

INTRODUCTION

Do you dream of adding a brand-new kitchen or spacious family room to your home? Do winter mornings inspire fantasies of slipping into a warm jacuzzi or starting your car in a cozy garage? Have you and your family thought of how relaxing it would be to spend a summer evening stretched out on a comfortable screened porch or a new deck?

If so, then your daydreams are shared by millions of other homeowners who want to enlarge, embellish or improve their homes. Remodeling of residential properties is a huge industry in the United States, with more than \$120 billion spent annually on home improvement — more than on new home construction.

As a remodeling contractor with more than 20 years of experience, and as a homeowner myself, I know that the remodeling process is not easy or quick. But a homeowner who is informed and prepared before starting a project can greatly reduce the potential headaches and heartaches. After remodeling more than 400 homes, I would like to share with you the lessons I have learned and give you a head start on turning your dreams into reality.

My first, and most important, piece of advice is this: Remember that perfection is created, not constructed. Remodeling an existing home is a difficult process, much harder than building a new house from the ground up. Your remodeling contractor must work around a finished house, an established yard, and a busy family. As you take apart the old, add on the new, and blend them together in a finished project, you can't expect to achieve perfection. You *can* expect to achieve a more beautiful and convenient home that will enhance your lifestyle and reward your investment of time and money.

In this booklet, I'll describe the six key steps every homeowner should follow during a home remodeling project. This is not intended to be a "how-to" course on electrical or plumbing work, but a guide for homeowners on working effectively with a remodeling contractor. You'll learn the dos and don'ts for planning your project, choosing a contractor, and fulfilling your roles as the work progresses.

Now, let's get started on laying the foundation for a successful remodeling project.

*John Broderick, President
Broderick Builders, Inc.*

STEP ONE

- Do have a plan**
- Don't be unrealistic**

Now that you've decided to remodel your home, your first job is to pinpoint what you want to accomplish and how much you can afford to spend. To develop your plan, start with a wish list of all the things you would like to do. Sit down with your spouse and other family members to discuss the specific improvements your home needs. Ask yourself why you want or need these changes. At this point, it doesn't matter if some of your "bright ideas" turn out to be unaffordable or structurally unfeasible. The goal is to brainstorm and come up with a written statement of your dreams. Include the room or section of your home you'd like to improve, and list the possible changes.

Example: Family room — Move interior wall, add built-in entertainment unit, remove windows and add French doors, install new hardwood flooring.

Your wish list

After completing the list, the next step is to prioritize your wishes. What are the most important improvements? Which projects will enhance the value of your house? The items you need are obviously more important than the items you want. Rank each item on your wish list, from first to last.

Prioritize the wish list

1. _____
2. _____
3. _____
4. _____
5. _____

Determine your budget

After completing your prioritized list, you're ready to think about a budget. At this point in the process, you probably aren't sure how much it will cost to implement each of the ideas on your list. Your goal should be to make a realistic determination of what you can afford to spend on the entire project.

In reaching this decision, you will want to consider several factors: the resale value of your home, your equity in the house, your other assets and debts, and your annual household budget, for example. The most important thing is to be realistic. When you set a budget for your project, be sure to allot an additional 10% of the total to a contingency fund that will cover unexpected expenses. These extra charges due to unseen conditions, building code upgrades and customer changes occur on almost every remodeling job.

Remember that your home is probably your single largest investment, and your remodeling project will likely be your second largest investment. How much can you spend to make it the house you want it to be?

Your total budget _____

With a wish list and budget in hand, you'll be ready to get down to business as soon as you select a contractor. Your remodeling contractor can go over the list with you and determine which elements can fit your schedule and budget.

STEP TWO

- Do interview contractors**
- Don't consider price alone**

The old rule-of-thumb for anyone planning a remodeling project was to get three or four bids from contractors, throw out the high and low bids, and choose one in the middle. This approach simply isn't suitable for home remodeling projects. It is imperative that you consider more than price when choosing a contractor. Remember that your remodeler will be part of your life for weeks or months. You should be sure to choose a contractor who inspires your trust and confidence.

