

# ***The Construction Process***



## ***What to know before you do a home renovation project***

Provided by PHB's Neighborhood Housing Program



Portland  
Housing  
Bureau

# **The Construction Process:**

What to know before you do a home renovation project

## **Your Project**

1. Financing your project
  - Funding limitations
2. Establishing priorities
  - Critical repair
  - Cost versus value
3. Defining the scope of work
  - Making design choices
  - Selecting materials
  - Getting bids
4. Selecting a contractor
  - Being your own General
  - Doing the work yourself
  - Contracting with a Licensed Contractor

## **Managing Your Project**

5. General document review
6. PHB forms
7. Payment & performance management
  - Having a contingency
  - Using change orders
  - Making disbursements
  - Finalizing your project

## **Avoiding and Resolving Problems**

8. Managing expectations & communicating with your contractor
9. Some “do’s,” “don’ts,” and helpful tips

## **Appendix I: Glossary of Terms**

## **Appendix II: Additional Resources**

## **Appendix III: Maintaining Your Home**

# **Overview of Roles**

## **The Role of PHB as the Lender**

As the lender, PHB is involved in the project to ensure that the collateral and owner are protected. Consequently, PHB is entitled to the information and activities of the project, in order to perform their function. PHB is not a contractual party to any real estate or construction contract, but has staff experienced in these areas to help advise and monitor during the process.

## **The PHB Construction Coordinator's Role**

PHB maintains experienced construction specialists who work in an advisory capacity to assist a homeowner throughout the construction process. The CC can help the borrower develop a scope of work that reflects their objectives, within the funding guidelines. In addition, the CC can assist clients with potential contractor referrals, as well as project requirement, bid and contract reviews. The CC also helps the client monitor the work progress, quality and the completeness of a project prior to loan disbursements. As a last resort, the CC can assist in mediation between the owner and contractor.

## **The Contractor's Role**

A contractor is a self-employed individual who contracts with a consumer as their agent to perform a specific function. The contractor works to bring to life the plans and projects envisioned for a residence or other project and is often referred to as a general contractor. The contractor works on contract only for the homeowner but may have other contractors complete certain phases of a project as sub-contractors.

## **The Sub-Contractor's Role**

Sub-contractors are hired on contract by a general contractor. The sub-contractor does not work for the homeowner, and problems frequently occur because a homeowner does not understand this. Often, a homeowner will confront a 'sub' with an issue and not get a response. This is because the homeowner is talking to the wrong person. A sub-contractor can only do what he/she has been contracted to do by the general contractor. Only the 'general' can change their agreement. Consequently, on all matters relating to the project, the homeowner communicates with the general contractor and allows the general contractor to deal with their sub-contractors.

## **The Homeowner's Role**

As the benefactor of work being done, the homeowner is the key party responsible for making the choices and monitoring the progress of the project. During a renovation project, an owner's responsibilities include, but are not limited to, the following:

- Contact contractors to obtain bids
- Research contractors' license and background and check references
- Review bids and make selections
- Review all forms and legal documents, enter into an agreement with a contractor
- Monitor of project daily
- Inspect and approve the work performed by the contractor(s)
- Identify concerns and problems
- Communicate with both the contractor and the lender
- Request and approve payments
- Settle disagreements and come to terms on any changes
- Have the contractor correct problems covered by warranties after the work is completed
- Maintain the work that was done

## **Planning Your Project**

*You've decided to make improvements to your home. Before starting any project, there are a number of decisions to make and various factors to consider.*

## ***Financing Your Project***

Examples of uses for PHB Loan with after closing renovations include:

- Repairs .....Roof, foundation, paint, plumbing, electrical
- New home upgrades .....Finish a basement, add a deck, fencing
- Energy efficiency .....Windows, new furnace, A/C, insulation

Generally, anything permanent to the structure, including built-in appliances, can be considered appropriate product uses.

