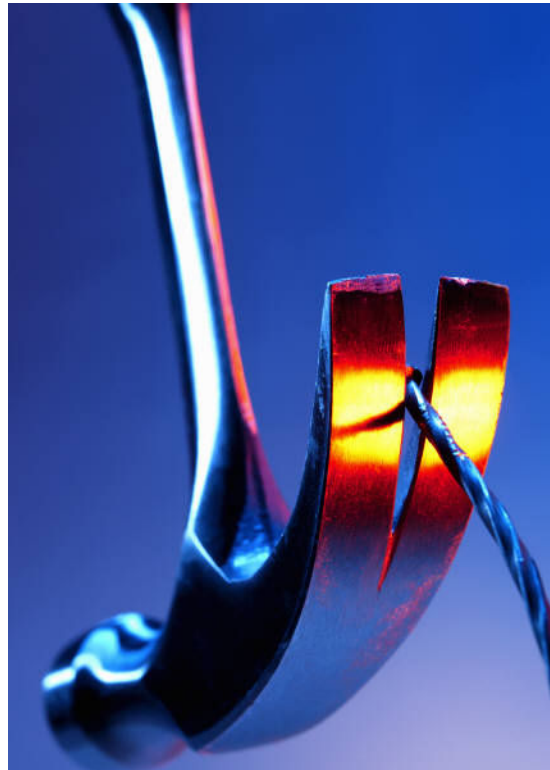


Choose That Contractor!

A Step-By-Step Guide



How to Find, Choose and Work With Home Improvement Contractors

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INTRODUCTION

Let's jump right in with the cold, hard facts.

#1 - The world is chock-full of con artists out to make a quick buck at your expense!

This is not news, but I want you to remember that fact every time you think of hiring a contractor. I want you to become a skeptical, nosy, reference-checking, pain-in-the-butt. I want you to assume nothing and question everything.

#2 – Home improvement contractors are at the top of the nation's list of consumer complaints

The reasons? First, there is little to no regulation or licensing in the home improvement industry. In my home state of Pennsylvania, for example, anyone with a truck and a ladder can call themselves a home improvement contractor. There is no state license required, no registration, and no laws dictating who can be called a home improvement contractor. There are currently a number of Senate and House committees looking to change that, but we all know the pace of legislation these days. So until agencies and laws are put into place, you're on your own!

The second reason is a direct result of the first. Since there is little to no legislation governing the home improvement industry, most people don't know what they should expect from a contractor, and what to beware!

As a home improvement contractor with over 20 years of experience, I know first-hand how easy it is to take advantage of people because of these facts. Fortunately, I've always believed that you get what you give, and I treat all customers and potential customers with the utmost sincerity and respect.

I've heard every heartbreaking tale of dishonesty, aggravation and out-and-out theft that you can imagine! Some people have lost their life savings to contractors who have "disappeared" and left the job unfinished. Some have paid the entire amount up-front to a "sales rep", only to find out that the home improvement "company" never existed.

Years and years of listening to these stories have led me here, where I'm finally going to tell YOU what you need to know to **not only** avoid these "con-man" contractors, but to **find the contractor that's right for you!**

Let's get started....

Step 1 - Know Exactly What You Want!

So you want to renovate or make some improvements to your home. Great! Think you're ready to hire a contractor? Not so fast.....

Just as you would never choose a doctor, a lawyer, or even a hairstylist haphazardly, you should **NEVER choose a contractor until you know EXACTLY what you want.** Get out a piece of paper and write a detailed description of the job(s). For example, instead of writing "build an addition", include where the addition will be located, the size, the materials (wood frame, cement block, etc.), how many windows, doors, etc., whether it will be finished (drywall, paint, etc.) or unfinished, additional labor that you would like included in the estimate (plumbing, electrical, etc.)

Here's a simple chart you can re-create and adapt to help you get organized:

Job	Size	Location	Materials	Windows/Doors	Plumbing	Electrical
Build gameroom	14' x 14'	Above garage	Wood frame, Finished drywall	4 Pella windows in white 2 six-panel doors	None	8 recessed lights
Install new cabinets in kitchen	12' x 18' cabinets and countertops	Existing kitchen	Kraft Maid honey oak cabinets with Provincial style doors, black Corian countertop	Not applicable	None	2 pendant fixtures

Don't worry if you haven't picked out **specific** fixtures like in the above example. Lots of folks go shopping with the contractor they hire, or ask him or her to bring samples that they can choose from. DO be as specific as possible, though. In other words, you may not know what color countertop you want, but you should at least know whether you want a solid-surface (like marble, Corian, tile, etc.)

