

**Trusted consumer authorities agree...** hiring a good service provider with a solid contract is the best way to avoid home service nightmares and get the quality you expect at a fair price.

The following summarizes the home service hiring advice of the most important “trust authorities” in the field: the Better Business Bureau, Government Consumer Affairs Organizations and State Contractor Licensing Boards. [1][2][3][4]

## **Step 1 Create a complete, detailed “Project List”**

If you do only one thing clearly, carefully and completely, do this: make all design, material and finish decisions before hiring anyone to work on the project:

- List all demolition, construction/relocation (for electrical and plumbing), installation and finishing steps – use the work specification and quality checks at [http://www.homewyse.com/home\\_services/](http://www.homewyse.com/home_services/) to understand the work and clearly explain your quality expectations.
- List every component and material to be used in the project by brand, model and size. Use the appropriate Project List at <http://www.homewyse.com/projects/> to keep track of your decisions.

## **Step 2 Gather a list of qualified service providers**

Ask people you trust for names of providers they think who would be a good match for the size and type of project you've defined in Step 1. The best sources of referrals:

- Local building department or building code enforcement (also at this time – ask the building officials which permits will likely be required for your job).
- Homeowners you personally know who share your sense of quality & value, and who have had a recent, successful project.
- Service professionals who you've come to trust.
- Trustworthy Real Estate professionals with a strong sales track record in your neighborhood
- Contractors that have completed good work on homes similar to yours.

## **Step 3 Complete initial screening**

Complete the steps on page 2 of this guide to filter out any unqualified or risky candidates.

## **Step 4 Interview (for projects over \$1,000)**

If your project totals less than \$1,000 you may want to skip this step and go directly to Step 5. Otherwise, make sure that you use the 10 key questions on page 3 of this guide to identify 2-3 service providers matched to your project requirements.

## **Step 5 Get Bids**

Use the “Project List” from Step 1 along with your key contract terms (see Page 4 of this guide) to collect bids from your finalists. Compare the bids and make a final decision.

## **Step 6 Prepare and sign contract**

Use the summary checklist on Page 4 of this guide to decide on the terms you want to include in the signed document.

[1] New York State Consumer Protection Board (CPB), [www.nyconsumer.gov/pdf/contractor\\_ripoffs\\_2008.pdf](http://www.nyconsumer.gov/pdf/contractor_ripoffs_2008.pdf)

[2] Washing State Department of Hiring & Industries, “Protect yourself when hiring a contractor”, [www.ini.wa.gov/TradesLicensing/contractors/HireCon/](http://www.ini.wa.gov/TradesLicensing/contractors/HireCon/)

[3] California Department of Consumer Affairs Contractors State License Board (CSLB) “How do I find the right licensed contractor” [www.cslb.ca.gov/consumers/HireAContractor/FindingTheRightContractor.asp](http://www.cslb.ca.gov/consumers/HireAContractor/FindingTheRightContractor.asp)

[4] Better Business Bureau “BBB Advice on Hiring Contractors for Home Improvements and Remodeling” [www.bbb.org/us/article/bbb-advice-on-hiring-contractors-for-home-improvement-and-remodeling-4948](http://www.bbb.org/us/article/bbb-advice-on-hiring-contractors-for-home-improvement-and-remodeling-4948)

**Business Info**

Name  
Street Address  
City  
Phone  
Email  
Website  
License ID

**Initial Checks**

Website review  
Better Business Bureau  
  
Google Search - Business Name

**Client References**

Reference Name  
Phone #  
Project Type  
- Overall Experience  
Reference Name  
Phone #  
Project Type  
- Overall Experience  
Reference Name  
Phone #  
Project Type  
- Overall Experience

**Insurance & Bond**

Insurance Agent / Company  
Policy ID# | Years  
Policy Coverage  
  
Bond Agent / Company  
Bond ID# | Years  
Bond Type / Coverage

**Final Checks**

Local Building Dept.  
  
