

Know Your Home **HIRING A CONTRACTOR**

This paper is designed to help you understand the important job of hiring a contractor, help with selecting & interviewing contractors, offer some suggestions for what a contract should include, and a brief synopsis of the educational requirements for the major trades you are likely to come across at some point in your life as a homeowner.

With the exception of a few jobs, such as roofing, eavestroughs and fencing, most renovations require a permit, especially if plumbing, electrical or other significant changes are part of your project. Call your municipal government to learn which permits are required for your project. A permit is a second set of eyes by a qualified inspector to check that things are done correctly. No law-abiding contractor or tradesperson will steer you away from one.

Good tradespeople are booked months in advance. You will probably have to wait weeks just to get a chance to meet with them. This is a good sign. Don't let your impatience to start lead you to a decision you may later regret.

Begin searching for a contractor by asking trusted friends & associates for recommendations. Word of mouth referrals are important to contractors and will likely do their darnedest for you if they know you're an extension of their existing client base. Whilst personal referrals are a good start, the [Canadian Home Builders' Association's](#) (GTHBA) website is another good source for information on hiring a contractor.

Like any association, members must adhere to a code of ethics and participate in educational upgrading. The GTHBA's website has a searchable database of contractors who can provide everything from small repairs to custom home building through their Renomark



program. Registered contractors must follow clear guidelines & rules about written estimates, contracts, codes & bylaws and more. [Renomark](#) contractors offer a minimum two-year warranty and carry all appropriate licenses.

CHECKLISTS, QUOTES & INTERVIEWS

Once you have a good understanding of your project, (and if you don't, here's a [link](#) – peruse the left-hand legend - to lots of information to help you) you're ready to think about whom to hire.

Create a checklist – the Internet will have samples to consider – of questions to ask each contractor. Interview as many contractors you need to get a proper representation of *apples*.

The only way to assess fairly & accurately each contractor is to provide them with exact copies of the project plan. Search online for sample checklists to help get you started. Small jobs may get an immediate quote, but large jobs will require additional time.

BUSINESS NUMBERS & INSURANCE

When inviting the contractor to meet request they bring their portfolio of completed jobs. Ask each candidate how long they have worked in the business, and if they have experience with projects similar to your own. You'll want to choose a contractor who has an established, successful business. These contractors can be found at all monetary levels and that's where comparing apples to apples and oranges to oranges comes into play.

If you want a budget job you want to hire the contractor that best knows what products will give you value for your dollar. If you want nothing but the best, you'll want a contractor that understands the high-end market.

You'll not want to waste time interviewing a contractor who:

- requests a large deposit for materials or even the complete payment up-front.
- states cash is the only accepted payment method
- pressures you for a decision or offers a discount if you hire them then & there.
- downplays the need for permits
- has no physical company address or direct telephone number

When reviewing bids, it's usually best to dismiss the highest & lowest and concentrate on the middle ones: *these are your apples*. However, if you like a contractor whose bid is above the average, arrange a second interview and review the quote. You'll either be satisfied to drop them or you may decide to carry them forward. At the end of the day, you must be completely comfortable with the contractor you hire.

Credentials (education), business numbers, insurance, Workplace Safety Insurance Board (aka Worker's Comp) are not just words. These words separate the professionals from the con artists pretending to have them. That is why it's so very important to verify everything a contractor says to you.

Ask all potential contractors for their [Business Number](#) (BN) and their Business Liability insurer & policy number. These along with workers' insurance are the basics required to operate a legitimate contracting business.

You can verify a contractor's HST# [here](#). If you can't find it there, try calling the CRA's business enquiries line at 1-800-959-5525.

Ask all potential contractors for a copy of his/her insurance policy. The bigger the job, the more liability concerns but, regardless of job size, verify that the policy:

- is valid, holds enough coverage, and won't lapse before completion of your project
- includes both public liability & property damage
- confirms that the company name on the policy is the same as the one on your contract

After shortlisting your contractors, request from them a Workplace Safety Insurance Board Clearance Certificate; you can then call 800-387-0750, ask for Clearances and verify the number on the certificate. Without WSIB, which covers any on-site sub-contractor, you could be sued & held responsible for any worker injuries occurring on your property. A certificate is good for 90 days so if your project lasts beyond that, ensure the certificate is renewed and provided to you.

Check with your own insurance company for any requisites they may have in place regarding major renovations to your home. *If you hire the wrong contractor who botches the job forcing you to hire a second contractor to put your house back in order, your insurance company will deny any claim.*



REFERENCES

Once you've vetted the contractors and are happy with the selection you've made, it's time to move to the next stage: verifying what they've said.

