

## **1. Determine the overall scope of the project.**

Prioritize **NEEDS AND WANTS** as this will effect what you can really afford to do. Call your Local Building Department regarding property setbacks, easements as well as an HOA office (if applicable) to stay within the CC&R guidelines. Sketch your ideas on paper; this will help in the design process. Don't worry about being accurate or being artistic, you won't be graded on it!

## **2. How does one determine the project budget?**

First, think realistically, second, rethink it all over again! If you are unsure of the cost of your project, call a couple of Licensed Contractors for 'ballpark estimates' but **please see Note #4**. The more information you can provide regarding the size, interior and exterior details are very important. 'Ballpark estimates' can be very misleading once you start the design process as things will usually change. If you are financing your improvements through home equity loans or refinancing, complete these procedures prior to meeting with a contractor.

**\*Lending institution may want to see plans first before discussing hard numbers.\***

## **3. Hiring a Building Designer/Architect is crucial**

They will confirm vital information regarding your property, setbacks, easements, grade and drainage, building standards that are allowed as to lot coverage, overall height, etc. This information is also used in the Site Plan that must be created. It is a necessary step before proceeding into an agreement with a Contractor. There are 2 ways usually in getting plans done. One is by a Design/Build Contractor (Design/Build Contract) which can be good and bad. The other is by the Design-Bid-Contract process but you must understand the difference between the two.

## **4. Selecting a Contractor can be a simple process**

How you do it the right way will save you time and money. References from friends and family can be a good source BUT not always. First and foremost, get at least 3 Contractors to discuss your project. Provide each with a set of completed plans and your list of specifications. Each should be receiving the exact information, so when you start collecting the bid proposals, you can easily see where the final costs will come in at and make your final choice as to who will do the work and be the best at providing good communication.

**IMPORTANT NOTE:** It is best to make one very important phone call **FIRST** before asking them to see you once you have an idea who you are calling.

## **ARIZONA REGISTRAR OF CONTRACTORS (R.O.C.)**

[www.azroc.gov](http://www.azroc.gov)

3838 North Central Avenue, Suite 400 , Phoenix, AZ 85012

Phone: **602-542-1525** Toll Free AZ: **888-271-9286** Fax: **602-542-1599**

### **5. Communication is vital**

Be open and honest. This is not the time to be silent and accept all that is being discussed with whom you will share a 'temporary marriage' with. Suggestions and comments should be shared and openly discussed. You control the overall outcome and what you pay for, others can only do what you request. Whom you select to design/draft your project is just as important as who you hire to construct it. If for any reason you question the choices you have made, it could be too late!

### **6. Responsibility of the homeowner**

It is the responsibility of the homeowner to ascertain the business and ethical reliability of the contractor prior to signing any contracts. **Do not rely on phone books, newspapers or even business cards as they do not guarantee they are a valid licensed contractor.**

**Only the R.O.C. can provide this information.**

## 7. Contracts...what they should include before signing..and the first rule..**ASSUME NOTHING!**

- Contract Specifications – Amount of total project, Payout Schedule, Start and Finish date, **NO ARBITRATION CLAUSES should be on it** (if so, this strips away your rights and doesn't always favor the consumer), all items pertaining to what the contractor and/or what you will do
- Scheduling and consequences for not adhering to the start and finish dates without lawful excuse
- Change orders - what they mean in potential charges and the effect on scheduling. **NEVER AGREE TO ANY CHANGES VERBALLY – WRITTEN AND SIGNED ONLY**
- Mechanics Liens – “Notice to Owner” must be on contract as per the LAW. Always receive lien waivers from the Contractor when making payments. If you have received Notices to Owner from suppliers, subcontractors, etc. ensure, that you receive lien waivers from them to avoid paying TWICE for labor and materials! Before filing a lien on your property, the tradesperson who has not been paid must file a preliminary notice. This notice must be sent to the homeowner no more than 20 days after the claimant begins working on a property. If the subcontractor fails to do this, however, they can still file a late notice and go ahead with the lien.

To avoid a receiving a lien after a project is finished, require the general contractor to provide you with either a conditional waiver and release or an unconditional waiver and release. In the first case, the contractor gives you a conditional release in exchange for payment in full by personal check. The release is conditional until the check is cashed, when it automatically becomes an unconditional release. In exchange for an unconditional waiver, you give the contractor a certified check for the work completed.

- Right to Cancel Notice – 3 Day right of rescission from date of signing the contract.
- Warranty Information – All information or warranted items purchased to be given to Homeowner
- You can protect themselves from liens by getting a list from the contractor of all the subcontractors and material suppliers who will work on the project. If they do provide dates when they will start, recognize that this is just an ‘estimated time schedule’, not a promise.

- No Completion of Substantial Work clause should be in contract. Final payment should be made when and only after you have received a Certificate of Occupancy from the Building Department AND that any and all punch list items have been corrected to your satisfaction. You have legal right to withhold payment of up to 10% of the total contract costs.