



HOUSING

Home remodeling: doing the work

no. 9.923

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Quick Facts...

Without proper knowledge and skills, a do-it-yourself project may be unsafe, expensive or of poor quality.

For safety and compliance with legal code restrictions, leave heating, plumbing, wiring and major structural to experts.

A qualified, reputable and reliable contractor is good consumer protection.

Carefully check the reputation or credentials of any company before entering into a business transaction.

To prevent misunderstandings, all contracts should be written.

Be aware of remodeling sales schemes and gimmicks.

Analyze the time, talents (know-how or willingness to learn) and tools available before deciding on a do-it-yourself project. Without proper knowledge and skills, a do-it-yourself project may be unsatisfactory or dangerous, cost more than having a contractor do it, and result in poor workmanship. Without enough time, a project may drag on for months and end up being finished by a contractor. Taking time off from a regular job might be false economy--one might earn more at work than it costs to have the project done by someone else, who might do it not only better, but more quickly and safely.

Some work should not be projects for the unskilled homeowner. For safety and compliance with legal code restrictions, leave heating, plumbing, wiring and major structural changes to experts. Check the local building code to see what must be done by a licensed professional, or inspected and approved during construction or after completion. Some cities allow some work to be done under a special homeowners permit that may require passing a test on the skills needed.

It is particularly important that the do-it-yourselfer is aware of the necessity and degree of building code compliance and the consequences of neglecting to obtain a building permit. If a building inspector discovers work underway without a permit, the owner may be fined or required to tear out the new work.

The homeowner can frame interior walls, floors and ceilings, and add insulation and built-ins. The most practical work for the inexperienced owner is general labor (tearing out old work, carting debris and cosmetic work or finishing touches.) If a contractor is to do less than the complete job, include the division of labor in the contract.

Due to the labor-intensive nature of the home remodeling business, do-it-yourselfers can cut 40 percent to 50 percent of the cost of a project if they do all the work themselves. However, they may pay more for materials and wait longer for delivery. Even if the subcontractors buy for the do-it-yourselfer, they'll add their profit, perhaps resulting in less or no savings for the owner.

Selecting a Contractor

If a homeowner decides to have a contractor do some or all of the work, the selection of a contractor is important. A qualified, reputable and reliable contractor is good consumer protection in home improvement projects. There are three types of contractors in most communities.

Maintenance contractors, such as plumbers, roofers or plasterers, are experts in one line of work. If the job requires only one specialty and the homeowner is satisfied with the credentials of the maintenance contractor, this is the person to choose. If two or more such maintenance contractors are required for the project, the owner may have to serve as general contractor to decide the order of work and the schedule for workers.

Home improvement or remodeling contractors usually have their own crews and may hire subcontractors. Get bids to compare costs between remodeling and maintenance contractors.

General contractors may be qualified to build entire houses and they often do home improvement work, too. The general contractor is appropriate for large projects such as additions.

If there is no contractor available to plan and supervise the work, it may be advantageous to hire an architect.

To select a qualified contractor to bid on the project and ultimately to do the work, consider the following tips:

- A contractor should have an established office or place of business--preferably in the locality.
- The contractor should have adequate credentials and financial references. Laws vary regarding licensing and bonding requirements. Consider only contractors who carry worker's compensation and liability insurance. Builders' risk insurance may be appropriate in some situations. It is appropriate to ask for a letter from the contractor's insurance company stating types and amounts of coverage. Performance (surety) and labor-and-material payment bonds ensure that the contract will be carried out to completion and protect the homeowner if the contractor fails to pay the bills incurred on the contract.
- Find out which, if any, subcontractors are to be used.
- Membership in the National Association of Home Builders, the National Home Improvement Council, the Remodeling Contractors Association or other professional groups doesn't guarantee quality or reliability, but it may be an indicator of stability as well as experience.
- To determine the reliability and quality of the contractor, obtain and check references of customers for remodeling work the contractor has completed in the area. It is unreasonable to expect 100 percent satisfaction; all remodelers at times have jobs that develop problems. However, how the contractor responded to complaints and how the errors were corrected may be a good indication of reliability.
- If there is a Better Business Bureau, check to see if there is a file on this firm. Consult the local Chamber of Commerce or a bank that handles FHA Title I loans for recommendations or to find out if there were any serious consumer complaints about a given contractor. Generally, lending institutions are concerned that the work for their loans is done well and they may require the contractor's name with the loan application.
- A homeowner should observe how carefully the contractor sizes up the proposed project, taking note of the contractor's suggestions. Take time to discuss the project thoroughly to avoid positive or negative snap judgments. Be suspicious of a contractor who quotes a flat price on a job without a detailed inspection of the proposed project.
- After selecting three contractors qualified for the proposed project, request competitive bids or estimates and inform each company of the two other bids. More than three estimates will not drive the price down; in fact, it may drive it up as contractors purposely estimate high rather than take the time to do a detailed bid. A contractor that feels there is a fair chance of getting the job is more apt to invest the time and money to study the project and give a careful and accurate estimate.
- Compare both the price and what the contractor offers. The lowest bid is not always the best. The bids should be based on detailed plans and specifications, stating exactly what must be done, where and with what kinds of materials. List and understand amounts, sizes, types, grades, materials, brand names, standards and quality of workmanship. When comparing prices, be sure to compare quality. If an estimate is higher than acceptable, look into different materials, modifications in the project, or do the work in stages.