This step is CRITICAL....after all, how can you possibly hire someone to do exactly what you want unless you **KNOW** what you want? Skip this step and you could end up with a contract price that doesn't include thousands of dollars in necessary materials and labor!

The contractor you hire should always have experience with projects similar to yours....they're most likely to know the right materials and techniques for the job. Best of all, they can tell you about potential problems that might come up and how to solve

them. For example, if you want a kitchen remodel, look for contractors who either specialize in or have experience with kitchen remodels.

Step 2 – Know EXACTLY What You Can Have!

The next step is to **check with your municipal building department** to ensure that the work you want done **can** be done, and to find out what kind of zoning approval or special permits are required. Your municipal office will be happy to provide you with all the necessary guidelines and paperwork.

These guidelines are **critical**...your job **must** adhere to them or you will never get the final approval of your local building inspector! In short, you'll have to tear it all down and start all over again, **AT YOUR EXPENSE!**

I'll give you an example. My local zoning laws require that all building structures (houses, garages, etc.) must be built at least 15 feet away from where the property line meets the street. My neighbor assumed that her contractor knew where he could and couldn't build. **He** didn't know and didn't check. **She** didn't know and didn't check. The result? Her \$30,000 garage had to be torn down and moved **THREE INCHES**. The cost? Another \$30,000. One five-minute visit to the municipal office would have saved her \$30,000 and lots of grief!

In short, **NEVER** assume that your contractor understands (or has checked) the zoning and permit requirements of your municipality! Your best bet is to check them yourself and make sure that both you and your contractor understand them before you start your project.

Step 3 - Now Start Looking!

You know what you want now, but how do you get it? Remember, the contractor with the flashiest commercial or biggest phone book or newspaper ad is not necessarily the best contractor for the job. A better place to start is a family member, friend, co-worker, neighbor, etc. who has had similar work done. The benefits of this strategy:

- The person has experience with the contractor and can tell you whether the contractor was dependable and professional
- You can ask to see the job site, examine the finished product, and get a feel for the quality of the contractor's work
- The person can let you know whether they were satisfied with the work

Other great sources for referrals include:

- Local real estate agents
- Local home builders and renovators associations

- Local building supply stores
- Contractor websites on the Internet

For large renovation projects, it may be a good idea to **hire an architect or designer** to draw the project plans. Not all contractors are good designers, and you could end up with a structurally sound addition that looks terrible! A **full-service renovator** is another good option, as many of them are qualified to do both design and renovation work. They typically handle everything from obtaining the necessary permits, hiring the contractor(s), and supervising the work. To find a reputable architect, designer, or full-service renovator, use the same sources we mentioned above.

Based on your referrals and research, make a list of contractors that you might be willing to hire. Contact each of them to discuss your project and make an appointment to get an estimate. A few things to note at this point:

- You should **NOT** be charged for an estimate! A legitimate contractor will take a look at the project and provide an estimate at no charge. Exceptions include a large project with lots of variables that might involve several contractors. In any case, **NEVER** assume. **Ask!**
- **NEVER** hire a contractor who doesn't return a phone call within three days or, worse yet, doesn't show up for your scheduled appointment. A good contractor will call to reschedule if he can't make it. And even though most contractors are extremely busy, legitimate ones will recognize the importance of your calls and return them as quickly as possible.

Step 4 – First Meeting – Getting to Know the Contractor

The next step is to meet with your potential contractors. The goal of the first meeting is to introduce yourself to the contractor, get a feel for their qualifications, experience, and personality, and to make the contractor understand **EXACTLY** what you want. Use this opportunity to get to know the contractor on many levels. The best way to do this is to **ASK QUESTIONS**, such as:

