

## SELECTING AND WORKING WITH A CONTRACTOR

### Choose your contractor with care, and protect yourself with a carefully worded contract.

With new home costs going higher and higher, and the value of land rising along with them, many homeowners are discovering that it is cheaper to remodel their existing home than it is to invest in a new one. Nowhere is the phrase “**let the buyer beware**” more important than in this field of construction.

This bulletin contains some suggestions that, if you follow them, should help to make your remodeling project as economically safe and painless as possible.

### Finding the right contractor

First of all, make a list of the things you want done by the contractor, and try to list all the details that are important to you—how large the project is to be, what materials you prefer to use, and any other specifications that occur to you. A simple sketch or drawing of what you would like done may be useful in explaining the project to the contractor.

Then —

- Check with friends who have had work done that is comparable to your plans; check with architects, lenders, or contractors’ associations for the names of contractors they have dealt with and would recommend. When you contact a potential contractor, explain the type and extent of the work you want done—not all contractors do remodeling.
- Get bids from at least three contractors. When you discuss your plans with each of them and one has suggestions you want to incorporate, be sure to give the others a chance to include those suggestions in their estimates. If you don’t, you will find yourself comparing prices for three different jobs and wondering why they vary so much. *Be sure all estimates are based on the same specifications*, and that they are detailed and precise, both in terms of money and time.

Remember that the lowest bidder is not always the best choice—he may be cutting corners to hold down his price.

- Ask each contractor for names of recent customers. *Check them out.* Verify that the work was done on time and within budget, and if not, why not. Ask about the contractors’ willingness to come back and remedy problems, and about the condition of the job site after his work was completed. Call the Better Business Bureau (260-431-2222 or Website: [www.thebbb.org](http://www.thebbb.org)) and ask about any complaints they have recorded.
- Verify that the contractors are licensed by asking to see their Washington State Contractor’s License (1-800-647-0982 or Website: [wvs2.wa.gov/lni/bbip/contractor.asp](http://wvs2.wa.gov/lni/bbip/contractor.asp)), then check the expiration date. This license is proof that the contractor is registered with the Washington State Department of Labor and Industries (360-533-8200 or Website: [www.lni.wa.gov](http://www.lni.wa.gov)). However, the license does not guarantee the workmanship or trustworthiness of the contractor.

### Working with your contractor

Once you have selected a contractor, the business of the contract agreement begins. This is where your biggest mistake can be made. It is worth the investment to have your lawyer review the contract before you sign it.

Be very careful about accepting a preprinted contract supplied by the contractor. Most contractors are reputable, but even they can have clauses in their contracts that leave too much control in their hands, and too little in yours. Be sure your contract covers everything you discussed and agreed upon with the contractor, and include the following.

- **Complete job specifications.** These should be detailed, and should specify materials, brand names, colors, grades, styles, and model numbers for any appliances or equipment. Make sure any architects' or engineering drawings are cited in the specifications and a copy attached to the contract form.
- **Scheduled start and completion dates.** Start and finish dates should be spelled out. The contract should allow for any reasonable delay, but it is well to include a hold-back clause that allows you to withhold payment if the work slows or stops for no legitimate reason.
- **Modifications.** Don't agree to "pay for any additional work not stated in the contract." Instead, stipulate that an additional agreement must be made and signed by both you and the contractor before any modifications or additional work is done. Include a clause that credits you with the cost of any unused returnable materials.
- **Payment schedule.** Do not agree to pay for the work in advance. Your contract should stipulate that payments will be made on completion of certain phases of the construction, and after approval of the work. Also, a hold-back clause indicating final payment 30 days after completion of the work gives you sufficient leverage to get your contractor to fix anything that is wrong. It can also protect you against unreasonable delays.
- **Liens against your property.** To protect your property against liens, you can include a statement in your contract requiring proof of payment for all materials and labor prior to receipt of the last payment.
- **Financing.** If the contractor arranges financing for you, the Federal Truth in Lending Law allows you at least three business days after you sign the contract during which you can cancel it without penalty. The finance contract must spell out the interest rate, cash price plus finance charge, and the amount of each payment.
- **Permits.** Be sure your contractor obtains all required permits and variances. Building permits require review of the plans and specifications and inspections of the work for compliance with appropriate building codes.
- **Insurance.** Verify that your contractor is adequately insured and that you are protected if claims of any kind should arise.
- **Warranties.** If you have selected a reputable contractor, he will be willing to include a written warranty in your contract. The warranty should cover defects in workmanship or materials for a specified period of time. Some materials and equipment or appliances carry their own warranties; be sure you obtain the warranty cards and instructions for use and maintenance.
- **Cleanup.** Insist that the contractor, in writing, agrees to leave the premises in "broom clean" condition.

Read all contracts and related documents carefully and, if possible, have an attorney read them, too. Don't allow work to start until the contract is signed and all permits have been obtained. Also, don't sign a "Certificate of Completion" until you are satisfied that the work is completed and to the specifications established in your contract.

#### **Additional points to remember**

- Try to keep a good working relationship with the contractor and his crew, but don't interfere or get in the way of the workers.
- Keep children and pets out of the construction area.
- Try to become familiar with as many building terms and techniques as possible, and you will be able to follow the progress of the work intelligently.
- Take pictures as the work progresses. It is a good record and could be valuable if problems arise.
- Watch what is going on and if you spot something wrong, point it out immediately—don't wait until it is too late to fix.

