

7 tips for hiring the best contractor

A good contractor is hard to find

Often getting the best one for your home -- the true pro who shows up and delivers quality work on time and on budget -- depends on doing some serious screening before the job starts.

Too many times, he says, enthusiastic homeowners hire the first person they interview. "They get so excited that they made the commitment (to do the renovation or upgrade), that they forget the job they have in front of them. It will take you longer to find the right contractor and check out the job, than to do the job. To make it a little easier, here are seven pro tips for getting the right contractor for your next home addition, upgrade or renovation.

1. **Slow down-** When Selecting a contractor; don't be in a hurry, the best thing to do is to educate you on the project. The more you know the more you will be able to ask questions to help make the right decisions concerning your project.
2. **Talk to friends and neighbors-**Referrals are a primary source for finding a good contractor, "You want to make sure that, whoever you're using, that you have a personal referral. Then follow up with your own due diligence, Good referrals alone are "not enough. Just because a friend liked the contractor, doesn't mean the job was done right. Another promising sign is when two sources recommend the same pro. Do your part on the other end of the referral process, too. When you do find someone great, "tell everyone
3. **Determine the contractor's specialty-** Sometimes people assume all contractors are equally qualified to work on different types of houses. Interview contractors who do the type of work you need. For instance, if you want a renovation, you want a renovator, rather than a new-home builder. Look for someone who focuses on homes that are the same age and style as yours. While a contractor may have more than one specialty, you want to make sure that your type of home is one of the contractor's strong suits.
4. **Make a good match-** You want to get to know the person, Ask about his or her experience, life history, specialties, and what work he or she really loves to do. Also cover the nuts and bolts: Is the contractor licensed? Insured? You can't ask them enough questions.
5. **Get (and check) plenty of references-** Forget the old rule of three. Your prospective contractor should show up with at least 20 references, more is better. How many should you call? All of them. Ask about details that really matter to you:
 - Did they start and end on time?
 - Clean up the mess?
 - Follow up a month later to see that everything was OK?
 - Did the price escalate from the estimate even if the job didn't?

If you can look at projects that were similar to the one you're contemplating. Most homeowners who have a good job will be happy to show it off. Follow up with someone most homeowners don't think of: local suppliers (No one knows a contractor like their suppliers).

6. **Don't part with too much money at one time-** If your contractor is any good, he or she likely won't be able to start for a few weeks. So don't part with a large chunk of your renovation money upfront. To book the job, you should put no more than 10 percent down; Follow up in 10 percent increments as the contractor meets certain preset milestones on the project. But that doesn't mean you should "pay time and labor as they go, you want it to be a set price. Schedule the final payment -- about 15 percent of the total -- for 30 to 45 days after the job is complete.

Incremental payments ensure against disappearing contractor syndrome. Withholding the last payment guarantees that if there are any problems after the job is done, they'll be fixed promptly. This type of payment schedule is business-as-usual for professional contractors. "It gives you that window in case things go wrong. And little things can go wrong."

5 Things to Look for When Hiring a Contractor

Check credentials and disciplinary history-Here's what you should look for: A contractor who has been in business for a while, someone who is licensed and registered (every state has different rules; check yours on contractors-license.org or ask your local building inspector), has insurance (liability; worker's comp), and has a solid reputation. Make sure that they also have a clean bill of health from the Better Business Bureau and from your state's consumer protection agency.

Get bids -Once you've talked to friends, family, and neighbors (asking them if their contractor showed up—and finished—on time? And if there were any unexpected costs) as well as separated the good from the bad, get bids from your top three choices, tossing the lowball offer. While we're all looking for value, be wary if someone comes in several thousand dollars below the others. Yes, it appears to be a great deal, but the contractor is most likely cutting corners somewhere, (perhaps using cheaper materials), or may start the project only to tell you down the line that it's more complicated than initially assumed, and therefore more expensive. Be cheap but don't invite trouble.

Think beyond price -You're going to be spending a lot of time with this contractor, so when you make your decision, think about whether you feel comfortable with their personality, background, methods, and communication skills. Is everyone clear about the project at hand—everyone on the same page? If not, you could end up disappointed, frustrated, and possibly out several thousand dollars beyond what you budgeted for.

