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REALITIES OF **REMODELING**

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Model Remodelers



A HOME RE-DO
CAN BE TRAUMATIC,
BUT LOCAL
CONTRACTORS ARE
WORKING TO MAKE
THE EXPERIENCE
PAINLESS AND
PROFITABLE.

By Barbara Johnson

When a burst pipe flooded her beach condominium, Anne Van den Berg of College Park turned for help to her neighbor, a man who assured her he was experienced in repairing water damage.

"I trusted him," Van den Berg recalls. "I didn't check up on him." It turned out that the neighbor was essentially a handyman who lacked a state contractor's license.

With constant prodding on Van den Berg's part, the job was completed—but many frustrating months behind schedule.

"He never seemed to be prepared for what he was going to find," Van den Berg recalls. "At every single step, we ran into delays because he was constantly surprised."

Now a veteran of six subsequent—and more successful—renovations over 14 years, Van den Berg, who has spent more than \$1 million remodeling several homes, offers some hard-won advice: "Ask to see other projects that the

PSG Construction transformed this dated kitchen (inset) from a circa-1925 home in Lake Eola Heights using custom wood cabinetry and state-of-the-art appliances. But the homey ambience was maintained by keeping the original windows and allowing natural light to permeate the room. The project was an Aurora Award winner.

remodeler has done," she says. "Tour those projects.

"Ask to speak to the owners so that you can find out whether there were any problems."

The advice couldn't be more timely. Across the country, residential remodeling is hotter than ever. In fact, professional remodelers reported a record-breaking 2003 and lofty expectations for 2004, according to results of the National Association of Home Builders' Remodeling Market Index (RMI).

The RMI is based on a quarterly survey of more than 600 remodelers, whose answers to a series of questions are used to calculate two separate indexes—current market conditions

and expectations for the future.

Stephen Gidus, president of the Home Builders Association of Metro Orlando and, more to the point, the first HBA president who is primarily a remodeler, says the boom began here about 10 years ago.

"Until then, the housing stock was still relatively young and land was still plentiful closer to the city," Gidus says. "Now, growth is spread out in all directions. That's why we're having a resurgence of renovation and new construction in downtown Orlando, Winter Park, Maitland and College Park."

What kind of remodeling jobs are most popular among homeowners? The RMI revealed that kitchen and bathroom rehabs continue to top the list, followed by additions and whole-house makeovers.

Although experts say bathroom and kitchen renovations offer the best return on your investment, some remodeling decisions aren't made based strictly on numbers.

Victor Farina of Farina & Sons in Orlando says that homeowners who are planning to stay put are usually more interested in creating a comforting, welcoming environment than in recouping their investment in the short-term.

"Over time, if you're in a good location, you'll make your money back," says Farina. "But the most important thing is creating an environment that you're going to enjoy, especially if you aren't planning a quick move."

So how do you choose a remodeler? "Don't just look in the Yellow Pages," says Marion McGrath, who with husband Jack owns Jonathan McGrath Construction of Orlando. McGrath is chairman of the HBA's Remodelers' Council. "You need a reputable, experienced remodeler

who can put together an effective team."

"Referrals are especially important," adds McGrath. "Of course, you want to make sure that the remodeler you choose is a state-licensed contractor. But more important, look for someone who has had a remodeling track record—someone who has been in the trenches."

Various remodeling certifications—described elsewhere on this page—are pluses, says McGrath. But few Central Florida remodelers hold them, primarily because the required courses have not been offered here until recently.

Besides, McGrath notes, Florida's requirements for obtaining a contractor's license are more stringent than those in many states. So even if a remodeler has not obtained industry-specific certifications, the rigorous licensing process—which includes a 19-hour exam—offers some assurance of competence.

"The various certification programs are just now becoming popular," says McGrath. "I'm sure they'll eventually become more common here. But with remodeling, it's experience that you need to look for."

What should you expect to spend?

There are so many variables involved in even the simplest remodeling job that guesswork is always hazardous.

That's one reason that the generally accepted "get three bids" edict isn't always applicable in remodeling, say local experts. In fact, the only time competitive bidding makes sense is when there are detailed, uniform specifications that each bidder can follow—which is almost never the case, McGrath says.

"We very rarely see that kind of preparation," says McGrath. "Most people know what they'd like to

In addition to being licensed by the state as contractors, some professional remodelers have completed specialized training to earn the designation Certified Graduate Remodeler (CGR) or Certified Aging-in-Place Specialist (CAPS).

CGR certification requires that graduates meet prescribed standards of business practice, have proven track records of successful project management, complete a comprehensive training curriculum and pledge to uphold the program's rigorous code of ethics.

Graduates of the CGR program must also meet re-certification criteria every three years. Requirements include attendance at remodeling industry trade shows, business-related seminars and continuing education workshops, proof of insurance and letters of recommendation from suppliers and financial institutions.