Examples of critical need repair loan uses are:

- Limited to critical need repairs/replacements (necessary to provide/protect the home and occupant(s) health, safety, structure, code issues)

## *Establishing Priorities*

*What types of projects should you consider? Prioritizing critical items - such as health and safety issues, code violations, structural integrity - will go a long way in protecting your investment, your home, your family and your life.*

### **Critical repairs**

Fire, health and safety protections are vital to successful home ownership. Structural soundness ranks high, too. The idea to add on a master bedroom may be wonderful, but if the house burns down because the electrical panel was hazardous or the roof leaks and caves in because that wasn't a priority, what real value will the addition have?

Lead-based paint hazards may be present. If your home was built prior to 1978 and you are pregnant, have at least one child under age six, or watch at least one child under age six on a regular basis, lead based paint is a risk factor to take into consideration when contemplating plans for improvements. Additional help, resources and funding may be available through PHB to help address these needs.

Health hazards from deferred maintenance on your home can result in high levels of dusts and allergens, water/moisture issues, fire and safety hazards, accumulations of items, rubbish or debris or other code violations. It's important to address these items as a top priority in your improvement project. These issues would certainly be included in any insurer or lender's requirements for insurance coverage and funding.

### Basic priority checklist:

- Appliances (heater, water heater, stove, etc.)
- Broken glass
- Chimney condition
- Dry-rot and pest control
- Exterior paint
- Foundation/structural system
- Lead, moisture hazards
- Locks, window glazing secure glass
- Porches, steps, railings
- Roof, flashings, gutters
- Plumbing and electrical systems
- Security and access
- Sanitation, other essential services
- Smoke detectors,

### **Tip:**

*Having your home inspected by a reputable, licensed home inspector is a worthwhile expense prior to finalizing your construction plans.*

- Weather-stripping, insulation, caulking

***Strive to do projects that will increase asset value and last beyond the life of the loan or your intended use.***

## **Cost versus Value**

In making the decision about the types of projects you want to do, there are key factors to keep in mind. First, it's important to recognize that you may not be able to re-coup every dollar you put into a project.

There are tools available to help you make this decision based on cost of the project versus the added value to your home that those projects would bring at resale. See *Cost vs. Value* report, and web link, in the Resource section.

***Often the higher the cost, the lower the value retained. Keeping that in mind can help when making product and material choices.*** Of course, there are exceptions to every rule and there can be exceptions to the data in the report. In areas where property values are rapidly increasing or where improvements bring a house up to meet the standard of a direct comparable in the area, the cost and value may be equal or may actually have a value greater than the cost.

## ***Defining the Scope of Work***

***After assessing the primary concerns, the next items to consider are quality of materials, size and number of rooms, floor plan and design, accessibility, luxury features, accommodations and updates.***

## **Selecting Materials**

***Most manufacturers offer materials in a wide selection and their quality, value and cost factors are important considerations.***

When selecting materials consider the tangibles (safety, affordability, economy, storage, maintenance, warranty, etc...) and compare that to the cost to determine affordability.

### ***Tip:***

It's advisable to let your contractor know that you want to keep all left over or excess materials (for touch-ups and repairs), all warranty information, manuals and care instructions, and contact numbers. It's also a good idea to maintain a list of room features and amenities, recent rehab/repair/replacements made and any condition assessments (well test, septic cleaning, lead-based paint risk assessment, etc.) Keep all of this information together with your insurance information for quick reference and for future repairs, insurance coverage evaluation, warranty, or property transfer needs.

***Some product choices will be driven by style and taste, while others will be made based on affordability.*** Aside from the cost, it's important to also consider, at a minimum, the following:

- How much time will I spend using it
- How visible is it
- How long will it last
- How long will I benefit from it, and
- Will anyone want it when I'm done with it

Other issues to consider is one's ***environment, changing circumstances, changing tastes*** and ***Green Building***.

Green building designs work to incorporate efforts that will improve the energy efficiency of the home and its components, re-use renewable or recycled products in an effort to cut down on consumption, seeks to reduce toxins for environmental and health benefits, conserve water and improve air quality. This can be more expensive at the front end, but there are those who find the long-term savings, health and environmental benefits outweigh those costs. Taking into account your budget, the length of time you'll be in the property and your family make-up and use patterns will assist in creating a realistic and feasible approach to your ability to participate in this effort.

