are complete as part of the Design Selection Process.”

Contracts: Arbitration

“Buyer’s sole and exclusive remedy against Seller is final and binding arbitration as described herein and Buyer hereby waives any rights it may have to litigate any matters pertaining to the Agreement or in any way arising out of the purchase or construction of the Property.”

Contracts: Price Escalation

“Buyer and Seller agree that if Seller experiences a \$2,000 or more increase in the costs of material or labor to be used in the construction of Property, Seller may request an increase in the purchase price of Property. Buyer shall have the right to refuse the increase, and Seller shall cancel Agreement if Buyer refuses the increase. Buyer agrees to accept or reject the price increase within five (5) calendar days of notification to Buyer or Buyer's agent. If Buyer does not agree to accept price increase or fails to respond by the end of the notification period, Seller shall cancel Agreement.”

Change Orders

“Seller shall have the right to refuse to make any requested Change Orders and any such refusal shall not be a basis for Buyer not performing his or her obligation hereunder.”

“Seller shall not be responsible if appraised value does not reflect the amount paid in the Change Order. In the event the appraised value is less than the purchase price, Buyer agrees to pay the purchase price of Property.”

Arbitration

Binding arbitration means that, instead of suing in court, the parties agree to resolve disputes only by arbitration. You are waiving the right to a proceeding in a court of law and the right to a trial by jury. The arbitrator’s decision is final and binding...

Contracts: “Disparaging Remarks”

The Buyer specifically agrees not to (directly, indirectly or in concert with any third party) initiate or have any conversation or communication (orally or in writing) with any person or entity in any way in which Buyer shall make any disparaging remark or comment concerning any of the Seller Parties, including but not limited to comments concerning the quality of any of their products or their integrity as a contractor or builder.

Contracts: “Disparaging Remarks”

In the event of a breach of this paragraph of the Agreement by the Buyer, it is expressly agreed that any of the Seller Parties shall have the right to any and all of the following:

- (i) obtain injunctive relief under this Agreement and/or
- (ii) pursue a claim against the Buyer for monetary damages. For the purposes of this subparagraph
- (ii) each separate statement, comment or filing by the Buyer shall be deemed a separate and independent breach, distinct from any prior or later separate statement, comment or filing.

Contracts: Completion

“Substantial completion shall be defined as the date on which a certificate of occupancy, temporary certificate of occupancy or final inspection certificate covering the Property has been issued by the applicable governmental agency. The closing date listed above is only an estimate. Seller shall establish the closing date by written notice to Buyer at least fifteen (15) days in advance of the closing date, time and location.”

Contracts: Completed Homes

“If purchaser is buying a completed or partially completed home, purchaser understands that all shrubbery, trees, furnishings including, but not limited to, light fixtures, faucets, ceiling fans, refrigerators, freezers, personal property being used to display in home, decorative items, and washers and dryers are not included in the sale.”

New Construction:

1. The Opportunity
2. Types of N.C.
3. Commissions
4. Contracts
5. Building Process

Interaction With the Builder

The amount of interaction between builder and home buyer will depend on the type of construction.

Production builder = little interaction

Semi-Custom = more interaction

Custom = more interaction

Ultra High-End Custom = no interaction



[Do we meet with the builder at any point during the process?](#)

If applicable, based on your purchase of a to-be-built home or an inventory home, the following meetings may be scheduled with your builder: a Pre-Construction Orientation, a Pre-Drywall Orientation, and a Homeowner Orientation to help you get acquainted with your new Ashton Woods home prior to closing.

Production Builder Client Interactions

1. Pre-Construction Orientation
2. Pre-Drywall Orientation
3. Homeowner Orientation
4. (11-Month Warranty Walkthrough)

Visits to Property

“Visits to property during construction: Due to hazardous conditions on property, Buyer shall not be allowed on the property for any reason, at any time, without a scheduled appointment approved by seller. Should buyer go onto the property or enter the dwelling without a scheduled appointment, buyer shall be fined \$300 per occurrence. This shall be documented by the seller and/or seller’s representative and billed to buyer accordingly for immediate payment. If unpaid after 10 business days, at seller’s discretion, seller may require payment at closing or terminate contract and retain all earnest money, upgrades money and /or options money paid to date.”



Tip From a Builder:

“Quality is iterative.”



Encourage your clients to let the builder (and subcontractors) do their job.



