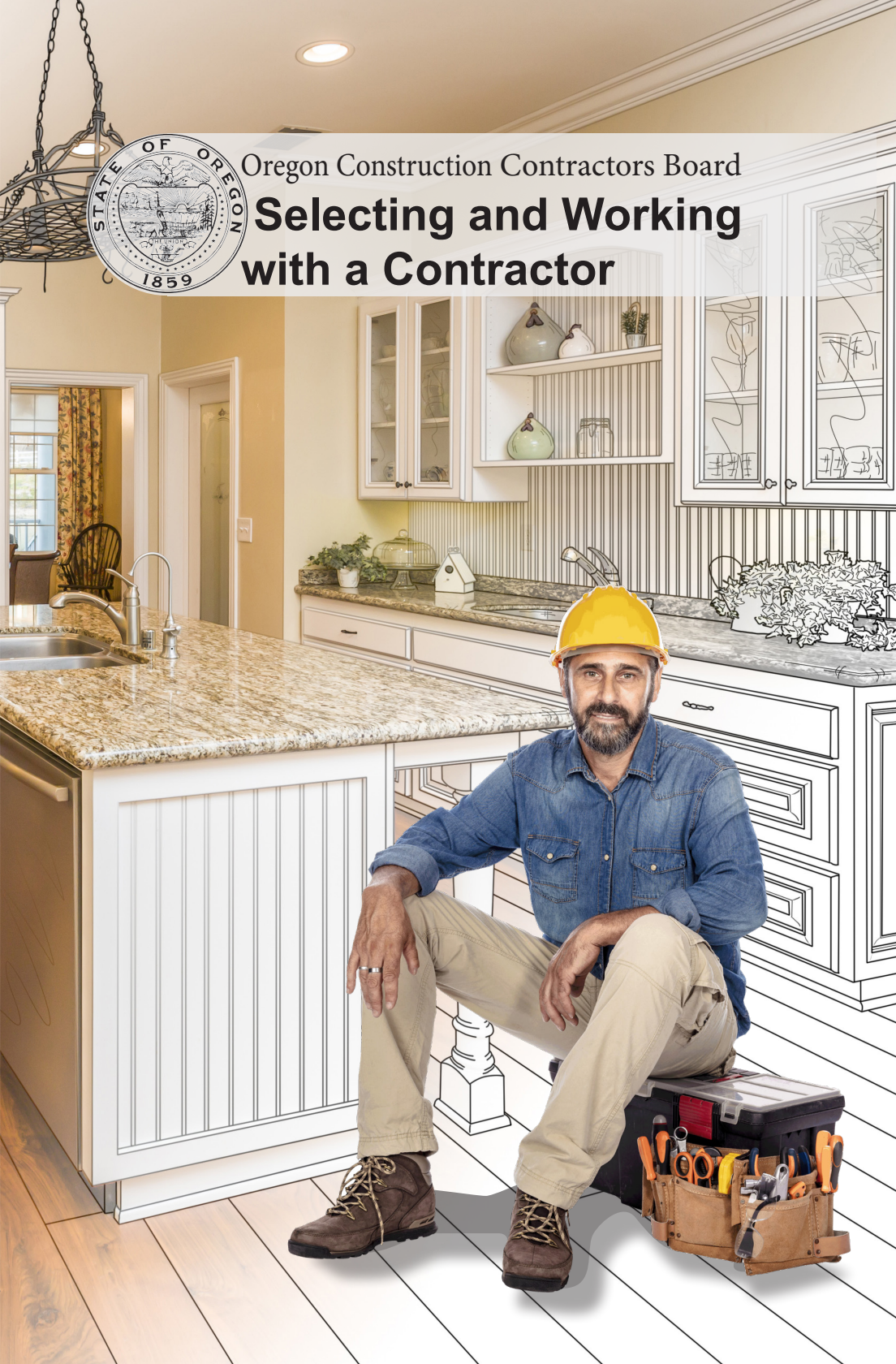
Oregon Construction Contractors Board

Selecting and Working with a Contractor





Welcome to the Oregon Construction Contractors Board's *Consumer Guide to Selecting and Working with a Contractor*. This guide provides basic information to help you select a contractor, get your project off to a good start and see it through to completion.

