

The Consumer's Guide To Successful Home Remodeling

**Important Information That Can Save You
Thousands When You Remodel Your Home**

Point #1 - Avoid Common Misconceptions

- 1. If the Better Business Bureau doesn't have any complaints against the contractor, he must be qualified.** This is a common and often costly misconception. In fact, just because a contractor doesn't have any complaints with the BBB, does not mean you're working with someone who is a reputable professional. You need to investigate the company further. Many contractors, though they have no BBB complaints, do not do a satisfactory job (much less, a superior job). To ensure you're dealing with a reputable professional, use the BBB as a starting place, not the only place.

Also keep in mind, the BBB is not a government agency and it does not keep a record on every contractor in town. To truly gain perspective on a contractor's credibility, research beyond the BBB. It would be unwise however to do business with a company that has no record with the BBB or if their record is significantly shorter than the time they have been in business.

- 2. Going with the lowest price saves you money.** NO, not necessarily! This is the most common myth in the Home Remodeling business. Everyone tends to look for the lowest price. On a low estimate, you must ask yourself what is being left out or what shortcut is being taken. For example:

One roofer had his re-roof job \$300 cheaper than anyone else. The homeowner wanted to save money and accepted his proposal. After the job was completed, the old shingles and nails were still lying around the yard and the homeowner was upset. The contractor told them that he had not figured the cleanup in his proposal and that was why he could do the job so much cheaper than anyone else could.

One of the most common signs of trouble ahead is someone offering to do work for much less money than others. Like anything else, you can't get something for nothing. Be careful of choosing your contractor based upon the lowest price.

- 3. Doing it yourself saves money.** Sometimes the "weekend warrior" can undertake small projects like painting, hanging wallpaper, routine repairs, etc. But beware of undertaking larger, more complicated projects. What starts out as an attempt to save money can turn into a costly mess. All too often, the job is botched and it costs more to have a reputable professional come in and fix what's been done. According to an article in the Baltimore Sun, less than 20% of these do-it-yourself jobs work out - mostly due to

lack of experience on the part of the homeowner. If you want to be assured your project will turn out the way you want it, call a reputable professional.

- 4. If a person claims to have many years of experience, they must do quality work.** I can't tell you how many people receive bad workmanship from contractors who've claimed to be in business or the trade for twenty years. Take experience claims with a grain of salt. Just because a contractor claims to have twenty years experience, does not mean you'll get what you want. He could have done a poor job for twenty years, or he may have changed his company name numerous times. Investigate further to ensure you're dealing with a qualified professional.

Point #2 - How To Choose The Right Contractor, 11 Questions To Ask Before Inviting Him Out To Your Home

- 1. Do you carry general liability insurance?** Make sure your contractor carries general liability insurance. This type of insurance protects your property in case of damage caused by the contractor and/or his employees. The insurance company will pay for the cost of replacing and/or repairing any damage that occurs.
- 2. Do you carry workers' compensation insurance?** Make sure your contractor carries workers' compensation insurance. It protects you from liability if a worker is injured while on your property. Be aware that if the contractor doesn't carry workers' compensation coverage, you may be liable for any injuries suffered by the contractor or any of his employees on your property.

If the contractor is a one-man operation, he can be exempt from having to carry workers' compensation insurance. If he is doing so legally, he can provide you with a copy of his Construction Industry Certificate of Exemption From Workers' Compensation. This is *very* risky for you though. If he shows up with a helper and the helper gets hurt, with no workers' compensation insurance, you may have to pay the medical bills. If the uninsured contractor is sloppy about verifying his sub-contractor's workers' compensation insurance and the sub-contractor gets hurt, again you may have to pay the medical bills. In short, it is much safer to deal with a fully insured contractor.

