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I received three quotes for performing a foundation repair in my house and they vary from \$400 to \$10000. Generally speaking, why do contractor quotations vary so much and should I select the lowest bidder to do the repair?



Getting quotes from contractors can be very frustrating. Prices can vary significantly, as can the suggested repair materials, means, and methods. It is always important to understand exactly what is included in the price, so that the quotes can be properly compared. Once all of the pertinent information is obtained from the different contractors, you should have enough information to feel confident that you are comparing "apples to apples," when looking at the different quotes.

It is important to determine how the repair or installation will be performed.

Will invasive methods be utilized to complete the work, or will damage to drywall and other finishing materials be minimal? For example, will the foundation crack be repaired from the exterior, requiring the earth around the foundation to be dug up, or can it be sealed from the interior without damaging finishing materials? It is also important to note whether the contractor has taken into consideration any hidden problems that may be revealed, once the work begins. In many cases, the total extent of work to be completed cannot be fully understood, until more intrusive investigation is performed. For example,

water-damaged materials behind basement paneling or drywall may require removal and replacement as part of a foundation crack repair; or old wiring behind a wall that is discovered after the plaster or drywall is removed may need to be upgraded or replaced, increasing the cost of the project.

When getting a quote, make sure that everything included is in writing - including the means and methods to complete the work, type of equipment, or repair and/or the materials to be used, as well as the life expectancy of the repair or equipment. The initial savings from a cheaper repair or product may seem appealing at first, however, equipment or a repair of inferior quality may cost more in the long run, if additional repairs are necessary.

Before entering into any agreement, make sure the contractor is qualified and experienced in performing the requested tasks. In some provinces, contractors are required to be licensed to carry out certain types of work; check with the local or provincial trade authorities for their requirements, and ask to see a copy of the contractor's license. The contractor and/or the company should also be registered with the provincial Workers' Compensation Board or similar organization. If an injury or damage occurs during completion of work activities on a homeowner's property, the homeowner could be held liable, and often homeowner's insurance does not cover this type of accident. There

should also be a guarantee or warranty associated with any new equipment, workmanship, and some types of materials. Be sure, however, that the installation will be completed in accordance with the manufacturer's instructions/specifications; the warranties on some types of equipment or materials are voided if installed incorrectly or by someone who is not certified/trained to complete the installation. In addition, a warranty is only as good as the company issuing it. For example, if a contractor is providing a lifetime warranty against water infiltration through a basement wall after a foundation crack has been sealed, make sure that the contractor is experienced and proven. Check references who have had warranty work performed and make sure that you are confident that the company will be around in the future.

I have heard of people having bad experiences with contractors, for example, the project ended up being thousands of dollars over-budget and completed several months late. How can I prevent this from happening to me?

The best way to find a good (or bad!) contractor is by word of mouth from friends and family. If all the comments you are hearing about contractors in general are negative, keep asking questions in an attempt to find a good contractor. People are usually more vocal about their negative experiences, and you may have to ask around before you find someone who has had a good experience. If you cannot find someone through word of mouth, ask for referrals from the contractor (make sure they are not relatives of the contractor). The referrals should be willing to discuss their experiences and may allow you to view the work that was performed. Also check with the local Better Business Bureau office and local trade organizations. They will have records of any complaints filed against a contractor.

Once the contractor has been chosen, there should be a written contract between the parties. Contracts for larger projects should be reviewed by someone who has contract experience, such as a lawyer or construction engineer. The contract should include specific terms on payment and scheduling; these specific terms should be agreed upon prior to the start of work. Payments can usually be made either as a lump sum or at intervals (i.e. specific dates or after specific milestones in the project have been reached) throughout the project. Provisions should be made in the contract for unforeseen delays or expenses. A termination agreement may also be included, specifying what the consequences would be for either party cancelling the project at different stages.

There may also be a holdback amount to protect against liens issued against a property from subcontractors or suppliers who have not been paid by the contractor. This holdback amount and the amount of time of the holdback will be different depending on the province or territory. Contact your lawyer or the provincial/territorial government for further information.

Contracts for smaller jobs (i.e. for a roof or furnace installation or having the house painted) would be much less detailed, however some of the details should be in writing, including the type of materials/equipment to be used, the cost of the materials/equipment, and the start and completion dates. There should also be confirmation of their worker's compensation and insurance certificates.

Will the inspector be giving me quotes for repairs during the home inspection process?

The inspector may include in the binder or within the report a range of prices for typical repair/replacement items that are common to most homes. These cost estimates, however, are included for information/approximate budgeting purposes only and should not be relied upon as being 100 percent accurate. As previously discussed, the quotes for different projects may vary greatly depending on the contractor's recommended scope of work, experience, etc. It is also important to remember that the home inspection is a non-intrusive visual inspection of the home and the required repairs may change once a more thorough/destructive investigation is performed. On this basis, it is very difficult for anyone to provide a firm quote for many types of projects/repairs prior to doing a more intrusive investigation.

The cost for labour or materials may also change depending on availability and the time of year. For example, the cost of fiberglass insulation and some types of building materials will vary over the course of the year, depending on the availability of lumber (for wood products) or the demand for the product. In addition, if a contractor is very busy when a quote is being requested, they may respond to a request for quotation with an elevated price, not necessarily expecting to get the work. However, if they do get the work, it would be well worth their while, given the larger than normal profit that could be realized at the homeowner's expense.

To speak with a certified and trained AmeriSpec home inspector, contact us today.

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