

H|O|M|E

REMODELING YOUR HOME

HOW TO PROTECT YOURSELF WHEN HIRING A CONTRACTOR

By Nancy Chillag
Woman's Voice Contributing Writer

With the high cost of houses in the Bay Area, many homeowners feel it is more economical to remodel or add to their home, instead of purchasing a new home.

To do so it is necessary to hire a contractor to perform the work. Everyone is familiar with the horror stories that accompany construction projects, i.e. the contractor runs off with the money, the constant delays, the daily mess, etc.

Knowing the law and your rights can put you in the driver's seat, eliminate many of the problems and make the project run smoothly.

HIRING THE CONTRACTOR

Getting started is probably the hardest part of the project. The following is a list of things you should do prior to hiring a contractor:

*Know what you want in advance and get complete construction drawings. This will improve your chances of avoiding cost overruns. It will also allow all contractors to bid on the same work so that you can accurately compare bids.

*Know how much you have to spend and communicate to the architect or draftsman designing your project. Otherwise you will spend a lot of money on plans that you cannot afford to build. In addition, budget at least 10 percent above your projected costs for changes you may want to make. Many problems occur when the owner runs out of money half way through the project.

*Obtain at least three bids on the project. Many times the bid they accepted was substantially below all other bids. Just because a contractor is cheaper to begin with does not mean the contractor will be cheaper in the long run.

*Hire the right type of contractor. If the project requires more than three trades (i.e. plumbing, electrical, painting, carpentry) then you should hire a general contractor. If your project requires one trade (painting your living room) then you should hire a special-

ty contractor.

*If your project will cost more than \$300.00 the contractor must be licensed. Ask the contractors to show you their pocket license. (Beware of the contractor that gives you a license belonging to someone else. It is illegal to use someone else's license.) Call the Contractors State License Board (916-366-5291) and verify that the contractors are licensed and in good standing.

*Obtain references from the contractor. Actually go out and look at their work and talk to their prior customers. Beware of references that are more than one year old. The good employees of the contractor may have left within the past year and the current employees are the ones you should be most concerned about.

*Verify the contractor is working out of an office or at least his home. A contractor that gives you a post office box and mobile phone number will be very difficult to find in the event of problems.

*Verify the contractor has general liability insurance. You may request the contractor you hire add you to his policy as an "additional insured". Then if there is a problem with the project you will be able to directly make a claim with the insurance company instead of going through the contractor.

*Verify the contractor has current workers compensation insurance. If he does not, any employees injured on the job may be able to make a claim against you or your homeowner's insurance policy. Beware of the contractor that says he has no "employees." Many times he will be using unlicensed subcontractors which are, by law, "employees".

Next Month: Negotiating the Construction Contract.

Nancy A. Chillag is an attorney specializing in real estate and construction law. Her office is located in Menlo Park, California. If you have questions about the information in this article you may write her at: Woman's Voice, P.O. Box 2716, Saratoga, California 95070-0716.