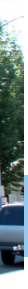
Identifying your project

It is helpful to categorize projects. Depending on the type of project, you may need to think more about design details, specifications and financing. The contractor you pick should match the type of project.

Repair or Replace: Some jobs may only require one contractor. For example, if you need to replace your roof, you will probably need a roofing contractor. Or, a carpet store may sell you the product, then arrange for a licensed contractor to do the installation for a single price.

Remodel: Remodels often require the services of multiple contractors. For example, if you plan a kitchen remodel you will likely hire a general contractor to oversee the project. The general contractor may hire an electrician, a plumber, a cabinet maker-installer, a tile layer and a granite installer.

New Construction: Probably the most complex construction project is building a new house. In addition to a general contractor overseeing other contractors, design, site work, permits and financing all come into play.



Use licensed contractors

Regardless of the category of construction, you want to use a licensed contractor. In fact, contractors must be licensed in Oregon to do most all construction work. Hiring a licensed contractor provides you:

Financial protection: Licensed contractors must carry insurance to cover damage to your property or for any injuries caused by the contractor or its employees.

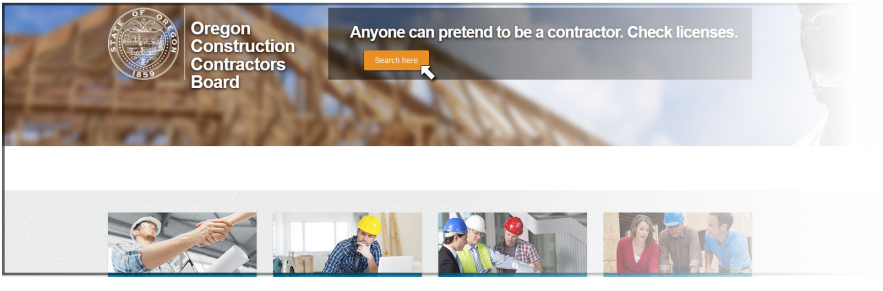
Coverage if an employee is injured: If a contractor hires employees, it must also provide workers' compensation insurance.



Access to a bond: Licensed contractors must hold a bond to provide payment to a customer who suffers damage from poor workmanship.



Mediation services: The Construction Contractors Board (CCB) has professional mediators who help resolve disputes between customers and licensed contractors. If the dispute cannot be resolved, the CCB may be able to provide evidence if you go to court.



Track record you can check: If a contractor is licensed by the CCB, there is a record of any past sanctions or claims against the contractor or associated businesses. You may obtain this information through CCB's website.

Unlicensed contractors

- No source (bond) to reimburse you for poor workmanship.
- CCB mediation services unavailable in a dispute.
- Unlikely to have liability insurance to cover property damage or injuries caused by the contractor.
- Cannot pull required building permits.
- No business information or complaint history on CCB website.
- Less likely to follow contracting regulations that contain important consumer protections, such as written contracts on projects of more than $2,000.
- May not have workers' compensation to cover job-related injuries to employees, potentially exposing you to liability.
- May not use lead-safe practices on homes built before 1978.
- Under certain circumstances, you could be considered the employer of the contractor with responsibilities for payroll taxes, wage and hours laws, etc.

Finding a contractor

Know what you want. It is difficult to find the right contractor without first knowing the scope of the project. If you have a plan and some materials already chosen, it makes it much easier for a contractor to evaluate what you need and price the project. This will also help steer you towards the type of contractor you need – for example, most people building a new house or undergoing a kitchen remodel want a general contractor while a specialty contractor may be fine for installing new tile.

Use word of mouth. Ask people you trust (friends, family, and neighbors) for recommendations for a good contractor. For small repair projects, asking around and checking the contractor's license may be all you need.

Ask people in the construction or related industries. If you previously used a contractor you like (say, a plumber), contact him or her about recommending the type of contractor you need – perhaps, a general contractor or an electrician. Likewise, if you are remodeling, an interior designer or architect may be able to give you some insight into a good contractor.

Check with reputable associations. The National Association of the Remodeling Industry (NARI) certifies remodelers. The Oregon Remodelors Association is the local NARI chapter and maintains a list of its members. The Oregon Home Builders Association also has local chapters (e.g., the Home Builders Association of Metropolitan Portland) that maintain member lists.

