

# CONSTRUCTION/REMODELING CONTRACT CHECKLIST

## General Terms

- ✓ A good contract should have two sections to it. The first is the general practices that will be followed, including issues such as:
  - ✓ Parties to the contract
  - ✓ Starting and ending dates, what penalties will occur if work isn't completed on time
  - ✓ If payment will be made at completion or at identified intervals
  - ✓ If "change orders" - revising the scope of work while in progress - are permitted, and providing for an update to the work description and cost estimates for budget increases or decreases
  - ✓ Any special instructions – e.g., if the home's electricity, water, bathrooms can be used; if/when cleanup will be done; who's responsible for moving furniture, etc.

## Scope of Work and Bids

- ✓ A contract's second section should either provide a detailed description of the proposed work and charges or the description should be provided in a separate "scope of work" document that's incorporated into the contract. Make sure all bids/scopes of work are prepared using the same format so they can be compared "apples to apples" across contractors.
- ✓ The description of proposed work should outline in detail the location and features involved, materials to be used and quality/rating, character of products that will be installed (including any important brand names, key dimensions or number of articles, etc.). More rather than less detail is strongly recommended to avoid miscommunication and misinterpretation.
- ✓ It's very strongly recommended that bids are prepared in a "line-item" format listing separate costs for labor and materials for each major segment of proposed work. Don't accept "lump-sum" bids with a single or a couple totals unless a project is extremely small – there's no way to tell what's being charged for different work elements. Additionally, there's no way to determine amounts if partial payments are permitted or how much to reimburse if the original contractor has to leave and another must be brought in to finish the project.

- ✓ Similarly, don't accept open-ended “time and materials” bids unless the project is extremely small.
- ✓ New construction and complex remodeling projects also require sufficiently detailed drawings. The bids/scope of work should incorporate language indicating that the drawings are a part of the contract, and clarifying which should be followed if the drawings and written scope conflict.
- ✓ Find out if the contractor/firm you hire is the only party responsible for completing the project. If the main/general contractor will be hiring subcontractors to complete certain parts of the work, make sure to obtain a “sworn construction statement” listing all the parties participating.
- ✓ Contractors and any subcontractors working with them may file “mechanics’ liens” against a property’s title at the start of a project. This is a legal filing protecting the contractor/subcontractors against insufficient payment by giving those filing the right to sell the property if payment isn't adequate. Make sure at project completion to obtain from all parties filing liens a form called a “lien waiver” documenting that the mechanics’ liens have been cancelled.
- ✓ For additional advice about choosing a contractor or the construction/remodeling process, go to [Construction/Remodeling - Key National, State Contacts](#) in this section of the website.