

How to Create your Contractor Contract Checklist for Homeowners



Published: 5-16-2018 Revised: 6-21-2018

When I use the word "Contractor" what I really mean is the person or group of people you are hiring to do a project to which you are not going to do anything to or be involved with other than setting up the original order and contract.

Yes, you can make changes during the work but expect additional costs and delays if you do. Changes during a project need to be carefully thought out, why you need to make the change and the costs involved.

But I'm going to lay out your contractors checklist with a "No Change Policy" and a "Cost per Change" policy so you can see just what it going to happen the first time you say, "Wait, I don't like the way that looks on the wall. Can we change that?"

No matter if you are hiring a person, company or group of people you need a plan and that plan needs to be put to pen and paper so everyone involved will have a copy.

When I'm hired to do a job I offer customer 2 options, you can hire me as an employee or hire me as an independent contractor which is basically an independent worker. Even if I'm registered as a business if I am working by myself or when needed hire temporary help I am still an independent contractor.

In the state of Louisiana the only legal difference between a Contractor and a Contractor (notice the change? There is none.) is one worker that wants to bid on jobs and take on projects valued at more than \$7,500.00 needs to have some type of license by the state licensing board. This is not the state business license, this is the states contractors license. The state of Louisiana feels that if the project is below \$7,500 no General Liability Insurance is needed and no Workers Compensation insurance is needed. But that isn't 100% true. If a business is registered as a Limited Partnership then each of the partners that have a 10% or more invested interest in the partnership is classified as an independent contractor but working in a group which doesn't require Workers Compensation Insurance and if the project doesn't require liability insurance by the

customer you are basically hiring a formed group of people to do the project. Very few independent contractors know about this option and if they did they may actually look to create short term business contracts with others to reduce their overhead thus being more competitive when bidding on projects none licensed contractors are bidding.

Let's start with the contract description.

What is it that you want, what you truly want, let's put that in writing. But first, if you don't believe in details, if you don't believe in satisfaction and you don't believe in communications then you are at the wrong site.

What you want, I mean really want, do you want your room painted? Then say, "I want my room painted and the color that I select in the sample needs to match perfectly to the walls and if I use a second color for trim that needs to match perfectly to the trim. I want to use Sunlight from the windows to determine if the wall color is what I selected. "

Now, if you don't care about color matching then you can use a flashlight in a dark room to determine if the final color is to your liking.

You also might want to do some test samples before you actually start the painting job. It's simple, purchase some scrap walling material that matches what you have in your home, or better yet use the sample paint in the actual room you plan on painting. Be sure you follow the rules, if your wall is black it's going to need a base coat to make sure your new color doesn't end up being darker than you expected. We all have seen that "One Coat Paint" bleed the old pain color into our new color. So don't make that mistake again. It's Basic Painting 101 and don't buy into that single coat covering idea unless your wall is white to start with.

So you see, your first description for your project contract is to paint the room to the color choice supplied before signing the contract and purchase the materials that are specifically matched to the choices I (customer) have made.

We will do a test on the wall to determine if a base coat is needed before the final coat of paint is applied. I will check the color with natural sunlight that comes into the room between 2 and 4 pm.

Is that clear enough? If not, be more specific, detail everything because in the end it's the details that makes the perfectly planned project a perfect project.

The project description in my opinion should be detailed and not short like a text message you send.

Describe thoroughly the work, materials, supplies and products that will go into your project.

If you have to remove old material or do any demolition you need to detail just what old material and if any demolition work needs to be completed what is to be demolished. Do the pipes behind the wall or in the wall need to be removed with the demolition? Do electrical outlets need to be removed?

Pictures, you take tons of selfies now take tons of pictures of your project. Before, During and After. You want this for your records and to share on your social media what a fine project you have going.

Don't be one of those that doesn't have a single picture of the before, during and after of your project. You wont have ground to stand on if it's not clearly written and documented what you expected the final product to be.

Take pictures or save pictures of what you want things to look like in the end and try to find examples using your same materials. Don't take a picture of a white tile floor when you are getting a dark brown tile, the two

images will not match so the end results will be different. But if you can't find the material be sure to list the material by Manufacturer Name, Make and Model number or Item number with a description of the product. With millions of products in the industry you want to be sure you are all talking about the same product and material.