Tips From a Builder:

“Best way to approach a builder? Maybe start with something like this: ‘I’m sure we have the same interest in mind...’ ”

3 Phases of Construction

Phase 1: Permits, sitework and foundation

Phase 2: Framing, roof, and roughed in utilities

Phase 3: Insulation, drywall, fixtures, finishes, etc.



1. Pre-Construction Orientation









New Construction:

1. The Opportunity
2. Types of N.C.
3. Commissions
4. Contracts
5. Building Process
6. Inspection Process

Quiz: Types of Inspections?

1. Builder QC Inspections
2. Municipal Inspections (County/City)
3. Private Inspections
4. Blue-Tape Walkthrough

1. Builder QC Inspections

- Experience of the “builder”
- How many houses going at the same time?
- Separate QC department?
- Subcontractors: length of relationship, reps, etc.



THE COMPLETE PULTE HOMES' BUILD QUALITY EXPERIENCE™

1. **INTRODUCTION** 1-4
This is when you meet your Pulte Field Manager, your point throughout the experience. He or she will give you everything from our site location and options, to establishing a communication plan that works for you.
2. **FOUNDATION INSPECTION**
Your Field Manager will inspect your new home's foundation to make sure everything is off to a great start. After that, the local municipality will give conduct its inspection of the foundation.
3. **FRAME INSPECTION**
Next, your Field Manager inspects your home's framing, with an eye for sags, bows or any irregularities.
4. **PRE-DRYWALL INSPECTION**
Then it's time to review your home's insulation, plumbing, electrical and mechanical installations, and confirm that all the mechanical options have been included and properly installed.
5. **ORIENTATION** 1-4
Before we get up the driveway, you will be given a guided walk-through to review your home's mechanical systems that will need to be reviewed. It's also your first chance to really envision what the actual living space will be like.

6. **BUILD QUALITY INSPECTION**
This is the stage right before final completion of your home. At this stage, your Field Manager reviews the components in your home. This is your Field Manager's final verification of the quality of your newly completed home.
7. **CONFIRMATION**
After your Field Manager's final inspection, a Pulte service representative performs an additional quality review.
8. **CELEBRATION** 1-4
Your new home is ready to move in and it's time to Celebrate! This is also when you will learn all about your new home. You and your Field Manager will celebrate with a tour of the entire house to examine the quality and care that is built in.
9. **YOUR EXPERIENCE FEEDBACK**
After closing, you'll have an opportunity to give feedback on your home and homebuilding experience. We care about your opinion and stand behind what we build.
10. **FIRST YEAR FEEDBACK**
After you have lived in your new home for one year, we will ask for your repeat feedback based on your living for the year. This is how we constantly improve our homes and the Pulte Build Quality Experience.



2. Municipal Inspections

“Why would I hire an inspector if the county is already going to inspect everything?”

Enforcement of building codes will vary widely based on the city/county.

County Inspections (Fannin)

1. Footing/Foundation/Slab
2. Rough Inspections
3. Electrical Final
4. Final Inspection

2. Municipal Inspections

- Do not cover the entire house

County Inspections (Cherokee)

1. Erosion Control & Set Back
2. Temporary Power Pole
3. Footing/Foundation
4. In Slab Plumbing
5. Slab / Floor System
6. Bracing / Sheathing
7. Deck Footing
8. Rough Inspections
9. Temp to Perm Power
10. Insulation Inspection
11. Final Inspection



3.3.3 Trim & Flashing

FLASHING - TOP EDGE EXPOSED/UNSEALED
FRONT SIDE



Top edge of the roof flashing on roof section over the front entrance is exposed - this can allow water to leak behind the flashing. There was also a hole in the water resistive barrier (Zip System Sheathing) at this location. It appears that a trim piece may need to be installed to cover the top edge of the flashing.

("The exterior wall envelope shall be designed and constructed in a manner that prevents the accumulation of water within the wall assembly by providing a water-resistant barrier behind the exterior cladding as required by Section R703.2 and a means of draining to the exterior water that penetrates the exterior cladding." IRC R703.1)



10.2.1 Showers / Tubs

SHOWER PANS IMPROPERLY SLOPED
UPSTAIRS BATH



Showers floors in all tile showers did not have a proper 2 percent slope to allow for effective drainage of water. International Plumbing Code 421.5.2



Are municipal inspectors liable for missed inspection items?

No.

