



Checklist: Counseling on Working With Contractors

Hiring and supervising a contractor can be intimidating, especially following the stressful experience of a disaster.

Use this checklist to guide your clients through the process.

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<h2>UNDERSTAND THE CONTRACTING PROCESS</h2> <p><i>Start your conversation about working with a contractor with an overview of the contracting process so that your client understands the process and their role in it. Your agency may choose to supply a list of known construction contractors in your area (without recommending or favoring any one company.)</i></p>	
<p>The contracting process involves three major steps. Each requires research and attention. They are discussed in more detail in the following sections.</p> <ul style="list-style-type: none"> ✓ Find the contractor. Find a contractor with the correct qualifications, experience, and availability, and the right price for the work you need. ✓ Execute a contract. Make sure that your expectations for the construction activities are codified in a written and signed contract that includes detailed specifications, fixed pricing, schedule for completion, schedule of payments based on percentage of construction completed, funding retention details, process for change order approval, payment processing, and enforcement language such as penalties for not completing work on time or incentives for completing work on or ahead of schedule. ✓ Oversee the contractor's work. Make sure the contractor fulfills the obligations in the contract and works in a safe manner. 	
<h2>FIND THE CONTRACTOR</h2> <p><i>Walk your client through the steps they need to take to ensure that they find a qualified contractor.</i></p>	
<p>Review contractor qualifications, get several cost estimates, and check credentials to ensure that you have a qualified contractor and a reasonable estimate.</p> <ul style="list-style-type: none"> ✓ Understand scope of work. To find a contractor, you need to know what work needs to be completed, including materials and installation requirements. Depending on the funding source, you may need to follow certain rebuilding requirements. ✓ Identify multiple contractors. Ask design professionals and your friends, neighbors, and relatives for the names of contractors they have used and trust. You may want to contact local governments and Housing Counseling Agencies to see if they can provide a list of licensed contractors working in the community. 	



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<ul style="list-style-type: none"> ✓ Get several written estimates. You should get estimates in writing from at least three contractors. This will help ensure that you receive a fair price for the project. Contractors may also have different suggestions on how a project should be completed. ✓ Check references. Ask each contractor to provide references and a list of contracts in progress. It is important that homeowners check these references to ensure that the contractor is honest and accurate about their past performance. You must also want to confirm that the contractor is available to do their job in a timely manner. Looking at a contractor's work in progress is an indicator of their availability to start the work. ✓ Check credentials and certification. Conduct further research to ensure that the contractor is registered, licensed, and insured to do work in your state. Research should also include checking with the Better Business Bureau and searching online to ensure that the contractor has no outstanding complaints and that no legal actions have been taken against them. ✓ Check insurance. Ask the contractor to provide proof that they have insurance. Contractors should have the following types of insurance: General Liability (bodily injury and property damage), Cargo and Riggers Insurance (home elevation), Builder's Risk Insurance (when work is performed), Workers' Compensation (in case of work injuries on the job), and Automobile Liability (injury and/or damage caused by machinery). 	
<h2 style="color: #0056b3;">EXECUTE A CONTRACT</h2> <p><i>Review the elements of contracting and the options your client has when signing a contract.</i></p>	
<p>Make sure you have a written contract and that you have a clear understanding of the content of that contract.</p> <ul style="list-style-type: none"> ✓ Consider bonding. You may have to require the contractor to carry a Performance and Payment Bond if the work is being paid from Federal funds and the contract amount exceeds \$150,000. Performance and Payment Bonds guarantee that the contractor will pay their employees and subcontractors for their work, and ensure that the work is complete. ✓ Sign a contract. Before letting the work on your home begin, ensure that the contractor agrees to and signs a written contract. The written contract should include the contractor's legal name and business address, construction schedule with start and end dates, a description of the work to be performed, total price, process for change orders, enforcement mechanisms, contractor's registration number, bonding certificate if applicable, and relevant insurance certificates. 	



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<h2>OVERSEE THE CONTRACTOR'S WORK</h2> <p><i>Your client may not realize they need to oversee the contractor's work. Review common procedures for supervising a contractor.</i></p>	
<ul style="list-style-type: none"> ✓ Supervise construction. During construction, monitor the contractor's progress. <ul style="list-style-type: none"> ○ Discuss the project with your contractor. ○ Ask the contractor to provide you with weekly updates on the status of construction. ○ Check with your municipality to ensure that permits are approved in a timely manner. ○ Conduct a physical inspection of the work being performed before the advancement of any payments to ensure that the work is high quality. ✓ Avoid contractor fraud. Contractor fraud is an illegal act committed by a contractor that involves the misrepresentation of services or payments to a customer. This may include underperforming, using poor-quality materials, inflating costs, or abandoning the project before completion. Be wary of contractors that demand cash payments or large payments upfront, do not agree to a written contract, do not have a business address, are not registered, or solicit customers by saying they can provide a good deal because they are in the neighborhood. For more information about contractor fraud, view the Avoiding Post-Disaster Scams and Fraud checklist. ✓ Conduct a final walk-through. When the repairs are complete, conduct a final walk-through of your home to ensure that all repairs have been made, the property is clean, there are no signs of mold or water damage, appliances and plumbing are functional, electricity is working and damage-free, and HVAC, security, and other systems are functioning properly. Take photos and make notes about anything that doesn't look right. For large rehabilitation projects, consider hiring a third-party inspector to attend the walk-through. ✓ Pay your contractor. Before paying a contractor, investigate different financing options that best fit your needs. Never pay the contractor for the entire job upfront, never pay with cash, and keep copies of all receipts and invoices. 	
<h2>ADDITIONAL CONSIDERATIONS</h2>	
<ul style="list-style-type: none"> ✓ Incorporate disaster resilience. While making repairs to your home, consider making additional changes to protect yourself from future disasters. The following Federal Emergency Management Agency (FEMA) resources provide more information on possible measures you could take: <ul style="list-style-type: none"> ○ Protecting Your Property From Wind ○ Building Science Resources to Assist With Reconstruction After a Hurricane ○ Earthquake-Resistant Design Concepts ✓ Make your home a healthy one. See the Checklist on Counseling for Healthy Homes for information about how to rebuild your home in a way that protects your family's health and safety. 	



Acknowledgments and Additional Resources

The Counseling on Working With Contractors Checklist was adapted based on the following resources:



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- [Navigating the Road to Housing Recovery – NeighborWorks](#)
- [Using Contractors to Rebuild After a Disaster – Consumer Financial Protection Bureau \(CFPB\)](#)
- [Protect Yourself from Disaster-Related Fraud and Scams – FEMA](#)
- [Consumer Tips for Post-Disaster Home Restoration – HUD](#)