- **How long have you been in business?** A contractor who has been in business for at least three years is more likely to have the skills and experience you need.
- **What kind of work do you specialize in?** Obviously you'd like someone who specializes in the kind of work you'd like to have done, or someone with experience in that area.
- **Do you provide a written contract?** Make sure they do! Every aspect of the job they do for you **must** be in writing.
- **Does your crew handle the entire job or will you subcontract?** If the contractor plans to do the whole job alone, make sure he or she has all the

necessary skills and qualifications. If they are using subcontractors, make sure that all of the subcontractors are reputable and insured. When in doubt, **check!** Be aware that if a contractor uses subcontractors, **a lien could be placed on your home** if your contractor fails to pay the subcontractors and/or suppliers involved with your project. This basically means that you could be forced to sell your home to satisfied any unpaid subcontractors or suppliers. **PROTECT** yourself by asking the contractor and subcontractors for a lien release or lien waiver. Make sure **everyone** signs it and keep a copy. If they refuse, **HIRE SOMEONE ELSE!**

- **When can I expect work to start? What kind of work schedule can I expect?** You'll want to find a contractor who can give you at least five days per week, eight hours a day.
- **Do you offer a warranty and what does it cover?** Most reputable contractors will back up their work with a one-year warranty covering faulty workmanship and/or materials.
- **Do you carry workers' compensation and liability insurance?** Make sure they do! **Ask for proof.** If they can't provide it, **HIRE SOMEONE ELSE!** Otherwise, you could be held financially responsible if someone is injured or killed on the job!
- **Do you handle all required permits (building, plumbing, electrical)?** The contractor should handle this. Beware the contractor who wants **YOU** to sign the building permits, as this implies that you are doing the work yourself, subjects you to local taxes, and holds **YOU** responsible for all liabilities incurred on the job!
- **Are you willing and able to help me refine my plans where possible?** A contractor who is knowledgeable about the type of work you're asking for should be able to suggest ways to get what you want **and** meet your budget.
- **MOST IMPORTANTLY...Do you have letters of reference or contact numbers from previous jobs?** Get a list of these and **CALL THEM!** Ask whether the contractor was dependable, easy to work with, provided quality work, and whether they'd recommend the contractor to a friend.

Reputable contractors will not be offended by your questions! If a contractor seems uneasy or isn't able to provide some of the details you ask for, you may want to consider someone else.

Likewise, if **YOU** feel uneasy at any point during this initial meeting, ask yourself why. **Your gut** is your weapon here! Does the contractor seem like a reasonable person? Be sure he or she is someone you can get along with. If you cannot communicate effectively with the contractor, you will encounter lots of problems during the course of the project. You want a contractor who will explain what's going on as the project takes shape, discuss problems reasonably, and work **with** you to do the best job possible.

In short, steer clear of contractors who seem difficult, unprepared, or those who seem like they have something to hide.

Some “Red Flags”

The “Too Good to be True” Offer

It probably is!

The “Clueless” Contractor

Although this type of contractor is typically sincere enough, he lacks the experience to really do the job right. He has trouble answering your questions or giving good advice. The result is the same as a con artist...shoddy work, broken promises and excessive budget overflows.

The “Shabby” Contractor

Beware the shabby contractor with broken equipment and vehicles that have obviously seen better days. And while some great contractors DON'T have uniforms or new trucks, how a contractor takes care of himself and his equipment is a pretty good indication of how well he'll take care your HOME.

“Super-Low” and “Limited Time” Pricing

A contractor who offers you a "special low price", or a price good “only if you sign now” or “for a limited time” usually plans to do only some of the work before disappearing.

WALK AWAY! Most states now require a “waiting” period that gives you three days to cancel a home improvement contract with **NO** obligation. Check with your state office if you're not sure.

Likewise, a bid that comes in far below the rest is **ALWAYS** suspect. For example, say you get three bids. The first two come in around \$3,000, while the third is \$1,800. It's a good bet that the lowest bid is unreasonable, that the contractor will eventually tack on “extras” after he gets the job, or that he will take a down payment and “take off”.

“Discount” Materials

A contractor who claims he already has materials that he can give you for a “discount”, **BEWARE!** If they do actually have them, you can bet that they are second-rate materials, materials that don't meet building code requirements, or even stolen goods. Most contractors don't buy in quantities large enough to provide discounts!

The Big Down Payment

While there are some jobs that might necessitate a large down payment (large home additions, custom cabinets, special order items, etc.), most jobs require “everyday” items like standard roofing and lumber materials that are readily available at home improvement suppliers. So beware the contractor who asks for more than 20 percent of the total cost of the job in advance. Some states require even less, so check your local laws before you pay ANYTHING.

