

From Contract to Completion

The Renovation Contract

Whenever you hire someone to do renovation work on your home - whether the job is small or large - you should get a proper, written contract.

A contract defines the agreement between you and the renovator. It ensures that you and your renovator are agreeing to the same thing and outlines the responsibilities of each party. It also gives you legal recourse if the renovation goes off track - it protects you in the event of damage or accidents, or against claims by unpaid subcontractors.

The scope and complexity of the contract will vary according to the size of your project, but most contracts will contain the standard information outlined below. If you have any concerns or questions about the contract, discuss them with your professional renovator before you sign. You may also want to ask your lawyer to review it first.

Here are some of the points that should be covered in your contract:

- **The parties** to the contract (i.e., you and the renovation contractor), including street addresses, telephone and fax numbers, e-mail addresses and the renovator's business or GST number.
- **Addendums.** The main contract must also identify all attachments that are part of the contract, such as:
 - Drawings/blueprints/plans
 - Specifications: description of work and a precise list of materials and products (e.g. types, brands, grades, thickness, colour, model)
 - Other documents signed by both parties in the course of the contract (e.g. change order forms)
- **Description of work** to be done by the renovator, as well as work not to be done under the contract, or to be done by you or others outside the terms of the contract.
- **Start and completion dates** often include a statement indicating that the renovator cannot be responsible for delays due to circumstances beyond the renovator's control, changes to the work, and so on.
- **Terms of payment** set out the total amount of the contract and a payment schedule: deposit upon signing the contract; how and when the remainder will be paid (at regular intervals or specific milestones), and the treatment of taxes.
- **Holdbacks** are a provincial legislative requirement that protects you against subcontractors who may place a lien on your property in the event the renovation contractor doesn't pay them. On

each payment you make to your renovator, you must hold back a certain percentage for a specified length of time.

- **Changes in work** once the renovation is in progress (also called extras and deletions) must be written up as "change orders", signed by both parties and attached to the contract. Any change to the contract price and schedule should be clearly noted on the order.
- **Allowances** refer to a lump sum in the contract price, allocated for items to be selected directly by the homeowners, such as flooring, fixtures or cabinets.
- **Contingencies** refer to an amount set aside to deal with the unexpected or items that the renovator cannot gauge accurately until work is in progress. If not needed, you won't be invoiced for it.
- **Standards of work** describe the renovator's commitment to performing the work in accordance with the contract documents and in a diligent and workmanlike manner with minimum inconvenience to your household, to protect your property as well as neighbouring properties and to comply with regulatory requirements. Includes responsibility for daily clean-up.
- **The renovator's liability insurance** and workers' compensation coverage must be paid up to date and proof of coverage provided and attached to the contract.
- **Municipal and/or utility permits, inspections and approvals** are usually arranged by professional renovators as part of their service (note that homeowners are ultimately responsible for complying with these regulations). The contract should specify who is going to obtain them.
- **The renovator's warranty** describes what is covered and for how long. It should include a statement of the contractor's intent to hand over manufacturers' product warranties to you upon completion of work.
- **Subcontractors** scheduled to work on your home may be listed.
- **Use of facilities and utilities** should be outlined-water, electricity, washroom and storage for materials.
- **Signage.** A statement that you will permit the contractor to display a promotional sign on your property during the project.
- **Dispute resolution** in the event of a conflict - may include the name of a third party arbitrator, or state that both parties agree to binding arbitration.

A written contract is your best renovation tool. It is also a solid indication that you are working with a professional renovator. Do it right - get it in writing.

Check the Insurance

Insurance is often the last thing on a homeowner's mind when making renovation plans. Yet, before any work begins, you should make sure that you are well covered during and after the renovation, in case of damage, injury or theft. Then you can proceed with confidence.

The renovator's business insurance

Your renovator should carry commercial general liability insurance, usually with a minimum of \$1 million, although they may carry more. This provides coverage in the event of damage to your home or neighbouring properties due to the renovation activity, or bodily injury caused to a third party. Your renovator's insurance protects you - without it you could be liable for damages or injuries.

Ask the renovator for proof of liability insurance - a copy of the policy or a certificate of insurance. Take note of the limit and extension of coverage and the date the policy expires. Ask your insurance representative to review it to ensure that between the renovator's insurance and your own policy, you are well covered. In addition, you should ask the renovator for proof of workers' compensation for employees of the company.

