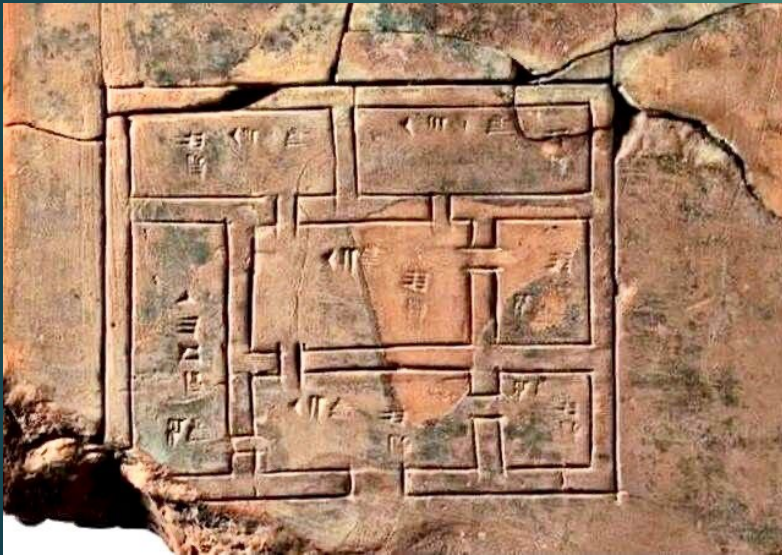


Contractor Matters 101

Gary Mullinix
Chief Building Official
City of Milton



Getting prepared for your project

Plans

Finding a contractor

Checking references

Contracts

Paying your bills



Contractors and Contracts

Executing your project

Managing your expectations

Reduce your risks and costs



Get a good plan

Know what you want and need

Best to have detailed plans before interviewing contractors

Clear plans help with your bids and support your expectations



Hiring a qualified contractor:

Get recommendations from friends/neighbors

Ask your insurance company. Often work with reputable contractors

Research online contractor sites

Check references and reviews

Better Business Bureau Complaints



City/County Government

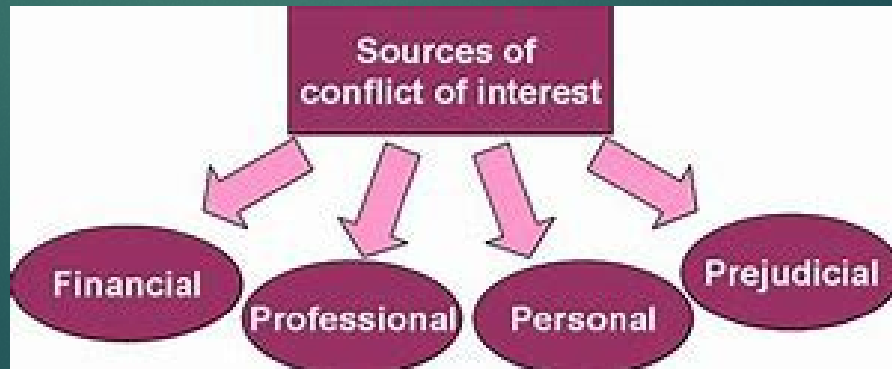
Does not recommend contractors, architects, engineers

Could be a conflict of interest

Is a good resource for Code references

Likely has property history in their records

Available for **F**reedom **O**f Information **A**ct requests (FOIA)



Plenty of online sites to reference –**This is Not an endorsement**

Sites usually collect fees from contractors to list so be aware of conflicts

List faded to protect the innocent

Home Advisor - <http://www.homeadvisor.com>
Angie's List - <https://www.angieslist.com>
Houzz - <https://www.houzz.com>
Porch - <https://porch.com>
ThumbTack - <https://www.thumbtack.com>
Amazon Home Services - <https://services.amazon.com/selling-services/home.htm>
HomeStars - <https://homestars.com>
HomeServe - <https://www.homeserveusa.com>
Mr Handyman - <https://www.mrhandyman.com>
Pro Referral - <https://www.proreferral.com>
Quality Smith - <http://www.qualitysmith.com>
1800Remodel - <http://1800remodel.com>
Network - <http://www.networx.com>
Judy's Book - <https://www.judysbook.com>
ServiceWhale - <https://servicewhale.com>
Handy - <https://www.handy.com>
Service.com - <https://www.service.com>
Homeflock - <https://homeflock.com>
Four Square - <https://foursquare.com>
Home Pros - <https://www.homepros.lendingtree.com/>