Be careful using craigslist or other online sources. Some legitimate contractors advertise using these sources, but a lot of unlicensed contractors or contractors with previous problems turn up here. Likewise, check out online reviews, but don't consider them as sufficient information.

Dont be pressured by contractors who solicit door-to-door, especially for paving services. Again, while legitimate contractors may adverise this way, unscrupulous contractors may show up at your doorstep with a "limited time offer." Never jump into an agreement with somebody you just met, even for a small remodel or repair project.

Evaluating contractors



Be cautious if the contractor expects a large down payment. It's reasonable to expect that contractors need a down payment to pay for permits, order materials and undertake costs for your project. But a contractor who wants an unusually large down payment may be using your money to finance or finish other jobs.

Ask for references and CHECK THEM OUT. A good contractor should be happy to contact a few of his or her former customers and ask them if they would be references. Contact these references right away.

Some questions you might ask:

- ✓ Did the contractor get the job done on time?
- ✓ Did the price come in at or near the bid? Did you add most of the items that increased the costs? Or, did the contractor increase the price as the work went on?
- ✓ Did the contractor use a written contract? Written change orders?
- ✓ Were you satisfied with the work?
  - What did you like best about working with this contractor?
  - What did you like least about working with this contractor?
  - Would you use this contractor again?
- ✓ Did the contractor do a good job of communicating with you?
- ✓ Did the contractor keep the jobsite clean?

Expect a good contractor to be too busy to start right away. The best contractors are usually the busiest ones. Be willing to wait once you find the contractor you want.

Trust your gut. If you have a bad feeling about a contractor, walk away. Take into account the little things. Someone who fails to show up for a meeting may also fail to show up on the job. Someone who doesn't listen will probably not understand your vision for the project.

Be lead safe. Common renovation activities can disturb old lead-based paint, creating lead dust and chips that can put your family at risk. If you own a home that was built before 1978, your contractor will need a lead-based paint renovation license. Lead-based paint contractors are trained to use lead-safe practices.



Remember – the bigger the scope of the job, the more work YOU should do to select the right contractor.

Verifying licenses on CCB's website
Verify that any contractor you are considering has a valid, active license. You may also want to review a contractor's past performance, such as the length of time the business has operated, whether there are any disciplinary sanctions and whether any complaints have been filed against the contractor.

Visit CCB's website at http://search.ccb.state.or.us/search/.

- ✓ Type in the CCB number. (The most accurate way to look up a license is with a CCB license number. Contractors must put this number on their advertising, including brochures, websites, and business cards. Ask the contractor for the number, if necessary.)
- ✓ Select the contractor and click *choose*.
- ✓ The website will take you to the CCB *License Summary* for that contractor.
- ✓ The CCB *License Summary* shows whether the contractor has any unpaid claims, unpaid civil penalties and history of complaints or disciplinary sanctions.
- ✓ Click on *learn more about this business.*
- ✓ The *business detail* shows the type of endorsements or specialty licenses the contractor holds, how long the contractor has been in business and the amount of bond and insurance. On this page, you'll be able to see if your contractor has a lead-based paint renovation license, which is required to perfom work on houses built before 1978.

Questions for a potential contractor

Nothing is more important than finding a contractor that understands your vision, shares your enthusiasm and is willing to work at your planned level of involvement. Once you've selected two or three potential contractors, sit down with them and ask questions. Some suggestions:

- ✓ **How large is the company?** (Larger companies may charge more, but provide strong project management, solid cost estimates and quick completion. Smaller companies may charge less but be less flexible.)
- ✓ **How long have you been in business?** However, even a "new" contractor may have personnel with extensive construction experience.
- ✓ **What similar projects have you done in the area? Can we meet at one of those sites?**
- ✓ **What specialization do you offer? Do you have any special training or certification?** (The National Association of the Remodeling Industry, for example, certifies remodelers who adhere to a code of ethics, meet experience and knowledge tests and complete ongoing requirements.)
- ✓ **Who will be the project manager? How often will this person be on the job site? How many other jobs will the project manager work on and where are they located?** (Make sure the project manager will have sufficient time to oversee your project.)
- ✓ **Who is the homeowner contact on the project? How can I reach this person?**
- ✓ **Do you provide design services? If my project needs an architect or engineer, do you have one on staff or one you can use?**
- ✓ **What happens if the unexpected arises (dry rot, insect damage, defects you discover)?**
- ✓ **Will you let me do some of the work? What work may I perform and what work will you have to do? How will my work be factored into your schedule?**
- ✓ **When can you start work? What is the anticipated completion date? What happens if you're not finished by that date?**



"I was a remodel virgin – it seemed like everything I wanted done was a change order," said one Oregon homeowner. Her advice? Know the brands you want.
"Then, when you get a bid, it will be more accurate."



