

Dealing with problems in newly-built homes By Don McGonagil

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The success of the luxury home building market has been phenomenal. Favorable interest rates have made trophy homes more affordable to the moderately wealthy. The bling of multi-gabled stone facades, soaring two story entries, expansive master bedroom suites and three SUV garages have altered the current suburban landscape. The unprecedented success is likely to have a future ripple effect when the current owners become empty-nesters who tire of their enormous homes, and McMansions become the teardowns of tomorrow.

New home problems

Industry estimates claim that nearly 85 percent of all new homes have defects, and 15 percent of these homes may have serious problems, including faulty foundations, dangerous moisture intrusion and inadequate framing. Often these problems show up months or even years after the buyer has moved in and the builder has moved on. Many of these new starter castles will be lucky to survive their mortgage.

Experts say the fast pace of construction is a cause. They point to several other contributing factors.

Builders are under pressure to keep costs down so homes are affordable and profitable. Demands for energy efficiency and environmentally-sound products mean that homes today are more complicated to build. Qualified laborers and

quality materials are sometimes in short supply. Most homes are still manufactured on the building site, with contractors continually challenged by the weather even on the best of days.

The traditional breed of master craftsmen and the deep sense of honor about being in the building trades have all but faded. According to at least one prison psychologist, nearly 75 percent of convicted felons interviewed were previously involved in the construction industry. I've read that the building trades have the highest industry incidents of drug and alcohol abuse. When all hope and good intention are gone, you can always go out and build somebody's home.

With fewer young people getting involved in the building trades, many contractors are resorting to day laborers or illegal immigrants or, basically, anyone with a pulse. Most work in the trades today requires no qualifications or training. To cut my hair, you would need to have attended a certified school and passed written, oral and practical examinations. To roof my house, you would need only a few hand tools, a ladder and some shingles.

The potential for serious defects in new and young homes makes it imperative for homebuyers to be vigilant before they sign a contract or go to closing. If you're building a new home, research your builder by consulting your local Better Business Bureau for a complaint his-

tory. Most importantly, talk to residents of other housing developments by the same builder.

Protect your investment

Whether you're building a new home or buying an existing one, hire an experienced real estate lawyer and a qualified home inspector. An attorney should review your contract before you sign it, and also any home warranty. Builders sometimes warranty home systems, but not all states regulate the warranty programs or post bonds to secure performance. Make sure the purchase contract includes an inspection contingency and clauses that protect you.

All new houses have problems. What is important is how the builder handles them. If you've already bought or built and think you have a serious problem, give the builder a chance to fix it, but don't let warranties or statutes expire while you wait. Document your complaints with photos, copies of written agreements, and warranties and a home inspection. Follow up with state building and regulatory authorities if the builder fails to deliver. As a last resort, contact a lawyer who specializes in construction-defect lawsuits. Your local bar association can help you find one.

Don McGonagil owns The Home Inspection Company, based in Nashville, and can be reached at www.thehomeinspectioncompany.com.

