

## Tips for Choosing a Construction Contractor

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January 2017

Choosing the right construction contractor can be the difference between the beautiful remodel you've always dreamed of and years of expensive, stressful and protracted litigation. Aside from choosing a doctor (check their license history with DORA!), choosing a contractor can be one of the most important selections you make. Below are suggestions to help you find a qualified reputable contractor.

First, research your proposed contractor *in depth*. The internet is your key to the world. Start with a basic search (ie. "Jim's Concrete"), then look at all review websites you can find, (ie. Yelp, Houzz, Better Business Bureau, Angie's List, etc.). If you see unhappy customers do not hire the contractor. Other considerations to take into account, how long has the company been in business (hopefully a long time). Is the company registered and current with the Secretary of State (if not run...)? Will the contractor give you referrals (yes, several – and call each and every one).

In Colorado, general contractors are not licensed by the State (which should be changed, but that's the subject of a different article). However, if the contractor is an electrician or a plumber they are licensed by the State; check the contractor's license with Colorado's Department of Regulatory Agencies.<sup>1</sup> Make sure the license is active and that no disciplinary actions are listed.

Obtain more than one bid, and ask the contractors to make sure each bid identifies separately the cost of materials, labor, profit margins and other expenses. This is the only way to compare "apples to apples." Also, don't necessarily choose the lowest bid; the lowest bid might not be the best contractor.

All reputable contractors have an insurance CGL policy, which may provide the contractor (and you) coverage if a claim is made against the contractor. Before signing a contract, obtain a copy of the contractor's certificate of insurance and hold onto it. If the contractor does not have insurance do not hire them; it's that simple. The lack of insurance coverage can be the death knell to your claim against the contractor because even if you win at trial, the contractor can "close shop" to avoid paying you. If the contractor has insurance, an insurance company will be motivated to settle the claim, or if you win at trial may pay the judgment.

When you receive a contract - make sure you review it before signing! Having an attorney review the contract is the safest course. If you sign a contract with harmful terms (waivers of defenses/damages/claims, arbitration clauses which are generally good for big businesses, not

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<sup>1</sup> <https://www.colorado.gov/dora/licensing/Lookup/LicenseLookup.aspx>

so great for individual consumers.) it is extremely unlikely that the court will set aside the harmful provision. Also, make sure the warranty is in writing and is clear. However, it is important to point out that in addition to written warranties, Colorado also has implied warranties. Meaning, even if your written warranty has expired you may still have a implied warranty claim.

Lastly, never pay the full amount up front. Generally, a deposit is made before the start of the project, with additional payments made as the work is completed. If the contractor wants you to pay the full amount up front (or before the project is completed), find a different contractor.

These tips can help minimize your risk to ensure your remodel is not the remodel from hell. If you need help with a construction matter, or if you are a contractor whom is the target of a deficient construction claim call FGMC.