The “Nomad” Contractor

A contractor with only a P.O. Box and a cell phone number is highly suspect. Generally, a legitimate contractor keeps some type of “office”, whether it's a room in his own home or a business storefront. Check your local chapter of the Better Business Bureau for

complaints. As with all contractors, check his references and visit some jobs he's completed recently.

I cannot stress enough the importance of job **REFERENCES**. The contractors you ultimately decide to meet with should have **references from at least three previous clients** who have had similar work done. Don't accept the references at face value. **Call them** and ask about their experience with the contractor. Ask them if they were satisfied with the quality of the work. Were there any problems? Did the contractor keep them informed throughout the project? Did the contractor's crew keep a clean work site? Was the work done on schedule? Were there changes to the project and if so, how were they handled? Would they hire the contractor again or recommend the company to friends or family? If the previous clients are willing, visit them to see the finished job. Their willingness itself is usually a sign that they were satisfied. And finally, check with your local **Better Business Bureau**. It keeps a record of complaints about contractors in your community.

Satisfied customers = a good contractor!

During the first meeting, some contractors may offer a rough estimate of costs, depending on the project's scope and complexity. **But you should still not sign anything or pay anything at this stage!** Everything at this stage is still very "rough", and you'll only want to sign a contract that provides an accurate, thorough and complete estimate.

Before the contractor leaves to start preparing the estimate, ask him or her to include:

- **A detailed list of specifications. This is an absolute MUST.** Be as specific as you can. Indicate the style, color, brand, manufacturer etc. of **everything** that will be used if you've decided on them. For example, "Install Kraft Maid Golden Oak kitchen cabinets with Provincial style doors" is specific. "Install kitchen cabinets" is not. Study the estimate carefully and make sure that **EVERYTHING** you ask for and everything the contractor will have to do is included in the price. Assume that anything **not** listed is **not** included in the price.
- **A reasonable construction schedule**, including the start date, and the days/hours you can expect him/her to be working (Monday through Friday, 8:00 am to 5:00 pm, etc).
- **A set price** based solely on the list of specifications.

Renovation sometimes uncovers hidden problems, so if you live in an older house or suspect that there might be an underlying problem, ask the contractor to include a **contingency budget** to cover unforeseen costs. Most people don't do this, **but they should**, especially if they haven't decided on specific fixtures or cabinetry that could greatly increase their budget.

Step 5 – Second Meeting – Reviewing the Written Estimate

The contractor will usually take a couple of days to a week to come up with an actual written estimate. If the project is complex, you can expect it to take a bit longer...perhaps two to three weeks. However, it's important to note here that a contractor who wants your job and values your business will continue to take your phone calls during the process. Walk away from **ANY** contractor who doesn't respond to your calls within three days. Contractors are **VERY** busy people, but experience has taught me that a contractor who doesn't respond to calls is not going to be very responsive during the course of a project.

On that same note, please be sure to return your contractor's calls in a timely manner. They will likely have questions about the project that need to be resolved in order to develop an accurate estimate.

So how many estimates do you need? That's up to you. Some people prefer to get at least three written estimates. Others connect strongly with one contractor, and only ask that contractor to submit a written estimate. Generally, with the right drawings and specifications, three estimates will usually give you enough information to make a decision. What really matters is that you choose the contractor that you feel comfortable with in terms of personality, experience and skills.

When the estimate is ready, **always meet with the contractor to discuss it**. A dollar amount read over the phone does not give you a clear picture of what the contractor has included in his price.

That said, here is a list of things to look for in a legitimate estimate:

- **A detailed list of specifications is an absolute MUST.** Be as specific as you can be. Indicate the style, color, brand, manufacturer etc. of **everything** that will be used. For example, "Install Kraft Maid Golden Oak kitchen cabinets with Provincial style doors" is specific. "Install kitchen cabinets" is not. Study the estimate carefully and make sure that **EVERYTHING** you ask for and everything the contractor will have to do is included in the price. Anything **not** listed is **not** included in the price.
- Make sure the contractor provides you with a **reasonable construction schedule**, including the start date, and the days/hours you can expect him/her to be working (Monday through Friday, 8:00 am to 5:00 pm, etc).
- A **set price** based solely on the list of specifications.
- Renovation sometimes uncovers hidden problems, so if you live in an older house or suspect that there might be an underlying problem, ask the contractor to include a **contingency budget** to cover unforeseen costs. Most people don't do this, **but they should**, especially if they haven't decided on specific fixtures or cabinetry that could greatly increase their budget.