Interview contractors

Ask questions and get written bids

Compare bids- Apples and Apples

Best to get three bids even if you have a contractor you like

Negotiate before you sign a contract



Contractors

Good contractors stay busy; You may have to wait for them

Ask who will do the work- contractor's employees or subs

Read online reviews- not a substitute for checking references

Ask if you can talk to current customers- recent contracts



Sales Pitches

Red flags that may warn you to verify and be cautious

Solicits door-to-door

Just happens to have materials left over from a job

Only accepts cash

Asks you to get permits

No listed business number

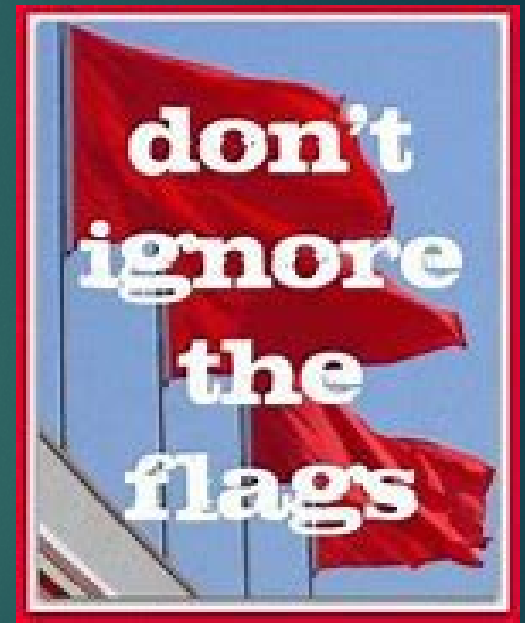
Tells you job will be a “demonstration”

Pressures you for immediate decision

Offers exceptionally long guarantee

Asks you to pay for entire job up front

Suggests you borrow money from lender he or she knows



Questions for contractor references

Is contractor quick to return phone calls?

Was project completed on budget? If not, what happened?

Did contractor keep promises to you?

Is contractor responsive to changes?

Were there disagreements, what happened?

Would you recommend this contractor to family and friends?



Questions for contractors;

How long have you been in business?

Are you and your subs licensed to work?

How does your company manage warranty complaints?

Worker's compensation, property and personal liability?

About how long will project take to complete?

Will you obtain and manage all permits and inspections?



Questions/concerns to check with contractors for renovations;

How loud will the work be?

How much dust will there be?

How much trash will be generated, cleaned up every day?

Someone need to be home while work is ongoing?



Check licenses

General and trade contractors must be licensed

Ask for copy of State license (and subcontractors)

Verify person is properly licensed

<https://secure.sos.state.ga.us/myverification/>



Contract

Should define what you pay for; **deadlines, payment schedule, design, quality, materials, and who is responsible**

If it is not in writing it may not happen

Not detailed enough? Write it up

Any changes to products/design- ask for written change order



Contract Types



Fixed-Price

Up front costs, and some contingencies. If budget for foreseeable items is exceeded, contractor is responsible.

Some advantages for homeowner. Corners may be cut to stay on budget. Under budget- contractor profits.

Cost-Plus (Time and Materials)

Costs passed to owner. Could be problems on projects with expensive unknowns. Under budget you save.

May save money and provide best quality. Know the not to exceed price.

