



**CITY OF MADISON HEIGHTS**  
**COMMUNITY DEVELOPMENT DEPARTMENT**  
**BUILDING DIVISION**  
**(248) 583-0831**

## HIRING A CONTRACTOR

### **Get Estimates**

- Get estimates from different contractors to compare prices. Remember the cost of materials and quality of materials will affect the bid. A low bid based on inferior materials may not be a bargain, so consider more than the price alone.
- Be sure the estimate specifies the total price, the terms of payment, the kind of materials to be used and the expected time it will take to complete the job.
- Be wary of special prices because of left over materials, other jobs in the neighborhood, or discounts if you agree to get other customers. They are often gimmicks used to get you to buy and are illegal in some cases.

### **Choosing a Contractor**

Get the names of contractors from:

- Friends or neighbors who have had satisfactory work done.
- People at local home improvement centers, builder shows or open houses.
- Local Yellow Pages list licensed builders who do business in your community.
- Local homebuilders association. If the association is affiliated with the National Association of Home Builders, all members should be licensed by the state in order to be included on their roster.

You should be aware that all persons or firms offering to do work on residential structures, which totals \$600 or more in labor and/or materials, must be licensed by the Department of Consumer & Industry Services. Ask to see the license, any reputable contractor will be happy to show it to you. There are two types of licenses. A Residential Builders License allows a contractor to build a complete residential structure and to do maintenance & alteration (remodeling) work on a residential structure. A Maintenance & Alteration License indicates that the holder has met requirements for one or more of the following trades.

basement waterproofing  
concrete  
house wrecking  
masonry  
roofing  
gutters  
swimming pools

carpentry  
excavation  
insulation  
painting and decoration  
screen and storm sash  
siding  
tile and marble

The trades for which a maintenance & alteration contractor is qualified to practice are listed on the license.

The license holders state license must be displayed in the place of business and all contractors and their salespersons must carry a pocket card which you should ask to see. If they cannot show you a license, check the department's License Information database at [www.michigan.gov/cis](http://www.michigan.gov/cis) or call the Verification Unit at (517) 241-9427.

## **Get References**

- Get references from the contractors you are considering – and check them!
- Ask for the name and address of previous customers. Check with those people who have had work done and ask if it was satisfactory.
- Be sure the contractor has a permanent business location and telephone number.
- Check the contractors credit reputation with local banks or suppliers.

## **Get it in Writing**

- When you have selected a contractor, get all agreements in writing. A written agreement will make sure there are no misunderstandings about the work, or the terms of the contract.
- Make sure that you read all documents carefully. While it is not required, it is often a good idea to have an attorney review the contract and any other forms before you sign them, especially if a large sum of money is involved. Be sure your contract states that the contractor is responsible for obtaining all required permits for your job. You should be wary of any contractor who asks you to obtain permits. Call the City or check with Consumer & Industry Services in Lansing as to the status of the contractor. Many times these contractors are not licensed or have other issues that prevents them from obtaining permits.
- Don't be afraid to ask questions about anything you do not understand. Ask for any changes or modifications before you sign the contract.

## **The Contract Should Contain**

- The company name, address, phone number and the full name and license number of the builder/contractor and the salesperson.
- Detailed job specifications which include a description (brand names, colors, grades, styles and model numbers) of materials, a list of all costs spelled out clearly, and any architects or engineers drawings which are required.
- Start and completion dates. These should allow for any reasonable delays but should include a clause allowing you to withhold payment if work slows down for no apparent reason.
- A statement that all required building permits and variances will be obtained by the contractor before work is begun. The building permit is for your protection. An inspector will make sure the finished job meets all codes and safety standards, and makes the contractor responsible for corrections.
- A guarantee that the contractor carry liability insurance and has Workers Compensation coverage, in case of accidents on the job.
- A statement of warranty on the work. Be sure it tells if labor and materials are guaranteed, and for how long. A statement that cleanup will be done by the contractor should be allowed.
- A provision for credits if there are large amounts of materials left over. On the other hand, you should be prepared to pay for extra materials if the project takes more than anticipated. Your

builder should provide you with a description of these extra costs in writing, so that there are no surprises on your final bill.

- The terms of payment should be clearly stated in the contract.
- A right to cancel clause. If you are solicited and have signed the contract in your home, you have three days to cancel the contract if you change your mind. You must send the contractor a registered letter stating you wish to cancel.

If everything in the agreement is satisfactory, both the contractor and the homeowner must sign and date the contract. Initial each page as well. Any changes or revisions must be dated and initialed by both parties. Be sure that the contractor gives you a copy of all the paper work including the contract, with any changes noted.

### **Paying the Contractor**

- **Never** pay for the entire job in advance and always hold at least 10% at the end of the job until all inspections are completed, all permits finalized and an occupancy certificate is issued if required.
- Make a deposit when work begins to cover materials and startup costs. Pay by check only to the company name. ALWAYS get a receipt AND waivers of lien for all the materials as well as labor supplied by any subcontractor before making a payment.
- Make scheduled payments as work progresses. Refer to the Construction Lien Recovery Fund's web page for more information at [www.michigan.gov/cis](http://www.michigan.gov/cis).

### **Resolving Problems**

- If you have problems, you should first try to resolve them directly with the contractor before making the final payment. You may contact the building department for assistance in resolving workmanship and code violations. We are here to help you.
- Small Claims Court is another alternative if the dispute involves a sum of \$3000 or less.
- If your efforts to resolve the matter fail or if you feel you have been the victim of fraud or deceit, you should contact the state's Commercial Enforcement Division to file a complaint at (517) 241-9207.