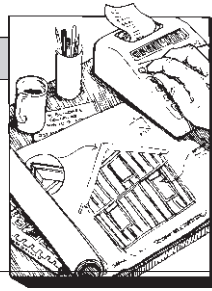


Cover Yourself With Walk-Through Inspections

by Richard Lind



Since as a builder you are generally held responsible for the defects typically found in completed new homes, it's important to identify the problems and determine with the buyer whose responsibility it is to fix them. The most effective and simple way to do this is a pre-delivery walk-through inspection of the property by the builder and the buyer. The day of – or the day before – the closing is best. The point is to wait until the latest possible moment, but before your responsibilities become less clear.

From a logical place, and with pencil and paper in hand, go through the house room by room, checking trim, wall surfaces, ceilings, floors, paint, glass, appliances, mechanical systems, hardware, etc., finishing up in the basement or garage, and proceeding outside to examine the exterior of the house.

Ideally, it would be nice to have the buyer sign a simple statement acknowledging that he and you have

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walked through the house on a particular day and found some items that needed attention (with list attached). But to be perfectly honest, my batting average in getting buyers to sign such a form has not been good. In spite of my explanation that it represents an acknowledgement and not a release for items not on the list that might require attention in the future, most buyers are wary and refuse to sign. But, whether they sign or not, I've already accomplished what I have set out to do: to determine between us in a businesslike manner, what, if anything at this point, requires attention; to acknowledge my responsibility for making the corrections; and to provide an opportunity to outline the buyer's responsibilities for maintenance and care. It would have to be a fairly nervy person that would look to me later on to repair damage done after the inspection, such as vinyl

floor covering torn when the fridge was delivered.

Some builders might secretly fear subjecting their homes to such scrutiny, viewing it only as an opportunity for the buyer to nit-pick. Don't worry, the house will indeed be scrutinized at some point in time, and the problems will have to be corrected sooner or later. It's best to do so while you are still in control.

Do Your Homework

The key to a clear-cut and successful builder/buyer walk-through is preparation. You should do a thorough private inspection prior to the walk-through with the client. (As a matter of course, you should inspect all your buildings, whether sold or not.) Don't allow too much time in-between or new problems might crop up that you might not expect; but allow enough time for you to solve the problems prior to the final walk-through with your customer. Don't leave anything out, for the sooner a defect is found, the easier it is to fix it – particularly if the subs are still handy. A simple master checklist is helpful. Don't forget to include a shakedown of all appliances and mechanical systems.

As builders, we can almost forecast the items. We've seen the same things crop up, year after year, punch list after punch list: door striker plates that don't engage, cabinet drawers that are obstructed, garage door locks out of alignment, double-hung windows stuck with paint, and always, that tub-drain toggle.

By correcting things that require fixing or attention well prior to the closing or completion dates, things get done "your way," rather than someone else's way later on. "Your way" is always less expensive and not necessarily inferior.

Even So...It Won't Be Perfect

To be sure, like death and taxes, there will always be some punch-list items that crop up after the closing and the buyer's occupancy. Respond to the items on the list promptly. We want to avoid any unnecessary inconvenience to our buyer, but also, we want to take corrective measures before the problem compounds, for example, as might happen with a leaky toilet seal. It's also good to fix responsibility (buyer's, ours, subcontractor's) as soon as possible.

If a delay is necessary in responding to a call-back, keep the buyer posted, to avoid the frustrations that go with

thinking he is being ignored. Most buyers are reasonably patient if they know they are not being jerked around.

Any serious difference of opinion should be followed up with a letter. If

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you should ever have to go to court, the very first question that will be asked is "Has there been any correspondence?"

More Punch-List Advice

You can eliminate some punch-list hassles simply by giving yourself, contractually, all the time you will need to complete the house. By allowing for bad weather and uncertainties, you can finish on time, without having to work nights and Sundays at a feverish pace. Besides decreasing the risk of incompleteness and unhappy customers, you avoid making last-minute production errors that make the inevitable punch list even longer than necessary.

Also, never under any circumstances, allow a buyer to move into a house before closing. Besides the fact that the buyer could damage the home during this time, it's just bad practice. Suppose the finances don't work out, for example. It's hard to remove someone once they are in. Where the customer has title to the land, of course, this is especially difficult to prevent, so protect yourself contractually as best you can.

Finally, arrange the closing or passing of title of the completed house well prior to the expiration of the purchase and sale agreement. This leaves the builder in a more comfortable position to postpone the delivery and closing if something requires attention at the eleventh hour. It also puts the builder in a better bargaining position in the event of a dispute, such as a buyer's demand to hold back money for punch-list items. ■

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