



# Selecting a Contractor After a Natural Disaster Strikes

## Maryland Historical Trust

The purpose of this brief is to assist the owners of historic properties in selecting a contractor after a natural disaster has damaged their property. In the aftermath of a natural disaster, the pool of competent contractors decreases as the most talented workmen quickly commit to projects. This leaves the bulk of historic property owners in a position where they often must settle for a contractor that has little experience with historic resources.

Sources to consider when selecting a contractor are the Association for General Contractors, the local homebuilders association, trade organizations, the local historic preservation commission, and word-of-mouth.

To lessen their risk, owners should contact a minimum of three contractors. Each contractor should submit a written proposal that comprises a list of work items needed to repair the property. Each item should include prices for materials and labor and list the quantity of materials and any necessary preparatory work. The owner should compare all of the proposals to make sure the contractors are bidding on the same work items. Discrepancies between the proposals should be eliminated by seeking additional information from the contractor, manufacturer, or MHT.

All contractors under consideration should provide the owner with proof of disability and worker's compensation insurance, or the owner may be liable for accidents that occur on his or her property. The owner may also want to consider having the contractor purchase a performance bond and a labor and materials payment bond. Most small projects do not utilize these bonds because of the added costs. The performance bond will only guarantee funds to complete the project and not the quality of the project. The labor and materials payment bond will protect the owner from liens and suits that may arise if the original contractor fails to meet his financial obligations.

The owner should ask each contractor for a list of references of similar work that has been completed in the past. The reference list should include the project name, contact person, project address, and phone number of the contact person. It is imperative that each reference be contacted and asked if he or she would hire the contractor again. The owner should also consider looking at projects completed by each contractor.

The local Better Business Bureau and homebuilders association can be contacted regarding outstanding complaints against the contractor. Thorough investigation by the owner can improve the chances of hiring a reputable contractor.

When a contractor is selected, his proposal or amended proposal should be attached to the contract and signed by all parties. This will help ensure that both parties understand exactly what is required of the contractor. The contract should include at least the following items: name, address, and phone number of both parties to the contract; the date of signing; contract amount; duration of contract; starting date; payment schedule (weekly, biweekly, monthly, or upon completion of acceptable work items). Other items to consider for inclusion are: amount to be withheld from each payment (if applicable); circumstances for extending the contract duration; under what circumstances liquidated damages apply; applicability of guarantees and who is responsible for the guarantees (dealer,

contractor, or manufacturer); and whether a license or bond is required. The owner may also want to consider having his or her attorney look over the contract prior to all parties signing.

Some contractors may require a partial payment before work commences. All payments should be by check to the company; payments should not be in cash. Be wary of excessive prepayments, which may forewarn a property owner of a contractor's financial instability. It is reasonable to prepay for some administration fees and materials. Typical prepayments are in the range of five to fifteen percent. If a larger prepayment is requested, the contractor should provide a written explanation for the request.

Adapted from: "Selecting a Contractor after a Natural Disaster Strikes" by Jeff Adolphsen, Restoration Specialist, North Carolina State Historic Preservation Office, and provided courtesy of the North Carolina State Historic Preservation Office.

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