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Finding and Working with Contractors

Choose your contractor with care, and protect yourself with a carefully worded contract.

Because of increasing costs associated with new home construction, many homeowners are electing to remodel their existing dwellings rather than face the financial investment required for purchasing a new home. Nowhere is the phrase, "let the buyer beware," more important than in construction work known as "the remodel."

Finding the right contractor.

Following the steps outlined below should help you select the right contractor for your project.

1. Before contacting a contractor about your project, take time to define all aspects of the project and list all the things that you want a contractor to do. Be as detailed as possible and include such information as to how large the project is, what materials you prefer, the time frame in which you want the work completed, and all other specifications relevant to your project.
2. Check with any friends who have had comparable work done for a recommendation. Contact your local contractors' associations for the names of contractors they would recommend. Contact several contractors and discuss your project with them, to make sure they do the type of remodeling work you are seeking.

3. Find at least three contractors to schedule appointments with to discuss your plans and get bids. It is critical that you make sure all estimates are based on the same specifications and that they are detailed and precise, both in terms of time and costs. The lowest bid is not always the best choice; some contractors cut corners to hold down their prices.

4. Ask each contractor for the names of recent customers who can verify the quality of their work. Contact all references and ask whether the work was done on time and within the original budget. Ask about the contractor's willingness to return to fix problems after the work was completed and about the condition of the site when the work was finished. You may also want to contact the Better Business Bureau, at 509-455-4200, to ask if any complaints have been recorded for any of the contractors you are considering.

5. Verify that the contractor is licensed with the Washington State Department of Labor and Industries (telephone 1-800-647-0982 or via Internet @ <http://www.lni.wa.gov/>). Keep in mind, however, that having a valid license does not guarantee the workmanship or trustworthiness of the contractor or the quality of the contractor's work.

Working with your contractor.

After selecting a contractor, you must then develop and negotiate the terms of your contract. Read all the elements of the contract and associated documents carefully; if possible, have your attorney review them. Do not allow any work to begin on your project until the contract is signed and all necessary permits have been obtained.

Be cautious about accepting a preprinted contract from the contractor. While most contractors are reputable, even the most reputable can have clauses in their contracts that give them too much control over your project, leaving too little control in your hands. Be wary of a contract with blank spaces; write VOID across any blank spaces, or have your attorney review the contract and make a recommendation regarding how to address blanks.

Be certain that your contract includes everything you discussed and agreed upon with the contractor. It is a good idea to include the following in your contract:

Complete job specifications. These should be detailed and should specify materials to be used, brand names, colors, grades, styles, and model numbers for any appliances or equipment. Specify any procedures that are to be followed if materials or workmanship prove to be defective. Do not confuse a manufacturer's guarantee with the contractor's guarantee of proper installation.

Scheduled start and completion dates.

Project start and finish dates should be clearly identified in the contract. The contract should allow for any reasonable delays, but should also include a "hold-back clause" that allows you to withhold payment if the work slows or stops for no legitimate reason.

Modifications. Do not agree to pay for any additional work that is not clearly described in the contract. Stipulate that if additional work is required, an "additional agreement" will be drawn up and signed by both you

and the contractor. Modifications that change the approved plans and/or permit conditions may require a "permit revision" or "plan review."

Payment schedule. Do not agree to pay for any work in advance. Your contract should stipulate that payments will be made upon completion of certain phases of the construction.

A "hold-back clause" indicating final payment 30 days after completion of the work gives you enough leverage to get your contractor to fix anything that may have not been done correctly or completed to your satisfaction. Such a clause also protects you against unreasonable delays. In addition, note that all permits should receive final inspection approval before final payment is made.

Subcontractors. Include a clause in the contract clearly stating that you hold the contractor responsible for negligence or lack of performance on the part of any subcontractors that work on your project. Do not sign a work completion certificate without proof that the contractor has paid all subcontractors and material suppliers.

Liens against your property. To help protect your property against liens, include a statement in your contract requiring proof of payment and lien release for all materials and labor before you make the last payment. You may call the Washington State Contractor Information Line, at 1-800-647-0987, to get more information regarding liens.

Financing. If the contractor arranges financing for you, the Federal Truth in Lending Law allows at least three business days after you sign a contract during which time you may cancel it without penalty. The finance contract must spell out the interest rate and the cash price, plus the finance charge, along with the amount of each payment.

Permits. Include a clause in the contract that specifies whether you or the contractor will be responsible for obtaining all required permits. Building permits require review of the plans and specifications, as well as inspections of the work to approve compliance with appropriate codes. Inspections are required at different phases of construction and final inspection for occupancy approval is required once all the work is completed.

Insurance. Include a clause in the contract that commits the contractor to having proper insurance in place during the construction of your project.

Warranties. Include a written warranty in the contract. A reputable contractor should have no problem including such a warranty. The warranty should cover defects in workmanship or materials for a specified period of time.

Cleanup. Include a provision in the contract that requires the contractor to leave the premises in "broom clean" condition.

Additional tips to consider.

Keep the following in mind whenever you are working with contractors:

- Try to develop a good working relationship with the contractor and crew, but don't interfere with their work or get in the way of the workers.
- Keep children and pets out of the construction area.
- Familiarize yourself with building terms and techniques, so you will be able to follow the progress of the work.
- Take photographs or videos as the work progresses. These will be valuable in recording the progress of the work and could be useful if problems arise.
- If you spot something wrong point it out immediately -- don't wait until it's too late to fix it.
- Make certain that the work area is maintained in a safe condition at all times.

This brochure contains general information only and is subject to periodic change. Contact Community Development for specific details regarding current information.

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