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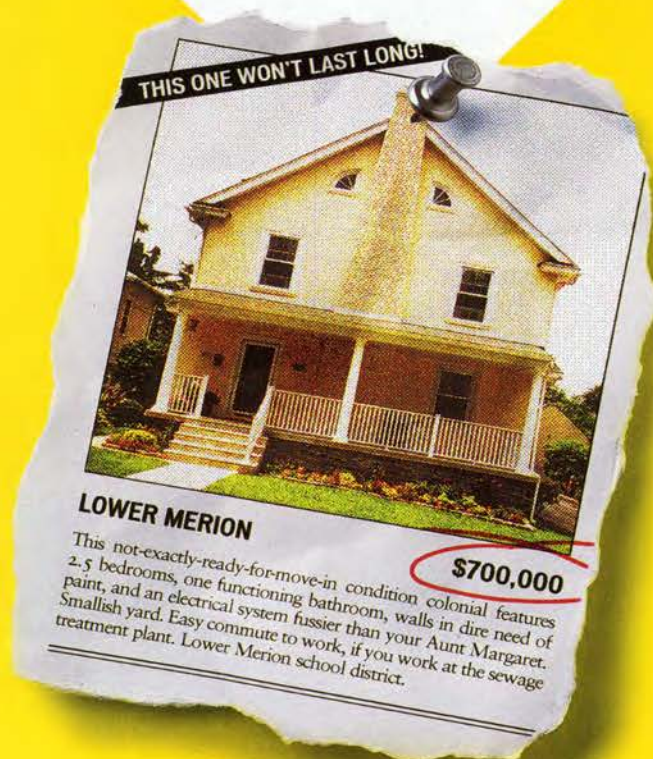
For This House?

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# DON'T GET HAMMERED

## BY YOUR CONTRACTOR

Building a new house? Fixing up the old one?

**R**enovating your home - or building a new one - is one of the most exciting things you can do with your money, and often one of the most rewarding. Unless it proves to be one of the stupidest things you do with your money, and one of your biggest regrets. "Contractors consistently rank near or at the top of our consumer complaint list," says John Abel, senior deputy attorney general in charge of the office of consumer protection in Philadelphia, adding that they're surpassed only by telemarketers, car salesman and debt collectors. (And if by chance you haven't had a run in with a home-improvement professional, wait a few years. For senior citizens, they're the number one complaint.)

Why the bad rep? "Building a home, or renovating one, involves hundreds of different pieces from dozens of different people and companies," says Jerry Roller, an architect with J.K. Roller Architects in Center City. "They all have to be assembled in one place" - your place - "and some things are going to be out of the builder's control. You have to be prepared for things to go wrong."

### STEP 1

#### Start the job yourself

Conventional wisdom has always held that "calling three references" gives you the advantage when hiring a builder. Bad idea. "Everyone can find three people to say *something* good about them," says Eric Lintner, CEO of Dale Corp., a large residential and commercial development and contracting firm in the Delaware Valley. "The person you call for the reference has probably been through the sort of job you're talking about once." Not quite an expert opinion.

"I know a very smart lawyer, a wealthy guy who's the head of a major Philadelphia corporation," says builder Marty Snyder, owner of Q.E.D., Inc., in Edgemont, a firm specializing in renovations. "He raves about his contractor. Why? Because when a bathroom that his builder remodeled started leaking - and I mean pouring water down through the ceiling of the floor beneath it on the *very first day* it was ever used - the contractor agreed to come back the next day and repair it. In my book, that's not a guy you recommend."

Better to start the job without a contractor and do a little of the work yourself. Assemble a detailed plan of exactly the project you have in mind - magazine clippings, hardware samples, snapshots of architecture you have admired. Don't even think about calling contractors, says Lintner, until you can say - with conviction - "I want *this* new kitchen." Not "I want a new kitchen." Once you hire a builder, says Lintner, you begin the process of "paying someone to think for you. And you'll put out money every time you change your mind."

