Build Advisor CA

THE COMPLETE HOMEOWNER'S GUIDE

10 Things Every Homeowner Must Know Before Hiring a Contractor

A straight read from someone who's been on both sides of the table. No fluff, no pressure, just what protects you before the work starts.

WHAT'S INSIDE

Table of Contents

Ten checks that protect your budget, your timeline, and your legal footing, each with the exact question to ask and the one action to take.

01 LICENSING

Verify the license before anything else

Before you respond to a quote, take a meeting, or let anyone on your property, look them up at cslb.ca.gov. Takes 60 seconds.

What to check

- Status says "Active" (not Suspended or Expired)
- License classification matches your project (B - General Building for most remodels and ADUs)
- No disciplinary actions on record

What to say: "Can I get your CSLB license number?" Any legitimate contractor gives it to you immediately. Hesitation or pushback is a red flag. In California, hiring an unlicensed contractor on a project over $500 means you have almost no legal protection if things go wrong.

ACTION

Go to cslb.ca.gov right now and look up the last contractor you spoke to.

02 BIDS & SCOPE

Get 3 written bids, not to find the cheapest

Most homeowners get multiple bids to find the lowest price. That's the wrong reason. You get 3 bids to understand what the job actually involves.

When bids are wildly different, and they usually are, it's not because one contractor is cheaper. It's because they're not bidding the same scope. One includes permits. One doesn't. One includes a panel upgrade. One doesn't. One uses mid-grade materials; one uses whatever's cheapest.

> The lowest bid is almost never the cheapest project. It's usually the one with the most missing.

What to do: Line up all 3 bids side by side. Compare line by line, not total to total. Ask each contractor to explain what's in their number and what's not. The answers tell you everything about who you're dealing with.

> **ACTION**
> Never sign based on the total. Sign based on the scope.

03 DEPOSITS

California law limits how much a contractor can ask upfront

This is not a negotiation point. It's the law.

> A licensed contractor in California cannot legally ask for more than **10% of the total contract price or $1,000** as an initial deposit - whichever is less.

If someone asks for 30%, 40%, or half the project upfront, that is either illegal, a serious red flag, or both.

Why they ask for large deposits: cash flow problems, no supplier credit, or they plan to use your money to fund another job first. None of those are your problem to solve.

> **ACTION**
> Check the deposit line in any contract before you read anything else. If it exceeds $1,000 or 10%, ask why and get a written explanation before you go any further.

04 SCOPE OF WORK

Demand a written scope of work, every single line

A number without a scope is not a bid. It's a guess that will change. A proper scope includes every trade involved, every material specified (brand, grade, dimensions where relevant), every milestone, and what happens if something changes.

NOT A SCOPE

"We'll handle everything."

A SCOPE

"Install 100 amp subpanel, wire 12 circuits, supply and install 18 LED recessed lights."

Why this matters: without a written scope, any change becomes a he-said-she-said argument. Contractors can, and do, claim that something you assumed was included was never part of the deal. Without it in writing, you have no ground to stand on.

ACTION

If the proposal is vague, ask for a line-by-line breakdown before you sign. Any contractor worth hiring will provide one.

05 HIDDEN COSTS

Ask specifically what is NOT in the bid

This is the question most homeowners never ask, and the one that causes the most expensive surprises. Things typically **not** included:

City permit and plan check fees. Often the biggest surprise on larger projects.	$5K-$20K+
Utility connection fees. LADWP, SCE, or your local water department.	Varies
Survey and soils report. Required on many projects, typically billed separately.	Separate
Most finish materials. Tile, fixtures, appliances, flooring, and doors.	Owner
Hazardous material testing or remediation. Asbestos and lead paint in older homes.	If needed

None of these are hidden fees. They're just not in the contract. But homeowners assume they are, and get blindsided when the invoice shows up.

ACTION

Ask every contractor: "What is explicitly not included in this number?" Get the answer in writing.