For more information on ***Green Building*** go to [www.green-rated.org](http://www.green-rated.org) (Office of Sustainable Development). They can offer a much greater level of education and resource materials to assist you in any green building practices you may want to consider in your project.

## ***Getting Bids***

Once you have determined the scope of work and have made some decisions on the materials you intend to use, it's time to solicit bids.

### Recommendations for the bid process:

- ✓ Talk to contractors about material allowances and quality, warranties, project time frame and suppliers.
- ✓ Have contractors include this information in their bids to make comparison easier; request detailed line-item bids.

- ✓ Let the contractor know your funding limit will be based on a number of factors that may require you to scale back your project.
- ✓ Determine how willing they are to do some of the work vs. all and how that might effect their bid.
- ✓ Ask how long their bid price is good, how firm the price is and under what circumstances, if any, could you expect them to make changes during the course of the work.
- ✓ Tell the contractor that you are requesting a bid, not a proposal or an estimate.
- ✓ Inform the contractor of any funding constraints that may affect the bid. For example, PHB pays only for completed work. It's important that the contractor is solvent enough to run their jobs without "upfront" funding.
- ✓ Ask for the number of payments/draws the contractor will expect during the project and for a copy of the contract to review in advance.
- ✓ Let the contractor know the bid needs to include the costs for permits, debris pick-up, removal/ hauling, content manipulation, storage and like expenses.

## ***Selecting a contractor***

### **Being Your Own "General"**

Some homeowners decide to be their own general contractor. Usually it's because they can save money by not having to pay a general contractor's over-head and profit. Being your own contractor is a major undertaking; only you know the level of knowledge and experience you have in order to be successful.

#### Questions to consider:

- Do I have the time and flexibility to schedule, coordinate, communicate and grant needed access to do the work?
- Do I have the level of knowledge, or access to it, that I will need to insure the work is being done properly, with the right products, and to code?
- How big is the project and how many elements/contractors will be required?



- What elements of the project may have overlap?
- How much will I save and is it worth it?
- Do I have the ability to check the work and properly assess its completion?

Before deciding whether you will carry this role or contract it out, keep in mind that a general contractor will line up the work and sub-contractors for the project. They coordinate the schedules; handle problems, inspections, permits, payments and much more. They also carry the responsibility of everyone they bring on the job and put their license and reputation on the line by doing so. A Contractor warrants the work for a year, sometimes longer. In addition, they generally have a good network of trustworthy subs and material suppliers that provide discounts to general contractors. Many contractors pass on those discounts to their customers which can easily offset the percentage they charge for their work.

***A good contractor is, most often, worth their pay and then some!***

### **Doing Your Own Work**

On a PHB loan, an owner is allowed to perform approximately 10% of project work, which is generally work that does not require permits or skilled labor. The owners work cannot hold up the project or otherwise interfere or impede the process towards completion.

If an owner is a licensed, bonded, insured contractor or an otherwise seasoned, skilled or an individual employed in the trade of the work being performed, there is the possibility that an exception can be made above the 10%. However, the owner can only be reimbursed for materials and supplies, not their time/labor.

### **Contracting with a Licensed Contractor**

The highest bidder for a job does not always represent the highest quality workmanship or results. Likewise, the lowest bidder does not always mean lowest quality.

High bids can be the result of many factors. Sometimes a contractor will bid high because either the job or the customer is complex. A high bid will help assure proper compensation for more time consuming or complex projects. Bids are generally

### ***Important***

#### ***Note:***

PHB and its employees are not contractors. PHB is also not the regulatory agency for contractors, does not recommend contractors, and cannot guarantee the homeowner's satisfaction with work done by a contractor of their own choosing.

high during the busy seasons. Bidding high during those times helps a contractor reduce the number of jobs that come through. At other times, their suppliers or subs are bidding high, and the costs are passed on in the bid. High bid costs could also result if a contractor is involved in certain higher risk activities, such as abatement work or roofing, with subsequent higher insurance rates. Increased costs can also be the result of numerous staff, an office site and equipment.

