



CONSTRUCTION DISPUTE RESOLUTION INC.®

This brochure has been designed as a common sense guide for consumers preparing for a construction project. It is not intended to serve as legal advice. There are some issues that are common to construction projects of every kind. In fact, they are common to any business transaction. Our goal is to educate consumers as to the real nature of the construction process. Our experience shows that this typically empowers the consumer to be proactive in selecting a site and their “partners” in the project (real estate agent, designer, contractor and lender).

Consumer Guide To Construction Projects

You are the “Ring Master” of your project!

FORMING A PARTNERSHIP

- ◆ With whom are you considering forming a partnership? You are going into the home-building business.
- ◆ What strengths do your partners (real estate agent, architect, contractor, lender) bring to the venture? This is a partnership that can impact home life, finances and your future.
- ◆ Do you routinely choose the cheapest jeweler, clothing store, financial planner or restaurant? If you do, you are aware that the trade off is often quality of goods or service. The same is true in home design and construction.
- ◆ Investigate before you invest. This is usually the biggest investment of time and money a homeowner will ever make.

CHECK THEM OUT!

QUALIFYING A PARTNER

Interview past clients of your “partner” candidates. Ask these questions IN ORDER:

- ◆ How were you introduced to this person/company that worked on your project?
- ◆ What were the best things about working with this company?
- ◆ Did the project progress along the contracted schedule and budget?
- ◆ If no, why not?
- ◆ What varied most ...costs or schedule?
- ◆ Who was the company representative? Did they understand your project? How did they handle changes? Were they responsive to your needs?
- ◆ If you could change two ways this company conducted their business, what would they be?
- ◆ Ask permission to see finished work. (Inspect to see if it meets your expectations.)
- ◆ Would you use them again? Under different conditions?
- ◆ Would you recommend them on a project your size? (show them your plans)



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Services

Fact Finding
Expert Witness
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Clientele

Contractors
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Real Estate Brokers
Architects

Professional Affiliations

American Arbitration Association
Master Builders Association
MBA Consumer Dispute Resolution Committee
Mercer Island Chamber of Commerce
NW Wall and Ceiling Bureau
Roof Consultants Institute
Washington Association of Building Officials

YOUR OWN CHECKLIST

- ◆ Why are you considering this person/ company? Did they come from a reliable source?
- ◆ Is this person/company licensed and bonded? Have they had any claims? Call the Department of Labor and Industries at 1-800-647-0982 or log onto their website at www.lni.wa.gov/TradesLicensing/Contractors
- ◆ Have you seen their recently completed projects and/or any currently under construction?
- ◆ What is the candidate's track record? (Lawsuits, complaints, liens etc.)
- ◆ What is the candidate's current financial condition?
- ◆ What is the candidate's current work load? Nature and schedule of future work?
- ◆ Who makes up the candidate's current staff and how long have they been together? Who will work with you on your project? Meet them!
- ◆ Have any or all of the parties being considered worked successfully together before? You want to build a very solid team.
- ◆ Review contractor's and architect's insurance coverage and limits

Remember:

The process of building or remodeling works best when treated as if it is a partnership. Define each party's exact responsibilities. Use standard contracts, such as the American Institute of Architects forms, and consider having an attorney review everything.

DEFINING YOUR OBJECTIVES

ESTABLISH YOUR BUDGET

From your "Not To Exceed" limit pull 10 percent off the top. This will serve as a contingency fund for changes in the work which may occur whether initiated by you or your architect. From the remaining 90 percent, deduct financing costs, real estate commissions, design fees and feasibility costs not included in construction cost. The final figure is your construction budget.

CREATE A THREE-RING BINDER

Before meeting with your architect and/or contractor, organize a binder room by room with the features you would like incorporated into your project. Save clippings from magazines, newspapers and brochures. This helps you focus and also serves as your wish list to work from in the design and cost estimating processes with your architect and contractor.

KEEP YOUR BINDER CURRENT

As you progress in the design phase and the actual construction project, update your records. Design is a continuing process and you need to update the binder frequently to keep everyone on track.



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CONTRACT ELEMENTS

GET IT IN WRITING...

...plans, specifications, schedule, cost, termination of contract, progress payments, change order procedures and final payment. (Initial one set of plans, specs and contract by all parties. Keep this and do not use it on the jobsite.) Anything that can be misinterpreted might very well be. If it is not in writing, you will have a hard time convincing an arbitrator, judge or jury. *Again: use standard contracts, such as the American Institute of Architects forms, and consider having an attorney review everything.*

MINIMIZE ALLOWANCES...

...in the budget and specifications. Be thorough in selecting finishes for accurate job costing prior to starting work. Inadequate allowances can result in scheduling setbacks and budget disasters.

DISPUTE RESOLUTION

Your project has never been built before, by these parties, at this location, and to these specifications. Unforeseen questions, interpretations, changes and problems could very well be encountered. In your written contract set up a forum for alternative dispute resolution, defining the mediation/arbitration process and naming a mutually acceptable mediator/arbitrator who is not a part of the project.

WARRANTY OF THE WORK

Does the contractor warrant his work? How and for how long? What notice is required by owner? What performance standards will be used as the basis for the work?

CONFORMING TO SAFETY STANDARDS

This is the contractor's responsibility. This includes hazardous materials, fall protection, first aid training, etc. Ensure that this is understood by all parties.

DAILY LOGS AND LIEN RELEASES

Stipulate in the contract that the contractor will submit daily logs with each progress billing, together with partial or full lien releases. Have weekly meetings to review schedule, budget, project cash flow, change orders and upcoming decisions to be made.

ADMINISTERING THE CONTRACT

- ◆ Monitor your project's schedule and cash flow closely, keeping and organizing all invoices and supporting documentation. Hold your partners accountable.
- ◆ Keep your own photographic record of the project (before, during and after).
- ◆ Keep a written log of conversations, decisions and daily job diary. Keep all correspondence.
- ◆ Maintain open communication. Most disputes start with lack of communication.
- ◆ If you are confused, ask for clarification. Do not wait until it is too late to reconsider.
- ◆ If you cannot get satisfactory answers from your partners (designer, contractor, lender), ask for objective counsel from experts. This is your project. Surprises cost you money.
- ◆ Ensure final "punchlist" items are completed and lien releases are in hand prior to making final payment.

How to reach us

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