

Mind Your Business – Tia’s Tips for Better Rental Management

By Tia Politi, ROA President

Selecting a Contractor

As renovation season approaches, you may be planning projects for your rental properties. How can you know you’re hiring an honest, competent person who is capable of performing an effective repair or upgrade at a reasonable price in a timely manner? Many people hire contractors without fully screening them and pay the price in poor quality work, high prices, and projects that go on far beyond the promised end date.

One of the best ways to locate a good contractor is a referral from someone you know and trust. Ask around, and read the endorsements in the ROA bulletin. Of course, you can always ask prospective contractors for referrals from past clients. Even though they will only give you the good ones, you can gain useful information if you ask the right questions. Did the contractor begin the job when promised, or were there excuses? Was their bid accurate, or did costs get added on and if so, were they reasonable? Did they clean up after themselves daily and when the job was complete? Was the job completed to their satisfaction? Did they finish on time?

When you seek bids from contractors, the more detailed the bid, the better. This is the preliminary outline of your contract for services and will become very important if there ends up being a dispute about the job. Bids should include everything you can think of, including specifics about exactly what materials will be used, down to the thickness and brand of plywood, to the size of nails, screws, etc. Remember the Chinese sheetrock used in many construction projects a while back? Turns out it was toxic. These details are very important, and if they aren’t spelled out can result in problems for you with no recourse against them, so get it all in writing. Also, who will actually be doing the work? Who will be supervising? Who will be obtaining permits and paying the costs of those?

Timelines are one of the biggest sources of conflict between contractors and their customers. To be a successful contractor requires juggling multiple clients and multiple jobs. You are just one client and while they are trying to keep you happy, they are also working to keep their other clients happy. You will likely maintain a good relationship with your contractor if you accept some flexibility in the timeline, but hold them to their commitment. The squeaky wheel does get the grease.

A more positive way to hold contractors accountable (and keep you from having to nag them) is by adding time incentives or penalties. That’s what government agencies do and it can help keep a project on track. For instance, the contractor may get a bonus of X number of dollars for finishing on time, but the bill is reduced by X number of dollars for each day the project runs over the contracted end date. Another useful tool in this regard is to divide their payments into thirds. One third at the beginning of the job so that they can purchase materials and get going; another third at some specified mid-point of completion; and the final third only when every single part of the entire job is complete.

When my daughter accidentally set her bedroom on fire, that’s the deal I struck with the restoration company and it came in very handy when they delayed completion, but still wanted to get paid in full. I received a bill that had late fees on it and I very politely called the contractor to inquire (and then his supervisor, when he failed to return my three phone calls). I reiterated the agreement and made it clear once again, that they would not get any part of the final payment until every last part of the job was

done and they had failed to finish the trim work on the siding. Gosh darn, they finished up right away! Always keep that final payment on hold, or you will lose your leverage.

A word of caution: While you as an owner are allowed to be an unlicensed individual while performing most repairs on your properties, this is not the case with hired help, nor is it the case when dealing with hazardous materials such as asbestos or lead-based paint. And ignorance of the law is no excuse! Make sure that if you are dealing with hazardous materials that your contractor has the proper certifications, such as lead-based paint certification if they are disturbing more than two square feet of paint on a property built before 1978, or are hiring a qualified company to dispose of asbestos. Because in the end it's not only the contractor can be held liable, but you as well. Fines can run into the tens of thousands of dollars. Think hiring a contractor with the proper certifications is expensive? Not hiring one can cost even more. Please refer to the Environmental Protection Agency website for more complete information about hazardous materials in renovations. www.epa.gov

The Construction Contractors Board is the agency that oversees licensed contractors. On their website, you can find information on all licensed contractors in the state of Oregon, including whether or not they are licensed (Go figure, but some folks actually lie about this.); the kind of license they hold; how long they have operated under a specific license; and whether there have ever been complaints lodged against them and/or any punitive damage awards against their company or their bond. Take a few moments and save yourself a lot of time, trouble, and money.

https://ccbed.ccb.state.or.us/ccb_frames/consumer_info/ccb_index.htm

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