2. Municipal Inspections

- Do not cover the entire house
- Often under-staffed

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- Do not cover the entire house
- Often under-staffed
- May be outsourced to 3rd party

2. Municipal Inspections

- Do not cover the entire house
- Often under-staffed
- May be outsourced to 3rd party
- Might have other interests

Types of Inspections

1. Builder QC Inspections
2. Municipal Inspections (County/City)
3. Private Inspections

Contracts: Inspections

“Inspector must be a member of one of the following organizations: The American Society of Home Inspectors, Inc (ASHI) or the Georgia Association of Home Inspectors (GAHI). Prior to the inspection, the Inspector shall furnish to the Seller a letter from the association of which it is a member identifying the Inspector as member of such organization. Inspector shall present a valid business license for the jurisdiction in which the Inspector is operating.”

Contracts: Inspections

If a professional Home Inspection is performed, Buyer agrees to have inspection completed and present report (“Report”) from inspector to Seller at least one week prior to orientation walkthrough. Buyer agrees and acknowledges Seller is not governed by outside inspections other than those required by governmental agencies. Buyer further agrees that a home inspector must meet the following requirements:

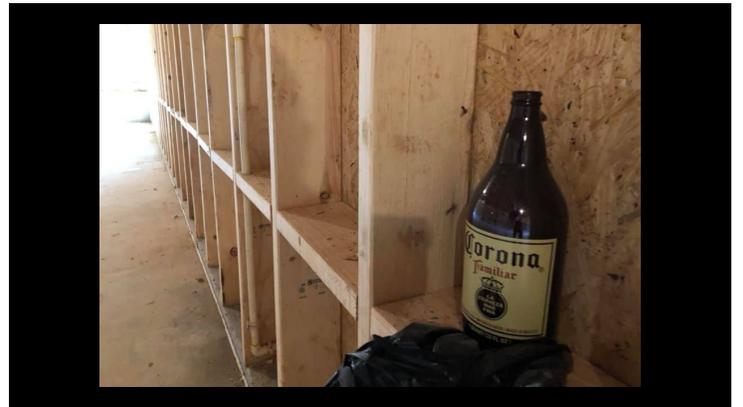
- (1) Maintain all licenses required by law,
- (2) Be CABO certified
- (3) Be a current member of the American Society of Home Inspectors or the National Society of Home Inspectors,
- (4) Have general liability insurance in the amount of at least \$500,000, and
- (5) Have professional liability insurance in the amount of at least \$500,000.

Private Inspections?

- Pre-Pour Foundation (Phase I)
- Pre-drywall (Phase II)
- Final Inspection (Phase III)
- 11-Month Warranty













Pre-Drywall

- House wrap
- Foundation
- Framing
- Roughed in plumbing, electrical, HVAC
- Energy Code



Final Inspection

- Foundation
- Roof
- Siding, flashing, trim
- HVAC
- Decks
- Appliances
- Interior





Up to code?

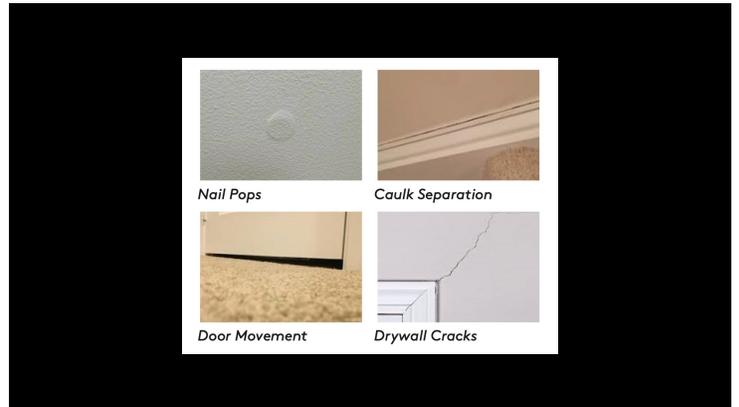






11-Month Warranty Inspection

- Homeowner concerns
- Items that were supposed to be fixed
- Performance Issues
- Additional code violations



Builder Contracts

agreement.

HOME INSPECTION – ONE TIME THIRD-PARTY INSPECTION, IF DESIRED

You agree to notify Fischer Homes in writing at least three (3) days in advance of the inspection. Notification shall include time of the inspection, along with the name of the inspector and inspection company.

The Inspector must comply with all OSHA approved standards and agree to indemnify the Builder in the event of an injury.