### STEP 2

#### Hire someone to case your joint

If you're talking construction of any significance, you'll need an architect's drawing to add to your magazine clippings and tile samples. In fact, the builder you hire may demand it. "On small projects, we occasionally work without professional

plans," says C. Richard Smoker, vice president of Calvin L. Smoker Builder Inc. in Honey Brook, a firm notable for the many Amish carpenters it employs. "But on anything that involves structure, we ask for a quarter-inch architectural drawing with as much detail as possible." (On projects for the "English," the Amish use blueprints.) And don't

skimp on the process. Getting an architect to do "just enough to get you a building permit," says Lintner, "it's a *big* mistake. I've had customers bring me plans for a \$75,000 addition that you couldn't possibly build for less than \$150,000."

One approach is to hire a design/build firm - a partnership between a contractor and architect. Misunderstandings between contractors and architects are common, and with a design/build firm, at least conflicts won't be solved on your bill. "I was once getting ready to build an exterior staircase," says Michael Colaizzo, a Center City and South Jersey builder and remodeler, "and the architect decided to move it inside. *After* the entire interior job was done."

The alternative is the traditional design-bid-build plan, in which you hire an architect and then take bids on the job from various builders. But try to limit yourself to fewer than five. "If a contractor realizes he only has a 20 percent chance of getting your job," says Jean McCoubrey, an architect with Runyan & Associates Architects in Center City, "he's not going to try too hard. There's already too much business out there falling into contractors' laps."

No matter which way you go, be as wary of the firm offering you the best price as you are of the guys charging you the most. "This isn't like buying a TV," says Lintner. "You're not just trying to get a Sony at the lowest price."

### STEP 3

#### Remember, builders can be picky, too

When you start interviewing builders, you should know you're being sized up as well. "You have to be careful who you work for," for explains Colaizzo. "If I don't get the right answers, I won't take the job." Every contractor we spoke with concurred, and Richard Smoker perhaps summed it up best when he said that when faced with a sub-par homeowner, "I can become extremely 'busy.'" Here are the ways you guarantee yourself a trip to the bottom of the waiting list:

- Scoff at the small stuff and say with a chuckle, "Oh well, I'll just let my wife pick out those little details!" "Those little details can cost you \$20,000," sniffs Colaizzo.
- Act like 20 grand is no sweat off your back. "When somebody starts talking to me about all their money," says Smoker, "it makes me think that maybe they don't have any."
- Call a big job a small one — "or a small one a big one," says Colaizzo.
- Disagree with your spouse-*while* the contractor sits there, listening. "That's a red flag," says Smoker.
- Show off the construction knowledge you acquired that summer you helped your dad build a birdhouse. **"When customers act like they already know it all," says Tom Meyers, owner and president of Cherokee Construction in Chestnut Hill, "I have to wonder: Why aren't they building it themselves?"**

### STEP 4

#### Meet 'em on their own turf

If that's how you hire the best, how do you avoid the worst? "First of all, get off your duff and visit them in *their* office," says builder Eric Lintner. "It's a huge mistake having them come to your house for a meeting. In their office, you can see if they care about quality and appearances." (The converse also applies: **"If I'm in a home that looks like it's been neglected," says Tom Meyers, "I tell the customers to have cash reserve ready as we go into the job."**)

Whenever you meet, ask all the basic questions. For starters, if you're not at their place, ask for their address. "And make sure it's a permanent one," says Abel, from the attorney generals office.

# THE BIG DEAL

**Call Tom Meyers and Cherokee Construction when you want to live large**

## Cherokee Construction Co.

9 West Highland Avenue, Chestnut Hill; 215-248-1800

**PROFILE:** Custom-home firm of 32 full-time carpenters and many more subcontractors, Cherokee is for homeowners — including many local media types and athletes — whose tastes run to the sprawling-manse end of the spectrum. "Most of our jobs are for between \$300,000 and \$5,000,000," says president Tom Meyers. "We do about eight a year, but some can take longer than a year to build." The result is a portfolio of splendid architecture up and down the Main Line.

