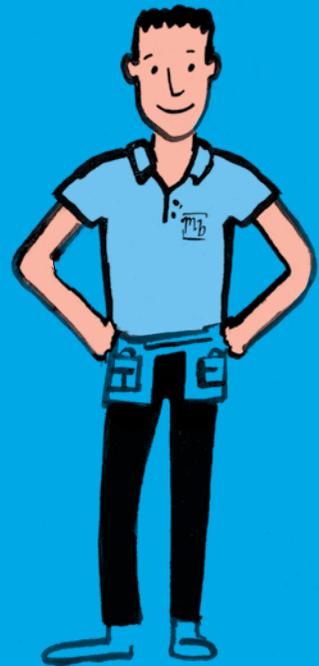


Builder's Guide to the **Master Build** 10-Year Guarantee

A comprehensive
Guarantee guide
for members



What's covered in this Guide?

	About this Guide	1
	Offering the Guarantee	2
	Guarantee at a glance	3
	Application types	4
	Submitting your Guarantee application	5
	The Guarantee application	6
	Payment schedules	12
	Notice of Practical Completion (NPC)	14
	Transferring the Guarantee	15



About this Guide

This guide has been designed to help you and your team submit your Guarantee applications for assessment. It includes eligibility criteria as well as some helpful tips.

This guide relates to the Master Build 10-Year Guarantee only – 10 or fewer dwellings with three or fewer storeys.

We recommend you distribute this guide to all relevant staff to assist them in completing their Guarantee applications for assessment.

This guide should be read and understood by members in conjunction with the Guarantee terms and conditions. It is not a replacement for the terms and conditions and if there are any conflicting statements the terms and conditions will prevail.

This guide may be updated from time to time and the most recent version will be available on Offsite. Please ensure that you are using the most recent version.

If you need additional clarification on any aspects of your Guarantee application, please contact the Guarantee team on 0800 269 119 or at help@masterbuilder.org.nz



Offering the Guarantee

Under the law you must offer the Guarantee

- Under the Building Act, offering a guarantee is mandatory if there is one available, so you must offer the Guarantee to your clients

Guarantee waiver

- If your client decides not to take up your offer of the Guarantee they need to sign a waiver which must be sent to Master Build Services

Telling your clients about the Guarantee

- The Guarantee gives your clients peace of mind in the unlikely event something goes wrong during the building process
- The Guarantee is only available with a contract price over \$30,000 up to a maximum of \$4 million
- Contracts over \$2 million require pre-approval from Master Build Services
- The Guarantee can help your client finance their build – many banks and lending institutions require it
- Because the Guarantee can be transferred, it provides added value if your client decides to sell the property
- The Guarantee provides more comprehensive protection than both the Consumer Guarantees Act and the Building Act (see page 3)
- It is important that you obtain confirmation of acceptance of the Guarantee before advertising the property as having a Guarantee
- Generally, the cost of the Guarantee is less than 1% of the total build or renovation cost
- Guarantee acceptance is not automatic, your application will be assessed by Master Build Services



Guarantee at a glance

Guarantee cover	How does the Guarantee compare with New Zealand legislation?
Before building work begins	
 Loss of Deposit	 No protection!
While building work is underway	
 Non-Completion (includes remedial work)	 No protection!
After building work is completed	
 Materials and Workmanship (2 years)	 Building Act: 1 year implied warranty*  Consumer Guarantees Act: Possible limited cover*
 Structural defects (including rot and fungal decay)	 Building Act: 10 years from completion for specific items*  Consumer Guarantees Act: No protection!
 Temporary accommodation during remedial work	 No protection!
Selling your property	
 The Guarantee may be transferred to a new owner multiple times during the life of the Guarantee	

* Remedies under the Building Act and Consumer Guarantees Act only apply if the building company is still trading



Application types

Standard Guarantee application types and eligibility

(can be applied for on projects with 10 dwellings or fewer and up to 3 storeys)

Full contract (New home or renovation)

There is a signed building contract between two parties or legal entities and the Registered Master Builder is the head contractor and is responsible for all labour and materials

Spec/Showhome

The build is being completed by and for the same legal entity (your RMBA member company)

Builder's own home

The build is being completed by the Registered Master Builder and you intend to live in it when completed (only the directors of a member company are entitled to apply for this Guarantee type)

Projects over \$2 million

These applications require pre-approval – please see documentation requirements for more information

Documentation required

Contract type	Application form	Building contract	Copy of consented plans	Scope of work
Full contract (new home)	✓	✓		
Full contract (renovation)	✓	✓	✓	✓
Spec/show home	✓			
Builder's own home	✓			
Over \$2m	✓	✓	✓	✓

Note: Any additional documents that affect the Building Consent may be required



Submitting your Guarantee application

When to submit

- Full contract applications must be submitted once the building contract is signed to ensure your client is protected
- Spec/showhome and builder's own home applications must be submitted before any permanent work starts