The report is for your use and may be referenced by you during the Home Orientation.

FAQs

Who is qualified to perform new construction inspections?

Code-Certified Inspectors

FAQs

“What if the builder refuses to fix items identified during the inspection?”



“That’s not code around here!”

The Official Code of Georgia Annotated Section 8-2-20(9)(A)

(9)(A)(i) On and after October 1, 1991, “state minimum standard codes” means the following codes:

As noted above, the one and two family dwelling residential... codes are mandatory codes, meaning that under Georgia law, any structure built in Georgia must comply with these codes, whether or not the local government chooses to locally enforce these codes.

(DCA Website)

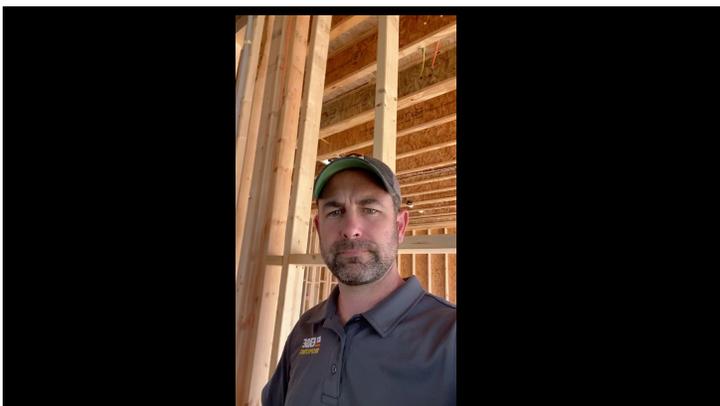
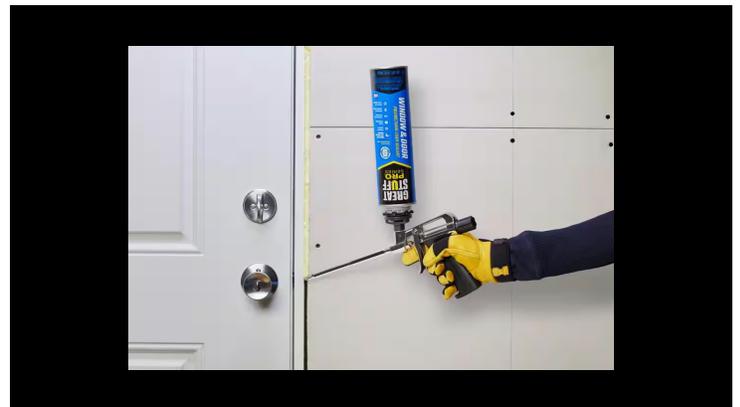
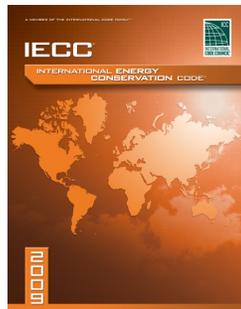
Options?

1. Go to building official and ask them enforce the code.
2. Go to the city/county attorney and ask them to make building official enforce the code.
3. File complaint against builder's license with Secretary of State.

Other Types of Testing / Inspections:

- Radon?

Are new homes more or less likely to have elevated radon levels than older homes?



RADON ON NEW CONSTRUCTION

- Check the builder's contract for mention of radon testing.
- Testing typically will need to be done over the weekend to prevent interference by subcontractors.

Other Types of Testing / Inspections:

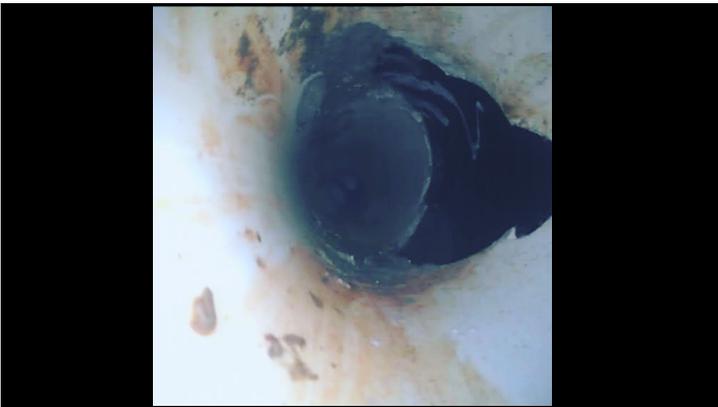
- Radon
- Mold?

