

Home Remodeling Guide...



*Understanding the
six phases to a
successful project*

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A Homeowner's Guide
to Successful Remodeling

Hiring a contractor for a residential or small commercial project may be a process that is unfamiliar to you. This handbook should answer many of your questions and clarify the processes and phases of remodeling.

Many individuals and organizations find this guide to be a valuable resource as they begin to plan for renovation, addition, or new construction projects. It will help you understand the role of the various project suppliers and the value he or she can bring to your effort. There is advice on choosing the right contractor and structuring the working relationship. This guide is organized in sections to reflect the actual phases of a remodeling project. This will help you to understand what to expect during each phase of the process.

Welcome To AJ Hackett Company

This guide is designed to help you, the homeowner, make informed decisions about remodeling based on objective information. It will help you identify critical information you need to know and the questions you need to ask when evaluating potential contractors.

One of the biggest problems professional remodelers have is overcoming the negative perception consumers have of the remodeling industry. There are too many so called "professionals" who call themselves contractors or remodelers, but who really don't operate with the professional knowledge, experience or ethics required to protect homeowners from unnecessary risks. And all too often they can't or won't deliver quality work which results in homeowner dissatisfaction.

Beginning in 1999, AJ Hackett Design & Construction has been successfully remodeling and investing in homes. We know, specifically,

what it takes to turn your dream into reality and how to keep a project on track and on budget. We strive to maintain high standards and to help make it easier for homeowners to understand how to select a qualified and competent remodeler.

Six Remodeling Phases

There are six critical phases of any remodeling project. They are:

1. Designing and Planning the Project
2. Selecting the Right Remodeler
3. Comparing Designs and Proposals
4. Understanding the Contract
5. Project Management
6. Enjoying the Finished Project

Understanding these six critical phases of remodeling will give you the confidence to select the best remodeler for your specific project and ensure your satisfaction.

Phase One: Designing and Planning Your Project

The first question to ask is whether your primary objective is to increase the monetary value of your home, or to improve your personal living space. This determination will help structure the scope of the project and avoid making common and costly mistakes.

Are you making a financial investment, an investment in lifestyle, or both?

Financial Investment: If you are thinking about remodeling your home in order to improve its value for resale, there are a few things you should consider. Here are some questions you need to ask yourself before you make a commitment to remodeling:

- How much am I willing to spend on improvements in order to sell the house? The cost of remodeling should be appropriate for the expected value of your house. You don't want to get into a project that costs more than the return you wish to achieve.

- Will my investment in remodeling actually increase the market value? To sell your house quickly you need to focus on designs that appeal to the average buyer.

A competent remodeler can help you with an appropriate design, based on his experience, which will increase the overall value of your home.

- How long before I want to sell? A realistic schedule for completion is mandatory. The last thing you need if you are selling your house is an ongoing remodeling project. Be sure your remodeler can give you a written schedule with a realistic time frame for completion.

Investment in Lifestyle: If increasing the market value isn't a primary interest, then you are probably interested in improving your home's appearance and functionality for your own enjoyment. This is a much easier project to plan because an appropriate design can be anything you want and are willing to pay for. Involving a talented and competent design/build remodeler is invaluable at this point to ensure your project is designed to meet your aesthetic and functional demands.

KNOWING WHAT YOU WANT

Once you've decided on the type of project, it's time to determine exactly what you are looking for in the end result. You need to consider colors, textures, and styles, as well as traffic flow and functionality. If you don't already have a good idea, then start by gathering pictures of homes and rooms that appeal to you. A design session with the right professional can go a long way towards helping you with a plausible, functional design. Looking through magazines and websites can give you some great ideas, and will help your remodeler picture what you want.

GETTING THE DESIGN YOU WANT

The outcome of a successful remodeling project is dependent on how well the project is designed and planned. Many design professionals are members of the American Institute of Architects (AIA) or the Institute of Classical Architecture and Classic America (ICA&CA). Ideally, you should bring your contractor into the design phase for maximum efficiency. You need to get professional drawings with a corresponding, detailed cost projection. This can be a very involved process and usually requires professional assistance to design something that matches your aesthetic criteria with your budget. Most contractors can build something based on what they think you want, but don't have the design background to offer unique or varied options.

There are four basic ways a contractor can handle the design:

1) No design – You get nothing other than a price quote and hope they understand what you want and that they can actually build it. This is extremely risky for the homeowner and should be avoided completely.

