

A Contractor's Motto: Truth Without Deceit

By Frank Ruggiero

As a contractor, Jim Allen's motto is "Truth without deceit."

Unfortunately, there are contractors out there who sometimes practice Allen's motto the other way around, resulting in a job not well done and an exorbitant bill.

Allen, owner of J.B. Allen Construction in Blowing Rock, agreed to share insight as to what homeowners should ask a prospective home contractor.

"My feeling is one of the most important things a homeowner could ask a potential contractor is if they have at least three

references from people they've done work for in the last year," Allen said, adding five references is even better.

These references should not be family and friends of the contractor, he emphasized, but actual clients.

"It would be better if the references actually let the homeowner come over and see the quality of the work, talk to the person about the contractor," Allen continued. "Is he polite; is his crew polite; do they keep the work site clean; do they do a good job?"

A lot of things can happen in this job, Allen acknowledged,

saying it's sometimes easier to build a house from the ground up rather than renovate.

"My goal is to make it look like it was built there originally," he said.

An important factor is cleanliness, he said, in that the site should be kept clean and safe. This can be determined beforehand by the references. A common problem is homeowners sometimes stop at the first reference.

"A lot of the time people stop with the first person," Allen said. "Usually, with three to five people to talk to, if there was a problem, you'll get a pretty good idea."

One should also ensure the contractor is insured with a certificate of insurance. Allen's business is insured for \$1 million.

"There's always a chance of something happening, like when taking down a wall and putting in temporary support systems," he said. "Something could settle, you could have a crack occur and, theoretically, you could have a house fall down."

Allen said a lot of contractors will claim they're insured when they're not, and that a certificate of insurance is one of the only ways to be sure.

A set cost for the project, while common, can sometimes be more expensive than the project's actual cost. With a set cost, Allen explained, a contractor has to include the worst-case scenario. An added contingency plan can cost the homeowner thousands of extra dollars.

Instead, Allen employs a cost plus practice, supplying his team with time sheets and spread sheets detailing all that needs to be or has been accomplished.

He supplies the homeowner with the same material, receipts, all subcontractor receipts and tells them how much he'll charge for each hour on the job.

"Before work, I'll give them an estimate of what it could cost," he said. "But I tell them I don't know what might come up, though."

About 95 percent of the time, Allen's jobs come in lower than the expected cost, he said.

In fact, this year, he wrote a \$3,500 check to a very surprised homeowner.

"Don't ever give anybody any money to start work before they even go to start working," he warned. "If they ask for money to get material, don't do it. It could mean their credit's no good or you could never see them again."

Allen said a homeowner should not pay for work until the contractors actually start working and have the project underway.

"It happens so many times up here that it's a problem," he said.

Contractors should also be willing to correct mistakes free of charge, Allen said.

"The way I look at it, I'm responsible for everything that might happen," he said. "That's just the way it is."

Licensing is another important factor, and Allen stressed it's important for homeowners to ask contractors whether they're licensed or not. For jobs that cost less than \$30,000, a contractor is not required to be licensed. For jobs more than \$30,000, a license is mandatory.

Allen was honest, saying he doesn't yet have his contracting license for large projects since moving to North Carolina from Virginia, where he held an unlimited contracting license. A business partner had such a license, though, allowing J.B. Construction to accept larger jobs.

"If a person says they are licensed, you should ask to see it or get their license number," Allen said.

A homeowner can even verify a contractor's claim that he or she is licensed by calling the N.C. Licensing Board for General Contractors at (919) 571-4183 or by visiting www.nclbnc.org on the Web.

"You can also find out if any complaints were filed against them, along with any outstanding violations of code," Allen said. "My dad told me long ago, if a man will lie to you, he'll steal from you. That's one thing I just don't tolerate."

Building A Dream Home

By Lisa Cunningham, Associated Press

Housing costs have increased faster than the base rate of inflation, with median prices rising tenfold in the last 40 years. Building a family's dream home, however, doesn't need to turn into a nightmare of cost overruns if the owners take the time to plan.

In November 2004, the median price for a new home in the United States was \$206,300, according to the National Association of Home Builders. That figure was up from \$181,200 just two years earlier.

