



TOP HOME IMPROVEMENT QUESTIONS/ANSWERS for 3-18-10 NAHC Meeting –

(Reference: Lowe's Home Improvement Tips and NAHC BOD)

1) Are there Specific Questions I should ask a Contractor?

According to the National Association of the Remodeling Industry, sometimes it's not the responses you get that are important, but what you don't get. So you should trust your instincts and pay attention to the information that is obviously missing. Nevertheless, here are some questions NARI suggest you ask before signing that remodeling contract:

- * How long have you been in business?
- * What is your approach to a project such as mine?
- * Who will be working on the project? Are they employees or subcontractors?
- * Who will be assigned as project supervisor for the job?
- * Does your company carry workers compensation and liability insurance?
- * How many projects like mine have you completed in the past year?
- * May I have a list of references from those projects?
- * Are you a member of a national trade association?
- * Have you or your employees been certified in remodeling or had any special training or education?

It also wouldn't hurt to inquire about how trash and clean up will be handled and the times workers will begin and end work - this is not only for your convenience but also for your neighbors who have to endure the noise and fewer parking spaces that may result from your project.

2) What is the Definition of a "Variance"?

A "Variance" is a request made to your local jurisdiction - (primarily here the City and Homeowner Association BOD on a C & R Section) or... to deviate from current Zoning or C & R requirements. If granted, a "Variance" will allow you to use your land in a way that is normally not permitted by the Zoning Ordinance or C & R because it waives a certain requirement of the Zoning Ordinance or C & R Section. For example, it may allow the owner of an odd-shaped lot to reduce slightly the setback requirements in order to accommodate a building or addition, or permit the building of a gazebo in the backyard, or do something for the handicapped. Always check thoroughly all jurisdictions before proceeding.

3) Are there ways to SAVE money when using a Contractor?

Be an educated consumer: aggressively shop for the most reasonable bid, not necessarily the cheapest. Inexpensive, but shoddy, work only cost you more money in the long run. After you find a contractor, insist that trade discounts on materials be passed on to you, or buy materials yourself. Root out any unnecessary costs written into the contract, and compare payment alternatives - flat vs hourly rates, for example - and negotiate the more reasonable of the two. Also, do part of the project yourself. Disassembly and prep work can save you hundreds of dollars.

4) What should I know about Mechanic's Lien?

A mechanic's Lien is a "hold" against your property that provides contractors and suppliers legal recourse to assure payment for services. The Liens vary from state to state and allow for a cloud on the title of your property and foreclosure action. Also, if you paid the contractor, but he failed to pay the subcontractors and laborers - who do not have a contract with you - then the workers may file a mechanic's lien on your home. This could result in a double payment by you for the same job. You can protect yourself from the unwarranted liens by selecting your contractor carefully and managing your construction project responsibility. Also, most construction lenders will specify a payment distribution process that involves the securing of lien waivers. The remodeling contract should address this as well, assuming that the general contractor is responsible for all the payments as well as, assuming any costs required to remedy lien disputes that may arise.

5) Does the Government offer assistance with Home Improvements?

YES. Two very popular programs offered by the Department of Housing and Urban Development (HUD) include the Title 1 Home Improvement Loan and the Sections 203 (k) program. In the first program, HUD insures the loan up to \$25,000 for a single-family house to cover alterations, repairs, and site improvements. The latter program, which also insures mortgage loans, is HUD's primary programs for the rehabilitation and repair of single-family homes. Loans are also available from the Department of Veteran Affairs to buy, build, or improve a home, as well as refinance an existing loan at interest rates that are usually lower than that on conventional loans. The Rural Housing Repair and Rehabilitation Loan program, funded by the Agriculture Department, offers low-rate loans to low-income rural residents who own and occupy a home in need of repairs. Funds are also available to improve or modernize a home or to remove health and safety hazards. The federal government isn't alone in its efforts to provide assistance. As we heard tonight local and state governments offer special home improvement programs. Contact your governor or mayor's office for more details.

6) What factors should determine whether to Move or Remodel?

Your personal needs, preferences and finances are all factors. If you've lived in your home awhile and prefer to stay in your school district or neighborhood, improving your existing space may work the best for you. If a second bathroom is what you desire, it may also be cheaper to convert existing space than to relocate to another home. According to the American Homeowner Foundation, you can expect to spend 8-10% + of your current home's value when you move. Ask yourself if that money can be better spent on a remodeling project instead. Chances are you'd increase your home's value, derive more pleasure from your home than you did previously, and save yourself the time, expense, and headache of a move.

7) Should I hire a professional or do the job myself?

It depends on the complexity of the project and your ability to do the job well yourself. Really consider whether you have the time, skills, tools, help, and legal knowledge of local regulations to get the job done. While you could save up to an estimated 20% of the project cost doing the work yourself - there are plenty of how-to books and workshops offered by home improvement stores to guide you - be aware that could also end up spending more money and time if you botch the job or unforeseen problems arise. Think, too, about resale value. If the quality of your work is less than professional, your home's value could drop. So, unless you're highly skilled or experienced, shy away from major home improvements that involve structural changes. Stick to building shelves, painting, and other minor improvements instead.

8) Who should be called to the Project first - the Contractor or the Architect?

