

## **What You Should Know Before You Hire a Contractor**

This article discusses the how to find and select the right remodeling contractor, builder or handyman. What to avoid, getting quotes, the contract, payment arrangements, and how to deal with problems that could arise.

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### **Introduction**

Regardless whether you're a home remodeling/repair do-it-yourselfer or a homeowner who doesn't know the difference between an electrical socket and a socket wrench. At some time or another you will require the services of a contractor or similar type service provider professional. Whether for new construction, renovation, remodeling, repair, or landscaping purposes.

Depending upon the complexity and extent of project needs, the service provider you select will be spending time in or around your home for extended lengths of time. Daily or regular interaction between the service provider, yourself, and perhaps even your family members will be necessary. How to find a contractor is easy, finding the right

contractor requires time and due diligence on behalf of the homeowner. Obviously, you will want to find a contractor hire someone you feel comfortable with and trust.

#### HandyAmerican.com; Helping Homeowners

As a homeowner who will be investing not only a large amount of money in the project, but trust in the contractor on a personal level as well, you need assurance the service provider you hire is as reputable and professional as possible.

At HandyAmerican.com we believe it is in the best interest of homeowners to take the initiative and inspect contractor qualifications themselves. Ensuring information provided is still accurate. And then make an informed decision based upon up-to-date information instead of information that could be out-dated. After all, it is they, the homeowner, who will suffer the consequences of hiring the wrong contractor.

Know, for instance, the difference between a “certified contractor” and a “registered contractor.” A contractor who is certified has a certificate of competency issued by the Department of Business and Professional Regulation, and can perform work in any state.

A registered contractor is registered with the Department of Business and Professional Regulation after fulfilling competency requirements in certain jurisdictions. This means the contractor can only perform work within the jurisdiction in which they are certified. Once you find a contractor, use the following tips to ensure you've selected the right person or company.

#### Protect Yourself and Your Home

##### Take the Initiative. Check Available Resources

When hiring a contractor, homeowners are encouraged to check validity of insurance (Workman's Compensation or other), bonding, licenses and other credentials. Check out references provided; ask about recently completed projects similar to your own. Get project owner names and contact information and then check those out, as well.

Questions to ask when contacting references include:

- Did the contractor maintain open communication throughout the project? Did they keep you informed as to the status of the project, problems encountered, or changes necessary before making them?
- Did he or she provide answers to questions to your satisfaction?
- Did they seem receptive to your input
- Did workers show up on time? Did they clean up the job site at the end of each day
- Were there any unexpected costs? If so, what?
- Was the project completed on time? Were there any unnecessary stalls or delays?
- Were you satisfied with the overall results of the completed project?

•Would you recommend the contractor? Would you hire the contractor again?  
If appropriate, you might want to ask whether or not you could stop by the person's home to see the completed job.

#### Other Resources

Other resources to use in determining whether or not to hire a contractor include:

- The Better Business Bureau – check to see whether any complaints against the contractor have been filed. If there are complaints, check to see whether or not they are valid. Was any action required; disciplinary or otherwise?
- Word-of-Mouth References – one of your best and most readily available resources. Get references from co-workers, friends, neighbors, and family members; thoroughly check out references provided by the contractor.
- The Construction Industry Licensing Board; within the Department of Business and Professional Regulation at a state or provincial level if the contractor is certified. Or the local growth management department if the contractor is registered. Check to see if any complaints have been lodged against the contractor in question.  
By contacting either of these two agencies you can discover whether the contractor has been convicted or found guilty of any crime in any jurisdiction which relates to contracting, used false names or documentation for obtaining contractual work, ever abandoned a job, or been found negligent – resulting in danger to life or property.

You can also find out if the contractor has ever committed mismanagement or misconduct while working; causing financial harm to the homeowner. Or, failed to obtain necessary local building permits or inspections for a project, falsely indicated the work is bonded and that payment has been made for all subcontractor work and materials, etc., or committed fraud or deceit in the practice of contracting.

#### Red Flags that Scream “Do Not Hire”

As with any other type service provider – whether licensed or not – some contractors may not operate within the law.

The following should serve as red flags that the contractor might be less than reputable; certainly, less professional and reliable than what you might desire.

Avoid hiring a contractor who:

- Pressures you for a quick hiring decision
- Requests that YOU obtain the required building permits
- Accepts only cash payments
- Solicits door-to-door
- Quotes a final price without seeing the job
- Offers only lifetime warranties (which are only as good as the life of the company)
- Requires a large down payment to buy materials
- Offers a discount for an on-the-spot hiring decision
- Wants to use materials for your project, left over from another job

- Has no business number in the local telephone directory
- Provides only a PO Box address in lieu of a physical address
- Suggests you borrow money for your project from a lender the contractor knows
- Tells you your job will be a “demonstration”
- Offers discounts for finding other customers
- Requests complete payment upfront

Some states limit the amount of money contractors can request as down payment. Determine whether or not this is the case in your area by contacting the appropriate consumer agency.

