

The Most Important Information You Can Read if You are Planning on Remodeling Your Home.

"The Homeowner's Guide to Successful Remodeling"

by Britton Homes

348 Union St. Ashland, MA 01721

www.Britton-Homes.com 508-231-8700

Each year there are well over 100,000 complaints and lawsuits filed by unhappy homeowners against contractor's nation wide. There are over 2,500 Remodelers in eastern Massachusetts, fewer than 200 are members of the National Association of the Remodeling Industry where professional Remodelers meet to share best practices in construction and business and further their education in their field. With so many less than qualified people out there calling themselves "Remodelers" or "Contractors", how can you tell the difference between the guy with a truck and a cell phone who might do the job right and a professional Remodeler who does quality work at accurate prices?

This report is intended to help guide you through the difficult and sometimes dangerous world of remodeling by helping you ask the right questions and make educated decisions along the way. I would like to make a note here that most contractors are honest people trying to do a good job. Unfortunately many of them lack the knowledge, experience and education to make the process an enjoyable and successful one for you, the homeowner. To make matters worse, because of the low barrier to entry in the remodeling field, there are a small percentage of actual criminals who go around acting as contractors. Before you get too nervous, rest assured that with a little due diligence, these people can be weeded out before they ever get any of your hard earned money.

Having completed hundreds of remodeling projects and built hundreds of new homes, we at Britton Homes have developed proven procedures that virtually eliminate the headaches and hassles so often associated with remodeling. Our ultimate goal is to provide our clients with a service that exceeds their expectations...every time. If you talk to our past customers you will hear that we are well on our way.

When considering a remodeling project, there are a number of steps that should be followed to make it a pleasant and successful endeavor. We have broken them down into 10 steps listed below.

Step 1: Know your goals

Is this project a financial investment or a lifestyle investment? Are you trying to get your home ready for re-sale or are you looking to create additional or updated living space for you and your family to enjoy?

If you are thinking about remodeling your home in order to improve its value for resale, there are a few questions you need to ask yourself before you make a commitment to remodeling:

- How much am I willing to spend on improvements in order to sell the house? The cost of remodeling should be appropriate for the expected value of your house.
- Will my investment in remodeling actually increase the market value? To sell your house quickly you need to focus on projects and designs that appeal to the average buyer. A competent Remodeler can

help you with an appropriate design, based on his experience, which will increase the overall value of your home.

- How long before I want to sell? A realistic schedule for completion is mandatory. The last thing you need if you are selling your house is an ongoing remodeling project. Be sure your Remodeler can give you a written schedule with a realistic time frame for completion.

If increasing the market value isn't your primary concern, then you are probably interested in improving your home's appearance and functionality for your own enjoyment. This is a much easier project to plan because an appropriate design can be anything you want and are willing to pay for. Involving a talented and competent design/build Remodeler is invaluable at this point to ensure your project is designed to meet your aesthetic and functional demands.

Step 2: Know your vision

Now that you know the goal of the project you need to decide what exactly you are looking for in the end result. What do you want the finished space to look like, feel like and how do you want it to function. Spend some time looking through magazines and paying attention to the homes of your friends and families. What appeals to you? What turns you off? A good design/build firm will help you with this by understanding how you and your family use your home on a daily basis. By asking specific questions we can better understand what features of your home are working well for you and what needs to change.

Step 3: Select the right contractor or design/build firm

This one step will alleviate 90% of the problems homeowners typically experience during a remodeling project. Hiring the wrong contractor can be a nightmare of expensive change orders, sloppy work and projects that are not done right or never seem to end. Each year there are well over 100,000 complaints and lawsuits filed by unhappy homeowners against contractors. By choosing the right Remodeler you can eliminate those "money pit nightmares" so commonly associated with remodeling. But with over 2,500 "contractors" in Eastern Massachusetts, how can you find the ONE who is right for you?

Here are 14 questions you need to ask any contractor before you ever get a bid:

1. Where are you licensed and do you pull all necessary permits? A license means they are properly registered with the state and meet all legal requirements. If they ask you to get your own permits, or suggest permits aren't necessary, then you need to move on to the next firm. The owner of Britton Homes is a licensed Construction Supervisor as well as a licensed Home Improvement Contractor in Massachusetts. In addition, both lead carpenters who will oversee the day to day operations of your project are licensed Construction Supervisors. It is important to know that the people who will be responsible for your project are committed enough to their profession to obtain the education necessary to secure a license in their field.

