



## Tips for Hiring Contractors

NorthWestern Energy encourages its customers to install energy efficiency measures. Oftentimes, installing measures involves hiring a contractor. NorthWestern Energy does not endorse any products or contractors. It is up to the customer to work with the contractor of their choosing. As with any major purchase, shopping around and checking qualifications is a good idea.

The following tips are offered to assist customers in selecting a contractor:

- Try to use personal recommendations from a friend or relative and put together a short list of contractors. If this can't be done, call and pre-qualify several contractors. It may be worth requesting names and phone numbers of satisfied customers that you may call as references for each contractor.
- Ask for quotes from each of these contractors. Be sure to give all contractors the same description of the work that is required. Compare and contrast the quotes you receive and feel free to ask for an explanation if they differ.
- Ask for all contractors to provide proof of their contractor's license and insurance (worker's compensation, property damage and personal liability).
- After a contractor selection has been made, be sure you get a written contract that covers all your project requirements including types of materials or equipment specifications, costs, clean-up and warranties. Don't be shy about modifying a contractor's standard agreement to make sure all expectations are clear and called out in the contract. If you don't understand the agreement, don't sign it!

The contract should include:

- ✓ The contractor's name, address, phone, and license number, if required
- ✓ The payment schedule for the contractor, subcontractors and suppliers
- ✓ An estimated start and completion date and details on how payments will be made. Never pay more money than enough to cover work completed and materials delivered to the job-- it's okay to request copies of invoices for the latter. If the contractor requests a deposit

before starting work, do not pay more than 10% or \$1000, whichever is lower. Remember: money is your only leverage for getting things done.

- ✓ The contractor's obligation to obtain all necessary permits
- ✓ How change orders will be handled. A change order — common on most remodeling jobs — is a written authorization to the contractor to make a change or addition to the work described in the original contract. It could affect the project's cost and schedule. Remodelers often require payment for change orders before work begins.
- ✓ A detailed list of all materials including color, model, size, brand name, and product. When specifying materials, avoid the term 'or equal' unless it is clear that substitutions can't be made without your approval. If you agree to a separate budget for items you haven't selected yet, such as plumbing fixtures or floor coverings, be sure the budget figure is high enough to cover their costs.
- ✓ Warranties covering materials and workmanship. The names and addresses of the parties honoring the warranties — contractor, distributor or manufacturer — must be identified. The length of the warranty period and any limitations also should be spelled out.
- ✓ What the contractor will and will not do. For example, is site clean-up and trash hauling included in the price? Ask for a "broom clause." It makes the contractor responsible for all clean-up work, including spills and stains.
- ✓ A written statement of your right to cancel the contract within three business days if you signed it in your home or at a location other than the seller's permanent place of business. During the sales transaction, the salesperson (contractor) must give you two copies of a cancellation form (one to keep and one to send back to the company) and a copy of your contract or receipt. The contract or receipt must be dated, show the name and address of the seller, and explain your right to cancel.
- Keep all relevant paperwork related to your project in one place. This includes copies of the contract, change orders and correspondence with your home improvement professionals.
- Keep a log or journal of all phone calls, conversations and activities. You also might want to take photographs as the job progresses. These records are especially important if you have problems with your project — during or after construction.

Before you sign off and make the final payment, make sure the job is complete. Check that:

- All work meets the standards spelled out in the contract.
- You have written warranties for materials and workmanship.
- You have proof that all subcontractors and suppliers have been paid.
- The job site has been cleaned up and cleared of excess materials, tools and equipment.
- You have inspected and approved the completed work.