#### Who Does What?

Depending upon the type of project you are planning, your first step in hiring the right contractor is to understand the difference between the various service providers and specific areas of expertise offered:

Architects – design homes, additions, and

Design / Build Contractors – handle all

Designers – have expertise in certain areas of home remodeling and décor; such as kitchens, bathrooms,

General Contractors – manage all aspects of a project, including hiring and supervising subcontractors, obtaining materials and building permits, and scheduling inspections. They

Specialty Contractors – install particular

While most plumbing, HVAC, electrical, etc. contractors must be licensed, not all states require that contractors and specialty contractors be licensed. In addition, local level requirements may vary from state to state.

Check with your local building department or consumer protection agency about licensing requirements in your area to find out whether the type contractor you need for your project needs to be licensed. When checking a contractor’s license, make sure it is current.

Finally, make sure the contractor you hire is adequately insured; take time to check out the policy information to ensure coverage is up-to-date.

#### Protect Yourself and Your Investment

Checking out a service provider’s credentials and references before making a hiring decision is basic to helping to insure the contractor you hire is the right one for you. It

also helps to protect your investment by making sure contractor credentials are up-to-date, and that the project will be a success.

One basic requirement every contractor with employees should meet is the provision of Workers' Compensation; a type medical insurance also known as "workers' comp." Any sub-contractor hired by the contractor should also be covered.

If the contractor is uninsured and/or has uninsured employees don't even consider hiring them. Otherwise, you could be sued and held monetarily responsible for worker's injuries sustained while on your property. A fate more than one project owner has been forced to deal with, simply because of a hasty hiring decision.

Workers' Compensation coverage releases the project owner from responsibility should a contractor, subcontractor, or contractor employee become injured while working on the project. Workers' Compensation, originally known as "workman's compensation," helps protect project owners from liability.

#### Before Hiring a Contractor

Before making a hiring decision, do the following:

- Make sure the contractor has a sales tax ID number. This is a good way to verify a business' existence and whether or not it is legitimate. Take note, however, that one man or part time operations with annual sales below a specific amount may be exempt. Confirm information provided by calling the state specific Department of Revenue in the US.
- Make sure the contractor has a valid license or permit if any are required for the type project planned, whether at state or local level.
- Some locals require a contractor have a pre-paid contractor's license if they request money prior to completion of work. Check to see whether or not this is true is your locality. Note: in order to obtain the license, the contractor would have undergone a complete background check; notation of any previous complaints against them would be included.
- Contractors with employees should be registered with Workers Compensation. Check out information provided with your state Workers Compensation office. Avoid hiring companies with workers who are not registered with Workers Compensation, or contractors otherwise uninsured. You could be held liable for any accidents and injuries acquired by contractors and workers, while on your property.
- Find out if a business license is required in the contractor's local; if so, check to make sure they have one.

Note: because of present day concern for victims of sexual harassment rights, some project owners (especially women) may feel a greater sense of security if the contract includes a clause. One pertaining to the level of professionalism expected from the contractor; stating that inappropriate behavior will be grounds for immediate termination of the project contract.

#### Take Precautions

In addition to the above, taking the following precautions will help protect your home project investment and increase chances of success:

- Some states have a limit as to the amount of money a contractor can request as down payment. Check with your state, or local consumer agency to determine whether or not this is true in your locality.
- Agree to make payments as the project progresses; contingent upon completion of a defined amount of work. This way, if work does not proceed according to the agreed upon schedule, payments are delayed as well.
- Do not make final payment or sign an affidavit of final release until work completed meets agreed upon specifications, meets building code requirements, and that subcontractors and suppliers have all been paid. Lien laws in certain areas could allow subcontractors and/or suppliers to file a mechanic's lien against your property until they have been paid. To discover whether or not this is true in your locality, contact your local consumer agency.
- Do not sign a contract or any document you haven't read thoroughly, or that has blank spaces that can be filled in after you sign.
- Do not sign a contract or any document using vague instead of specific terms and references as to project requirements and work to be performed.
- Never deed your property to anyone without first consulting an attorney, or a knowledgeable family member or other person you trust.
- Do not agree to financing through your contractor without shopping around for better loan terms.

