

Village of Hainesville

Tips for Hiring a Home Project Contractor

Considering a home improvement project and need to hire a contractor? We've put together a list to help with some of the challenges of selecting a contractor. Doing your homework at the beginning will pay dividends throughout the duration of your project.

Failure to plan is planning to fail ~ Winston Churchill

1) Insurance Company

A good place to start is with your insurance company. Discuss the project with your agent and ask them for a list of preferred contractors. While you have them on the phone ask them "what are my responsibilities as a homeowner" during the project.

2) Local Municipality

Contact your local municipality to find out what, if any, permits and licenses will be required for your project. Do not leave this up to any contractor. Do your due diligence.

3) Choosing a Contractor

This is a critical moment for every project, but how do you know who's right for you and your project? Quick answer: do your homework. (See **helpful links** below for more information)

Gathering bids

A great practice to help vet contractors is to make sure that you ask each of them for the same thing.... for example, ask for a proposal based off-of your ideas, or the project drawings and ask for a project duration. No deviations, no deletions, no substitutions. Instruct them to add an addendum for anything they see that could/should be changed. This will do two things; it will allow you to compare apples to apples when it comes to reviewing bids, and you will also learn if they listened to your original request. If they did not listen to your original request, this could be an indication of how the communication will be during the project.

Experience

Does the general contractor have the experience required to meet the scope of the project? Just because they come highly recommended does not mean that they are qualified for your project. it's important to align the skills of the general contractor with the work that needs to be completed. Get references.

Resources

Does the general contractor have adequate resources at their disposal like a strong network of subcontractors? This is as important as it is educational. There are reasons that no one wants to work with contractors, and none of them are good. Another important step is to verify that your general contractor has a network of reliable subcontractors that they work with regularly. Ask them to provide the list of sub-contractors they intend to use. Depending on the size and complexity of the project, you may want to do a little research on them too.

References

Have the Contractor provide you with referrals from clients with similar projects to yours and check them out! Everyone knows that the contractor is going to provide favorable references, but you still need to investigate. Ask the reference questions like; how clean did they keep the jobsite? Did they staff the job properly? Did they show up on-time, every day? How well did they communicate day to day activities, changes, or issues? Did they finish on time? Were they on budget? Did they deliver as promised? Would you hire them again?

4) Executing Your Vision

Now that you've selected your contractor, you'll want to get several items figured out before you start your construction project.

Permits

Who is responsible for obtaining permits? Again, check with your municipality for permit requirements. Make certain that this is established up front in the process. If your contractor is responsible, don't assume that they have done anything, get verification.

Proof of Insurance

Ask for a Certificate of Insurance (COI) for every contractor working on your project. Keep it on file and make sure the dates coincide with your project duration.

Proof of Contractor's License

Ask for proof of license for every contractor working on your project. Keep it on file and make sure the dates coincide with your project duration. Not every trade will be required to hold a license.

Project Schedule

You and the contractor will establish a project timeline. Keep in mind that you have project duration information from the initial bidding process that you can refer to. Be realistic. Changes and unknown conditions will add to a project timeline.

Payment Schedule

Establish a payment schedule that is both fair and beneficial to you and the contractor. Keep in mind that your leverage during the project is the money. Don't give too much too soon, your contractor will have little incentive to finish. Keep in mind that your contractor should expect to be paid for work that has been completed. These are a couple of examples for projects with shorter durations; 10% down, 25% upon start, and balance on completion is both safe and fair. For projects with longer durations a 10%-30%-30%-30% should be considered.

For complex projects that will use multiple trades and last several months progress payments can be based upon a Schedule of Values (SoV). An SoV helps identify the percentage of project completion by identifying the percentage of individual tasks that have been completed thus making project schedules, progress payments, and cash-flow easier to track. You should also consider a certain retainage (5%-10%) that will be paid upon completion of punch list items and close-outs.

Punch List

A punch list is a list of items that ***are not satisfactory*** according to you, your contract, ***and industry standards***. The procedure for creating a punch list should be established at the beginning of the project. You and your contractor will walk the project where you will have an opportunity to point out items that you'd like corrected like paint chips, cracked tiles, nail pops in drywall, and etc.... Typically, you will get one opportunity to create a punch list so be thorough. Your contractor will then address them for you to review and approve.

5) Completing Your Project

Congratulations, the construction of your project is finished, but the project is not yet completed. Your contractor still needs to provide you with "close-out documents". Close out documents are warranties, operation maintenance manuals, paint colors etc.... Make certain that your contractor provides you with all this information as well as any training that you may need and register your warranties.

Remember to get it in writing; send an email, follow-up with an email, keep a journal. No matter how small or insignificant it may seem, capture your conversations. *You'd rather have it and not need it, as opposed to needing it and not having it.*

6) Red Flags

Contractor asking for too much money up front

Asking for enough money to pay for materials in advance could be an indication that they do not have enough credit to get the material from a supplier, or cashflow problems. This should be a real cause for concern. Your money is your leverage. (See **helpful links** below for more information)

Lack of references

This could be due to a lack of experience, or a lack of satisfied customers. Either way this is not a good sign. It is your responsibility to select your contractor. You really want to verify that the contractor you select is qualified to build your project.

Hasn't been in business long

They may be more than capable, but you don't want to be the customer that provides them with an early education about running a business or a project. "The Small Business Administration identifies a huge failure rate among startup companies. Roughly **20 percent** fail in their first year while about half fail within five years. Two in three fail within a 10-year period".

Not local

This is not ideal for warranty work, or general accountability. Do yourself a favor and do a quick internet search about "hiring a local contractor".

Helpful links

<https://www.popularmechanics.com/home/interior-projects/how-to/g648/10-tips-for-hiring-a-contractor/>

https://myroof.gaf.com/find-a-contractor?gclid=EAlaIqObChMIpOuT8b_T8QIV6xmtBh07fg9xEAYAAEgKhxvD_BwE&gclidsrc=aw.ds

<https://www.angi.com/articles/what-reasonable-down-payment-contractor.htm>

8/25/2021