



Don't make this Ten **MISTAKES**

1. Not knowing what you want.

If you don't know what you want, you might not like what you get. Also, if you change your mind halfway thru the job, you are going to get hit for change orders (Hint: the job won't get any cheaper). A lot of low bidding contractors use this to their advantage. They know from experience that you are not including everything you are going to need to complete the job. As the job progresses, you will be asked to sign change orders for all the missing items. It is always more expensive to add something to your project in mid stream, that is what they are counting on. In the end you will have paid more than if you just went with the next highest bidder.

2. Not getting everything in writing.

The contract should be as specific as possible. Model numbers of all appliances should be included, as well as detailed specifications for every trade. Example, "insulate wall" will not do, it should read insulate with fiberglass batts to R15 with vapor barrier installed, insulation fitted tight in stud bays with no air gaps. This is a good description of the work to be performed and leaves very little to argument.

3. Not having dates in the contract.

Did you want it finished this year? You better have it in the contract. Contract dates can be very fluid though, so be aware of this. Every time it rains or snows or supplies don't show up on time, do to reasons out of the control of your contractor, your completion date will move forward. Also any change orders to the project will push the completion date forward. This is not considered unreasonable and must be taken into account. If on the other hand your contractor doesn't show up for days on end because he is trying to complete someone else's job, you need to hold his feet to the fire.

4. Paying for your project.

A deposit is a reasonable request when the contract is signed, 10% of the contract amount or \$1,000 whichever is less is typical. If your contractor has to special order materials that are custom made for your project he may ask for a deposit to cover these items. Most special order items require a 50% deposit. A contractor in good financial health will have accounts set up with his various suppliers. If you are being asked to pay in advance for ordinary construction materials like lumber or concrete, this is a sign that your contractor is in trouble and you should be very careful paying him.

On large jobs a draw schedule will be made up. Sometimes it is based on milestones of completion such as poured footers or shingled roof. A dollar amount is assigned to each of these milestones. Sometimes this can be a bit unfair. Suppose your contractor was entitled to a draw when all the tile work was completed, but the tile you picked for the bathroom floor hasn't come in yet. As long as the job is progressing in other areas, it is okay to pay a prorated draw for the work completed. Another form of payment is based on the work completed to date method. The contractor spells out in advance what the various trades' hourly rates are, and at the end of a billing cycle, typically every 2 weeks, the contractor will turn in a bill. It will be itemized for all the material and labor that was used on the job for that time. Also included in the bill will be the contractor's overhead and profit for the billing cycle. At this time you will walk the project with the contractor and verify as much of the work as possible. If you are getting billed for 2 toilets, make sure there are 2 toilets on the job. This method is very fair and equitable for both parties. Remember the contractor is taking a chance on you as well as you taking a chance on him. He doesn't know if you are an honorable person or not. Many a contractor has been burned by a client that was less than reputable. Finally never pay the last draw until all the work is completed. You will want to walk around your project and make a list for the contractor of items that are missing or need fixing. Make one list only. Don't expect a contractor that has completed your list and then ask for payment, to be handed another list and told it must be completed as well. This is a classic stalling technique by homeowners that have no intention of making that final payment, and if the contractor feels he is being taken advantage of, you will be hard pressed to have him finish your project on good terms. Some homeowners think that holding back large sums of money at the end of a project for small items on their list is OK. This could not be farther from the truth. Holding back a \$10,000 check because a \$2 door stop is missing is unrealistic and unethical. When you go over your list with your contractor, assign a dollar amount to each item on the list. As the contractor completes the list and asks for a

payment, it is OK to pay him for these items.

Be aware that a contractor has the right to file a mechanics lien against your house for nonpayment of contract. This lien will stay attached to your property until it is satisfied. The lien will show up on credit reports and will also limit your ability to sell or borrow money on your house. You should ask your contractor for a release of lien form at each draw. This way you are limited to the amount of the lien. For example if you have a \$100,000 contract for a new addition and you have given your contractor 3 draws of \$25,000 each and received lien release forms for each draw, the maximum amount in dispute cannot exceed \$25,000. Also be sure to get lien release forms from the subcontractors as well. If your contractor turns in a bill for \$10,000 for plumbing, you should get a \$10,000 lien release from the plumbing contractor. This is important because if you are getting billed for the plumber and the contractor took that money and paid some back bills he had, the plumber still has the right to file a mechanics lien against your property. Again this is quite a problem with financial unstable contractors.

5. Hiring unlicensed contractors.

A contractor carrying the "A" designation on his contractor's license has been thoroughly tested by the state for competency in his field. A contractor in good standing will right his wrongs to avoid having any complaints filed against his license or worse yet losing that license.

6. Hiring the first contractor in the phone book.

Ask friends who had work done, or the owner of a supply house or lumber yard. Find a recommendation based on a similar job to yours. Check to see if your contractor belongs to any trade associations. Go online and see if the contractor is listed on any of the qualified contractor web sites like EarthCraft of Virginia or see if the contractor has a professionally designed web site that tells about his background. All these things tell you about the contractor's commitment to his business. Running ads in the Yellow Pages, joining trade groups, getting listed on the web, building a website, going to trade shows and taking certification classes all cost the contractor lots of money. If he is willing to make this level of commitment to his trade, you should feel more comfortable with him.

7. Thinking there will be no problems.

Weather delays, employees quitting, and much more will happen. Having problems is okay, but having a contractor that can deal with these problems, and has the resources to overcome them is even better. A contractor that

performs as many of the sub-trades as possible like excavating, concrete pouring, framing, siding, tile work etc. will have greater control over the job than the man that subcontracts out everything.

8. Expecting neatness.

Believe it or not, it is sometimes efficient to leave things where they'll be used the next day. There will be messes, so prepare accordingly. Cover things up if it will be a dusty job. It might be unreasonable to think that there won't be any construction dust or dirt in your home during the remodeling. Also be clear in the contract that the jobsite will be cleaned up at the end of the job.

9. Not having penalties in the contract.

This is important on large jobs. It's one thing to say "Work to be completed by May 2nd," but better to add, "\$50 per day to be deducted from the contract price for each day the job is unfinished beyond May 2nd." That's what I call a motivational clause.

10. Thinking contracts will prevent problems.

They help, but unreasonable people on either side of a contract can ignore them, or use "literal readings" to make things even worse. Find someone you can work with, and keep your eyes open. Don't be unreasonable in dealing with your contractor. You might have an unrealistic view on the level of fit and finish for certain trades. There are professional specifications for almost every type of job on a construction project. If you feel that the level of workmanship is not up to snuff, reference these specifications. Sometimes clients obsess on very small things and don't say a word about major problems. Seeing the tiniest imperfection on the drywall while not noticing that your floors are 2" out of level is not a good thing. Having an arbitration clause in the contract makes it easy to resolve disputes. An arbitrator from within the construction industry will hear both sides of the argument and make a ruling. This is much cheaper and neater than using the court system.

Your home is probably the largest investment you will ever make. More importantly, it is where your family gathers, friendships grow, and life-long memories are made and shared. Here at Craftsman Construction, we know that your house is more than a building, it is your home. Our passion is to make your home everything you ever dreamed it could be for you and your family.

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