Step 6 - Review and choose!

A few important points to help you decide:

Don't automatically choose the contractor who gives the lowest estimate. It may be tempting, but the estimate may also be unrealistically low. The contractor may not have understood the project, may be underestimating what it will take to complete the work, or may simply be "faking" the numbers to get the job. Once in the door, these unscrupulous contractors often tack on unexpected "extra" costs, and/or may leave you with poor quality materials and messy workmanship.

"If it sounds too good to be true, it usually is!"

Look for a fair price. Examine the differences among the estimates. Make sure everything you've asked for is included in the price. Consider the skills, experience and recommendations that each contractor brings to the job. Then consider any additional "pros" or "cons". For example, a contractor with a good reputation, willingness and ability to make suggestions and offer advice, and one who guarantees his/her work may be worth a few extra bucks in the long run. Overall, you want to choose a contractor that you're comfortable with, and the one you feel will give you the best overall value for your hard-earned dollars.

Beware the contractor who doesn't have an address, doesn't "require" a written contract, and/or offers a discount if you pay cash without a contract. Paying cash without a contract puts you at a distinct disadvantage legally speaking. Without a written contract, you can't prove that the contractor was paid ANYTHING, so you'd probably have no legal recourse if something went wrong, if you were not satisfied with the work, or even if the contractor left the job without finishing it.

ALWAYS get it in writing, and NEVER hire a contractor if:

- You **can't verify** the name, address, telephone number, license number (in some states), insurance or credentials of the contractor.
- The contractor **doesn't provide references**, or the references have reservations about recommending the contractor for the job.
- The contractor gives you a **toll-free number and P.O. Box** as an address.
- The contractor doesn't provide **proof of liability and worker's compensation insurance**.
- A salesperson or contractor tries to **pressure you** into signing a contract by tricking, intimidating or threatening you.
- You are asked to **pay for the entire job up front, or to pay cash** to a salesperson or contractor rather than writing a check or money order to the company itself.
- You are asked to **pay more** than you state's legal down payment limit (call your local municipal office if you're not sure).
- A salesperson or contractor says your home will be used as a **"model" for advertising purposes** and/or that you'll receive a special discount as a result.
- A salesperson or contractor says that the contract **price is only valid if you sign today**.

Step 7 – Call and Confirm

Once you've decided on a contractor, call him or her right away so they can get to work on the actual contract and pencil in a start date. It's a good idea to jump right on it, especially if you have a very specific timeline. Any delay on your end could delay your start date.

Ask the contractor for a final detailed contract and arrange a day to meet and discuss it. Again, this is not something you should handle over the phone. You'll want to meet face-to-face and be sure that everyone understands what EXACTLY is being done, when, and how much it's going to cost.

Step 8 – Third Meeting - Read the Fine Print!

No matter the size of your job, a **detailed** written contract between you and your contractor is absolutely necessary! So what should the contract cover? In short, **EVERYTHING**. Contracts will vary widely from contractor to contractor, so here are some things you SHOULD see:

The contractor's contact information – Should include the business name, address and phone number, as well as the name and contact information for the person who sold the job (if different than the contractor).

The contract parties – Indicates who is governed by the contract (you and the contractor).

The job specifications – A detailed list of the materials and labor included in the price of the contract. If you have a large job, this section alone can run into several pages.

The job plans – For large additions or renovations. Who will be providing them – You? The contractor? A designer? An architect? Decide ahead of time and make sure it's in the contract.

The work schedule – Stating an approximate date when the work would start, the days of the week and the number of hours the contractor can be expected to be on the job site per day.

Financing – Most folks get the financing on their own, but some contractors do offer financing. Note where the money is coming from and the terms ONLY if the contractor is providing the financing. If you're getting the financing on your own, it should simply state "Owner Financing".

The total cost of the contract – Again, this should include everything, from framework to finishing to fixtures, if the contractor will be doing the entire job on their own.

The payment schedule – Should detail how and when the contractor expects to be paid. Some contractors require 50% of the total cost of the job as a deposit. Some require less. This is governed by the state, so please be sure to check into your state laws before you pay **ANYTHING**. And **ALWAYS** get a receipt for what you paid!