Sex Offender Database  
  
Criminal Database

Candidate 1	
<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	
<p>Site: Poor Fair Good Excellent</p> <p>BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail</p>	<p>Name Search: _____</p> <p>_____</p> <p>_____</p>
<p>_____</p> <p>_____</p> <p>Rate: Poor Fair Good Excellent</p> <p>_____</p> <p>_____</p> <p>Rate: Poor Fair Good Excellent</p> <p>_____</p> <p>_____</p> <p>Rate: Poor Fair Good Excellent</p> <p>_____</p> <p>_____</p> <p>Rate: Poor Fair Good Excellent</p>	
<p>_____</p> <p>_____</p> <p><input type="checkbox"/> Liability _____ <input type="checkbox"/> Workers Comp. _____</p> <p>_____</p> <p>_____</p> <p>_____</p>	
<p>Rate: Poor Fair Good Excellent</p> <p>BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail</p>	<p>BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail</p>
<p>Rate: Poor Fair Good Excellent</p> <p>BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail</p>	<p>BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail</p>

Candidate 2	
<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	
<p>Site: Poor Fair Good Excellent</p> <p>BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail</p>	<p>Name Search: _____</p> <p>_____</p> <p>_____</p>
<p>_____</p> <p>_____</p> <p>Rate: Poor Fair Good Excellent</p> <p>_____</p> <p>_____</p> <p>Rate: Poor Fair Good Excellent</p> <p>_____</p> <p>_____</p> <p>Rate: Poor Fair Good Excellent</p> <p>_____</p> <p>_____</p> <p>Rate: Poor Fair Good Excellent</p>	
<p>_____</p> <p>_____</p> <p><input type="checkbox"/> Liability _____ <input type="checkbox"/> Workers Comp. _____</p> <p>_____</p> <p>_____</p> <p>_____</p>	
<p>Rate: Poor Fair Good Excellent</p> <p>BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail</p>	<p>BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail</p>
<p>Rate: Poor Fair Good Excellent</p> <p>BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail</p>	<p>BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail</p>

Candidate 3	
<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	
<p>Site: Poor Fair Good Excellent</p> <p>BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail</p>	<p>Name Search: _____</p> <p>_____</p> <p>_____</p>
<p>_____</p> <p>_____</p> <p>Rate: Poor Fair Good Excellent</p> <p>_____</p> <p>_____</p> <p>Rate: Poor Fair Good Excellent</p> <p>_____</p> <p>_____</p> <p>Rate: Poor Fair Good Excellent</p> <p>_____</p> <p>_____</p> <p>Rate: Poor Fair Good Excellent</p>	
<p>_____</p> <p>_____</p> <p><input type="checkbox"/> Liability _____ <input type="checkbox"/> Workers Comp. _____</p> <p>_____</p> <p>_____</p> <p>_____</p>	
<p>Rate: Poor Fair Good Excellent</p> <p>BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail</p>	<p>BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail</p>
<p>Rate: Poor Fair Good Excellent</p> <p>BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail</p>	<p>BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail</p>

**STEP 1** - Collect this information from candidates by telephone or direct contact. After mutual interest is confirmed explain that you may be in touch later for more information. Don't confuse a business license with a professional contracting license.

**STEP 2** - Does candidate's website show work portfolio? Find your local BBB office at [www.bbb.org](http://www.bbb.org) - check complaints. Google search contractor's name and business name. Go to STEP 3 if background seems solid.

**STEP 3** - Contact Candidates and explain you are completing your research on several candidates. Get names of client references from jobs within the past 18 months - IMPORTANT: references must not be relatives or work associates of candidate. Get 1 name for a job that had a complaint. Get insurance and bonding information for STEP 4. Contact references. If no problems go to STEP 4.

**STEP 4** - If client references are positive, verify coverage. Any suspicious coverage gaps over time?

**STEP 5** - Collect information for top 2 clients. Search internet for local criminal and sex offender databases - one option is [www.peoplesearch.com/resources/background-check](http://www.peoplesearch.com/resources/background-check).

## Question

- 1** Have you operated your business under other names in the past? Why?
- 2** Is your current business address a residential address? How long at this address?
- 3** Have you been cited for business infractions or complaints to the Better Business Bureau?
- 4** How do you handle lien releases (when subcontractors will be used)?
- 5** What permits will be required for this project? Who should handle permit process?
- 6** What is your change order process?
- 7** What do you do to ensure project quality?
- 8** Does your bond cover the total project value? If not, will you extend it?
- 9** What are the big risks in this project? What will you do to minimize them?
- 10** Will you be requesting a deposit or prepayment? If so, why?

