

Home Improvement Contract Tips

By Alex M. Chazen



At some point, every homeowner is going to do some type of work to their house. Whether you are doing a full tear down and rebuild, adding extra living space, or redoing a kitchen or bathroom, the contractor that you hire is going to require that you sign a contract. What most homeowners don't know, and sometimes, they seemingly don't care, is that they have many protections within California law as to the requirements of these contracts, and every term should be negotiable.

Before going any further, let me be absolutely clear: every tip in this column applies to contractors that are licensed, bonded, and insured. You can verify at the California State Licensing Board website (cslb.ca.gov) that the contractor that you are interviewing is licensed, bonded, and insured. You should not permit any contractor to even step foot on your property for a consult without first verifying their licensure status. You may be able to find someone without a license that says they can do the same work for less money. However, as the old saying goes, "you get what you pay for", and not paying for a licensed contractor will hurt you in the long run by not having any protections for you if something on that job goes wrong.

In starting at the very beginning, you want to interview multiple contractors, and get multiple bids. This is not for the most intuitive reason – that you want to find the best price – but it can also help you learn about the various issues that each contractor foresees with the work, and can help you see the various ways that the same project can take shape. As with anything, getting and verifying references can be extremely useful, especially for a

project such as a kitchen or bathroom – where there are many contractors that claim they can do the work, and just as many claims that find their way to a lawyer's desk because the contractor really wasn't qualified to do the work.

After selecting a contractor, the next step is negotiating the contract. There are very few instances where you should simply sign the contract placed in front of you without having it reviewed by a lawyer, or trying to negotiate some of the terms. These instances are typically specific trade contractors (i.e. if you are putting up a fence around your front yard or having landscaping installed). Otherwise, you want to make sure that this contract actually protects you, and not just the contractor. For home improvements valued at more than \$500.00, California law requires for the contractor to only do work pursuant to a written contract (specifically, California Business and Professions Code section 7151 et. seq.).

The law has several standard provisions that are designed to protect home owners, and which give you rights – rights which you cannot negotiate away, namely there are rules that govern down payments (it cannot be more than the lesser of \$1,000.00 or 10% of the total contract price), a right to cancel the contract (within 3 days of signing the contract with no questions asked), and addressing the contractor's rights to placing mechanics liens on the property. If the contract presented to you by the Contractor is missing any of these required provisions, you should absolutely verify that the contractor has done this type of work before, because if they have a reputable lawyer, they would have advised their client to amend their contracts (something even I, as a litigator, do all the time).

The contractor will likely have other terms regarding payment schedules, their use of subcontractors, and what they expect of you during construction. You should make sure that you are comfortable with these terms before simply signing the agreement – violations of these provisions could result in your contractor walking off the job. The worst case scenario if you ask for a change to a term is that the contractor will say "No." If they want to work on your project, they will want to continue negotiating.

After the terms are agreed to, a step that is far too often overlooked is making sure that you have a copy of the contract that is signed by both you and the contractor. Just in case something goes wrong, the first thing a lawyer is going to ask you is to provide a copy of the contract, and if it is unsigned, it will be your word against the contractor's to determine whether the contract was actually valid.

Finally, when your contract is signed, and you've gotten plans drawn up by an architect, and permits pulled from the city, you are going to want to make sure that your contractor abides by the terms of the contract, and that they are completing work in a manner that you approve. For instance, if the original contract included an allowance to buy a bathroom vanity, and you decide to go out and purchase one yourself, make sure that you aren't then being charged for that allowance once the vanity is installed. An open line of communication is the sign of a good contractor, but also the only way to make sure that your home meets with what you had in mind when you hired the contractor. Remember, the contractor gets to leave your property once the work is completed; you have to live there until you decide to sell your home.

Making sure that you follow these simple tips could be the difference between hating a part of your home, or going through multiple contractors over the course of a project, and having a successful renovation/improvement that enhances your love for the place that you live.