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## **8 things you must know before you build or renovate your home**

### 1. Investigate your builder's reputation.

- Do you know if your Builder is a member of Better Business Bureau and if so, are you aware of their rating? A BBB rating is established over many years and gives the client a window into how the Builder conducts his business affairs and resolves conflicts.
- Does your Builder have a Contractor's license as is required by law, and is the license in good standing with the State Board? You can check out the status of the license by contacting [www. Cslb.ca.gov](http://www.Cslb.ca.gov).

2. Is your builder at least in his 40's? This may sound like a play on the old 'don't trust anyone over 30', but in home building you don't want to put your building plans in the hands of someone who hasn't the experience to do what you need done. It takes many years to build enough homes, perform enough contracts and deal with enough life situations to make wise and informed decisions. Let the inexperienced ones practice on someone else's home!

3. Is your builder involved in ongoing training and a member of trade organizations? Does your builder attend course work to stay abreast of changes in the industry? Like virtually every other part of our economic lives the building industry is changing rapidly. It happened in electronics and automobiles and now from structured integrated wiring to green building methods technology has come to home building. Imagine being the person who bought a new 1980 Oldsmobile Cutlass and on the way home from the dealership might have snickered at the person who bought (of all things) a Honda from Japan! Now imagine trying to get rid of that Cutlass 5 years later! Make certain your builder knows the future of home building technology by training and on-going education.

4. Ask for references and then call them. Home Building and renovating can strain relationships and cause tension. Previous clients can go a long way toward

dispelling uncertainty in your mind prior to contracting. Ask questions such as, what is your current relationship? Did conflicts arise in the project, and how were they handled? Would you recommend this builder?

5. Is your builder a 'paper contractor' or do they perform some of the work? Not all paper contractors are bad builders but enough are to raise the question. Why? It is much more difficult to control quality when important items such as concrete and framing are subcontracted. This goes back to the technology issues mentioned earlier and the ongoing training that must be imparted to the work force in order to build high quality homes. Further, most paper contractor's have difficulty controlling scheduling since they don't perform the tasks that take the majority of time on a project.

6. Does your builder use Critical Path Scheduling? Often we have seen projects sitting framed, with all subcontract work finished and ready to inspect, but the home has no doors or windows! Some one simply forgot to order them on time. Critical Path Scheduling insures that this and scores of other potential problems are avoided. Finally, Critical Path Scheduling is respectful of the subcontracting trades by letting them know early when they will be needed on the project.

7. Does your builder carry liability insurance and workers compensation insurance and, if so, what are the policy limits? Unfortunately, the State of California does not require builders to carry liability insurance and even allows companies to claim exemption from workers compensation insurance. Do not allow anyone to contract with you until you have determined they have insurance in the limits of \$2,000,000 in GL and PD and \$1,000,000 in workers compensation insurance.

8. Does your builder claim to be a construction manager? Construction managers have a purpose in public works and large commercial projects, the purpose being to overlook the General Contractor's work and inter face with the owner. During the last building boom, a number of pseudo contractors hung out their shingles calling themselves 'Construction Managers', charging up to 15% of a projects total price for their services yet they did not carry liability insurance and workers compensation insurance. Instead, they used questionable contracts with clients in order to limit their own risk and liability with no regard to their client's interest. These contracts will in all likelihood be determined to be 'sham' practices and those who entered into them in good faith will be left holding the bag.

Please Contact Jim at James V. Shepard Company at 805-238-0320 to discuss your building needs.