Request & check all references. One survey found only 25% of homeowners bothered to check their contractors' references, but also found that those who did check references were happier with the results than those who didn't.

A phone call may be all that's required for small jobs, but for a major renovation, it would behoove you to also ask for a visit. Here are some topics to get you started:

- Confirmation that they hired the contractor
- Overall satisfaction with the work done
- Was the project finished on time & on budget?
- Were there any hiccups?
 - what were they and how were they dealt with?
 - were they resolved to your satisfaction?
- Would you hire this contractor again?
 - if not, why not?

THE CONTRACT

Always keep in mind that you are the one in ultimate control of the project. Your contractor & trades are carrying out your wishes and you must be sure your best interests & money are protected.

A contract is a legal document, binding to all parties who sign it. Smaller projects, such as roofing or a new HVAC system, won't require a detailed contract; however, no work should begin without a written statement of the work to be done, materials to be used, warranties offered, project costs, and start & finish dates.



Under the Consumer Protection Act, all contracts must contain a few common elements to ensure your rights are protected. Clicking [here](#) will take you to the Ontario government's webpage regarding your rights when creating a contract; what's a cooling off period and is it in your contract; what to do when your contractor refuses to finish the job or correct an error; whom to notify about dishonest practices, and there are even sample letters, if required. Understanding your rights about what should be included in your contract will make this process easier and hopefully you won't have to take drastic action.

For large projects, all aspects should be accurately described and understood by you, and that everything talked about & agreed upon verbally is written down. If something in the contract is not clear to you, seek clarification and, if necessary, request a revision to the contract before signing. Once the project is underway, ensure any alterations to the project are added to the contract and initialed by both parties.

One of the most detailed sample contracts we found is [here](#) and well worth looking over. What it shows is that nothing should be taken for granted, regardless of any handshake, verbal agreement or how much you trust your contractor: if it's not in the contract it doesn't count. It doesn't count in a) that it's included in the price and b) that it's supposed to be done.

Although there are pre-printed contract forms, there is no such thing as a standard contract: they are as individual as each project. If you are working with a pre-printed contract ensure anything not applicable to your project is noted as such and that there is sufficient detail in the contract for you to avoid miscommunication down the road. If you are unsure about the completeness of your contract, run it by your lawyer before signing.

Contingency clauses for unforeseen problems are legitimate aspects of a contract and a better alternative than having a contractor building the money into their quote. It's wise to have 10 - 20 % of the project's projected budget available for emergencies. Include any restrictions for its use in the contract.

It can happen that materials or products become unavailable thus altering the project. For the protection of both parties, any change in the project should be noted on the contract along with any possible repercussions for this change, such as extra – or reduced - costs for both the product & project, including labour costs or a change in completion date.

PAYMENTS, HOLDBACKS & LIENS

Down payments are seldom requested on routine home improvements & repairs. Larger jobs, however, usually involve multiple interim payments with anywhere from a 0 – 20 % payment expected upfront.

Payments should be only for work completed and *not* by simple division of total cost. Wherever possible, make payments by cheque as they provide a record of payment. If you do pay someone with cash, get a signed receipt.

Another inclusion to your contract regards the Construction Lien Act. It covers the 45 days after work has largely finished and the trades have left. A holdback of 10% is the standard amount and should be part of every contract.

Its chief purpose is to cover any liens that may have been placed against your property by suppliers or sub-trades a contractor failed to pay. If a lien has been applied, inform your contractor the lien must be discharged before final payment is released. Apprehension on a contractor's part to include a holdback in the contract should be a flag for you.

Regardless of how much you love what's been done or how much you adore your contractor, resist signing the Certificate of Substantial Completion or any other document releasing your contractor from any further responsibility until the full 45 days have passed.

DISPUTES

Disputes can happen regardless of how many clauses are in your contract. Adding how to handle disputes is well worth considering. It could be as simple as a formal meeting with your contractor. The most common issues are over poor workmanship, delays, and misunderstandings regarding the scope of the work, or the completion date.



If a disagreement develops between you and your contractor, stay calm: getting angry gets you nowhere fast. If, after a meeting, with both sides stating the issues as seen by them, the problem(s) can't be resolved, seek advice from those who can help (beyond tea & sympathy) or contact your lawyer who may offer a solution or two neither side has thought of.

