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BUILDING PRODUCTS



QUESTIONS TO ASK YOUR CONTRACTOR

Before Starting Your
Home Improvement Project



Introduction

As homeowner confidence continues to rise along with rising per capita disposable income, more people are looking into home improvement as a means of upgrading their property's beauty, utility, comfort and value. With this, contractors are reporting not only more requests for proposals, but an uptick in more committed, more ambitious remodel requests as well.

Residential remodeling spending has been on an upward trend the past few years, topping \$152 billion in 2017 and expected to continue growing at a fair pace. Rising property prices and an aging housing stock, results of below-normal rates of residential building, are also convincing more Americans to stay put in—and work on—their current homes. They are projected to spend upwards of \$330 billion on home upgrades, replacements and routine maintenance in 2018 alone.

If you're one of the millions of U.S. homeowners planning a home improvement project this year, then this e-book is for you.



Why should you read this e-book?

We'll be treading familiar ground in this e-book, whether or not you have firsthand experience working with a contractor. But the information in it is valuable and worth repeating often, not the least because it involves a lot of money.

Whatever the size of your project, however (un)glamorous the job, this e-book will help guide you through the initial decision-making process. The goal is for you to enter into your remodel with as much information and as little unnecessary worry as possible.

We hope that you will find this useful as you plan your next home improvement project.



Part I:

Questions for the Contractor

Choosing the right contractor is half the battle as far as home improvement is concerned. Who you choose to work with can make the difference between a successful project and a disaster.

Your mindset during this phase of your remodel should be that of a **hiring manager**: you review proposals, check references and conduct interviews with **prospects** who may be qualified to fill the open job.

Here are some of the questions you'll want to raise during your interview.

What are your credentials?

This is the “resumé review” portion of your interview with the contractor. Most of the information below is available on public record, but you’ll need to do your due diligence to see if the answers they provide are above board.



LICENSE

Contractor licensing generally requires passing relevant competency tests and providing proof of insurance and/or bonding. You can visit the HomeAdvisor website to see a [summary of state-by-state licensing requirements](#).



REGISTRATION

Some states require licensing; others require registration. Registration is typically less stringent than licensing and offers no guarantee of expertise or competency, but insurance is often required.



BONDING

A bond is an arrangement between the contractor and a third party—usually a bank, insurance company or a local recovery fund—to pay the homeowner should the contractor fail to meet the terms of your contract.



INSURANCE

The contractor should have both workers’ compensation and general liability insurances. Certificates of insurance should be provided to show their policies are current and carry enough coverage for your project.



YEARS IN BUSINESS

More experience doesn’t necessarily mean better service; however, you’ll want to find a contractor who’s been in the business long enough to build a proven track record.



MANUFACTURER CERTIFICATIONS

While not a requirement, factory certification shows that a contractor has been trained by a manufacturer and passed their vetting process. Contractors with manufacturer certification are typically able to provide exclusive extended warranties.



Have you been involved in any legal disputes?

The obvious ideal answer is no, but don't be too quick to dismiss a contractor on the basis of this question alone. It isn't unheard of for an otherwise good company to have had prior legal disputes. Rather, use their response to gauge how transparent they are in their dealings with customers.

To get a better idea of how a contractor handles customer complaints, you can check out the Better Business Bureau [website](#).



What are your on-site operations like?

It pays to get a feel for how organized a contractor is this early on in the process. If they do not have standard operating procedures for each type of service they offer, your project may run into problems in terms of schedule, budget, workmanship or all of the above.

- What is the daily work schedule?
- How do you make sure work is being done according to plan?
- Who is in charge of project management?
- Who provides daily reports?

Do not be afraid to walk away if the contractor cannot provide specific answers for one or more of these basic questions.



Part II:

Questions About the Contract

The contract is one of the least interesting aspects of remodeling, but it is vital that you understand what's in it and how it protects you and the contractor.

A good contract provides an outline of who needs to do what and when, laying the groundwork for a successful project where both parties can walk away satisfied. It safeguards against potential misunderstandings and gives you a fallback position should contract terms be violated.

Here are some of the things you'll want to discuss with your contractor.



Who's in charge of permits?

Laws regarding who **can** pull permits on a home improvement project vary depending on your location; however, your contractor **should** be accountable for everything that happens under their watch. This places the responsibility of arranging and closing out all necessary permits on them.

According to the National Association of the Remodeling Industry (NARI), obtaining building permits is part of the service that you should expect when you hire a contractor. Having them handle permits ensures that they, not you, will answer to the inspecting authority if issues with regulation arise.



Will it include a termination clause?

The point of a **termination clause** is to protect all parties involved if a project goes south. It allows you or the contractor to end your contract if, say, you stop paying them or they stop showing up for work.

Termination clauses do not have to be complicated. They only need to state clearly that, should circumstances arise that interfere materially with the continuing progress of the work, either party could terminate the agreement without penalty after giving the other party prior written notice.



How will unexpected changes to the project be covered?

In the context of a home improvement project, a change is anything that alters the cost, schedule or scope of the work. It is to everybody's benefit to have all parties understand what the project includes and what it doesn't, and for all alterations to be put down in writing. This is done through **change orders**.

Change orders are documents written up by the remodeler, with the homeowner's approval, anytime something deviates from the original contract. They can be prepared by field supervisors or dedicated office personnel and are often done on a time and materials (T&M) basis. This often results in added expense—both in administrative fees and direct project costs—and delayed completion dates.

