Has after care become the developer's conundrum?

There's no question, the market is tough, and the wider economy presents a difficult set of challenges for everyone. All the more reason not to neglect the one thing that can set you aside from your competitors. Service!

Our role is providing after care, so the developer can meet their warranty and industry code obligations while supporting their customer during the first two years. We've been doing this for over two decades, so we have significant insight to the hurdles a developer faces. Most of these are predictable and very often avoidable, yet so many businesses find themselves in a deep hole because they failed to plan. When asked for guidance we offer the following:

AFTER CARE – NOT AFTER THOUGHT

After care must be planned and needs a budget. It is no less important than ordering building materials or engaging contractors. Sadly, it is still often an afterthought, or worse, not even that (it's the fund regularly plundered when costs over run). Responsible developers know that their customers deserve a professional, reliable after care service and they understand the consequences of failing to do this. The modern consumer has high expectations and knows how to complain when they don't get what they want (social media is their friend). Fail to put in place a reliable programme at your peril!

THE BUILD AGREEMENT

Many after care problems arise because of a weak or badly written build agreement which allows the contractor to turn their back on snags and later, legitimate defects. Ensure there is adequate reference to after care, setting out both developer and contractor obligations. Here are some fundamental principles:

1. The contractor must conduct their own build snag and address the findings.

2. The developer must also conduct their own 'Quality Assurance Inspection' following point 1. above.

3. The findings of this inspection must be fully addressed by the contractor(s) prior to practical completion. Where this is not possible, the list of outstanding snags must be minimal and minor with an agreed schedule to address.

4. The terms of after care imposed on the contractor post practical completion must be clear:

a. How long following practical completion will they be required to respond to legitimate defects?
b. How quickly must they respond when notified of a defect?
    - Emergency (suggest 4 hours)
    - Urgent (suggest 3 days)
    - Routine (suggest 30 days).
c. They must understand that in the event they fail to respond, as developer, you will apply whatever retention monies you feel necessary to fund an alternative contractor.

As developer, decide on your policy for allowing the purchaser to snag the property and build this into your pre-sales guidance. Suggest that the purchaser may be offered a short snagging period (only after the developer's own inspection has been conducted and, the findings rectified). The conditions are:

a. The purchaser can only use the snagging form provided by the developer.
b. Should the purchaser appoint a 3rd party snagging inspector/surveyor, again, must use the snagging form provided by the developer (nothing else will be accepted).
c. The developer will limit the time available for this to take place to no more than 48 hrs following legal completion.

<u>Two further things to contemplate</u>:

1. If the contractors' after care commitment is based on a term following practical completion and you struggle to sell a property quickly, you are eroding that term to a point where it may have expired by the time a purchaser completes e.g., the contractor agreed 6 months after care post practical completion, but it took 4 months to sell the property … then you're only covered for the first 2 months. You will be left to finance the remaining 22 months of the Builder's Rectification period (factor that in).
2. Remember also that the Builder's Rectification period runs for 2 years, so you should set aside a pot of money to cover the cost of contractors from the point at which they are no longer contractually obligated to support you.

SNAGS

You arrive at the dealership to collect your new car. You see it sitting on the forecourt and as you walk over the salesman appears and welcomes you with a warm handshake and a broad smile. He

opens the driver's door and invites you to get in. "Hell's teeth … where's the steering wheel?" "Ahh", says the salesman, "we've had a bit of a problem there, but don't worry, we should be able to get you one fitted in a month or two!"

Is there a difference between a car and a new house? Aside from function and value, NO! As consumers we expect any product to be finished and fit for purpose at the stage we pay for it. So why, increasingly, do we find properties handing over to a purchaser with long lists of snags that take (in many cases) months to put right?

QUALITY ASSURANCE INSPECTION

However you do this, it must be done. Relying on the contractors' word that a property has been snagged is dangerous. They will always tell you it's fine, but it rarely ever is. Spend a little and get it professionally inspected by someone who does this for a living. It's worth it.

Make sure the contractor(s) get a copy of the inspection results and carries out the work necessary to rectify every snag by a deadline you agree with them. Finally, when they tell you they've done it, check it, don't take their word for it (it's not their name on the product, it's yours).

AFTER CARE

Have a process in place that will respond to the purchaser from day 1 to day 730. If a home is snag free when they occupy it, this journey will be relatively stress free. But if a purchaser moves into a property with a whole host of snags, then you have let them down and they will never forgive you. The next 2 years will be spent constantly on the back foot, desperate to catch up. It's the worst start to any after care relationship. Should you get into an argument with your contractor because they fail to support your after care objective, don't make your customer wait while you sort out your differences.

You may believe that they haven't a leg to stand on and feel loath to proceed until they 'come to their senses'. But from the homeowner's perspective, you're just making a bad situation worse. Get the problem resolved, don't force the homeowner to wait a second longer than necessary. Sort out your contractor afterwards.

AFTER BUILD

There is no such thing as expensive after care, just the expensive consequences of no after care. After Build has been providing after care (including out of hours Emergency cover, Quality Assurance Inspections, and Home Demonstrations) for more than 2 decades. This national service is professional and reliable, delivered by trained warranty professionals and supported by the very latest technology. Enquiries: www.afterbuild.com

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