Your contract should detail who is going to do job site clean up. The worker or you, there is no one else in the room so it's both of you. But who is responsible for a safe and clean work environment is you the project owner so even if your independent contractor does a good clean up you need to make sure it's clean and safe so no hazards are on the floor ready to punch a hole in a boat and send a worker to the emergency room.

Payments, how often and when you should pay.

This is easy, you pay for your materials, you have your materials delivered to the job site you pay your contractor for labor to do the job.

Or, you allow your contractor to purchase materials and pickup the materials and deliver the materials to your job site.

I can assure you the latter is going to cost you more but if that's the only option then do it.

You need to then plan on paying as soon as you are handed the material invoice and plan on paying labor hours for pickup and deliver. So do this the minute the material arrives or you may find your independent contractor doesn't have enough gas money to make it back the next day.

Most small contractors work on a cash bases, they don't have credit cards and don't float money to projects or owners. I believe if the owner can't purchase the materials at the time the materials are needed the owner of the project can not afford the project.

To keep the Money issue at a minimal issue level let's add a line to the contract that all materials and supplies related to the project are due about receipt of invoice. This means you are handed the invoice you and write a check for the total amount your independent contractor paid.

Now you know each invoice their after is for labor only and you can then better understand how the project is progressing based on the labor hours you are paying.

What? Your independent contractor didn't give you a labor hour choice and is working from a lump sum for the project divided into 2, 3, 4 or even more payments staggered evenly to match your paydays or when your direct deposits are available for your payments to your independent contractor.

It's important to know every delay in paying means your contractor is looking for a new customer that pays on time. It's their livelihood and if you aren't paying them they can't pay others which ends their life as an independent contractor. Don't expect your contractor to return if your first payment hits their bank with a non sufficient funds service fee. Expect that person to pack up and find a good paying project which there are plenty of in the market place.

You will find many contractors asking for a deposit, this is fine and if you trust the contractor will arrive on the day you need them to start then feel free to pay them in advance for service not rendered and materials not delivered.

Or you can do what I do and offer to pay the suppliers of the materials directly and have them delivered to you before you pay your contractor a deposit or startup fee.

Let's say you picked out 10 windows from the manufacturer that you like and the make and model of the windows are perfect. You had your contractor work on the window types and sizes while you handled the hardware, functionality and looks of the window. You know your independent contractor spent time with you so pay them for the preparation work they put into the project. They know what their hourly worth is with overhead and this needs to be shared so you know what to expect if the project has overruns with labor. I don't like having to negotiate new contract dollar amounts for 10 extra hours of labor, I want to know up front, if I need to pay one hour extra what is normal time and what is over-time labor hours.

Now that you have materials on site all you need is your independent contractor to show up. If they do and they ask for money before staging the work point out on the contract where you clearly wrote and you both signed that you will pay the 10% startup costs at the time the contractor sets up and stages the work to be completed. That means your contractor arrives on site, inspects and inventories all materials and places each material item in a set orderly fashion so both the customer and contractor can see everything that has arrived, what is needed and what may be missing.

Staging is very important so you don't have interruptions to your project timeline. It might take one full day to stage 10 windows to be installed but that one day expense can save you several days if you had to reorder a single window or your local big box store didn't have the supplies needed to install the window. This also gives your independent contractor the time to check their tools and to be sure that saw blade or screw driver has a good edge to it before the installation begins.

Staging also offers the project owner time to review the different phases with the contractor. So say you pay \$100 or more for staging, this is well worth the piece of mind you are going to have when you know you both are clear on how things are to be handled.