2. Will you give me a final written lien waiver? A Lien waiver protects you in case the contractor does not pay his suppliers or subcontractors. If this happens you may be liable for any unpaid bills by the contractor. It doesn't seem fair but even if you have paid your contractor as agreed in your contract with him if, for example, he hasn't paid his lumber supplier for the materials used to build your addition, the lumber supplier can come after you for that money.

3. How long is your warranty and what does it specifically cover and not cover? Make sure you get specifics. Ask them if they offer a written warranty for the work they do. Responsible, legitimate Remodelers will have warranties for their work and materials, and will honor all manufacturer warranties. A warranty is just a piece of paper in a file if they can't or won't stand behind it. Ask for specific examples of what is and is not covered.

Our warranty is 3 years. More importantly, we react quickly to correct any problems that pop up. Your long term satisfaction is crucial to our company's long term prosperity.

4. Do you carry at least \$1,000,000 in liability insurance? What happens if a contractor damages your yard, home or furnishings? If he is inadequately insured, (or worse, not insured at all), you have to foot the bill for repair or replacement. Be sure your Remodeler is fully insured for at least \$1,000,000. Don't accept self insurance as a replacement for quality liability insurance. Demand updated proof of insurance.

We take extra precautions to protect your home, yard and furnishings (we'll be happy to explain exactly how we'll do that for your home), but if an accident does occur we have \$2,000,000 in liability insurance to cover the damages. To give you an idea of our track record for safety, we have never had a claim.

5. Do you carry worker's compensation? If an employee of a contractor (or subcontractor) gets injured on your property, did you know that YOU can be held liable if the contractor doesn't carry worker's compensation? It's crazy, but true. Protect yourself by demanding proof, in writing, of current worker's compensation insurance coverage.

We carry Workers' Compensation Insurance to protect you.

6. What is your policy for managing change orders? Unexpected change orders can drive the cost of a project far beyond your acceptable budget. In fact, the industry average for change orders is 20% more than what was bid! Some contractors will just make a change to the project and hit you with a surprise bill.

For your protection as well as ours, your approval is required before any change orders are implemented.

7. Will I receive a written contract? Always ask for a written contract that clearly defines the scope of work, the cost of the work and the time frame for completion. Surprises in the remodeling business can be extremely expensive. Avoid problems by getting a written contract and be sure to review the contents in detail.

For a more thorough discussion of contracts and what to look for, see Step 6 of this booklet.

8. Will you use an in-house designer and will they actually come to my house before creating the drawings? This is a critical question. So much depends on how the design is done. The best approach is to have the actual designer involved in the project on a regular basis.

Britton Homes is a Design / Build firm and we take it a step further. Your designer will be on the job site to create your design as well as for certain milestones during the project to ensure your joint vision is being realized. You can even work with your designer in your home. If you want to make a design change they can do it in a matter of hours not days, or weeks. This eliminates any confusion and "translation" problems that so often occur with other approaches (We do work with some architects but only if we are convinced that they are willing to commit to the level of involvement necessary to achieve our customers vision.)

9. Will you provide detailed drawings and budget estimates before I commit? To absolutely know what you're getting and what it will cost, you must have a set of drawings and a thorough budget.

Our method is a 2 step approach. The first step is a Design Agreement. If the rough budget range we present for your project is acceptable to you we enter into a Design Agreement. As part of the Design Agreement we will develop the design for your project as well as a detailed estimate for the cost of the work. The second step is the Construction Contract. If you decide to have us complete the construction of your project we will apply the fee for the Design Agreement to the cost of the project.

The cost of the project is the same as the detailed estimate developed during the Design Agreement unless you decide you would like to make changes to the scope of the project.

10. What systems or software do you use for project costing to ensure an accurate bid?

Thorough and accurate budgeting for most remodeling projects requires hours of professional scrutiny. Making sure all the necessary materials and subcontractors are priced correctly and that appropriate labor resources are defined is a critical task for accurate budgeting. A systematic process using good software as well as experience building your particular type of remodeling project play a critical role in making sure your bid is accurate.

Remember that the industry average for change orders is an additional 20% more than the original bid. That can often be avoided if the contractor has a good budgeting process. We use job cost data from our accounting program, QuickBooks, which enables us to create extremely detailed budgets and bids. QuickBooks contains job cost data for all of our past projects so that we can confidently see what each component of a project has cost. Then, by looking at recent projects that are similar to your proposed project, we can get a very accurate estimate of the cost to produce your remodeling project.