The best way to select a residential remodeling contractor is through research and personal interviews. Consider the size of the investment you are preparing to make, and the impact it will have on your quality of life. If you or one of your family members needed a major medical procedure, how would you find a good doctor? You would probably seek referrals from other doctors and from friends and family. You would look for a doctor in your area who specializes in a particular field, and is certified as a specialist in that field.

The same rules apply to choosing a contractor. You should limit your search to contractors who specialize in residential remodeling. There are many large, reliable contractors who build hundreds of new homes each year, but don't do remodeling.

Ask about the builder's professional affiliations and certifications. Is the contractor a Certified Graduate RemodelerTM? If so, he has received special training from the Home Builders Institute. For convenience, try to choose a contractor whose office is located within a reasonable distance of your home. If possible, visit the office and talk to others who work there.

During the interview, ask questions that will help you determine how the business is run:

- How long has the contractor been in business?
- How many jobs does he do each year?
- How large is the business?
- What types of projects does the remodeler specialize in?
- Who would be the key contact person for your job?

Any contractor should be more than willing to provide referrals for completed and ongoing projects. When you visit these projects, be sure to talk to the people who have lived through this experience. Ask questions that are important to you. Find out if the contractor was a good communicator. Did the job proceed as the homeowners expected? Did the quality of the work meet their expectations?

When you have interviewed up to three contractors, stop and assimilate the information you have gathered. Answer these key questions:

- Does the contractor COMMUNICATE well with customers and staff?
- Do you have CONFIDENCE that the contractor can complete your project?
- Do you TRUST that the contractor will handle your money properly?

The worksheet on the next page can help you with your interview. Complete a worksheet for each remodeler.

Interview Worksheet

Company Name: _____

Address: _____

Hours of Operation: _____

Phone Number: _____

Fax Number: _____

E-Mail Address: _____

Key Contact Person: _____

Key Contact Phone: _____

What is the contractor's remodeling specialty (for example, kitchens & bath, additions, only older homes)?
Does the remodeler's specialty match the work you want done?

What is the remodeler's typical size project? Consider both cost and type of work.

Professional affiliations and certifications of the builder:

Years in business _____

Jobs completed, on average, each year _____

Referrals

Finished projects (Homeowner name, address, phone)

1. _____
2. _____
3. _____

Ongoing projects:

1. _____
2. _____
3. _____

Note your general impressions of the remodeler, the style of his operation, and how he communicated with you.

Ranking of remodeler

With 1 being low and 5 being high, circle the the number that best applies:

Ease of communication 1 2 3 4 5

Sense of trust 1 2 3 4 5

Easy to understand 1 2 3 4 5

Quality of finished work 1 2 3 4 5

Quality of ongoing work 1 2 3 4 5

Match to your project 1 2 3 4 5

Total Score _____

STEP THREE

- ❑ Do choose a contractor who can assemble a professional team**
- ❑ Don't interfere with the work of the team**

Think of your remodeler as the conductor of a symphony orchestra. With training and experience, he leads a large group of musicians to make beautiful music together.

By hiring a professional to manage your remodeling, you can ensure that the appropriate skills and resources are available to improve your home. A good contractor will assemble a team of 40 to 50 individuals, each with a different talent, to contribute to your project. He can advise you on whether an architect or a draftsman is needed; refer you to a lending officer; or find a talented stone mason in your area. The hardest part of the contractor's job is to ensure that this team works together smoothly and peacefully. He must select the best person for each job, know how to communicate well with each worker, and how to get them to the job site on schedule.

It can take years for a contractor to bring together a professional team of competent and reliable workers. That's why it is unwise for a homeowner to interfere with the operation of the team or to try to choose certain team members. For example, it's not unusual for a customer to ask if a family member or friend can join the work on his home remodeling project. "I've got a brother-in-law who's an electrician. Can he work on this project?" the customer asks. The remodeler must decide whether to offend his customer or to destroy the team concept he has worked hard to create. It's a no-win situation. The best role for the homeowner is to "listen to the music" and leave the contractor to direct his team.

STEP FOUR

- ❑ **Do have a written contract**
- ❑ **Don't sign the contract unless you understand it**

It sounds so simple: don't start any remodeling job until you have a signed contract with your remodeler. And yet, some homeowners still fall into this trap, especially on smaller projects. It doesn't matter how small your job is, you must make sure to have it in writing before you get started. Apart from the legal necessities, the simple act of putting words to paper ensures that both parties are clear about the nature and scope of the project. A written contract means NO SURPRISES!