06 INSURANCE

Verify insurance yourself, don't take their word for it

Every licensed contractor should carry two types of insurance:

- **General liability.** Covers property damage and injuries on your job.
- **Workers' compensation.** Covers their workers if someone gets hurt on your property.

Why this matters to you personally: if a worker gets hurt on an uninsured job at your property, you could be liable. Your homeowner's insurance may not cover it.

What to actually do: request certificates of insurance directly from the insurer, not a copy from the contractor. Call the insurance company and verify the policy is active. Takes 10 minutes and protects you completely.

> **ACTION**
>
> Before work starts, have current insurance certificates on file. No certificate, no start date.

07 PAYMENTS

Tie every payment to a milestone, not a calendar date

A legitimate payment schedule tracks work completed: demolition done, foundation poured, framing complete, rough electrical passed inspection. You pay when something real has happened.

RED FLAG SCHEDULE

40% at signing, 30% in two weeks, 30% at end

Built around the contractor's cash flow, not your protection.

SOLID SCHEDULE

8 to 12 milestones tied to verifiable work completed

Final 5-10% released only after final inspection and walkthrough.

Why milestone payments matter: they give you real leverage throughout the project. If work stops or quality drops, you haven't already handed over the money for that phase. Each payment is earned, not assumed.

ACTION

Map every payment to a specific milestone you can see and confirm. If a payment isn't attached to something real, push back.

08 CHANGE ORDERS

Change orders in writing only, no exceptions

A change order is any modification to the original scope: added work, removed work, material substitutions, anything that affects cost or timeline. It should be documented in writing and signed by both parties **before** the work is done. "We'll figure it out at the end" is how projects go 30% over budget.

Common change order traps

- Contractor discovers something unexpected (sometimes real, sometimes convenient)
- Verbal agreement to add something small, which turns out not to be small
- Material substitution that costs more than originally specified

None of these are necessarily bad faith. But without a paper trail, there's no way to dispute them.

ACTION

Tell every contractor upfront: "I approve all change orders in writing before work proceeds." If they have a problem with that, that's a problem.

09 PERMITS

Know what requires a permit, and why it matters

Most homeowners think permits are optional or just a hassle. They're not. Work that almost always requires a permit in California:

- Structural changes (removing or adding walls)
- Electrical beyond simple fixture swaps
- Plumbing beyond simple fixture replacements
- ADUs, garage conversions, additions
- HVAC system changes

What happens when you skip permits

- Unpermitted work can void your homeowner's insurance
- It creates problems when you sell; inspectors and title companies flag it
- You may have to tear out and redo the work at your own cost
- The city can issue a stop-work order and fine you

ACTION

For any project over $10,000, ask your contractor which permits are required and confirm they're pulling them.

10 LOCAL EXPERIENCE

Ask where they've pulled permits recently, and in which city

Permit processes vary dramatically by city. A contractor who does great work in one city may have zero experience with your building department. That gap costs you time and money.

What to ask

- "Have you worked in [your city] before?"
- "What was the permit timeline on your last project here?"
- "Do you have a relationship with a local expediter?"

In LA City, garage conversions and ADUs have become more streamlined. In cities like Torrance, Inglewood, and most Orange County cities, the process is harder and slower. A contractor with local experience knows the reviewers, knows what corrections to expect, and knows how to avoid costly delays.

A finished local project, ask its owner how the permit process actually went in your city.

ACTION

Ask for 2 references from completed projects in your city or county. Call them. Ask specifically about how the permit process went.

YOUR NEXT STEP

You have the knowledge. Now put it to work.

Tap any option below. No pitch, no obligation, just a straight read from someone who works for you, not the contractor. Or email info@buildadvisorca.com with any questions.

The Project Guides

Go deep on one project type: real cost ranges, what is in and out of bids, scope-specific red flags, the right questions to ask, and a payment-schedule framework you can use.

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Advisory Call, 30 minutes

Bring your project, your bids, and your timeline. Get a straight read on where you stand, the red flags, and your next move.

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