- 3. Will you provide me with a written lien waiver?** Your contractor should provide you with a written lien waiver at the end of the job. This is a legal document which says you, the homeowner, have paid the contractor in full for the services rendered and the contractor waives his right to place a mechanic's lien on your property. If during the course of construction you receive any Notice to Owner documents from material suppliers or sub-contractors, it would be prudent to ask the contractor for a Final Release of Lien from each one prior to paying the contractor his final draw. This protects you in case the contractor doesn't pay his material suppliers or sub-contractors after you have paid him in full.
- 4. Are you a member of NARI or NAHB?** NARI stands for the National Association of the Remodeling Industry and NAHB stands for the National Association of Home Builders. It's always a good idea to consider hiring a NARI or NAHB contractor. In most cases, both organizations only attract conscientious contractors interested in bettering the industry and in weeding out unprofessional contractors. In order to become a member, the contractor's background and references are thoroughly investigated.
- 5. Will you pull all the required building permits?** Make sure your contractor pulls all required permits. This is very important. When a contractor pulls the required building permits, you know things will be done to "code". Also, many homeowners' insurance policies require pulling a permit on any major remodeling to keep your home properly covered. Not all contractors will do this. Many prefer not to pull permits because of the time involved and the "hassle" with the inspectors. Some contractors may ask you to get the permits. This could be a warning sign that they are not able to pull the permit because they are unlicensed, or the work is outside of their license. A reputable contractor will permit every job where a permit is required.
- 6. Do you guarantee your work?** Your contractor should guarantee his work for at least one year from date of completion. Some contractors guarantee their work for two or even three years.
- 7. Who will be in charge of the job?** Make sure the contractor or his foreman is on the job whenever work is being performed - especially if sub-contractors will be used. The responsible party must be intimately familiar with every aspect of your project. If you won't be home during the construction and must leave the house unlocked, or leave a key with the contractor, you must feel comfortable. You can't be worried about what is going on when you are not there.
- 8. Will you provide me with written references?** A good contractor will

be happy to provide you with references. You should look for a well-established contractor who can give you several client references from the last 6 months to one year. Ask for the name of the contractor's accountant or banker. You want to ensure the contractor is financially sound and won't be declaring bankruptcy in the middle of your project.

9. What percentage of your business is repeat or referral business?

When a significant source of a contractor's business is derived from repeat and referral business, it usually indicates that his clients are pleased with the work they've received.

10. How many projects like mine have you completed in the last year?

Your contractor should have experience in the type of remodeling project you want done – not just “contracting experience”.

11. How do you handle "dirty work"? Construction is dusty and dirty! It gets everywhere, especially if any sanding is being done. Make sure the contractor will make an honest effort to keep the dust contained, or notify you when the heavy dust generating operations will take place so you can place sheets over furniture or move sensitive belongings. Make sure the contractor agrees to sweep up and place all construction debris in a predetermined place or refuse container at the end of every day.

Point #4 - The Biggest Mistakes Homeowners Make And How To Avoid Them

- 1. Listening to the wrong people.** It never ceases to amaze me how many people take advice on their construction and remodeling project from people who are totally unqualified to give this critical advice. Quite often, when I see construction messes, (which I see virtually every day) and I ask where they got the idea to do this or that, I inevitably hear things like:

My brother-in-law told me to do that. He used to do work like this on the side when he was a student.

I asked the guy in the office next to mine. He did the same thing to his home when he lived in Wisconsin.

I read an article by so-and-so that said we should...

Everyone's got an opinion on what you should do with your remodeling dollars. "Do it yourself" or "Hire the sub-contractors and run the project yourself", etc. Just because someone is your relative, friend, or thinks

they know construction, doesn't mean they know the answers to your remodeling questions or problems.

If you've got an idea or a thought about improving your home, call a reputable, qualified professional to answer your questions.

- 2. Visit the references and see example work.** You can learn a lot by seeing the finished product. If the contractor is good, many previous clients are extremely proud of their "new" home and will be glad to let you look.

