

# How to Choose and Manage Home Improvement Contractors

Provided by:

RecUmmend.com

*“Your Local Source for Ratings and Reviews of Home Improvement Professionals”*

## **Introduction**

Professional home improvement projects can correct cosmetic or structural problems with your home, improve its general appearance and dramatically increase your enjoyment of your home and property. These projects can also increase the value of your home, which is likely one of your most important assets. On the other hand, professional home improvement projects are often large expenditures, can restrict the use of certain parts of your home, and are subject to complications and delays (ranging from supply shortages to inclement weather).

The purpose of this guide is to offer insight into identifying, selecting and managing professional home improvement service providers. We highlight the major steps in the process and offer suggestions and key questions to ask along the way. Topics covered include: choosing a service provider; estimates and quotes; contracts; financing and payments; and resolving problems.



### **Licenses, Permits and Inspections**

Many cities and states require that specific home improvements are performed by licensed professionals (especially electrical, plumbing and structural work). Certain projects may require permits before beginning work and/or inspections after the work is completed. Check with your state regulatory commission, Department of Commerce, City Planner or Zoning Board to determine what licenses, permits or inspections are required for your project. Use only licensed professionals where required by law.

## **Choosing a Service Provider**

Choosing the right service provider is often the most critical step in any professional home improvement project. A good service provider will understand your specific needs (including your budget), communicate clearly how he will address your needs and have a reputation for delivering results as promised. In order to find the right service provider:

1. **Identify reputable service providers** in your area that specialize in the type of services that you need. A local directory of home service providers (such as [www.RecUmmend.com](http://www.RecUmmend.com)) is a good place to start in order to identify local service providers, read reviews and see photos of their work.
2. **Select at least 2-3 service providers to evaluate more closely.** See “Checking the Facts” (below) for a checklist of information to verify with the provider, customers, and third parties (such as licensing agencies, insurance providers, and the local Better Business Bureau).

3. **Check references.** Ask the service providers for the names, phone numbers and addresses of previous customers in your area. Contact the customers and ask them about their experience with the service provider:
  - a. How satisfied are they with the work?
  - b. Was the work completed on time?
  - c. Was the work completed on budget?
  - d. How did the service provider deal with any problems that came up?
  - e. If it was an external project (windows, fencing, siding, etc), can you drive by to see the results?

### Checking the Facts

- ✓ Valid and current licenses for all work requiring licensure\*
- ✓ Valid and current Certificate of Insurance (including liability and worker's compensation)\*
- ✓ Permanent business location and local telephone number\*
- ✓ Good standing with local building or trade associations\*
- ✓ Review any complaints filed with the Better Business Bureau\*
- ✓ Credit report on the business\*



*\*can be accessed at [recUmmend.com](http://recUmmend.com)*

### Estimates and Quotes

Estimates from different service providers can vary widely depending on the quality and type of materials used, installation method and scope of work. Pay careful attention when comparing bids from competing providers.

1. **Speak with 2-3 providers** to get a range of service levels and prices.
2. **Get a written estimate** including the total price, the terms of payment, estimated time to complete the project, and a list of specific materials that will be used (including brand names, styles, colors, grades or model numbers).
3. **Ask the provider to break out costs** in terms of materials and labor, if appropriate, or into relevant units to make comparison between providers easier (for example: total installed cost per window).

## **Contracts**

It's a good idea to have a written contract for any home improvement project. The contract will specify exactly what work is to be performed, what materials will be used and the cost of the project.

### **1. Get all agreements in writing:**

- a. You may want to have an attorney review any contract before signing.
- b. If you make any changes to a standard contract, write you initials beside the changes or additions
- c. Both parties should sign the agreement
- d. Keep a copy of the agreement for your records
- e. Maintain your records in a safe place even after the project is completed

### **Written vs Spoken**

Although spoken agreements are often legally binding, a written document signed by both you and the service provider offers concrete evidence of each party's intent and obligations.

### **2. Make sure the contract includes the following:**

- a. Company name, address, telephone number, license number and the name of the sales representative
- b. Specifications of the job including: total price, the terms of payment, materials that will be used (including brand names, styles, colors, grades or model numbers), and any technical drawings or schematics
- c. Start date and estimated time to complete, providing for any reasonable delays. You may be able to include penalties for significant time overruns that are within the service provider's control, however the provider may then seek a reward for finishing ahead of schedule.
- d. Clause indicating that it is the service provider's responsibility to obtain all permits before beginning work
- e. Any warranties covering the work and/or materials. Some states have minimum warranties that service providers must honor on all home improvements.
- f. Payment terms (see below for more details)
- g. Agreement to clean up and properly dispose of all waste
- h. Credits for significant amounts of unused materials (service providers can often re-use or return materials to manufacturers)

3. **If there are any changes or additions to the project**, put them in writing, date the document and have both the service provider and you sign the document. Keep a copy of all written changes along with the original contract.

## **Financing and Payments**

Several financing options are available, so select the option that works best for your situation. Structure a payment plan that gives the service provider the money he needs to get the project started and then make additional payments after he reaches specific targets.

1. **Determine how you will pay** for the project.

Financing sources include:

- a. Cash or available funds
- b. Home equity line of credit
- c. Second mortgage or refinancing
- d. Home improvement loan
- e. Financing from improvement retailers such as Home Depot or Lowe's
- f. Financing from service provider
- g. Credit card (credit card interest rates are usually the highest among any type of financing. Before using a credit card, consider whether the improvement is absolutely necessary.)

**Sticking to Your Budget**

If the estimate provided is too high for your budget, work with the contractor to find ways to lower the costs. Can you use less expensive materials? Can you put the premium windows on the front of the house and less expensive windows on the back of the house? Can you do any prep work or finishing details on your own?

2. **Set up a payment schedule.**

- a. Payments are typically due after completion for smaller projects.
- b. For larger projects, agree to make a series of payments after the provider achieves certain milestones or after inspections are passed

3. **Deposits are customary** for some projects. A deposit may be required so the service provider can buy materials for the job or cover other start-up expenses.

4. **Final payment should be made upon completion of work** as agreed to in the contract. Inspect the work to make sure it meets your satisfaction and make sure the service provider cleans up the work area and disposes of any waste properly.

5. **Always ask for a receipt** regardless of the method of payment. Make payments by check if possible - the longer the "paper trail," the more evidence there is to support your payments in case any questions should arise.

## **Resolving Problems**

Sometimes you may not see eye to eye with your service provider. If you do have a problem, the best approach is to directly address it with the service provider and to try to resolve it without bringing in outside parties.

1. **Let the service provider know right away that you're not satisfied.** Are workers tracking mud across your oriental rug? Are roofing scraps falling into your neighbor's pool? Address the issues with the workers, foreman or project manager. Be willing to listen to explanations and make reasonable accommodations.
2. **Try to resolve any problems directly** with the service provider. It's generally in everyone's best interest to try to work out a solution that both parties can accept rather than involving outside parties.
3. **Written contracts take precedence.** If there is a discrepancy between obligations written in a signed contract and a spoken promise, chances are the written terms will be enforced. Once again, remember indicate any changes or additions to the original contract in writing.
4. **Seek other recourse.** If you cannot resolve the problem directly with the service provider, you have several channels for recourse:
  - a. File a complaint with the state licensing agency or department of commerce. Document your complaint and include any written agreements, photos of the work, inspections, etc.
  - b. File a complaint with your local Better Business Bureau or relevant trade association
  - c. If all else fails, you can seek judgment in a court of law

For more information or to find qualified professionals in your area,  
visit [www.recUmmend.com](http://www.recUmmend.com)