



Contractor Vetting Checklist

Working document for vetting general contractors on fix-and-flip projects. Print one copy per contractor under consideration. Reference the companion article at ahlend.com for context on each section.

Project & Contractor Identification

Property Address _____	Evaluation Date _____
Contractor / Company _____	Contact (Phone / Email) _____
Project Budget _____	Target Timeline (Weeks) _____

1. Documentation Table-Stakes

Verify each item directly from the source, not from contractor-provided copies. State licensing portals are public; carriers will confirm COI by phone or email.

- Current general contractor license in the project state, verified through state board portal (not expired, not pending renewal)
- General liability insurance \$1M+ aggregate, COI requested directly from carrier
- Investor / borrower listed as additional insured for this specific project
- Workers' compensation coverage in place (or sole-proprietor exemption documented if state allows)
- State-required bond filed (if applicable); surety company verified
- W-9 obtained for 1099 reporting; EIN / SSN matches license records

2. Three References — Right Questions

Skip "were you happy?" questions. Focus on timeline, change orders, problem response, and rehire intent.

- Reference 1: Name, Phone, Project Type, Year
- Reference 2: Name, Phone, Project Type, Year
- Reference 3: Name, Phone, Project Type, Year

Questions asked of each reference:

- Did the project come in on the original timeline? If not, how did the contractor handle the slip?
- How did change orders get handled — in writing before work, or after the fact?
- When something went wrong, how did the contractor respond?
- Would you hire them again, and what would you do differently?

3. Portfolio Walkthrough (Physical, Not Just Photos)

- Walked a project completed 6-12 months ago, in person
- Inspected technical details: caulking, paint cut-lines, trim work, cabinet alignment, plumbing under sinks
- Verified finish quality matches the price tier the contractor is bidding
- Spoke directly with the property owner / investor (not just the contractor present)

4. The "Job That Went Wrong" Question

Asked face-to-face. Observe the response. The contractor who can talk specifically about what went wrong and how they handled it is the contractor who will talk frankly when problems hit this project.

- Asked the question and observed the response in person
- Contractor answered with a specific example, not a deflection
- Contractor took ownership and described what they learned
- Response feels honest — not rehearsed, not defensive



Contract Structure & Payment Schedule

Verify the contractor's proposed contract covers each element. The contract isn't a defensive document for after things go wrong — it's a clarifying document for before they do.

5. Red Flags — Filter Before Money Moves

Each one is recoverable alone. In combination they predict a contractor relationship that ends badly.

- Cash-only payment terms (real contractors carry payment infrastructure and produce 1099-compatible records)
- "Can start tomorrow" availability without portfolio explanation (good contractors are typically 4-8 weeks out)
- No written contract template or pushback against signing a contract at all
- Refusal or inability to provide COI directly from the insurance carrier
- Verbal-only quotes after a site visit (real bids take 3-5 business days in writing)
- Heavy reliance on day-laborers without a stable lead crew
- Unwilling to share references, or references seem coached / scripted

6. Contract Required Terms

- Scope of work specified at line-item level (not "kitchen remodel" but specific items and quantities)
- Materials specs reference model numbers wherever possible (not "stainless appliances")
- Schedule with milestones tied to verifiable physical states, not calendar dates alone
- Change order process requires written approval before work happens
- Unauthorized work performed at contractor's own risk (explicit in contract)
- Payment schedule follows milestone schedule (not calendar)
- 5-10% retention held until punch list signoff
- Lien waivers required at every draw (conditional at issue, unconditional at clearing)
- Termination clause and cure period clearly defined
- Dispute resolution mechanism specified (mediation / arbitration / venue)

7. Milestone Payment Schedule (Typical 4-Draw Fix-and-Flip Structure)

Draw	Milestone (Verifiable State)	Target %	Lien Waiver Type
1	Rough-in complete (plumbing, electrical, framing inspections passed)	25-30%	Partial conditional
2	Drywall complete (insulation, drywall hung, finished, primed)	25-30%	Partial conditional
3	Cabinets & fixtures (installed, plumbing set, electrical trim)	25-30%	Partial conditional
4	Final completion (punch list signed off, final inspections passed)	15-20%	Unconditional final

Note: AHL fix-and-flip loans use the draw schedule the investor provides at underwriting, structured around verifiable physical milestones. Investors who design their contractor payment schedule and lender draw schedule using the same milestones eliminate the cash-flow gap between when the contractor needs to be paid and when the next draw releases. Draw inspections typically clear within 48-72 hours at AHL.

Project Execution & Escalation

How to maintain accountability without becoming the villain. Predictable, structured engagement — not surprise inspections or absent management.

8. Weekly Cadence — Predictable, Not Surprise

- Weekly site visit scheduled at a consistent day and time
- Photo documentation at every visit (filed for investor records AND lender draw documentation)
- Issues raised in writing same-day via text, email, or shared project tool
- Expected resolution within 48 hours unless materials lead time required
- Materials delivery and storage documented (photos of receipts and on-site materials)
- Crew makeup verified (lead crew vs day-laborer balance consistent with original pitch)

9. Project Performance Review (Post-Completion)

- Final walkthrough completed; punch list created and signed by both parties
- Punch list items addressed within agreed window (typically 1-2 weeks)
- Final retention released after punch list signoff and unconditional lien waiver received
- Performance review conversation documented: what worked, what didn't, what would change next project
- Decision documented: rehire? Refer to other investors? Skip future projects?

10. The 72-Hour Rule — When to Escalate

A contractor non-responsive for 72 hours during an active project is a problem requiring action. Not necessarily termination — but action.

Trigger actions when contractor goes dark for 72+ hours:

- Document attempts to reach (calls, texts, emails) with timestamps
- Pause all future scheduled draws until contact re-established
- Conduct site assessment of work-in-progress and materials on-site
- Verify subcontractors and material suppliers have not filed lien notices
- Contact known subs and suppliers directly to verify they've been paid by GC
- Issue formal written notice citing contract terms (cure period if applicable)

11. Termination & Project Recovery (Last Resort)

- Written termination notice delivered per contract terms (certified mail recommended)
- Final accounting: amounts paid to date, work completed, materials delivered, retention held
- Unconditional lien waivers obtained from all known subs and suppliers
- Site secured (locks changed, keys collected, materials inventory documented)
- New contractor engaged for completion (using same vetting framework above)
- Insurance carrier notified if project insurance is involved
- Real estate attorney consulted before any formal legal action

Looking at a fix-and-flip or ground-up construction deal?

American Heritage Lending finances fix-and-flip rehab projects and ground-up construction across the country. Loans are structured around the draw schedule the investor provides at underwriting — aligning the lender draw schedule with the contractor payment schedule on the same milestones eliminates cash-flow gaps. Draw inspections typically clear within 48-72 hours.

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