Your own homeowner's policy

Typically, a homeowner's insurance plan is based on "regular usage of the home". However, renovation is an "extraordinary" event that may fall outside your present agreement. That's why it is important to inform your insurance company about the proposed renovation and clarify how it might affect your coverage.

Generally, a homeowner's policy allows for repairs and renovations without jeopardizing coverage. However, there are specific items you should discuss with your insurance representative.

- What's the full value of the work to be done? If you plan a major renovation, it may increase the value of your home beyond your present coverage. You need to increase your insurance before work is completed.
- Whose insurance covers the theft of building materials and products from your property, such as windows, cabinets or bathroom fixtures? (The best preventive measure is to ensure that items are firmly installed by day's end or securely locked away for the night.)
- Will the insurance company need a copy of any municipal permits, approvals or inspection reports for your renovation work?
- Tell your insurance representative if you plan to vacate your home at any point during the renovation. Your insurance company may suggest you make arrangements for someone to check your home regularly to ensure continuous coverage.

- Let your insurance company know if you plan to do some of your own work, or if you are thinking about acting as your own general contractor and hiring others to do the work for you. Many homeowner policies have a standard exclusion related to professional liability, and you may not be covered if someone gets injured on your project. You may have to arrange for additional coverage for your renovation.
- Make sure you also understand what is not covered. Insurance is not a warranty for the work being done on your home, and it does not protect you against shoddy workmanship. However, a written contract and the renovator's commitment to customer satisfaction will. According to insurance companies, hiring a professional renovator with a solid reputation is the most important thing you can do to ensure a successful, problem-free renovation.

Change Orders

Once work begins on your home, both you and your renovator will have one aim - to get the project done well, on time and on schedule.

However, as the work gets going, you may find that you want to make changes to the plans. A visit to suppliers may trigger a desire for a different type of flooring. You may want to enlarge the glass doors to the outside, or change the location of the kitchen sink. Or you may simply want more electrical outlets.

Professional renovators will gladly attempt to accommodate any changes or additions you want to make, even as the work is in progress. But before you make any decisions, talk with your renovator.

- Sometimes even small changes can have a significant impact on cost. It may mean changing some aspect of the construction-for instance, a change in floor coverings may call for a different sub-flooring.
- Changes can also result in delays. Your renovator works with a tight construction schedule and subtrades who move from one task to another and from one home to another according to a timetable. If the schedule or sequencing of tasks changes, it may mean waiting for the trades to be available at different times, which in turn may affect other aspects of the work as well as cost.
- Changes or additions should be documented as written change orders and signed by both parties. This eliminates misunderstandings and ensures that everyone knows what has been agreed to.
- Change orders are considered extras to the contract. Ask your renovator to explain how you are expected to pay for them-as a separate item, as part of the next scheduled draw or upon completion of the work.

Living With Renovation...Comfortably

Once your project gets underway, you and your renovator need to work closely together to make sure that everything goes as smoothly as possible. The renovator needs a good working environment so the job can progress without problems or delays. You want as few inconveniences and disruptions to your daily routine as possible.

Many of the responsibilities of both the renovator and the homeowner have already been spelled out in the contract. Before the work starts, sit down with your renovator and discuss everyone's expectations and responsibilities in detail. Good communication is key to a good renovation experience and a satisfying result.

Before the Work Begins

- Discuss the renovator's requirements for the work, including access to electricity and water on a regular basis, delivery and storage of building materials, and disposal of wastes.
- Determine the rules of the house for the work crew. Clarify access to bathroom facilities and eating areas, as well as kitchen privileges, if any, and also which parts of the house are off limits. Set out your smoking policy and if you permit music in the work area.
- Verify that municipal permits and approvals have been obtained as needed. The contract may stipulate that your renovator will do this; however, the ultimate responsibility rests with you, the homeowner.

Renovator Responsibilities

- Your professional renovator will make every effort to avoid disruptions and minimize the impact on your household. For instance, additions will be built and partially finished before the connecting wall is removed. Temporary hook-ups for water and electricity will allow you to continue your daily cooking and cleaning routines.
- To keep you informed, your renovator will name a contact person for your project, usually the site supervisor or the renovator personally, who will stay in touch with you throughout the project. You will get regular updates on the progress of the work and be told when to expect tradespeople and when you will be needed for decisions. This person will also be available on short notice to respond to any questions or concerns that you have.
- The renovator is responsible for meeting deadlines. The contract should clearly outline the project schedule and deadlines to which your renovator will work. If the work gets off-track for unforeseen reasons, the renovator will discuss the situation with you immediately and find ways to correct it.

