

## From the corner desk of John Petsco

A contract doesn't have to be printed off a computer—or contain a bunch of legalese—to get the job done. But it should clearly state the arrangement that you and your contractor have about the project, and it sounds like this document probably doesn't do that very well.

**1. A description of the project.** The contract should include a project description that thoroughly outlines all of the work, materials, and products that will go into the job. That includes everything from what will be demolished to what will be constructed—and each different material and fixture that will be used, with its associated cost. It should also specify that the contractor will obtain all of the necessary permits (and close them out by getting the required certificates of occupancy) and dispose of the debris properly, and that the project is covered by his liability and workman's compensation insurance.

**2. How (and how often) the contractor will be paid.** Not only should the contract state the total project price, but it should also outline the timing and amount of installment payments based on project milestones, such as when the foundation is completed, the rough plumbing and electricity are installed, or the wallboard and trim are done. Your initial payment at the start of the job should be no more than 10% of the project cost. The final payment should be, payable only when the “punch list” (the roundup of final project details) is completed to your satisfaction.

**3. Lien waivers.** Here's a scary thought: Any worker who comes to your house as part of a remodeling crew could place a lien on your property, claiming he was never paid for his work—even if you have paid the contractor in full. So write into the contract that your contractor must provide you with a “lien waver” for each installment before you pay the next one. What that means is that the invoice for each payment needs to

include a signed statement indicating that the contractor used your previous payment to pay for the labor and materials described in its invoice. That gives you some legal protection against liens from him or his employees and subcontractors.

**4. Approximate project dates.** Discuss approximate start and end dates for the project with your contractor and write them into the contract. The point is not to hold him to an exact date but to ensure that you both have an understanding of when work will commence and—barring weather interruptions or major plan changes—about when it will be completed.

**5. A procedure for changes.** Write in that no changes to the original plan can commence until the contractor has given you a clear description of the new work, how much it will cost, and how it will affect the schedule—and until you have given written approval. Change orders should be done with pen and ink (or by text or email). If you ever make a verbal agreement on the fly, follow up with an email to the contractor restating the details and your approval, and ask him to respond with a confirming email that you got the details right, so you have a written record.

**6. An escape hatch.** New York State consumer protection laws give homeowners three days to rescind a contract without penalty. This prevents you from losing your deposit if, for example, you sign the contract and then find out that there's a problem with your credit line and you don't have the funds you thought you did.

**7. Signatures.** A contract isn't a binding legal document unless it's signed by both parties—and in some states, it also must include the contractor's license number and both of your addresses.