

16 Ways

to Avoid Remodeling, Repair and Construction Problems

BEFORE A PROJECT

Finding and selecting a contractor
Negotiating a contract

DURING AND AFTER A PROJECT

Avoiding problems
Paying wisely
Preventing & resolving disputes



CONSTRUCTION
CONTRACTORS
BOARD

FINDING AND SELECTING A CONTRACTOR

Need a Landscaper?

All landscaping businesses must be licensed with the Landscape Contractors Board.

Most landscaping projects will go smoothly if you follow the tips in this booklet.

For more information, or to verify a landscaper's license, visit www.oregon.gov/lcb or call 503-986-6561.

The Construction Contractors Board (CCB) has found that most construction projects can go smoothly if consumers do their homework by checking out their contractor, setting realistic expectations and making wise decisions during the project. The following tips can help:

1 Develop a list of potential contractors. Ask friends, neighbors, relatives and co-workers for names of contractors they used. Find out if their experiences were good or bad. Ask if they would use this contractor again.

2 Ask for references. Check with previous customers. Were they satisfied with the work? Was the work finished within a reasonable time frame? Did the contractor return phone calls? If the person had problems with the contractor, ask how the contractor responded to complaints. Look at examples of the contractor's work.

3 Ask what trade associations the contractor belongs to. Home building and remodeling is professional work. Membership in a professional association is one sign that a contractor recognizes the responsibilities of being a professional.

4 Get more than one written bid for bigger jobs. This can help you understand what your project will entail. Make sure you understand any wide variations in bids.

5 Don't automatically accept the lowest bid. The old saying "you get what you pay for" applies here. A higher bid may be worth the price in better materials, workmanship and reliability.

If you get a very low bid, the contractor may have made a mistake or forgotten to bid everything. Or, they may have deliberately low-bid the job in order to get it. If they have bid too low to make a profit, they may use cheaper materials or take shortcuts.

CCB Tip

A large number of CCB complaints filed against contractors are the result of homeowners taking the lowest bid and then being unhappy with the poor quality of work.

6 Make sure your contractor is properly licensed with the CCB. A license is required for any business or individual that advertises, offers, bids, arranges for, or actually does any construction, alteration, home improvement, remodeling or repair work. This includes painting, roofing, carpentry, siding, plumbing, electrical, floor covering, windows, insulation, land development, concrete, inspection services, heating and air conditioning, and most other construction and repair services.

FINDING AND SELECTING A CONTRACTOR

Ask for a current CCB license number or get it from their business card or advertisement.

Check with the CCB to make sure the contractor's license is currently active. You can also check the business' complaint history, disciplinary actions and size of the contractor's bond and insurance. Licensed contractors have a surety bond and a general liability insurance policy.

CCB Tip

Illegal contractors will lie and say they're licensed hoping you won't check up on them.

Any licensed construction business, no matter how good, may have a complaint filed against it. What may be a red flag is a high number of complaints within a relatively short period of time. Other considerations may be the business' volume of work and how it resolves disputes.

If the business will be using workers, check if the license allows employees. A "nonexempt" license means the contractor carries workers compensation insurance covering employees in case of an injury. An "exempt" license means they do not carry workers compensation insurance covering employees. **Contractors can be exempt and use licensed subcontractors or employees from temp agen-**

cies. If a worker on your project is injured, his or her employer workers compensation insurance will cover the costs and prevent you as the owner of the property from having to pay for the injury.

Information on a contractor's license is available by calling the CCB at 503-378-4621 or on the website at www.oregon.gov/CCB. Click on Check a Contractor's License and enter the CCB license number. If you do not have the CCB number, you can enter the name of the business.

7 Plan your project carefully.

Consider your budget. Find pictures of styles and products you like. Write down brand names and models. Show them to your contractor. "High quality faucets" or "ivory paint" may mean something different to you and your contractor. Walk with your builder through a finished project and explain what you like and don't like. Get plans or blueprints and make sure they show your project accurately. Approve the completed plans before work begins.

8 Think carefully before becoming an owner-builder.

If the work requires more than two specialty contractors, you may consider hiring a licensed general contractor. (Remodeling a kitchen, for example, usually requires a plumber, electrician, floorlayer, and carpenter.)

Unless you're an experienced

An active license means:

- *The contractor can legally work in Oregon*
- *The contractor has a surety bond and liability insurance - both offer some financial protection if problems develop later*
- *You have access to the CCB's low cost dispute resolution services*

Beware of repair scams!