Also, let's say you accepted an estimate for project cost instead of a quote and the contractor produces a bill significantly higher than that of the estimate, and you did not pre-approve the increase. Check with your local consumer agency and ask whether or not there is a limit in the amount a bill can exceed the estimate provided

One way to avoid this type surprise altogether is to request a quote instead of an estimate. Estimates are subject to change, whereas a quote is more or less a set price. Quote not only price for the entire project in the contract, but itemize costs for labor, subcontractors, materials, etc., as well. Detailed provisions for acceptable price changes should also be outlined within the contract.

For instance, an unexpected price-hike in materials required, alternate materials required due to unavailability of first choice materials – which could lower or increase overall cost, and unforeseen, unavoidable delays for which the contractor is not at fault.

### Be Contract Specific!

Contract requirements vary from state to state. One thing that is uniform regardless of where you live, however, is that verbal agreements are worthless should a dispute break out. Therefore, although a contract might not be required by law, never hire a contractor without first obtaining a contract that outlines the project in specific detail.

The contract should be signed by both parties; the project owner and the contractor. Or all parties involved if some aspects of the work will be sub-contracted, or services of another service provider professional (architect, designer, etc.) will be required.

The contract should protect the interests of both the homeowner and the service provider. It should include:

- A clear, concise, and complete description of the project. Who will be responsible for which aspects of completion; start and completion dates.
- Project owner and contractor's name, physical address, mailing address, and phone. The physical address of the project site; service provider insurance information as well as the license number of the contractor, if required.
- Project quote; avoid the term "estimate."
- Payment schedule for the contractor, subcontractor, and suppliers; terms of payment schedule.
- Who will be responsible for obtaining necessary permits; usually, the contractor – who has a much better understanding of building code requirements and restrictions than the average homeowner.
- Detailed materials list; including product, size, type, color, model, and brand name. In addition to alternate materials that may be used if necessary; contingent upon pre-approval by the project owner.
- Warranties (including length of time and limitations) that cover materials and workmanship, as well as the names and addresses of the warrantor; whether contractor, manufacturer, or distributor.
- How "change orders" will be handled; a written authorization that allows the contractor to make a change or addition to the work described under certain conditions pre-determined in the contract. How and when payment for such changes will be made. Note: charge orders are common aspects of most remodeling jobs and can affect project cost and completion date. It is not unusual for remodelers to require payment before such work begins.
- Any oral promises made.

## Handling Disputes

### How to Handle Disputes

Most conflicts that arise between a project owner and contractor can be avoided, or at least easily resolved.

Proper communication, keeping tempers under control, allowing the other to express concepts of the situation without interruption, and exhibiting mutual respect can go a long way in handling disputes that arise. Most of which can be due to a misunderstanding on the part of one or both parties.

While it is important to deal with conflicts with the contractor as soon as they arise, avoid discussing differences of opinion in front of others. Set up a private meeting free from distractions where the two of you can discuss the situation alone.

You want to meet the contractor halfway, but remember. As long as building code, safety, and contract guidelines are met, you do have the final say. The contractor was hired by you to complete a project you are paying for, to your specifications; not the other way around.

If contract terms are not being met and discussing the situation doesn't bring desired results, send a letter outlining the problem and how you would like it resolved by certified mail to the contractor; request a return receipt. If the problem continues it may be time for outside intervention.

Try discussing the problem with a trusted family member or knowledgeable friend. If that doesn't help, you may want legal advice from an attorney. You also have the option to connect with various organizations and associations that offer consumer assistance in resolving disputes with service providers.

#### How to Lodge a Complaint

If after trying the above suggestions to handle a project owner/contractor dispute the problem continues, complaining to one or more of the following might be your best course of action.

Check to find out what state, or local consumer protection services are available in your area. Also check to see if there is a dispute resolution program available. And finally, visit [www.nahb.org](http://www.nahb.org) to discover whether or not your area has a Local Builders Association (LBA) that can lend assistance.

Also consider the following resources:

- The Federal Trade Commission (FTC) – created in 1914, the FTC has been given authority by the USA Congress to regulate consumer protection laws and such things as truthful advertising and ensuring that business practices are legitimate. Visit <http://www.ftc.gov/bcp/consumer.shtm> ; to download a complaint form, visit <http://www.ftc.gov/ftc/cmplanding.shtm> .
- The Better Business Bureau (BBB) – find your local BBB by visiting <http://www.bbb.org> . The BBB assists consumers by providing complaint counseling or referrals to appropriate agencies and organizations. Helping consumers and businesses resolve over 2 million disputes annually, BBB conducted more than 3,100 investigations on companies using questionable business practices in 2005 alone. You can download a complaint form online.
- The National Association of Consumer Agency Administrators (NACAA) – representing more than 160 government agencies and 50 corporate consumer offices in the USA and abroad. Providing consumer advocating services; helping to resolve problems and prosecute offenders. (To file a complaint, visit

<http://www.consumeraction.gov/state.shtml> to discover what resources are available in your locality.)

