

Beware of investors that pose as builders.



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Try not to lose your home and your property to an Investor that doubles as a Builder or Contractor. Do your research before signing a contract and question everything on the contract.

Many people after the flood just wanted to get back in their homes.

Some people had the cash and were able to find a trustworthy builder which made everything work out just fine.

Others found contractors that couldn't or didn't bid the project correctly and went over budget, leaving the homeowner the option of paying more or telling the contractor to stop with the project partially completed. Sadly, the state laws protect contractor bid mistakes, and the owner has to pay the price for bad bidding.

There is one other type of contractor that needs to be pointed out.

We have actually had these types offer their services which often times will not only leave you in debt but leave you homeless.

We had a builder offer to fund the complete project from A to Z.

It sounded like a good idea when you think about it. You trust contractor builders to do a good job, and if they have the money to pay for everything up front they should be able to finish the project.

What the contract pointed out was the builder contractor could change materials and quality of work at any time by changing who they hire to do the work, and they do not need to discuss this with the homeowner.

The contractor builder / investor places a lien on your property and your credit in the amount of the builders

bid.

You make monthly payments while the builder starts on your project.

If you read closely you will find the interest rates, overages, material costs increases, payments due-by and ramifications if your payment is not made on time or if you refuse to pay for material costs increases.

In our case, we had \$1,200,000.00 worth of project which was the base build price.

The Contractor Builder / Investor required collateral in the amount of \$1,350,000.00 and a lien on the building project. The \$1.2 million project was the cost to build, and the retail value was just over \$2.7 million.

The contractors proposal showed if we missed a payment by one day the contractor could stop building and take possession of the project.

The contractors proposal also showed that he would select all vendors, and if material costs increased we would have to pay or the contract becomes null and void.

Basically this contractor builder / investor had control over the lien and the construction.

The terms would allow him to increase the building costs without notice and Increase payment interest rates on the loan.

If you missed a payment or were late you lost your investment and home.

We have seen Wholesale contracts since the flood that promised a quick sale of your home.

Wholesale of homes is legal; it does not require the person offering to buy your home to actually purchase it, and they do not have to provide a credit report to show they could afford it.

They simply market your home for the length of time you agreed to and hope to sell it before the contract end date. It's the same method you see on those info commercials that talk about, "How to make millions without using your own money."

We see many people falling into debt without having their homes completed.

If you do not have the money to complete your project, we recommend that you complete what you can externally then simply maintain your property and the outside of the home until you have the cash to continue your rebuild.

You can save money by becoming your own contractor which is completely legal.

You can then hire sub-contractors directly to do the work.

We have a section going up on how to do just this.

Some contractors will allow you to pay their fees separately from the build which will allow you to have at the build time up to 25% more cash available. But these contractors are very rare to find.

Read before you sign any contract.

If you do not add things to the contract and accept a standard contract you may suffer at more than one point of the rebuild.

You must review the contract and make changes to it before you both agree.

Never put your home or property on the line in a rebuild or build contract. You should talk to a bank before to talk to a Builder Investor, because that Investor wants your home free and clear. That's what they do, they make money from your loss.

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