2 Common Issues With Mold on New Construction



Other Types of Testing / Inspections:

- Radon
- Mold
- Drain Lines?

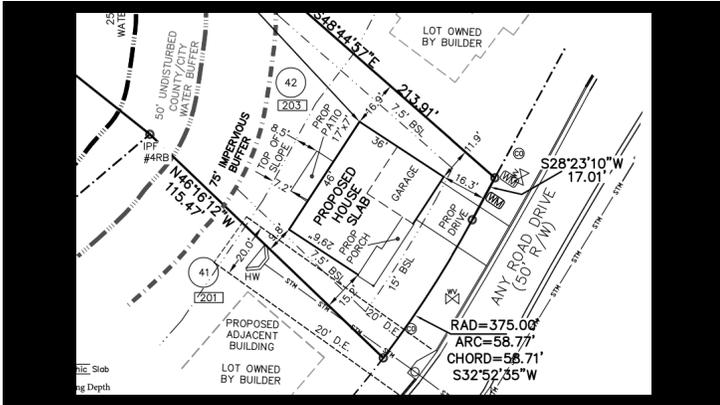


Other Types of Testing / Inspections:

- Radon
- Mold
- Drain Lines
- Survey?

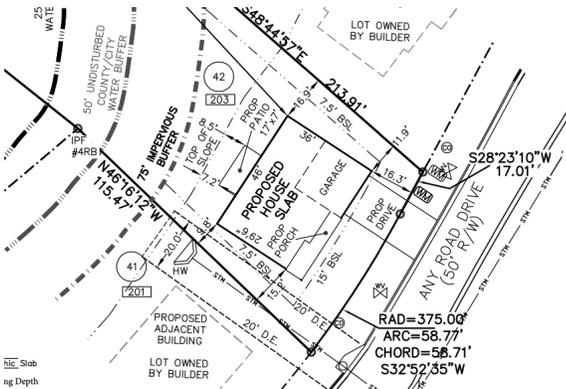
Survey?





Lot Placement and Selection

“Seller reserves the right to locate the premises to be constructed on the lot in any location deemed proper by seller, to make final adjustments to lot lines, plats, grades, retaining walls, drainage, tree removal, and elevations at the sole discretion of the seller. Seller may further, at Seller’s sole discretion, modify the lot as seller deems necessary for maintenance and the servicing of sewer, storm drains, maintenance and operation of lot facilities or those of the neighborhood.”



Types of Inspections

1. Builder QC Inspections
2. Municipal Inspections (County/City)
3. Private Inspections
4. Blue-Tape Walkthrough

Blue Tape Walkthrough (aka, “Homeowner Orientation”)

There are often differing expectations regarding what this event will entail.



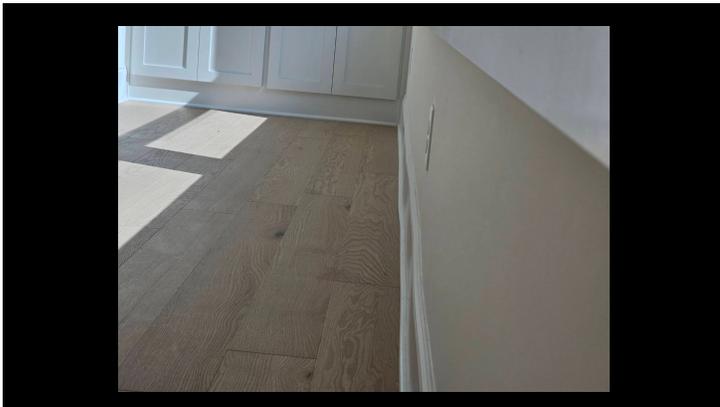
Contracts: Orientation / Walk-Through

“Prior to closing, Buyer and Seller shall meet at the home to inspect the Property during normal business hours to determine if there are any Deficiencies in the Work (and for no other purpose) and to execute an ‘Orientation Walk-Through List’ detailing the same. Seller will make a reasonable effort to timely complete all items specified in the agreed-upon ‘Orientation Walk-Through List’ before or after closing. The fact that all of the Deficiencies in the Work have not been corrected prior to the closing shall not, however, constitute a valid reasons for Buyer to fail or refuse to close or to hold back any sum of money otherwise due to the Seller, provided that a CO has been issued on the Property by the appropriate governmental authority.”

