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# How to Resolve a New Home Construction Defect



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The typical home contains hundreds of different components. While these components should be assembled to your satisfaction, hundreds of thousands of homeowners realize that at least one of these components suffers from a construction defect. Under a builder's warranty, most of the defects are covered by the builder for the first 12 months after purchase. If you or your NPI inspector notes a construction defect, it is important that you immediately resolve the issue with your builder. There are specific actions you should take in the process of resolving builder problems in order to effectively correct the situation.

### How to Resolve a Dispute with Your Builder

1. **Begin by creating a folder with all important documents from your home purchase and anything that documents the defect(s).** Include: photographs or video, copies of letters you send to organizations, inspector reports, responses from the builder or other organizations, a log of all activity, reports from the Better Business Bureau (BBB), Attorney General's office (OAG), etc., and anything else that may be of importance.
2. **Identify the exact nature of the problem.** Put it down in writing and send it to the builder. Your NPI inspector will provide you with a written report of any findings to assist the builder in locating and fixing any problems. Many builders require complaints to be in writing. When writing your letter: include your name, address and home and work telephone numbers; type your letter if possible; keep your letter brief and to the point, but include all relevant details; state exactly what you want done and how soon you expect the problem to be resolved; include all relevant documents regarding the problems and send copies, not the originals; keep a copy of the letter for your files.
3. **Before you write your letter, familiarize yourself with your warranty coverage.** Follow the procedure for making claims as stated in the written warranty.
4. **Always go directly to the builder, the home warranty company or the manufacturers, as applicable, with your complaints.** Do not send letters to lawyers, government agencies, home builders associations or other third parties before you have given your builder a chance to correct the problem.

Give the builder sufficient time in responding to your calls, letters, faxes, e-mails, etc. Work with the builder in allowing them to inspect and repair the defect. In the event of an impasse, if your builder stops being cooperative or if your builder refuses to respond in a timely manner, move on to third party assistance.



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## Third Party Assistance

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### **Local Home Builders Association**

If your builder is a member of your local home builders association, the local association may have a system for examining and resolving construction complaints without going to court. The builders association may be able to bring both sides together to reach an agreement; however, keep in mind that a builders association does not have the legal authority to compel either side in a dispute to do anything.

### **The Better Business Bureau (BBB)**

The BBB ([www.bbb.org](http://www.bbb.org)) can provide useful information on the builder. Search for the builder in the “For Consumers” section of the Web site under “Check out a Business or Charity.” There is also a link to file a complaint, which is forwarded to the company you provide within two business days. If the builder does not respond within 14 days, a second request will be made. The BBB will notify you when the company’s response is received.

### **The Office of the Attorney General (OAG)**

If the BBB does not produce results, there is a consumer complaint process with the OAG. As with the BBB, the complaint will be forwarded to the builder. If the builder responds with an excuse, the OAG will suggest consulting an attorney.

### **Federal Trade Commission (FTC)**

The FTC ([www.ftc.gov](http://www.ftc.gov)) deals with issues that touch the economic life of every American. It is the only federal agency with both consumer protection and competition jurisdiction. Contact the FTC if you experience fraud, deception or unfair business practices with your builder. File a complaint with the FTC, which can help it detect patterns of wrong-doing, and lead to investigations and prosecutions.

### **Homeowners Against Deficient Dwellings (HADD)**

HADD ([www.hadd.com](http://www.hadd.com)) is a national grass roots organization. It came into existence in response to an overwhelming need of support and resolution from families who felt isolated while coping with their devastating home damage and loss. Because the lone attempts to get their homes fixed proved unsuccessful, these families found each other and united into a cohesive group with a common cause.

### **Homeowners for Better Building (HOBB)**

HOBB ([www.hobb.org](http://www.hobb.org)) is a national consumer organization. HOBB’s mission is to support a meaningful, long term solution for homebuyers to the problems of the unregulated home building industry, and to encourage strict regulation and standards on the local, state and national levels. HOBB promotes and supports consumer protection and the passage of the home lemon law throughout the country.



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## Legal Action

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Taking legal action should be the absolute last step in the process. When looking for an attorney, make sure they have experience with the laws regulating homebuilders and know of the limitations and regulations of any state agency. The attorney must be a specialist in new home construction defects. Usually the complaint will be put in front of a court of arbitrators after months and sometimes years of trying to work the problem out with the builder.

Most builders are seeking customer referrals and repeat buyers. They want you to be satisfied. If a problem develops, remain calm and approach your builder in a reasonable manner with appropriate documentation. By following the procedures above, chances are that you will be able to resolve the problem(s) within a reasonable timeline.