

THE MOST COMPREHENSIVE GUIDE TO RESIDENTIAL PROPERTIES IN THE METROPOLITAN AREA

# NEW YORK LIVING™

## UP & COMING DEVELOPMENTS

### NEW HOME CONSTRUCTION

### HOME SWEET HOME: ELAINE KAUFMAN

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# New Construction

## What You Need to Know

ADAM LEITMAN BAILEY, ESQ

ADAM LEITMAN BAILEY, P.C.

**W**hen you buy a newly constructed property, you hope to live in a home with the most technologically advanced electrical, ventilation, and air-conditioning systems, and the latest appliances, fixtures, and plumbing. You also want the advantage of owning brand-new big-ticket items, such as the boiler and roof. The replacement or repair costs of either would add significantly to the price of an older home. Another advantage is the option to customize to your exact specifications. However, when planning your not-yet-built home, keep in mind the following:

1. Check the builder's previous jobs.

Make sure the builder has a reputable record. Obtain references from the builder. Ask the builder for a list of other properties they have previously developed. Visit these properties if possible, and ask the residents if they are satisfied. Ask real estate professionals for their opinion of your builder. A few phone calls could ensure that your future home will be built with the care and quality as described in the builder's brochure.

2. Conduct an extensive inspection of the premises by a qualified engineer.

An extensive inspection by a qualified engineer should occur before closing on the property. A qualified inspector can detect structural problems as well as minor problems and issue a report. Your attorney should include a provision in the contract of sale where you, as buyer, are not required to close or purchase the prop-

erty until all problems listed in the report have been cured. However, many builders will not negotiate their contracts. Checking for structural defects can save you thousands of dollars. A three-phase inspection process is recommended. The first phase should take place after the completion of the framing of the property. The second inspection should occur after the installation of all cooling and heating systems, plumbing, and electrical equipment. The final inspection should occur after your property is completed. Inspections usually cost only a few hundred dollars and is money well spent.

3. Obtain warranties from the builder.

The law in New York clearly enforces warranties given to a buyer of a newly constructed property. However, New York State law is not as generous when certain warranties are waived in the contract of sale. Warranties concerning the property's plumbing, electrical, heating, cooling, and ventilation systems cannot be waived for two years after purchase. Other basic warranties requiring that the property be built in a skillful manner and be safe and habitable cannot be waived. However, as long as the builder gives an express limited warranty of some kind, the builder may exclude all other warranties. Without a provision in the contract giving the buyer all possible warranties that exist or may exist, you may be paying for repairs yourself. Buyers should make the contract of sale include the maximum warranty protection as the law can provide.

4. Specify the name brands of all fixtures and appliances to be installed.

The brand names, appliances, and fixtures should be itemized in the contract of sale. In order to get the greatest value from your new construction, your appliances and fixtures should be well made and durable.

5. Watch out for contract clauses regarding your move-in date.

Moving in on the date the builder promises is not guaranteed. Bad weather, shortages of materials, and problems during construction can impede the builder from producing perfection on time. A provision should be negotiated into the contract stating that if the premises are not in move-in condition by a certain date, you can either cancel the contract and receive a refund or a reduction in the purchase price. Many new construction contracts require the buyer to close when a temporary certificate of occupancy is obtained. However, a builder can obtain a temporary certificate of occupancy while the building is under construction. For your protection, strike this clause from your contract of sale. You may also lose a favorable interest rate that you locked in with your bank. These costs can reach thousands of dollars over the course of the loan. By having the builder agree to pay all added costs associated with your loan if the property cannot be closed on time, you will save added expense. If the builder cannot close on time, have the builder agree to give you a mortgage locked at your previous interest rate that has not expired. And remember, do not close on the loan until the premises has been inspected and is free from defects. ■



Adam Leitman Bailey, Esq. practices residential and commercial real estate and landlord-tenant law in New York and New Jersey. Bailey has been featured on national television and radio and has published articles in the *New York Law Journal*, the *Landlord-Tenant Practice Reporter*, and *Habitat Magazine*. *Dateline NBC* profiled Bailey in its "Persuasion" segment, and called him "Tenacious, Smart, Aggressive." Bailey was also thanked for his "wonderful legal and practical help and effectiveness" by the Executive Editor of the *Washington Post*. He has been listed in "Who's Who in Real Estate" by *Habitat Magazine*. He has also been featured in *Syndicus Magazine*. Bailey owns B.P. Vance Real Estate, Inc. and can be reached at [www.alblawfirm.com](http://www.alblawfirm.com) or [alb@alblawfirm.com](mailto:alb@alblawfirm.com). (212)825-0365