Although we cannot list here all the possible components of a contract, we can point out some basic elements that should be part of any remodeling contract.

1. A legal description of the work

Homeowner's name _____

Address of the location to be remodeled _____

2. Scope of the work

Provide a description of what will be done. For example, if you were remodeling a kitchen, the description of that work might read as follows: *(actual example)*

- Remove old cabinets and appliances from the house and dispose properly
- Remove old flooring
- Install new cabinets
- Install new appliances
- Lay new floor
- Paint all wood trim according to the plan
- Apply wallpaper

This section of the contract can also include and incorporate lists of materials to be used on the project, including names, model numbers and quantities of items to be installed.

3. Cost of the job and terms of payment

Clearly lay out the costs of the project, how payments are to be made, and when they are due. You may also want to include a mechanism for approval of changes in the project that affect the cost.

Example:

Total cost of the project: \$30,000

Terms of payment: 10% at time of signing of contract; 25% when old cabinets and old floors have been removed; 35% after new floor has been laid; the balance on completion.

4. Time estimates

When completing this portion of a contract, the goal is to reach agreement on the approximate starting date and completion time of the job. For example: the work will begin in mid-May and will be completed in four to six weeks. If your contract calls for starting a job on May 15 and completing it on June 2, you have set yourself up for disappointment. This section may also address the possibility of work delays due to weather.

5. Remodeler's warranty

Every reputable remodeler should be willing to warranty its work. The industry standard is for a minimum warranty of one year. It is important to keep in mind that certain equipment the remodeler installs, such as kitchen appliances, may have manufacturers' warranties. These items will not be covered by the remodeler's warranty.

6. Signatures

The contract should be signed by the remodeler, or an authorized representative of the company, and the homeowner. Both spouses should sign if a couple is contracting the work.

7. Copies of all documents

You should have a signed copy of your contract, along with copies of all drawings and specifications related to your job.

Other provisions

Contracts vary from state to state, depending on local laws. Remodeling contracts may have sections dealing with several other aspects of construction:

- Insurance coverage
- Lien releases
- Removal of personal property
- Access to the home
- Punchlist procedures
- Inspections
- Clean-up
- Cancellation
- Remedies in the event of a breach of contract

STEP FIVE

- ❑ **Do prepare for the worst**
- ❑ **Don't expect wonderful conditions while work is in progress**

If you follow all the rules for planning your project and selecting a contractor, you might expect to have smooth sailing once the work begins. Unfortunately, this is rarely the case. In home remodeling, every project is unique, with its own special set of problems and challenges. The customized remodeling plan for your home is different from any other, because it's being done on your house. And your house is at least a little bit different from every other house on your street.

As your project enters the construction phase, be sure to start with a reasonable set of expectations. Review these expectations with the remodeler to be sure they are realistic. As I noted earlier, it is important for the homeowner to realize that perfection is created, not constructed. Since you are remodeling an existing house, you have to keep in mind that certain limits exist in attaining your "dream house." You cannot achieve perfection. Things will probably go wrong and take longer than you want. This is why it is so important to have reasonable expectations and to select a remodeler who communicates well and makes you feel comfortable.

If you recall your earlier visits to ongoing projects, you will remember that construction sites tend to be dusty, dirty, messy places. Try to prepare yourself for living with these conditions. Your contractor cannot keep the site white-glove clean, but he will see that the workplace is free from serious hazards and kept clear of dangerous debris, such as lumber with protruding nails. You can also expect the contractor to keep trash and waste in separate containers, as required by government regulations.

Ask your contractor about other policies that apply to the work site. Some contractors enforce rules such as these:

- No smoking in the work area
- No eating in the work area
- No loud music in the work area
- No alcoholic drinks on the job site

STEP SIX

- Do understand your role in the project**
- Don't lose control or patience**

You've chosen to hire an experienced and reliable contractor to remodel your home. This doesn't mean, however, that your work is finished. A homeowner must fill several roles to keep a remodeling project running smoothly and on schedule. Let's take a look at what these responsibilities are and how you can contribute to the success of your project:

Communication

Designate early on who the "key communicators" are for your project. Should the remodeler talk to you, your spouse, or to both? Should the homeowner talk to the contractor, the foreman, the lead carpenter or an office staff person? Once the key contact person is established, make sure all your questions and problems are directed only to him or her. A homeowner who tries to chat with plumbers and electricians about the work they're doing is adding additional time and cost to the project. Let them do their jobs without interruption.