Late payments – This is strictly for the contractor’s protection. It details the amount of penalty (a percentage) you can expect to pay on top of the amount due if you pay the contractor late. Please note the dates and don’t pay late! The interest often accrues DAILY and can really bust your budget!

Permits and surveys – This should detail who is responsible for obtaining and paying for all necessary building permits. The contractor should get the permits because they’re experienced in doing so, and because they will be doing the work.

Change orders – This section basically lets you know that you can make changes to the job, but only in writing and with the agreement of the contractor. Please note that any changes made during the course of the job itself will likely cost you time AND money, so try to anticipate your needs and have them detailed in the initial contract, rather than making changes later. All change orders should be in writing, with the exact scope of work and cost stated, and signed by both you and the contractor.

Access to the property site – This section basically gives the customer the right to inspect the work on the job site **with the permission of the contractor**. Doing so **WITHOUT** the contractor’s permission puts you at risk of injury and/or death, and holds the contractor harmless from any subsequent claims. In short, don’t visit the job site unless the contractor gives his/her permission. It’s for your own protection!

Final inspection – This section details the final inspection process and requires you, the customer, to sign the “acknowledgement of job completion” on the contract once everything has been completed according to the job specifications.

Warranties – Any warranties the contractor offers on his/her work are detailed in this section. This basically means that if the contractor installs a roof, for example, and it starts to leak within a year, you can call the contractor to come out and “service” the roof at no cost. A good contractor will usually carry a one-year warranty.

Disputes – This section details your rights and responsibilities should you feel the need to pursue legal action against the contractor. Usually the contractor requires that both parties meet with an arbitrator to resolve any disputes. Sometimes they require the intervention of a local magistrate.

Termination clause – This is probably the **most important** section of the contract. It basically allows you to cancel the contract, for a fee. The amount of the cancellation penalty should be clearly stated in the contract. Please note that certain state laws, **Pennsylvania** for example, already provide for a three-day cancellation period. It states that, should the customer decide to cancel a home improvement contract within three days of signing it, they have the legal right to do so **without paying a fee**. Always check with your state and local law offices if you have any questions.

Governing bodies – The section simply states that the contract is governed by the laws of the state in which it was signed. Make sure the state you live in is the state of record.

Effective date and signatures – This section details the date that the contract becomes effective, and both parties are required to sign it before work can begin.

Acknowledgement of job completion – Simply a sign-off area that both parties are required to sign, indicating that the contract has been fulfilled to the satisfaction of both parties. Be sure to sign this only **after** you've done a final inspection of the work, as it protects both you and the contractor from any subsequent legal claims.

The contract should be clearly written or typed. If you can't read the contractor's handwriting, suggest that he or she provide you with a typewritten copy or even a neater handwritten copy. The wording should be plain and clear, with little room for interpretation. If, however, you find yourself bogged down in legal-speak, you may want to consult an attorney in your area. They will most likely charge you a fee, but it may be a small price to pay.

**NEVER SIGN ANYTHING UNLESS YOU UNDERSTAND IT COMPLETELY
AND AGREE WITH THE TERMS!**

Step 9 - Work WITH Your Contractor

Once work begins, be prepared to see a lot of the contractor and crew. The job itself will go much more smoothly if there is mutual respect and cooperation. Check in with the contractor to get updates and find out what they might need to make things easier. Perhaps, for example, they are having work materials delivered, and clearing your vehicles from the driveway would really help them out. By the same token, there is certainly no need to check in every hour. Simply make a list of any questions you have and arrange a time to talk that's convenient for both of you.

It's always a good idea to DOCUMENT EVERYTHING as the job progresses. Jot down a few notes each day about the progress of the job and any problems that pop up. Taking photos of the job at various stages is great for visual documentation of what was done.

And remember...no matter how clear and detailed a contract might seem, occasionally a dispute arises. The best thing you can do is **TALK** to your contractor. Don't assume that he knows what the problem is! Sit down together and discuss the problem calmly, without accusations, and try to come up with a solution that both of you can live with. Simply fostering a good working relationship and communication with your contractor will save you time, money, and lots of frustration!

Be professional and courteous at all times. Try not to overreact if something is wrong. Tell the contractor what's wrong, and give him time to respond. Unfortunately, things like bad weather, backordered or delayed materials, etc. are **COMMON** and out of the contractor's control. Yes, these things can delay the job, so be sure to leave a little room (and a little patience!) in your work schedule.

