



INFORMATION SHEET

Workplace Services

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Taking Over Incomplete Building Work (NSW)

Sometimes building jobs can be left incomplete or unfinished. This could be because of an unresolved dispute with the owner or because the builder has gone into administration or liquidation.

While it may seem like easy and low-risk work to be finishing a home that is already 80 or 90 % complete, there are some steps which you should always take before committing yourself to this type of project.

What to do before entering into a contract?

It is important before signing any written contracts that you first make various checks and inquiries. Otherwise, you may become responsible for the entire job, including those works that were not performed under your contract. This was the case recently when the CTTT held a HIA member to be responsible where damp-proofing wasn't undertaken by the former builder to the requisite standard, and they, the new builder, had not made enquiry as to those works. The member had assumed that damp proofing had been completed before they were approached to complete the job (not surprisingly since the house was almost at lock up stage).

Firstly and most importantly, you should find out what happened to the former builder before signing any contracts. If the original builder has gone bankrupt or has left the job because of a dispute with the client you may find that the buck literally stops with you. It is particularly risky if the former builder left the job after a dispute that has not yet been resolved, as you could be in the middle of a very messy situation.

- You should request that the potential client commission an independent building inspection of the works completed by the former builder, checking all the works and making enquiry of works that are invisible such as waterproofing, damp proofing and termite barriers (this may include the production of any certificates/council inspections if these works have already been done).
- If there are any defects or incomplete works, ensure your contract covers rectification of those items. If the Owner will not agree to this, you should be very careful before taking the job.
- You should include a clause in the contract excluding you for any responsibility or liability with respect to the "base works" undertaken prior to you.
- Ensure a very clear description is included in your contract describing exactly what works you will be doing to show where your works start and finish.
- You will need to take out warranty insurance to cover the value of works under your contract. The warranty insurance of the former builder does not continue to cover your works.

For more information, contact a HIA Workplace Adviser on 1300 650 620

DISCLAIMER - The above is intended to provide general information in summary form. The contents do not constitute specific advice and should not be relied upon as such. Formal specific advice should be sought by members with respect to particular matters before taking action.

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