

FCSI Finn Construction Services Inc.

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HIRING A CONTRACTOR IN SAN FRANCISCO

Contractors in San Francisco must be licensed, insured and bonded by the State of California. This means going through lengthy studies, getting verified professional referrals and passing examinations in order to be licensed. The exams are in two parts covering construction law and specific trades. A license is required for any construction business that advertises, offers, bids, or performs any construction, home improvement, remodeling or repair work.

It is very important that a homeowner uses licensed contractors in San Francisco. Homeowners lose the ability to recover damages through the bond as well as the California Contractors State License board (CSLB) Dispute Resolution Service if they use an unlicensed contractor. Don't take the chance of getting in trouble because of trying to cut corners and always check the contractor's license.

COMMON MISTAKES WHEN HIRING A CONTRACTOR

1. Automatically accepting the lowest bid.

The contractor may have missed some items, is not insured or is purposely excluding items such as permits, design, engineering or architecture. A higher bid often is worth the price in proper materials, workmanship, reliability, schedule, reduced change orders and disputes.

Resources for checking out a contractor include: Angies list, better business bureau, Diamond Certified and the CSLB www.cslb.ca.gov

2. No written contract.

A written contract protects you and the contractor. It is recommended that all construction agreements be committed to a written contract if the price exceeds \$500. All changes in scope of work should be agreed to on a written Contract Change Order. Contract forms can be purchased at Builders book store in Berkeley or online at www.buildersbook.com.

Contracts should be as detailed as possible. Some items to include are materials and costs, permits, estimated start and completion dates, debris removal, and arbitration clauses. Here are some pointers to assure a solid contract.

*Read and understand your contract before signing it – Don't be pressured into signing your contract without taking the time needed to go through it. Make sure it includes enough details to avoid misunderstandings and to protect you and your property.

*Special Note on Liens – Subcontractors and material suppliers that work on your project are often paid by the general contractor. If a general contractor fails to pay, the subcontractor may file a lien on your property. For more information on construction liens, visit the California state license board website at www.cslb.ca.gov or www.buildersbook.com

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*A Payment Schedule – should be included in the contract. Stick to the schedule and never pay in full for a project before the work is complete

3. Not checking the contractor's license.

Why check a contractor's license? The CSLB www.cslb.ca.gov believes the best way to a successful home improvement, repair or new home project is to know your contractor.

Any contractor or licensed salesman for a contractor should be able to show you a pocket license card. A business card with a license number on it is often not sufficient and sometimes used in a fraudulent manner. Look for a green 'active license' printed near the top of the pocket license card.

License numbers are issued in succession and never repeated. Number 1 was issued just after the turn of the 19th century and the 100,000th license was not issued until well past World War II. During the 1970's the 500,000th license was issued. During the 1980's and 1990's nearly 35,000 individuals a year got licensed. In 2009 contract license number 1,000,000 likely will be issued. Question how long the contractor has had a license and explain reasons for getting a new number such as an older corporation being sold or passed on to a new individual or losing the license to disciplinary actions. A short conversation about the license number can add to the dialogue in getting to know and trust your potential contractor.

Checking a contractor's license can tell you:

- * The contractor is actively licensed and has a surety bond;
- * The contractor is licensed for your projects type of work;
- * The contractor submitted proof of liability insurance at the time of application and insurance renewal;
- * The contractor submitted information that they carry Workers' Comp Insurance to protect its workers on the project;
- * Breach of contract complaints filed with the CSLB in the past seven years.
- * CSLB disciplinary actions against business in the pasts seven years

4. Not checking references.

Call at least three of the previous customers provided with projects similar to yours. Were they satisfied with the work? Was the work finished on time? Did the contractor return phone calls? If the person had problems with the contractor, ask how the contractor responded to complaints. If you cannot visit any of the contractors's jobsites in San Francisco then ask for pictures.

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5. No Liability Insurance.

Make sure the contractor's liability insurance is active. Insist on a certification of insurance from the insurer (about \$5) for the property being repaired and most importantly have the property owners listed as 'additional insured'. Verify all the subcontractors are insured by checking with the General Contractors Insurer.

Verify the insurance covers the type of work being done. Most Liability policies will not cover work in Condominiums or are exclusive to not cover work in Condominium common areas. Many newer contractors fail to realize this when bidding a project at a condominium and find themselves in a bad situation attempting to provide a certificate proof or are denied a claim.

6. Lack of Workmen's Compensation Insurance.

Make sure all workers on the jobsite are covered by the policy.

You can also have a Workmen's Compensation rider put on your homeowner's policy if you are going to have small work projects done by unlicensed individuals, friends or relatives.

This is one good reason to have the General Contractor purchase the building permit because the building department checks the policy status during the fee payment process. Be suspicious if the contractor insists you or the designer submit for and purchase the permit.

7. Construction Management, Architecture and Design lacking.

On larger projects you need professionals to work your ideas into working documents that truly convey the scope of the work before it commences. Too often design can become an expensive work in progress as new ideas and changes happen during the course of a project.

For remodels from \$50,000 to \$500,000 you can get the most value for your dollar by first putting your ideas down on paper including decisions on equipment and materials. Often you can save a lot by working with a licensed decorator to formulate a working design before going to a more expensive architect for the building permit drawings.

For additions start with an Architect or Structural engineer that has had a lot of successful experience with the San Francisco 411 review process. I can recommend a few. The wrong people can stretch that process from less than a year into several with a tremendous amount of added expense.

For large projects hire an independent construction manager to put in a small amount of hours each week. Use that professional's expertise to assure the project is being built to the specifications, that percentages are correct on progress payments, to get conditional lien releases, to respond to changes, to assure quality, to make sure funds are being retained to assure completion and to hold your costs down.

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8. Shut the project down if needed.

If there is a conflict without resolution, where things are going wrong and costs are running wild, submit a 'Notice of Cessation' www.buildersbook.com to all parties and record it with the city of San Francisco. Do not let work resume or make further payment until the problems are resolved.

Dan Finn

Dan Finn has spent most of his life in the building Trades as a Construction Engineer and owns a San Francisco based general contracting remodeling firm.

Dan has a BS degree in Construction Engineering Management from Oregon State University, is a member of the International Concrete Repair Institute (ICRI), is certified by the Associated Bay Area Governments www.abag.ca.gov for seismic retrofit work and is Diamond certified.

Dan offers services in construction management, remodeling, additions, commercial tenant improvements, forensic investigations, legal expert witness, foundation leak repairs, seismic retrofits and can provide certificates of insurance to work in all structures including Condominiums.

Dan has worked with the San Francisco District Attorney's office as well as the California Assistant attorney general in construction fraud investigations. Dan worked for Industrial Risk Insurers in loss prevention engineering, fire protection engineering and teaching engineers of other disciplines about building construction.

Dan has educated numerous homeowners, engineers, facility personnel and business owners in improving and protecting their properties.

Check out Dan's website at www.finncsi.com