Beyond those basics, here are a few more things to **BEWARE** during the course of the job:

Even More Red Flags!

Price Increases

A contractor should never ask for more money because his materials “**cost more than he thought**”. Most contracts cover materials and labor at a “**set**” price, which means the contractor is responsible for covering any mistakes he made in pricing the job. The only exception is when you initiate and sign off on a “change order” that changes the scope of work and the materials/labor involved.

Payment Schedule Changes

If the contractor tells you he is “short” on cash and asks to move your payment schedule to an earlier date, tell him **NO** and stick to the terms of the contract. A good contractor should always have the credit he needs to get through a job.

Second-Rate Materials

Your walk-through inspections are there for a reason. Be sure to check **EVERYTHING!** If your contract specifies 5/8” plywood, for example, make sure that’s what the contractor is using! If it isn’t, let your contractor know immediately. It may be an honest mix-up, but **don’t be afraid to demand what you’re paying for!**

Unpaid Bills

If you start getting complaints from subcontractors or suppliers, confront your contractor immediately. A legitimate contractor should **always pay** his suppliers and subcontractors on time! It is not your responsibility and certainly not your problem.

Remember that how a contractor **REALLY** performs only becomes obvious once the job begins. Lots of folks hesitate to voice their concerns early on in the job. They may feel trapped by the signed contract, or worse, may assume that things will get better. If you see any of these red flags, **act immediately** before it **gets worse**.

If you think your contractor is clearly being **dishonest**, tell him he’s no longer allowed to access the job site. Call your local building inspector, state attorney general, and your local Better Business Bureau chapter. **Contact your attorney** to discuss your options regarding enforcing the contract.

As a last resort, and in cases where things are going so badly that the project seems unworkable, you have the option of **canceling the contract**. This is why it’s wise to put a **termination clause** in the contract. You’ll likely have to pay to get out of the deal, so it’s best to agree on the cancellation penalty before you start. Again, **contact your attorney** to discuss your rights and responsibilities.

Step 10 – Inspections!

The job must comply with your municipality’s local codes and regulations. As a result, your local building inspector will inspect the work when it has reached certain stages and when the job is complete. Your contractor is required to arrange these inspections, which were developed to ensure your health and safety. **These inspections are not designed to pass judgment on the quality of work.**

You should **ALWAYS** be there when inspections take place, and be prepared to ask questions if you have any.

If you think that some of the work is not up to local building standards, **report it in writing** to the appropriate local inspection department, and **give a copy** to your contractor so that you both have a record of the complaint. If the work doesn't meet building code requirements, the contractor should have to correct it **at his expense**.

You can also report **poor workmanship** and **unsatisfactory business** practices to the government department that granted the contractor a business license, where applicable. If all else fails, **consult an attorney!**

Don't make the final payment to the contractor until the local building inspector has **signed off** on the job. The contractor should also do a final "walk-through" inspection with you to make sure they didn't forget anything.

Your final payment to the contractor should be issued only when your contractor has met the terms of your punch list and final walk-through. Once both inspections are complete and you are **COMPLETELY** satisfied with the job, sit down with your contractor, hand over the **final payment**, and have everyone **sign off** on the job completion section of the contract.

Now...CELEBRATE! Invite your friends and family to see the finished job, and tell **EVERYONE** you know about your fantastic new contractor!

Appendix A - Consumer Protection Issues

If You Have a Problem with a Contractor

The law is designed to protect you, the consumer. Consumer protection agencies are available to help you resolve problems between you and your contractor. You can find them in your local yellow pages under "Consumer Protection Organizations", by searching on the internet for "Consumer Protection Organizations" in your state, or even through your local news stations which often have consumer reporters on staff.

Sometimes a phone call to one of these organizations is enough, but submitting a letter outlining the problem (giving names, dates, addresses and details) is often required before any action can be taken. Be sure to keep detailed records of your interactions with your contractor (phone calls, one-on-one conversations, etc.) just in case.

The consumer protection agency in your area may send a building inspector to examine the disputed work. The inspector's report may be enough to settle the dispute. If it isn't resolved, the office may provide mediation services. Involving a consumer protection office is usually a good incentive for the two parties to reach a settlement. However, if legal action is required, the consumer protection office can also provide you with further advice and assistance.

