



QUALIFYING A CONTRACTOR

An experienced contractor can provide the following services for your real estate business:

- Responsible for providing material, skilled labour, equipment, and services necessary for the construction of a project or completion of a specific renovation task
- Completes renovations according to local building codes and regulations
- Identifies scope of work and all associated tasks with completing a renovation project
- Interacts with the project architect, engineer, and/or designer to ensure the project is implemented as planned
- Hires or manages specialized sub-contractors
- Arranges building permits and all associated inspections

General Business Questions

Use these questions to help you qualify a contractor to ensure you feel confident before starting your next property renovation.

1. Are you licensed or certified in your trade? Can you provide me with proof of certification and proof of liability insurance? Can you provide me with proof of worker's compensation insurance?

Reputable contractors should be able to provide proof of license or certification and liability insurance without any hesitation or delay. Worker's compensation insurance protects you from liability in the event a worker is injured while working on your property. Make sure you hire a fully licensed and insured contractor. Some provinces require contractors to also have a license number or other provincially specific accreditations. To determine what is required in your province, consult with your local home builder's association or contact your province's consumer protection agency.

2. Can you tell me about your educational background and experience in the industry?

Experience and longevity in the industry are key. Be wary of a new contractor who is learning for the first time with you as their test case. Ask about their training and how often they learn about changes to the building code or new technology. You can also research their experience online by looking at their website and online reviews. Some provinces also have searchable online registries for certified trades that outline their certification status, classification, and how long they have been certified.

3. What type of renovations do you specialize in?

A general contractor may have experience in multiple different areas, while other contractors will specialize in a specific area. Ensure the contractor you choose specializes in the type of work you require and isn't overpromising on their ability. If the contractor claims he/she is a "jack of all trades," look for references and visit past jobs that can substantiate that claim and ask if they will be hiring specialists as contractors for custom components of the job.

4. Can you provide me with a written quote and final contract that includes the complete scope of work, a detailed breakdown of labour, and material costs?

Be wary of contractors who don't want to put quotes or contracts in writing. A professional contractor should have formal written paperwork that details the entire scope of work in detail. The terms and conditions should be clearly outlined including processes for change order requests, the projected timeline, payment terms, permitting process, and roles/responsibilities of both the contractor and you as the property owner. The contractor should also complete an on-site evaluation before finalizing the quote.

5. Will my project require a building permit? Who is responsible for obtaining the permit?

Your contractor should be able to identify all of the permits required for your project and the steps taken to obtain them. Ideally your contractor will obtain all permits for you, but don't assume this is their responsibility. Ensure it is clearly outlined in your contract who is responsible for this task and for scheduling all required inspections. A reputable contractor should never advise completing work illegally without a required permit. To verify if a permit is required for your project, check with your local municipal building department.

6. Who is responsible for purchasing the materials? Who will pay the suppliers?

Ideally your contractor will have access to discounts on materials and will be responsible for purchasing materials for the project. In your written contract, ensure the acquisition of materials is clearly defined as well as who is responsible for paying the supplier. If the contractor is supplying the materials, ask for samples, model, or part numbers in writing, and sign off on all materials before they are ordered. Ensure there is a clause in your contract that the contractor will not substitute materials without your written approval.

7. What is your payment schedule?

Payment schedules will vary from company to company and project type, but you should never pay the entire amount up front. For small repair or renovation jobs (i.e. plumbing or electrical repair requiring less than one day of work), payment is often due upon completion of the project.

For custom projects with specialized work (i.e. custom cabinets or countertops), a deposit of 20–50% may be required with the remainder due on delivery/installation.

For large renovation projects, the contractor should outline an installment schedule that is based on completion milestones, not arbitrary calendar dates. A 10% deposit is often standard, then look for a detailed outline of following payments with specific amounts to be paid (i.e. 15% once framing is complete, 10% once windows are installed, etc.). Do not pay the complete final installment until the work is 100% complete including all outstanding punch list items and any deficiencies repaired. If a small item is outstanding (i.e. a faucet on backorder), work with the contractor to agree on a holdback amount that will be paid upon completion of the final outstanding item(s).

8. Is your contract a fixed price or time plus materials?

Fixed price contracts outline one set price for the entire project that will not change as long as the scope and materials remain the same. This format is common for large scale renovation projects. Fixed price contracts may cost a little more because the contractor will build in contingency; however, they make it easier for you to budget and can make the contractor more accountable for staying within timeline.

Time plus materials contracts outline the cost of materials plus an hourly rate for the work completed. If the project is completed faster than anticipated, the saving will be passed on to you but this can also put you at risk for going over budget if your contractor isn't efficient with his/her time. Time plus materials contracts are more common on small repair and maintenance jobs.

