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## What Your Contractor Doesn't Want You to Know

You think of your contractor as an ally and partner — but he's a primarily a businessman who may not reveal all. Here's how to level the playing field.



Don't rely on a contractor to design your space. That's what architects, design draftsman and interior designers are for. You've asked friends to recommend great contractors, picked your favourite, checked references — and maybe even conducted an online background check on his business. So you know you've found a top-notch guy for your home improvement project.

But remember that his bottom line is getting you to sign a contract, and he's not going to mention anything that might get in the way. Before you make a commitment, here's what you need to know in order to protect your own bottom line.

### 1. He's Not the Only Game in Town

Even if you believe you found the best contractor in the area, don't hire him unless you're sure he's right for your project.

Homeowners should solicit at least three quotes from three different contractors before awarding any home improvement project. This way you can make an educated hiring decision by comparing costs, methods, and materials and contractors.

**What you should do:** Make sure you have a basis for comparison when asking for quotes. Provide each contractor with the same project details. This may include materials you wish to use and floor plans. Although cost should be one of your deciding factors, other points to consider include scheduling, quality of workmanship (viewed fist hand if possible) and communication style.

**TIP:** Once you've picked the best contractor for the job, keep your project on track with an ironclad contract. The Devil is in the detail as they say. Use an industry association contract where possible

### 2. He's Going to Farm Out the Work

General contractors often don't do the physical work themselves. They might have been carpenters, electricians, bricklayers, roofers or plumbers, but now that they run their own businesses, they've retired their tool belts.

Instead, their role is to sign clients, manage budgets, and schedule a cast of subcontractors. When he's trying to win your business, a contractor can be pretty vague about how involved he's going to be — and who will be running the job day-to-day.

**What you should do:** Inquire who will be in charge of the job site. Ask to meet the job foreman or site supervisor, preferably while he's at work on a current job site. "Maybe he's a chain smoker or doesn't speak

English or who knows what?" You want to make sure you feel comfortable with him.

**TIP:** Don't underestimate the power of being nice. It can help keep your contractor and his crew on track while improving the quality of their work.

### 3. A Big Deposit is Unnecessary — and Possibly Illegal

When you sign a contract, you're usually expected to pay a deposit. But that's not for covering the contractor's initial materials or set-up costs.

If his business is financially sound and he's in good standing with his suppliers, he shouldn't need to pay for anything up front. In fact, many states limit a contractor's deposit. Most reasonable contractors limit deposits at 10% of the job cost, or \$1,000 — whichever is smaller. To find out what the law is in your area, check with your local or state consumer protection agency or the local contractors associations like the MBA (Master Builders Association), the HIA (Housing Industry Association). The laws on deposits may vary from State to State, however a simple phone call to confirm is well worth the effort.

**What you should do:** A small deposit is reasonable to kick off a project. But your payment plan should be based on a defined amount of work being completed. This way, if the work isn't proceeding according to schedule, the payments will be delayed.

**TIP:** Do your research and know your rights before selecting a contractor and drafting up contracts, even getting a solicitor to check your contract before you sign anything could save you a lot of heartache in the future.



### 4. He's Not Only Marking Up Labour, But Materials, Too

No contractor wants to talk about it, but he's going to mark up everything he pays out to make your job happen. That's fair; it's how he pays his own overhead and salary. Keep it in mind that the 10% to 20% mark-up applies not just to materials but labour costs, too.

**What you should do:** If you can handle buying items such as plumbing fixtures, cabinets, countertops, and flooring, ask your contractor to take them out of his bid price. Be sure to agree on specific numbers and amounts of what you'll be buying, and that you'll have the items to the job site when they're needed. You could save 10% to 20% or more from what your contractor might charge.

**TIP:** Salvage materials are one way to save on building costs. Just make sure you use recycled stuff wisely so you don't harm your home's value.

### 5. He's Not the Design Whiz He Claims to Be

Sure, there are contractors who have strong design abilities. Chances are, however, they're spending a lot more time running their businesses than honing their design chops.

**What you should do:** Depending upon the complexity of your project, you may need a number of skilled pros to get the job done. So don't count on a contractor to design your space and add clever details, unless he clearly demonstrates his abilities and has a portfolio of his own work.

Ask his references specifically about his design skills. Keep in mind, in some instances you might be better off hiring an architect for overall planning, and a kitchen and bath designer for the details.

To find out more or to get your home inspected call your local independent property inspector on **1800 17 88 22** or email [info@ipi.net.au](mailto:info@ipi.net.au)

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