The bidding process (remodels/new construction)
You wouldn't cook a cake without a recipe. Asking a contractor to remodel or build a house is a lot like cooking. They can often do whatever you want – if they know what you want. Your job is to provide the recipe, or at least help develop it.

Before you approach a contractor:

- ✓ Create at least a rough sketch of your floor plan. Even better, consider purchasing a home design software program and use it to create your vision of the project. These products allow you to place items like cabinets, showers, toilets and appliances into the design.
- ✓ Find pictures you like. Internet sources such as Pinterest and Houzz are a good place to start.
- ✓ If you see something you like, take a picture and show the contractor.
- ✓ Spend some time at your local hardware or building supply stores. Select the materials you like. Write down the product name, product number, stock keeping unit (SKU) number and price. Do the same for products you find at specialty (for example, lighting) stores and online.
- ✓ Consider first hiring a design/build company, a licensed architect, or a qualified architectural designer to do some of this work for you. (In Oregon, the State Board of Architect Examiners licenses architects.)

Once you have a preliminary design and project specifications, a general contractor can provide a detailed project estimate. It is not uncommon for general contractors to charge for this service.

Another approach is to enter into a preconstruction services agreement with a general contractor or design/build firm to design your project, develop specifications, and provide a detailed cost estimate. When this is done, you may own the plans and use them to solicit bids, or you may proceed to a contract with the same general contractor or design/build firm.

How many bids should you get? If it's a large project, you may want to get two to three bids if you have construction-ready plans and specifications. The key is to select a contractor you feel comfortable with after your interview process and to have a clearly written construction contract before work begins.

The TV shows with the home remodels that happen in 48 hours and look amazing are just that – shows, not real life.



A few tips:

- Don't always accept the lowest bid. A higher bid may more accurately reflect the cost to do the work, or a better quality product.

- Make sure all bids are based on the same scope of work and materials. That's why it is important that you do your homework BEFORE you seek a bid. The more detail you provide, the more accurate the bid will be!

- If the bid is broken down by categories (for example, so much for foundation, framing, windows, lighting, floor coverings, appliances), make sure you understand whether that amount is an estimate or an allowance. If it's an allowance (meaning the maximum cost the contractor will incur for that category), you may have to pay more if you want more expensive carpet or a higher end dishwasher.

- Ask if there is an allowance for contingencies. Some contractors build in an amount (say, $1,000 for a $200,000 house) that you can use to increase the allowance in other categories.

- Ask the contractor what happens if, between the time of the bid and the job completion, standard building materials like lumber or concrete increase in price. A contractor may tell you that he or she will absorb those costs if prices rise, but keep the profit if prices fall. Other contractors may have a different approach.

- Understand pricing. If a contractor bids a job based on "time and materials," (for example, an hourly rate plus material costs), you may not know the exact price for the overall project. With a "fixed-price bid," however, you don't have to wonder about the final cost.

Negotiating the contract - all projects

A contract is a legally binding agreement between two or more persons (called "parties"). Once you sign a contract, you legally commit to pay for the project and the contractor commits to construct the project. The CCB requires a written contract for any project costing more than $2,000. (CCB recommends always using a written contract.)

A contract should contain the following terms.

- ✓ **Start and finish date**.
- ✓ **Price and payment terms**.
  - This should include any down payment and payments that you will make as the job progresses.
  - The contract may provide for allowances for parts of the job.
- ✓ **Scope of the project**. The contract may attach other documents such as floor plans, detailed project plans, and/or a list of materials. These items become part of the contract.
- ✓ **Breach of contract**. The contract should describe what actions constitute a breach of the contract – like nonpayment by you or nonperformance by the contractor – and what remedies are available to the non-breaching party.
- ✓ **Change orders**. The contract should specify how changes will be made. Often, the parties enter into "change orders" to modify the work to be performed or materials to be used. Expect there to be a cost associated with change orders that you request.
- ✓ **Warranties or guarantees**. In Oregon, a contractor must offer a warranty on a new home. However, the contractor determines the terms of the warranty – including what is covered, for how long, and whether there is an additional charge for the warranty coverage.
- ✓ **Conditions**. This covers matters like schedule delays.
- ✓ **Signatures**. The parties to the contract will sign the contract indicating their agreement to its terms.