On many remodeling projects, a weekly meeting is held to discuss any questions that come up. This is a good time to address concerns without disrupting the progress of the job. To be prepared for these meetings, keep a written list of questions as they arise. (A sample form for questions is included). Go over each question with your contact person and make a note of the answer.

Payments

The timely flow of money keeps a project running on schedule. Make sure before the job begins that you are clear on the terms of payment, and give your immediate attention to each invoice when it arrives. Nothing slows down a project faster than a late payment from a homeowner who is out-of-town or too busy to handle an invoice. If you have questions about the invoice, ask them right away and get them finalized.

Trust is a two-way street for the homeowner and the contractor. The homeowner trusts that the contractor will handle the financial aspects of his job responsibly, and the contractor trusts that the homeowner will abide by the payment terms. Remember that your primary role is that of "check-writer." By supplying funds as they are needed, you can keep your project moving.

Preparations

On most jobs, it is the homeowner's responsibility to prepare the area before actual construction begins. Move all of your personal belongings out of the area to be remodeled and the immediate surroundings. Take pictures off of walls and remove clothing from closets. If there are large or heavy items to be moved, ask your contractor to handle it. Don't try to do it yourself.

Also alert the people you come in contact with regularly that your home remodeling project is about to start. This includes friends, family, neighbors and co-workers.

Choices and changes

On most remodeling projects, a key role for homeowners is making a variety of choices about the type of products they want to use. These can range from the type of brick to the style of door handle you prefer in your home. Make sure your remodeler provides you with a checklist (like the sample included) to record your choices. This can prevent problems and enable you and your contractor to verify that your choices have been implemented.

As the work progresses, you will inevitably find that some changes need to be made in the initial plans for the job. Try to keep these changes to a minimum, and be aware that every change will add to the time and cost of your job. Your contractor should provide a Change Order or Extra Work Order form for each change that is made. Keep a copy of all changes.

Patience

Things will go wrong. But the headaches and frustrations can be managed if you and your remodeler have established clear lines of communications. Staying in control will do much more to facilitate your job than yelling at your contractor. It won't be easy, but the best approach for a homeowner in the midst of a remodeling project is this: have patience, have patience, have patience!

Project roles

Before you get started with the project, talk with your remodeler to make sure you both understand and agree on your roles in the project. Note your conclusions below.

My role in the project

Remodeler's role in the project

CONCLUSION

By taking the time to read this guide, you've already gotten off to a good start on your home improvement project. If you follow the steps I've suggested here, I believe you can avoid many of the problems that occur when homeowners are unprepared. You're informed about the choices you face, the expectations you have and the roles you and your contractor must fill. The sample forms and checklists on the next pages should be part of your planning process. I hope you can put these lessons to use in a project that will beautify your home and make it function more effectively for you and your family. Good luck with your project!

Project question list

Question: _____

Answer: _____

Question: _____

Answer: _____

Question: _____



Answer: _____

Question: _____

Answer: _____

Sample contract

This is a sample only. Contracts vary from state to state, and from company to company.

BRODERICK BUILDERS INC

THE REMODELING SPECIALISTS

CONSTRUCTION CONTRACT

This agreement is entered into this _____ day of _____, 20____, by and between BRODERICK BUILDERS INC hereinafter referred to as "Contractor", and _____ hereinafter referred to as "Owner". Contractor agrees to construct the project hereinafter described and Owners agree to pay Contractor according to the terms contained herein for the construction to be performed at _____ in accordance with _____.

(1) It is agreed that work will be done in a workmanlike manner according to local building codes by the Contractor:

(2) The payment terms which Owners agree to pay for the work to be performed by the Contractor under this contract are as follows:

All amounts remaining due and owing Contractor thirty (30) days after expiration of the date set for final payment shall bear interest at an annual rate of eighteen (18) percent. Owners further agree that in the event they fail to pay Contractor according to the terms contained herein, they will be responsible for all of Contractor's costs and expenses of collection, including its reasonable attorney fees.