The more you can keep communication between you and your contractor open as well as being available to answer questions or discuss situations that might arise on short notice will help keep your project running more smoothly. And visiting the work site regularly to see what's being done and to discuss progress with your contractor will help ensure everyone stays on task & on target.

If you have any questions or concerns about the project, discuss them with your contractor without delay; not speaking out and allowing the project to keep going will cost you more if work has to be undone and then redone. Try to be flexible when minor changes occur that will not affect aesthetics, function or quality of the project. Note any changes made on the contract.

THE TRADES: QUALIFICATIONS

Ontario requires a Certificate of Qualification, or C of Q – which confirms a contractor's apprenticeship and the passing of provincial qualification exams - for trades such as plumbers, electricians, and HVAC contractors. Click [here](#) to find out which trades require a C of Q, and click [here](#) to verify the contractor has it.

Whilst a specific construction license is not required for employment in Ontario, Toronto (and other cities) contractors including roofers, carpenters, bricklayers, concrete workers, and kitchen & bathroom renovators require a license. You can click [here](#) to verify a contractor's Toronto license, but note that contractors may not even be aware of this licence requirement and verifying the other information, especially one's qualifications, BN and insurance should take higher priority.

GENERAL CONTRACTOR



A general contractor or project manager's job is to ensure that the renovation flows from start to finish. He or she is responsible for obtaining permits, ensuring the work is done to code, scheduling the different trades, purchasing the materials and paying the trades. He or she should ideally hold a degree in construction management. Beyond that you want to see a strong background in all levels of construction; they should definitely know how to read blueprints, if applicable; and be proficient with construction software programs. A general contractor's fee accounts for anywhere between 15 - 30% of the renovation costs.

Depending on how big a job you are undertaking, your contractor could be with you for months. It is vitally important that you trust this person and that you have good communication with him or her. If something doesn't feel right, if you don't feel at ease with this person – no matter how qualified or highly referred they come - find someone else that fits with you and your goals.

HVAC

Choosing your HVAC contractor is more important than the furnace or air conditioner you require. If you've picked the right contractor you can trust what they are telling you, such as which models give the best value or which ones are notorious for premature failures. Furnace manufacturers will all have their high-end, middling, and economy versions and as long as you check which are which, there'll be no confusion about comparing apples to apples.

A reputable contractor will provide a load calculation which takes into account many factors affecting how much heat your home requires. They will need to visit your home to collect the data to perform this calculation. You should receive a written estimate from each contractor.

Be wary of a contractor who doesn't perform such a calculation, uses rules of thumb, or simply plans to install a new furnace with the same capacity as the old, which may or may not have been sized correctly, unless his/her findings agree with everyone else's, in which case you may have just found a real gem.

If your furnace isn't working correctly after installation, the contractor – not the manufacturer – is the person to call – another reason that you need to choose your contractor carefully.

Members in the Heating, Refrigeration & Air Conditioning Institute of Canada (HRAI) must possess relevant trade licenses, technical certifications and insurance coverage just as you should expect from any contractor. Look for the HRAI Member Company logo when choosing a contractor and verify their membership [here](#).



PLUMBERS

Ontario plumbers must be licensed to work with fixtures & fittings including removal of waste water. Kitchen & bathroom renovations will require licensed plumbers. Apprentices in the plumbing trade must serve a 9,000-hour training period with 720 of these hours in the classroom.

ELECTRICIANS

A qualified electrician will have a valid [Certificate of Qualification](#) (C of Q). They are also required to be licensed as an Electrical Contractor by the Electrical Contractor Registration Agency (ECRA) of the Electrical Safety Authority (ESA) to work in Ontario.

The license number should be displayed on the company vehicle or contract. This license ensures that the company has a designated master electrician in their employ, WSIB coverage, liability & property damage insurance coverage of at least \$2,000,000 for the company & employees.

Apprentice, Journeyman, and Master Electrician are the advancing levels of experience. A Certificate of Qualification promotes an apprentice to journeyman. A Master Electrician License may be issued to one after a minimum of three years' experience in the electrical trade in Ontario.

GAS TECHNICIANS

The Ontario Energy Act requires mandatory training & certification administered by the Technical Standards and Safety Authority (TSSA) under the Ministry of Consumer and Commercial Relations. There are three levels of experiences:

Gas Technician 1 (GT1) is the highest level of certification. This person may install, alter, inspect, activate, purge, service, repair or remove any appliance or fitting related to natural or propane gas. Gas Technician 2 (GT2) is restricted to appliances under certain BTUs. Gas Technician 3 (GT3) is little more than a qualified helper to the others.