

A SIMPLE GUIDE TO CHOOSING A QUALIFIED CONTRACTOR

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ask the right questions | build peace of mind

Building a home can easily be an enjoyable and fulfilling process leaving you with a true sense of pride of ownership. Over the years I've seen and heard the stories of people choosing an unscrupulous or unqualified contractor ruining the chances of an enjoyable experience and tarnishing an industry that I take great pride in.

I am a third generation homebuilder, my family has been building homes in Sarasota for four decades. My goal in providing this tool is to leverage my knowledge of the industry to help you ask the right questions to begin the process of building a home with a qualified contractor informed and confident.

- RICKY PERRONE

First Steps : WHO DO I GIVE THE QUESTIONNAIRE TO?

Make it a habit for a few days or even weeks of asking people you respect or feel you can trust in town for recommendations for a builder, examples are below but this is the subjective part of the process. Be sure to ask for specific reasons why they are making the recommendation.

among others, get recommendations from:

ATTORNEYS
REAL ESTATE AGENTS
BUILDING SUPPLY SHOWROOM SALESPeOPLE
BUSINESS OWNERS
NEIGHBORS

Use recommendations as a first step in narrowing your choices down to the three choices you get the best feedback on, not necessarily the ones you hear most often. Start the process with a minimum of three contractors.

You'll get opinions based on varying degrees of experience. Call the contractors and let them know you've received some positive feedback regarding their company and ask if they wouldn't mind filling out a short questionnaire to get more familiar with the company before scheduling a face-to-face meeting. Most contractors will be happy to oblige.

THE PROCESS IN A NUTSHELL

ask people you **TRUST OR RESPECT** for recommendations, get as many as possible

ask **WHY** they are making the recommendations

narrow recommendations down to the **THREE** you get the best feedback on
these won't necessarily be the ones you hear most often

contact the **THREE OR MORE** contractors and send them the questionnaire

EVALUATE answers against explanations on the following page

contact contractors' **CLIENTS FOR REFERENCE**

schedule a **FACE TO FACE** meeting with contractor(s)

**BELOW ARE EXPLANATIONS WHICH WILL HELP YOU INTERPRET
THE ANSWERS YOU WILL RECEIVE. EACH NUMBER CORRELATES TO THE NUMBER
ON THE QUESTIONNAIRE ON THE FOLLOWING PAGE.**

1. The corporate name should have remained the same since the company's inception.
2. If a contractor has changed their Corporate name at any point in the past this would be a strong **RED FLAG**. It's easy enough to change the name under which you operate by a DBA without changing the underlying corporate entity but shutting down a corporation and starting another with a similar name isn't something that is done casually and typically indicates trouble. If your contractor has operated under any other corporate name even if just one, this is something that should be looked into carefully and understood.
3. Years in business under current corporate name is a great indicator of a contractor's success and longevity.
4. The license holder is very important, it is this person's responsibility to make sure all applicable laws and building codes are followed. If this person has issues with their license or if for some reason they are no longer involved this could spell trouble for your project. This shouldn't scare you so long as you feel confident in this person.
5. The license holder should ALWAYS have a majority stake in the business, no exceptions. A license holder who is just an employee is absolutely a major **RED FLAG**.
6. Number of homes currently under construction will give you a good indicator of this contractor's ability to take care of you and your project. Weighing the value of this answer is subjective.
7. Number of construction management employees should be compared to number of homes currently under construction. This will give an indication as to whether the projects are being properly managed. It is also highly recommended to get a list of homes currently under construction and drive by unannounced to see how the project is run and the site managed. A well run job will have a fully manned site between the hours of 7:30 and 3 five days a week. No workers can be a red flag.
8. The contractor's fee is the amount a contractor will charge over the cost of construction. It is their management fee and includes their office overhead as well as their profit.
9. Sometimes contractors will charge a different fee for change orders and allowances. This is something you'll want to understand in advance because it could wind up being significant.
10. Though not required in most cases this is something you'll want to clear up going in, some of the discounts can be big.
11. A lawsuit can occur for a number of different reasons, find out the specifics and if necessary consult with your own attorney.
12. This will be important in understanding how your project will be managed. Though the hours will vary based on the type of construction, you'll want to understand if the hours would be appropriate for your project.
13. The two main types are cost-plus and stipulated sum. Cost plus would be the cost of construction plus the contractor's fee while stipulated sum would be a total fixed price.
14. Draws can be done based on work in place on a monthly schedule or when a project hits certain milestones. Draws based on work in place are preferred because the contractor can never get ahead of his client; the client is only paying for materials and labor that have already been put into the site or deposits paid on material. The milestone draw schedule is pretty typical but puts the contractor in a better position than his client.
15. ALWAYS get feedback from previous clients. The time you spend on this up front will pay dividends. This cannot be stressed enough. Make sure they are recent clients.

Contractor Questionnaire

1 Contractor Corporate name _____

2 Has Contractor operated under any other Corporate name or DBA? _____

3 How many years in business has current corporation been operating? _____

4 Who is the license holder for the business? _____

5 Is the license holder a shareholder in the business? What is their share? _____

6 Number of homes currently under construction? _____

7 Number of employees involved in supervision? Project management? _____

8 What is your contractors fee? _____

9 What is your fee on change orders and allowances? _____

10 Does contractor pass along all discounts on allowance items and change orders? _____

11 Has your business been a defendant in a lawsuit within the past 15 years under current or previous corporate names? _____

12 How much time do superintendents spend on average on each project each day? _____

13 What contract types does the contractor utilize? _____

14 What is your draw schedule? Is it based on work in place? _____

15 Please provide a name and number for each of your last three clients for reference _____

Project Date _____ Name _____ Number _____

Project Date _____ Name _____ Number _____

Project Date _____ Name _____ Number _____

If the answer to question 2 was YES please use a separate sheet of paper to explain what corporate names you have previously operated under, whether those entities were defendants in any lawsuits and explain why the names were changed

If the answer to question 11 was YES please explain on a separate sheet of paper

Client Reference For Contractor: _____

Name _____

Number _____

What was your overall experience like working with contractor? How was communication regarding the project?

Was your project completed on time?

Was your project completed on budget?

Are you happy with the quality of the work?

Did your contractor have workers on site each day?

Was the superintendent on site each day? How was he/she to work with?

How was your experience with change orders and allowances? Were you treated fairly?

Did you have any concerns or any advice?