

FAQ

1) How do we begin the process of building our dream home?

There are a number of ways to start this important process.

1. Find a builder who builds the style of home that appeals to you and has a reputation for reliability and credibility (always check references).
2. Acquire a lot or piece of land that you love or determine the community you want to live in.
3. Hire an architect or plan designer you trust (always check references)
4. Look for a house plan that has already been built, in a book or as a model home that fits your family's needs or incorporates ideas that appeal to you.

As always, budget will determine the type of land and home you can purchase. To a great extent, it will also determine your location. If you are from the Southern California area you may already know, for the most part, where and what you can afford. Talking to experienced builders in the area you want to build will help you determine pretty quickly whether you can make it work. Realistic expectations are a must at this point. Priorities and opportunities have a way of surfacing once you commit to the process.

2) How do I compare builder pricing?

This is probably the most difficult aspect of selecting the right builder for your new home. Obviously, you want to get a good value for your investment. Everybody seems to ask the question "What is your cost per square foot?" This is a virtually meaningless question because there are so many variables which distort the comparison. The costs can vary significantly based on the style of plan, 1-story or 2-story, finishes, location, and infrastructure required by the lot or community. Without an accurate and detailed list of specifications of each home, comparing prices apples to apples is almost impossible.

3) What type of contract is right for me?

There are two common contracts that builders' use that carry their own pros and cons. Understanding what your priorities are and carefully reviewing each to fit your situation is a must.

1. **Cost-plus Contract** – A cost-plus contract is a contract framed in such a way that when the contractor finishes the agreed-upon work, they receive compensation equal to their expenses plus some bonus (which can be either a fixed amount or proportional to the expenses). Even if the contractor suffers cost overruns, they will still receive full compensation plus their expected profit. A cost plus contract is commonly used when it would be difficult to accurately estimate the actual cost of the materials and/or work involved. With a cost-plus contract, the contractor has little or no direct financial incentive to minimize costs, since the contractor will always be fully reimbursed (plus profit) upon contract completion.
2. **Fixed-price Contract** – A fixed-price contract is a contract framed in such a way that the contractor constructs a house for an agreed-upon price. The contractor has a significant financial incentive to minimize costs as the contractor will always benefit with the overall contract savings. A fixed-price contract is commonly used when actual cost of materials and homeowner specifications are clearly known.

4) How can I find a lot that is suitable for the house plan I like?

Lot size and topography are usually the most limiting factors. If you have a 100' wide house with a side-entry garage, you probably will not fit it on a 120' wide lot. With setbacks and other considerations, the house will probably be too wide. A walkout ranch style house probably will not work well on a flat lot. Depending on how much and which way the lot slopes will govern the type of home that utilizes its natural features best. An experienced builder or architect is best suited to make this preliminary evaluation.

When purchasing a lot you will most likely be dealing with real estate professionals. If he/she has experienced selling lots, they can also help with this evaluation. However, it is always advisable to seek the advice of an experienced builder. The more difficult the more professional you might need involved, including engineers, architects and land surveyors. We always recommend that a soils engineer do a soil examination prior to finalizing any lot purchase. If topography is not easily discernable or there are significant grades you should have a survey or prepare a topographic map and so on. If a licensed architect is preparing the plan, he/she should be involved. Usually site features are not that ambiguous and the builder/realtor evaluation is adequate. We suggest that any land contract should be contingent on resolving any questionable conditions. If you do not have a realtor involved, it becomes even more important to have a builder assist you.

5) How much time should I plan for the design and build process and do I have to work with an architect to develop my plan?

The minimum time you should expect for design and build for your custom home is approximately 2 months to design and 6 months to build. These numbers are typical and would occur with house plans that required few modifications and was modest in size. Obviously the larger, more detailed and complicated the project the greater the time involved.

A lot of what happens depends on how much personal time you can commit and how rapidly you can make decisions. The schedule availability of the other parties involved is also critical. Be realistic. Once you have decided on a floor plan, completed all revisions and worked your way through all the details and finishes, the builder must obtain the necessary permits and approvals. This includes design review committees for subdivision, architectural committees, homeowner associations, building permits, utility permits and whatever else the area requires. This can be relatively quick or very time consuming. You can see a detailed description of the "Building Process" to help you understand the process and timing involved.

The complexity of the project should be a determining factor as to whether you need to involve an architect or plan designer. Many times a builder will have a plan that meets 90% of your needs. In that case, the builder will usually have his architect modify the plan to meet your specific goals. Starting with an existing plan also allows the builder to provide a more accurate estimate of the pricing since presumably they have built the plan before. The builder can often provide preliminary sketches of the home you are trying to create from existing plans he has or ideas you supply.

6) What selections do I make in my new home and how are these selections made?

Theoretically, you have the right to make all the selections in your custom home. From a practical matter, you will probably be involved in the selection of only a few of the construction components and most of the finishes, which are loosely defined as "all the things you can see". You should choose a builder who incorporates as standard, most of the features you are looking for (i.e. cabinetry, insulation packages, wiring packages, etc). By

doing this, you will minimize the effort involved in selecting items which are outside the builder's product offering. It also ensures that the builder will not always be saying, "that will cost you extra". This can be uncomfortable for both parties as well as being inherently inaccurate in estimating the final cost.

At H&A Homes, we assist the client in making selections that deal with construction components such as windows, doors, roof material, appliances and similar items. Items generally dealing with color, texture and finish can be easily chosen by the clients, with our assistance.

In order to minimize unknowns and surprises during construction, we attempt to have most selections made prior to contract execution. It is, after all, much easier for us to set an appliance allowance if we know what appliances we are including than it is if we are guessing at what appliances you might want. This puts an additional burden on our clients during the design phase...but eliminates much of the confusion, stress and sticker shock during the construction process.

7) What type of warranty do I get with my new home?

Equipment and product warranties (i.e. appliances) received by the builder are fully transferred to the client. The builder will not usually provide any extended warranty related to these items.

For items not covered by these warranties, H&A Homes offers a one-year builder warranty which is covered in a warranty agreement that states, "the Builder, at its expense, shall make all repairs and replacements on any nature or description to the Residence, interior or exterior, structural or non-structural, as shall be come necessary by reason of defective workmanship or materials which are brought to the Builder's attention in writing within one year after the Closing Date". This is effective up to a point. There are always issues that arise in the home which are not specifically covered and like beauty; much of it is in the eye of the beholder. When a questionable item arises, an agreement between the client and Builder will need to be reached as to whether a deficiency exists and if so, what is a reasonable resolution.