**YEARS IN BUSINESS:** 25

**SPECIALTY:** "I've never built a home with vinyl siding," says Meyers. Natural stone, slate, custom millwork and other building materials light-years away from vinyl, yes. Meyers likes a house that "looks old and really well-detailed, "like the one he lives in: "It's been totally redone, with lots of additions. But you can't tell."

**NEW CONSTRUCTION OR OLD?** "I like a combination of both," says Meyers. "It's fun to frame up a house from scratch. And it's also fun to restore. I just like building."

**WHAT HE WON'T DO:** "Work without an architect or do a 300-home development."

"Don't except a P.O. box or just a phone number. You need a place you can get into the car and drive to, if you have to."

Does the builder you're interviewing carry workers' compensation for *all* employees? Make sure you see the certificates, says Abel — "and make sure that they're current." (Hot tip: "On a larger job," says Meyers, "you may be able to get your builder to add you onto his insurance policy." This temporary arrangement, he explains, can cost just a few hundred dollars but that means that if anything goes wrong on the job, you won't be stuck in limbo while your homeowner's insurance company tries to pin liability on your builder's insurance company, and vice versa.) How long has the builder been in business? More important, how long has the firm been in business in your town? Can it provide a list of projects in your area *just like* the one you have in mind? Don't think everyone can build everything. "New construction is a lot easier than rehab work," says Colaizzo. "A good rehabber can do new construction. But a new-construction guy can't always do rehab." And how about knowing the latest building codes? "They change all the time," says Colaizzo. "A good builder keeps up." (Pop quiz: What do all the new homes built in Philadelphia now need on the first floor? Answer: Windows big enough to fit a fully clothed fireman.)



**TOM MEYERS**

Inside the 3,500 square-foot swimming pool annex complete with spa pool, tumbled limestone floor and Douglas fir trusses — he added to a Main Line home.

After that, you can move onto a few less obvious — and a lot more touchy — questions: Will the person you're talking to now be at your job every day, or is there a site supervisor you should meet? How would the company handle the messiest parts of your job and working around you and your family? "If you're building a new house out in the middle of a cornfield," says architect Jerry Roller, "you just want a qualified builder with experience necessary to do the job. But if you're remodeling, you want a guy you can live with — literally."

What's the company's yearly sales volume? "You want to be sure that your contractor is not underfinanced," says Judith Meyer, an arbitrator who specializes in homeowner-vs.-builder disputes in Philadelphia. "If they are just scraping by, it may be your job they decide to really scrape by on. There's no SEC for small business contractors." On the other hand, you don't want someone too big for the job. "You wouldn't come to me just to renovate your kitchen," says developer Lintner. "It would cost you too much." Be "extremely leery" of contractors who try to sell you financing options, says Andrew Goode, vice president of the Better Business Bureau of Eastern Pennsylvania. Your relationship with your contractor is difficult enough.

Ask how much your contractor will subcontract out. **“And do they get competitive bids from subcontractors?” says Tom Meyers. “For us, it’s an open book. People can see the bids we get and a clearly specified idea of the markups.” Meyers says in the area of 20 percent is reasonable. But he doesn’t recommend trying to save money by buying your own supplies: “Imagine if you went into a restaurant with your own steak, peas, and potatoes, and you said, ‘Cook it up, and I’ll just pay for the labor.’ The labor’s going to cost you more, and in the end, it’s a lot harder to complain that the steak was tough and the vegetables were overcooked.”**

