

Are you about to remodel or build a home?

Checklist: Ten things every homeowner should do when hiring a contractor.

By William C. Last, Jr. and Jonathan M. Bowne of Last & Faoro

Having a construction project at your home can be a trying experience, even without major problems. But when disputes arise it can be an absolute nightmare. Fortunately, many of the common issues faced during construction projects can be mitigated by adhering to the best-practices and contracts terms discussed below. An expanded version of this list is at our website, which includes more thorough explanations of each item.

- 1. License and insurance** – *Homeowners should always confirm their contractor is licensed, bonded, and insured.*
- 2. Written contract** – *Homeowners should always enter into a written contract with their contractor.*
- 3. Lien releases** – *Homeowners should always get mechanic's lien releases from their contractor, his subcontractors, and their suppliers.*
- 4. Written change orders** – *Homeowners should demand their contractors provide them written change proposals, with a price, prior to performing any extra work.*
- 5. Progress payments** – *Homeowners should always pay contractors in periodic installments in a proportional amount equal to the completion of work.*
- 6. Retention** - *Homeowners should always include in their agreement that retention shall be withheld from payments*
- 7. Indemnity and “additional insured” status** – *Homeowners should always get an indemnity agreement from their contractor, and become an “additional insured” on the contractor’s liability policy.*
- 8. Completion schedule** – *Homeowners should always get their contractor to agree on a completion date, and – if possible – “liquidated damages” for delays.*
- 9. Down payments** – *Homeowners should not pay a down payment more than the lesser of \$1,500.00 and 10% of the contract price.*
- 10. Get copies of the subcontracts** – *Homeowners should get copies of the subcontracts and purchase orders that the contractor enters into with others who will work on and supply the project.*

This article, ©2011, was written by William C. Last, Jr. and Jonathan M. Bowne. Mr. Last is an attorney who has been specializing in Construction Law for over 32 years. In addition to belonging to a number of construction trade associations, Mr. Last holds a California “A” and “B” license. He can be contacted at 415-764-1990 or 650-696-8350. A number of his past articles can be found on his website (lhfconstructlaw.com). The articles are not intended to be a substitute for the advice of an attorney as to a specific problem. If you have a specific legal question or need legal advice, you should contact an attorney.