

# Warning for potential owner-builders

## Background

Be suspicious if a builder recommends that you apply to be an owner-builder, even though they will be doing the work, for example organising and 'supervising' tradespeople. If a builder recommends you engage them but that you become an owner builder (for example because they say it is 'cheaper'), it may be because they are trying to avoid certain legal responsibilities, or because they are unregistered.

## Key factors to consider

- You should consider obtaining quotes from builders that would be willing to be engaged as the head contractor, to see whether an owner-builder arrangement would in fact benefit you. A key matter to consider when comparing quotes from builders against those of project managers is that as an owner builder you have no protection against defective work, other than taking subcontractors to court.
- Consider what would happen for instance if a subcontractor became insolvent, meaning that you couldn't recover anything from them even if you could prove in a court that they were at fault for significant defective work.
- So, even if your quotes demonstrate that you may save some money up-front by being an owner-builder, consider whether any initial savings outweigh the responsibilities, liability, and lack of protection that you will have as an owner-builder.

## Significant legal obligations

Becoming an owner-builder carries significant legal obligations for the owner-builder. Significant responsibilities include being required to rectify any defective work if you on-sell the property within six years, and being potentially liable for up to ten years under the *Building Act 1993*.

Other significant legal obligations that owner-builders are subject to (and are responsible for ensuring others on the building site comply) include, but are not limited to, work health and safety, compliance with building control certification requirements, technical ability to direct and assess workmanship of others, and site protection.

- Engaging a project manager does not remove your obligations.
- Think carefully and consider obtaining professional advice before you agree to any such arrangement.
- Before you apply to be an owner-builder, you must declare that you have read the owner-builder's manual. The manual contains more information about the role and obligations of an owner-builder.

That document is available from the [Building Practitioners Board's website](#).