CAPS certification encompasses the technical, business management, and customer service skills essential to competing in the fastest-growing segment of the residential remodeling industry—home modifications for "aging-in-place."

Aging-in-place means living in one's home safely, independently and comfortably, regardless of age, income or physical disabilities. It offers homeowners the reassurance of being able to call a house a home for a lifetime.

Such certifications are not yet commonplace in Orlando, even among the most respected remodelers. But the Home Builders Association of Metro Orlando's Remodelers' Council is beginning to offer certification courses locally, so such designations may become more prevalent.

For more information about selecting a remodeler, call the HBA at (407) 629-9242. Or log on to the Web site of the National Association of Home Builders at www.nahb.com.

DO YOUR HOMEWORK

At its best, remodeling can be stressful and inconvenient. Various tradespeople will be your constant companions for weeks or months, and the cost for a substantial home overhaul can run into six figures.

That's why you don't want to rush into decisions about who to hire. Certainly you don't want to entrust your savings and your sanity to just anybody, least of all a guy whose office address is his pickup truck.

So where to begin? Experts recommend that you first seek referrals from friends, family, neighbors, co-workers and others who have had remodeling work done—then visit and see how the job turned out. Also:

- Talk to independent trade contractors, building materials suppliers, architects, engineers, home inspectors and local lenders. What names are continually mentioned as being among the best?
- Look for professional certifications like Certified Graduate Remodeler (CGR) and Certified Aging in Place Specialist (CAPS). There are certainly good remodelers who have, for whatever reason, chosen not to seek these certifications—but those who make the effort are at the very least committed to strengthening the industry and their own professionalism.
- Contact the HBA of Metro Orlando's Remodelers' Council. The council consists of contractors and suppliers who specialize in remodeling. Although it's no guarantee, active involvement in a trade association is generally indicative of contractors who have the industry's image at heart.

Once you've identified some strong candidates, do even more checking to ensure that these are the kinds of remodelers with whom you would like to do business.

Call the Better Business Bureau to find out if there are any unresolved complaints filed against the remodeler. You should also contact Florida's contractor licensing agency and state and local building inspectors to verify that the remodeler has the appropriate licenses and a clean record.

Once you're prepared to interview a select list of remodelers, there are additional very specific questions you'll want to ask. For example:

- Does the remodeler maintain a permanent mailing address, a phone number and a pager or answering

system? You'll want to be able to reach the remodeler quickly and easily—especially at critical times.

- Does the remodeler carry insurance that protects you from claims arising due to property damage or jobsite injuries? Ask for a copy of the remodeler's insurance certificates.
- How long has the remodeler been in business? Longevity usually suggests financial stability. Ask for a list of building materials suppliers and call to see if the remodeler has an account or pays for materials on delivery. Most suppliers are willing to extend credit to financially sound companies.
- Does the remodeler have a working knowledge of the many types and ages of homes in the area? Sound structural and architectural grounding helps the remodeler provide reliable estimates. Extremely low bids may reflect a poor understanding of the actual costs involved.
- Does the remodeler arrange for the building permit? Remember: the person who obtains the permit is the contractor of record, and is therefore liable for the work.
- Does the remodeler offer a warranty? If so, what kind and for how long? What is covered under the warranty and what is not?

Remodeling is a very personal process. The remodeler you hire will be your partner in a significant venture with both financial and emotional implications—so it's important to make certain that you're personally compatible.

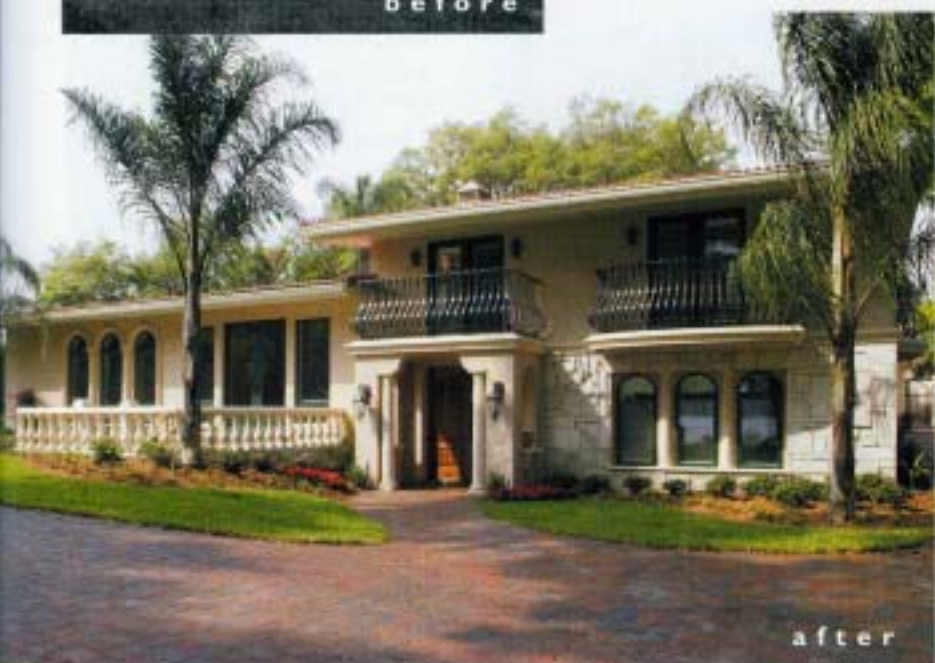
If, for example, you want to know every detail as the project progresses, you probably won't be happy with a remodeler given to gruff, one-word answers. Hey, you're paying the bills—you shouldn't be uneasy about asking questions.

