

HIRING A BUILDING CONTRACTOR

If you are planning a residential building project, you should be aware that all contractors offering to do work which totals \$600 or more in labor and materials must be licensed by the Department of Labor and Economic Growth, Bureau of Commercial Services (BCS). A Residential Builders license allows a contractor to build a complete residential structure and to do maintenance and alteration (remodeling) work on a residential structure. A Maintenance & Alteration license indicates that the holder has met requirements for one or more of the individual building trades licensed by BCS.

When choosing a builder you should get the names of contractors from:

- Friends or neighbors who have had satisfactory work performed.
- Local Yellow Pages list licensed builders who do business in your community.
- People at local home improvement centers, builder shows or open houses.
- Local Homebuilders Association. If the association is affiliated with the National association of Home Builders, all members should be licensed by the state in order to be included on their roster.

When choosing a builder you should get estimates:

- Get the estimates from different contractors to compare prices. Remember the cost of materials and quality of materials will affect the bid. A low bid based on inferior materials may not be a bargain, so consider more than the price alone.
- Be sure the estimate specifies the total price, the terms of payment, the kind of materials to be used and the expected time it will take to complete the job.
- Be wary of special prices because of left over materials, other jobs in the neighborhood, or discounts if you agree to get other customers. They are often gimmicks used to get you to buy.

A Residential Builder should provide a written contract:

- When you have selected a contractor, get all agreements in writing. A written agreement will make sure there are no misunderstandings about the work, or the terms of the contract.
- Don't be afraid to ask questions about anything you do not understand. Ask for any changes or modifications before you sign the contract.
- Make sure that you read all documents carefully. While it is not required it is often a good idea to have an attorney review the contract and any other forms before you sign them, especially if a large sum of money is involved.

A Residential Builder should provide a contract that includes the following:

- The company name, address, telephone number and the full name and license number of the builder/contractor and/or the salesperson.
- Detailed job specifications, which include a description of materials (brand names, colors, grades, styles and model numbers), a list of all costs spelled out clearly, and any architects or engineers drawings, which are required.
- Start and completion dates. These should allow for any reasonable delays but should include a clause allowing you to withhold payment if work slows down for no apparent reason.
- A statement that all required building permits and variances will be obtained by the contractor before work is begun. The building permit is for your protection. An inspector will make sure the finished job meets all codes and safety standards, and makes the contractor responsible for corrections.
- A right to cancel clause. If you are solicited and have signed the contract in your home, you have three days to cancel the contract if you change your mind. You must send the contractor a registered letter stating you wish to cancel.
- A guarantee that the contractor carries liability insurance and has Workers Compensation coverage, in case of accidents on the job.
- A statement of warranty on the work. Be sure it tells if labor and materials are guaranteed, and for how long. A statement that clean-up will be done by the contractor should be allowed.
- A provision for credits if there are large amounts of materials left over. You should also be prepared to pay for extra materials if the project takes more than anticipated. Your builder should provide you with a description of these extra costs in writing, so there are no surprises on your final bill.
- The terms of payment should be clearly stated in the contract.
- If everything in the agreement is satisfactory, both the contractor and the homeowner must sign and date the contract. Any changes or revisions must be dated and initialed by both parties.

When making payments to the builder:

- Never pay for the entire job in advance.
- Make scheduled payments as work progresses. Refer to the Construction Lien Recovery Fund for more information.
- Make a deposit when work begins to cover materials and start-up costs. Pay by check to the company name and ALWAYS get a receipt.

It should be noted that contractors performing general building construction on commercial projects are not required to be licensed. Also, 1972, PA 230 allows the owner or the owner's agent to apply for the building permit if the owner authorizes them. The permit holder is ultimately responsible to ensure all code violations are corrected upon receipt of a written notice from the code official.

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