

MONEY WISE

VALUING PEOPLE. VALUING MONEY.
MANAGING IN TOUGH TIMES INITIATIVE



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THIS MONTH'S TOPIC:

THINGS TO CONSIDER BEFORE HIRING A CONTRACTOR

Remodeling your home can be an expensive endeavor that requires lots of preparation. Choosing the wrong contractor to do your renovations could cost you time, money, and even legal trouble. Keep the following suggestions in mind before you hire a professional to work on your home.

Know What You Want

It is important that you have some fairly concrete ideas of what renovations you want before you hire a contractor. You will want to decide what amenities and designs you desire as well as how you hope the project to look when it is finished. Leaving too many of these decisions to your contractor gives them ample opportunity to inflate prices. Or, worse yet, you may be left with a renovation that you never really wanted in the first place!

Vetting Contractors

The vetting process is one of the most important considerations, second only to the contract you will

eventually secure. Be patient and take the time to find the right individual for the job.

- Referrals: You can accept referrals from friends and family for contractors who are well known professionals and who have done good work. Look for businesses who have years in the industry because contractors often rely on reputation. Longevity in the industry probably indicates that they do quality work.
- Due Diligence: Do the legwork. Perform background checks to ensure that potential





contractors are licensed and insured for liability and worker's compensation. If they are not, you could be liable for injuries sustained on your property. Ask each potential contractor for work samples so that you can take a good look at the quality of their work.

Get Several Bids

Once you have narrowed your list of potential contractors, begin the bidding process. Be mindful that initial bids are not set in stone and probably do not reflect the final cost of the project. You may also want to consider whether each contractor is a general contractor or a specialist. For standard jobs, a general contractor may be cheaper and reasonably qualified. For certain tasks, however, you may require a specialist who is known for completing particular jobs. You can also ask contractors if they intend to sub-contract a specialist to perform certain tasks.

The Contract

Without question, the contract is the single most important consideration when hiring a contractor. Though it can be a painstaking process, scrutinizing a contract to make sure that everything is agreed upon beforehand will preclude you from being stuck with unexpected costs or shoddy work.

- The Budget: Request a line-item budget for the

job which details what materials will be used, specific brands, labor costs, etc. Be clear about what will happen if anything changes during the project. If the job turns out to take more time or money than expected, who will bear that cost?

- The Timetable: Build a timetable into your contract. Include not only start and finish dates, but also expected completion dates for individual parts of the job. While you need to be reasonable, this does not mean you forfeit your right to have a job completed in a timely fashion. Ask if and how your contractor intends to guarantee their work. There is no such thing as too much detail in your contract.
- The Payment: Finally, be shrewd about making payments. Don't pay too much up front and leave a significant payment to be made at the very end when the job is finished. This will incentivize the contractor to complete the project in a timely fashion.

Final Considerations

Once you have vetted contractors, secured a bid, and signed a contract, there are just a few other things to consider. Although they may not be quite important enough to include in a contract, you will want to set some boundaries with your contractor. Some things to think about include: what time workers will arrive/leave the job site, smoking on the property, bathroom use, if and when doors should remain locked, and end of day clean up. You can protect your property more effectively by clearly communicating your expectations.

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