Candidate 1	Candidate 2	Candidate 3
1. _____ 2. _____ 3. _____ 4. _____	1. _____ 2. _____ 3. _____ 4. _____	1. _____ 2. _____ 3. _____ 4. _____
Address: <input type="checkbox"/> Business <input type="checkbox"/> Other Years at Business Address: _____	Address: <input type="checkbox"/> Business <input type="checkbox"/> Other Years at Business Address: _____	Address: <input type="checkbox"/> Business <input type="checkbox"/> Other Years at Business Address: _____
_____	_____	_____
Answer: Poor Fair Good Excellent _____	Answer: Poor Fair Good Excellent _____	Answer: Poor Fair Good Excellent _____
<input type="checkbox"/> Structural <input type="checkbox"/> Electrical <input type="checkbox"/> Plumbing <input type="checkbox"/> Other _____	<input type="checkbox"/> Structural <input type="checkbox"/> Electrical <input type="checkbox"/> Plumbing <input type="checkbox"/> Other _____	<input type="checkbox"/> Structural <input type="checkbox"/> Electrical <input type="checkbox"/> Plumbing <input type="checkbox"/> Other _____
Answer: Poor Fair Good Excellent _____	Answer: Poor Fair Good Excellent _____	Answer: Poor Fair Good Excellent _____
Answer: Poor Fair Good Excellent _____	Answer: Poor Fair Good Excellent _____	Answer: Poor Fair Good Excellent _____
<input type="checkbox"/> Bond Limit to Cover Project _____	<input type="checkbox"/> Bond Limit to Cover Project _____	<input type="checkbox"/> Bond Limit to Cover Project _____
Answer: Poor Fair Good Excellent _____	Answer: Poor Fair Good Excellent _____	Answer: Poor Fair Good Excellent _____
<input type="checkbox"/> No Deposit <input type="checkbox"/> No Prepayment _____	<input type="checkbox"/> No Deposit <input type="checkbox"/> No Prepayment _____	<input type="checkbox"/> No Deposit <input type="checkbox"/> No Prepayment _____

## Notes

- Multiple names in the same professional need to be researched separately and may indicate a pattern of service problems.
- A permanent address history is strong evidence of a stable business. A business run out of a pickup truck is a red flag.
- One issue may be OK if explained clearly. Repeat issues indicate a pattern of trouble and a red flag.
- You are looking for a clear, simple process to assure all lien claims are released before final payment.
- Familiarize candidate with job. Be suspicious if you are asked to handle permits or if the contractor insists permits aren't needed when you know otherwise.
- You are looking for a clear process that requires your approval of any unbudgeted expense, design change or material substitution.
- You want to see quality specifications or checklists that must be completed before payment is issued.
- Any hesitation on this issue should be taken as a warning sign.
- Early decisions on all material and design choices. Clear proactive ownership of delivery, trade scheduling and inspections
- Financially responsible contractors usually don't require prepayment.

Get it in writing. Always complete a written agreement for any work performed on your home. Don't sign the agreement or let work begin until you've included the terms for your project type. For each project type, contract terms that are strongly recommended (R) or optional (O) are listed below:

## Project Type

**Small** less than \$300, single service provider, common work tasks  
**Minor** \$300 - \$1000, single service provider, with more involved tasks and quality implications  
**Major** >\$1000, multiple service providers, permits and significant changes to home

### Job Requirements

- |  |   |   |   |   |
|--|---|---|---|---|
| <input type="checkbox"/> All work to be completed                | R | R | R | List <u>every</u> removal, demolition, construction, preparation, installation and finishing step.  |
| <input type="checkbox"/> Material grade / type / option          | R | R | R | Specify the grade of non-branded products (such as lumber, millwork) - and, if important to you, environmentally friendly options.  |
| <input type="checkbox"/> List of fixtures, fittings and hardware | R | R | R | List every item, noting finish, size and brand/ID# for any item over \$50.  |
| <input type="checkbox"/> List of all finishes                    | R | R | R | List all wall, ceiling, trim and flooring finish options. Specify manufacturer, color, finish type for each item.   |
| <input type="checkbox"/> Quality Specifications                  | R | R | R | Explain the quality you expect - fit, finish, operation and appearance. See <a href="http://www.homewyse.com/home_services/">http://www.homewyse.com/home_services/</a> for this information. |
| <input type="checkbox"/> Sketches / working drawings             | O | O | R | Clearly show placement, patterns, seam placement and edge transition details of flooring, tilework, lighting, media components and built ins.   |