So far I have only talked about you hiring an owner operator independent contractor, I have not mentioned you hiring a company that outsources the work to another company. That involves a sales person working on the job site and that's more difficult to manage when it comes to staging and material and supply inventory review. I expect you all have had a sales person from time to time bid on your projects. I personally like to talk with and deal with the people that are actually doing the work. They are called Tradesman and Craftsman which I identify as independent contractors. So if you are dealing with a sales person that outsources their work and is a contractor let's be clear this is a sales person with a license to do the work but chooses to outsource which most likely is an income vs. trade professional thing. I still will suggest you complete the staging with your sales contractor and the sub-contractors that are actually going to be doing the work. In most cases, that sub-contractor will need to have the same or more contractor licenses to do the work. In Louisiana a Builder hires licensed Foundation and Framing companies as sub-contractors. They have to have their own license to bid on the builders project. The builders license does not cover the Foundation and Framing Sub-Contractors licensing requirements unless the builder can show there are on the builders payroll or listed as part owners of the company. It's best to understand that every phase of the building process or remodeling project that has a different company will require different license and insurance checks. No single builders license in the state of Louisiana covers all facets of building a home. I know it sounds counter intuitive even counter productive or maybe overcharging by the state of Louisiana to force each builder to hire sub-contractors licensed to do specific building projects. You would think a single license holder would cover the work, but it doesn't, and liability as well as warranty come into question and you as the project owner need to have this in writing.

Even when you purchase a new home you need to know who did what to your home. This way you can research the company that did your new homes foundation or framed the home to see if any complaints have been filed. Many sub-contractors are forced to cut costs and always cut labor costs first. That means your skilled trades and crafts are let go and replaced with unskilled day trained labor.

But I'll let you ask question about licensing to your state licensing board.

To be clear, pay for services rendered when services are actually provided. Pay for materials at the time you order the materials or the minute they arrive and have been inspected and compared to your order list that was part of your material punch list.

Lien waivers, you may never have heard of a lien waiver until you actually had a lien placed on your project. Let's say your contractor hires a sub-contractor to do the work on your project. The sub-contractor could place a lien on your property in the amount of wages, materials and supplies not paid to the sub-contractor by the main contractor. It is possible, mostly occurs when your main contractor really had no intentions of paying the sub-contractor if it's reached the levels of placing a property lien. The state of Louisiana will only assist a licensed Sub-Contractor with property liens when the main contractor doesn't pay. But then again, the state can choose not to be involved if unlicensed workers are used.

When you pay your contractor or independent contractor be sure you get a lien waver on each payment you make before you make another payment.

The lien waiver needs to clearly state the time period, labor, materials and any other costs involved within a specific time period for a specific amount that you paid and that your contractor has used that money to pay for those items. You don't want a sub-contractor coming after you for payment and you should NEVER pay a sub-contractor directly when you actual have a contract with a contractor.

Estimated Completion Times, Milestone, progress and goals should be listed in your contract. Start Dates, end Dates, Review Dates, etc. Many times you can't hold a contractor to a specific day but you can hold them to a specific week. You should put into your contract review dates and times. You could actually take the contractor to lunch on a tailgate or bench on site and review everything that has been done to that date. It's important for both the customer and the contractor to on the same page each week if the project is longer than one week.

Changes in plans happen, be sure you have a process and a procedure in place for making changes to your project and it's contract.

I can't tell you how many times a person says they read the contract only to later tell me they didn't and need to review a part of it. Or when I do plans for a project, they may have been overwhelmed at the time I presented them and they didn't ask questions but later see they want to make a change.

Change happens and your contractor will have to deal with it.

This applies to changes to things not changing payment times or amounts, you can't start a project and then want to change the price to a lower amount during the project.

You can ask for a credit if a price change is made but don't try to renegotiate labor once labor has started.

You will need to discuss all changes, description of the changes need to be documented, costs, schedule, everything needs to be documented in the contract you have. You can add it as an amendment to your main contact as long as you indicate on the main contract that you have additional paperwork that is attached to the main contract.

Never make verbal changes without something in writing, a text, email, document ready to sign before work changes are started.

Getting Out of your Contract, each state has different consumer protection laws. You might have 2 days or 3 days to change your mind about the contract. In many cases you can cancel if no staging, purchases or work have started. But check with local state laws. You should have this "Escape" verbiage in your contract

so all parties agree that either can back out of the deal within a set time period.

Be sure you both sign the document and if required get a witness and an always notarize the contract if it's a major investment for you.

Copy provided by TruckAndTools.Com developed by Murray Wennerlund.

Email help@truckandtools.com for additional information.

Copyright © 2019 TruckAndTools.Com All Rights Reserved.

Original location: <https://www.truckandtools.com/articles/default.asp?gdyk=55>

Published: 5-16-2018 Revised: 6-21-2018

Contribute

**TRUCK AND
TOOLS .COM**

TruckAndTools.Com