The Better Business Bureau, a monitoring agency maintained by the business community, also handles consumer complaints, mediates disputes, and attempts to negotiate a fair settlement. You can reach them online at www.bbb.org.

If legal action is necessary, you may be able to take the contractor to small claims court without hiring a lawyer or dealing with the complications of a formal court case. Although small claims court is more informal, its decisions are still binding. The size of the claim you can make varies from city to city. Your local courthouse can give you all the details, and refer you to the appropriate office for small claims.

An Important Note About Insurance

Any contractor you hire **MUST** have workers' compensation and third-party liability insurance for **EVERYONE** working on the job for any damage they might cause during the course of construction. \$2 million is standard, but may be considerably less in rural areas. Contact your local Home Builders' Association to find out what is standard in your area. **NEVER** take the contractor's word. Ask to see a certificate and make sure it's current. If your contractor does not carry these insurances, leaving **YOU** liable for any damages, injuries, etc.

Your homeowner's insurance policy **MAY** cover you during a renovation project, but you need to contact your insurance provider and inform them of any renovation work **in advance**. However, if you're acting as your own general contractor and hiring laborers to do the work, your policy **WILL NOT** automatically cover you. Contact your insurance company in advance for any necessary temporary coverage, which will usually mean paying a small extra premium. In any case, be sure that **ANYONE** you hire to work on your project carries insurance. If they don't, **HIRE SOMEONE ELSE!**

Appendix B

Hiring a Contractor – Your Checklist!

What You Should Know First (See Step 1)

- Know exactly what you want and write a detailed description of the work you want done. See page 1 of this e-book for a sample.
- Check with your local building department to make sure that the work can be done. Make sure you know if you need zoning approval or any special permits.

Look For A Contractor (See Step 2)

- Ask family, friends, co-workers and neighbors for recommendations.
- Get more names from local realtors, home builder / renovator organizations, building supply stores.
- Do you need an architect or designer? Get some names from the same sources.
- Check with the Better Business Bureau for complaints against any of the contractors on your list.
- Ask contractors for their business license number (if your state requires it), make sure they have damage insurance and workers' compensation.

Getting Estimates (See Step 3)

- Contact each contractor and make an appointment for an estimate.
- Make sure you've prepared a complete description of the work to be done.
- If it is a large project, make sure you have preliminary plans or sketches.

First Meeting - Getting to Know the Contractors / Getting Estimates (See Step 4)

- Ask questions (see Step 4)!
- Get contractor's name, address, phone numbers.
- Get a list of job references and CALL THEM when the meeting has ended.
- Provide contractor with a complete description of the work to be done (see Step 1).
- Provide contractor with a list of things you'd like to see in the contract (see Step 8).
- Have the contractor commit to start and completion dates.
- Request a price based on the complete description of work to be done.
- Don't sign or pay anything yet!

Second Meeting – Reviewing the Written Estimate (See Step 5)

- Estimate must contain detailed list of work to be done.
- Estimate must contain reasonable construction schedule.
- Estimate must contain a set price based on the detailed list of work to be done.
- Do you need a contingency budget?

Review and Choose (See Step 6)

- Compare all estimates in terms of price, quality of materials, timeline, etc.
- Eliminate anyone who makes you uncomfortable.
- Eliminate anyone who cannot provide you with the information you need.

Call and Confirm (See Step 7)

- Call the contractor you chose and let them know they got the job.
- Ask them to prepare a detailed contract based on the job specifications.
- Arrange a time to meet with them and discuss the contract.

The Third Meeting (See Step 8)

- Make sure the contract has everything outlined in Step 8.
- Make sure the contract is readable.
- Make sure you understand EVERYTHING in the contract. Consult with an attorney if you don't!
- If you understand everything in the contract and agree with the terms, sign it!
- If the contractor requires an immediate down payment, make sure it is the absolute minimum required by law.

Work With Your Contractor (See Step 9):

- Make sure your contractor has the work space they need.
- Check in with your contractor periodically and make sure to return their phone calls!
- Be friendly and courteous.
- Try to work out any differences or mistakes calmly and professionally.

Inspections (See Step 10)

- Make sure your contractor has arranged all necessary inspections with your local building inspector.
- Try to be there when the final inspection takes place.
- Do a final walk-through to make sure that everything was done according to the contract.
- Sign off on the "job completed" section of the contract, and keep a copy for your records!

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