You must manage paperwork and trust your contractor

Design Build Contracts

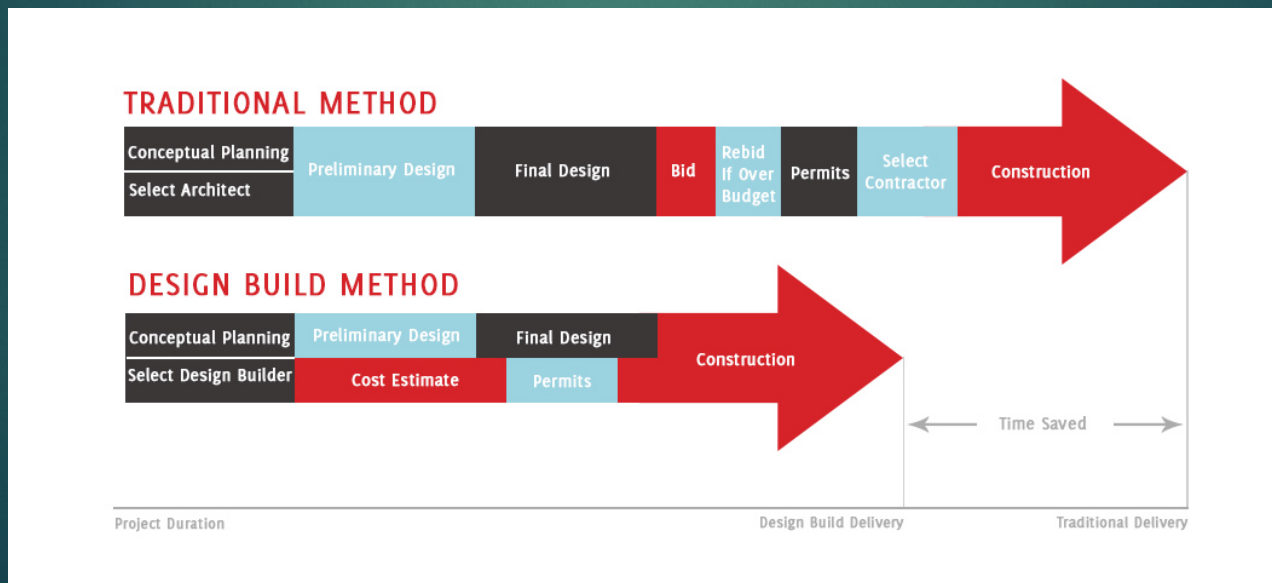
Owner awards entire project to single company. Typically to a contractor, may be architect or engineer

Reduces design time

Alternatives are open for analysis throughout the project

Shortens construction calendar

Communication channels have a single point of contact



Who gets the Permit?

Licensed and unlicensed contractors may suggest job be done without permits to save money- **Ask the AHJ for clarity on permit requirements**

May violate local ordinances and work will not be inspected

Be wary of contractors who ask you to get permits – that's their job

Unpermitted work will cause problems when it's time to sell



Homeowner Permits O.C.G.A. 43-41-17 (Varies State to State)

May be project manager and get permit to perform construction on primary residence if you:

Live or intend to live there

Not sold a property with H/O permit within two years

Accept inherent responsibilities of the work

Hire licensed contractors for any work that requires a license

Submit notarized Homeowner Affidavit



5

CRITICAL CONSTRUCTION CONTRACT CLAUSES

EVERY CONTRACT MAY BE DIFFERENT, BUT THERE ARE **5 CLAUSES** THAT NEED TO BE IN EVERY CONTRACT YOU SIGN

What will you be doing; what services and materials will you provide; and importantly what won't you be doing?

Will this be a cost plus or fixed sum contract, and will change orders be allowed?

Is this a specific date or triggered by a particular event such as issuance of a permit or approval of financing?

What will be the interval of payments; will there be a retainage; steer clear of pay-if-paid provisions?

Will this be practical or substantial completion or will this be tied to issuance of certificate of occupancy?