Stay away from repair businesses that:

- *Market door-to-door with 'special' deals*
- *Offer to use leftover, cheap materials from another job which they claim will save you money*
- *Want 100 percent of the payment up front, in cash*
- *Use high-pressure sales tactics including intimidation*

Questions to Ask a Contractor – and Yourself

- What experience, expertise, and certifications do you have? Do you specialize?
- Who will be doing the actual work—you, subcontractors, or employees? (You may like the owner of the business but that person may not be the one doing or supervising the work.)
- If you get the job and permits are required, will you get them?
- How many jobs will you be working on at the same time as mine?
- What written warranties do you offer?
- Who can I call with questions once the project starts? How can I contact you if there are problems?
- Does hiring this contractor feel right? (Use your intuition—if you don't feel comfortable, find someone else.)
- Do I have rapport with this contractor? Am I confident in his or her expertise and ideas? Does the contractor care about my concerns? Will the contractor be reliable, keep appointments, and return my calls?
- Can I communicate with this contractor? Does the contractor seem honest and forthright? (A contractor may be a skilled craftsman, but if you can't communicate and the final job isn't what you wanted, you won't be happy.)
- Can I be reasonable and let my contractor work without calling all the time? Do I realize that my contractor may not be able to return my calls within minutes because of other jobs and a personal life?
- Am I willing to be reasonable about unexpected costs that arise and let my contractor make a profit?
- Can I be flexible if the job takes longer than expected?
- Are my expectations so high that I will never be satisfied with the project?

Finding and Selecting a Home Inspector

- Call the CCB to make sure the business can legally do home inspections. CCB-certified inspectors have passed a test and must follow standards of practice and behavior. Ask your inspector about his or her experience and credentials.
- Consider finding your own inspection service rather than relying on the recommendation of a real estate agent.
- Read your contract for disclaimers.
- You are purchasing an educated opinion. Reports by seller's and buyer's inspectors sometimes differ.
- An inspection report is not a warranty. It does not guarantee that the house is sound or that you will never encounter problems with the home.

AVOIDING PROBLEMS DURING THE PROJECT

builder with the time and skills to do it right, you'd be wise to hire a licensed general contractor.

9 Use a written contract.

Contractors are required to provide a written contract for projects over \$2,000. The CCB recommends a written contract for all projects. A written contract protects you and the contractor. Put all agreements, including all changes to the contract, in writing. Generally, the more detailed a contract is, the fewer problems that will come up later. A big project should have a detailed contract, not "remodel master bedroom, \$19,450." Make sure the name on the contract matches a name in the contractor's CCB li-

cense record. Don't sign the contract until you understand everything. Make sure your contract does not include a provision that says you cannot file a complaint with the CCB. Get all warranties in writing as part of your contract. Make sure you understand what is and isn't covered.

As of July 1, 2008, contracts with an owner to build a new, residential structure must contain an offer of a warranty. The law does not specify how long the warranty must be in place or that it is at no cost to the homeowner. Be sure you understand who is providing the warranty (it could be your contractor or a third-party) how long the warranty period lasts

What should be in a contract?

- A list of materials to be used including quality, quantity, weight, color, size, brand names, etc.
- A list of "allowance items" and the budgeted amount. (An allowance is a specific amount of money to buy something that has not yet been selected. When the fixtures, etc. exceed the allowance, the homeowner pays the additional amount.)
- A list of permits needed and who will obtain them.
- A starting date and a completion date. You might want to add an incentive clause if the work is completed on or ahead of schedule.
- The total price, payment schedule, and any cancellation penalties. Be careful about paying for everything up front. Consider partial payments upon completion of portions of the work.
- A list detailing what the contractor will and won't do.
- Warranties of workmanship, length of warranty, and what is and isn't covered by warranties.
- The contractor's name, address, and CCB number as it appears in CCB license records.
- Other items to include: cleanup and removal of debris, workday restrictions, smoking in the living area, special requests, etc.

What's the biggest cause of homeowner-contractor disputes? No written contract, a poorly written contract, or a contract everyone ignores

AVOIDING PROBLEMS DURING THE PROJECT

Don't hire unlicensed contractors.

If you use an unlicensed contractor...

- *You lose the protection of a licensed contractor's general liability insurance, and you assume liability for accidents on the job site. Most unlicensed contractors are not insured*
- *You lose access to the CCB's dispute resolution services*

and what the fee is. The homeowner is not required to accept the warranty.

10 Make changes in writing.

People change their minds during a project. If changes are made at the right time, the cost and length of the job may not be affected. Delay, however, can mean costly changes. For new homes and remodeling projects, allow at least a 10 percent increase for changes from the contract.

