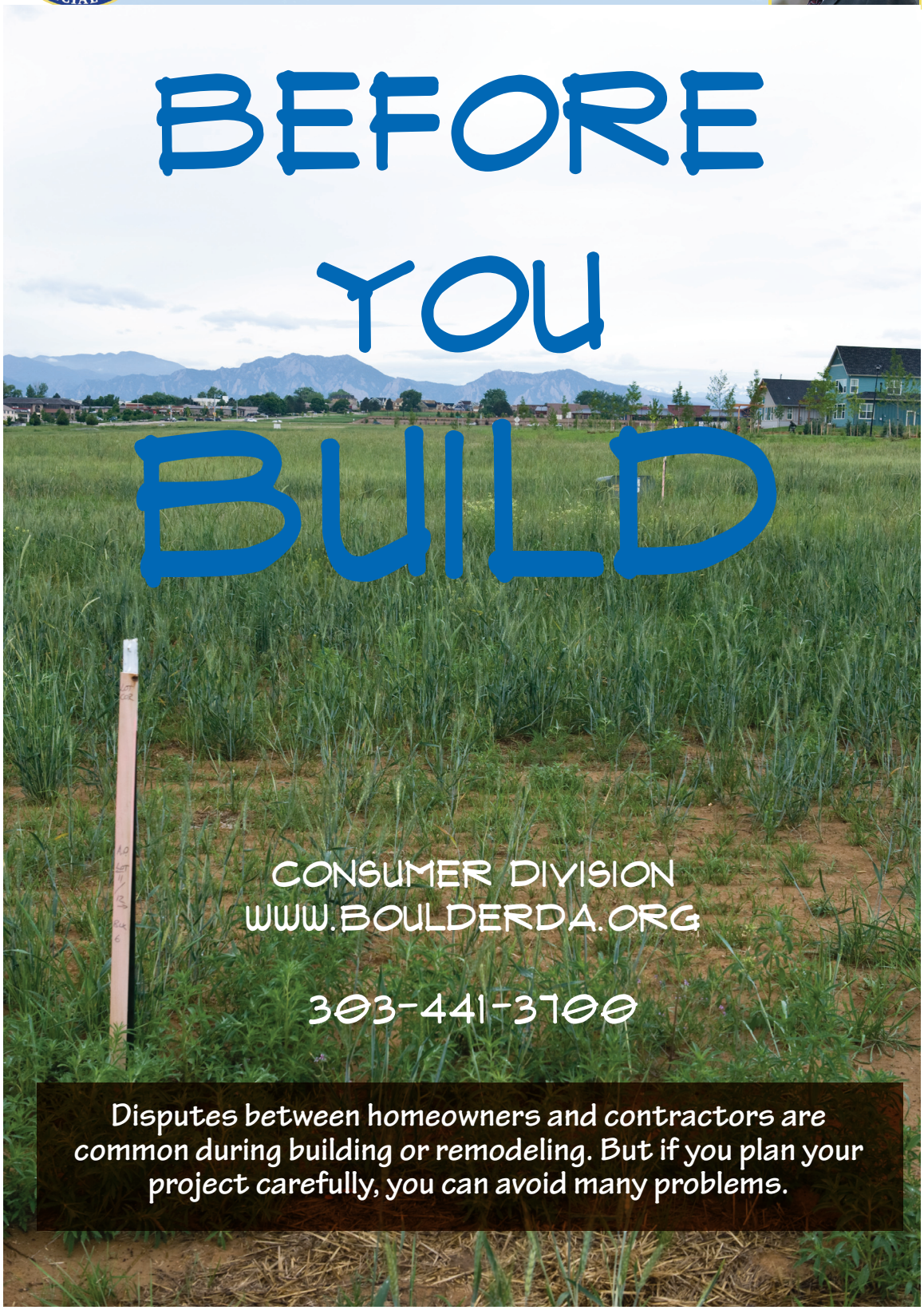
Office of the District Attorney
Twentieth Judicial District
Stanley L. Garnett, District Attorney

BEFORE YOU BUILD



CONSUMER DIVISION
WWW.BOULDERDA.ORG

303-441-3700

Disputes between homeowners and contractors are common during building or remodeling. But if you plan your project carefully, you can avoid many problems.

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BEFORE YOU BUILD

This brochure is intended as a guide to foster good communication and solid contracts between consumers and contractors. **First and foremost: DO NOT PAY UP FRONT.** That is the single greatest source of problems reported to our office. Payment as work progresses is the preferred, and safer, method of payment

QUICK CHECK

DO

- Research your project thoroughly.
- Check the contractor's license, reputation and insurance.
- Get at least three written bids on your project.
- Check with the Better Business Bureau, local District Attorney's Office, and contractor references to determine the reputation of your contractor.
- Determine if permits are required, or if there are zoning restrictions to be considered.
- Write a detailed contract that includes start and completion dates, materials, change orders, inspections, and payment schedules. Both parties should sign and keep a copy.
- Make sure everything you have discussed is in writing and make sure any changes are in writing.
- Make frequent inspections of the work and communicate with your contractor. Make a final inspection before final payment.