How to submit your Guarantee application

- You can submit your Guarantee application online via Offsite
- Alternatively you can submit your application and supporting documents via email by sending to help@masterbuilder.org.nz
- The application must be sent to us via the above channels – other methods such as sending the application to a regional staff member will not be deemed as being received by Master Build Services
- If you haven't heard from us in 14 days please contact us on 0800 269 119 or at help@masterbuilder.org.nz

Tip

Make sure you have all the required documents before sending in your application





The Guarantee application

Completing the form

- The easiest way to submit your application is online via Offsite as no application form is required
- If you wish to submit a physical form (rather than submitting your application via the online portal), please check you have downloaded the current Guarantee application form from Offsite
- Make sure you complete the form in full – if it is missing some information your application may be delayed or rejected
- One form and application fee per dwelling eg, a duplex requires 2 applications and 2 application fees

Member details

- On the Guarantee application the member name must be the legal entity, **not** the trading name

Owner details

- The owner name must match the name on the building contract – if a trust is listed as the owner on the contract, the trust must be named as the owner on the Guarantee application (along with a trustee as a contact person)

Contract price

- You must include the contract price (estimated for a charge up) for all types of builds on the application form
- The contract price in the Guarantee application **must** match the amount in the building contract – the contract price is for all contracted works, so if driveways and landscaping are in the contract, they must be included in the contract price
- If the contract price is over \$2 million, pre-approval from Master Build Services is required

The Guarantee application (continued)

Contract price

- The contract price must be \$30,000 or over for the build to be eligible for a Guarantee
- Land/land development should not be included in the contract price on the Guarantee application
- Owner's care items must not be included in the contract price
- The contract price must include GST
- Aggregate cover is based on the contract price at the time of application and cannot be changed

Square metre area

- You must complete the size of the **dwelling** on the application form

Owner's care/exclusions

- These must be clearly itemised on the Guarantee application form and contract

Tip

Getting your application right first time means a smoother – and speedier – process



The Guarantee application (continued)

Owner's care/exclusions

- You cannot exclude items if you are doing the work
- Anything paid for directly by the owner (materials or sub-trades) counts as owner's care and is not covered by the Guarantee
- Because owner's care items are not covered by the Guarantee, it is important that these are able to be clearly identified in the event of a claim
- Members are not required to attend to defects that are part of owner's care, so it is important they are clearly identified
- We can accept applications containing minor owner's care items – if the owner's care component is significant, please call us to discuss

Signatures

- As the member, in signing the Guarantee application or submitting it online, you are accepting the Guarantee terms and conditions and eligibility criteria, and confirming your business is solvent
- The application form must be signed by **both** the builder and the owner – you cannot sign on behalf of the owner
- If there are multiple owners/trustees, only one owner's signature is required on the application
- To opt out of Loss of Deposit and Non-Completion cover, the relevant section on the application form must be completed and signed by the **owner**
- Actual signatures are required; these cannot be 'typed' or cut and pasted
- Electronic signatures are OK if you are using accredited software eg. DocuSign

The Guarantee application (continued)

Fees/Payments

- Fees are due at the time of submitting your application to Master Build Services
- Payment can be made online via Offsite or using payment details on the bottom of the application form
- If payment isn't received when we get your application, processing will be delayed
- Please note that fees include GST
- You will receive a paid invoice for your records from Master Build Services

Guarantee application fee

- As part of our administration process the Guarantee fee may be banked when we receive it – this does not mean acceptance of your Guarantee application (if your application is declined, we will refund the fee)
- Please double check that the credit card details are clear and the expiry date is correct
- The fee is determined by the contract price (see the Guarantee terms and conditions)
- When processing the application form we cannot deduct more from your credit card than the amount you have written on the form, so please double check this is correct
- If your client is opting out of Loss of Deposit and Non-Completion cover, make sure the fee is adjusted accordingly
- Refunds only apply where the Guarantee is cancelled **within 5 days of acceptance**

The Guarantee application (continued)

Incomplete applications

- Applications that do not have all the required information will slow the acceptance process.
- Emailed applications that are missing information (for example, no contract price, not clear whether the owner is opting out of Loss of Deposit or Non-Completion cover, or where member or owner details are missing) will be returned as we are unable to start our assessment without this information
- Requests for further information will be sent to the person listed as the Master Build Services contact
- If we request additional information, you have 7 days to supply it, otherwise the application will be declined
- Application details should match the details contained in your contract
- If the application is declined due to missing information, the owner(s) will be notified
- If an application is declined due to a failure to respond to our requests for further information, it cannot be reinstated
- All amended documents must be initialled and dated by both parties

Late applications

- A full contract application is considered late if it is submitted 4 weeks after the **contract** is signed or if work has begun on site
- A spec/show home or builder's own home is considered late if submitted after work has commenced on site