## How to Handle the Unthinkable; Sexual Harassment

### Workplace Sexual Harassment

Sexual harassment is no longer considered just a woman's problem. Men, too, are harassed sexually; although not as frequently as women.

Sexual harassment is a form of sex discrimination no one should be subjected to. It comes in the form of unwelcome sexual advances; requests for sexual favors, verbal or physical conduct of a sexual nature, sexual jokes, innuendos or taunting about a person's body, attire, etc., leering and similar gestures, unnecessary physical contact, etc. This violates one's "space," creating an uncomfortable work environment. The victim does not have to be of the opposite sex.

Workplace sexual harassment violates Title VII of the US Civil. When a contractor is hired for residential construction and remodeling purposes, the home becomes a workplace, too.

### Dealing with Sexual Harassment

If you feel you are a victim of sexual harassment, the following may prove helpful:

- Unless the harassment has crossed the line from innuendos and leers to physical contact or verbal suggestions, telling the offender their behavior is unprofessional, unwanted, and out of line may be all that is required. You may feel more comfortable having a friend with you when you make the announcement. This lets the offender know you are serious about your request, and that you have discussed their inappropriate behavior with others.
- A letter can be sent to the offender demanding the behavior stop; include documentation that deals with sexual harassment and outlines penalties under law.
- If you verbally confront the offender, make sure it doesn't come off as a request. By DEMANDING the behavior stop IMMEDIATELY, you will seem less vulnerable; less of a victim, more in control.
- If the offender is employed by a company, write an official complaint to their employer; or telephone to discuss the situation with them.
- If the offender is self-employed, threaten to report them to the BBB or another organization that protects consumer rights and helps to ensure service providers adhere to legitimate business practices.

If these suggestions fail to stop the offensive behavior, contact the authorities and file a formal complaint. If all else fails, file a lawsuit against the offender. Contact an attorney; or your states anti-discrimination agency.

You can research "sexual harassment" online. There are countless resources available that offer legal definitions, helpful resources, how to handle the situation, and how to file a formal complaint, etc.

## HandyAmerican.com – a High Standard of Excellence

HandyAmerican.com expects high standards of excellence from service provider members when it comes to workmanship, professionalism, and reputable business practices. Our project-owner-to-contractor matchmaking services have helped countless homeowners connect with reliable contractors in their area with huge success.

This not only helps insure the project is a successful venture for the homeowner. It provides new employment opportunities for growing businesses and boosts the economy, as well. In addition, project owners save money; accomplished through competitive quotes as member contractors vie against the other to win that job.

Unfortunately, as with any other business worldwide, interacting with high volumes of people, it is possible for a contractor to behave less than professional. On the rare occasion when a project owner contacts HandyAmerican.com with a complaint against a contractor member, it is taken seriously. And appropriate measures initiated (when deemed necessary.)

This guideline offers persons with project needs useful information on hiring the right contractor for the job. And serves as an aid to help persons victimized by sexual harassment locate helpful resources and take action; both in helping to avoid potential situations, as well as counter situations that have already happened.

## Summary

The tips in this informational are more than suggestions; they represent noteworthy guidelines that can help you make an informed decision when selecting the right contractor for your project needs.

Chances of connecting with the wrong contractor and having to deal with something as unpleasant as sexual harassment are greatly reduced when the project owner takes the initiative. “Does their homework” and checks out all available resources before making a hiring decision. One based upon credentials, professionalism, and expertise – and not the lowest price quote.

## Printable Forms

Universal Home Design Checklist

This handy universal home design checklist includes all the essentials required for the physically challenged. To help create a lifetime home that will meet the needs of each individual; regardless of physical ability or person's age or size.

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#### Contractor Reference Checklist

A contractor referral reference check list that will help insure each candidate is a reliable home contractor; providing accurate information, is reliable, provides quality work, and has experience in the type of work required to complete your project competently.

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#### Contractor Selection Checklist

This handy "things to consider before selecting a candidate checklist" takes the guess work out of finding the best contractor. Helping homeowners compare one service provider against others and more fairly compare prices to make the best choice.

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#### Contract Content Checklist

The importance of contract content for contract labor cannot be over emphasized. For your own self protection, the use of a standard construction contract should be avoided; unless amendments are added which will include detailed project specifics. This helpful checklist will prove invaluable.