Lower bidders may be bidding on work that includes lower brand items or non-skilled labor. Or the contractor may still be swinging their own hammer, working from their truck, with paid-for or rental equipment; he may sub-out the high risk work to keep their overhead costs down.

***You choose your contractor and come to terms on the work to be done within the funding limit of your project.***

PHB recommends you consider the following before making a contractor selection:

- ✓ Obtain a detailed bid that specifies the work to be done, the materials to be used (or the allowance amount included in the bid) and the price related to each specific line item.
- ✓ Check references for contractors that you are considering for your project.
- ✓ PHB can pull up license and bonding insurance information, but it's important to call the Construction Contractors Board and determine if the contractor has any claims pending and their past history.
- ✓ Ask for and call the various references, such as previous customers and their vendors and subs. Ask how well the contractor met deadlines, handled payments, managed and supervised staff and delays. Were there changes, problems, delays? If so, were they resolved quickly and within budget? Ask how they would rate their skill, communication and expertise. Would they use these contractors again, and/or would they recommend them to others?
- ✓ If you have small children in the home or a pregnant or nursing mother who visits or lives nearby that could be affected by the work being done, it's important to ask the contractor if he has been trained in lead safe work practices (EPA's new RRP rule requires it of ALL contractors working on housing built prior to 1978) and intends to use those skills on your project.

- ✓ Also ask how long they've been in business and how long they've been working in the specific trades that are in the bid.
- ✓ Determine if sub-contractors will be used, who they are and obtain their information to check their license.
- ✓ Ask what permits will be pulled, what materials or allowance they will use, how long from start to completing the job, and when to expect their bid.
- ✓ As a courtesy, once you've made your selection, call the other contractors that bid on your project to let them know you've selected someone else and thank them for their time.

**Tip:**  
 Keep in mind:  
 One owner can be 100% satisfied with a contractor that another owner is ready to report to the CCB. Good communication will go a long way in determining which of those two customers you become.

## **Managing Your Project**

*You've made your final decisions and selections, now it's time to "set the wheels in motion". The key to successful management is clear definition.*

### ***PHB Forms***

There are **required** forms specific to PHB loans, the Construction Agreement and General Conditions, Performance Requirements & Standards. These documents are designed to identify the PHB's basic requirements as it relates to funding. Both the homeowner and contractor are to receive, review and sign the agreements **before** a project can fund. It's important to review these thoroughly and reference them as needed.

Keep in mind that even though you may be dissatisfied with the how a contractor performed on a project, the PHB as the lender may find it acceptable if the work conforms to these published standards. It will be important to understand these standards to determine if they conform to the desired project outcome. If not, it will be important to clarify those specifications either in the scope of work or elsewhere in the contract as an addendum. Ultimately, however, what is written in the contract between the contractor and the homeowner will most likely determine the outcome and the CCB is the agency that will handle any claims.

## ***General Document Review***

### **Contracts**

A contract is a written, legally-binding agreement between an owner and a contractor to perform certain work in exchange for a certain bid price. As the lender, the PHB requires a written contract on every project; the bid is considered a written addendum to the contract. All contractor documents are to contain their contact information and CCB license number, as required by the Construction Contractors Board, the licensing agency that regulates construction contractors.

Read the contract carefully before finalizing with the contractor. The contract's terms are the only language that will be binding in the event of problems. Consequently, it should cover the scope of work; the remedies if there are problems; and how to cancel if there is no other option. The contract should also contain specific language regarding deposits, progress payments, change orders, permits, inspections and other fees.

### **Permits**

The contractor is the person that obtains all permits. However, it's never wise to just assume that will happen. The homeowner is ultimately responsible and the one who will be penalized if no one obtains the permits, so keep an eye on your contract, your contractor and the kind of work being done. If in doubt, ask.

A permit is not required on every project or element within a larger project. A permit is required when a structural unit is effected in the rehab, such as framing, plumbing or electrical (beyond basic fixture replacement); roofing if it involves structure the; and deck and rail additions/changes where the height is a factor. This list does not cover all the items that will require a permit but gives you a general idea of when a permit is likely to be necessary.