## STEP 5

**Now look into the contractor’s past** Better yet, have an architect or attorney you know do it for you. “Well tell our co-practitioners the truth,” says Jerry Roller. “Architect to architect, you’ll get good, true information.” The same goes for information passed lawyer to lawyer. Just as valuable is the word you can get by calling one of your city or township building inspectors, who, according to the A.G office’s John Abel, “are often the first to hear about bad reputations around town.” Or check in with the Better Business Bureau of Eastern Pennsylvania or South Jersey, by phone (215-985-9313; 609-588-0808) or online: [www.mybbb.org](http://www.mybbb.org). “We take complaints in writing or through our website,” says Andrew Goode of the BBB. “And we keep records on all of them - not just on the businesses that belong to the BBB.” If your builder has ignored two or more complaints filed with the bureau, he’ll be labeled “unsatisfactory.” Legitimate building-trades organizations - like the General Building Contractors Association in Philadelphia or the South Jersey Builder’s Association in Cherry Hill - can help, too. “The association checks out the finances, credit and insurance of builders before they can join,” says Bill Cobb, president of the GBCA and of Haverstick-Borthwick builders, a Philadelphia-based commercial construction firm. (And should you ever wind up in a dispute with one of its members, says

If you’re hiring a builder to put up a new home, visit those he’s already built. “Go on the weekend, when people are home,” says Duane Searles, executive vice president of the Building Industry Association of Philadelphia. “Knock on doors.” Don’t be shy. “You’re really buying a pig in a poke,” says arbitrator Judith Meyer. “A lack of consumer information is the biggest problem we see.”

## STEP 6

### **Get your phone calls returned - and the work started, already**

Great: You found a builder with impeccable references, full insurance, and lots of top notch projects built in your area - and best of all, the company has deigned to take you on as a customer. But this builder’s in demand. Hey, everyone’s busy. Especially the people that you want to have working for you. “It’s boom time!” says Shawn Clark of Clark Brothers Development Corporation, a small residential builder based in New Hope. “If you call now and someone says they can start in a month, something’s wrong.”

“Booked *solid*,” agrees architect Jean McCoubrey, describing all the “good” contractors she knows.

You can try offering a bonus for an earlier start date - “That’s a great idea,” says Searles. But you may gain even more of a scheduling advantage if you’re willing to be patient and flexible. “Sometimes, when you start a job can depend on how easy the customer makes it,” says Colaizzo. If you really want to hire a good builder and get your project off the ground, he adds, “It always helps to be nice.”

Still, that doesn’t mean you should settle for discourtesies such as unreturned phone calls. “Promptness and efficiency in callbacks is one of the best ways to judge a builder,” says Searles. “Phone calls should be returned within 48 hours at the beginning of the relationship,” says builder Eric Lintner, “and later on, after a relationship is established, within 24.” If the builder you’ve picked doesn’t return your calls, good riddance.

## STEP 7

### **Make them sign on the dotted line**

When you’re ready to sign on with a contractor, no matter what size your job, never ever, *ever* do it without a contract. If it’s on you to bring the contract, visit your local American Institute of Architects chapter.

The AIA has written a series of simple building contracts to cover almost any home improvement job, and they are considered the consumer-friendly gold standard of the industry. Builder Colaizzo notes, “Sometimes, people who are more well-off will have an attorney and get an overly complicated contract. That can slow things down when you’re trying to get the job started.” Not always, though: “I once signed a contract for a \$130,000 job with a Center City lawyer. I wrote the contract, and the guy signed it without even reading it. He said, ‘If I didn’t trust you, I wouldn’t have you in my home.’”

Still, according to Colaizzo, the bottom line is, “Nobody should do any work without a written contract. Even for family. Especially for family.

## STEP 8

### **Cough up the cash**

Homeowners have a terrible credit history, and they pay for it, starting with you. “It’s very hard to get money from individuals,” says builder Bill Cobb. “Doctors and accountants are always complaining about how you have to chase the payments.” Which is why many builders will ask for what’s known in the trades as “procurement and mobilization” money up front before they start to work.

The amount depends on the size of the job and the financial stability of your builder. Colaizzo advises that 10 to 20 percent is “reasonable.” And you shouldn’t be afraid to question the amount demanded. **“If it’s a \$5,000 job and they want \$2,000 up front, that’s not terrible,” says Tom Meyers. “But it’s a \$100,000 job and they want \$33,000 up front, I’d say, ‘Hey-wait a minute.’” Ask to see exactly what the builder plans to buy with the money that you provide.** “Say, ‘Show me’ as often as you can,” says William Reddish III, president of Genesis Group Ltd., a residential developer in Philadelphia and Camden. “Put him on the spot. If he says, ‘I need supplies,’ you say, ‘What supplies?’”