9. How can I pay you? Will you provide me with a receipt and/or lien waiver?

Professional contractors should accept a variety of payment methods including credit cards, electronic money transfers, and certified cheques. Be wary of contractors who only accept cash and will not provide receipts or lien waivers for their work. A lien waiver is a legal document that verifies you have paid the contractor in full for all services rendered. If sub-contractors were used on the jobsite, your general contractor should also be able to provide waivers for them also.

Without written proof of payment and services rendered, you can be at risk for future claims of non-payment and you will be unable to claim warranty.

10. Will you be hiring sub-contractors on this project?

Most general contractors will use specialized contractors to some degree. It's important to understand how many will be hired and how this will affect your renovation timeline. It's also important to ask who they are, their company names, and understand when they will be onsite. Also ask your contractor direct questions about who will be supervising sub-contractors and who you should call if you have any questions or concerns.

11. What is your change order process?

Throughout a renovation, you may make changes to the scope of work, material substitutions, or find that additional tasks are added to the project. For each and every change made during the project, it should be documented in a written change order request. Your contractor should have a standard form for this process and you should receive a copy of all change orders to keep on file including notes about changes in payment schedule, project cost, or timeline.

12. What happens if you find something unexpected? Do you anticipate any unforeseen problems with my project?

It is quite common to find something you did not expect during the course of a renovation. A lot of surprises can be hidden behind walls and existing finishes. Look for a contractor that clearly outlines how they would notify you of a problem or unexpected circumstance and understand who would be responsible for what.

13. How will you communicate with me throughout the project?

Throughout the project, you should be in constant communication with your contractor to understand the progress of the project, changes, etc. How you choose to communicate is up to you, but it's important for both you and your contractor to understand the best medium for communication (i.e. phone, email, text messages).

14. What is your project completion process/after service support?

At the end of the project, your contractor should walk you through the jobsite in detail to review the work completed, confirm satisfaction with the quality of work completed, and identify any tasks outstanding or deficiencies. Ideally your contractor will have a checklist or "punch list" you can review together before you sign off. Ensure there is a process in place for resolving any deficiencies and for any holdbacks to the final payment.

15. What type of warranty do you provide? What does it include and how would I claim warranty if required?

All contractors should provide a warranty for work completed. Look for clear documentation about what the warranty does and does not include, the process for claiming it, and the documentation required. Also ask for the warranty information for all materials used on site (i.e. flooring, appliances, etc.)

16. How will the site be cleaned up?

Expectations are everything. Be sure you and your contractor are aligned regarding clean up at the job site. Ask questions including: Will the job site be cleaned up every day? How is "clean up" defined? How will the contractor work to ensure there is no damage to the rest of the property and minimize mess? How will they deal with fine dust? Renovations can be very dusty and dirty; ensure you understand whether you are responsible for cleaning dust and ask if they will be tarping off work areas, blocking off air vents, etc. to minimize impacts to other areas of the property.

17. What hours of the day can I expect you to be working on site?

Ideally your contractor will work standard, weekday business hours. Be mindful of contractors who want to start very early during the day, work late at night or on weekends as this may cause tension with neighbours or other tenants due to noise, traffic, and general disruptions. If your contractor needs to work extra hours due to extenuating circumstances, understand the reason why and ensure you communicate with your neighbours or tenants to set expectations and avoid complaints.

18. How many projects are you currently working on?

This gives you an indication of how busy the company is, how long it will take for them to complete your project, and how much time they can devote to you. Ideally you shouldn't be their only project, but you also want to ensure they aren't over committed and can stay true to their projected timeline. If you are their only project, question why you are the only one hiring them.

19. Can you provide me with references to some of your recent, local clients?

Be wary of businesses that will not provide references. Look for a minimum of 3 to 5 references to recent projects that are similar in scope, length, or type to yours. Once you connect with the recent client, ask if you can come visit the complete project so you can view the quality of work for yourself. Also ask references if they were satisfied with the job completed? Did it stay on budget and on time? Were there any problems during the project and how did the contractor resolve them? Was the quality of work as expected? Would they recommend the contractor to friends and family? Are there any other details they would like to share about the project or the contractor?

20. Is there anything else I should know about you or working with your company if we decide to proceed with this relationship?

Ideally this is the contractor's opportunity to add value to you, explain more about their services, and outline next steps for you to confirm the business relationship. Look for answers that appear genuine, are informative, aren't a heavy sales pitch, and don't appear scripted.