When a permit is pulled, an inspector that specializes in that element of the project will come to the property to ensure the work has been done to code and meets the quality, safety and habitability standards established for that part of the project. This process helps to safeguard your project and assures proper performance by the contractor. The inspector will not be inspecting the quality of the fixtures, the tidiness of the contractor, or any scratches on the counter. He is not the individual able to address these matters. The inspector is looking only to make sure the work meets the city/county/state code requirements.

### **Licensing**

A license, bond and liability insurance for the work being performed are other requirements. This information can be verified online or through the CCB; the

contact information must be included on the contract. Calling to check on outstanding claims may be more accurate as online information may not be regularly updated.

The contractor's insurance covers his liability while on the job; it is not protection for you. It's a good idea to make sure your homeowner's liability insurance coverage is adequate and maintained through the duration of the project and beyond. A bond is something a contractor purchases to back up his work. If there is a claim filed and awarded, the bond is the "guaranty" that payment will be made up to the amount of the bond.

### **Warranties**

There is generally a product warrant from the manufacturers of most products and materials. There may also be a labor warranty from the contractor. These should be put in writing and maintained with the contract; it's important to keep this information and refer to it if a problem occurs before calling the contractor.

### **Liens**

All contractors are required by the CCB to give you certain information relative to their right to lien your property, called "Notice of Right to a Lien." This is NOT a lien but is an informational notice about the contractor's rights and the required process. This information has been included in this packet for your reference and use. It is strongly recommended that you review this information carefully.

Most states have laws that allow contractors and suppliers to place a lien on a property for uncollected payments. If you pay in a timely manner, the lien process is not an issue. If there is a problem, however, and you elect to withhold payment as a result, you may find yourself dealing with the lien process.

There are three steps to the lien process: 1) the Preliminary Lien Notice provided, the document mentioned above; 2) the Mechanics' Lien, the official lien recorded on the property; the lien remains a cloud on the title until it is paid, and the property cannot be sold without clearing the lien; and 3) Release of Lien, the document that is filed to release the lien. This is filed when the financial obligation is paid.

### **Disclosures**

There may be other disclosures that a contractor gives to you, such as a Lead Hazard Acknowledgement form and brochure. Read carefully and be sure to ask questions if it is not clear.

## ***Payment & Performance Management***

### **Having a Contingency**

Because the “unforeseen” is a reality in most construction projects, it’s important to maintain a contingency fund. 10% of the project total is a modest amount. Higher amounts may be in order depending on the nature and complexity of the project.

It’s important to prioritize the most critical elements of the project and slate them for early completion, if possible. Contingency funds are used first on the contracted items to insure their completion and permit approval. This will better insure the availability of funds should a cost over-run occur. If there are unused contingency funds, they can either be used for additional items on the project or used to reduce the principal loan balance.

### **Using Change Orders**

Any change to the contract must be made in writing and in detail, showing the reason for the change, the cost, terms, etc. The Change Order is signed by both the homeowner and contractor with a copy to PHB. The change order is completed by the contractor and must be approved by the PHB prior to any work being done.

### **Making Disbursements**

Once the customer has signed loan documents and the PHB loan is funded, the renovation funds are placed in a PHB escrow account. A construction coordinator (CC) is assigned to every borrower to assist in keeping the project moving. Throughout the project, the CC will help to monitor the progress and will process payments as a phase of the work progress is completed.

Progress payments are made during the course of the project. The contractor, along with you and the CC, will determine the number of expected disbursement payments up front. The homeowner is the one who monitors the progress; the CC will communicate with the owner on the progress before a disbursement is made.

The CC may help with communication between the owner and contractor, as needed. Before the last payment is made, the CC will conduct a final inspection. However, if the work required permits, the final inspection is conducted by a regulatory authority, such as city or county code inspector. A copy of that final report is required before final disbursement.

Any change order relating to payment request, final permit, etc. will need to be submitted to PHB before the final payment. However, progress payments can be made with an invoice, a signed loan disbursement form and the homeowner's confirmation that the work is completed. The PHB may at anytime inspect the project to verify work completion. A progress payment can be made based on faxed documents, but the original must mail. The final payment will not be made until all original documents are received.