Contract, contract, contract-Every project should have a contract, no matter the size of the estimated work. Every detail about the project should be included in this contract — from a work timetable, (start and finish dates), to description of the work, to materials that will be used—right down to the brand or make of the fixtures—to the payment schedule and everything in between, including a time limit for fixing defects. Contracts ensure that if a dispute arises, it can be dealt with in a timely manner.

How you pay a contractor is as important as how much—Don't pay a contractor more than 30 percent upfront. Make periodic payments as the contractor completes certain portions of the project, expecting to make an average of three payments per project, and dangling a significant amount—at least 10 percent—to be paid only when the job is completed to your satisfaction. This is the best way to ensure that the work gets done when and how you want it.

Home improvement: 5 steps for finding the right contractor

The economy has been hard on contractors who have experienced the downside of a housing boom. That has created a lot of eager carpenters, plumbers, drywall installers, and others looking for work. So if you're looking to a contractor you may be able to find an attractive price, but choose carefully.

Here are five key steps to follow in the hiring process:

1. Obtain referrals

There are several ways to find potential contractors.

Usually, the easiest is to begin by seeking recommendations from family members and friends. Tap into social networking sites, such as Facebook, to expand your reach. Keep in mind though that anyone making a personal referral may not have had the same type of work done or had it done on the same budget as you're anticipating.

Another option is to join the consumer-reviews website Angie's List at <http://www.angieslist.com/> and research contractors there. Joining requires a monthly fee, often around \$5, although it's cheaper when you sign up for a year or more.

Suggestions could also come from local professionals who do business with reliable contractors, including your city's building inspector or a lumber supply store.

2. Interview candidates

Armed with a list, make some calls to get a sense for how comfortable you'll be with them working in and around your home.

The NARI suggests a list of questions to ask a potential contractor at <http://www.nari.org/> . They include:

- How long have you been in business?
- Who will be assigned as project supervisor for the job and will workers are employees or subcontractors?
- Does your company carry workers' compensation and liability insurance?

- How many projects like mine have you completed in the past year?
- May I have a list of references from those projects and a list of business referrals or suppliers?
- Do you belong to any professional associations?

3. Avoid red flags

During your search it's helpful to know what signs of trouble should give you pause. For example, a contractor offering an extremely low bid signals he's likely cutting costs with cheap material or on labor. Poor quality materials or a contractor rushing to get a project done cheaply could end in disaster.

"You're shopping for a final finished product. That doesn't necessarily mean the lowest price," said Herriges, who is also a contractor in Mukwonago, Wis. "You're shopping for value."

Here are a few other red flags from a potential contractor:

- There's a request for significant money up front, say, more than a third. It's a sign there may be cash flow issues.
- There's a demand to be paid in cash only.
- The contractor doesn't have a physical business address, just a post office box number.
- The contractor sought you out saying he was in the area and wanted to give you a discount.

4. Narrow the field

From the calls you make, winnow your choices down to three. Double-check references to make sure past projects were done on time, at the expected price, and that the quality and cleanup was satisfactory.

State consumer affairs or consumer protection agencies often register contractors and keep records of complaints. Check to see if your state does at a website run by the federal government: <http://www.usa.gov/directory/stateconsumer/index.shtml>.

Many local or state governments also require proof of licensing before a contractor can apply for necessary permits. The Better Business Bureau also is a resource for checking on past complaints.

After all of the background checks set up face-to-face meetings with those who pass your initial screen to discuss your project and get written estimates. Make sure to ask for an estimate that breaks down material and labor costs so you'll be able to make specific service comparisons.

5. Finalize the deal

Get an agreement in writing. A formal contract will provide protection in case something goes wrong.

For instance, problems may arise if the contractor doesn't pay his suppliers. If he still owes money on the material or labor used in your project, you'll want to have a lien waiver in place. This prevents a lumber company or subcontractor from placing a lien on your home for the contractor's unpaid bills.

Also ask for a certificate of insurance proving the contractor has liability and workers' compensation insurance in case there's an accident.

The contract also should include details of a beginning date, a completion date, and how payments will be made. It's typical to pay a third up front, a third when the project is half done and the final third once the job is done and meets your expectations.

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