2) Sub-contract or out-source design and drawings – In this situation it is likely the designer never sees your home. The designer works from notes and descriptions they get second hand from the contractor. The probability of a clean, aesthetic blending of the new structure with the old is greatly reduced and the result is often a very noticeable "add-on" look that doesn't really match your existing structure and decor. During the construction phase any changes have to be re-worked by the designer, and that most often results in significant delays.

3) Design to Bid – In this situation you pay to have a designer or architect create the design and drawings. You then have the project bid based on those drawings. This situation is better than the previous two, but problems often develop as a result of poor communication between the architect and the contractor once the drawings are complete. It is the responsibility of the contractor to interpret the drawings and then build the project. Misinterpretations of the original design can be frequent and pronounced, forcing you to manage and coordinate communications between both architect and contractor. If you choose this approach be sure there is a good working relationship between the architect and the contractor. It will have a significant impact on your project.

4) Design / Build – In this approach the same firm will design and build the project. This virtually eliminates the problems associated with the other approaches and streamlines the process, and is the preferred method. All professional risk stays with one firm, and you won't have to mediate between the designer and the contractor. There is no need for you to be the "go-between" to address any issues. This is the best process for ensuring that the project is completed as it is designed.

ESTIMATING THE COST

It is almost impossible to accurately estimate the cost of a project without first having a detailed plan. The cost of any remodeling project can vary dramatically depending on its complexity and the quality and types of materials you choose. The only way to know that you're getting the best value for your money is to be sure your remodeler uses a thorough estimating process which can accurately cost out the design as specified. This will reduce or eliminate the "fudge factor" or the change orders that usually occur with most remodeling projects.

Phase Two: Selecting the Right Contractor

(Your most important decision)

Hiring the wrong contractor can be a nightmare of expensive change orders, sloppy work and projects that are not done right or never seem to end. Each year there are well over 1,000,000 complaints and lawsuits filed by unhappy homeowners against contractors. By choosing the right remodeler you can eliminate those "money pit nightmares" so commonly associated with remodeling. But with so many contractors to choose from, how can you find the ONE who is right for you?

Here are 14 questions you need to ask any contractor before you ever get a bid:

1. Where are you licensed and do you pull all necessary permits? A license means they are properly registered and licensed by the state, and meet all legal requirements. If they ask you to get your own permits, or suggest permits aren't necessary, then you need to move on to the next firm. Our License Number is 898463 and we pull all necessary permits for every project we do.

2. Will you give me a final written lien waiver? A Lien waiver protects you in case the contractor does not pay his suppliers or subcontractors. If this happens you may be liable for any unpaid bills by the contractor. At AJ Hackett Construction we always provide the "Final Release of Lien" as part of the final inspection walk through.

3. What kind of warranty comes with the job? Ask contractors if they offer a written warranty for the work they do. Responsible, legitimate contractors will have warranties for their work and materials, and will honor all manufacturer warranties.

4. Do you carry general liability insurance? What happens if a contractor damages your yard, home or furnishings? If he is inadequately insured, (or worse, not insured at all), you have to foot the bill for repair or replacement. Be sure your remodeler is fully insured. Don't accept self-insurance as a replacement for quality liability insurance. Ask for a copy of their proof of insurance.

We take extra precautions to protect your home, yard and furnishings (we'll be happy to explain exactly how we'll do that for your home), to protect them from damage and help provide peace of mind as we work around your home.

5. Do you carry worker's compensation insurance? If an employee of a contractor or subcontractor gets injured on your property, did you know that YOU can be held liable if the contractor doesn't carry worker's compensation insurance? It's crazy, but true. Protect yourself by getting a copy of the current worker's compensation policy.

6. Do you have a written policy for managing change orders? Unexpected change orders can drive the cost of a project far beyond your acceptable budget. In fact, the industry average for change orders is 20% more than what was bid!

We have specific, written guidelines for all change orders and your written approval is required before change orders are implemented.

7. Will I receive a written contract? Always ask for a written contract that clearly defines the scope of work, the cost and the time frame for completion. Surprises in the remodeling business can be extremely expensive. Avoid problems by getting a written contract and be sure to review the contents in detail. (For a more thorough discussion of contracts and what to look for, see "Phase Four" of this booklet.)

8. Will you use an in-house designer and will they actually come to my house before creating the drawings? This is a critical question. So much depends on how the design is done. The best approach is to have the actual designer involved in the project on a daily basis. A detailed discussion on the different design options are discussed in the section entitled Phase One -Designing and Planning Your Remodeling Project. AJ Hackett is a Design / Build firm and we take it a step further. Your designer is also your project manager and they are involved from start to finish. We're laptop driven, so you can work with them in our office or at your home. If you want to make a design change they can do it in a matter of hours not days, or weeks. This eliminates any confusion and "translation" problems that so often occur with other approaches (We do work with architects who request us as their remodeler of choice, and we are asked by architects to cost their projects because of our detailed process.)