Also important: Who will supervise the work? The remodeler may well have other jobs in progress and won't be a constant presence at the site. If so, you'll want to know who's managing the job on a day-to-day basis. For particularly large jobs, a full-time superintendent is preferable.

Some buyers ask for a remodeler's evaluation of an older home before they buy—and most are glad to oblige. Some will do so gratis and some will charge a fee, which is deducted from any work you ultimately hire the remodeler to do.



Farina & Sons gave this 1950s home (inset) near Lake Sue a Mediterranean look, adding arched windows, a new entry and two second floor porches with decorative railings overlooking the lake.



financing remodeling work, the remodeler is typically paid in biweekly or monthly "draws" as work progresses. Other times, the remodeler is paid as specific milestones in the project are reached.

Whatever the case, the contract between the remodeler and the homeowner should specify how the job is priced and what the payment schedule is.

Once you've chosen a remodeler and agreed upon a price and a schedule, the fun—and the inconvenience—really begins. Van den Berg

PSG Construction completely revamped this unremarkable contemporary home (inset), adding a 1,000-square-foot balcony overlooking the lake and a spectacular new swimming pool and deck with an outdoor kitchen.

accomplish, and look to us to assemble a team that can figure out to get it done and what the cost will be."

Besides, many top-tier remodelers simply won't consider a project in which it appears that price will be the only criteria. Others will charge a fee for preparing bids and estimates, with the cost to be deducted from the final fee if the company is hired.

"It takes a long time to put an estimate together," says McGrath, whose company collects what she considers to be a nominal fee for "pre-construction services." She says preparing some estimates—a process that encompasses pricing of labor, materials, fixtures and finishes—can take 40 hours or longer.

Experts say that less qualified remodelers will always win a bidding war—although the cost to the homeowner may ultimately be much higher when inferior work has to be repaired.

So how do remodelers charge for their work?

There is no industry standard, but

for large jobs, many use a "cost-plus" formula, in which actual hard costs—including labor and materials—are calculated and a fixed percentage for profit and overhead is added. For a quality remodeler, cost plus 25 percent to 35 percent is typical. Others simply calculate a flat fee.

When a lending institution is





JONATHAN MCGRATH-CONSTRUCTION



after

Jonathan McGrath Construction took this tiny kitchen (inset) from a 1960s home and relocated it in order to add additional space and an adjacent laundry room. Maple cabinetry and black granite surfaces add eye appeal.

warns that regardless of the size of the job, the remodeling process can be intrusive, to say the least.

"Something to ask the contractor, if you remodel a home and plan to live in it during the process, is how can the family be going to be accommodated," says Van den Berg. "See that the contractor is sensitive to family issues—privacy, cleanliness, protecting the kids from the tools. Those kinds of issues

have to be worked out in advance."

Finally, make certain to adjust insurance coverage on your home to reflect increased value as a result of improvements. If you've gotten a construction loan rolled into a mortgage, then your lending institution will require this—but even so, it only makes sense to protect your investment.

After all, it'll cost a lot more the second time around. ↑

REMODELERS COUNCIL

Following are contractor-members of the HBA of Metro Orlando Remodelers' Council.

Adventure in Building

(407) 843-4698

ARBCO Builder

(407) 977-1416

Arthur Rutenberg/Brentwood Custom Homes

(407) 332-8900

Canin Associates

(407) 422-4040

Castle Contracting

(407) 645-3540

Charles Clayton Construction

(407) 628-3334

College Park Construction

(407) 896-1063

Concepts in Construction

(407) 493-0149

CP Builders

(407) 420-1372

Cumbus Constructing Group

(407) 467-4664

Donaldson Renovations

(407) 629-4364

The Dye Companies/Bel-Aire Homes

(407) 644-0200

Farina & Sons

(407) 849-1731

Homecrafters USA

(407) 260-5812

JLM Design & Remodeling

(407) 682-5225

Keystone Builders

(407) 877-9779

James M. Krantz Construction

(407) 857-8669

Lamco Builders

(407) 947-3435

Jonathan McGrath Construction

(407) 260-8077

Nautilus Homes of Central Florida

(407) 865-9125

PSG Construction

(407) 628-9660

Sampson Construction

(407) 678-2192

Tripp Contracting Corporation

(407) 306-6060

Trovillion Construction & Development

(407) 895-9200