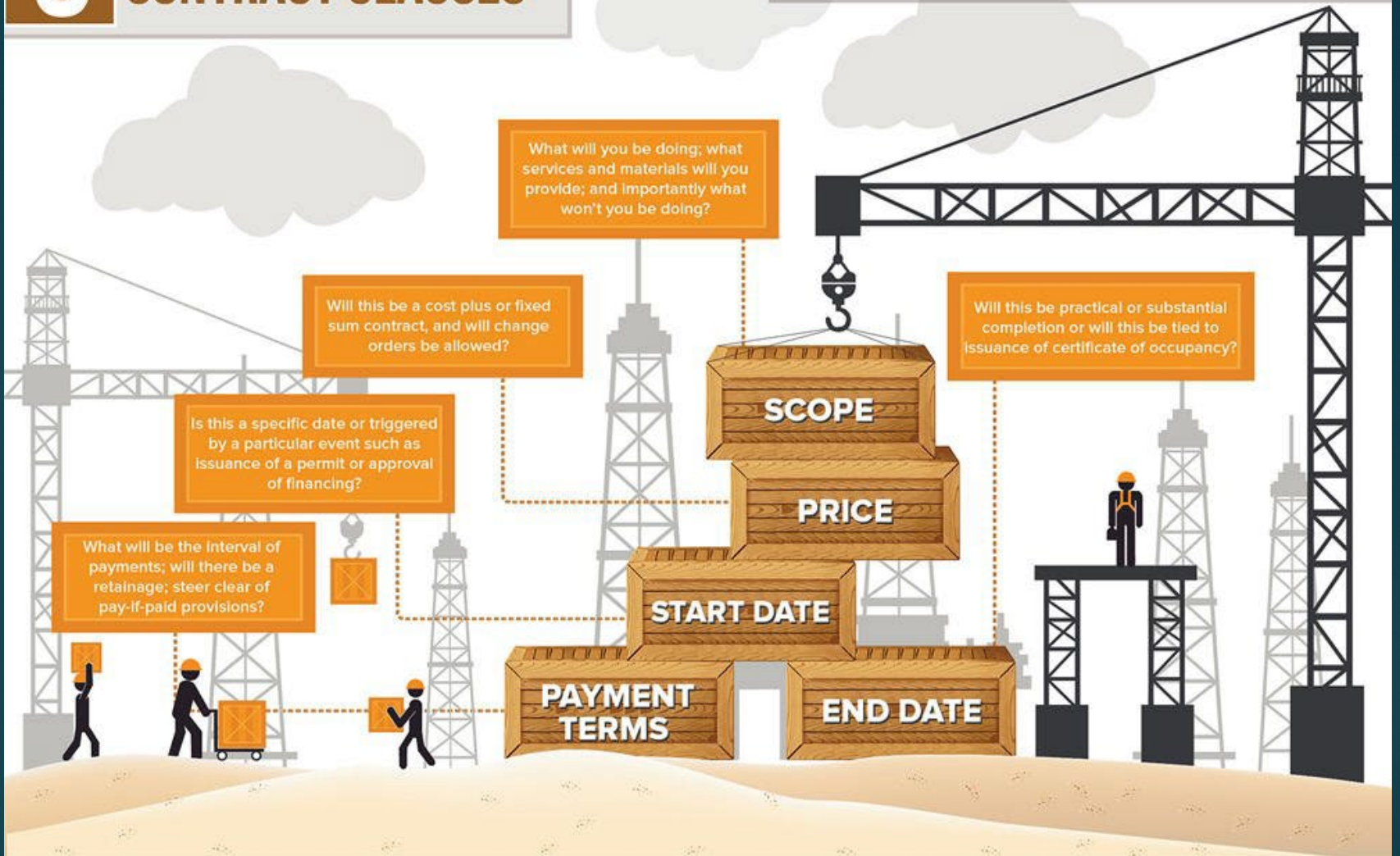
SCOPE

PRICE

START DATE

PAYMENT TERMS

END DATE



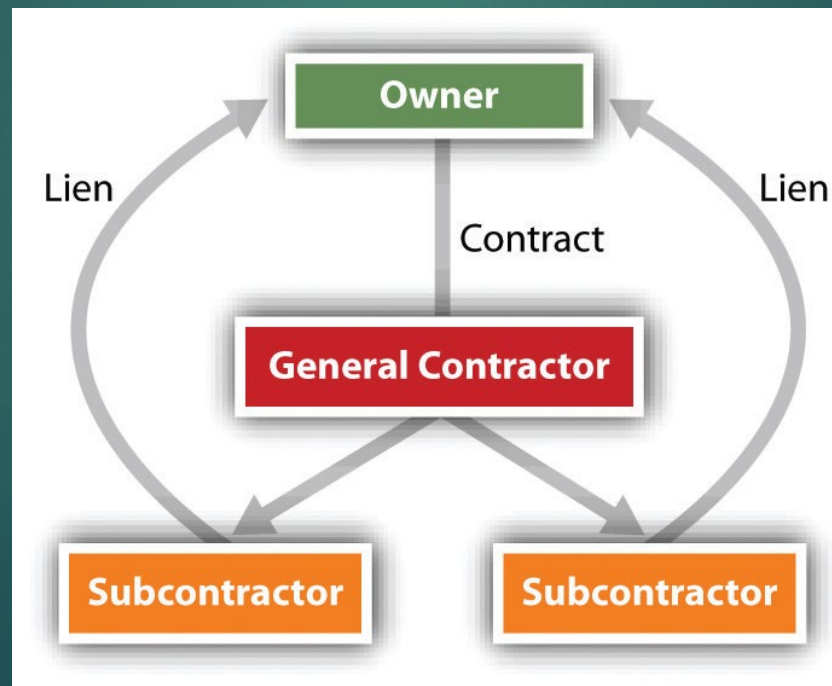
Payment (practical, not legal advice)