Contracts: Orientation / Walk-Through

“The term ‘Deficiencies of Work’ shall mean any condition, building product or item in the Property, or portion thereof, which (a) is not at the present time in good working order and repair, (b) constitutes a violation of applicable laws, governmental codes or regulations and is not otherwise grandfathered; or (c) has not been completed or constructed in substantial accordance with the plans or specifications.”

What’s not included in this definition?



Warranties



Contracts: Drainage

“All grading, fill, removal of trees and shrubs, and control of water will be performed at Seller’s sole discretion. Certain areas of the lot may be left in a natural state and may not be landscaped or graded. At Closing, Seller’s responsibility with respect to soil erosion, soil conditions, drainage, grass, shrubs, bushes, trees, flowers and landscaping terminates, and Buyer’s begins.”

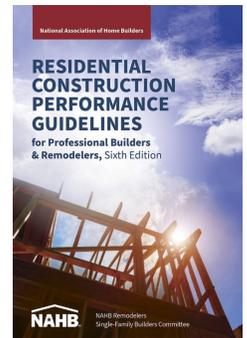
Warranties

- 1 - Year
- 2 - Year
- 10 - Year

Warranties

1. During the **first year** of this Agreement your Builder warrants your home against faulty workmanship and materials, defects in the installation of appliances, fixtures and equipment, defects in wiring, piping and duct work in the electrical, plumbing, heating, cooling, ventilating and mechanical systems, and Major Structural Defects (See Definition, Section II-E) due to non-compliance with the Warranty Standards.

- concrete cracks (up to 3/16” wide)
- poor drainage (more than 24 hrs)
- bowed walls (1/2” or less, OK)
- countertops scratched (see it 6’ away?)



Warranties

2. During the **second year** of this Agreement your Builder warrants that the installation of your home’s cooling, heating, and ventilating, electrical and plumbing systems (exclusive of appliances, fixtures and equipment---coverage is one year) will be free from defects due to non-compliance with the Warranty Standards set forth in this document.

Warranties

3. In **years three through ten** of this Agreement, QBW warrants that your home will be free from any Major Structural Defects as and only as that term is defined in Section II-E of this document. Please review the definition since all structural defects are not covered, only Major Structural Defects as defined. In order to qualify as a Major Structural Defect there must be:

Warranties

1. Actual physical damage;
2. To one of the eight identified load bearing portions of the Home;
3. And only such damage caused by failure of such load bearing portions that affect their load bearing functions;
4. To the extent that the Home becomes unsafe or otherwise unlivable.

All four portions of the definition must be met to be considered a Major Structural Defect under the terms of the Limited Warranty Agreement.

Contracts - Warranties

- “In lieu of repairing any problem covered by the Limited Warranty, the Seller shall have the option of replacing such item or of paying reasonable sums to the Buyer with which to have such problem addressed by the Buyer or third party.”
- “Unless a problem constitutes an emergency or additional material damage would result from delay in addressing such problem, the Seller has the option of waiting to address all or several problems at once or in groups.”



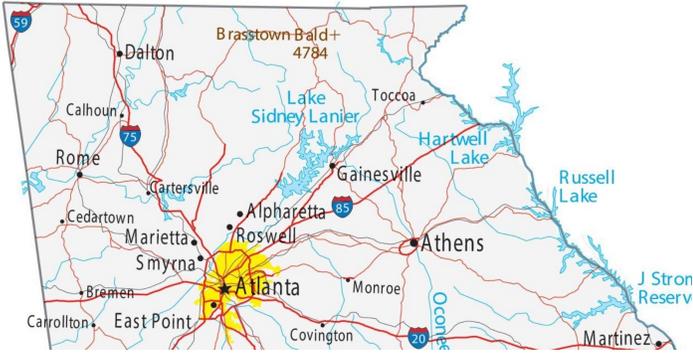
Our Goals for Today:

- Learn how to provide exceptional value to clients who are interested in purchasing a new construction home.
- Become familiar with the typical construction process for residential homes and the most common challenges or frustrations faced by home buyers.
- Gain a better grasp on how to protect your buyers when it comes to builder contracts, inspections, and warranties.



One Stop Shop

- Termite Letters (free)
- Radon Testing
- Mold Testing
- Drain Line Inspections
- Well Water Testing
- Pool Inspections
- Drone Roof Inspections
- Multi-Phase New Construction
- Commercial Inspections
- Structural Engineering



Feedback Forms

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