See a job in progress. Is the job site clean? Or are tools and materials strewn about like a hurricane just blew through? Is everything dusty and dirty, or is it covered or sealed off? Chances are if a contractor keeps his work sites clean and neat, especially at the end of the day when it's time to go home, you've got a conscientious contractor.

Point #5 - How To Tell If Your Remodeling Project Will Run Smoothly - Before You Sign The Contract

- 1. Good communication.** If you can talk with each other, you can work out any details that come up.

When you leave a message, does he return your call?

Does he return a page promptly?

Does he listen to you?

Nothing is more important than feeling like your contractor understands your needs and concerns. If your contractor is so busy that he can't return calls or pages promptly, maybe it's time to look for a new contractor. When you're in a discussion, does the contractor really listen to you? I mean *really listen*. This is vital.

You should always feel like the both of you are on the same page. This can avoid miscommunication and costly errors. This is a very important "secret" to a successful and enjoyable remodeling experience. Choose someone who will listen to you.

- 2. Comfort.** If you feel comfortable with your contractor, the chances are good your project will run smoothly. Think about it. You've just invited a stranger into **your home**. Do you find this person nice? Considerate? Personable? A listener? Were they polite and courteous? Or did they make you feel that they weren't interested? You will be working with this person for a matter of days, weeks, or months depending upon the project you need completed. Can you stand to have this person around?
- 3. Trust.** If you feel your contractor is trustworthy, the likelihood of a successful project is good. Check their references. Keep in mind that if your project will entail entrance into your home and you won't be home during the day, the keys to your castle will be given to your contractor. Can you trust them? Listen to your conscience.
- 4. Completion.** Will your contractor give you a reasonable estimate for how long the project will take to complete. A good contractor will do this. Remember, you want to hire a good contractor, not get a new roommate! Nothing is more frustrating and irritating than a remodel job that drags on and on.
- 5. Written Proposal.** I can't tell you how many contractors I've seen look at rather complex jobs, pick a price out of thin air, scribble the figure only on the back of their business card, and give the card to the homeowner. Show contractors that do this the door! You want a detailed written proposal that shows what is included: exact materials, brand names where important, costs, and the payment schedule.
- 6. Details.** Work out the little details before work begins. Talk about things like:

 - Where will the dumpster go, or the debris pile be created?
 - What time will construction begin in the morning?
 - What time will construction end in the evening?
 - Will work take place on weekends?
 - Will workmen refrain from smoking inside the house?
- 7. Flexibility.** Remodeling is an interruption to your normal lifestyle. Remodeling time may not be the best time to host a slumber party for your eight-year-old daughter.
- 8. Appearance.** If your contractor has a neat appearance, this is a very good

sign of things to come. This may sound silly, but it's not. He doesn't have to show up in a coat and tie, but neatness does count.

Is he clean? Is his truck presentable, or falling apart? Is his truck permanently lettered and contain his license number? If his appearance is neat, chances are good he will keep your job and your home neat.

- 9. Down payment.** If the contractor asks for a big chunk of money up front, this could be a tip-off that they are not in good financial shape and you could be in for a rocky experience. A fair down payment should not exceed one third, unless custom ordered items are needed in the beginning stage of construction. As the work progresses, you should expect to pay out additional funds to match the prescribed, completed stages.
- 10. Change orders.** With remodeling, there is always the chance that you may want or need to change a material or contract item. Ask how these are handled. They should be written on a separate document showing in detail what is being changed and how much it will cost. This should be done before the change is affected and signed by both the contractor and homeowner.

Point #6 - Plan Your Project!

This is really the greatest "secret" of all!

Plan your project with a qualified remodeling expert!

Most people spend more time planning a one-week vacation than they do a major remodel of their home. If you're considering a remodel in the near future, sitting down and talking with a professional remodeling expert who can answer all of your questions is the best advice I know.

Someone who can help you through the "maze" of planning, not to mention all the bureaucratic "red tape" awaiting you at the building department! Someone who listens to your every concern. Someone who subscribes to the principles and "secrets" discussed above.