According to assistant A.G. John Abel, the higher the deposit, the more concerned you should be. "Remember, a contractor should have a good relationship with his suppliers," says Abel. "He should be able to start the job without asking for too much money for materials." If your choice can't get credit - especially in a town like Philadelphia, where most professionals and tradespeople know one another well - you might want to rethink your decision.

After that, the preferred method of billing is every two weeks, for services as they're rendered or for a percentage of work completed. Ask your contractor to break down the payment schedule - on the contract - "not by time, but by trade," says William Reddish. This means that if you're renovating a kitchen, the contract should state how much money you'll pay for each part of the job, from demolition to the last light fixture.

Pay only for what's being done, and stick to your payment plan no matter what. "There aren't too many contractors who will walk away from a job," says Reddish. "They may sigh and complain. But they'll show up the next day with their guys."

## STEP 9

### **Expect to keep coughing**

When all is said and built, you'll be over your budget. Count on it.

**"Usually by as much as 20 percent," says builder Tom Meyers. "Once you start opening up walls and floors and ceilings, a certain amount of bad wiring and faulty plumbing is going to be exposed. A good builder is going to fix it."**

Some builders write "reserve" money into the contract for just such emergencies: if no unforeseen problems turn up, the owner gets a credit. "Our firm's definition of what makes a good contractor," says architect Jean McCoubrey, has a lot to do with how savvy they are about anticipating what problems there will be on a job site, and what sort of money it's going to cost to fix them."

The other reserve you should have, according to McCoubrey, is five to 15 percent held until your project reaches a stage you can call "substantial completion." To McCoubrey, that means there are "very few, very small items left on the punch list. We encourage no final payment until *everything* is done."

## STEP 10

### **Sit back and admire their handiwork... or pick up the phone**

What if everything looks hunky-dory to your builder and like hell to you? "Don't yell and scream and cry," says builder Richard Smoker. "Don't hide behind an e-mail or a fax or a lawyer. Call the contractor, ask to sit down face to face. Give him time to respond maybe a week. If he doesn't, try calling the township inspector. He knows where the contractors are. He might be able to find the guy and say, 'Hey, Joe, c'mon.'"

If the personal touch doesn't work, assistant A.G. Abel gives this number for local complaints to his office: 800-441-2555. "We get results," he says. "Even if you don't have a contract."

If you don't have a contract, a good one (certainly the AIA's) will contain a provision for mediation or binding arbitration of such disagreements. Usually, the builder pays for this type of conflict resolution. But even if it's on you, the cost can be as little as a flat fee of \$375 for claims under \$75,000. "It's your cheapest shot at working it out," says arbitrator Meyer. It's certainly a bargain compared to the cost of going to court - not to mention the Sisyphean task of trying to collect from any sort of court judgment you may receive.

("You get a judgment against 'Joseph & Son Builders,'" says developer Bill Reddish, "and next thing you know, that company is now 'Joseph Builders, Inc.,' and you can't collect unless you have a social security number for Joseph.")

We can usually get the nub of the issues in a day," says Meyer. "But consumers are used to dealing with the Maytag repairman - small jobs that you don't pin your hopes and dreams on." Not to mention your life savings. By the time folks get to Meyer's arbitration sessions, weeping over an addition or a deck, "Emotions are high. Divorce is the most extreme civil war of litigation," she says. "Next are the issues relating to home

But just possibly, the problems aren't as bad as you think they are. "I built my own house," says developer Eric Lintner. And it's as fine a nest as you'd expect a top builder to make for himself. Still, "When other service contractors come in, they criticize the work," says Lintner. They don't know he built it. More to the point, they don't necessarily know what they're talking about. "It's hilarious," says Lintner. "But picking apart one thing after another in a house is just human nature."