Although most Americans choose to purchase a tract-style home in a large subdivision, a growing number of architects and builders are using unusual design and common sense to construct satisfying homes that can cost as little as \$140,000, said Duo Dickinson, a Madison, Conn. architect and author of *The House You Build* (The Taunton Press in 2004).

The first step in the process, Dickinson said, is learning about what can be a complicated maze of architects, contractors, government permitting, banks and lending companies and more.

"Most Americans don't know how to go about purchasing a house," Dickinson said. "Many families do not need all the bells and whistles that come with a typical production home." They can take their time and design something that will better suit their lifestyle.

People are smart to take the time to do research, go to tour of homes events, look through books and periodicals and interview contractors, said Amy Johnston, a construction manager who wrote *What the 'Experts' May Not Tell You About Building or Renovating Your Home*.

Johnston, who runs weekend seminars for homeowners, suggests they consider their lifestyle before designing rooms they'll never use. "For instance, if you include a workout room, you'll work out, right? Wrong. The truth is, you are unlikely to change how you live, and so those spaces will go unused."

Building a home from scratch is easily a one-and-a-half-year to three-year process, Dickinson said.

He recommends finding an architect who has built on similar land and in the style the owner prefers as well as someone the owner feels comfortable with. "Ask for five references who aren't relatives or friends," Dickinson said.

Dickinson's book features 19 examples of custom homes for a variety of budgets, from \$140,000 to \$643,000, built in rural and urban areas in states such as Washington, Maryland, Texas and North Carolina.

He recommends that homeowners use commercial-grade materials to save money. Many people don't realize that only 20 to 25 percent of the total construction cost is materials, Dickinson said. By contrast, automobiles' materials represent the main share of the cost.

American families have dramatically changed in the last 40 years and need different designs to accommodate single parents or people taking care of their parents, Dickinson said. Homes are being built larger to handle the demographics of the marketplace,

he said.

Some tract homes are built too quickly and can end up with minor problems in the plumbing or other systems, Dickinson said. "Most people are taught to buy quickly; it's that instant gratification. Building a house from scratch is not instant gratification, but it's personally rewarding."

If a homeowner has extra time, they can serve as their own general contractor and save as much as 15 percent, Dickinson said.

The reality, however, is that most people work and cannot spend enough time on the project. Without doing continuous checks on costs, the project can grow out of control and the homeowner could lose everything, including the lot, he said.

He suggests dedicating five to 10 hours a week for one to three years on the project.

The owner has to constantly monitor the work, Johnston said. An owner makes separate contracts with the architect and the contractor, so the architect isn't obligated to watch over construction and is not liable for problems, she said.

Her book provides tips on how to interview contractors, which includes asking about how workers are paid and whether the contractor is in the midst of a divorce or health problems. Johnston also advises how to interview the contractor's clients, with questions such as how clean and safe the site was kept and whether a lien was filed on the property.

Don't forget to consider the outside of the house as well as the interior design, Dickinson said. The house and landscaping should be designed together, especially on an unusual site, such as a slope or coastal area, he said. "Hiring a landscape architect makes a lot of sense, because you're not just building a house, you're buying a site," he said.

Hiring Dickinson was vital for Franz Pielmeier, a Southbury, Conn. homeowner who said he didn't know the first thing about building on ledges and slopes. Dickinson pointed out that one site Pielmeier and his wife Susan were considering would have required a lot of blasting and would have been too expensive.

"In Connecticut, all the best land was taken 200 years ago," Pielmeier said. Most vacant lots are on slopes or near wetlands areas.

The Pielmeiers, who have two daughters, had a relatively small budget of \$200,000 in 1994.

With Dickinson's assistance, the couple constructed a 2,400-square-foot home that met all their needs. They saved money by installing carpet instead of hardwood floors in two bedrooms and working with Dickinson's drafters.

"I could live here through (my daughters') high school years, college and beyond, because it's comfortable for us," Pielmeier said.

Since more than 50 percent of new construction dollars in the United States is spent on single-family homes, owners should take pride in those homes, Dickinson said. "You have to have dedication. If you really want to do it, it will get done."

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