The Guarantee application (continued)

Late applications

- If work has commenced on site we may reject the application – avoid disappointment by submitting your application on time
- We do not accept retrospective applications (after practical completion is reached)
- We may accept a late application with a late fee but this is at the discretion of Master Build Services
- Where a late application is accepted by Master Build Services, Loss of Deposit and Non-Completion cover will be removed as you cannot apply for this cover after work has begun
- Increasingly, banks are requiring confirmation of a Guarantee to approve funding – be aware this means that application delays may affect project financing too

High risk applications

- For all applications where a copy of the plans is required, the plans will be reviewed for design elements pertaining to the building envelope – if an element is considered high risk, the application may be declined

Declined applications

- If your application does not meet Master Build Services criteria or we did not receive information requested in the required timeframe, and your application is declined, the Guarantee fee will be refunded

Tip

The Guarantee fee is due when you submit your application, we'll send you a 'paid' invoice for your records as part of the process





Payment schedules

General (all payment schedule types)

- ✘ No more than 10% deposit
- ✘ No payments claimed in advance of works completed on site
- ✘ Payments paid directly from client to subcontractor or for materials removes the item from the Guarantee cover as this is considered owner's care

Progress payment schedule

- ✔ State frequency of payment claims
- ✔ Estimate the number of payment claims
- ✔ State how claims will be calculated (eg. claims will be based on the work completed during the claim period)
- ✘ Do not list pre-determined payment claim values – this creates conflicting and confusing information

Staged payment schedule

- ✔ Stages to be claimed at substantial completion of each stage (95% complete)
- ✔ Staged claims should be clear as to what they relate to eg. substantial completion of 'foundations' 'roof' etc
- ✘ No more than 57% of the *build cost claimed at closed in stage

*build cost is the contract price minus the deposit and 'other items'

Charge up schedules

- ✓ List hourly rates
- ✓ List margin
- ✓ On the Guarantee application form you must list your best estimate in the contract price field as this determines the cover under the Guarantee (and the Guarantee fee) – even where there is no total contract price in the contract

Other items

- ✓ You can list things like excavation and drainage costs here
- ✓ Other items include works that are not part of or inside the building envelope eg. site works, excavation – do not list payments here that relate to the building envelope or inside the building

Tip

Make sure the contract price on your Guarantee application matches your building contract





Notice of Practical Completion (NPC)

- Practical completion is when the building work is finished, except for any minor defects or incomplete work that don't prevent the client from living in and using the home, and that can be remedied or completed without causing the client any unnecessary inconvenience
- It is the builder's responsibility to send us the Notice of Practical Completion as soon as it is reached
- The NPC must include the date of practical completion (this initiates the 2-year workmanship and materials cover)
- The NPC cannot be future dated and sent to Master Build Services before practical completion is reached
- The NPC should be signed by both parties
- If the address on the NPC is different from the address on the Guarantee application, we require confirmation from the council (eg. rates bill or deed of title)
- The NPC must have the same owner as on the Guarantee application (otherwise a Request for Transfer will need to be completed)
- Note that the Notice of Practical Completion is different from the Code Compliance Certificate (CCC) – practical completion is when the building work is finished, while the CCC is issued when the council has signed off on the final inspection

Tip

When promoting the Guarantee, remember not to advertise the property as having a Guarantee until you have received acceptance from us





Transferring the Guarantee

Use the correct form

- Ensure the correct version of the Request for Transfer form is used from Offsite

Signatures

- It is the **new owner** who signs the Request for Transfer
- Actual signatures are required; these cannot be 'typed' or cut and pasted
- Electronic signatures are OK if you are using accredited software eg. DocuSign

Details

- All contact details must be provided – especially the email address and contact number
- The new owner name must match the name on the sale and purchase agreement

Transfer fees

- The fee is due when the Request for Transfer is submitted
- Master Build Services account details are on the bottom of the Request for Transfer form – please use the address and/or the Guarantee number (if you have it) as a reference

Timeframes

- The settlement date must be included on the Request for Transfer form
- The Guarantee cannot be transferred before settlement date
- The Guarantee **must** be transferred within 90 days of settlement

Timeframes

- Address changes need to be provided to us **before the transfer is actioned** as we cannot retrospectively amend the certificate
- If the Request for Transfer is for an unpaid spec build, you will need to pay the Guarantee fee before the transfer can be actioned

Additional information

- Master Build Services can ask for additional information to be provided, such as a copy of the sale and purchase agreement

Tip

Please ensure your clients are aware that the Guarantee can be transferred



Getting in touch

If you have any questions,
we'd be happy to hear from you.



Call:

0800 762 328 or
(04) 385 8999
(Monday to Friday 8.30am to 5pm)



Write to:

Master Build Services Limited
PO Box 1796
Wellington 6140



Visit:

masterbuilder.org.nz or

Email:

help@masterbuilder.org.nz