

# Homeowner Warranties

## FACT SHEET

### Homeowner Warranties in NSW

In New South Wales there are several safeguards that work together to protect homeowners who purchase off-plan or newly built property directly from the developer.

### Defects and liability period

This is usually specified in the contract for a period of 13 weeks following the settlement of the property. It covers minor cosmetic issues such as nicks and marks in the paint, cracked or chipped tiles and items like screws, ring clips and door handles that can work loose in that period and require a final tighten.

### Appliances and equipment warranty

The buyer inherits all the warranty periods that relate to each item. They are generally between 6 months and 2 years, the same as if you purchased them directly from a retail shop.

### Structural guarantee – all new buildings (statutory warranty)

It is your builder's legal responsibility to ensure the property is free from major structural defects for six years after the build's completion, and two years for all minor defects.

The strata manager will generally be instructed by the committee to undertake a building report just prior to the 2-year and 6-year milestones in order to ascertain whether a claim is required.

More information - <https://www.fairtrading.nsw.gov.au/housing-and-property/building-and-renovating/preparing-to-build-and-renovate/contracts>

#### **Additional Resources:**

NSW Govt Fair Trading: <https://www.fairtrading.nsw.gov.au/housing-and-property>

Home Building Regulations: <https://www.legislation.nsw.gov.au/#/view/regulation/2014/811/part6a>

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# Developers Bond (4 storeys or more)

Since 2018, developers of new residential strata buildings (4 storeys and higher) pay a building bond to NSW Fair Trading equal to 2% of the building contract price. After two years, this building bond may be used to pay for any identified rectification work if the developer has failed to do so.

More information - <https://www.fairtrading.nsw.gov.au/housing-and-property/strata-building-bond-and-inspections-scheme>

# The Home Building Compensation Fund - (3 storeys or less)

The builder will obtain a HBC insurance policy for new homes, including multi-unit dwellings of 3 storeys or less.

It covers defects within the structural guarantee statutory warranty period (6 years and 2 years) if your builder or trades person cannot fix or complete the work because they have died, disappeared, become insolvent, or had their licence suspended for failing to comply with a court or tribunal order to compensate a home owner.

More information - <https://www.sira.nsw.gov.au/insurance-coverage/home-building-compensation-insurance/advice-for-homeowners/how-youre-protected>

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# Buying with us

## Stone Real Estate – Inspection policy

After your decision to purchase one of our properties we will assist you with the following inspections prior to you even moving in...

1. Defect Inspection – you will visit the property take notes and photographs of any minor cosmetic issues and make a list for the builder to review. You are welcome to engage an independent building inspector to undertake this on your behalf
2. Pre-settlement inspection – this takes place 2 days prior to settlement and you will review the work completed by the builder to ensure that it has been completed to your satisfaction.