If changes in the plans or contract occur during the project, put them in writing as amendments to the contract, including any differences in cost and who will pay for them. These "change orders" should be signed by both you and the contractor.

11 Communicate. Talk to your contractor during the project. Many disputes happen when people fail to communicate at every step of the project.

12 Obtain building permits.

Construction of new homes and most remodeling projects require building permits from the local building department. Usually contractors obtain the permits because they know which permits are required. But ultimately, the owner is responsible for making sure proper permits are obtained. Make sure a final inspection is done when the work is completed. For more information, visit www.permitsprotect.info.

13 Pay wisely. Legitimate contractors often require a down payment—a third to a fourth of the total cost of the contract is common. Find a balance where the contractor has enough money to buy materials and begin work, and you have enough at the finish date to ensure satisfactory completion.

Make payments in stages as the work is completed and has passed inspections. For bigger projects, you can establish an escrow account at a bank.

Don't pay in cash. Unfortunately, a few scam businesses have no intention of starting or completing the work. Make checks out to the contractor as the contractor's name appears in the contract.

14 Avoid construction liens.

Homeowners are ultimately responsible for payments to subcontractors and suppliers even if they have paid the general contractor in full. Do not allow construction to start until your contractor gives you a copy of *Information Notice to Owner About Construction Liens*. The two-page notice explains liens and how to protect yourself. Read it carefully and follow its advice. For more information on construction liens, visit the CCB website and go to Consumer Publications.

15 Keep good written records.

Keep a log of conversations and copies of all documents, correspondence, canceled checks, change orders, etc.

PREVENTING AND RESOLVING CONSTRUCTION DISPUTES

If problems develop later or you sell your home, the project is documented.

16 Get help resolving disputes. If problems or disagreements occur, try to work them out with your contractor. If you can't, call the CCB for information about its dispute resolution services.

Thousands of complaints against contractors are filed with the CCB each year. Most are settled by an investigation/mediation meeting at the job site with the homeowner and contractor.

The CCB investigator/mediator looks at the issues in the complaint and tries to resolve the dispute. If the dispute continues, a hearing and appeal process is offered. If the contractor refuses to cooperate or pay an amount ordered, payment is covered by the contractor's bond to the limits provided by law.

Homeowners can file a complaint with the CCB if they believe the contractor has done poor or negligent work, breached the contract, allowed liens to be filed, or otherwise caused damage.

You can file a complaint if you have a direct contract with a licensed contractor. You must notify the contractor in writing of your intent to file a complaint 30 days before filing it with the CCB.

Generally, the deadline for filing complaints is one year from when the work was substantially com-

pleted. The one-year CCB filing deadline does not mean you are guaranteed money from the bond. It means you have one year to file the paperwork for a CCB complaint. If the CCB processes your complaint, you will be asked to pay a \$50 processing fee. You may get the \$50 back as part of the damage award.

Complaints filed against unlicensed businesses are sent to the CCB's Enforcement Section. They assess civil penalties for violations and work to get contractors to comply with the law to protect future customers.

If you choose to file a lawsuit or pursue other court action against a contractor, Oregon law contains important requirements you must follow before starting a court action against any contractor, subcontractor or supplier for construction defects. Contact an attorney for more information.

CCB Tip

If your contractor is properly licensed with the CCB, you can get help resolving construction-related disputes within a year from the time the work was substantially completed or stopped. For a newly constructed house, you can get help within a year from occupancy. This protection is only available if the contractor is licensed.

CCB complaint forms and consumer information are available online.

Go to www.oregon.gov/CCB and click on Dispute Resolution Services for claim forms and instructions. Click on Consumer Information for other helpful tips and information. You can also order forms and brochures by phone, 503-378-4621

Oregon Construction Contractors Board
PO Box 14140
Salem OR 97309-5052

ABOUT THE CONSTRUCTION CONTRACTORS BOARD



503-378-4621
www.oregon.gov/CCB

CCB
PO Box 14140
Salem, OR 97309-5052

The Construction Contractors Board (CCB) is the state agency that licenses and regulates all construction businesses in Oregon. The CCB promotes a competitive business environment and offers consumer protection through education, dispute resolution and law enforcement.

CCB activities are funded from contractors' fees and penalties. The agency does not draw on Oregon tax dollars or general fund. The CCB keeps 20 percent of the funds collected in penalties assessed against contractors for violations and 80 percent goes to the state's general fund.

All contractors must maintain an active license while doing construction work. Anyone who is paid to repair, improve or build a home must be licensed by the CCB.

The agency licenses more than 46,000 contractors.

Contact the CCB for:

- Contractor license verification
- Dispute resolution services
- Free consumer information and publications