

Your Contract

Provided by: NCPHIF.org

Here's a checklist of the various things that should be included in your written contract.

Your Contract Check List

1. Is the written contract typed, not hand written and signed?
2. Does the contract include:
 1. Contractor's full name
 2. Business address: (this is a physical address not a PO Box)
 3. Business phone
 4. Cell phone
 5. Contractor's registration number
3. Does your contract include a guarantee or warranty on materials and workmanship?
4. Is there a procedure for written change orders and approval including details to reflect how the plans changes and the costs for the changes?
5. Is there a clause that states that if you and the contractor cannot agree on anything regarding the project, that you both agree to abide by the decision of a third party "code certified" inspector?
6. Is there a start and completion date?
7. Is there a penalty clause included if the completion date, after legitimate extensions, is not met?
8. Is there an exit clause in case you need to terminate the contract or the project?
9. Does it include total costs including a breakdown of labor and supplies?
10. Is there a payment plan based on various stages of completion?
11. Does the contract include clean-up responsibilities?
12. Is there a right to cancel within 3 business days clause included?
13. Are there any blank spaces on the contract that could be filled in later? There shouldn't be!

Read and understand every word of a contract before signing it. If you don't understand something, ask for clarification. Avoid signing a contract that has not been completed fully or that you don't completely understand.

Perhaps the most important thing to know is what differentiates legitimate contractors with unscrupulous ones. Legitimate contractors are registered, insured and/or bonded by the state and/or town where you live. What's more, they offer written estimates for you to inspect before you sign a contract, and a written contract that will be signed by both of you before work commences.

Contract “Do” s

1. **Written contracts** – Always insist on a written contract for the work to be performed, with all guarantees, warranties and promises spelled out, particularly the terms of any unforeseen changes that may need to be made. Do not accept a handwritten contract.
2. **Change Orders** – Before signing the contract, make sure it includes a procedure for change orders, which are mini-contracts containing a work description and a fixed price, for anything that gets added to the job in progress. The extra work, whether it’s related to unforeseen building issues or homeowner whims, can proceed only after the change order is signed by both homeowner and contractor.
3. **Inspectors** – It is always a good idea to add to your contractor’s contract that if the two of you cannot agree on anything regarding the project, you both agree to abide by the decision of a third party “code certified” inspector you both agree to before the project begins.
4. **Guarantees and Warranties** - Make sure you fully understand the contractor’s guarantee/warranty. Remember, if the company goes out of business, so does your guarantee!
5. **Start and Completion Dates** - Agree on start and completion dates and make sure they’re written into the contract.
6. **Exit Clause** - Be sure to know exactly what your exit clause is in your contract with the contractor. Push comes to shove, you need to know what your options are to terminate the contract.
7. **Payment Terms** – It is prudent to set payment terms in conjunction with completed stages of the job.
8. **Legal Review** - Depending on the size, complexity and cost of your job, it is always a good idea to have an attorney review your contract. But remember, even a perfect contract does not guarantee the quality of contractor’s work or that the contractor is honorable.

Contract “Don’t” s

1. **Don’t allow anyone to pressure you into signing any document.**
2. **Don’t let your conversation with a contractor serve as a valid or binding agreement for the service he/she is to provide.** Some of them are the best manipulators. Everything must be in writing. Oral agreements mean it’s your word against theirs!
3. **Don’t sign any document you haven’t read** or any document that has blank spaces to be filled in after you sign.
4. **Don’t leave blank sections on your contract** – Charges that are not clearly stated and understood in your contract allow for additional charges to be fraudulently added in.
5. **Never sign a contract with a service professional who makes promises that are too good to be true.** Chances are this service professional needs to create these incentives to attract customers; if that’s the case, the service professional’s record can’t speak for itself.