

Most contractors are legitimate business men but there are unscrupulous contractors looking to scam homeowners. Understanding a few “rules” regarding contractors can go a long way to protecting yourself and your home.

**Before Hiring a Contractor:**

- Ask how long the contractor has been in business and whether the contractor is a member of NARI or NAHB or other professional organization
- Ask for, and call, the contractor’s references – both clients and subcontractors. Also check with the Better Business Bureau or the state Attorney General’s office to see if any complaints have been filed.
- Make sure the contractor is licensed and insured – ask for a copy of everything and make sure everything is current. Contractors should have personal liability insurance, worker’s compensation and property damage insurance.
- Ask for a mechanic’s lien release or waiver from the contractor and all subcontractors.
- Make sure you know who is responsible for obtaining any work permits. If the contractor is handling this, ask for copies.

**Make sure the contract includes the following:**

- Contractor’s name, address, telephone number, and license number.
- Start dates and projected completion dates.
- Payment schedule.
- Contractor insurance information.
- Provision for conflict resolutions in case a dispute arises.
- Clause giving you the right to cancel the contract within 3 business days.
- Statement that the contractor will obtain and purchase all necessary permits.
- Specifics on duties of homeowner and duties of contractor (i.e., clean-up, trash removal, hours of access, workers’ use of your phone and bathroom permission, if any, and timeframe for lunch).
- Project specifications (i.e., precise materials, appliance brands, measurements, etc.).
- Visual representation of the project, if possible.
- Written warranty covering materials and workmanship, including length of warranty.
- Specification on how changes to original plan will be handled.
- Clause for final inspection and sign-off prior to final payment.

**Helpful hints:**

- Look closely at the budget to see which line items are actual numbers and which are allowances. Allowances are merely placeholder estimates and actual costs can be higher, significantly increasing the budget.
- Most remodeling projects exceed the actual budget – be sure to have a buffer savings in case project costs increase.
- If you are on a tight budget, resist “scope creep” – it may be more cost-efficient to do an added project during the current construction than at a later date, but it’s even more cost-effective not to do it at all.
- Be realistic about your wants and needs for the remodeling project and do not get carried away.

- To save money, consider purchasing your own appliances, light fixtures, etc. Contractors often tack on a surcharge to purchase these items for you.

**Warning signs that you might be dealing with a disreputable contractor:**

- The contractor pressures you to sign an agreement before you are ready.
- The contractor offers to secure a loan for the construction from a lender they know.
- The contractor only accepts cash payments or requires full payment for the project up front.
- The budget is comprised mostly of “allowances” rather than real numbers.
- The contractor can’t provide the proper licensing or insurance documentation.