Due to the disruptive nature of change orders, extra care should be taken by both client and remodeler during the contract negotiation stage.

What other details will be specified?

Below are other items that should be included in your home improvement agreement.



BASIC INFORMATION

This includes both parties' full names, I.D. numbers, addresses, and the contractor's license and registration numbers.



SIGNATURES

Your remodeling agreement will not be considered a binding legal document until it is signed by both parties involved.



STATEMENT OF WORK

Also called the **scope of work**, this is the part of the contract that describes in detail the project overview, deliverables, scope (tasks and technical considerations), schedule and project management. It must be clear, complete and concise.



TOTAL PRICE AND PAYMENT SCHEDULE

Projects are paid in installments based on clearly defined milestones. As a rule of thumb, your initial payment should be no more than 10% and your final payment no less than 10% of the total price.



GUARANTEES

Guarantees against defective materials and workmanship problems should be provided, with the amount of time (lifetime, 25 years, 12 months, etc.) clearly specified.

If some parts of your contract aren't clear to you, talk to the contractor, then do your own research. Note that the above should not be misconstrued as legal advice. We strongly advise that you have an attorney take a look at your remodeling contract prior to signing.



Part III:

Questions About Costs

According to HomeAdvisor, more than a third of homeowners don't know how much hiring a contractor will cost, and about two-thirds worry about overpaying for professional help. Considering how many people are thinking of signing up for five-figure projects, these are reasonable concerns.

The good news: there are plenty of free online resources for people researching home remodeling costs. [Fixr](#) offers cost estimates by zip code. [HomeAdvisor](#) and [Remodeling](#) magazine are also worth checking. The bad news: your project may not be what's considered "average." You'll still have to shop around and ask local contractors for estimates.

Here are some cost-related questions to go over with your contractor:



Can you show me a good/better/best proposal?

Many contractors will be happy to present a **good/better/best proposal** for you to review. These proposals are mutually beneficial—they showcase an array of options for you at various price points while giving contractors the opportunity to upsell. They also help the contractor better understand your buying personality and goals for the project.

Most homeowners with a price or problem focus choose “good”, while those with a comfort or quality focus tend to choose “better” or “best”. All three options are built around delivering what you asked for, just with varying amounts of upgrades. There are no wrong choices, and you should feel free to negotiate.

How much should I expect to spend?

The following graphs show some of the most and least expensive home improvement projects based on 2018 national averages reported by Fixr.

Most expensive (national average cost)



Least expensive (national average cost)



These figures represent opposite extremes of what you may pay for your remodel, but keep in mind that where you live can significantly affect your actual job price.



PLAN, PLAN, PLAN!

A Note on Surprise Costs

Surprise costs are one of the most frustrating parts of a home improvement project. These added expenses should not be taken as a reflection of your contractor's integrity; rather, they represent how difficult it can be to anticipate everything that can happen over the course of the job.

And the bigger the scope of work, the greater the risks are of overlooking these costs. All the more reason to plan, plan, plan!

- Higher utility bills
- Trash disposal fees
- Storage fees
- Pet boarding fees
- Accommodation costs
- Added food costs
- Loss of income from time off work
- Losses from break-ins
- Cost to seal off the work area
- Cost to bring your home up to code
- Cost of repairs from accidents or unexpected problems
- Costs associated with scope creep

Your best course of action to minimize sticker shock is to communicate clearly and frequently with your contractor even before construction begins. Voicing your concerns will help them advise you on ways to avoid or reduce costs that fall outside the construction estimate.

Is this project worth the expense?

The [2018 Cost vs. Value Report](#) by *Remodeling* magazine compares the average costs for popular remodeling projects with the value they retain at resale. The following table summarizes the national average figures for ten projects that recapture a high percentage of the job cost.

PROJECT	JOB COST	RESALE VALUE	COST RECOUPED
Garage door replacement	\$3,470	\$3,411	98.3%
Manufactured stone veneer	\$8,221	\$7,986	97.1%
Entry door replacement, steel	\$1,471	\$1,344	91.3%
Deck addition, wood	\$10,950	\$9,065	82.8%
Minor kitchen remodel	\$21,198	\$17,193	81.1%
Siding replacement	\$15,072	\$11,554	76.7%
Window replacement, vinyl	\$15,955	\$11,855	74.3%
Universal design bathroom	\$16,393	\$11,581	70.6%
Bathroom remodel	\$19,134	\$13,422	70.1%
Window replacement, wood	\$19,391	\$13,468	69.5%

Not all homeowners think in terms of cost-recovery when it comes to home improvement—for many, the benefits of added beauty, utility and comfort exceed the added value. Regardless, most contractors will recommend against improvements that will price your home out of your neighborhood. This advice is worth heeding whether or not you plan to put your home on the market.

Takeaways

- Never start a home improvement project without doing your due diligence and communicating with your contractor.
- When choosing a contractor, think like a hiring manager.
- Take the time to understand the terms of your contract and how it protects you and the contractor. If possible, talk to an attorney before signing anything.
- Ask for a good/better/best proposal, then negotiate, negotiate, negotiate.
- Free resources to check: [Better Business Bureau](#), [Angie's List](#), [HomeAdvisor](#), [Fixr](#) and [Remodeling](#).



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