11. How do I know you are as good as you say you are? The reputation of any Remodeler is very important. The best source of information you have is references of past clients. Always ask for references before you get a bid, and follow up with them. Specifically, ask to speak with a customer who is in the middle of a project, a customer who has recently finished a project and a customer who completed their project three or more years ago. This allows you to get three very different perspectives on your potential contractor. You can also get information about your prospective contractor by contacting the Building Inspector in the Inspectional Services division at your Town Hall. If your building inspector isn't familiar with a contractor you are considering that isn't necessarily a bad thing. However, if your building inspector says "Oh, that guy." then you will want to proceed with caution.

We always maintain a list of references from our long list of satisfied clients. This is one of the first things we give you. If you would like to see our full list or speak with more references we would be happy to accommodate you. For the sake of our customers privacy we do not like to circulate the full list on a regular basis.

Another important step in determining if your contractor is as good as they say they are is to see pictures of the contractors completed work as well as walk through one or more of the contractors completed projects to make sure that he is capable of delivering the type of project you expect.

12. How many projects have you completed that are similar to mine? If they haven't done work that is similar to what you are proposing, move on. Remodeling is not like new construction (we should know, we've done both) and pitfalls abound when someone is learning on your home. The project will likely take longer, cost more and never finish up the way you had expected. Let contractors learn on their own homes or someone else's. Your home is too important to be practiced on.

13. Do you have a pre-construction logistics walk through? Making sure the flow of people, material and equipment is well thought out before the project begins will minimize disruptions to you and your neighbors.

Our plan is so specific we know where the dumpster and the "port-a-potty" go before we ever start the project.

14. What specific precautions will you take to protect my floors, furnishings and landscape?

Thousands of dollars of damage can be done to your home if proper precautions are not taken to protect it.

Each remodeling project is unique and we will tell you how we plan to protect your home during the remodeling process before we begin to disturb it. At that time you can also let us know about any particularly special or valuable items so that we can take extra care to make sure nothing happens to them.

Step 4: Clearly communicate your vision

The outcome of a successful remodeling project is dependent on how well the project is designed and planned. This can be done through a design/build firm or using an architect and a qualified contractor. Some contractors may try to work from a quick hand sketch or just a conversation. Be wary. Does that two dimensional black and white sketch clearly communicate the details of what you want the space to look like when it is finished? What about colors, materials, 3D spatial relationships, lighting, etc... Anyone can build what they think you want. A detailed design makes sure that the contractor knows what you want.

Step 5: Develop a detailed cost projection

Before a design is developed, your contractor might be able to give you a budget range. However, a detailed estimate is only possible after the details have been worked out in a complete design. A big cause of cost over runs in construction projects occurs when homeowners don't realize that the 'Free Estimate' they received is worth exactly what they paid for it, NOTHING! If you enter into a contract based on a free estimate, do so knowing that the final price will likely be significantly in excess of the estimated amount or the scope of the work could be less than you had envisioned.

Comparing pricing on custom remodeling work can often be very difficult because there is no good way to know the quality of one contractor's labor, subcontractors and material versus another contractor. One good source of information is Remodeling magazines annual 'Cost vs. Value Report' available at costvalue.remodelingmagazine.com. It describes many common remodeling projects as well as the average job cost and resale value for those projects based on information from Remodelers and real estate brokers across the country. By gathering information here you can better evaluate the estimates you review. If the kitchen remodel you are considering is somewhere between the description for a midrange and an upscale Major Kitchen Remodel then you have a rough budget range that you can expect proposals to fall within. For 2009 in New England that would be somewhere around \$86,000. If you are considering proposals that are either higher or lower than you would expect based on this information that is gathered from thousands of professionals across the country, your contractor should be able to provide you with some solid reasoning as to why their price is so far off from average. If they can't, and you are looking at a \$40,000 proposal, your first thought shouldn't be "I'm getting a great deal!" it should be "What has this contractor missed in his proposal, or where is he going to cut corners to make up that large difference?"

Too often consumers select a contractor using price as their main selection criteria. They get three bids from various contractors and then choose one using an arbitrary formula like going with the middle, or taking the lowest bid. We've seen it all. This happens when price is the only understandable

information they have. Using price as the primary selection criteria has a lot of risk associated with it. Too often we've been called in to clean up after someone else's "low" bid because they didn't have the expertise to do it correctly the first time. Unfortunately, the consumer ends up paying substantially more than the original bid to get it done right. Sometimes it's out right incompetence, and sometimes its poor bidding practices that don't factor in all the details of a project. Using price alone to select a contractor is a very risky proposition. Use the questions in Step 3 to help you get enough information to identify a Remodeler you can trust to give you an accurate bid, and help you to tell the difference between one bid and another using all the pertinent data, not just price.

