

Trusted consumer authorities agree... hiring a good service provider with a solid agreement 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 estimators at www.homewyse.com to learn about the work steps commonly used as well as popular options.
- List every component and material to be used in the project by brand, model and size. Be as specific as possible about color, finish, grade and weight.

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, you can use the questions on page 3 of this guide to help identify the service providers well matched to your project requirements.

Step 5 Get Bids

Use the “Project List” from Step 1 along with contract details important to you (such as those from Page 4) to collect bids from your finalists. Compare the bids and make a final decision.

Step 6 Get a Written Agreement

Make sure the agreement includes the terms recommended by your local contractor licensing board along with details that should be added from Page 4 of this guide. For best results on larger projects it is advisable to have a lawyer review your contract before signing.

[1] New York State Consumer Protection Board (CPB), www.nyconsumer.gov/pdf/contractor_ripoffs_2008.pdf

[2] Washing State Department of Hiring & Industries, “Protect yourself when hiring a contractor”, www.lni.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

[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

	Candidate 1	Candidate 2	Candidate 3	
Business Info	Name			
	Street Address			
	City			
	Phone			
	Email			
Initial Checks	Website			
	License ID			
	Website review	Site: Poor Fair Good Excellent	Site: Poor Fair Good Excellent	Site: Poor Fair Good Excellent
	Better Business Bureau	BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail	BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail	BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail
	Google Search - Business Name	Name Search: _____	Name Search: _____	Name Search: _____
Client References	Reference Name			
	Phone #			
	Project Type			
	- Overall Experience	Rate: Poor Fair Good Excellent	Rate: Poor Fair Good Excellent	Rate: Poor Fair Good Excellent
	Reference Name			
	Phone #			
Insurance & Bond	Project Type			
	- Overall Experience	Rate: Poor Fair Good Excellent	Rate: Poor Fair Good Excellent	Rate: Poor Fair Good Excellent
	Reference Name			
	Phone #			
	Project Type			
	- Overall Experience	Rate: Poor Fair Good Excellent	Rate: Poor Fair Good Excellent	Rate: Poor Fair Good Excellent
Final Checks	Insurance Agent / Company			
	Policy ID# Years			
	Policy Coverage			
		<input type="checkbox"/> Liability _____ <input type="checkbox"/> Workers Comp. _____	<input type="checkbox"/> Liability _____ <input type="checkbox"/> Workers Comp. _____	<input type="checkbox"/> Liability _____ <input type="checkbox"/> Workers Comp. _____
Final Checks	Bond Agent / Company			
	Bond ID# Years			
	Bond Type / Coverage			
Final Checks	Local Building Dept.	Rate: Poor Fair Good Excellent	Rate: Poor Fair Good Excellent	Rate: Poor Fair Good Excellent
	Sex Offender Database	BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail	BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail	BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail
	Criminal Database	BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail	BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail	BBB: <input type="checkbox"/> Pass <input type="checkbox"/> Fail

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 - 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.

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

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

Candidate 3	
1.	_____
2.	_____
3.	_____
4.	_____
Address: <input type="checkbox"/> Business <input type="checkbox"/> Other	
Years at Business Address: _____	
Answer: Poor Fair Good Excellent	
<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	
<input type="checkbox"/> Bond Limit to Cover Project	
Answer: Poor Fair Good Excellent	
<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.
- A higher coverage will provide more protection.
- Early decisions on all material and design choices. Clear, proactive ownership of delivery, trade scheduling and inspections.
- Should follow guidelines of your local contractor license authority.

Always use a written agreement for any work performed on your home. Include all terms recommended by your local contractor licensing authority, and consider adding appropriate items from the list below - details we recommend (R) or optional details (O):

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

- All work to be completed R R R List **every** removal, demolition, construction, preparation, installation and finishing step.
- 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.
- List of fixtures, fittings and hardware R R R List every item, noting finish, size and brand/ID# for any item over \$50.
- List of all finishes R R R List all wall, ceiling, trim and flooring finish options. Specify manufacturer, color, finish type for each item.
- Quality Specifications R R R Explain the quality you expect - fit, finish, operation and appearance. _____
- 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

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

Contractor Responsibilities

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

Price and Payment Milestones

- Materials purchase and payment R R R Identify who will specify and purchase construction supplies, finish materials, fixtures and appliances.
- Contract price R R R Specify that contract price includes permit, dump, equipment rental fees and ALL indirect costs needed to complete the project.
- 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

- Common construction materials R R R Require a 1 year warranty, with material and installation coverage for defective product
- Installation labor R R R Minimum 1 year warranty on craftsmanship. Warranty must be 100% transferable. Remedy to include **all** restoration costs.

Insurance, Bonding & and Legal

- Liability insurance O R R Require coverage for damage to structure and furnishings.
- Performance bond O R R Bond amount should be at or above guidelines of you local contractor licensing authority.
- Lien release R R R Clearly assign responsibility for obtaining all lien releases after subcontractor work is completed.
- Dispute resolution O O O Define how mediation or binding arbitration would be used to resolve any disputes once the contract is executed..

Other

- Change orders R R R Homeowner must approve incremental work, material changes, variations to contract specified work before unspecified work begins.
- Protection of structure, finishes O R R Specify that contractor must protect existing landscaping, hardscaping, structure and all finishes and fixtures from damage.
- Demolition, refuse, recycling R R R Homeowner must verify **all** items to be demolished or removed - and recycle / disposals methods.
- 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.
- Right of rescission O R R Homeowner can cancel the contract within 3 day period after signing.