### Schedule

- |  |   |   |   |  |
|--|---|---|---|--|
| <input type="checkbox"/> Project Start and End Dates | R | R | R | All work completed with permits, lien releases and to owner's satisfaction by End Date.  |
| <input type="checkbox"/> Milestone management        |   | R | R | Track permit sign off dates, subcontractor lien release (payment), dates and special order delivery dates at every project progress meeting. |
| <input type="checkbox"/> Late completion penalty     |   | O | O | Financial penalty for delays directly attributable to contractor neglect or error.   |

### Contractor Responsibilities

- |   |   |   |   |  |
|---|---|---|---|--|
| <input type="checkbox"/> Permitting                 | R | R | R | Contractor must obtain all applicable permits and proactively organize all work and inspections needed for permit signoff. |
| <input type="checkbox"/> Schedule management        |   | R | R | Contractor must proactively coordinate ALL material and sub-contractor availability to achieve End Date.                   |
| <input type="checkbox"/> Quality assurance          | R | R | R | Assign contractor full responsibility for assuring that each Quality Specification is met.                                 |
| <input type="checkbox"/> Sub-contractors            |   |   | O | Establish clear responsibility for hiring, managing quality, paying and obtaining lien release for all subcontractors.     |
| <input type="checkbox"/> Material delivery, storage |   | O | O | Assign full responsibility for verifying orders, delivery inspection and safe storage.                                     |

### Price and Payment Milestones

- |   |   |   |   |   |
|---|---|---|---|---|
| <input type="checkbox"/> Materials purchase and payment | R | R | R | Identify who will specify and purchase construction supplies, finish materials, fixtures and appliances.                                    |
| <input type="checkbox"/> Contract price                 | R | R | R | Specify that contract price includes permit, dump, equipment rental fees and ALL indirect costs needed to complete the project.             |
| <input type="checkbox"/> Payment schedule               | R | R | R | Avoid advance payments. Pay for materials upon receipt. Pay labor only after permit inspection(s) and Quality Specifications are satisfied. |

### Warranty

- |  |   |   |   |   |
|--|---|---|---|---|
| <input type="checkbox"/> Common construction materials | R | R | R | Require a 1 year warranty, with material and installation coverage for defective.   |
| <input type="checkbox"/> Installation labor            |   | R | R | Minimum 1 year warranty on craftsmanship. Warranty must be 100% transferable. Remedy to include <u>all</u> restoration costs. |

### Insurance, Bonding & and Legal

- |  |   |   |   |   |
|--|---|---|---|---|
| <input type="checkbox"/> Liability insurance | O | R | R | Require coverage for damage to structure and furnishings.   |
| <input type="checkbox"/> Performance bond    | O | R | R | Bond amount should be greater than contract total.  |
| <input type="checkbox"/> Lien release        | R | R | R | Clearly assign responsibility for obtaining all lien releases after subcontractor work is completed.              |
| <input type="checkbox"/> Dispute resolution  |   | O | O | Define how mediation or binding arbitration would be used to resolve any disputes once the contract is executed.. |

### Other

- |  |   |   |   |  |
|--|---|---|---|--|
| <input type="checkbox"/> Change orders                     | R | R | R | Homeowner must approve incremental work, material changes, variations to contract specified work before unspecified work begins.           |
| <input type="checkbox"/> Protection of structure, finishes | O | R | R | Specify that contractor must protect existing landscaping, hardscaping, structure and all finishes and fixtures from damage.               |
| <input type="checkbox"/> Demolition, refuse, recycling     | R | R | R | Homeowner must verify <u>all</u> items to be demolished or removed - and recycle / disposals methods.                                      |
| <input type="checkbox"/> Worksite rules                    | O | O | O | If you want daily cleanup or don't want smoking, drinking, loud music, use of your bathroom/telephone or odd working hours, state it here. |
| <input type="checkbox"/> Right of rescission               | O | R | R | Homeowner can cancel the contract within 3 day period after signing.   |