



A White Paper on... Selecting the Right Contractor

Executive Summary

- Look locally for contractors who already know the local building codes and laws.
- Plan the work carefully, don't just rush in without a clear plan.
- Keep the scope of the project in check.
- Make sure you have financing lined up in advance. There are several places to turn for financing.
- Consider both form and function for your project, not just one or the other.
- Get all terms in writing.
- Select the right type of professional for your needs. Is it a General Contractor, a Design/Build team, an Architect or other?
- Find a contractor with great communication skills, and a solid work methodology -- not someone who just "makes it up as they go," based upon years of prior experience.
- Above all, choose someone you're comfortable with.

How to Select a Professional Remodeling Contractor

Finding a qualified professional remodeling contractor can seem like a daunting task at the onset but the process can be a positive experience if you follow some fundamental guidelines. By doing your homework and communicating your needs, you'll find the selection process and resulting work to be a pleasant experience for all involved.

Start Locally.

Employ a contractor with an established business in your area. Local firms can be checked through references from past customers in your community. Word of mouth is also another great source of gathering information. Check with friends and relatives who have had construction or design work completed at their homes and listen to their stories about which companies met their needs professionally and responsibly. It is also a good idea to look to local companies because it is in their best interest to perform satisfactory work for their businesses to survive.

Many states, but not all, require contractors to be licensed and or bonded. Contact your state or local licensing agencies to ensure the contractor meets all requirements. Another checkpoint is to check with the government Consumer Affairs Office and the Better Business Bureau to ensure there is no adverse file on record for a selected contractor.

It is also within your rights to ask to see a copy of the contractor's certification of insurance and for the name of his/her insurance agency to verify coverage. Most states require a contractor to carry worker's compensation, property damage and personal liability insurance and it is your best interest to verify coverage. Make sure the contractor's insurance coverage meets all the minimum requirements. If you solicit bids from several different contractors, be sure they are bidding on the same scope and quality of work. Discuss variations in bids and beware of any bid that is substantially lower than the others.

Carefully plan the scope of the work.

It's easy to get excited about the end result of your remodeling vision but take the time to think your remodeling project through from start to finish. Careful planning of your home improvement projects will enable you to update your home, increase the value of your

investment and customize your living space—all for a lot less than the cost of a new home—so make sure you're making wise choices from the beginning.

Before launching into any renovation, inspect your property carefully. What repairs are needed? What improvements would you like to make? Think ahead and determine your future needs. Professional remodeling contractors can help you in your planning by outlining options and discussing the improvements you can make within your budget.

And don't forget the insurance aspect—be sure to review your homeowner's insurance policy and make adjustments for the added value of the work being done.

Show me the money.

OK, so you've done your homework and have found the ideal contractor for your home remodel. Now, it's time to ask questions about budget. There are various financing plans available to homeowners, one of the most popular being the equity line of credit that bases the loan amount on the equity in your home.

The Federal Housing Administration (FHA) also has loans specifically for home improvements available through many banks and lending institutions. The FHA, however, requires that the lender approve the contractor. Please note that the FHA does not guarantee the contractor's work.

Another factor to consider is that some institutions will allow you to borrow against the anticipated equity in your home once your remodeling project is complete.

If you would like guidance from your contractor, don't be afraid to ask. Most professional remodeling contractors are familiar with financing options available and can connect you with appropriate resources. Whatever route you choose, be sure to research various sources of funding to compare individual qualification guidelines, interest rates, terms and tax considerations before launching your remodeling project.

Incorporate design and function.

Considering the design and function of your project should be top in your mind if you're thinking of adding a room or converting an existing room. If you're considering a larger,



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more complicated project, be sure to incorporate even the smallest details such as: where you want electrical outlets, telephone jacks and cable hook-ups located; the type of lighting required; your current and future storage needs; and whether you want to include luxury items.

Prior planning of these details will enable your home improvement to better suit your needs and your lifestyle and will help insure a smoother renovation. Be sure to include your remodeling contractor about all your design and function issues so that he/she can provide beneficial time and money-saving ideas.

Comply with local codes and permits.

Building codes have been established by most cities, towns and countries although they may vary considerably from one jurisdiction to another. A building permit generally is required whenever structural work is involved or when the basic living area of the home is to be changed. A remodeling professional who works in your city or town every day will know the local requirements.

Get it in writing.

A well-written contract is critical. Start out by including the contractor's name, address, phone and license number (if applicable). Then get more specific about what the contractor will and will not do. Your contractor should provide a detailed listing of materials for the project in your contract including size, color, model, brand name and product.

- The contract should also include the approximate start date and substantial completion dates.
- Study all required plans carefully. Insist that you approve them and that they are identified in your written contract before any work begins.
- Federal law requires a contractor to give you written notice of your right to, without penalty, cancel a contract within three business

days of signing it, provided it was solicited at some place other than the contractor's place of business or appropriate trade premise such as your home, or if the contract has a financing provision.

- Make sure financial terms are understood and spelled out in the contract. The total price, payment schedule, and any cancellation penalty should be clear.
- A warranty covering materials and workmanship for a minimum of one year should be written into the contract. The warranty must be identified as either "full" or "limited." The name and address of the party who will honor the warranty (contractor, distributor or manufacturer) must be identified. Make sure the time period for the warranty is specified.
- A binding arbitration clause is also a good inclusion in the event a disagreement occurs. Arbitration may enable you to resolve disputes without costly litigation.
- Thoroughly review the entire contract and be certain you understand it before signing it.
- Consider the scope of the project and make sure all items you've requested are included. If you do not see a specific item in the contract, consider it not included. Never sign an incomplete contract and always keep a copy of the final document for your records.

Communicate before work begins.

Before work begins, ask your contractor what inconveniences are anticipated while the project is underway so that you may plan for them accordingly. Be sure your contractor is aware of family vacations or other special events so that he/she may schedule appropriately.

- Move personal property from all construction areas and declare all work zones off-limits to children and pets.
- Be sure to put all changes in writing if your remodeling project is modified while work is being done. Both parties should sign the amendment to indicate mutual understanding of any changes.
- It also helps to keep a job file including your contract, plans, specifications, invoices,

change orders and all other correspondence with the contractor.

- Request a contractor's Affidavit of Final Release be provided to you at the time you make final payment and a final waiver of mechanic's lien. This is your assurance that you will not be liable for any third-party claims for nonpayment of materials or subcontractors.

Choose the appropriate professional for your needs.

Depending on your needs and the size and complexity of your intended remodeling project,

there are several different options for you to explore before finalizing your plans. It's in your best interest to define which of the following alternatives represents the best approach for your project:

The General Contractor

Many home improvements may not require professional design services and can be handled by an experienced contractor. Again, be sure to deal with a professional. Even small jobs need careful planning as their successful completion is important to you.

The Design/Build Contractor

Design/Build is a concept developed to benefit the homeowner with his/her remodeling project by providing both quality design and construction services within the same company. A design/build contractor will be able to see your project through from start to finish, keeping design, engineering and budget in mind.

The Architect

Major remodeling projects require construction drawings to define contracts and permits procurement. If your professional remodeler does not provide design services, you can use a professionally trained architect. It is best to work with an architect experienced in remodeling as he/she will be more sensitive to the special challenges presented by remodeling.

A Final Thought

Above all, make sure you select someone with whom you are comfortable and can communicate projects can span many weeks or months.

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