- Daily clean-up is part of the service. Professional renovators leave a clean work site at the end of each day. Be sure to discuss your expectations.

Homeowner Responsibilities

- Clear work areas of furniture, drapes and art. Protect your valuables by placing them in an area where no work is going on, or out of the home, and cover anything that might be harmed by dust.
- Make early product selections. The contract may stipulate that you select and/or provide specific items such as flooring, lighting equipment, tiles and kitchen cabinets. Have these items available to your renovator when needed to ensure the smooth progress of the work.
- Keep changes to a minimum. Most renovators are willing to accommodate changes to the original plan as you go along. However, changes may result in a cost increase or a time delay so make sure to discuss the implications with your renovator. Change orders are amendments to the contract and must be signed by both parties.
- Be available to your renovator. Invariably, you will be asked to make a number of smaller decisions as the work progresses. Make sure that your renovator can reach you on short notice.
- Discuss your concerns as they arise. Bring any concerns and questions to your renovator's attention immediately; don't wait for "the right moment".
- Provide payment as agreed upon in the payment schedule set up in the contract. Be sure to hold back the appropriate amounts required by the Contractors' Lien Act in your province; contact your provincial government or your lawyer for information.
- Accept the unpredictable. Foul weather, unavailable products, unforeseen complications . . . these can be part of the renovation experience and will be dealt with by your renovator in a professional manner.

Final Inspection

Once the work is completed, you and your renovator will conduct an inspection of the work. This is the time to take a close look at everything and note any problems or imperfections, before you make the final payment.

Occasionally, there may be items that cannot be completed along with the rest of the renovation. For example, lighting switch plates may be on back-order by the supplier, or a cabinet door may have been sent back to the manufacturer due to a flaw.

Any items like this should be written down, along with your renovator's estimate of when they will be finished. If there is seasonal work, such as landscaping, that cannot be completed until warmer weather, the timing and payment schedule for this work should be set out in your contract.

Remember to hold back the required amount from the last payment until the terms of the lien holdback provisions in your contract have been met, usually between 30 and 45 days.

Maintenance

At the same time, ask your renovator about normal maintenance requirements for any aspect of your home that has been altered. In most cases, material and product manufacturers provide maintenance information with their products, but it is a good idea to review it with your renovator at the end of the project.

Landscaping

Depending on the type of renovation work you had done, settling of soil around the foundation may occur. Ask your renovator about the likelihood of this happening and if you should hold off on plantings and other landscaping for a while. You also want to know if you may need to re-grade areas around the foundation to ensure storm-water continues to drain away from your home properly.

Final Clean Up

Before leaving your home for the last time, your renovator will do a thorough clean-up of the renovated areas of your home and any other affected areas. All tools, equipment and construction wastes will be removed. Areas will be swept, vacuumed or raked as appropriate.

It's a good idea to do a general cleaning of your home afterwards. Small amounts of dust may have found their way into corners and cracks, which will affect the quality of the air you breathe. Remember to change your furnace filters at the same time. If the renovation work created a great deal of dust, or took place during the heating season, you may want to have forced-air heating ducts professionally cleaned.

If the renovation involved exterior work such as siding or re-roofing, conduct a final scan of the grounds for nails, small metal pieces and other debris. Some renovators use a magnetic device to ensure they pick up as much as possible, but even so, it is very easy to miss a few items.

Warranty Follow-Up

Your renovator's commitment to you doesn't end when the work is completed. As specified in your contract, you will have a warranty on all work done for a specified period, usually one year.

There are two types of warranty follow-up that could be required.

Most often, problems are of a minor nature - a nail-pop or small cracks in drywall around door frames or load-bearing beams. Repairs will be scheduled at a time convenient to you.

If anything of a more serious nature should occur, such as a leaking pipe or electrical problem, call your renovator right away as these conditions may need immediate attention to protect your family and your home.

Some of the materials and products used in your renovation will also come with a manufacturer's warranty. For instance, windows are normally warranted against failure of thermal seals for 5 or 10 years.

Flooring, cabinetry, plumbing fixtures, heating equipment, roofing, siding and appliances should also be covered by a manufacturer's warranty.

Your renovator will provide you with the manufacturer's documents that outline these warranties and explain the procedures you need to follow in case of problems.