If you don't understand the terms of the contract, have an attorney review the document.

Cancelling the contract

Oregon law allows a property owner to cancel a contract with one or three days' notice, depending on the circumstances.

"It might feel nice to do business on a handshake, but good businesses don't work that way." Howard Asch, licensed contractor and advisor to Oregon Home Builders Association.

Oregon law allows a buyer to cancel a home solicitation sale contract involving repairs or remodels with three days' notice. You can find details and notice requirements at ORS 701.310 and ORS 83.720.



Working with your contractor

Now you are at the point the actual work begins. The following are some tips for working with your contractor.

- ✓ **Discuss ground rules**. If the work is going to take place in the home where you are living, discuss what hours the contractor will work in your home, what bathroom workers will use, and what will be cleaned up at the end of each workday.
- ✓ **Check the license again**. Check your contractor's license on the day they start work to be sure the number is still active.
- ✓ **Talk to the contractor frequently**. Don't be surprised if you receive a call to come look at a particular part of the project, help solve a problem or give the go-ahead so the workers can move on. Be prepared to respond quickly and decisively.
- ✓ **Keep a project journal**. Use a notebook to record progress, note things you want to ask your contractor, jot down ideas and record décor notes like paint and carpet colors.
- ✓ **Check the work**.
  - Make sure the fixtures, appliances, etc., that arrive on site are the ones you selected. It's better to call out an error before the contractor installs the wrong product.
  - Check things like the size and location of window and door openings against the plans. An oversized window opening can be easily changed in the framing stage.
  - Note any quality issues, like misaligned trim.
- ✓ **Be a good customer**. Be decisive. Make your payments promptly when due. Be friendly with the work crew.

Remember, your contractor wants you to be happy with the work. A good contractor often works (over and above) to make his or her customer happy with the end result. CCB's surveys indicate that 86 percent of customers are satisfied with their contractors' work.

Liens

Typically, for large projects, your general contractor hires subcontractors and buys materials. If the general contractor does not pay its subcontractors or suppliers, those businesses may file a claim (lien) against your house even if you already paid the general contractor. Learn more about liens and how you can protect yourself on the CCB website in the section on “Consumer help.”



Building permits

Building permits are required for the following.

- All new construction.
- Construction that requires structural modifications (for example, adding a room, moving walls, enlarging a window opening).
- Electrical, plumbing or mechanical changes or installations.
- Septic system installation or repair.



Pulling permits

If you hire a general contractor, the general contractor will typically obtain or "pull" the necessary structural permits. (Make sure your contract covers this requirement.) Specialty contractors, like electrical contractors, plumbing contractors, or heating, ventilation and air-conditioning (HVAC) installers, obtain the permits they need. In all cases, you should confirm that the contractor obtains required permits.



If you do your own work, you may need to obtain structural, plumbing, heating or HVAC permits, depending on what work you do. In short, whoever does the work needs to obtain the permit.

After permitted work is completed, a building inspector will inspect the work. If the work is satisfactory, the inspector will "pass" it. If not, the inspector will require corrections.

Skipping the permit can cost you more time and money and endanger your property and your family. Additionally, if you try to sell or refinance your home, the buyer, real estate broker or lender may require proof that upgrades comply with local codes. You may then have to rush to get unpermitted work permitted. Plus, you may have to open walls to verify the work meets code and approved plans.

Contact your local jurisdiction (city or county) for more information on permit requirements. For more information, visit the website www.permitsprotect.info.

Resolving disputes with your contractor

Even if you follow all the tips to select a contractor, you and your contractor may not be able to resolve a dispute. Assuming you used a ***licensed*** contractor, the CCB can help you resolve the dispute or potentially obtain money for damages from improper workmanship.

Find details on the CCB website under “consumer help” and “file a complaint.”



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