Step 6: Understand the Contract

Your contract should detail all of the information pertaining to the scope of the work to be done, the cost of the work and when payments are due. The contract should also include the schedule for the project and the warranty that goes with the work. The contract is the legal document that outlines the contractors' and the homeowners' responsibilities. If you have discussed some specific issues with the contractor and it is not included in the contract, find out why and make sure it is added before you sign it. Don't let anyone pressure you into signing a contract until you fully understand it. You may think "he must remember that we decided to replace the kitchen flooring" but if you don't see any mention of it in the contract make sure it is added. Another reason that change orders average 20% in this industry is because there is sometimes a large gap between what the contractor remembers and what the homeowner remembers. Be safe and get it all in writing. A professional Remodeler shouldn't need any prompting from you to create a complete and detailed contract.

Step 7: Pre-construction

Now that the design is done and the contract is signed there are a number of tasks that need to be performed to be ready to build the project. These include items like getting permits, scheduling subcontractors, ordering materials and getting them to the site. A professional Remodeler will handle these steps for you but you will still want to discuss what happens between the contract signing and the start of the project to make sure that your contractor knows what he is doing and so that you are informed of anything you need to address before the project can begin. You don't want to be waiting for the project to start and then find out that your contractor thought that you were going to order the cabinets; that's why his bid was so low.

Step 8: Project Management

What will your involvement be during the construction phase of the project? With a professional Remodeler, your required involvement should be minimal. You may be a hands on person who wants to closely watch the progress of the project and you are welcome to do so. Just make sure your contractor isn't using you for free labor. The disruptions to your life should be kept to a minimum and you shouldn't be responsible for meeting or coordinating with subcontractors, inspectors, material deliveries, etc... You are hiring a contractor to manage the remodeling work so that you can continue to live your life. Make sure he is the one who is going to manage the work and not you.

Step 9: Enjoying Your Finished Space

At the end of the project, your Remodeler should walk through the finished space with you to make sure all of your concerns have been addressed. Your Remodeler should also give you instructions about how to use and maintain your new space. This may include items such as how and when to change the filter in your furnace or how frequently you need to seal your granite countertops.

If you have followed the above steps, you should be extremely happy with the finished space and not at all surprised with the end result. You might also find that while you are happy to have the use of your space back, you are sad to see your Remodeler leave. This is a great indicator that you have done a good job planning and executing a stress free remodeling project.

Step 10: Customer Care

You didn't really think we were gone for good did you? A professional Remodeler will follow up with you after the project is completed to make sure that you are still happy with the project and to take care of any problems that may have come up after they left. A typical follow up schedule is 3 times over the course of the first year. Massachusetts requires a minimum warranty period of 1 year.

Our goal is to create customers for life so it is important to us that you are as happy with your project years after completion as you are on the day we leave. With this goal in mind we offer a 3 year warranty and have been known to come back to correct minor issues that occasionally arise even after 3 years.

If you've taken the time to review this document, you should be well on your way to getting exactly what you want out of your remodeling experience, with minimal headaches and hassles. If you like the approach you've seen in this document then Britton Homes might be the right Remodeler for you. We invite you to visit us on the web at www.Britton-Homes.com or give us a call at 508-231-8700.

No matter whom you decide to use for your project we trust this information will help you in making the very best decision for you. If we can be of service to you or anyone you know please give us a call. We would love to add you to our list of extremely satisfied clients.

Helpful Resources

To see if complaints have been filed against a contractor you are considering contact:

Massachusetts Attorney General's Office (617)-727-8400
Office of Consumer Affairs and Business Regulation (617)-973-8787
The Building Inspector in the Inspectional Services Department at your local town hall.

To find a professional contractor in your area contact:

National Association of the Remodeling Industry 800-611-6274 www.nari.org
Eastern Mass Chapter of the National Association of the Remodeling Industry 508-907-6249 www.emnari.org

For helpful information on project costs and the value that project adds to your home:

Remodeling Magazines Cost vs. Value report costvalue.RemodelingMagazine.com

Britton Homes, LLC
348 Union Street
Ashland, MA 01721

www.Britton-Homes.com
888-411-9885 (toll free)
508-231-8700 (local)
jim.britton@britton-homes.com