The Contract

When it is discussed with the contractor and decided what is to be done and how much it will cost, a contract is established. A contract may be oral or written. Some oral contracts are valid; however, oral contracts are not dependable because they are subject to a great deal of misunderstanding. If the contract is important, **it should be in writing**. Read and understand all contracts before signing. Do not sign contracts with blank spaces.

Items that may be included in a remodeling contract are:

- who obtains and pays for necessary permits;
- date work starts;
- complete description of the work to be done;
- completion date;
- provisions for clean up and debris removal;
- provisions for property protection near or in work area (including landscaping);
- damages paid to homeowner if work is not completed on time;
- the right of owner to make changes and the adjustment in cost made for those changes;
- amount owner will pay to contractor;
- how payments are made (it is best for the homeowner to have the payments made as the work progresses, and to retain 10 percent or 15 percent of the total contract price until at least 35 days after completion of the contract);
- date of final payment;
- stipulations for acceptance of the work;
- guarantees of materials and workmanship; and
- owner's right to terminate the contract.

Usually the contractor prepares the contract. Check the contract carefully and make sure it includes all items of concern. If necessary, consult an attorney on the contract. If the homeowner prepares the contract, it is especially important to consult an attorney.

The Work

Once the contract is signed and financed, obtain any required building permit before the work begins. While the job is underway, supervision and safety is an important concern for workers and family members.

Be available for questions as they arise and spot check to help avoid unexpected problems. Discuss problems with the contractor rather than the workers or subcontractors. Family members should not interfere with the workers as they proceed. For some jobs it may be necessary for the family to temporarily move from the house.

When the job is done, and after the final inspection and acceptance by the building inspector and the owner, sign the completion certificate only if the job is 100 percent complete and satisfactory. Before making final payment, be sure that suppliers and subcontractors are paid.

Home Improvement Schemes

The homeowner contemplating repairs and remodeling should be aware of sales schemes and gimmicks.

In a **model home** (or **referral sales**) scheme, the person selling a home improvement tells the homeowner that if the home is used as a model home, the owner will receive discounts or cash payments for each person who sees the model home and also purchases the home improvement. It is deceptive and misleading when the homeowner is led to believe that he or she can easily pay for an expensive purchase merely by showing the home to other owners who also buy the improvement.

Mathematically, it is not possible for all homeowners to find enough other homeowners to purchase the improvement. Homeowners who are led to believe that the purchase easily can be paid for by locating referrals will find out that they get no discounts and have to pay the entire contract price.

Bait and switch advertising is a scheme in which a seller advertises a product or a service at an attractive price. After the consumer is baited into responding to the ad, the seller then attempts to switch the consumer to a higher-priced item. This is a deceptive practice.

Be aware of **lifetime guarantees**. If goods or services are guaranteed for life, it pays to find out if this is for the life of the product, the homeowner, the home or the seller. Under the Colorado Consumer Protection Act, it is deceptive for a company to say “guaranteed for life” without explaining what is meant by the word “life.” Carefully read all product information. Do not be fooled. Remember that a guarantee is no better than the person or company making it.

A written **warranty** on a product must be designated a “full warranty” or a “limited warranty.” Carefully read the warranty. Know what the warranty is before deciding to purchase.

A **fly-by-night** company is a company that comes into town, has the homeowner sign a contract, takes a down payment, may do some work and then leaves town. A homeowner cannot locate the company to get unfinished work done or faulty work corrected.

Protection for Homeowners

Check carefully the reputation or credentials of a company before entering into a business transaction. Compare companies, suppliers, contractors, etc., to select the goods and services that provide best the desired results.

If advertising practices of a company appear deceptive, do not deal with that company. A company that is deceptive when advertising is likely to be deceptive in other ways. Take adequate time to make a decision; a rushed purchase may be an unwise purchase.

If a product or service is not correct, immediately notify the company of the problem. If these goods or services are financed, send the lender written notification of the problem. Do not pay for goods not delivered, goods that don’t work or work that is not done.

The person who feels that he or she was the victim of a deceptive or fraudulent trade practice should contact the county district attorney, a legal aid office, the Colorado Attorney General’s Office of Consumer Affairs, or a private attorney.

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