### **Finalizing Your Project**

As the project progresses, it's important for the homeowner and contractor to keep track of any items that are unfinished, a concern, substandard or damaged. At the end of the project, the homeowner and contractor should meet to finalize this list of items to be completed before final disbursement. Permit worthy work will require inspections during the process, as well as a final inspection when the work is completed. Projects with PHB funding will need to submit a copy of that final report prior to the final disbursement.

The PHB may also send the CC for a final inspection: If the loan amount warrants it; if there were several phases of the project; or if there were no other inspections completed due to permits. The PHB may also require that the appraiser conduct a final inspection. Furthermore, if there were insurance concerns, code violations or lead hazard reduction work, other entities or agencies may also need to complete an inspection prior to final payment.

Final Payment can be made, when:

- All work is done
- Permits are final
- Inspections complete
- Final appraisal certificate submitted
- Original change order documents submitted
- Clearances performed
- Invoices and signed loan disbursement forms submitted and verified with customer, and
- Final date-down/title up-date is received from the title company

This may seem to be a lengthy process, but it generally is not. Timely communication will assure an expedited payment process. Sometimes this final step can happen in just a few days. However, if the communication and cooperation process is not going well, it can take several months. It's important that responses are made in a timely manner. Failure to pay as agreed, for whatever reason, can result in a lien on the property or default on the loan.

## Avoiding and Resolving Problems

### *Managing Expectations & Communicating with Your Contractor*

Having realistic expectations will go a long way in helping to keep problems to a minimum. Basic items to remember before taking on a rehab project include:

- Not all the work you want to do can always be done.
- Some work you do not want to do may have to be done.
- Repairs will correct some of the problems but may not correct all of them.
- Don't expect your house to be completely new when the work is done.
- Don't expect all the walls, floors, windows, etc. in an older home to be completely plumb, level, and square when work is done.
- The work will be stressful, inconvenient and taxing at times.
- Very rarely is everyone completely satisfied with the things purchased or repaired.
- Homes will always need improvements, and improvements are temporary.
- There is no such thing as "perfect."
- No matter how good the contractor is, allow for a contingency because the contractor can't see what he can't see; expect costs over-runs.
- Expect communication problems.
- Expect delays and scheduling conflicts.
- Expect the quality of the product and workmanship you are paying for, no more and no less.
- Expect to provide the use of your utilities and facilities.

#### **What to do when problems arise...with the work:**

- ✓ First identify the problem, the potential cause, and your proposed remedy. Determine if the matter is a true problem, an inconvenience, or something that just didn't turn out as you expected. Calling the contractor with every thought that crosses the mind is not reasonable or productive. Limit your contact to items that are truly important and compile a list of several less urgent questions and concerns to periodically discuss with the contractor to reduce and even prevent problems.

#### ***Tip:***

Read "16 ways to Avoid Remodeling, Repair and Construction Problems."



- ✓ If there really is a problem, decide if it is the result of a product or material failure, accident, structural failure, misunderstanding, miscommunication, over-site, or a product of “the unknown.” When preparing to communicate these findings, remember the less your presentation is about people and the more it is about conditions, the better the response will be.
- ✓ Be sure to communicate in a way that will bring resolution rather than a defensive rebuttal. Offer your understanding that “these things happen” or suggest neutral, potential reasons for the problem, presenting them in a manner that shows you are listening as well as communicating.
- ✓ Some items may seem like problems but really are not. Maybe your concern may be a temporary condition that you are told will be resolve overtime, but you are not convinced. In that event, write out the conversation, list what you’d like the contractor to do if it does not resolve itself overtime, and have the contractor acknowledge by signing and date the document.
- ✓ Explore whether there are reasonable options to remedy the problem, which would be acceptable to you. There are times when a “re-do” is in order, but often that’s not a reasonable expectation. Assess the situation and consider what would be a satisfactory outcome for you. Have some ideas in mind, but let the contractor make his recommendations first; those ideas may be better than yours. If not, make your suggestions, allow the contractor the time and opportunity to consider them and respond. For PDC funded projects, discuss with your CA and consider all the recommendations before deciding how to proceed.
- ✓ Make sure you communicate anything and everything a contractor poses to you with all parties involved. If a situation comes up that is brought to your attention by a sub-contractor, contact your general contractor and discuss it with any other persons that have an interest in the project. Too often problems come about that are presented by the wrong person (sub-contractor), to just one homeowner who makes a decision in the absence of the right person (the general contractor) and the other interested parties, who may not agree with the decision made.
- ✓ Notify the contractor as soon as possible. Don’t wait until a project is completed or well underway before expressing your concerns. The time to dislike the paint color is not when it’s done or nearly done. That will come at your expense.

