



## Choosing a Contractor

When the time comes to choose a contractor, how will you distinguish between a certified, experienced contractor and a corner-cutting swindler? A little research and some probing questions can help you make the right decision and save you time and money.

## Locating Potential Contractors



Planning is the foundation for a successful remodeling or building job. Specific, detailed plans allow the contractor to more accurately estimate the cost and length of time involved. Decide what type of work needs to be done and what type of contractor or subcontractor is required. For instance, if remodeling your bathroom includes moving the bathtub or toilet, you'll need a plumber and a general contractor.

Choosing a contractor requires time, patience and instinct. A good contractor appreciates an informed customer; so educate yourself on the project and the expertise required to complete the job. Start at your local library or on the Internet. After researching your project, check the yellow pages to find a contractor or get referrals from acquaintances that have had similar remodeling jobs done. A professional contractor usually advertises and waits for customers to call. Always be cautious if someone comes to your door looking for work. Once you've narrowed your search:

- Call at least three contractors and set up appointments to go over a few basic questions.
- When you talk to a contractor, clearly communicate your ideas. Ask questions and listen to the responses given. Effective communication is extremely important for a customer/contractor relationship.
- Always give each contractor the same information regarding the project.

## Initial Steps

When interviewing a contractor, ask:

- **Are you a licensed contractor in this state and city?** Check to see if your state requires a license. Some states accept work experience, membership in professional trade organizations, and continuing education units in place of a license. If the contractor has a license, get the license number, and call the local building department to validate the number. Also, call the State Consumer Protection Agency to find out if the contractor had to prove financial stability, pass an exam, or just pay a fee for the license.
- **Can I have three references from customers in the past 12 months? Past three years?** Use references to check the contractor's current and past work history.
- **Can I have a banking and/or financial reference?** Check financial stability. If the contractor is unable to pay for materials, labor, and overhead costs, the job could go unfinished.
- **What professional/trade organizations are you a member of?** Check membership standing in the

organization provided.

- **What insurance coverage do you have?** At a minimum, contractors should have Workman's Compensation, general liability (including property and personal liability), and automobile insurance. These policies help protect you and your property from potential legal problems should an accident occur. Call the insurance agency to confirm effective dates of the insurance policies.

When a contractor starts a job, it's good practice to have a valid certificate of insurance naming you and your property as co-insured. Have the contractor contact his insurance agency and request that a copy be mailed directly to you. Do not accept a photocopy.

- **How long have you been in business?** A contractor with at least five years experience usually has a stable business foundation and is reliable.
- **Have you taken any classes or attended any trade seminars in the past 2 years?** Industry trade shows, seminars, and classes help a contractor stay on top of the latest solutions and techniques for remodeling and building. Courses centered on managing a business successfully are also important.
- **Based on the project detail, what permits may be required?** The contractor should be familiar with local building code requirements.
- **May I have an itemized estimate on the project that includes materials, labor, overhead, and a time frame?** The estimate should be in writing in order to compare it with the estimates you receive from the other two contractors.
- **Do you have a "before and after" picture portfolio?** Most contractors have pictures of past work.

### Checking References on Potential Contractors

To gain insight on a contractor's work ethic, call all references and ask:

- How did you find out about this contractor?
- How long ago did this contractor work for you?
- What was the quality of the finished project?
- Did the contractor recommend a contract, including a written estimate? If not, did you request a contract? Did the contractor balk at the idea?
- Did the project go over the original estimate? If so, by how much? What changes from the original project did you request? Did the contractor provide an acceptable detailed explanation?
- Did the contractor use a written change order form before making changes to the original estimate?
- Did the contractor stay on schedule and report to work in a timely manner?
- Did the contractor have a good attitude throughout the project?
- Did anything unusual or unsettling happen during the course of the project?
- How qualified were the workers and subcontractors?
- Did the contractor stay on-site to supervise during the project?
- How accessible was the contractor?
- Was the site clean and safe at all times?
- Would you recommend this contractor to your family and friends?
- Would you use this contractor again?

After you have checked at least three references on your potential contractors, contact the State Department of Agriculture, Trade, and Consumer Protection or the Better Business Bureau to see if any of the contractors have been named in lawsuits.

## Checking The Work Site

If possible, visit at least one previous work site, preferably where similar work to your project was done. Look for the following:

- Look for the quality of workmanship and detail. For instance, if a new door and window were part of an addition to a house, are the corners and joints on windows and doorframes tight? Are there paint runs on the woodwork and walls? Does the addition fit with the previously existing structure? In a remodeled kitchen, do the oven, dishwasher, refrigerator or cabinet doors interfere with each other?
- Your eyes are the best reference you have when visiting a former work site, so check things over carefully.