Most times-don't pay more than 10% of job before starting

Try to set payments by % of work completed and inspection progress

Tie final payment to inspection approvals (retainage)

You want contractor and sub lien releases with final payment



Contractor/mechanic liens

These are not a statements of law. It is informative, not legal advice

For specific questions, consult an attorney

If contractor does not pay everyone, you may have to.

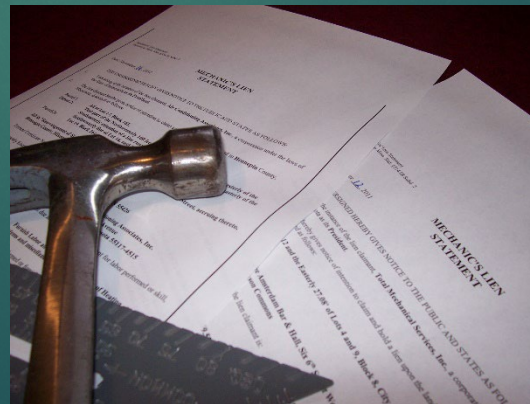
Law provides ways to avoid and manage liens

May utilize Interim Lien Waivers each time you make a payment

Get a Final Affidavit of Payment

More info:

<http://consumer.georgia.gov/consumer-topics/liens-against-your-home>



Tracking Progress

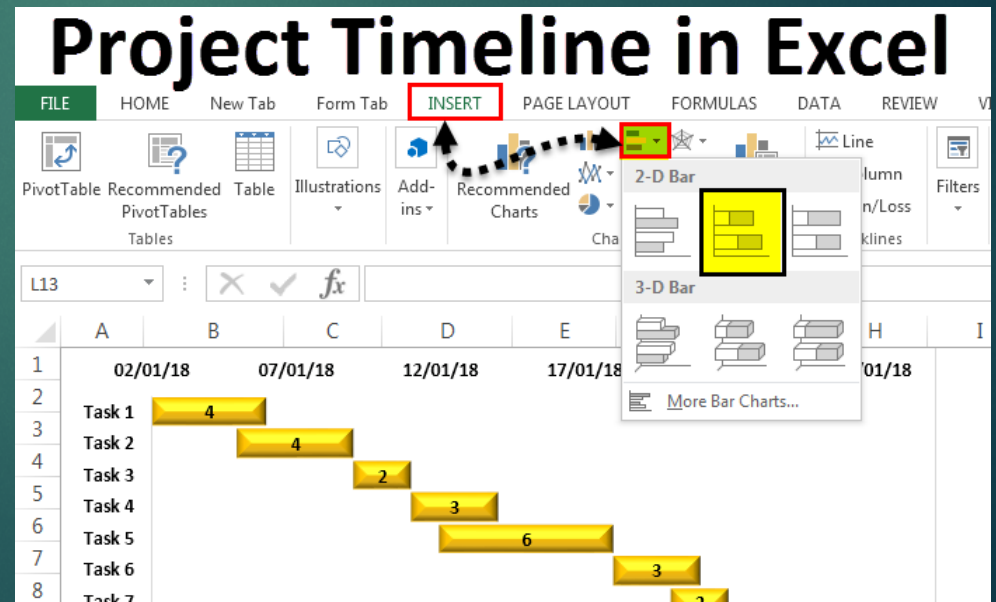
Keep a journal

Take pictures of everything

Communicate important information by email

Consider advocates- Architect, PE, Private Inspector

Codes and Quality



Final Words

Use the AHJ- We are a public service

Save time and money by staying informed

Everyone has expectations and everyone is accountable



Questions and Discussion?

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