DON'T

- Hire a contractor without thoroughly checking their reputation.
- Sign anything unless everything you expect has been put in writing and the contract is complete, including items mentioned in this brochure.
- Make a large down payment.
- Agree to a change without a change order stipulating price and scope of work.
- Let your payments get ahead of the contractor's completed work.
- Make final payment until the job is inspected and complete.

RESEARCH

Research the project you are about to begin so that you will be knowledgeable about what is required to complete the job. Determine the kind of quality you want, the materials to be used, and specific, itemized costs.

FINDING A REPUTABLE CONTRACTOR

The reputation of the contractor is of primary importance in new construction, home improvement, or remodeling. The best source of information may come from neighbors, friends, or the contractor's former customers.

Ask for several references from a potential contractor and check them out. Visit the locations or call the customers and find out if they were satisfied with the work, if the work was done in a timely manner, and if problems were handled quickly.

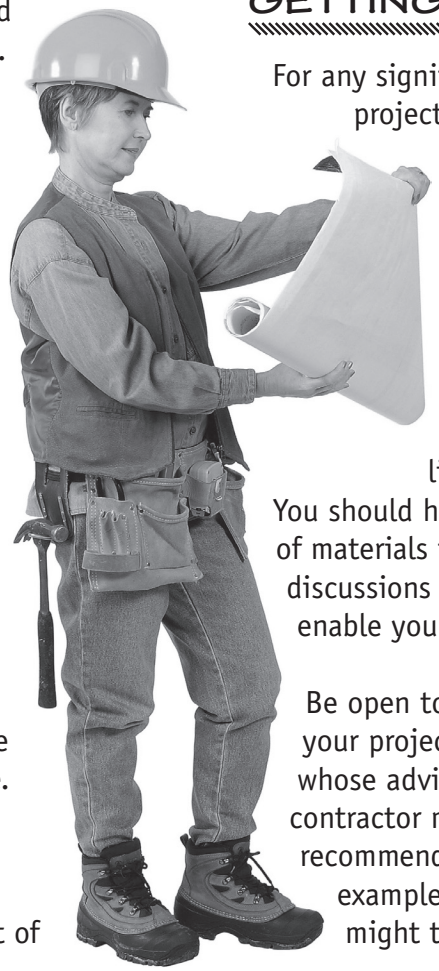
Check with the local Better Business Bureau, building official, trade association, and District Attorney's Office to help determine the reputation of a contractor. If licensure and insurance are advertised, ask for proof and verify the information.

Contact several contractors and ask them to give you estimates for the work to be done. Every contractor you deal with should have a business phone and address. Do not deal with someone who operates out of the back of a truck with a cell phone.

Some contractors may charge for providing an estimate. Their reasoning is that this is time out of their schedule that may or may not result in a job. Most contractors will, however, apply this fee to the job if their bid is accepted.

We do not generally recommend dealing with a contractor who says they will work only on a "cost-plus" or "time and materials" basis. Any experienced contractor should usually have the means to provide you with detailed information about your job. But if circumstances create a situation where there are unknowns and a "time and materials" contract is necessary, be sure there is a monetary ceiling specified.

No matter how well you define you contract, it still comes down to the competence and integrity of your contractor -- so choose carefully!



GETTING BIDS

For any significant home improvement project, you should obtain at least three bids that detail the scope of the work, the types of materials that will be used, the time frame for completion, and the total cost of the project.

Before you meet with a contractor you should prepare a list of your needs for the project. You should have detailed plans of the types of materials to be used. Use this list in your discussions with each potential contractor to enable you to compare bids.

Be open to suggestions and ideas about your project. You are hiring an expert whose advice can be very valuable. Your contractor may be the best source of recommendations regarding materials, for example. Beware of contractors who might try to sell you items you don't

need, or cut corners that, while resulting in a lower bid, may also result in a substandard job.

For your protections, be sure the contractor will follow all state and local building codes.

Never deal with a contractor who gives a bid without ever having come to your home.

Get Everything In Writing!!!

BID COMPARISON

Carefully compare the bids, bearing in mind that the lowest may not necessarily be the best. If fact, an unusually low bid may be a reason for caution. That contractor may be planning on using inferior materials or inexperienced help. Sometimes a contractor may be planning on making up the difference by charging you with lots of "extras" once the job has begun.

Remember that the bid can be used as a starting point in negotiations with a contractor you select. It should not be used as the final contract.

Compare prices, work quality, reputation, licensure and insurance before you make a final selection.

PERMITS AND INSPECTIONS

Your local building department can tell you if permits are required on your job. Permits provide an additional level of protection for consumers since an expert for code compliance and safety will review the project. Find out what inspections are required and call to schedule those inspections.

The responsibility for obtaining permits should lie with the contractor. In the event the building department finds problems, they will ask the contractor to be responsible for repairs.