9. Will you provide detailed drawings and budget estimates before I commit?

To absolutely know what you're getting and what it will cost, you must have a set of drawings and a thorough budget. As a Design-Build company we can provide drawings, or you can have an architect provide drawings. Our estimate is the result of an elaborate, computerized process that factors in all materials and labor proposed for your home.

10. What systems or software do you use for project costing to ensure an accurate bid?

Thorough and accurate budgeting for most remodeling projects requires hours of professional scrutiny. Making sure all the necessary materials and parts are priced correctly and that appropriate labor resources are defined is a critical task for accurate budgeting. A systematic process

using good software plays a critical role in making sure your bid is accurate. Remember that the industry average for change orders is an additional 20% more than the original bid. That can often be avoided if the contractor has a good budgeting process. We have a process that utilizes construction and remodeling cost software that enables us to create extremely detailed budgets and bids.

11. Are your finish carpenters and painters employees or subcontractors? The finished product is what you'll see the rest of the time you live in your home. Attention to detail is of paramount importance in finish work. We choose the best resource for your specific job, someone who knows and understands our values, procedures and the importance of the final appearance.

12. How do I know you are as good as you say you are? The reputation of any Remodeler is very important. The best source of information you have is references of past clients. Always ask for references before you get a bid. You can also get information about your prospective contractor by contacting the Attorney General's Office, the local Building Department, and the Greater Santa Barbara Better Business Bureau. We proudly maintain a record of "no complaints filed" with the local Better Business Bureau.

13. Do you have a pre-construction logistics walk through? Making sure the flow of people and equipment is well thought out might minimize disruptions to you and your neighbors. Our plan is so specific we know where the dumpster and the "port-a-potty" go before we ever start the project.

14. What specific precautions will you take to protect my floors, furnishings and landscape? Thousands of dollars of damage can be done to your home if proper precautions are not taken to protect it. At AJ Hackett we have specific procedures and specifications designed to protect your home, yard and furnishings. For example, if we have to walk on hardwood floors we use specific fiberboard coverings to prevent scratches and unnecessary wear, and it is held in place by zero residue blue painters tape so that no adhesive will be left on the floor.

Phase Three: Comparing Designs & Proposals

Once you've used the questions from the previous section to help narrow the field, you'll have an opportunity to consider different proposals.

Design Considerations

Start with the end in mind. What do you want your project to be when it is completed? How do you want to use it and when do you want it done? Do the drawings reflect what you want to end up with? Does the design blend seamlessly with the existing structure? Do the roof-lines match and are they of the same

style as your existing roof? Will the exterior walls have the same finish and will the stones or brick match? You can't be expected to make this decision without detailed drawings and you shouldn't assume that what you see in your mind is what a contractor sees in theirs. If you are making an addition you don't want it to look like an addition. You want it all to flow and match.

Cost of Project Considerations

Too often consumers select a contractor using price as their main selection criteria. They get three bids from various contractors and then choose one using an arbitrary formula like going with the middle, or taking the lowest bid. We've seen it all. This happens when price is the only understandable information they have. Using price as the primary selection criteria can have a lot of risk. Too often we've been called in to clean up after someone else's "low" bid because they didn't have the expertise to do it correctly the first time. Unfortunately, the consumer ends up paying substantially more than the original bid to get it done right. Sometimes it's out right incompetence, and sometimes it's poor bidding practices that don't factor in all the details of a project. Using price alone to select a contractor is a very risky proposition. Use the questions in the section on selecting a Remodeler to help you get enough information to identify a remodeler you can trust to give you an accurate bid, and how to tell the difference between one bid and another using all the pertinent data, not just price.

Phase Four: Understanding the Contract

Before you let anyone loose in your home to start a remodeling project, you should have a written contract that clearly defines what you want done and the cost. A contract is simply an agreement between two parties, the purpose of which is to avoid misunderstandings and provide information. In **California, the law requires** contractors to have a **written contract** with clients. The contract **MUST** be in writing and include among other things:

- a. A detailed "Scope of Work" to be performed
- b. A start date and estimated project duration
- c. "Contract Price" and "Terms of Payment"
- d. Several insurance and lien disclosures
- e. A 3-Day Right to Cancel Form
- f. Information about the Contractors State License Board and how to contact them.