Opinions vary about which professional to call first. Some say the architect comes first because "you have to design it before you can build it". The architect, who is trained to resolve problems creatively, can help define the project in ways that provide meaningful guidance for the design. The architect can also do site studies, help secure planning and zoning approvals, and perform a variety of other pre-design tasks.

On the other hand, a Contractor will be the one you interact with on a regular basis and the person who will likely be in your home every day, possibly for an extended period of depending on the scope of your work. Many Contractors have in-house design services or design-build firms, and can possibly offer better price and integration between design and implementation. Others may have several architects with whom they work directly, which could also provide a smooth integration between design and implementation.

9) What Guidelines should I follow to find a Contractor?

Always exercise caution and be comfortable and confident about your final decision. This means selecting a competent and reliable contractor with a track record who can complete the job without hassles or negative consequences. What you can do:

- * Get word-of-mouth referrals. Ask friends, family, co-workers and neighbors for the names of established, local contractors in your area; avoid the telephone book - but use your local Chamber contacts.
- * Call trade groups. When all else fails, contact local trade organizations, such as the local builder association or the Remodelers Council, an arm of the National Association of Home Builders, for the names of reputable members in your area.
- * Associate with licensed contractors. Many states require Contractors to be licensed and bonded. Contact your state or local licensing board to ensure the Contractor meets all requirements and has a decent record. The Better Business Bureau and the local Consumer Affairs Office can also tell you if any complaints have been filed against the Contractor and how they were resolved.
- * Conduct interviews. Talk with each Contractor (and Owner if possible), request free estimates, and ask for recent references. When dealing with several different contractors, make sure they're bidding on similar project specifications and quality of work. Remember again, the lowest bid isn't always the best.
- * Check insurance information. Most states require a contractor to have worker's compensation, property damage, and personal liability insurance. Ask for proof of this insurance and get the names of the insurance company to verify the information, and to ensure that all-minimum insurance requirements are met. You could be held liable for any work related injury if the contractor is not covered.

10) Once I choose a Contractor, what items should be covered in the Contract?

According to the National Association of the Remodeling Industry, a well-written contract should contain the following information:

- * The Contractor's name, address, telephone and license number, if applicable.
- * Details about what will and will not be done.
- * A detailed list of materials for the project, including model, brand name and color.
- * The approximate start date and substantial completion date.
- * A written notice of your right to cancel a contract within three business days of signing, without penalty - provided the contract was solicited at some place other than the contractor's place of business or appropriate trade premise.
- * Financial terms that are spelled out clearly, including payment schedules and any cancellation penalties.

*A one- year minimum warranty identified as either "full" or "limited" to cover materials and workmanship, as well as the name and address of the party who will honor the warranty

*A binding arbitration clause, in the event a disagreement occurs.

* Finally a possible statement that you will not be responsible if payment to the contractors, subcontractors, and suppliers are not made.

* You may also want to establish that the contractor should obtain all the necessary permits and that all blank spots in the contract be filled in with phrases like "does not apply".

11) What if a Contractor bungles a job?

If you have a legitimate complaint, keep after the Contractor until the needed repairs or alterations are made. If this fails, contact your local Consumer Protection Agency, keep a copy of the contract, receipts, and photographs of the work. Although it has no legal authority, you also may want to contact the Better Business Bureau, as well as your state's Contractor License Board. And you can take the contractor to Small Claims Court, although the amount you would be able to recover varies from state to state. California, for example, allows judgments up to \$7,500. It's \$5000 in Virginia and less in other jurisdictions.

12) Does the Contractor have to provide a Warranty for the work?

It depends on whether a warranty is required by state law. If your Contractor offers a warranty, which ensures quality workmanship and required repairs if faulty products or workmanship is discovered, ask to see a copy of the written provisions to make sure you have sufficient protection from defective work. You may want to become familiar with your state law, if applicable.

13) Do I have to be concerned with Building Codes and Permits?

Depending on how your contract is written with the home improvement professional, either you or the contractor will be responsible for securing government approval to perform most remodeling jobs. Building codes set minimum public-safety standards for such things as building design and construction. Codes vary from one state, county, city, and town to the next, but specialized codes generally exist for plumbing, electricity, and fire. Each usually involves separate inspections and inspectors. In addition, Permits are generally required when any structural work is planned or the basic living space of a home is altered. They generally cover new construction, repairs, alterations, demolition, and additions to a structure. Some jurisdictions require permits to be posted in a visible spot on the premises while the work is being done. Besides structural changes, Permits also may be needed to cover the installation of foundations for tanks and equipment, as well as the construction or demolition of ducts, sprinkler systems, or standpipe systems.

14) Are Window Replacement and other Home Improvements tax deductible?

Yes, Window replacements are at least for a limited time. Congress made it a little easier to upgrade your windows while reducing your taxes. The Energy Policy Act of 2005 offers consumers a tax credit for replacing old appliances and home products with energy efficient models. The tax credit is up to \$200 with the purchase of qualified doors, windows, and skylights. Look for the ENERGY STAR label. The Department of Energy and the Environmental Protection Agency developed the designation for products meeting certain performance criteria. The tax credit is good for purchases made in 2006 or 2007 but does not include installation costs.

Other major deductible Home Improvements come only after you sell your house.

15) See the City's Brochure on Sewer Issues & GREEN ENERGY Savings Program & Free Tips.

16) See the Naperville Area Chamber of Commerce Home Team Handouts