## Reviewing and Choosing An Estimate

Once you receive all estimates, take time to compare them. **Don't base your decision on price alone.** Keep the following steps in mind before you make your decision:

- Be cautious of an extremely low bid. Compare all items on the bid.
- Check the cost of materials. Some estimates may contain lower quality materials, which reduce the cost of the project. Review any items you do not understand with the contractor.
- Time frame is an important factor. If one bid is higher in labor cost but the contractor can finish the job in two weeks instead of two months, the additional cost is justified.
- Do not sign anything until you understand all aspects of the contract.
- Keep all documentation related to the project.

## Contract Information

Written contracts are essential when choosing a contractor. A professional contractor has a responsibility to provide a written contract with detail on all work to be completed. Having all of the information in writing helps minimize possible problems during the project and after the work is done. Be sure to include everything in writing. Remember, if it isn't documented, it never happened. Once you receive the contract, take about two days to read and review it carefully. Don't sign the contract until you are completely comfortable with the stipulations included. Think about having an attorney review the contract as well. Several key elements should be in a contract. If any of the information in the following checklist for contract information is not included, request an addendum or revision.

## Checklist for Contract Information

This list is not meant to be all-inclusive, and certain information may or may not apply. **Talk to an attorney before signing a legally-binding contract.**

Contract Information	Why It's Important	Included (Y or N)
Contractor's name, mailing and physical address, phone number	Needed to contact the contractor or verify financial information when calling a bank or vendor.	
Name(s) of the homeowner(s), location of job site, and address of homeowner(s)	Specifies parties involved. Tells who is making the decisions, especially as related to changes.	
Signature section for contractor and homeowner	Signatures from both parties make the contract legally binding.	
Current date	Establishes when the contract was officially executed.	
Starting and estimated completion dates	Contractor and homeowner are in agreement on the beginning date and proposed completion date.	
Estimated cost of work	Necessary to establish boundaries as related to work billed.	
Payment schedule	Details how much money is due to the contractor and when it is to be paid. Make specifications related to special order items and cash advances. Check with your local building department for information on percentages allowed for advance cost deposits. One payment option is to pay 1/3 to start, 1/3 halfway, and the final 1/3 after the job is complete	

	and all work is satisfactory. Another option is to pay on a cost-plus system where you receive monthly bills. Make sure you keep track of all payments made. Don't make the final payment until all inspections and change orders are completed. <b>Never pay in cash – always write a check made out to the contractor's business.</b>	
Release of lien clause	If subcontractors are not paid and the contractor has been paid, they can sue the contractor for payment. The homeowner also needs to obtain copies of lien releases the contractor gets from the subcontractors to insure everyone is paid in full.	
Written warranty (if applicable)	Covers materials and workmanship. Name and address of contractor, distributor, or manufacturer should be listed for those honoring the warranty. The limitations and length of the warranty should also be listed.	
Dispute resolution	In the event of any problems that may arise, include a dispute resolution clause to determine how problems will be handled. Mediation or arbitration is the best and least expensive way to handle contract disputes.	
Right of rescission	The Federal Trade Commission's three-day right to rescission allows the homeowner three days from the date of signing to void the contract legally with no repercussions. The homeowner is not liable for any service or finance charges.	
Purchasing permits	The contractor must agree to purchase all required permits in his business name.	
Inspection failure	The contractor must correct any problems related to inspection failure at no cost to the homeowner.	
Insurance	Contractor must present proof of general and personal liability, workman's compensation, and automobile insurance. Contractor should be required to verify the same insurance information on the subcontractors.	
Duties clearly outlined	Who will be responsible for what? Responsibilities include, but are not limited to: clean up during and after the job, use of personal facilities, use of phone, repairing damaged personal property (i.e. broken driveways and lawn damage). Include who will be responsible for ordering materials and scheduling workers and subcontractors.	
Scope of work	Exactly what work will be done including a list of materials with brand names, sizes, and colors and code requirements for materials such as lumber and electrical components. If blueprints are used, reference a dated set of plans. Also, include any charges for work that is done in addition. For instance, if your water heater breaks and you ask the contractor to fix it, make sure a per hour extra work fee is clearly outlined.	
Change order	A change order is a defined change process. Change orders should be used whenever work is added, materials and equipment are substituted, or any other changes are made. Change orders should be in writing and include an itemized list of the additional cost. The homeowner should approve all change orders.	

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