Most jurisdictions required contractors to be licensed. A contractor who is licensed has demonstrated professional competence and shown proof they have liability and workers compensation insurance. For your own protections, make sure the contractor you are hiring is licensed (if required.) Call the building department in your area for contractor licensing requirements.

Listed below are the phone numbers you need to call to obtain a permit within Boulder County:

Boulder(city) 303.441.1880

Boulder(county) 303.441.3925

Erie 303.926.2780

Jamestown 303.441.3925
(County for code enforcement) . . . 303.449.1806
(City Clerk for permit Approval)

Lafayette 303.665.5588 x3331

Longmont 303.651.8332

Louisville 303.335.4584

lyons 303.823.6622

Nederland 303.441.3925
(County for code enforcement) . . . 303.258.3266
(Town hall for permit approval)

Superior 303.381.2028

Ward 303.459.3385

THE CONTRACT

The ideal contract should spell out every step of the project, including material and labor costs. Many homeowners simply sign a bid and let the bid serve as a contract. Bids may not be as specific or detailed as you need to provide you with the protection if a dispute arises.

The contract should be as detailed as possible with materials, colors, brand names, styles and models defined. The contract should specify the contractor and subcontractors' names and addresses, along with the names of material suppliers.

Don't be rushed into signing a contract before all the specifics are in writing and you understand everything you are signing. Then be sure you have a copy of all the paperwork involved, signed by both yourself and the contractor.

Be sure everything you have discussed in reflected in writing. Consider hiring an attorney to review your contract, especially if your project is large.

DATES

Project start and completion dates are crucial. Delays can occur due to weather and materials delays, but consumers need the protection of a specific start date and a completion date that leaves allowances for only very specific delays (i.e. materials ordered, weather, etc.)

INSURANCE

Be sure your contractor has the necessary insurance to cover the work and the workers, and ask for proof. Check with your own insurance company to see about your own coverage in the event of accidents or injury.

CHANGE ORDERS

There should be an agreement that the contract cannot be modified without the written, dated consent of both parties.

Change orders and "extras" can be the source of constant disagreement. The scope of your project may change during construction or the contractor may find unexpected problems while working. Get written change orders dated and signed by both you and your contractor before the work begins.

CLEANUP

This item can be a cause for disagreement if the responsibility is not clearly defined in the contract.

SCHEDULE OF PAYMENTS

Next to contractor reputation, a payment schedule is critical for consumers. Every year, consumers pay large amounts of money up front and the contractors disappear or do a small amount of work and then disappear.

Down payments are customary, but should not be more than a small percentage of the total job. A schedule of payments should be defined in the contract so that payment is made as work is completed. Final payment should only be made after the job is complete and you and the building inspector have had time to inspect the work. A holdback clause might be used to allow you to withhold a percentage of the final payment until all construction is completed and you are satisfied.

If it is a large project, we recommend you consult an attorney. There are additional methods of escrowing money and releasing it through a bank or other entity as work is completed.

WARRANTIES

Warranties given by the contractor should be defined in the contract. Any manufacturer's warranties for materials used in the project should be attached to the contract.

There are legal limits on any warranty claim you may need to make so be aware that you should act quickly if you notice a defect in your job. Notify the contractor in writing immediately, requesting prompt action and a written response.

JOB FILE

Be sure to keep accurate records of you project. Keep a file that includes the contract, plans and specifications, bills and invoices, cancelled checks, change orders, lien releases, letters or notes on conversations with you contractor, and change orders.

MECHANICS' LIENS

If a homeowner pays a contractor and the contractor fails to pay a supplier or subcontractor, the subcontractor could place a lien on your home to try to recover the money owed. A lien is a means by which the subcontractor or supplier has the right to take and hold or sell the property of a homeowner as a security or payment for the money owed to them for supplies or services provided for work on that property.

Colorado law makes it an affirmative defense against a lien to have paid a general contractor in full. This means if you can prove that you paid the general contractor, you may not have to pay the lien. But it might still involve going to court to prove payment.

You might want to obtain lien waivers from your general contractor, subcontractors and suppliers before your final payment. Another method to protect yourself might be to write checks to both the contractor and supplier.

DISPUTE RESOLUTION

A successful mediation can restore the relationship between the consumer and contractor and save money spent on lawyers and the courts.

Consider building a clause into your contract that requires you and your contractor to go to mediation or binding arbitration before going to court.

RESCISSION

You have the right to cancel a contract within three business days if you signed the contract away from the contractor's place of business -- your home, for instance. Use those three days to examine the contract.

If you cancel the contract, call the contractor and then be sure your cancellation is sent in writing by registered mail.

WHAT TO DO IF PROBLEMS ARISE

Communicate with each other. Most problems arise when people are unwilling to sit down and talk about the issues. Whether you communicate in person or via notes, work on maintaining a relationship that involves good communication, realistic expectations and respect for each other.

If problems arise that remain unresolved through attempts at communication and mediation there are a number of legal alternatives available.

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