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Accountability for contractors

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Here are some tips from experts on how to ensure your remodeling or home construction project goes smoothly and your rights are protected:

1. DO YOUR HOMEWORK: Although there are many competent, reliable contractors in the state, many others operate illegally, either without a license, insurance, or both.

Frank Hughes, managing partner at Miller, Morton, Caillat & Nevis in San Jose, heads the firm's construction law department. He says you should always check out a prospective contractor with the Department of Consumer Affairs to make sure the license and insurance are up to date.

"Workman's compensation insurance is expensive," says Brian Eslick, president of Better Built Homes of Gilroy. "So many contractors don't buy it."

This means if someone is injured on the job and the contractor doesn't have insurance, the homeowner becomes liable for medical costs and lost wages.

"You have to do your homework," Eslick says.

2. BUILD A RELATIONSHIP: Bill Simone, CGR, president of Custom Design & Construction in Los Angeles and author of the book

"Six Secrets to Remodeling Success," says it is important to build a relationship with the contractor. "Select one that you are completely comfortable with, one that you feel is trustworthy and has your best interests in mind, not just to line their own pockets," Simone says.

This relationship is a two-way street. Simone says you must be available to the contractor to make the ongoing decisions that are part of the process.

"It moves the project along much faster, and time is money," Simone says.

3. CHEAPEST NOT ALWAYS BEST: A big misconception is that the lowest bid will save you money. "You always have to ask, what is not included in the bid?" Simone says.

"Avoid any high-pressure sales people," he adds. "You should not feel pressured into making a remodeling decision."

4. GET REFERENCES: Simone says it is crucial to get references. More important, those references must be checked.

"Go visit them. Most people will be proud to show off their home," Simone says. "Ask if they thought the price was worth it and if they would use the contractor again."

5. KNOW YOUR RIGHTS: Hughes, the construction law expert, cites the state Home Improvement Act, which is like a homeowner's bill of rights. It contains 15 terms that must be in a home-improvement contract, Hughes says. For example there is a limit on the amount of the deposit the contractor can request.

The contract should also state when the work will begin and end. It should include a plan and scale drawings, as well as construction and equipment specifications, Hughes says.

The law says the contractor must get change orders in writing from the customer. They are used to cover surprises in a remodeling project — for instance things that are discovered when a floor or wall is removed that may necessitate additional work and materials. (Change orders can also occur if the contractor underestimates the cost of the job.)

Subcontractors and suppliers also have rights. They will probably file a "mechanic's lien" with you before the work begins. If the general contractor does not pay them, they have a security interest in your house and land. You should obtain a lien waiver from the general contractor.

Otherwise, "It's like they have a second deed of trust on your property," Hughes says.

QUESTIONS TO ASK A CONTRACTOR

- 1. Are you licensed in California? (Get proof.)
- 2. Do you hold a specialty license for the work I want done? (i.e., plumbing, electrical, heating, etc.)
- 3. Do you carry worker's compensation and liability insurance? (Get proof.)
- 4. Will you provide lien waivers?
- 5. Will you obtain all the required permits?
- 6. Do you guarantee your work, and for how long? (The answer should be at least one year.)
- 7. Who will be in charge of the day-to-day operation? (You should meet that person and make sure you can live with him or her in your home.)
- 8. Will you provide references?
- 9. What percentage of your business is repeat business, or from referrals? (The answer should be at least 30 percent Get proof by talking to the references.)
- 10. How many projects like mine have you completed in the past year?
- 11. Will you give me a detailed, written proposal?
- 12. Will you remove all the debris and dust associated with the project?

Source: Bill Simone, author of "Six Secrets To Remodeling Success"

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