

Post-Catastrophe Property Repair Tips

Experiencing property damage due to a catastrophic event can be stressful and rebuilding can seem unmanageable. Use these tips to help you through the repairing and/or rebuilding process so you can get your property repaired and back in working order.

Tips to Hiring a Qualified Contractor

After a catastrophe, salespeople go from door to door offering clean-up and repair services. While many of these people are honest and reputable, some may have other motives.

Below is a list of recommendations from various governmental authorities to help you protect yourself from unscrupulous operators.

- **Get an Estimate**

Don't be rushed into signing a contract with a company. Instead, collect business cards and get several written estimates for the proposed job. Be especially suspicious of door-to-door sales people who make "lowball" estimates, refuse to leave a contract overnight or try to sell their services to you by playing on your emotions.

You can also call your insurance adjuster and request an estimate of the damage and probable repair cost. This will give you a benchmark estimate prepared by a professional that you can use to negotiate with contractors.

- **Review the Contractor's Background**

If a contractor comes to your door and offers to do repairs, you should thoroughly review their background by asking the following questions:

- **Does the contractor have a permanent business location? Be careful when contracting with out-of-town businesses.**
- **How long have they been in business? It usually takes several years to establish a financially sound business.**
- **Will they be around after the construction is complete to service any warranties?**

You should also inquire about the contractor's professional reputation by talking with banks, building material suppliers, or the contractor's previous customers. Check with the Better Business Bureau to make sure the contracting firm has no outstanding consumer complaints filed against it. And if the salesperson is unknown to you, write down his or her driver's license number and license plate number.



• Check for Insurance

Your insurance contract may allow for temporary repairs as necessary, but beware of contractors who want to spend large amounts on temporary repairs. It is possible that a permanent repair can be made for a small additional amount. Your insurance adjuster can be helpful in determining when temporary repairs are necessary.

When a contractor is hired, make sure they have a performance bond and are registered or licensed. In most states, all contractors doing business in the state are required to be registered or licensed. This does not guarantee the contractor's performance, however it does mean that the contractor has at least minimal liability insurance and a surety bond to help protect you if there is a problem.

You should also ask to see a copy of the contractor's insurance certificate or the name of the insurance carrier and agency. Make sure they carry general and personal liability insurance, property damage insurance, and workers' compensation.

Do not do business with a contractor who does not have these insurance coverages. If the contractor is not insured, you may be liable for construction-related accidents that occur on your property. You can easily verify the coverage by calling the insurance carrier.

• Get Everything in Writing

Make sure there is a well written contract and if there are substantial costs involved, then have a lawyer review the contract. Be sure to keep a signed copy of the contract and that the contract is complete – never sign a contract with blanks because unscrupulous salespeople may enter unacceptable terms later.

It's important that you get everything in writing and read the fine print. This includes:

- Written details of the total cost
- Details of the work to be done
- Time schedule
- Project guarantees – what is guaranteed, who is responsible and how long it is valid
- Payment terms
- Other expectations

Never pay the contractor in advance or before the work is completed. If the contractor asks for money up front to buy materials, you should buy the materials yourself and pay by check or credit card. Then, if the contractor does not fulfill the contract, at least you will have the materials.

During construction, be suspicious if the contractor tells you he/she is out of money and needs more money for materials or to proceed. Make sure to keep a job file containing all documents related to the repairs or replacements.

It is also important to have the work inspected. If excavation work is being performed, such as sewers or basement walls, then make sure a qualified observer inspects the work before it is hidden from view to avoid problems in the future.



Tips to Obtaining a Good Contract

It's important that you have a well-written contract that has been studied by a lawyer and is fully understood by all parties involved. A good contract should include the following specifications:

- **Itemized Estimate & Statement of Work**

The best contractor estimates will itemize all of the work to be done and the cost of the specific work. This will facilitate agreement between your insurance company and the contractor in reaching an agreed cost of repairs. Contracts that simply give a lump sum figure for repairs may leave key repair items undone or overcharge for certain other repair items.

The estimate should also include a start and end date for work with consequences if commitments are not met. Lastly, you should not be required to pay more than a 15 percent deposit to begin the work.



- **Clearly Defined Payment Schedule**

Most contracts have payments spread out in increments during the course of the construction period. A payment schedule tied to the completion of specific stages of construction and a withholding of 5-10% of each periodic payment will help ensure completion of all items at the end of the construction period.

The payment schedule should also include the following details:

Inspection Reports: Requests for progress payments should require inspection reports to be submitted in order to verify that all work was inspected and meets code requirements.

Staff Payments: Each incremental payment request should also be accompanied by appropriate paperwork establishing that all material and suppliers, subcontractors, and workers have been paid to date.

Waiver of Liens: The contract should include a clause containing an affirmation by the contractor as to the "waiver of liens" and an acknowledgment by the contractor that all payments are made in specific reliance on such representations.

Final Inspection: The last payment should not be due until after your final inspection, all code and permit inspections are complete, a certificate of occupancy is received (if required), and the contractor and each supplier and subcontractor provides a release and lien waiver.

Final Payment: Never release the last payment until all work is completed. Once that is done, have the contractor sign an affidavit stating that all subcontractors, employees, and building supplies have been paid. This protects you from future civil liens against your property or business.

You may want to consider placing your construction money/insurance proceeds in an escrow account with your bank or attorney. Also, if the contract is with a company, be sure to make all checks payable to the contracting company, not in an individual's name and do not make cash payments.

• Specifications

Lastly, the contract should clearly specify the following:

- Who will obtain permits and in what name - you should never be responsible for obtaining the permits.
- The contractor must be fully licensed and insured. Make and keep a copy of any licenses.
- Only subcontractors that are fully licensed and insured will be used.
- All contractors will be in compliance with all permitting and inspection requirements.
- All inspections will be conducted by your local building authority.
- How changes and/or cancellations are to be handled.
- Warranty exceptions.

Find a Contractor in Your Area

Need help finding a qualified contractor? Use the following resources to locate licensed contractors:

California Contractor State License Board

www.cslb.ca.gov/consumers

800.321.2752

Contractor's License Reference Site

<http://www.contractors-license.org>

Click on the map to see if a contractor is licensed in the particular state state

Reference sources for additional information:

Federal Emergency Management Agency: www.FEMA.gov

Small Business Administration: www.SBA.gov

National Insurance Crime Bureau: www.NICB.org

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