### **What to do when problems arise...with the Contractor(s):**

- ✓ Do your best to resolve problems with your contractor shy of demands and threats. Retain those as your last resort. Let your lender know about the problems you are having to see if they can help bring about resolve. The nature and degree of the problem will determine how best to handle it, but most issues that can't seem to be resolved otherwise can generally be sorted out with a little mediation.

### **What to do when problems arise...with the Inspector(s):**

- ✓ Contact your general contractor; who the one to deal with and comply with the inspectors on permits pulled under contract. They will need to obtain a final inspection in order to get final payment. That is generally sufficient motivation to resolve any problems the inspector may identify. If the inspector notes a problem that is above and beyond your contract, you may need to revise the contract to cover that issue. If original funding isn't adequate, you may need to secure an alternate funding source to complete the necessary work. PHB funded projects require notification of any problems that arise with inspections.

*In all instances, the key is to a satisfactory project is:*

*communication, communication, communication!*

## *Some Do's, Don'ts and Helpful Tips*

- Protect and remove your personal belongings whenever possible.
- Always wear shoes in the construction area.
- Be patient; take things in stride; delays happen.
- Resolve challenges and move on.
- Be honest and realistic about the budget and the time frame.
- Be prepared at meetings and appointments.
- Be available; make sure the contractor has alternate numbers or other contact persons.
- Keep good records; if a contractor dislikes this part of a project they may welcome your contribution.
- Wait until you have their full attention before presenting questions, thoughts and comments; don't try to talk when the contractors in the middle of a project, conversation or phone call.
- Write down specific requests and post/give them to all contractors, such as don't let the cat out, avoid walking through the flower beds, don't block the neighbor's driveway, etc.
- Notify neighbors of your project, so they know to expect added traffic, noise, etc. Ask them to call you directly (and promptly) with any complaints and not bother the contractor(s).
- Keep all documents, notes, receipts, etc. in one place for easy access.
- Select and order products as soon as possible to keep your project moving.
- Avoid changing your mind repeatedly; take a little more time on the front end to think about things, than make a decision and stick with it.
- Avoid nit-picking. There are natural flaws in wood products, lumps and bumps and uneven areas on walls and floors and doors, there are brush

strokes from painting and small blurbs of poorly splashed texture. A certain number of these things will exist in the finished product. Don't point out a hundred tiny items that are natural that only you will notice.

- Do not wait until the end of a project to complain about poor workmanship or delays that happened early in the process and use that as an excuse to withhold money.
- Make decisions in a timely manner.
- Don't expect your contractor to be available 24/7; Contractors have other jobs, other responsibilities and other aspects of life to deal with, outside of work.
- Expect to pay additional and sometimes higher amounts for numerous interruptions, unscheduled changes and last minute ideas.
- Don't expect the contractor to do unrelated minor repairs or additions, especially at no charge.
- Pay promptly.
- Consider a thorough cleaning, including duct work, after a remodeling project.
- Keep in mind the various occurrences that can cause delays, such as the seasons, major events (holidays, birthdays, anniversaries and vacations), economic downturns (higher material costs), etc.
- Don't disturb, touch, move or use the contractor's tools or mix them in with your own.
- Don't disrupt materials, supplies or paperwork without discussing with contractor first.
- Don't expect the contractor to watch your children and pets and do not leave either unattended; for everyone's safety and wellbeing, keep kids and pets well out of the way.
- Consider using a list of expectations of contractors to be given at time of bid and posted in the area of the project, see attached.