(3) Any changes in the nature of additions, and modifications will increase the length of the job and the cost of the job.

(4) Work shall begin _____ and be completed in approximately _____. The Contractor shall be allowed reasonable extensions of time for delays caused by circumstances not within his control.

(5) Owners will carry fire, hazard and all risk insurance on the property. Contractor will carry liability and workers compensation insurance. Contractor does not assume any liability for injury to Owners, their family or guests in the construction area.

(6) This agreement shall be binding upon the administrators, executors, heirs, successors, and assigns of all the parties.


(7) Contractor shall be permitted to place a locator sign on the Owners property.

(8) A one-year warranty will be provided to cover general workmanship, commencing the day of occupancy.

(9) Amendments shall be in writing, executed by both parties, and attached to this contract.

Truly yours,

John R. Broderick, President
BRODERICK BUILDERS INC., CONTRACTOR
TN. Contr. Lic. #25116



I have read the above statements and fully understand their contents, and agree to permit the Contractor to proceed with the work of this contract.

ACCEPTANCE : X _____ DATE _____

ACCEPTANCE : X _____ DATE _____

5800 CALIFORNIA AVENUE • NASHVILLE, TN 37209 • PH (615) 385-3210 • FX (615) 385-3032

OWNER COPY - WHITE CONTRACTOR COPY - GREEN

Sample contract *continued*



AMENDMENT A

- (1) Cost Plus Contract means that the owner is responsible for the payment of all costs, both hard and soft, related to the construction on the residence. The budgets are targeted costs derived from the information given to the contractor. They are a reasonable estimate of the costs. They are not warranted as the maximum amount which will be required to complete the project.
- (2) Invoice Payments must be received by contractor within five business days. Slow payment or withholding of payment can result in work being halted.
- (3) Other areas of the Residence will be affected by the remodeling work. The costs incurred to address these other areas will be considered to be a cost to do the remodeling work.
- (4) Owners agree not to impede with the construction work. They will not deal or negotiate directly with the subcontractors or materialmen without the Contractor's prior approval.
- (5) Termite and Pest Control will be the responsibility of the Owner. The owner will coordinate all treatments with the Contractor.
- (6) Any changes after construction begins will be made through the contractor only. Neither owners nor their agents shall deal or negotiate directly with the contractor's subcontractors or materialmen without the contractor's prior express approval.
- (7) Labor rates include general liability insurances, workers comp insurance, unemployment insurance, and other employee benefits.

In closing let us summarize that we are pleased that you have selected us to remodel your home. Remember that remodeling is the most difficult type of residential construction. It is a very difficult process for all homeowners. Our twenty plus years of experience has taught us that before the project is over, you will probably "hate" all of us and question your sanity on deciding to remodel.

Over the years we have found that the homeowner has most of the control over the costs of the project by defining the size and scope of the work. Every change or modification creates additional work, which means additional costs and time to complete the work. Broderick Builders, Inc. wants to finish your job as fast as possible, while maintaining the quality you desire.

Sincerely,

John R. Broderick, President
BRODERICK BUILDERS INC., CONTRACTOR
TN. Contr. Lic. #25116



Sign and return with contract

_____ DATE _____

_____ DATE _____

OFFICER COPY - WHITE

OWNER COPY - GRAY

Customer selection list

This is a sample of the type of form your contractor will use to record the products and accessories you choose for your project.

Major Addition Project								
Contractor Check List		<input type="checkbox"/>						
Customer Selection List		<input type="checkbox"/>						
Brick		Date Ordered	Date Received	Name or ID #	Budget	Actual Price	Supplier	Subcontractor
Siding								
Windows								
Exterior Doors								
Roof Shingles								
Skylights								
Plumbing Fixtures								
Light Fixtures								
Cabinets								
Cabinet Tops								
Tile and Marble								
Carpet								
Fireplace								
Paint Colors								
Appliances								
Shower Doors								

Document Checklist

Keep these documents on hand for ready access during your remodeling project:

- Contract
- Architectural or engineering plans
- Certificates of insurance for contractor and all term trade contractors
- Building permit
- Lists of product and accessory choices
- Change orders and extra work orders
- Invoices and records of payments