If any of these elements are missing from the contract presented to you for signing, you should immediately select another contractor. While contracts often contain twenty to thirty paragraphs, there are four major sections you should see in any remodeling contract:

1. Scope Of Work: The Scope of Work is the detailed, written descriptions of what will occur and what materials will be used for every aspect of the project. This protects you

from getting inferior products or workmanship. You will want to review these to make sure they match the plans and that everything is included in both the plans and this section. This could include the brands and part numbers for the fixtures, or the appliances to be used. Other examples would be the grade of lumber or the paint code numbers for the brands and colors of paints you want.

2. Plans: The plans are a visual or graphical representation of what exists now and what it is supposed to be when the project is completed. The plans should match the scope of work and be incorporated and referenced in the language of the contract. You don't want to leave anything up to interpretation.

3. State Required Disclosures: State Disclosures are required to be provided by all contractors, and written contracts must be provided on all home improvement projects over \$500. Visit: www.cslb.ca.gov for more information.

4. Terms & Conditions: The Terms & Conditions are specified by the contractor and establish the agreed to conditions that govern the agreement you are making. Payments and change order management should be included as specific line items.

Review all the terms and conditions carefully and ask specific questions about any thing you don't understand. Always read contracts carefully before signing. Your remodeler should be willing to review the document line by line and explain any part of the contract.

Phase Five: Project Management

So now you have a remodeler you are comfortable with, your design is exactly what you want, you know what you will be spending, and the contract is signed. Now what can you expect? Here are some critical issues to consider:

Communication: Communication between you and the project manager becomes essential so you can stay informed throughout the process. Hopefully, you and your Remodeler will have already designated a communication center on site where you will be able to find any pertinent, up to date schedules, changes or other bits of critical information. Cell numbers, pagers and office numbers of your project manager and other critical contacts should be clearly posted. You should also provide your project manager with your appropriate contact information and exchange email addresses.

Safety and Security: Be sure to get keyed locks or lockboxes for safe and easy access. You want to be sure the contractor only allows approved personnel in your house during the agreed upon times. Workers should show-up on time and they shouldn't show up when they are not supposed to.

Protecting your landscape and furnishings: Make sure the remodeler is aware of valuable furnishings or plants you want protected. Demand they take special precautions as necessary. Make sure all flooring, drapes and other coverings are adequately protected or removed. If at all possible remove any items from the area to a safe place not affected by construction. This should be part of a pre-construction walk through.

Site cleanliness and neatness: Require that the site be cleaned daily. Workers should sweep the site and remove waste and materials whenever possible. At each major stage of the project there should be an overall site clean-up.

Scheduling: The project manager should be visiting your site on a daily basis to ensure things are going as scheduled so there should be minimal, unexpected schedule changes. Ask for regular, written updates on scheduling so you can prevent any un-necessary surprises.

Inspections: Ask your project manager to let you participate in all inspections. You'll know what you're getting and learn what to expect during the next stage.

Phase Six: Enjoying Your Finished Project

Whether you wanted a new kitchen, bath, game room, bedroom or an entire second floor addition, the final result is what really matters. Taking your vision and building it into a finished reality is what a Remodeler lives for.

If you've followed our recommendations, you shouldn't be surprised at the end result. It should be exactly what you wanted, on time and on budget. But before you make your last commitment and sign off on the project, have the project manager take you through the entire project for final review and approval. This is your last chance to catch anything out of order or not to specification. Make sure every little detail is considered.

If you've taken the time to review this document, you should be well on your way to getting exactly what you want, with minimal headaches and hassles.

If you like the approach you've seen in this document then AJ Hackett Design & Construction might be the right remodeler for you. We invite you to visit us on the web, call, or visit a past project. We trust this information will help you in making the very best decision for you. If we can be of service to you or anyone you know please give us a call. We would love to add you to our list of references after we complete another successful project.

