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doing the workBetty Jo White and
Alice Mills Morrow^{1/}

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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, heating, plumbing, wiring and major structural changes should be left to experts.

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

The reputation or credentials of any company should be checked carefully before entering into a business transaction.

To prevent misunderstandings, all contracts should be written.

Homeowners should be aware of remodeling sales schemes and gimmicks that might be encountered.

A person needs to 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, may cost more than having a contractor do it and may result in poor workmanship. Without enough time, the 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 would cost to have the project done by someone else, who might do it better and more quickly and safely.

Some work should not be do-it-yourself projects for the unskilled homeowner. For safety and compliance with legal code restrictions, heating, plumbing, wiring and major structural changes should be left to experts. The local building code should be checked to see what must be done by a licensed professional, or if the job should be 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 be 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 perhaps required to tear out the new work.

The homeowner can do such things as interior wall framing, floors and ceilings, and can 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, the division of labor should be included in the contract.

Due to the labor-intensive nature of the home remodeling business, do-it-yourselfers can cut 40 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 if "on their own." 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.

Sources of instructions for the potential do-it-yourselfer include how-to-do-it guide books from local public libraries or book stores, dealer assistance, extension bulletins and personnel who may be of assistance, and adult classes given by schools or industries.

Selecting a Contractor

If the 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 to be done 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/coordinator to decide in what order things should be done and to schedule the workers.

Home improvement or remodeling contractors usually have their own crews and may hire subcontractors. Bids should be sent out 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 would be particularly 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 for this purpose.

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

—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. Only contractors who carry Worker's Compensation and liability insurance should be considered. 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 insure 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.

—A homeowner should 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 such membership may be an indicator of stability as well as experience.

—To determine the reliability and quality of the

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contractor, references of customers for whom the contractor has completed remodeling work in the area may be obtained and checked personally or by phone. 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, a person may want to check to see if there is a file on this firm. One may also consult the local Chamber of Commerce or a bank that handles FHA Title I loans for recommendations or to find out if there have been any serious consumer complaints about a given contractor. Generally, lending institutions are concerned that the work for which they make 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. Time should be taken to discuss the project thoroughly to avoid positive or negative snap judgments. A person should 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, competitive bids or estimates may be requested, informing each company that two other bids as being obtained. 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 feeling 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.

—Both the price and what the contractor is offering should be compared; 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. Amounts, sizes, types, grades, materials, brand names, standards and quality of workmanship should be listed and understood. When comparing prices be sure that like quality is being compared. If an estimate is higher than acceptable, a person may wish to look into different materials, modifications in the project, or do the work in stages.

The Work Contract

When it has been discussed with the contractor and decided what is to be done and how much it will cost, a contract has been 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*. All contracts should be read and understood *before* signing. Contracts with blank spaces should not be signed.

Items that may be included in a remodeling contract are: who is to obtain and pay for necessary permits; date work should be started; complete description of the work to be done; date work should be completed; clean up and debris removal provisions; provisions for protection of property near or in work area (including landscaping); damages to be paid to homeowner if work is not completed on time; the right of owner to make changes and the adjustment in cost to be made for those changes; amount owner will pay to contractor; how payments are to be made (it is best for the homeowner to have the payments made as the work progresses, and to retain 10 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 will prepare the contract. The homeowner should check the contract carefully and make sure that all items of concern are included. If necessary, an attorney should be consulted on the contract. If the homeowner is preparing the work contract personally, it is especially important to consult an attorney.

The Work

Once the work contract has been signed and financing arranged, the building permit—if required—should be obtained before the work is begun. While the job is underway, supervision and safety will be an important concern for workers and family members present in the home.

The homeowner should be available for questions as they arise and to provide spot checks to help avoid unexpected problems. Problems should be discussed 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, the completion certificate should be signed only if the job is 100-percent complete and satisfactory. Before making final payment the homeowner should be sure that suppliers and subcontractors have been paid.

Home Improvement Schemes

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

In a *model home (or referral sales) scheme*, the person selling a home improvement tells the homeowner that if the home can be 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. The homeowner who was led to believe that the purchase easily could be paid for by locating referrals finds out that he or she gets no discounts and has 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 has been baited into responding to the ad, the seller then attempts to switch the consumer to a higher-priced item. This is a deceptive practice.

A person should be wary 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." All product information should be read carefully. A homeowner should not be fooled and should 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." The warranty should be read carefully. A homeowner should know what the warranty is before deciding to purchase.

A *fly-by-night company* is a company which 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

The reputation or credentials of a company should be checked carefully before entering into a business transaction. A homeowner should comparison-shop between companies, suppliers, contractors, etc., to select the goods and services that will best provide the desired results.

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

If a product or service is not correct, the company should be notified of the problem immediately. If these goods or services are being financed, the lender also should be sent written notification of the problem. A homeowner should not pay for goods not delivered, goods which don't work or work which has not been done.

Some home improvements are sold door-to-door. Consumers should be aware of door-to-door sales techniques and protection for consumers. For more information, see Service in Action sheets 9.117 and 9.118.

The person who feels that he or she has been 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.