## **Appendix I: Glossary of Terms**

**CCB:** The Construction Contractor Board, a state agency established to protect the public's interest relating to improvements to real property. The Board regulates construction contractors and promotes a competitive business environment through education, contractor licensing, dispute resolution and law enforcement.

**Cost reasonable:** This term is used to identify whether the cost of an item or project falls within a competitive price. It is established by a competitive bid process or other comparable data that substantiates a given value.

**Detailed or line item bid:** Used to identify the type of format used to bid a job. Each part of a project is spelled out, with a price assigned to each individual part of the project and associated elements.

**Like-kind:** Term used to identify the type, quality and style of a particular product or material replacement item being bid. What currently exists is the basis of the product, material or allowance to be included in the bid.

**Punch list:** An itemization of unfinished or unsatisfactory items that need to be completed or improved prior to final inspection and/or payment of contract. Generally accumulated over the course of a project and reviewed with the contractor on a final walk-through at the end of the work.

**Rehab:** To rehabilitate or restore to original or improved condition; may include both repair and replacement elements.

**Remodel:** A project involving repair, restoration and replacement; to change an existing structure from its current form to something new and improved.

**Repair:** Fix an existing item or component.

**Replace:** Remove, purchase and install a new component.

**Specialty Contractor:** Specializes in one element of trade, such as electrician, plumber, concrete, framing, abatement, etc.

## **Appendix II: Additional Resources**

### ***Contacts:***

#### **City of Portland Services:**

Building Codes Division, <http://permitsprotect.info/building.html>  
Building information, 503 823-7310  
Bureau of Development Services, [www.portlandonline.com](http://www.portlandonline.com)  
Zoning information 503 823-7526

**Contractor Licensing:** Construction Contractors Board, [www.ccb.state.or.us](http://www.ccb.state.or.us)

**Financing:** Portland Development Commission, [www.pdc.us/housing](http://www.pdc.us/housing)

**Glossaries:** [www.c-risk.com/Reference\\_Library/Ref\\_Lib\\_Dictionaries01.htm](http://www.c-risk.com/Reference_Library/Ref_Lib_Dictionaries01.htm)

**Lead-based paint info:** <http://oregon.gov/DHS/ph/leadpaint>

#### **Multnomah County Health Department:**

Community Energy Project: [www.communityenergyproject.org](http://www.communityenergyproject.org)  
Lead Poisoning Prevention Workshop  
[www.lead@communityenergyproject.org](mailto:www.lead@communityenergyproject.org)  
Lead Line: [www.leadline.org](http://www.leadline.org)

**National Center for Healthy Homes:** [www.centerforhealthyhousing.org](http://www.centerforhealthyhousing.org)

**Oil Tank Decommissioning:** [www.deq.state.or.us](http://www.deq.state.or.us)

**Oregon Remodelers' Association:** 503 788-2274

**Remodeling:** [www.remodeling.hw.net/industry-news-print.asp?](http://www.remodeling.hw.net/industry-news-print.asp?)

### ***Books:***

*Buying and Selling a House*, Robert E. Taylor Jr.  
[www.bobtaylor.com/oe/buysell3.html](http://www.bobtaylor.com/oe/buysell3.html)

*The Home Renovation Workbook*, Jain Lemos

*The Survival Guide: Home Remodeling*, Diane Pleasset

## **Appendix III: Ongoing Home Maintenance**

As important as having the work done on your home, it is equally important to properly maintain the results. In order for warranties to be honored, value to be maintained and items able to live out their usefulness, they must be properly maintained.

Another valuable reason for home maintenance is for health and safety. A healthy home is a clean, cleanable, dry, pest free, well-ventilated and safe place to live.

Getting in the habit of doing basic, routine home maintenance projects will reduce the time and expense that could become necessary if routine maintenance remains undone.

The National Center for Healthy Housing has a web-site with great information and resources to help. Included in this manual is their web site link, as well as the following:

- Calendar / Checklist
- Repair Guide