Remodeler Comparison Checklist

	<u>AJ Hackett</u>	<u>Other</u>	<u>Other</u>
1 Are you licensed in California by the State Contractors Board? (License # 898463)	<u>Yes</u>	_____	_____
2 Do you pull all necessary permits before starting the job?	<u>Yes</u>	_____	_____
3 Do you support "Green Building" and "Sustainability"?	<u>Yes</u>	_____	_____
4 Do you provide a written warranty?	<u>Yes</u>	_____	_____
5 Are you a member of the local contractors association (SBCA)?	<u>Yes</u>	_____	_____
6 Do you subscribe to and abide by the Code Of Ethics of the SBCA?	<u>Yes</u>	_____	_____
7 Do you have a policy for managing change or extra work orders?	<u>Yes</u>	_____	_____
8 Do you provide a written fee schedule for all of your services?	<u>Yes</u>	_____	_____
9 Will I receive a written contract? (In California, by law there must be a written contract for all home improvement projects over \$500.)	<u>Yes</u>	_____	_____
10 Do you provide architectural and drafting services if needed?	<u>Yes</u>	_____	_____
11 Do you use SuperBuild™ or other construction industry software for project costing to ensure an accurate bid?	<u>Yes</u>	_____	_____
12 Can you provide general liability insurance on construction projects.	<u>Yes</u>	_____	_____
13 Can you provide numerous references of past work that I may contact?	<u>Yes</u>	_____	_____
14 Do you have a pre-construction logistics walk through?	<u>Yes</u>	_____	_____
15 Do you provide home maintenance services Post Construction?	<u>Yes</u>	_____	_____
16 Will you give a final written lien release?	<u>Yes</u>	_____	_____
17 Can I buy lighting, plumbing and hardware fixtures through you at discounted prices? (See our partial list below)	<u>Yes</u>	_____	_____

A FEW OF OUR MANY DISCOUNTED MAJOR BRANDS:

American Standard	Gerberit	Kohler	Schlage
Baldwin	Giagni	Kwikset	Shield Security
Blanco	Grohe	La Toscana	Showhouse by Moen
Casablanca Fan	Hansgrohe	Moen	Sloan
Corbett Lighting	Harris Marcus	Motiv	Smithsonian Collection
Dale Tiffany	Hinkley Lighting	Newport Brass	Sonneman
Danze	Hubbardton Forge	Nutone	Steamist
Docol	Hunter Fan	Omnia	St. Gaudens Bronze
Delta	Hudson Valley	Panasonic	St. Thomas
DecoLav	InSinkErator	Pegasus	Swanstone
Duravit	Ives	Porcher	Thomasville Lighting
Elizabeth Classics	James Moder	Porta	TOTO
ELK Lighting	Jacuzzi	Price Pfister	Troy Lighting
Elkay	Jerdon	Progressive	T&S Brass
Emmerson Fan	Just	Pure Air	ET2
Franke	Jado	Quoizel	Uttermost
Franklin Brass	Justin Design	Reiker Fan	Warmrails
Fiat	Kenroy	Robern	Weisler Lock
Gainsborough	Kichler	Royce	Westwood
Gatco	Kindred	Safety Tub	Zurn

Successful Remodeling Budget Worksheet

This budget worksheet can help you outline costs and fees for your remodeling project. Your design professional can help you complete it.

Financing:

Real Estate appraisal _____
 Financing costs, loan fees _____
 Legal Fees (zoning, variances, etc.) _____
 Topographical and boundary survey _____
 Soils/geotechnical analysis/report _____
 Subtotal _____

Architectural & Design:

Design professional's fee (including drafting) _____
 Construction consulting fees _____
 Structural engineering fees _____
 Special engineering fees (solar, acoustical, title 24, etc.) _____
 Landscape design fees _____
 Interior design and decorating fees (including tile layouts) _____
 3D modeling _____
 Subtotal _____

Pre-Construction:

Permit fees/construction taxes _____
 Public agency fees _____
 Cost estimating _____
 Insurance and bonding _____
 Site and building protection _____
 Hazardous materials testing/inspection _____
 Demolition (including debris removal) _____
 Site work (grading and utilities) _____
 Subtotal _____

General Construction:

Concrete and masonry (foundation, structural, patio/drive) _____
 Framing and installations (doors/windows, drywall, etc.) _____
 Systems installation (plumb., elect., HVAC, Frplc., etc.) _____
 Siding and roofing installation (incl. skylights) _____
 Built-in furniture and cabinets (other than kitchen) _____
 Abatement and preventative pest control (as needed) _____
 Subtotal _____

Interior finishes and trim features:

Installation of stone, tile, carpet, trim, ceiling fans, etc. _____
 Interior finishes:(flooring, countertops, glass/mirror, plumbing/lighting fixtures, hardware, trim features, paint.) _____
 Kitchen cabinet and trim, including installation _____
 Appliances and home media, including installation _____
 Subtotal _____

Exterior finishes and trim features:

Painting, installing shutters, shrouds, gutters, etc. _____
 Landscape, irrigation and hardscape _____
 Fences, gates, storage, paths and garage doors _____
 Subtotal _____

Other:

Recreational features (pool, fountains, outdoor rooms) _____
 Contingency for estimating errors and unforeseen _____
 Contingency for owners change requests _____
 New furniture and re-upholstery _____
 Cost of temporary lodging (If applicable) _____
 Cost of delays _____
 Subtotal _____

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TOTAL

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